

### Highlights

Global	<p>Fed chair Yellen sounded a tad hawkish and opined that “it would be imprudent to keep monetary policy on hold until inflation is back to 2 percent” and the Fed “should be wary of moving too gradually”. She also said it was possible that the Fed had over-estimated NAIRU – “if so, the economy could sustain a higher level of employment and output in the longer run than now anticipated – a very beneficial outcome, albeit one that would require recalibrating monetary policy over time in order to reap those benefits and compensate for the accompany reduction in inflationary pressures”, but said it was not her base case. UST bond yields drifted higher on Yellen’s reinforcement of the likelihood of a December rate hike.</p> <p>Today’s market focus include BOT policy meeting (likely static at 1.5%), with US’ durable goods orders and pending home sales on tap. Fed’s Kashkari is also speaking.</p>
US	<p>US’ conference board consumer confidence slipped from 120.4 (second highest since Dec 2000) in August to 119.8 in September, with the present conditions measure declining from 148.4 to 146.1 due to Hurricanes Harvey and Irma, but the expectations gauge climbed from 101.7 to 102.2. Meanwhile, new home sales also fell 3.4% mom to a 8-month low of 560k annual pace in August due to the double hurricane whammy.</p>
EZ	<p>French president Macron’s speech laid out a vision of a globalised Europe to be an “economic and monetary power”, in contrast to the “Europe we know is too weak, too slow, too ineffective”.</p>
SG	<p>Industrial production powered on in August, expanding more than expected by 19.1% yoy (+0.6% mom sa). This exceeded market expectations and also marked the third consecutive month of double-digit expansion. Excluding biomedical, manufacturing output also put in a solid performance at +17.8% yoy (-2.5% mom nsa). Moreover, at the current levels for the manufacturing index, the base for September – November 2016 does not appear particularly challenging. This data presents some upside risk to 3Q17 GDP growth which could come in as high as 5.3% yoy (+9.6% qoq saar).</p>
ID	<p>Finance Ministry set new inflation targets at 3.5% for 2019 and 3.0% for 2020-21. A 1% deviation on either side of the target will be tolerated. This is in-line with the structural downshift in inflation voiced by BI Governor Agus Martowardojo.</p>
TH	<p>Bank of Thailand is expected to meet today to discuss monetary policy. This coming MPC meeting is exceptionally hard to call, given Thai Finance Ministry’s pressure for BOT to cut rates by as much as 50bps, though BOT Chief Veerathai had openly preferred rates to stay unchanged.</p>
CMD	<p>WTI prices remained supported on news that US crude oil supplies unexpectedly declined since the Hurricane Harvey incident. US crude inventories from the American Petroleum Institute data are said to have fallen 761k barrels last week, according to Bloomberg news. Elsewhere, note gold prices are trending lower as of this morning below its \$1,300/oz handle once again, after whip-sawing to its \$1,317/oz yesterday.</p>

