

**Highlights**

|        |   |
|--------|---|
| Global | <p>Market-watchers were primarily concerned over the imminent threat of Hurricane Irma, which has been upgraded to a category 5 Hurricane earlier this week and is poised to hit Florida this weekend. The dollar tumbled to its lowest since Jan 2015 while safe havens especially seen in JPY, Gold and US Treasuries rallied further. Note that ECB had left its key interest rates and pace of asset purchase unchanged yesterday, but signalled its readiness to “increase our asset purchase programme in terms of size and/or duration” if economic outlook turns less favourable. Elsewhere, US initial jobless claims surprised higher at 298k given the many workers who were displaced by Hurricane Harvey, according to the Labor Department figures, owing to the surge in application filed in Texas. In Asia, Malaysia’s central bank kept its benchmark rate unchanged at 3.0%, citing positive growth outlook and moderating inflation pressures.</p> <p>For today, watch out for France and UK industrial production prints as well as US Wholesale Trade. In Asia, China is slated to release its trade figures later today.</p> |
| US     | <p>Equities ended little changed on Thursday. The S&amp;P 500 closed where it started, while the Dow lost 0.11% and the Nasdaq Composite added 0.07%. The insurance sector continued to be the focus, shedding 1.90% as a group, with the largest declines involving reinsurers active in the Florida area. This was somewhat offset by gains in the healthcare and tech sectors. VIX stood at 11.55, marginally lower than previously. Meanwhile, US Treasuries rallied alongside EGBs as Draghi delivered a largely business-as-usual message after the ECB meeting. The impending hit of Irma also triggered safe haven flows. 10y yields slumped 6 bps to 2.04%, recovering somewhat from the day’s lows. The 2.00% handle for 10y yields may be a significant psychological level to cross. 2y yields stood at 1.26%, down 4 bps.</p>  |
| CN     | <p>China’s FX reserve rose by another US\$11 billion in August to 3.0915 trillion partially attributable to valuation effect as US stocks and US Treasuries rose further. Market will closely watch the foreign exchange purchase by PBoC as well as the net settlement of FX by SAFE to check whether there is any actual capital inflows in August. Meanwhile, the USDCNY broke 6.50 yesterday as there is no signal from PBoC to slow down the pace of appreciation.</p>   |
| MA     | <p>Bank Negara Malaysia (BNM) kept its benchmark rate unchanged at 3.0% at its latest MPC meeting, in line with our view. This marks policy-makers reluctance to move rates since its surprise cut in July last year. In the MPC statement, BNM highlighted that the strengthening global growth and pick up in trade is still being observed, and Malaysia’s future growth prospects “will be sustained by the more positive global growth outlook and stronger spillovers from the external sector to the domestic economy”.</p>  |
| CMD    | <p>Crude oil prices turned mixed overnight, with WTI edging lower while Brent continued to rise. Into the weekend (and perhaps early part of next week), energy prices could edge lower if Hurricane Irma continues its path into Florida. At this juncture, we are already seeing Orange Juice (OJ) futures surging 3.9% overnight as market-watchers eye closely on potential damages to Florida’s orange groves. Gold rose 0.84% to \$1,350.3/oz at closing yesterday, as safe haven demand surged on renewed Hurricane concerns.</p>  |

