

**Highlights**

<b>Global</b>	<p>A stronger-than-expected US' nonfarm payrolls of 250k in October, with the unemployment rate unchanged at a 49-year low of 3.7% and average hourly earnings rising 0.2% mom (3.1% yoy), helped sustained expectations of another Fed rate hike in Dec led the 10-year UST bond yield higher to 3.21%. However, Wall Street slid on Friday, dragged down by Apple. Meanwhile, market sentiments towards the US-China trade war continued to vacillate with the news flow as investor attempt to gauge the extent of potential progress towards a deal at the sidelines of the G20 meeting later this month.</p> <p>Asian bourses may continue to trade sideways today, awaiting the US mid-term elections tomorrow which will likely take center stage. Polls suggest that the Democrats will retake the House while Republicans will retain the Senate, but any surprises either way may see financial markets react, possibly violently. A Republican-take-all scenario will likely be interpreted as risk-on, while the contrary will likely signify policy gridlock. Today's economic data calendar kicks off with the Asian services PMIs including China's Caixin, Thai consumer confidence, Malaysia's trade, US' manufacturing ISM and Indonesia's 3Q18 GDP growth. Speakers include ECB's Guindos and BOC's Poloz. For the week ahead, key central bank meetings include RBA tomorrow (likely to be static at 1.5%), RBNZ (likely to be steady at 1.75%) and BNM (likely to be static at 3.25%) on 8 Nov, and FOMC on 9 Nov (expected to defer the fourth hike to Dec, but any unexpected tweaks such as to the interest on excess reserves or IOER may again surprise market players).</p>
<b>US</b>	Sep factory orders rose 0.7% mom in Sep, beating market expectations for 0.5%, while the Aug data was also revised up from 2.3% to 2.6%.
<b>UK</b>	All-UK customs deal to avoid an Irish backstop will be included in the Brexit agreement, according to a Sunday Times report. Parliament may meet on Tuesday to discuss the plan.
<b>SG</b>	Both the manufacturing and electronics PMIs both softened by 0.5 and 0.9 points to 51.9 and 50.5 respectively in October given the trade headwinds and moderating electronics momentum. This is down from the September prints of 52.4 and 51.4 respectively, albeit they still registered the 26th and 27th consecutive months of expansion.
<b>MY</b>	In the release of budget 2019, the government expects that the fiscal deficit should overshoot at 3.7% of GDP in 2018, from the initial target of 2.8% of GDP. The fiscal deficit is then expected to hit 3.4% of GDP in 2019 before further narrowing to 3.0% of GDP in 2020 and 2.8% of GDP in 2021. In the medium term, the government expects the fiscal deficit to be at 2.0% of GDP. The government has attributed the slippage in 2018 to the repayment of the 1MDB debt, the GST refunds and reclassification of liabilities. Targeted fuel subsidies will also be introduced in 2019 whilst the cost of living aid will see reductions although certain households may actually receive more payments. Petronas will also be contributing RM54bn of dividends for 2019 of which RM30bn will constitute a special dividend.
<b>ID</b>	3Q 2018 GDP results are due later with our expectations that growth will come out at 5.1% yoy. Bank Indonesia had earlier announced that it expects growth to come out at around 5.1%.

