

Highlights

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|---------------|---|
| Global | <p>Financial markets largely traded in a holding pattern ahead of Yellen and Draghi's speeches at the Jackson Hole symposium. Meanwhile, US president Donald blamed the congressional Republican leadership for what he tweeted as "could have been so easy – now a mess" ahead of the upcoming debt ceiling deadline, even as House Speaker Ryan sounded upbeat that the borrowing limit will be raised. Note that Moody's had warned that "if the Treasury were to fail to meet some of its non-debt obligations as a result of a political deadlock over this issue, that would not affect the U.S. sovereign rating because our ratings reflect the risk of default and loss on government debt, not the risk of failed or delayed payment on non-debt obligations". The Treasury bill maturing 12 Oct is now yielding 1.136%, up from 1.0688% a week ago, and the 1-3 month T-bill spread has collapsed to 1.6bps (the narrowest since Feb) as the US Treasury's cash balance declined to a 5-month low of US\$67.9b which is less than half of the daily 5-year average of about US\$150b. There is an estimated US\$81b payment on 2 Oct to the Military Retirement Fund.</p> <p>Asian bourses may continue to tread water today, awaiting policy signals from both FOMC's Yellen and ECB's Draghi, particularly their jawboning if the macro-economic environment will continue to be sufficiently benign to unwind central bank balance sheets even if inflation continues to fall short of targets and amid EUR strength for the Eurozone. Today's economic data calendar that comprises of US' durable goods orders, for Jul, German IFO and final 2Q GDP print, and S'pore's Jul industrial production.</p> |
| US | US' existing home sales unexpectedly fell 1.3% mom to a 11-month low of 5.44m annual pace in July, amid rising prices (with median sales price +6.2% yoy to US\$258.3k) and lean inventories, while initial jobless claims rose 2k to 234k, bringing the 4-week average down by 3k to 238k (just above the post-recession low of 236k reached in mid-May). |
| SG | Inflation data is slated to be out later today, where we pencil headline CPI at 0.8% yoy (0% momsa) and Core CPI at 1.6% yoy. |
| TH | The top court in Thailand is slated to pass a verdict on former Prime Minister Yingluck Shinawatra today. Yingluck was ousted in a 2014 military-takeover, and could face up to a decade in jail if convicted. |
| CMD | Hurricane "Harvey" could well be bearish for crude oil and bullish for natural gas prices. Crude oil prices edged lower as market-watchers reconsidered the impact of Hurricane Harvey on the Gulf of Mexico. Despite the region home to 17% of the country's total crude oil production, it also accounts for 45% of the nation's petroleum refining capacity and 51% of natural gas processing capacity. As such, market-watchers turned bearish on crude oil given that refinery runs are likely to fall faster than offshore production, hence lifting overall crude oil supplies. Moreover, natural gas prices rose 0.72% overnight, likely on market concerns over supplies given the impending hurricane. |

