

Highlights

Global	<p>S&P500 powered to a fresh high and VIX saw a new low at 9.19, while the USD also gained traction on US factory order strength and hawkish comments by Fed's Williams (moderate growth and faster inflation will allow rate hikes) and Harker ("pencilled in" a Dec move and three hikes next year). Crude oil prices also traded back above the \$50 handle, whilst Spanish markets also climbed (pushing the 10-year bond yield down 8bps to 10.7%) on hopes that Catalans would not declare independence immediately.</p> <p>With HK, Chinese and South Korea markets closed for holidays yesterday with the latter two still closed today, and investors generally awaiting tonight's US nonfarm payrolls and unemployment report (where the consensus forecast is revolving around +80k and 4.4% for Sep, versus 156k and 4.4% in Aug), Asian bourses may continue to tread water today. Given the anticipated distortions from Hurricanes Harvey and Irma, any downside surprises from the nonfarm payrolls may not be perceived as significantly swaying the FOMC's intention to hike in December, but any stronger print may reinforce the FOMC's confidence. The economic data calendar comprises of German factory orders, Taiwan CPI, and foreign reserves data for Malaysia and Indonesia. BOE's Haldane is also speaking.</p>
US	<p>US' factory orders jumped 1.2% in Aug, up from a 3.3% decline in Jul, while durable goods orders excluding defense also surged 1.4% after falling 3.7%, and suggesting solid growth momentum. Meanwhile, initial jobless claims fell 12k to 260I and the Challenger job cuts fell 27% yoy which pointed to underlying strength in the labor market. The Aug trade deficit also narrowed more than expected from US\$43.6b to \$42.4b.</p>
EZ	<p>ECB minutes suggested that the Governing Council examined "general tradeoffs" between various scenarios on the size and duration of monthly asset purchases, and reiterated that "any reassessment of the monetary policy stance should proceed in a very gradual and cautious manner, while maintaining sufficient flexibility". Notably, there was "broad agreement" that substantial support was still needed amid official discomfort over inflation.</p>
ID	<p>USD-IDR consolidated around the 13450-13500 range over the last two sessions as investors took profit off the recent run-up in the broad USD. However, with the USD again on the rise overnight, expect the IDR to see renewed depreciation pressure. Meanwhile, BI Governor Agus Martowardojo again re-iterated that he believed the depreciation pressure in the IDR will likely be temporary.</p>
TH	<p>The National Legislative Assembly commented that elections must take place within 150 days after legislation pertaining to constitutions and elections are effective, while such legislations must be completed no later than end-2018. This suggests that the latest period for an election would have to be by 1H19.</p>
CMD	<p>Crude oil prices staged a strong rally overnight, as market-watchers monitor Saudi-Russia talks which suggested continued cooperation on market policy. Russia's Putin has also introduced the possibility of extending the production cuts to the end of 2018 in a bid to shore up oil prices. WTI rose sharply above its \$50.50/bbl support level, while Brent closed at \$57/bbl. Elsewhere, another session of dollar strength, with the DXY at its 2-month high while the implied probability for a Dec rate hike by the FOMC rose to 73.3%, left gold prices starkly lower.</p>

Major Market

- **US:** The music continues to play for the equity rally, as the S&P 500 rose 0.57% to a new record for the sixth consecutive session. The Dow and Nasdaq Composite also added 0.50% and 0.78% respectively. A note of caution though, is that technical momentum indicators are increasingly stretched, which may portend a consolidation. 8 of 11 industry sectors rose, with tech and financials leading the way. Watch for non-farm payrolls later today, though it may need a major surprise on the downside to shake the recent uptrend. Earnings season starts again next week, and this may give more reason for investors to take stock of the recent run-up. VIX at lows of 9.19, compared to 9.63 previously.
- US Treasuries sold off as the markets digested somewhat hawkish Fed speak from Williams and Harker. Meanwhile, Fed Chair hopeful Powell's speech avoided monetary policy. Benchmark yields were up 2-3 bps, with 2y and 10y benchmark yields standing at 1.49% and 2.35% respectively.
- **Singapore:** The STI recovered 0.78% to close up at 3261.84 yesterday, and may open former this morning given S&P500's record close, but STI's range is tipped at 3240-3270. The SGS bond market traded in a tight range yesterday and may again see range trade today notwithstanding UST bond yields climbed around 2bps overnight as global risk appetite improved.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded mostly downwards yesterday, with swap rates trading 1-3bps across most tenors. The 20-year tenor rose by 3bps. In the broader dollar space, the spread on JACI IG Corp traded little changed at 185bps, while the yield on JACI HY Corp rose 1bps to 6.87%. 10Y UST yields rose 3bps to 2.35%, after durable goods and factory orders came in stronger than expected, initial jobless claims came in lower than expected, the Federal Reserve Bank of San Francisco President John William's statements appeared hawkish to the market, and a report of the stalled push for Catalan independence caused EGBs to sell-off, causing a further rise in yields of 10Y USTs.
- **New Issues:** GSH Corporation Limited has priced a SGD70mn 3-year bond at 5.15%.
- **Rating Changes:** Fitch has withdrawn the 'BB-' expected rating on PT Tunas Baru Lampung Tbk's (TBLA) senior unsecured notes as TBLA does not intend to proceed with the bond issue.