## Major Markets

- **US:** Wall Street closed lower on Friday, with all 3 major indexes declining after three consecutive sessions in the green. The S&P500 slipped 0.63%, while the DJIA fell 0.43%. The Nasdaq composite dipped 1.04%.
- Apple shares plunged 6.63% (largest daily decline since January 2014) as the tech giant announced that it will stop reporting unit-sales figures for the iPhone amongst other products, which investors likely read as a slowdown in sales.
- Exxon Mobil (+1.59%) and Chevron (+3.20%) surged on oil profits that exceeded market expectations, driven by downstream and refinery units.
- **Singapore:** Notably, the drags on October PMIs came from slower new orders, new exports, factory output, inventory and employment gauges for both the overall manufacturing and electronics sectors. The only sub-index that rose were the supplier deliveries for both the manufacturing and electronics sector, which coupled with the order backlog indices that are now in contraction territory (<50) does not augur well for the growth prospects ahead. In particular, the manufacturing order backlog index sank from 50.1 in September to 49.8 in October, whilst the electronics order backlog index weakened further from 49.3 to 48.8 for the same period. S'pore's 4Q18 manufacturing growth is likely to be poised on a relatively lacklustre footing, and barring a de-escalation of the US-China trade war, may soften further into 1Q19. Finance Minister Heng said that 2019 growth forecasts may be reviewed given the trade tensions.
- The STI rallied 1.81% to close up at 3116.39 on Friday, essentially recovering all the losses since 10 Oct, but may range trade today with risk appetite likely to take a breather ahead of the key US mid-term elections and given Friday's slippage in Wall Street and morning declines in Kospi. STI's support and resistance are tipped at 3131 and 3100. With the bear steepening of the UST bond yield curve post-NFP, the SGS bond market may also feel some pressure today.
- **Thailand:** According to Bloomberg, Somchai Jitsuchon, a member of the monetary policy committee has said that an export slowdown may hurt the purchasing power of wealthier and middle-income consumers, whilst low prices for agricultural products would put pressure on farmers and firms linked to the rural economy.
- **Philippines:** Moody's analytics said it thinks Philippine's GDP growth "likely hit 6.3% percent year-on-year in September". It also expects "BSP to deliver another 25-basis point interest rate hike by the end of the year to try to tame inflation".

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened last Friday, with swap rates for the shorter tenors trading 2-3bps lower while the longer tenors traded around 1bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 149bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 17bps to 571bps. Overall, 10Y UST yields rose 7bps to close at 3.21% on the back of strong October job and wage growth data which reinforced bets on more rate hikes by the Federal Reserve.
- **New Issues:** LLPL Capital Pte Ltd has scheduled for investor meetings from 5 Nov for its potential USD bond issuance (guaranteed by Lestari Banten Energi PT). Chengdu Hi-Tech Investment Group Co Ltd has scheduled for investor meetings from 5 Nov for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	96.542	0.28%	<b>USD-SGD</b>	1.3757	-0.05%
<b>USD-JPY</b>	113.200	0.43%	<b>EUR-SGD</b>	1.5659	-0.28%
<b>EUR-USD</b>	1.1388	-0.18%	<b>JPY-SGD</b>	1.2151	-0.49%
<b>AUD-USD</b>	0.7193	-0.18%	<b>GBP-SGD</b>	1.7831	-0.43%
<b>GBP-USD</b>	1.2970	-0.32%	<b>AUD-SGD</b>	0.9890	-0.28%
<b>USD-MYR</b>	4.1588	-0.45%	<b>NZD-SGD</b>	0.9142	-0.19%
<b>USD-CNY</b>	6.8907	-0.47%	<b>CHF-SGD</b>	1.3705	-0.22%
<b>USD-IDR</b>	14955	-1.14%	<b>SGD-MYR</b>	3.0320	0.11%
<b>USD-VND</b>	23325	-0.06%	<b>SGD-CNY</b>	5.0216	-0.14%

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,270.83	-109.91
<b>S&amp;P</b>	2,723.06	-17.31
<b>Nasdaq</b>	7,356.99	-77.06
<b>Nikkei 225</b>	22,243.66	556.01
<b>STI</b>	3,116.39	55.54
<b>KLCI</b>	1,713.87	6.95
<b>JCI</b>	5,906.29	70.37
<b>Baltic Dry</b>	1,470.00	-20.00
<b>VIX</b>	19.51	0.17

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3680	--	<b>O/N</b>	2.1746	-0.0008
<b>2M</b>	-0.3360	--	<b>1M</b>	2.3179	0.0043
<b>3M</b>	-0.3180	--	<b>2M</b>	2.4263	0.0082
<b>6M</b>	-0.2580	--	<b>3M</b>	2.5924	0.0109
<b>9M</b>	-0.1970	--	<b>6M</b>	2.8289	0.0124
<b>12M</b>	-0.1480	--	<b>12M</b>	3.1049	0.0088

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	2.10 (+0.02)	2.90 (+0.06)
<b>5Y</b>	2.28 (-0.01)	3.03 (+0.08)
<b>10Y</b>	2.50 (-0.01)	3.21 (+0.08)
<b>15Y</b>	2.79 (-0.01)	--
<b>20Y</b>	2.83 (-0.01)	--
<b>30Y</b>	2.94 (--)	3.45 (+0.08)

#### Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	8.2%	8.2%	0.0%	0.0%	0.0%
12/19/2018	75.3%	69.4%	6.0%	0.0%	0.0%
01/30/2019	76.6%	67.0%	9.3%	0.3%	0.0%
03/20/2019	92.2%	37.9%	47.9%	6.3%	0.2%
05/01/2019	93.0%	34.8%	46.8%	10.6%	0.8%
06/19/2019	96.7%	20.1%	40.5%	29.7%	6.0%

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	28.54	2.39
<b>EURIBOR-OIS</b>	4.00	0.80
<b>TED</b>	27.82	0.62

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.14	-0.86%	Coffee (per lb)	1.201	1.91%
Brent (per barrel)	72.83	-0.08%	Cotton (per lb)	0.7879	-0.30%
Heating Oil (per gallon)	2.1728	-1.27%	Sugar (per lb)	0.1344	1.90%
Gasoline (per gallon)	1.7083	-0.48%	Orange Juice (per lb)	1.3705	0.66%
Natural Gas (per MMBtu)	3.2840	1.45%	Cocoa (per mt)	2,267	0.13%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,188.4	3.14%	Wheat (per bushel)	5.0875	0.15%
Nickel (per mt)	11,870.5	1.19%	Soybean (per bushel)	8.753	0.72%
Aluminium (per mt)	1,968.5	0.52%	Corn (per bushel)	3.7125	1.23%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,233.3	-0.43%	Crude Palm Oil (MYR/MT)	1,985.0	0.46%
Silver (per oz)	14.756	-0.14%	Rubber (JPY/KG)	143.5	-0.55%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### CFTC Commodities Futures and Options

For the week ended: 30 Oct 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Sugar	82,914	67,901	15,013	Soybean	-68,748	-33,353	-35,395
Natural Gas	-5,693	-14,801	9,108	Gold	5,976	28,404	-22,428
Lean Hogs	35,381	26,838	8,543	Nymex Crude	463,180	482,706	-19,526
Coffee	-30,358	-38,341	7,983	Wheat	-30,779	-15,418	-15,361
Cocoa	-19,235	-22,679	3,444	Corn	75,573	87,295	-11,722
Platinum	16,018	12,840	3,178	Copper	357	8,648	-8,291
Palladium	12,422	13,600	-1,178	Live Cattle	91,457	97,625	-6,168
Cotton	53,345	56,116	-2,771	Heating Oil	33,094	37,935	-4,841
Silver	-8,744	-5,651	-3,093	RBOB Gasoline	89,086	93,673	-4,587

