

Highlights

Global	<p>Turkish headlines remained the key driver of market volatility overnight, with market concerns about contagion as the Turkish lira breached the 7 handle against the USD for the first time on record and despite the central bank's efforts to provide liquidity by cutting reserve requirement ratios for all lira liabilities by 250bps. Note Argentina also unexpectedly hiked interest rates by 500bps to 45% and committed to keep it till at least October as the peso also hit a record low. While our view is that the EM contagion should be concentrated mainly to Latam given largely idiosyncratic factors, nevertheless, keep an eye on the BI meeting tomorrow as the IDR continued to soften yesterday. We also do not anticipate any systemic banking risk to the Eurozone. Wall Street closed lower as oil prices slid, while the USD rose and the 10-year UST bond yield edged slightly higher to 2.88% ahead of impending supply. Meanwhile, the CBO pared its US growth forecast from 3.3% to 3.1% for 2018, citing the trade spat, but kept its 2019 forecast unchanged at 2.4%.</p> <p>Asian markets are likely to trade with a nervous tone today amid the ongoing Turkish jitters. Market focus today will be on China's industrial production, FAI and retail sales data, German 2Q18 growth and UK' ILO unemployment data.</p>
CH	<p>China's broad money supply growth M2 reaccelerated to 8.5% in July from 8% in June on the back of more proactive fiscal policy and more supportive lending policy by Chinese banks following the instructions from the State Council. However, off balance sheet lending remains weak due to weak demand. Total off-balance sheet lending including trust loan, entrusted loan and banker's acceptance bill fell by CNY291 billion in July while outstanding amount of off-balance sheet lending fell by 2.3% yoy. The weak off-balance sheet lending may continue to cap the growth of China's credit expansion despite more supportive monetary policy.</p>
ID	<p>The IDR closed at 14,595 against the USD yesterday although it was above 14,600 for much of the day. The emerging market currencies have been hurt as the Turkish sell-off spread. According to Nanang Hendarsah, executive director for monetary management at Bank Indonesia, the central bank started conducting FX swap auctions from 1pm yesterday. The central bank begins its two day long board of governors' policy meeting today.</p>

Major Markets

- **US:** Wall Street closed lower on Monday as the Turkish contagion likely unnerved investors worldwide. The Dow (-0.50%) and S&P500 (-0.40%) fell for the fourth consecutive session, closing lower at 25,187.70 and 2,821.93, respectively. The Nasdaq composite dipped 0.25% to 7,819.71. Meanwhile, the VIX Index rose to 14.78 on Monday, as compared to 13.16 on Friday. On the Treasury front, the 2y yield climbed 0.8bp to 2.612%, while the 10y yield rose to 2.879% (+0.5bp).
- **Singapore:** The STI slumped 1.2% to close at 3245.34 yesterday, but may stabilise today in a range of 3230-3270 given the modestly positive morning open in Kospi. With the UST bond running out of steam and yields trading around 1bp firmer overnight, the SGS bond market may also reverse yesterday's gains.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading around 1bps higher while the longer tenors traded 1-2bps lower (with the exception of the 30-year swap rates trading within 1bps). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 477bps. Overall, 10Y UST yields rose 2bps to close at 2.89%, recovering from its four-week low on the back of easing concerns over the Turkish crisis after Turkey's central bank announced measures to stabilize the Lira.
- **New Issues:** BCEG HongKong Co Ltd has priced a USD600mn 3-year bond (guaranteed by Beijing Construction Engineering Group Co Ltd) at 5.75%, in line with its initial price guidance. Granda Century Ltd has scheduled for investor meetings from 15 Aug for its potential USD bond issuance (guaranteed by Suning Appliance Group Co Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.504	0.43%	USD-SGD	1.3677	0.34%
USD-JPY	111.080	0.09%	EUR-SGD	1.5766	-0.39%
EUR-USD	1.1527	-0.71%	JPY-SGD	1.2312	0.25%
AUD-USD	0.7373	-0.78%	GBP-SGD	1.7539	-0.11%
GBP-USD	1.2824	-0.45%	AUD-SGD	1.0084	-0.43%
USD-MYR	4.0745	--	NZD-SGD	0.9049	-1.54%
USD-CNY	6.8210	-0.21%	CHF-SGD	1.3765	0.32%
USD-IDR	14416	-0.16%	SGD-MYR	2.9890	0.05%
USD-VND	23280	-0.02%	SGD-CNY	5.0005	-0.24%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.9163	--
2M	-0.3370	--	1M	2.0634	--
3M	-0.3190	--	2M	2.1855	--
6M	-0.2680	--	3M	2.3405	--
9M	-0.2150	--	6M	2.5170	--
12M	-0.1760	--	12M	2.8278	--