Key Financial Indicators

Foreign Exchange						Equity and Commodity		
	Day Close	% Change		Day Close	% Change	Index	Value	Net change
DXY	93.961	0.54%	USD-SGD	1.3644	0.22%	DJIA	22,775.39	113.75
USD-JPY	112.820	0.05%	EUR-SGD	1.5978	-0.19%	S&P	2,552.07	14.33
EUR-USD	1.1711	-0.41%	JPY-SGD	1.2093	0.18%	Nasdaq	6,585.36	50.73
AUD-USD	0.7795	-0.89%	GBP-SGD	1.7900	-0.74%	Nikkei 225	20,628.56	1.90
GBP-USD	1.3119	-0.97%	AUD-SGD	1.0636	-0.65%	STI	3,261.84	25.19
USD-MYR	4.2285	0.02%	NZD-SGD	0.9710	-0.47%	KLCI	1,759.09	-2.75
USD-CNY	6.6528	--	CHF-SGD	1.3946	-0.12%	JCI	5,901.91	-49.57
USD-IDR	13464	-0.10%	SGD-MYR	3.1046	-0.08%	Baltic Dry	1,320.00	--
USD-VND	22726	--	SGD-CNY	4.8798	-0.14%	VIX	9.19	-0.44

Interbank Offer Rates (%)						Government Bond Yields (%)		
Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change	Tenor	SGS (chg)	UST (chg)
1M	-0.3730	--	O/N	1.1822	--	2Y	1.35 (-0.01)	1.49 (+0.02)
2M	-0.3390	--	1M	1.2378	--	5Y	1.61 (--)	1.94 (+0.03)
3M	-0.3290	--	2M	1.2722	--	10Y	2.12 (--)	2.35 (+0.03)
6M	-0.2730	--	3M	1.3467	--	15Y	2.41 (--)	--
9M	-0.2200	--	6M	1.5141	--	20Y	2.41 (--)	--
12M	-0.1680	--	12M	1.7979	--	30Y	2.49 (--)	2.89 (+0.02)

Fed Rate Hike Probability						Financial Spread (bps)		
Meeting	Prob Hike	1.25 - 1.5	1.5 - 1.75	1.75 - 2.0	2.0 - 2.25		Value	Change
11/01/2017	0.3%	0.3%	0.0%	0.0%	0.0%	LIBOR-OIS	13.98	-0.11
12/13/2017	73.3%	73.1%	0.2%	0.0%	0.0%	EURIBOR-OIS	2.68	0.05
01/31/2018	74.1%	71.8%	2.3%	0.0%	0.0%	TED	28.95	--
03/21/2018	84.1%	54.1%	29.1%	0.9%	0.0%			
05/02/2018	84.5%	53.0%	29.8%	1.7%	0.0%			
06/13/2018	89.5%	41.0%	37.3%	10.7%	0.6%			

Commodities Futures					
Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	50.79	1.62%	Copper (per mt)	6,716.4	2.96%
Brent (per barrel)	57.00	2.15%	Nickel (per mt)	10,459.0	-0.78%
Heating Oil (per gallon)	1.7863	0.70%	Aluminium (per mt)	2,151.5	0.17%
Gasoline (per gallon)	1.6114	1.96%			
Natural Gas (per MMBtu)	2.9230	-0.58%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,720.0	0.18%
			Rubber (JPY/KG)	208.0	-0.24%
Precious Metals	Futures	% chg			
Gold (per oz)	1,273.2	-0.28%			
Silver (per oz)	16.638	0.08%			