## Major Market

- **US:** Equities erased early gains in late trading to end largely unchanged on Tuesday. Top gainers and losers flipped positions from Monday, as tech counters rebounded, while energy and telecommunication stocks closed lower. Overall, the S&P 500 and Nasdaq Composite were marginally higher, but the Dow slipped. VIX also lower at 10.17, compared to 10.21 previously. Expect equities to hobble within a narrow range going forward as broad directionality appears to be lacking.
- Meanwhile, US Treasury yields firmed as Yellen re-affirmed the Fed's rate hike path, despite acknowledging they did not have a good grip on the absence of inflationary pressures. Market-implied odds for the Dec hike stands at 70.0%, 2y and 10y yields rose to 1.44% and 2.24% respectively. Watch for PCE inflation data on Thursday, though it will take a huge miss to alter Fed trajectory at this stage.
- **Singapore:** Electronics output jumped 38.7% yoy in August, led by semiconductors (+55.7% yoy), computer peripherals (+20.1% yoy) and infocomms & consumer electronics (+6.8% yoy) segments, which compensated for weakness in other electronics modules & components (-8.3% yoy) and data storage (-24.7% yoy). The domestic manufacturing recovery has developed beyond just solely an electronics story. The biomedical cluster saw output growing 25.1% yoy in August, albeit this was not sufficient to turn the January-August performance from shrinking 4.8% yoy. Notably, pharmaceuticals also surged 23.1% yoy on the back of higher output of biological products and new pharmaceutical ingredients, while the medical technology cluster also increased 30.8%. Meanwhile petrochemicals also rose 16.4% yoy. All the rest of the manufacturing clusters also recorded positive growth in August, with the exception of the general manufacturing industry which declined 0.6% yoy. This lends credence to our view that the engines of growth are broadening and bodes well for growth momentum going into end-2017 and into 2018.
- The STI slipped another 0.12% to close at 3212.04 yesterday and may continue to drift sideways today amid unconvincing clues from Wall Street overnight and flattish morning performance by Kospi. STI support and resistance are tipped at 3200 and 3220. With UST bond yields edging 1-2bps higher overnight on Yellen's comments, SGS bonds are also range trade today, awaiting the auction results for the re-opening of \$2.4b 2-year SGS bonds maturing 1 October 2019 (with MAS taking \$300m).
- **Hong Kong:** Trade activities remained resilient in August. Specifically, exports grew by 7.4% yoy after rising 7.3% yoy in the previous month. Exports to the mainland jumped by 10.8% yoy while those to other Asian countries including Japan (+11.4% yoy), India (+5.1% yoy), Taiwan (+23.6% yoy) and Vietnam (+5.7% yoy) all increased notably. The rosy data points out that the strong demand from Asian countries (especially for electrical machinery, apparatus and appliances, and electrical parts +11% yoy) has contributed to HK exports' robust performance. In contrast, overseas shipments to the US fell for the second consecutive month by 5.5% yoy. This reinforces our concern about the sustainability of US' economic growth and the trade friction between China and the US as both factors could hit HK's exports. On the other hand, imports growth accelerated to 7.7% yoy amid higher commodity prices and a weaker HKD. Therefore, trade deficit widened to HK\$35.5 billion. Moving forward, various negative factors may still pose downward pressure to HK's trade activities in the longer term but could be offset by the supporting factors including vigorous external demand associated with Christmas Holiday in the near term.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded mostly upwards yesterday, with swap rates trading 1-2bps higher across most tenors. However, the 15-year and 30-year tenors traded 1bps and 5bps lower respectively. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 186bps, while the yield on JACI HY Corp traded little changed at 6.79%. 10Y UST yields rose 2bps to 2.24%, as odds of a December rate hike increased after Fed Chair Yellen stated that the Fed should avoid hiking rates “too gradually”.
- **New Issues:** CK Hutchison International (17) (II) Ltd has priced a three tranche deal (guaranteed by CK Hutchison Holdings Ltd), with the USD1bn 3-year bond priced at CT3+77.5bps, tightening from initial guidance of CT3+95bps; the USD750mn 5.5-year bond priced at CT5.5+92.5bps, tightening from initial guidance of CT5.5+110bps; and the USD500mn 10-year bond priced at CT10+107.5bps, tightening from initial guidance of CT10+125bps. The expected issue ratings are ‘A-/A3/A-’. Green Fortune Capital Ltd has priced a USD 150mn 2-year bond (guaranteed by Ever Dragon Investments Group Ltd) at 9%, unchanged from initial guidance of 9%. Qinghai Provincial Investment Group Co Ltd has priced a USD300mn 363-day bond at 6.3%, in line with final guidance of 6.3%. Geo Energy Resources Limited has proposed to issue US Dollar-denominated bonds due 2022. Geo Energy Resources Limited had previously proposed to issue the bonds on 7 Jul but decided not to proceed with the offering.
- **Rating Changes:** Moody’s has affirmed ABB Ltd’s (ABB) ‘A2’ issuer rating. The outlook is stable. The affirmation reflects the fact that ABB’s leverage would only change moderately pro-forma the acquisition of General Electric Company’s Industrial Solutions and B&R.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	92.966	0.34%	<b>USD-SGD</b>	1.3545	0.25%
<b>USD-JPY</b>	112.240	0.46%	<b>EUR-SGD</b>	1.5974	-0.22%
<b>EUR-USD</b>	1.1793	-0.46%	<b>JPY-SGD</b>	1.2069	-0.21%
<b>AUD-USD</b>	0.7886	-0.64%	<b>GBP-SGD</b>	1.8231	0.20%
<b>GBP-USD</b>	1.3458	-0.06%	<b>AUD-SGD</b>	1.0680	-0.41%
<b>USD-MYR</b>	4.2065	0.05%	<b>NZD-SGD</b>	0.9764	-0.54%
<b>USD-CNY</b>	6.6398	0.28%	<b>CHF-SGD</b>	1.3983	0.02%
<b>USD-IDR</b>	13374	0.37%	<b>SGD-MYR</b>	3.1084	-0.13%
<b>USD-VND</b>	22733	-0.02%	<b>SGD-CNY</b>	4.8972	-0.10%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	1.1783	--
<b>2M</b>	-0.3400	--	<b>1M</b>	1.2367	--
<b>3M</b>	-0.3290	--	<b>2M</b>	1.2694	--
<b>6M</b>	-0.2720	--	<b>3M</b>	1.3297	--
<b>9M</b>	-0.2190	--	<b>6M</b>	1.4971	--
<b>12M</b>	-0.1710	--	<b>12M</b>	1.7748	--