## Major Market

- **Hong Kong:** The HKD marked its largest gain since February 2016 against the USD on Sep 7, probably due to two reasons. First, a slew of unfavorable factors including geopolitical risks have suppressed US treasury yield and continued to push the greenback down against major currencies, including the HKD. Second, equity flows returned to Hong Kong under the two stock links this week after rotating back to the mainland in August. Equity-related demand might have lent supports to the HKD. Nevertheless, we still see downward risks on the HKD. USDHKD 12-month forward points and 1-year HKD IRS both retreated with the former refreshing the 9-year low. This indicates that speculations on a wider interest rate differential remain in place. On the other hand, improved RMB outlook may encourage investors to increase exposure to RMB assets and in turn translate into downward pressure on the HKD.
- **Indonesia:** President Jokowi is in Singapore for the annual leaders' retreat between Indonesia and Singapore. Among other areas, this year's meeting looked to deepen bilateral partnership in developing the digital economy.
- **Malaysia:** Growth so far this year has been encouraging to begin with. Note that 2Q GDP printed 5.8% yoy, bringing 1H17 growth print to 5.7% (clocking its fastest pace since 1H14). More recently, July trade numbers also surprised higher with exports growth touching 30.9% yoy, suggesting that Malaysia's external environment remains supportive for overall growth. Elsewhere, inflation continued to moderate further (CPI July at 3.2% yoy versus March's peak at 5.1%) given the decline in domestic fuel prices, and is expected to moderate further into the year given diminishing cost-push drivers.
- With the healthy growth prints and tame inflation, there is likely little motivation for policy-makers to move rates anytime soon. Malaysia's growth fundamentals have been healthy so far, led by strong external factors and resilience in its domestic demand. Inflation has also been decelerating since March 2017. However, there are risks to the growth trajectory, especially from any unexpected negative developments from political and/or policy developments in major economies and geopolitical risks. Furthermore, Malaysia's household debt is one of the highest in the region at 86.7% in 1Q17, which could dissuade policy-makers in cutting rates further unless necessary. In-all, we keep our year-end growth outlook at 4.9% while inflation is pencilled at 2.9%. In regards to the relatively rosier economic environment, we expect policy-makers to keep their benchmark rate unchanged at 3.0% for the rest of the year.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 2-4bps lower across most tenors. The 7-year and 12-year tenors traded little changed. In the broader dollar space, the spread on JACI IG Corp traded little changed at 192bps, while the yield on JACI HY Corp fell 1bps to 6.78%. 10Y UST yields fell 7bps to 2.04%, after Draghi offered little new policy insight at the ECB meeting, US initial jobless claims came in higher than expected, and risk-off sentiment was sparked as investors braced for the impending Hurricane Irma, which could potentially become the most expensive storm in US history.
- **New Issues:** Sumitomo Life Insurance Co has priced a USD1.34bn 60NC10 bond at 4.00%, tightening from a revised IPT of 4.125%. The expected issue ratings are 'NR/A3/A-'. Santos Finance Ltd has priced a USD800mn 10-year bond at CT10+210bps, tightening from initial guidance of CT10+230bps. The expected issue ratings are 'BBB-

/NR/NR'. Weichai International Hong Kong Energy Group Co has priced a USD775mn Perp NC5 (guaranteed by Weichai Power Co) at 3.75%, tightening from initial guidance of 4.25%. The expected issue ratings are 'BBB-/NR/BBB'.

- **Rating Changes:** S&P has assigned Bank of Nova Scotia (Australia Branch) an 'A+' issuer credit rating. A similar rating was applied on its senior unsecured notes. The outlook is stable. The rating mirrors the rating on its parent bank, The Bank of Nova Scotia. Moody's has assigned Ausgrid Finance Pty Ltd's (AGF) senior secured notes a rating of 'Baa1'. The outlook is stable. AGF is the finance vehicle of Ausgrid Group. The rating benefits from a one-notch uplift over Ausgrid Group's 'Baa2' rating to reflect Moody's assessment of a likelihood of support by its shareholders. Moody's has downgraded Bank of Communications Co Ltd's (BoCom) deposit rating to 'A3' from 'A2', its Baseline Credit Assessment to 'Ba1' from 'Baa3', and its Counterparty Risk Assessment (CRA) to 'A3' from 'A2'. At the same time, Moody's has also downgraded BoCom's HK branch's senior unsecured rating and CRA to 'A3' from 'A2'; Azure Orbit International Finance Ltd and Azure Orbit III International Finance Ltd's (Bocom's indirectly wholly-owned subsidiaries) senior unsecured debt ratings to 'A3' from 'A2'; Bank of Communications Financial Leasing's (BoCom Leasing) issuer ratings to 'A3' from 'A2'; Bocom Leasing Development Hong Kong Company Limited's (BLDHK) long-term issuer rating to 'Baa1' from 'A3', and Azure Nova International Finance Limited's senior unsecured programme and notes rating to 'A3' from 'A2'. The outlook on the ratings are stable. The rating action reflects BoCom's weaker funding profile compared to other state-owned Chinese banks, as well as its pressured profitability due to increasing market funding costs. Moody's has assigned Haitong International Securities Group Limited (Haitong International) an issuer rating of 'Baa2'. The outlook is stable. The rating benefits from a two-notch uplift over Haitong International's standalone rating of 'Ba1' based on Moody's assumption that its parent, Haitong Securities Co Ltd, would receive a high level of support from the Shanghai municipal government in times of stress. The 'Ba1' standalone rating reflects Haitong International's good franchise in Hong Kong's capital markets, flexible funding sources and relatively low leverage, but it is constrained by its rapid growth which challenges its risk management, as well as the volatility in its profitability. Moody's has assigned Teachers Mutual Bank Limited's (TMB) a subordinated debt rating of 'Baa3'. The rating is two notches below the bank's adjusted Baseline Credit Assessment of 'Baa1', which reflects the subordination of the notes and the uncertainty associated with the timing of a potential write-off.

