

### Highlights

<b>Global</b>	<p>Some stabilization in global risk appetite was seen overnight, with the S&amp;P500 adding 0.19% even though FANG stocks remain pressured amid the ongoing global trade tensions. EU chief negotiator Barnier's comments that getting a Brexit deal done within six to eight weeks is "realistic" also lifted the GBP, and key dates to watch going forward would be the EU summits on 20 September and 18 October, with November eyed for a Brexit deal. Meanwhile, the US administration is said to be seeking fast track approval for the US-EU trade deal, while the Republicans in the House of Representatives are planning another round of tax cuts this week (Tax Reform 2.0).</p> <p>Asian markets are likely to trade with a more stable tone today, awaiting further market cues. The economic data calendar today comprises US' NFIB small business optimism, wholesale inventories and JOLTS job openings, EZ/German ZEW survey, UK's jobless claims and ILO unemployment change. ECB's Nouy is also speaking, and Russian president Putin is meeting Chinese president Xi at the Eastern Economic Forum.</p>
<b>US</b>	<p>Consumer credit beat expectations and rose US\$16.6b to a record US\$43.92b in July, suggesting broad demand for big-ticket items and healthy consumer spending. Meanwhile, Hurricane Florence (a Category 4 storm) is pushing towards the US East Coast and the Carolinas, and may give commodity prices a push near-term.</p>
<b>EU</b>	<p>Italian markets rallied yesterday following Finance Minister Giovanni Tria's reassurance that budget talks will adhere to EU rules as "it makes no sense to seek two or three billion euros of extra deficit if we then have to pay three of four billion more due to higher yields".</p>
<b>CH</b>	<p>CPI accelerated slightly to 2.3% yoy in August from 2.1% yoy in July due to rising vegetable prices and pork prices as a result of bad weather and outbreak of pig disease in August as well as rising rental prices. The impact of trade war on China's CPI is likely to be limited as most Chinese imports are intermediate goods rather than end consumer goods. The correlation between import prices and China's CPI is much lower than that in the US. As such, we don't expect any significant jump of CPI even trade war escalates further from here. We expect CPI to stay below 2.5% for the rest of 2018. As such, it will not be the constraints to China's monetary policy.</p>
<b>CMD</b>	<p>Crude oil prices failed to rally despite news that S. Korea became the first top-three Iranian oil importer to cease Iranian-sourced oil imports to zero. We opine that market-watchers may continue to monitor potential supply surges, especially from Saudi Arabia and Russia, which in turn are effective in cushioning the production shortfall from Iran. Furthermore, Iraqi oil production is seen to be at record levels with exports reaching a high of 3.55 million barrels a day at latest print. Elsewhere, the World Meteorological Organisation has highlighted a 70% chance for the recurrence of the El Nino weather event before the end of this year, and should history be of reference, likely to rally palm oil prices further into 1H19 should weather extremities come to pass.</p>

## Major Markets

- **US:** Both the S&P500 and Nasdaq composite ended a 4-day losing streak, rising by 0.19% and 0.27%, respectively on Monday.
- Apple slipped 1.34%, marking its 4<sup>th</sup> consecutive session of decline on concerns over its Asian suppliers due to trade tariffs, and President Trump's tweet over the weekend urging Apple to move production to the US from China as a "solution" to avoid potential rising costs. This comes ahead of Apple's unveiling of its new line of iPhones tomorrow.
- Tesla shares rebounded as it gained 8.46% as CEO Elon Musk announced new changes in management on Friday.
- Alibaba equity fell 3.70% on news that Jack Ma was to step down from his chairman position in a year.
  
- **Singapore:** The STI lost another 0.43% to close at 3120.92 yesterday, but may claw back some ground today amid a tentative stabilisation of risk appetites and Kospis morning gains. STI may trade a range of 3110-3140 in the interim. SGS bond yields backed up around 3bps, with the sell-off concentrated in the longer tenors, and may continue to take a backseat to the recent hive of corporate issuance activity.
  