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%	92.0%	8.0%	0.0%	0.0%
11/08/2018	100.0%	89.5%	10.3%	0.2%	0.0%
12/19/2018	100.0%	31.1%	62.0%	6.8%	0.1%
01/30/2019	100.0%	29.2%	60.1%	10.1%	0.5%
03/20/2019	100.0%	12.9%	42.8%	38.1%	5.9%
05/01/2019	100.0%	11.5%	39.7%	38.6%	9.2%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	66.81	-0.19%	Coffee (per lb)	1.077	-0.19%
Brent (per barrel)	72.07	-0.29%	Cotton (per lb)	0.8726	0.09%
Heating Oil (per gallon)	2.1119	-0.18%	Sugar (per lb)	0.1084	0.28%
Gasoline (per gallon)	1.9999	-0.97%	Orange Juice (per lb)	1.6435	0.09%
Natural Gas (per MMBtu)	2.9550	0.20%	Cocoa (per mt)	2,129	-0.98%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,096.9	0.53%	Wheat (per bushel)	5.8650	-0.80%
Nickel (per mt)	13,807.0	-1.20%	Soybean (per bushel)	9.040	-0.71%
Aluminium (per mt)	2,062.3	-1.22%	Corn (per bushel)	3.8275	-0.58%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,219.9	-0.09%	Crude Palm Oil (MYR/MT)	2,246.0	-0.53%
Silver (per oz)	15.462	0.19%	Rubber (JPY/KG)	174.5	0.29%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,509.23	-74.52
S&P	2,853.58	-4.12
Nasdaq	7,891.78	3.46
Nikkei 225	22,598.39	-45.92
STI	3,326.74	--
KLCI	1,804.95	0.22
JCI	6,065.26	-29.57
Baltic Dry	1,704.00	--
VIX	11.27	0.42