## Key Financial Indicators

### Foreign Exchange

|                | Day Close | % Change |                | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| <b>DX</b>      | 91.663    | -0.68%   | <b>USD-SGD</b> | 1.3399    | -0.73%   |
| <b>USD-JPY</b> | 108.450   | -0.70%   | <b>EUR-SGD</b> | 1.6111    | 0.14%    |
| <b>EUR-USD</b> | 1.2023    | 0.89%    | <b>JPY-SGD</b> | 1.2354    | -0.02%   |
| <b>AUD-USD</b> | 0.8047    | 0.59%    | <b>GBP-SGD</b> | 1.7555    | -0.29%   |
| <b>GBP-USD</b> | 1.3101    | 0.44%    | <b>AUD-SGD</b> | 1.0783    | -0.12%   |
| <b>USD-MYR</b> | 4.2105    | -0.67%   | <b>NZD-SGD</b> | 0.9692    | -0.30%   |
| <b>USD-CNY</b> | 6.4870    | -0.57%   | <b>CHF-SGD</b> | 1.4097    | -0.13%   |
| <b>USD-IDR</b> | 13307     | -0.20%   | <b>SGD-MYR</b> | 3.1290    | -0.26%   |
| <b>USD-VND</b> | 22728     | 0.01%    | <b>SGD-CNY</b> | 4.8384    | 0.09%    |

### Interbank Offer Rates (%)

| Tenor      | EURIBOR | Change | Tenor      | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| <b>1M</b>  | -0.3710 | --     | <b>O/N</b> | 1.1761    | --     |
| <b>2M</b>  | -0.3390 | --     | <b>1M</b>  | 1.2322    | --     |
| <b>3M</b>  | -0.3290 | --     | <b>2M</b>  | 1.2750    | --     |
| <b>6M</b>  | -0.2740 | --     | <b>3M</b>  | 1.3172    | --     |
| <b>9M</b>  | -0.2140 | --     | <b>6M</b>  | 1.4522    | --     |
| <b>12M</b> | -0.1630 | --     | <b>12M</b> | 1.7079    | --     |

### Fed Rate Hike Probability

| Meeting    | Prob Hike | 1-1.25 | 1.25-1.5 | 1.5-1.75 | 1.75 - 2.0 |
|------------|-----------|--------|----------|----------|------------|
| 09/20/2017 | 0.0%      | 99.1%  | 0.0%     | 0.0%     | 0.0%       |
| 11/01/2017 | 0.8%      | 98.4%  | 0.8%     | 0.0%     | 0.0%       |
| 12/13/2017 | 25.4%     | 74.0%  | 25.2%    | 0.2%     | 0.0%       |
| 01/31/2018 | 26.0%     | 73.4%  | 25.6%    | 0.4%     | 0.0%       |
| 03/21/2018 | 36.1%     | 63.4%  | 32.2%    | 3.9%     | 0.1%       |
| 05/02/2018 | 35.6%     | 62.9%  | 31.7%    | 3.8%     | 0.1%       |

### Commodities Futures

| Energy                   | Futures        | % chg        | Base Metals              | Futures        | % chg        |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel)         | 49.09          | -0.14%       | Copper (per mt)          | 6,930.2        | -0.25%       |
| Brent (per barrel)       | 54.49          | 0.54%        | Nickel (per mt)          | 12,095.3       | -0.15%       |
| Heating Oil (per gallon) | 1.7861         | 1.51%        | Aluminium (per mt)       | 2,088.5        | 0.04%        |
| Gasoline (per gallon)    | 1.6610         | -0.74%       |                          |                |              |
| Natural Gas (per MMBtu)  | 2.9810         | -0.63%       |                          |                |              |
|                          |                |              | <b>Asian Commodities</b> | <b>Futures</b> | <b>% chg</b> |
|                          |                |              | Crude Palm Oil (MYR/MT)  | 2,782.0        | 1.38%        |
|                          |                |              | Rubber (JPY/KG)          | 231.0          | -1.07%       |
| <b>Precious Metals</b>   | <b>Futures</b> | <b>% chg</b> |                          |                |              |
| Gold (per oz)            | 1,350.3        | 0.84%        |                          |                |              |
| Silver (per oz)          | 18.116         | 1.15%        |                          |                |              |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Equity and Commodity