### Fed Rate Hike Probability

Meeting	Prob Hike	1-1.25	1.25-1.5	1.5-1.75	1.75 - 2.0
11/01/2017	0.8%	99.2%	0.8%	0.0%	0.0%
12/13/2017	66.6%	33.4%	66.1%	0.5%	0.0%
01/31/2018	66.9%	33.1%	65.8%	1.1%	0.0%
03/21/2018	78.6%	21.4%	54.2%	24.0%	0.4%
05/02/2018	78.8%	21.2%	54.0%	24.2%	0.5%
06/13/2018	84.6%	15.4%	45.0%	32.4%	7.1%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	51.88	-0.65%	Copper (per mt)	6,435.3	-0.63%
Brent (per barrel)	58.44	-0.98%	Nickel (per mt)	10,413.0	-0.93%
Heating Oil (per gallon)	1.8453	-0.59%	Aluminium (per mt)	2,105.0	-1.15%
Gasoline (per gallon)	1.6988	-1.35%			
Natural Gas (per MMBtu)	2.9180	-0.03%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,749.0	2.16%
			Rubber (JPY/KG)	213.9	0.14%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,301.7	-0.75%			
Silver (per oz)	16.883	-1.54%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	22,284.32	-11.77
<b>S&amp;P</b>	2,496.84	0.18
<b>Nasdaq</b>	6,380.16	9.57
<b>Nikkei 225</b>	20,330.19	-67.39
<b>STI</b>	3,212.04	-3.87
<b>KLCI</b>	1,765.59	-3.55
<b>JCI</b>	5,863.96	-30.65
<b>Baltic Dry</b>	1,503.00	--
<b>VIX</b>	10.17	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.36 (-)	1.44 (+0.01)
<b>5Y</b>	1.61 (-)	1.86 (+0.02)
<b>10Y</b>	2.12 (-)	2.24 (+0.02)
<b>15Y</b>	2.42 (-)	--
<b>20Y</b>	2.38 (-)	--
<b>30Y</b>	2.44 (-)	2.77 (+0.01)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	14.77	0.08
<b>EURIBOR-OIS</b>	2.88	0.09
<b>TED</b>	28.39	--