Major Market

- **US:** U.S equities and gold posted lower prices while the U.S dollar rose marginally as market watchers turned their attention onto Jackson Hole later. Dow Jones Index registered 0.13% lower while Nasdaq (-0.11%) and S&P 500 (-0.21%) fell in tandem. US 2 yr and 10yr treasury yields however, printed higher at 1.33% and 2.19% instead, as investors monitored the effect of Trump's government shutdown. CBOE VIX inched marginally lower (-0.16%) to close at 12.23.
- **Singapore:** STI gained 0.37% to close at 3272.16 yesterday but may be rangebound this morning given overnight slippage in Wall Street and Kospi this morning. STI's support and resistance are tipped at 3250 and 3280 today. With UST bond yields climbing up to 3bps in the longer tenors, SGS bonds may be hard-pressed to see an extension of yesterday's gains.
- **Hong Kong:** Trade activities continued to move in tandem with China's with both exports and imports expanding at a slower pace in July. Specifically, exports ticked up by 7.3% yoy (+11.1% yoy in June) while imports grew at its slowest pace since January by 5.5% yoy due to lower commodity prices. As a result, trade deficit narrowed notably from HK\$48.3 billion in June to HK\$29.6 billion. In terms of exports, the continuous gain was due to the increased overseas shipments to Asian countries including Mainland China (+8.8% yoy), Japan (+9% yoy), Taiwan (+23.5% yoy) and Singapore (+7.8% yoy). Nevertheless, the growth of exports to major trading partners receded on a broad-based basis. Whether global recovery could continue to boost external demand and further accelerate HK's exports growth will be closely watched. Additionally, exports to the USA (-0.6% yoy) are likely to remain subdued as Trump's talks and actions have reignited concerns over protectionism. Moving forward, as low base effect fades away, growth in both exports and imports may continue to moderate.
- **Macau:** Tourism sector regained momentum with the number of visitor arrivals rising at a faster pace by 4.4% yoy in July. The effect of summer holiday contributed to the revival of tourism activities. The number of Mainland visitors was up by 9.6% yoy (its largest gain since March 2017) and accounts for 69% of total inbound visitors. Due to political issues between China and some Asian countries, Mainlanders increasingly prefer Hong Kong and Macau as their travel destination during holidays. Besides, visitors from Japan and South Korea continued to increase by 3% yoy and 42.6% yoy in July. A weaker MOP and the promotions offered by a slew of new hotels have continued to lure visitors from these two countries. However, despite the favorable factors, high transportation and accommodation costs appeared to have deterred visitors from Hong Kong (-9.6% yoy) and Taiwan (-0.3% yoy). Moving forward, typhoon Hato which hindered the normal operations of hotels and casinos may result in a worse-than-expected performance in the tourism sector in August despite positive effect of summer holiday. As September is another off-season month, we expect tourism activities to slow down. This indicates that the mass-market segment of gaming sectors is only likely to exhibit moderate growth in coming months.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-flattened yesterday, with swap rates trading 1-3bps higher across shorter tenors, while longer tenors traded relatively unchanged. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 189bps. Similarly, the yield on JACI HY Corp fell 1bps to 6.95%. 10y UST yields rose 3bps to 2.19%, as oil pared its losses mid-day, presidents from the Federal Reserve Bank of Kansas City and Dallas took differing sides of the inflation debate, and investors awaited speeches by Yellen and Draghi at Jackson Hole.
- **New Issues:** OUE CT Treasury Pte Ltd has priced a SGD150mn bond at 3.03%, tightening from initial guidance in the 3.25% area. Franshion Brilliant Ltd has priced a USD200mn re-tap of its CHJMAO 4%-PERP (guaranteed by China Jinmao Holdings Group Ltd) at 100.09, tightening from initial guidance of 99.996. The issue ratings are 'NR/Baa3/NR'. China Great Wall International Holdings III Ltd has priced a 3-tranche deal (guaranteed by China Great Wall AMC (Intl) Holdings Co and supported with a keepwell deed by China Great Wall Asset Management Co Ltd), with the USD500mn 3-year bond priced at CT3+135bps, tightening from initial guidance of CT3+165bps area; the USD1bn 5-year bond priced at CT5+145bps, tightening from initial guidance of CT5+175bps area; and the USD500mn 10-year bond priced at CT10+180bps, tightening from initial guidance of CT10+210bps area. The expected issue ratings are 'BBB+/Baa1/A'. Kookmin Bank has scheduled investor meetings for potential USD bond issuance from 31 Aug. The expected issue ratings are 'A+/A1/NR'.
- **Rating Changes:** S&P has assigned the Postal Savings Bank of China (PSBC) an 'A' issuer credit rating. The outlook is stable. The rating action reflects S&P's classification of PSBC as a government related entity, which gives it a three-notch uplift from its 'BBB' stand-alone credit profile, as well as S&P's view that PSBC will continue to benefit in China's counties and rural regions. Moody's has upgraded Gajah Tunggal Tbk (P.T.)'s (Gajah Tunggal) corporate family rating to 'B2' from 'Caa1'. The outlook is stable. The rating action follows Gajah Tunggal's successful issuance of its senior secured notes and reflects Gajah Tunggal's leading position in the Indonesian motorcycle tire market.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 93.277 | 0.14% | USD-SGD | 1.3619 | 0.05% |
| USD-JPY | 109.560 | 0.48% | EUR-SGD | 1.6069 | -0.01% |
| EUR-USD | 1.1799 | -0.07% | JPY-SGD | 1.2431 | -0.42% |
| AUD-USD | 0.7905 | 0.01% | GBP-SGD | 1.7434 | 0.07% |
| GBP-USD | 1.2801 | 0.01% | AUD-SGD | 1.0768 | 0.09% |
| USD-MYR | 4.2795 | 0.01% | NZD-SGD | 0.9828 | -0.04% |
| USD-CNY | 6.6620 | 0.05% | CHF-SGD | 1.4106 | -- |
| USD-IDR | 13346 | -0.10% | SGD-MYR | 3.1436 | 0.16% |
| USD-VND | 22738 | 0.02% | SGD-CNY | 4.8937 | 0.04% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3710 | -- | O/N | 1.1778 | -- |
| 2M | -0.3410 | -- | 1M | 1.2344 | -- |
| 3M | -0.3290 | -- | 2M | 1.2683 | -- |
| 6M | -0.2730 | -- | 3M | 1.3172 | -- |
| 9M | -0.2120 | -- | 6M | 1.4556 | -- |
| 12M | -0.1590 | -- | 12M | 1.7279 | -- |