- **Malaysia:** The government has announced that it has cancelled three China-backed pipeline projects. The Financial Times had earlier cited Finance Minister Lim Guan Eng saying he had sent a letter to relevant parties in Beijing to terminate the planned projects. However, there is no further information on cancellation fees. The Finance Minister had also told the Financial Times that another China-backed project - the East Coast Rail Link - was under review.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates for the shorter tenors trading 3-4bps higher while the longer tenors traded 6-7bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 142bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 493bps. Overall, 10Y UST yields fell 1bps to close at 2.93% ahead of the European Central Bank meeting on Thursday as it moves away from quantitative easing.
  
- **New Issues:** Expand Lead Ltd has priced a USD300mn 3-year bond (guaranteed by Minmetals Land Ltd, keepwell provider: China Minmetals Corp) at 6.40%, tightening from its initial price guidance of 6.75%. Poly Real Estate Finance Ltd has priced a USD500mn 5-year bond at CT5+220bps, tightening from its initial price guidance of CT5+235bps area. AVIC International Finance & Investment Ltd has priced a USD100mn re-tap of its CATIC 4.375%'21s (guaranteed by AVIC International Holding Corporation) at 4.459%. Commerzbank Aktiengesellschaft has priced a SGD400mn 10NC5 Tier 2 bond at 4.2%, tightening from its initial price guidance of 4.375%. Seven & I Holdings Co Ltd has scheduled investor calls for its potential USD 3-year bond issuance. JT International Financial Services BV has scheduled for investor meetings from 12-13 Sept for its potential EUR/GBP/USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.150	-0.23%	<b>USD-SGD</b>	1.3789	0.02%
<b>USD-JPY</b>	111.130	0.13%	<b>EUR-SGD</b>	1.5986	0.36%
<b>EUR-USD</b>	1.1594	0.35%	<b>JPY-SGD</b>	1.2406	-0.12%
<b>AUD-USD</b>	0.7115	0.11%	<b>GBP-SGD</b>	1.7961	0.83%
<b>GBP-USD</b>	1.3026	0.82%	<b>AUD-SGD</b>	0.9810	0.13%
<b>USD-MYR</b>	4.1460	--	<b>NZD-SGD</b>	0.8999	-0.08%
<b>USD-CNY</b>	6.8555	0.17%	<b>CHF-SGD</b>	1.4142	-0.58%
<b>USD-IDR</b>	14857	0.25%	<b>SGD-MYR</b>	3.0051	-0.29%
<b>USD-VND</b>	23305	--	<b>SGD-CNY</b>	4.9729	0.08%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3720	--	<b>O/N</b>	1.9188	--
<b>2M</b>	-0.3390	--	<b>1M</b>	2.1310	--
<b>3M</b>	-0.3190	--	<b>2M</b>	2.2109	--
<b>6M</b>	-0.2690	--	<b>3M</b>	2.3313	--
<b>9M</b>	-0.2070	--	<b>6M</b>	2.5415	--
<b>12M</b>	-0.1670	--	<b>12M</b>	2.8455	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
09/26/2018	100.0%	96.3%	0.0%	0.0%	0.0%
11/08/2018	100.0%	93.8%	2.6%	0.0%	0.0%
12/19/2018	100.0%	30.2%	66.9%	1.9%	0.0%
01/30/2019	100.0%	28.4%	64.6%	5.9%	0.1%
03/20/2019	100.0%	12.2%	43.2%	40.6%	3.5%
05/01/2019	100.0%	11.0%	40.0%	40.9%	7.4%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.54	-0.31%	Coffee (per lb)	1.013	-1.17%
Brent (per barrel)	77.37	0.70%	Cotton (per lb)	0.8385	2.27%
Heating Oil (per gallon)	2.2178	-0.02%	Sugar (per lb)	0.1120	1.73%
Gasoline (per gallon)	1.9592	-0.55%	Orange Juice (per lb)	1.5860	1.15%
Natural Gas (per MMBtu)	2.8040	1.01%	Cocoa (per mt)	2,300	1.81%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,793.7	0.21%	Wheat (per bushel)	5.2825	3.33%
Nickel (per mt)	12,327.5	0.44%	Soybean (per bushel)	8.453	0.15%
Aluminium (per mt)	2,060.3	1.18%	Corn (per bushel)	3.6725	0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,199.8	-0.05%	Crude Palm Oil (MYR/MT)	2,266.0	--
Silver (per oz)	14.181	0.08%	Rubber (JPY/KG)	165.9	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,857.07	-59.47
<b>S&amp;P</b>	2,877.13	5.45
<b>Nasdaq</b>	7,924.16	21.62
<b>Nikkei 225</b>	22,373.09	66.03
<b>STI</b>	3,120.92	-13.47
<b>KLCI</b>	1,799.17	--
<b>JCI</b>	5,831.12	-20.35
<b>Baltic Dry</b>	1,490.00	--
<b>VIX</b>	14.16	-0.72