| Index             | Value     | Net change |
|-------------------|-----------|------------|
| <b>DJIA</b>       | 21,784.78 | -22.86     |
| <b>S&amp;P</b>    | 2,465.10  | -0.44      |
| <b>Nasdaq</b>     | 6,397.87  | 4.55       |
| <b>Nikkei 225</b> | 19,396.52 | 38.55      |
| <b>STI</b>        | 3,228.06  | -4.41      |
| <b>KLCI</b>       | 1,782.98  | 10.50      |
| <b>JCI</b>        | 5,832.31  | 8.17       |
| <b>Baltic Dry</b> | 1,250.00  | --         |
| <b>VIX</b>        | 11.55     | -0.08      |

### Government Bond Yields (%)

| Tenor      | SGS (chg)    | UST (chg)    |
|------------|--------------|--------------|
| <b>2Y</b>  | 1.24 (-0.01) | 1.26 (-0.04) |
| <b>5Y</b>  | 1.49 (-0.01) | 1.63 (-0.06) |
| <b>10Y</b> | 1.98 (-0.01) | 2.04 (-0.07) |
| <b>15Y</b> | 2.26 (-0.01) | --           |
| <b>20Y</b> | 2.25 (-0.01) | --           |
| <b>30Y</b> | 2.30 (-0.01) | 2.66 (-0.07) |

### Financial Spread (bps)

|                    | Value | Change |
|--------------------|-------|--------|
| <b>LIBOR-OIS</b>   | 16.16 | 0.02   |
| <b>EURIBOR-OIS</b> | 2.93  | -0.08  |
| <b>TED</b>         | 27.02 | --     |