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.92 (--)	2.65 (-0.02)
5Y	2.19 (--)	2.81 (-0.02)
10Y	2.46 (--)	2.93 (-0.03)
15Y	2.75 (--)	--
20Y	2.77 (--)	--
30Y	2.86 (--)	3.07 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	30.24	-0.45
EURIBOR-OIS	3.86	-0.04
TED	30.24	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
08/13/2018 06:45	NZ Food Prices MoM	Jul	--	0.70%	0.50%	--
08/13/2018 08:00	SI GDP SAAR QoQ	2Q F	1.40%	0.60%	1.00%	--
08/13/2018 08:00	SI GDP YoY	2Q F	4.10%	3.90%	3.80%	--
08/13/2018 16:00	IT CPI EU Harmonized YoY	Jul F	1.90%	1.90%	1.90%	--
08/13/2018 19:27	CH Money Supply M2 YoY	Jul	8.20%	8.50%	8.00%	--
08/13/2018 19:27	CH New Yuan Loans CNY	Jul	1275.0b	1450.0b	1840.0b	--
08/13/2018 20:00	IN CPI YoY	Jul	4.49%	4.17%	5.00%	4.92%
08/14/2018 05:00	SK Import Price Index YoY	Jul	--	12.20%	10.90%	--
08/14/2018 05:00	SK Export Price Index YoY	Jul	--	2.60%	1.60%	1.40%
08/14/2018 09:30	AU NAB Business Conditions	Jul	--	--	15	--
08/14/2018 09:30	AU NAB Business Confidence	Jul	--	--	6	--
08/14/2018 10:00	CH Retail Sales YoY	Jul	9.10%	--	9.00%	--
08/14/2018 10:00	CH Retail Sales YTD YoY	Jul	9.40%	--	9.40%	--
08/14/2018 10:00	CH Industrial Production YoY	Jul	6.30%	--	6.00%	--
08/14/2018 10:00	CH Industrial Production YTD YoY	Jul	6.60%	--	6.70%	--
08/14/2018 10:00	CH Fixed Assets Ex Rural YTD YoY	Jul	6.00%	--	6.00%	--
08/14/2018 12:30	JN Industrial Production MoM	Jun F	--	--	-2.10%	--
08/14/2018 12:30	JN Industrial Production YoY	Jun F	--	--	-1.20%	--
08/14/2018 12:30	JN Capacity Utilization MoM	Jun	--	--	-2.10%	--
08/14/2018 13:30	FR ILO Unemployment Rate	2Q	9.20%	--	9.20%	--
08/14/2018 14:00	GE GDP SA QoQ	2Q P	0.40%	--	0.30%	--
08/14/2018 14:00	GE GDP WDA YoY	2Q P	2.10%	--	2.30%	--
08/14/2018 14:00	GE GDP NSA YoY	2Q P	2.50%	--	1.60%	--
08/14/2018 14:00	GE CPI MoM	Jul F	0.30%	--	0.30%	--
08/14/2018 14:00	GE CPI YoY	Jul F	2.00%	--	2.00%	--
08/14/2018 14:00	GE CPI EU Harmonized MoM	Jul F	0.40%	--	0.40%	--
08/14/2018 14:00	GE CPI EU Harmonized YoY	Jul F	2.10%	--	2.10%	--
08/14/2018 14:30	IN Wholesale Prices YoY	Jul	5.22%	--	5.77%	--
08/14/2018 14:45	FR CPI EU Harmonized MoM	Jul F	-0.10%	--	-0.10%	--
08/14/2018 14:45	FR CPI EU Harmonized YoY	Jul F	2.60%	--	2.60%	--
08/14/2018 14:45	FR CPI MoM	Jul F	-0.10%	--	-0.10%	--
08/14/2018 14:45	FR CPI YoY	Jul F	2.30%	--	2.30%	--
08/14/2018 14:45	FR CPI Ex-Tobacco Index	Jul	102.97	--	103.07	--
08/14/2018 16:30	UK Claimant Count Rate	Jul	--	--	2.50%	--
08/14/2018 16:30	UK Jobless Claims Change	Jul	--	--	7.8k	--
08/14/2018 16:30	UK Average Weekly Earnings 3M/YoY	Jun	2.50%	--	2.50%	--
08/14/2018 16:30	UK ILO Unemployment Rate 3Mths	Jun	4.20%	--	4.20%	--
08/14/2018 17:00	EC Industrial Production SA MoM	Jun	-0.40%	--	1.30%	--
08/14/2018 17:00	EC Industrial Production WDA YoY	Jun	2.40%	--	2.40%	--
08/14/2018 17:00	EC GDP SA QoQ	2Q P	0.30%	--	0.30%	--
08/14/2018 17:00	EC GDP SA YoY	2Q P	2.10%	--	2.10%	--
08/14/2018 17:00	GE ZEW Survey Current Situation	Aug	72.1	--	72.4	--
08/14/2018 17:00	GE ZEW Survey Expectations	Aug	-21.3	--	-24.7	--
08/14/2018 17:00	EC ZEW Survey Expectations	Aug	--	--	-18.7	--
08/14/2018 18:00	US NFIB Small Business Optimism	Jul	106.8	--	107.2	--
08/14/2018 20:30	CA Teranet/National Bank HPI MoM	Jul	--	--	0.90%	--
08/14/2018 20:30	US Import Price Index MoM	Jul	0.00%	--	-0.40%	--
08/14/2018 20:30	US Import Price Index YoY	Jul	4.50%	--	4.30%	--
08/14/2018 08/16	IN Exports YoY	Jul	--	--	17.60%	--
08/14/2018 08/16	IN Imports YoY	Jul	--	--	21.30%	--

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>

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