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.89 (-0.01)	2.71 (+0.01)
<b>5Y</b>	2.15 (+0.02)	2.82 (--)
<b>10Y</b>	2.43 (+0.03)	2.93 (-0.01)
<b>15Y</b>	2.73 (+0.03)	--
<b>20Y</b>	2.77 (+0.03)	--
<b>30Y</b>	2.83 (+0.02)	3.08 (-0.02)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	20.77	0.37
<b>EURIBOR-OIS</b>	3.10	--
<b>TED</b>	20.14	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/10/2018 06:45	NZ Mfg Activity SA QoQ	2Q	--	1.80%	0.60%	0.70%
<b>09/10/2018 07:50</b>	<b>JN GDP SA QoQ</b>	<b>2Q F</b>	<b>0.70%</b>	<b>0.70%</b>	<b>0.50%</b>	--
<b>09/10/2018 07:50</b>	<b>JN GDP Annualized SA QoQ</b>	<b>2Q F</b>	<b>2.60%</b>	<b>3.00%</b>	<b>1.90%</b>	--
09/10/2018 07:50	JN GDP Nominal SA QoQ	2Q F	0.60%	0.70%	0.40%	--
<b>09/10/2018 07:50</b>	<b>JN GDP Deflator YoY</b>	<b>2Q F</b>	<b>0.10%</b>	<b>0.10%</b>	<b>0.10%</b>	--
<b>09/10/2018 07:50</b>	<b>JN BoP Current Account Balance</b>	<b>Jul</b>	<b>¥1893.2b</b>	<b>¥2009.7b</b>	<b>¥1175.6b</b>	--
09/10/2018 07:50	JN BoP Current Account Adjusted	Jul	¥1527.3b	¥1484.7b	¥1762.4b	--
09/10/2018 07:50	JN Trade Balance BoP Basis	Jul	¥47.7b	¥1.0b	¥820.5b	--
09/10/2018 07:50	JN Bank Lending Incl Trusts YoY	Aug	--	2.20%	2.00%	--
<b>09/10/2018 09:30</b>	<b>CH PPI YoY</b>	<b>Aug</b>	<b>4.00%</b>	<b>4.10%</b>	<b>4.60%</b>	--
<b>09/10/2018 09:30</b>	<b>CH CPI YoY</b>	<b>Aug</b>	<b>2.10%</b>	<b>2.30%</b>	<b>2.10%</b>	--
09/10/2018 12:30	JN Bankruptcies YoY	Aug	--	8.60%	-1.68%	--
09/10/2018 14:30	FR Bank of France Ind. Sentiment	Aug	102	103	101	--
09/10/2018 16:30	UK Visible Trade Balance GBP/Mn	Jul	£11,740	£9,973	£11,383	£10,679
09/10/2018 16:30	UK Trade Balance Non EU GBP/Mn	Jul	£3,300	£2,800	£2,940	£2,856
09/10/2018 16:30	UK Trade Balance	Jul	£2,100	£111	£1,861	£942
<b>09/10/2018 16:30</b>	<b>UK Industrial Production MoM</b>	<b>Jul</b>	<b>0.20%</b>	<b>0.10%</b>	<b>0.40%</b>	--
09/10/2018 16:30	UK Industrial Production YoY	Jul	1.10%	0.90%	1.10%	--
<b>09/10/2018 16:30</b>	<b>UK Manufacturing Production MoM</b>	<b>Jul</b>	<b>0.20%</b>	<b>-0.20%</b>	<b>0.40%</b>	--
09/10/2018 16:30	UK Manufacturing Production YoY	Jul	1.40%	1.10%	1.50%	--
09/10/2018 16:30	UK Index of Services 3M/3M	Jul	0.50%	0.60%	0.50%	--
09/11/2018 03:00	US Consumer Credit	Jul	\$14.000b	\$16.640b	\$10.211b	\$8.463b
<b>09/11/2018 07:50</b>	<b>JN Money Stock M3 YoY</b>	<b>Aug</b>	<b>2.60%</b>	--	<b>2.60%</b>	--