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
10/05/2017 07:50	JN Japan Buying Foreign Bonds	Sep-29	--	¥1014.1b	¥233.6b	¥242.5b
10/05/2017 07:50	JN Foreign Buying Japan Stocks	Sep-29	--	¥953.3b	¥923.9b	¥923.5b
10/05/2017 08:30	AU Trade Balance	Aug	A\$850m	A\$989m	A\$460m	A\$808m
10/05/2017 08:30	AU Retail Sales MoM	Aug	0.30%	-0.60%	0.00%	-0.20%
10/05/2017 09:00	PH CPI YoY	Sep	3.10%	3.40%	3.10%	--
10/05/2017 13:00	IN Nikkei India PMI Services	Sep	--	50.7	47.5	--
10/05/2017 13:00	IN Nikkei India PMI Composite	Sep	--	51.1	49	--
10/05/2017 15:30	GE Markit Germany Construction PMI	Sep	--	53.4	54.9	--
10/05/2017 16:10	GE Markit Germany Retail PMI	Sep	--	52.8	53	--
10/05/2017 16:10	EC Markit Eurozone Retail PMI	Sep	--	52.3	50.8	--
10/05/2017 16:10	FR Markit France Retail PMI	Sep	--	53.3	50.4	--
10/05/2017 16:10	IT Markit Italy Retail PMI	Sep	--	50.2	48	--
10/05/2017 20:30	CA Int'l Merchandise Trade	Aug	-2.60b	-3.41b	-3.04b	-2.98b
10/05/2017 20:30	US Initial Jobless Claims	Sep-30	265k	260k	272k	--
10/05/2017 20:30	US Continuing Claims	Sep-23	1950k	1938k	1934k	1936k
10/05/2017 20:30	US Trade Balance	Aug	-\$42.7b	-\$42.4b	-\$43.7b	-\$43.6b
10/05/2017 21:45	US Bloomberg Consumer Comfort	Oct-01	--	49.9	51.6	--
10/05/2017 22:00	US Factory Orders	Aug	1.00%	1.20%	-3.30%	--
10/05/2017 22:00	US Durable Goods Orders	Aug F	1.70%	2.00%	1.70%	--
10/05/2017 22:00	US Durables Ex Transportation	Aug F	--	0.50%	0.20%	--
10/05/2017 22:00	US Cap Goods Orders Nondef Ex Air	Aug F	--	1.10%	0.90%	--
10/05/2017 22:00	US Cap Goods Ship Nondef Ex Air	Aug F	--	1.10%	0.70%	--
10/06/2017 08:00	JN Labor Cash Earnings YoY	Aug	0.50%	--	-0.30%	-0.60%
10/06/2017 08:30	HK Nikkei Hong Kong PMI	Sep	--	--	49.7	--
10/06/2017 12:00	MA Exports YoY	Aug	20.00%	--	30.90%	--
10/06/2017 12:00	MA Imports YoY	Aug	20.90%	--	21.80%	--
10/06/2017 12:00	MA Trade Balance MYR	Aug	9.75b	--	8.03b	--
10/06/2017 13:00	JN Leading Index CI	Aug P	107.1	--	105.2	--
10/06/2017 14:00	GE Factory Orders MoM	Aug	0.70%	--	-0.70%	--
10/06/2017 14:00	GE Factory Orders WDA YoY	Aug	4.70%	--	5.00%	--
10/06/2017 14:45	FR Trade Balance	Aug	-5400m	--	-5968m	--
10/06/2017 15:00	MA Foreign Reserves	Sep-29	--	--	\$100.8b	--
10/06/2017 15:30	TH Foreign Reserves	Sep-29	--	--	\$200.2b	--
10/06/2017 15:30	UK Halifax House Prices MoM	Sep	0.00%	--	1.10%	--
10/06/2017 15:30	UK Halifax House Price 3Mths/Year	Sep	3.60%	--	2.60%	--
10/06/2017 16:00	IT Retail Sales YoY	Aug	0.80%	--	0.00%	--
10/06/2017 16:00	TA CPI YoY	Sep	0.90%	--	0.96%	--
10/06/2017 20:30	CA Net Change in Employment	Sep	12.0k	--	22.2k	--
10/06/2017 20:30	US Change in Nonfarm Payrolls	Sep	80k	--	156k	--
10/06/2017 20:30	CA Unemployment Rate	Sep	6.20%	--	6.20%	--
10/06/2017 20:30	US Change in Manufact. Payrolls	Sep	10k	--	36k	--
10/06/2017 20:30	US Unemployment Rate	Sep	4.40%	--	4.40%	--
10/06/2017 22:00	US Wholesale Inventories MoM	Aug F	1.00%	--	1.00%	--
10/06/2017	PH Foreign Reserves	Sep	--	--	\$81.5b	\$81.7b
10/06/2017	ID Foreign Reserves	Sep	--	--	\$128.79b	--
10/06/2017 10/13	VN Domestic Vehicle Sales YoY	Sep	--	--	0.90%	--

Source: Bloomberg

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