### Economic Calendar

Date Time		Event	Survey	Actual	Prior	Revised	
09/26/2017 05:00	SK	Consumer Confidence	Sep	--	107.7	109.9	--
<b>09/26/2017 05:45</b>	<b>NZ</b>	<b>Trade Balance NZD</b>	<b>Aug</b>	<b>-825m</b>	<b>-1235m</b>	<b>85m</b>	<b>98m</b>
09/26/2017 05:45	NZ	Exports NZD	Aug	4.05b	3.69b	4.63b	--
09/26/2017 05:45	NZ	Imports NZD	Aug	4.80b	4.92b	4.55b	4.53b
<b>09/26/2017 08:00</b>	<b>NZ</b>	<b>ANZ Business Confidence</b>	<b>Sep</b>	<b>--</b>	<b>0</b>	<b>18.3</b>	<b>--</b>
<b>09/26/2017 13:00</b>	<b>SI</b>	<b>Industrial Production YoY</b>	<b>Aug</b>	<b>16.00%</b>	<b>19.10%</b>	<b>21.00%</b>	<b>21.20%</b>
09/26/2017 13:00	SI	Industrial Production SA MoM	Aug	-0.40%	0.60%	1.00%	0.90%
09/26/2017 14:00	GE	Import Price Index MoM	Aug	0.10%	0.00%	-0.40%	--
09/26/2017 14:00	GE	Import Price Index YoY	Aug	2.10%	2.10%	1.90%	--
<b>09/26/2017 14:45</b>	<b>FR</b>	<b>Manufacturing Confidence</b>	<b>Sep</b>	<b>110</b>	<b>110</b>	<b>111</b>	<b>--</b>
09/26/2017 16:30	UK	UK Finance Loans for Housing	Aug	41700	41807	41587	41644
<b>09/26/2017 16:30</b>	<b>HK</b>	<b>Exports YoY</b>	<b>Aug</b>	<b>7.10%</b>	<b>7.40%</b>	<b>7.30%</b>	<b>--</b>
09/26/2017 16:30	HK	Imports YoY	Aug	5.90%	7.70%	5.50%	--
09/26/2017 16:30	HK	Trade Balance HKD	Aug	-28.8b	-35.5b	-29.6b	--
09/26/2017 21:00	US	S&P CoreLogic CS 20-City YoY NSA	Jul	5.70%	5.81%	5.65%	--
<b>09/26/2017 22:00</b>	<b>US</b>	<b>New Home Sales</b>	<b>Aug</b>	<b>585k</b>	<b>560k</b>	<b>571k</b>	<b>580k</b>
09/26/2017 22:00	US	New Home Sales MoM	Aug	2.50%	-3.40%	-9.40%	-5.50%
<b>09/26/2017 22:00</b>	<b>US</b>	<b>Conf. Board Consumer Confidence</b>	<b>Sep</b>	<b>120</b>	<b>119.8</b>	<b>122.9</b>	<b>120.4</b>
09/26/2017 22:00	US	Richmond Fed Manufact. Index	Sep	13	19	14	--
09/27/2017 13:00	JN	Small Business Confidence	Sep	49.5	--	49	--
09/27/2017 14:00	JN	Machine Tool Orders YoY	Aug F	--	--	36.30%	--
<b>09/27/2017 14:45</b>	<b>FR</b>	<b>Consumer Confidence</b>	<b>Sep</b>	<b>103</b>	<b>--</b>	<b>103</b>	<b>--</b>
<b>09/27/2017 15:05</b>	<b>TH</b>	<b>BoT Benchmark Interest Rate</b>	<b>Sep-27</b>	<b>1.50%</b>	<b>--</b>	<b>1.50%</b>	<b>--</b>
<b>09/27/2017 16:00</b>	<b>EC</b>	<b>M3 Money Supply YoY</b>	<b>Aug</b>	<b>4.60%</b>	<b>--</b>	<b>4.50%</b>	<b>--</b>
09/27/2017 16:00	IT	Economic Sentiment	Sep	--	--	107	--
<b>09/27/2017 16:00</b>	<b>IT</b>	<b>Manufacturing Confidence</b>	<b>Sep</b>	<b>108.2</b>	<b>--</b>	<b>108.1</b>	<b>--</b>
<b>09/27/2017 16:00</b>	<b>IT</b>	<b>Consumer Confidence Index</b>	<b>Sep</b>	<b>110.6</b>	<b>--</b>	<b>110.8</b>	<b>--</b>
09/27/2017 17:00	IT	Industrial Orders MoM	Jul	--	--	4.30%	--
09/27/2017 17:00	IT	Industrial Orders NSA YoY	Jul	--	--	13.70%	--
<b>09/27/2017 19:00</b>	<b>US</b>	<b>MBA Mortgage Applications</b>	<b>Sep-22</b>	<b>--</b>	<b>--</b>	<b>-9.70%</b>	<b>--</b>
<b>09/27/2017 20:30</b>	<b>US</b>	<b>Durable Goods Orders</b>	<b>Aug P</b>	<b>1.00%</b>	<b>--</b>	<b>-6.80%</b>	<b>--</b>
09/27/2017 20:30	US	Durables Ex Transportation	Aug P	0.20%	--	0.60%	--
09/27/2017 20:30	US	Cap Goods Orders Nondef Ex Air	Aug P	0.30%	--	1.00%	--
09/27/2017 20:30	US	Cap Goods Ship Nondef Ex Air	Aug P	0.10%	--	1.20%	--
<b>09/27/2017 22:00</b>	<b>US</b>	<b>Pending Home Sales MoM</b>	<b>Aug</b>	<b>-0.50%</b>	<b>--</b>	<b>-0.80%</b>	<b>--</b>
<b>09/27/2017</b>	<b>MU</b>	<b>Unemployment Rate</b>	<b>Aug</b>	<b>--</b>	<b>--</b>	<b>2.00%</b>	<b>--</b>
<b>09/27/2017 09/30</b>	<b>VN</b>	<b>CPI YoY</b>	<b>Sep</b>	<b>3.40%</b>	<b>--</b>	<b>3.35%</b>	<b>--</b>
09/27/2017 09:30	VN	GDP YTD YoY	3Q	6.05%	--	5.73%	--
09/27/2017 09:30	VN	Exports YTD YoY	Sep	19.50%	--	17.90%	--

Source: Bloomberg

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