

Highlights

Global	<p>The 10-year UST bond yield surged further to 3.25% before closing at 3.23% (highest close since May 2011), which steepened the yield curve further, whilst Wall Street and the USD slipped on Friday. US' September nonfarm payrolls rose a disappointing 134k (forecast: 185k), but the previous two months data saw a significant upward revision of 87k, and the unemployment rate unexpectedly fell more than expected to 3.7% (lowest since 1969) despite distortions from Hurricane Florence. Average hourly earnings also rose 0.3% mom as expected in September, with the August data also revised down from 0.4% to 0.3% mom, and the yoy prints easing back from 2.9% to 2.8%. Meanwhile, RBI's policy decision to stay pat last Friday also caused some market consternation. Over the weekend, PBOC cut RRR for the fourth time this year by 1% point with effect from 15 October to release CNY1.2 trillion (net is CNY750m as CNY450m is to repay maturing MLF). This should potentially provide a temporary salve to cushion the downside risks from Chinese markets playing catch-up on re-opening today after one week of holidays, especially for the equity market. With US bond market and Japanese markets closed for holiday today, investors will focus on the re-opening of the Chinese markets and may trade with a cautious tone to start the week. Today's economic data releases are light and comprise of China's Caixin services PMI, German industrial production, and Taiwan's trade data. Fed's Bullard is speaking. For the week ahead, watch for US' CPI/PPI data, Fedspeak from Williams, Harker, Bostic and Evans, the IMF-World Bank meetings in Bali later this week, and MAS' MPS and Singapore's 3Q18 GDP print on Friday.</p>
US	<p>Consumer credit rose more than expected by US\$20.1b (fastest since May) in August, up from a revised US\$16.6b in July. Meanwhile the trade deficit widened to US\$53.2b as exports declined 0.8% mom and imports rose 0.6% mom. Separately, Fed's Bostic (voter) remains hesitant to call for a restrictive monetary policy stance. He opined that "current conditions suggest, to me, that we ought to get to a policy stance where our foot is neither on the gas pedal – what we call an accommodative policy – not on the brakes – what we call a restrictive policy".</p>
EU	<p>German factor orders rebounded 2.0% mom in August after two months of contraction, and suggested that the outlook remains resilient despite the external trade risks.</p>
CH	<p>In order to cushion the impact from the external shocks, China announced the fourth reserve requirement ratio cut (RRR) yesterday with effective from 15 Oct. The net injection will be about CNY750 billion and CNY450 billion from RRR cut will be used to swap the maturing MLF operation.</p>
SG	<p>The MAS MPS decision and the 3Q18 GDP growth estimates will be released on Friday 12 October as we expected. We tip 3Q18 GDP growth to be 2.3% yoy (4.6% qoq saar), which will be a moderation from 2Q's 3.9% yoy (0.6% qoq saar), mainly reflecting the manufacturing slowdown but also a softening of consumer sentiments given the US-China trade war headwinds.</p>

Major Markets

- **US:** Wall Street closed lower on Friday, with the Nasdaq composite taking the largest hit as it plunged 1.16%. The S&P500 fell 0.55%, while the DJIA slipped 0.68%.
- All FAANG stocks closed in the red on Friday, with Netflix (-3.38%) registering the largest decline among the 5 equities.
- General Electric shares gained 4.11% after its new CEO Larry Culp signed a stock-contingent compensation contract approved by the board of directors.
- Tesla plummeted 7.05% following criticism of CEO Elon Musk's mocking of the Securities and Exchange Commission (SEC) on Twitter.

- **Singapore:** The STI retreated another 0.67% to close at 3209.79 on Friday and may extend declines today amid the still-fragile sentiments. A break of the 3200 support handle will be closely watched if it materialises. With the longer-dated UST yields continuing to test higher, and the curve steepening bias still intact, the SGS curve will likely follow suit today.

- **China:** Although PBoC said the latest RRR cut will not create the renewed pressure for RMB in its policy QnA, we expect RMB to face mounting pressure at the start of new trading week due to narrowing interest rate differential expectation as a result of rising US yields and possible decline of longer end Chinese yields due to RRR cut. We think China may rely more on administrative measures to keep RMB exchange rate in check.

- **Malaysia:** Finance Minister Lim Guan Eng has announced regarding the MRT line 2 that "all unfinished underground work will be retendered out through an international open tender process". He also further added that the "government can achieve further significant savings by retendering". Currently, he said, "there is already a RM5.22 billion or 23% savings from the above ground portion of the MRT2 project."

- **Indonesia:** According to the Jakarta Post, national coal production up to August has already reached 311 million tons, or 64 percent of this year's total target of 485 million tons, based on government data. Meanwhile, the news portal also noted that coal exports have already reached 200 million tons, or 54 percent of the yearly target of 364 million tons, excluding the additional target of 100 million tons revealed by the government recently.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened last Friday, with swap rates trading 0-2bps higher across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 138bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 469bps. 10Y UST yields rose 4bps to close at 3.23% last Friday, a seven-year high on the back of a strong payrolls report which fuelled concerns about rising inflation and more interest rate hikes.