<b>09/11/2018 07:50</b>	<b>JN Money Stock M2 YoY</b>	<b>Aug</b>	<b>3.00%</b>	--	<b>3.00%</b>	--
09/11/2018 08:01	CH Manpower Survey	4Q	--	--	10%	--
09/11/2018 08:01	IN Manpower Survey	4Q	--	--	16%	--
<b>09/11/2018 09:00</b>	<b>PH Exports YoY</b>	<b>Jul</b>	<b>1.80%</b>	--	<b>-0.10%</b>	--
09/11/2018 09:00	PH Imports YoY	Jul	26.20%	--	24.20%	--
09/11/2018 09:00	PH Trade Balance	Jul	-\$3127m	--	-\$3350m	--
09/11/2018 09:30	AU NAB Business Conditions	Aug	--	--	12	--
09/11/2018 09:30	AU NAB Business Confidence	Aug	--	--	7	--
<b>09/11/2018 12:30</b>	<b>JN Tertiary Industry Index MoM</b>	<b>Jul</b>	<b>0.10%</b>	--	<b>-0.50%</b>	--
09/11/2018 14:00	JN Machine Tool Orders YoY	Aug P	--	--	13.10%	--
<b>09/11/2018 16:30</b>	<b>UK Claimant Count Rate</b>	<b>Aug</b>	--	--	<b>2.50%</b>	--
<b>09/11/2018 16:30</b>	<b>UK Jobless Claims Change</b>	<b>Aug</b>	--	--	<b>6.2k</b>	--
09/11/2018 16:30	UK Average Weekly Earnings 3M/YoY	Jul	2.40%	--	2.40%	--
<b>09/11/2018 16:30</b>	<b>UK ILO Unemployment Rate 3Mths</b>	<b>Jul</b>	<b>4.00%</b>	--	<b>4.00%</b>	--
09/11/2018 17:00	EC Employment QoQ	2Q	--	--	0.40%	--
09/11/2018 17:00	EC Employment YoY	2Q	--	--	1.40%	--
<b>09/11/2018 17:00</b>	<b>GE ZEW Survey Current Situation</b>	<b>Sep</b>	<b>72</b>	--	<b>72.6</b>	--
<b>09/11/2018 17:00</b>	<b>GE ZEW Survey Expectations</b>	<b>Sep</b>	<b>-13</b>	--	<b>-13.7</b>	--
09/11/2018 17:00	EC ZEW Survey Expectations	Sep	--	--	-11.1	--
09/11/2018 18:00	US NFIB Small Business Optimism	Aug	108	--	107.9	--
<b>09/11/2018 20:15</b>	<b>CA Housing Starts</b>	<b>Aug</b>	<b>216.3k</b>	--	<b>206.3k</b>	--
<b>09/11/2018 22:00</b>	<b>US Wholesale Inventories MoM</b>	<b>Jul F</b>	<b>0.70%</b>	--	<b>0.70%</b>	--
09/10/2018 09/15	CH Money Supply M1 YoY	Aug	5.30%	--	5.10%	--
<b>09/10/2018 09/15</b>	<b>CH Money Supply M2 YoY</b>	<b>Aug</b>	<b>8.60%</b>	--	<b>8.50%</b>	--
09/10/2018 09/15	CH Money Supply M0 YoY	Aug	3.90%	--	3.60%	--
<b>09/10/2018 09/13</b>	<b>VN Domestic Vehicle Sales YoY</b>	<b>Aug</b>	--	--	<b>3.60%</b>	--
<b>09/10/2018 09/14</b>	<b>NZ REINZ House Sales YoY</b>	<b>Aug</b>	--	--	<b>0.70%</b>	--
09/10/2018 09/15	CH New Yuan Loans CNY	Aug	1400.0b	--	1450.0b	--

Source: Bloomberg

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

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).