Source: CFTC, Bloomberg, OCBC Bank

### Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
11/02/2018 07:50	JN Monetary Base YoY	Oct	--	5.90%	5.90%	--
11/02/2018 08:30	AU PPI QoQ	3Q	--	0.80%	0.30%	--
11/02/2018 08:30	AU PPI YoY	3Q	--	2.10%	1.50%	--
11/02/2018 08:30	AU Retail Sales MoM	Sep	0.30%	0.20%	0.30%	--
11/02/2018 08:30	AU Retail Sales Ex Inflation QoQ	3Q	0.40%	0.20%	1.20%	1.00%
11/02/2018 15:00	GE Import Price Index MoM	Sep	0.40%	0.40%	0.00%	--
11/02/2018 15:00	GE Import Price Index YoY	Sep	4.50%	4.40%	4.80%	--
11/02/2018 15:30	TH Foreign Reserves	Oct-26	--	\$203.4b	\$203.6b	--
11/02/2018 15:45	FR Budget Balance YTD	Sep	--	-87.1b	-97.3b	--
11/02/2018 16:45	IT Markit/ADACI Italy Manufacturing PMI	Oct	49.7	49.2	50	--
11/02/2018 16:50	FR Markit France Manufacturing PMI	Oct F	51.2	51.2	51.2	--
11/02/2018 16:55	GE Markit Germany Manufacturing PMI	Oct F	52.3	52.2	52.3	--
11/02/2018 17:00	EC Markit Eurozone Manufacturing PMI	Oct F	52.1	52	52.1	--
11/02/2018 17:30	UK Markit/CIPS UK Construction PMI	Oct	52	53.2	52.1	--
11/02/2018 20:30	CA Int'l Merchandise Trade	Sep	0.20b	-0.42b	0.53b	-0.55b
11/02/2018 20:30	US Trade Balance	Sep	-\$53.6b	-\$54.0b	-\$53.2b	-\$53.3b
11/02/2018 20:30	CA Net Change in Employment	Oct	15.0k	11.2k	63.3k	--
11/02/2018 20:30	US Change in Nonfarm Payrolls	Oct	200k	250k	134k	118k
11/02/2018 20:30	CA Unemployment Rate	Oct	5.90%	5.80%	5.90%	--
11/02/2018 20:30	US Change in Private Payrolls	Oct	195k	246k	121k	--
11/02/2018 20:30	CA Full Time Employment Change	Oct	20	33.9	-16.9	--
11/02/2018 20:30	US Change in Manufact. Payrolls	Oct	16k	32k	18k	--
11/02/2018 20:30	CA Part Time Employment Change	Oct	-4.1	-22.6	80.2	--
11/02/2018 20:30	US Unemployment Rate	Oct	3.70%	3.70%	3.70%	--
11/02/2018 20:30	CA Participation Rate	Oct	65.4	65.2	65.4	--
11/02/2018 20:30	US Average Hourly Earnings MoM	Oct	0.20%	0.20%	0.30%	--
11/02/2018 20:30	US Average Hourly Earnings YoY	Oct	3.10%	3.10%	2.80%	--
11/02/2018 21:00	SI Electronics Sector Index	Oct	--	50.5	51.4	--
11/02/2018 21:00	SI Purchasing Managers Index	Oct	52.2	51.9	52.4	--
11/02/2018 22:00	US Factory Orders	Sep	0.50%	0.70%	2.30%	2.60%
11/02/2018 22:00	US Durable Goods Orders	Sep F	--	0.70%	0.80%	--
11/02/2018 22:00	US Durables Ex Transportation	Sep F	--	0.00%	0.10%	--
11/02/2018 22:00	US Cap Goods Orders Nondef Ex Air	Sep F	--	-0.10%	-0.10%	--
11/02/2018 22:00	US Cap Goods Ship Nondef Ex Air	Sep F	--	-0.10%	0.00%	--
11/05/2018 05:00	SK Foreign Reserves	Oct	--	\$402.75b	\$403.00b	--
11/05/2018 08:00	AU Melbourne Institute Inflation MoM	Oct	--	--	0.30%	--
11/05/2018 08:00	NZ ANZ Commodity Price	Oct	--	--	-1.80%	--
11/05/2018 08:30	JN Nikkei Japan PMI Services	Oct	--	--	50.2	--
11/05/2018 08:30	JN Nikkei Japan PMI Composite	Oct	--	--	50.7	--
11/05/2018 08:30	HK Nikkei Hong Kong PMI	Oct	--	--	47.9	--
11/05/2018 08:30	AU ANZ Job Advertisements MoM	Oct	--	--	-0.80%	--
11/05/2018 09:45	CH Caixin China PMI Composite	Oct	--	--	52.1	--
11/05/2018 09:45	CH Caixin China PMI Services	Oct	52.8	--	53.1	--
11/05/2018 12:00	MA Exports YoY	Sep	6.60%	--	-0.30%	--
11/05/2018 12:00	MA Trade Balance MYR	Sep	7.50b	--	1.61b	--
11/05/2018 13:00	IN Nikkei India PMI Services	Oct	--	--	50.9	--
11/05/2018 13:00	IN Nikkei India PMI Composite	Oct	--	--	51.6	--
11/05/2018 16:20	TA Foreign Reserves	Oct	--	--	\$460.44b	--
11/05/2018 17:30	UK Markit/CIPS UK Services PMI	Oct	53.3	--	53.9	--
11/05/2018 17:30	UK Markit/CIPS UK Composite PMI	Oct	53.4	--	54.1	--
11/05/2018 22:45	US Markit US Services PMI	Oct F	54.6	--	54.7	--
11/05/2018 22:45	US Markit US Composite PMI	Oct F	--	--	54.8	--
11/05/2018 23:00	US ISM Non-Manufacturing Index	Oct	59.1	--	61.6	--
11/05/2018	ID GDP QoQ	3Q	3.07%	--	4.21%	--
11/05/2018	ID GDP YoY	3Q	5.18%	--	5.27%	--

Source: Bloomberg

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