- **New Issues:** The People's Republic of China has scheduled for investor calls from 9 Oct for its potential USD3bn 5Y, 10Y and 30Y bond issuance. Zijin Mining Group Co Ltd has scheduled for investor meetings from 8 Oct for its potential USD bond issuance. SDG Finance I Limited has scheduled for investor meetings from 8 Oct for its potential USD bond issuance (guaranteed by Shandong Gold Group Co).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	95.624	-0.13%	USD-SGD	1.3825	0.12%
USD-JPY	113.720	-0.17%	EUR-SGD	1.5933	0.21%
EUR-USD	1.1524	0.09%	JPY-SGD	1.2158	0.29%
AUD-USD	0.7052	-0.34%	GBP-SGD	1.8137	0.87%
GBP-USD	1.3120	0.76%	AUD-SGD	0.9748	-0.24%
USD-MYR	4.1497	0.08%	NZD-SGD	0.8910	-0.42%
USD-CNY	6.8688	--	CHF-SGD	1.3937	0.08%
USD-IDR	15183	0.03%	SGD-MYR	3.0004	-0.08%
USD-VND	23345	0.00%	SGD-CNY	4.9708	-0.14%

Equity and Commodity

Index	Value	Net change
DJIA	26,447.05	-180.43
S&P	2,885.57	-16.04
Nasdaq	7,788.45	-91.06
Nikkei 225	23,783.72	-191.90
STI	3,209.79	-21.80
KLCI	1,777.15	-12.96
JCI	5,731.94	-24.68
Baltic Dry	1,536.00	-18.00
VIX	14.82	0.60

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	2.1718	0.0065
2M	-0.3370	--	1M	2.2767	-0.0039
3M	-0.3180	--	2M	2.3188	-0.0051
6M	-0.2670	0.0010	3M	2.4081	-0.0016
9M	-0.2080	--	6M	2.6229	-0.0006
12M	-0.1580	0.0010	12M	2.9583	0.0014

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.02 (--)	2.89 (+0.02)
5Y	2.34 (--)	3.07 (+0.02)
10Y	2.60 (--)	3.23 (+0.05)
15Y	2.88 (-0.01)	--
20Y	2.91 (-0.01)	--
30Y	2.96 (--)	3.40 (+0.06)

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	4.8%	4.8%	0.0%	0.0%	0.0%
12/19/2018	76.1%	72.5%	3.6%	0.0%	0.0%
01/30/2019	77.5%	69.7%	7.6%	0.2%	0.0%
03/20/2019	94.0%	35.2%	53.0%	5.6%	0.2%
05/01/2019	94.7%	31.6%	50.8%	11.5%	0.8%
06/19/2019	97.8%	16.3%	39.6%	34.4%	7.0%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	16.83	-0.32
EURIBOR-OIS	3.73	-0.05
TED	19.91	-0.09

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.34	0.01%	Coffee (per lb)	1.090	1.87%
Brent (per barrel)	84.16	-0.50%	Cotton (per lb)	0.7610	0.13%
Heating Oil (per gallon)	2.3923	-0.31%	Sugar (per lb)	0.1263	2.43%
Gasoline (per gallon)	2.0861	-0.68%	Orange Juice (per lb)	1.4320	-0.97%
Natural Gas (per MMBtu)	3.1430	-0.70%	Cocoa (per mt)	2,024	0.70%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,091.4	-0.52%	Wheat (per bushel)	5.2100	0.58%
Nickel (per mt)	12,547.5	1.10%	Soybean (per bushel)	8.690	1.13%
Aluminium (per mt)	2,132.0	-1.82%	Corn (per bushel)	3.6825	0.20%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,205.6	0.33%	Crude Palm Oil (MYR/MT)	2,221.0	-0.40%
Silver (per oz)	14.649	0.40%	Rubber (JPY/KG)	169.4	-0.06%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 02 Oct 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	3,728	-52,332	56,060	Nymex Crude	566,007	582,175	-16,168
Soybean	-44,608	-64,436	19,828	Cocoa	-20,228	-5,530	-14,698
Coffee	-88,897	-101,734	12,837	Cotton	59,256	71,097	-11,841
Natural Gas	-27,729	-39,846	12,117	Sugar	-83,100	-75,394	-7,706
Silver	-18,438	-24,157	5,719	Wheat	-5,300	2,359	-7,659
Lean Hogs	28,332	22,798	5,534	Gold	-35,201	-32,764	-2,437
Platinum	8,130	3,631	4,499	Palladium	10,451	10,041	410
Live Cattle	101,700	97,293	4,407	Copper	11,505	10,963	542
Heating Oil	47,910	43,626	4,284	RBOB Gasoline	114,862	113,820	1,042