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 | 5.6% | 94.4% | 5.6% | 0.0% | 0.0% |
| 11/01/2017 | 8.3% | 91.7% | 8.2% | 0.2% | 0.0% |
| 12/13/2017 | 37.4% | 62.6% | 34.7% | 2.7% | 0.1% |
| 01/31/2018 | 37.0% | 62.2% | 34.3% | 2.7% | 0.1% |
| 03/21/2018 | 53.3% | 46.1% | 41.6% | 11.0% | 0.7% |
| 05/02/2018 | 53.6% | 45.8% | 41.7% | 11.2% | 0.8% |

Commodities Futures

| Energy | Futures | % chg | Base Metals | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 47.43 | -2.02% | Copper (per mt) | 6,738.4 | 1.78% |
| Brent (per barrel) | 52.04 | -1.01% | Nickel (per mt) | 11,702.0 | 0.72% |
| Heating Oil (per gallon) | 1.6210 | -0.21% | Aluminium (per mt) | 2,093.5 | 0.44% |
| Gasoline (per gallon) | 1.6641 | 2.79% | | | |
| Natural Gas (per MMBtu) | 2.9490 | 0.72% | | | |
| | | | Asian Commodities | Futures | % chg |
| | | | Crude Palm Oil (MYR/MT) | 2,777.0 | 1.42% |
| | | | Rubber (JPY/KG) | 216.6 | 0.37% |
| Precious Metals | Futures | % chg | | | |
| Gold (per oz) | 1,292.0 | -0.21% | | | |
| Silver (per oz) | 17.046 | -0.47% | | | |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 21,783.40 | -28.69 |
| S&P | 2,438.97 | -5.07 |
| Nasdaq | 6,271.33 | -7.08 |
| Nikkei 225 | 19,353.77 | -80.87 |
| STI | 3,272.16 | 12.11 |
| KLCI | 1,775.50 | 2.56 |
| JCI | 5,894.12 | -19.91 |
| Baltic Dry | 1,222.00 | -- |
| VIX | 12.23 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.32 (+0.02) | 1.33 (+0.02) |
| 5Y | 1.62 (+0.02) | 1.78 (+0.03) |
| 10Y | 2.16 (-) | 2.19 (+0.03) |
| 15Y | 2.35 (-0.01) | -- |
| 20Y | 2.44 (-0.02) | -- |
| 30Y | 2.49 (-0.02) | 2.77 (+0.02) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 15.60 | -0.05 |
| EURIBOR-OIS | 2.83 | -- |
| TED | 32.36 | -- |