### Economic Calendar

| Date Time        | Event                             | Survey        | Actual    | Prior     | Revised  |
|------------------|-----------------------------------|---------------|-----------|-----------|----------|
| 09/07/2017 09:30 | AU Retail Sales MoM               | Jul 0.20%     | 0.00%     | 0.30%     | 0.20%    |
| 09/07/2017 09:30 | AU Trade Balance                  | Jul A\$1000m  | A\$460m   | A\$856m   | A\$888m  |
| 09/07/2017 13:00 | JN Leading Index CI               | Jul P 105.1   | 105       | 105.9     | 105.7    |
| 09/07/2017 14:00 | GE Industrial Production SA MoM   | Jul 0.50%     | 0.00%     | -1.10%    | --       |
| 09/07/2017 14:00 | GE Industrial Production WDA YoY  | Jul 4.60%     | 4.00%     | 2.40%     | 2.70%    |
| 09/07/2017 14:45 | FR Trade Balance                  | Jul --        | -5968m    | -4657m    | -4882m   |
| 09/07/2017 14:57 | PH Foreign Reserves               | Aug --        | \$81.5b   | \$80.8b   | \$81.1b  |
| 09/07/2017 15:00 | MA BNM Overnight Policy Rate      | Sep-07 3.00%  | 3.00%     | 3.00%     | --       |
| 09/07/2017 15:30 | UK Halifax House Prices MoM       | Aug 0.20%     | 1.10%     | 0.40%     | 0.70%    |
| 09/07/2017 15:30 | UK Halifax House Price 3Mths/Year | Aug 2.10%     | 2.60%     | 2.10%     | --       |
| 09/07/2017 16:17 | CH Foreign Reserves               | Aug \$3095.0b | \$3091.5b | \$3080.7b | --       |
| 09/07/2017 16:25 | HK Foreign Reserves               | Aug --        | \$413.7b  | \$413.3b  | --       |
| 09/07/2017 17:00 | EC GDP SA QoQ                     | 2Q F 0.60%    | 0.60%     | 0.60%     | --       |
| 09/07/2017 17:00 | EC GDP SA YoY                     | 2Q F 2.20%    | 2.30%     | 2.20%     | --       |
| 09/07/2017 19:45 | ECB Main Refinancing Rate         | Sep-07 0.00%  | 0.00%     | 0.00%     | --       |
| 09/07/2017 19:45 | ECB Marginal Lending Facility     | Sep-07 0.25%  | 0.25%     | 0.25%     | --       |
| 09/07/2017 19:45 | ECB Deposit Facility Rate         | Sep-07 -0.40% | -0.40%    | -0.40%    | --       |
| 09/07/2017 20:30 | CA Building Permits MoM           | Jul -1.50%    | -3.50%    | 2.50%     | 4.40%    |
| 09/07/2017 20:30 | US Initial Jobless Claims         | Sep-02 245k   | 298k      | 236k      | --       |
| 09/07/2017 20:30 | US Continuing Claims              | Aug-26 1945k  | 1940k     | 1942k     | 1945k    |
| 09/07/2017 21:45 | US Bloomberg Consumer Comfort     | Sep-03 --     | 52.6      | 53.3      | --       |
| 09/08/2017 07:50 | JN BoP Current Account Balance    | Jul ¥2030.1b  | --        | ¥934.6b   | --       |
| 09/08/2017 07:50 | JN BoP Current Account Adjusted   | Jul ¥1651.8b  | --        | ¥1522.5b  | --       |
| 09/08/2017 07:50 | JN Trade Balance BoP Basis        | Jul ¥518.0b   | --        | ¥518.5b   | --       |
| 09/08/2017 07:50 | JN GDP SA QoQ                     | 2Q F 0.70%    | --        | 1.00%     | --       |
| 09/08/2017 07:50 | JN GDP Annualized SA QoQ          | 2Q F 2.90%    | --        | 4.00%     | --       |
| 09/08/2017 07:50 | JN GDP Nominal SA QoQ             | 2Q F 0.90%    | --        | 1.10%     | --       |
| 09/08/2017 07:50 | JN GDP Deflator YoY               | 2Q F -0.40%   | --        | -0.40%    | --       |
| 09/08/2017 09:30 | AU Home Loans MoM                 | Jul 1.00%     | --        | 0.50%     | --       |
| 09/08/2017 14:00 | GE Trade Balance                  | Jul 21.0b     | --        | 22.3b     | --       |
| 09/08/2017 14:00 | GE Current Account Balance        | Jul 20.8b     | --        | 23.6b     | --       |
| 09/08/2017 14:00 | GE Exports SA MoM                 | Jul 1.30%     | --        | -2.80%    | -2.70%   |
| 09/08/2017 14:45 | FR Industrial Production YoY      | Jul 3.60%     | --        | 2.60%     | --       |
| 09/08/2017 14:45 | FR Manufacturing Production MoM   | Jul 0.60%     | --        | -0.90%    | --       |
| 09/08/2017 14:45 | FR Manufacturing Production YoY   | Jul 4.20%     | --        | 3.30%     | --       |
| 09/08/2017 15:30 | TH Foreign Reserves               | Sep-01 --     | --        | \$195.0b  | --       |
| 09/08/2017 16:00 | TA Exports YoY                    | Aug 12.40%    | --        | 12.50%    | --       |
| 09/08/2017 16:00 | TA Imports YoY                    | Aug 5.70%     | --        | 6.50%     | --       |
| 09/08/2017 16:30 | UK Industrial Production YoY      | Jul 0.40%     | --        | 0.30%     | --       |
| 09/08/2017 16:30 | UK Manufacturing Production YoY   | Jul 1.70%     | --        | 0.60%     | --       |
| 09/08/2017 16:30 | UK Visible Trade Balance GBP/Mn   | Jul -£12,000  | --        | -£12,722  | --       |
| 09/08/2017 16:30 | UK Trade Balance Non EU GBP/Mn    | Jul --        | --        | -£4,471   | --       |
| 09/08/2017 16:30 | UK Trade Balance                  | Jul -£3,250   | --        | -£4,564   | --       |
| 09/08/2017 20:00 | UK NIESR GDP Estimate             | Aug --        | --        | 0.20%     | --       |
| 09/08/2017 20:30 | CA Capacity Utilization Rate      | 2Q 85.00%     | --        | 83.30%    | --       |
| 09/08/2017 20:30 | CA Net Change in Employment       | Aug 15.0k     | --        | 10.9k     | --       |
| 09/08/2017 20:30 | CA Unemployment Rate              | Aug 6.30%     | --        | 6.30%     | --       |
| 09/08/2017 22:00 | US Wholesale Inventories MoM      | Jul F 0.40%   | --        | 0.40%     | --       |
| 09/08/2017       | CH Imports YoY                    | Aug 10.00%    | --        | 11.00%    | --       |
| 09/08/2017       | CH Exports YoY                    | Aug 6.00%     | --        | 7.20%     | --       |
| 09/08/2017       | CH Trade Balance                  | Aug \$48.45b  | --        | \$46.74b  | \$46.73b |
| 09/08/2017       | ID Foreign Reserves               | Aug --        | --        | \$127.76b | --       |

Source: Bloomberg

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