Source: CFTC, Bloomberg, OCBC Bank

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
10/05/2018 07:00	SK CPI MoM	Sep	0.30%	0.70%	0.50%	--
10/05/2018 07:00	SK CPI YoY	Sep	1.60%	1.90%	1.40%	--
10/05/2018 07:30	JN Household Spending YoY	Aug	0.10%	2.80%	0.10%	--
10/05/2018 08:00	JN Labor Cash Earnings YoY	Aug	1.30%	0.90%	1.50%	--
10/05/2018 09:00	PH CPI YoY 2012=100	Sep	6.80%	6.70%	6.40%	--
10/05/2018 09:30	AU Retail Sales MoM	Aug	0.20%	0.30%	0.00%	--
10/05/2018 12:00	MA Exports YoY	Aug	8.00%	-0.30%	9.40%	--
10/05/2018 12:00	MA Trade Balance MYR	Aug	9.00b	1.61b	8.30b	8.33b
10/05/2018 13:00	JN Leading Index CI	Aug P	104.2	104.4	103.9	--
10/05/2018 14:00	GE Factory Orders MoM	Aug	0.80%	2.00%	-0.90%	--
10/05/2018 14:00	GE Factory Orders WDA YoY	Aug	-3.00%	-2.10%	-0.90%	-0.80%
10/05/2018 14:00	GE PPI MoM	Aug	0.20%	0.30%	0.20%	--
10/05/2018 14:00	GE PPI YoY	Aug	2.90%	3.10%	3.00%	--
10/05/2018 14:45	FR Trade Balance	Aug	-4848m	-5632m	-3490m	-3427m
10/05/2018 15:00	MA Foreign Reserves	Sep-28	--	\$103.0b	\$103.9b	--
10/05/2018 15:30	UK Halifax House Prices MoM	Sep	0.20%	-1.40%	0.10%	--
10/05/2018 15:30	UK Halifax House Price 3Mths/Year	Sep	3.40%	2.50%	3.70%	--
10/05/2018 15:30	TH Foreign Reserves	Sep-28	--	\$204.5b	\$205.5b	--
10/05/2018 16:00	IT Retail Sales MoM	Aug	0.10%	0.70%	-0.10%	0.00%
10/05/2018 16:00	IT Retail Sales YoY	Aug	0.20%	2.20%	-0.60%	-0.50%
10/05/2018 16:00	TA CPI YoY	Sep	1.82%	1.72%	1.53%	1.54%
10/05/2018 16:20	TA Foreign Reserves	Sep	--	\$460.44b	\$459.88b	--
10/05/2018 16:30	HK Foreign Reserves	Sep	--	\$426.4b	\$424.9b	\$424.8b
10/05/2018 17:00	IN RBI Repurchase Rate	Oct-05	6.75%	6.50%	6.50%	--
10/05/2018 17:00	IN RBI Reverse Repo Rate	Oct-05	6.50%	6.25%	6.25%	--
10/05/2018 17:00	IN RBI Cash Reserve Ratio	Oct-05	4.00%	4.00%	4.00%	--
10/05/2018 18:15	PH Foreign Reserves	Sep	--	\$75.2b	\$77.8b	\$77.9b
10/05/2018 18:36	ID Foreign Reserves	Sep	--	\$114.85b	\$117.90b	--
10/05/2018 20:30	CA Int'l Merchandise Trade	Aug	-0.52b	0.53b	-0.11b	-0.19b
10/05/2018 20:30	US Trade Balance	Aug	-\$53.6b	-\$53.2b	-\$50.1b	-\$50.0b
10/05/2018 20:30	CA Net Change in Employment	Sep	25.0k	63.3k	-51.6k	--
10/05/2018 20:30	US Change in Nonfarm Payrolls	Sep	185k	134k	201k	270k
10/05/2018 20:30	CA Unemployment Rate	Sep	5.90%	5.90%	6.00%	--
10/05/2018 20:30	US Change in Manufact. Payrolls	Sep	15k	18k	-3k	5k
10/05/2018 20:30	US Unemployment Rate	Sep	3.80%	3.70%	3.90%	--
10/07/2018 16:02	CH Foreign Reserves	Sep	\$3105.00b	\$3087.03b	\$3109.72b	--
10/08/2018 08:30	AU ANZ Job Advertisements MoM	Sep	--	--	-0.60%	--
10/08/2018 09:45	CH Caixin China PMI Composite	Sep	--	--	52	--
10/08/2018 09:45	CH Caixin China PMI Services	Sep	51.4	--	51.5	--
10/08/2018 14:00	GE Industrial Production SA MoM	Aug	0.30%	--	-1.10%	--
10/08/2018 14:00	GE Industrial Production WDA YoY	Aug	-0.10%	--	1.10%	--
10/08/2018 14:30	FR Bank of France Ind. Sentiment	Sep	102	--	103	--
10/08/2018 16:00	TA Trade Balance	Sep	--	--	\$4.53b	--
10/08/2018 16:00	TA Exports YoY	Sep	--	--	1.90%	--
10/08/2018 16:00	TA Imports YoY	Sep	--	--	7.90%	--
10/08/2018 17:00	SI Foreign Reserves	Sep	--	--	\$289.48b	--
10/08/2018 10/13	VN Domestic Vehicle Sales YoY	Sep	--	--	-7.40%	--

Source: Bloomberg

OCBC Treasury Research	
<p>Macro Research</p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Barnabas Gan BarnabasGan@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p>	<p>Credit Research</p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p>

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