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised | |
|-------------------------|---------------------------------------|---------------|---------------|--------------|-----------------|--------------|
| 08/24/2017 06:45 | NZ Trade Balance NZD | Jul | -200m | 85m | 242m | 246m |
| 08/24/2017 06:45 | NZ Exports NZD | Jul | 4.42b | 4.63b | 4.70b | -- |
| 08/24/2017 06:45 | NZ Imports NZD | Jul | 4.60b | 4.55b | 4.46b | 4.45b |
| 08/24/2017 07:50 | JN Japan Buying Foreign Bonds | Aug-18 | -- | ¥453.2b | ¥145.5b | ¥147.3b |
| 08/24/2017 12:17 | MU Visitor Arrivals | Jul | -- | 2918t | 2379t | -- |
| 08/24/2017 13:00 | JN Leading Index CI | Jun F | -- | 105.9 | 106.3 | -- |
| 08/24/2017 14:45 | FR Manufacturing Confidence | Aug | 108 | 111 | 109 | 108 |
| 08/24/2017 16:30 | UK UK Finance Loans for Housing | Jul | -- | 41587 | 40200 | 40385 |
| 08/24/2017 16:30 | UK GDP QoQ | 2Q P | 0.30% | 0.30% | 0.30% | -- |
| 08/24/2017 16:30 | HK Exports YoY | Jul | 9.20% | 7.30% | 11.10% | -- |
| 08/24/2017 16:30 | UK GDP YoY | 2Q P | 1.70% | 1.70% | 1.70% | -- |
| 08/24/2017 16:30 | HK Imports YoY | Jul | 9.90% | 5.50% | 10.40% | -- |
| 08/24/2017 16:30 | HK Trade Balance HKD | Jul | -40.0b | -29.6b | -48.3b | -- |
| 08/24/2017 16:30 | UK Exports QoQ | 2Q P | 1.00% | 0.70% | -0.70% | -- |
| 08/24/2017 16:30 | UK Imports QoQ | 2Q P | 0.50% | 0.70% | 1.70% | -- |
| 08/24/2017 20:30 | US Initial Jobless Claims | Aug-19 | 238k | 234k | 232k | -- |
| 08/24/2017 20:30 | US Continuing Claims | Aug-12 | 1950k | 1954k | 1953k | 1954k |
| 08/24/2017 21:45 | US Bloomberg Consumer Comfort | Aug-20 | -- | 52.8 | 52.1 | -- |
| 08/24/2017 22:00 | US Existing Home Sales | Jul | 5.55m | 5.44m | 5.52m | 5.51m |
| 08/25/2017 05:00 | SK Consumer Confidence | Aug | -- | 109.9 | 111.2 | -- |
| 08/25/2017 07:30 | JN Natl CPI YoY | Jul | 0.40% | -- | 0.40% | -- |
| 08/25/2017 07:30 | JN Natl CPI Ex Fresh Food YoY | Jul | 0.50% | -- | 0.40% | -- |
| 08/25/2017 07:30 | JN Tokyo CPI YoY | Aug | 0.30% | -- | 0.10% | -- |
| 08/25/2017 07:30 | JN Tokyo CPI Ex-Fresh Food YoY | Aug | 0.30% | -- | 0.20% | -- |
| 08/25/2017 13:00 | SI Industrial Production YoY | Jul | 12.90% | -- | 13.10% | -- |
| 08/25/2017 14:00 | GE Import Price Index YoY | Jul | 2.30% | -- | 2.50% | -- |
| 08/25/2017 14:00 | GE GDP SA QoQ | 2Q F | 0.60% | -- | 0.60% | -- |
| 08/25/2017 14:00 | GE GDP WDA YoY | 2Q F | 2.10% | -- | 2.10% | -- |
| 08/25/2017 14:00 | GE GDP NSA YoY | 2Q F | 0.80% | -- | 0.80% | -- |
| 08/25/2017 14:45 | FR Consumer Confidence | Aug | 103 | -- | 104 | -- |
| 08/25/2017 15:30 | TH Foreign Reserves | Aug-18 | -- | -- | \$192.2b | -- |
| 08/25/2017 16:00 | GE IFO Business Climate | Aug | 115.5 | -- | 116 | -- |
| 08/25/2017 16:00 | GE IFO Expectations | Aug | 106.8 | -- | 107.3 | -- |
| 08/25/2017 16:00 | GE IFO Current Assessment | Aug | 125 | -- | 125.4 | -- |
| 08/25/2017 20:30 | US Durable Goods Orders | Jul P | -6.00% | -- | 6.40% | -- |
| 08/25/2017 20:30 | US Durables Ex Transportation | Jul P | 0.40% | -- | 0.10% | -- |
| 08/25/2017 20:30 | US Cap Goods Orders Nondef Ex Air | Jul P | 0.40% | -- | 0.00% | -- |
| 08/25/2017 20:30 | US Cap Goods Ship Nondef Ex Air | Jul P | 0.20% | -- | 0.10% | -- |
| 08/25/2017 | MU GDP YoY | 2Q | -- | -- | 10.30% | -- |
| 08/25/2017 08/31 | VN CPI YoY | Aug | 2.50% | -- | 2.52% | -- |
| 08/25/2017 08/31 | VN Exports YTD YoY | Aug | 18.40% | -- | 18.70% | -- |

Source: Bloomberg

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