

Highlights

Global	Global risk appetite is likely to be dented by US president Trump's announcement that the additional 10% tariffs on US\$200 billion on Chinese exports will take effect on 24 September and to increase it to 25% on 1 January 2019. A potential "phase 3" will be tariffs on an additional US\$267b of Chinese exports if China embarks on "retaliatory action". Wall Street fell overnight amid concerns of China's potential retaliation (recall the earlier US\$60b threat) and a prolonged trade war, and the 10-year UST bond yield continued to flirt with the 3% handle and touched 3.022% albeit it closed at 2.988% amid the flight to quality. As such, Asian markets are likely to start trading with a shaky tone today. South Korean president Moon is meeting Kim Jong Un, but the denuclearization task remains challenging. Key economic data to watch today include US' NAHB housing market index, HK's unemployment rate and RBA's September minutes. Speakers include ECB's Villeory, Draghi and Nouy.
US	Empire manufacturing retreated from 25.6 in August to 19.0 in September, likely reflecting rising trade tensions as supply side factors like unfilled orders and delivery times rose. Meanwhile, the Trump administration is reducing the US cap on refugee admissions to a historic low of 30k for the FY2019, down from the maximum of 45k for FY2018.
EU	ECB's Coeure opined that "should economic conditions warrant, there might be a case for the Governing Council to go beyond the timing to lift-off in further clarifying the pace at which it expects to remove policy accommodation," and "a further clarification of our reaction function might help market participants and the broader public to better anticipate the likely future path of short-term interest rates". Separately, the IMF has warned that the UK economy will contract if a Brexit deal is not struck, but forecast 1.5% growth for 2018-2019 if a broad Brexit agreement is reached.
CH	PBoC surprised the market with the conduction of CNY265 billion 1-year MLF to inject the liquidity into the system as pre-emptive move to alleviate the liquidity pressure ahead of the massive local government special bond issuance as well as upcoming quarter-end and National Day holiday week. In addition, market will watch out for China's possible reaction to new round of trade tariff. China is likely to reject the invitation from the US Treasury for the new round of trade talk.
ID	The IDR ended slightly weaker against the USD on Monday at 14,880 from 14,807 last Friday. The currency has been facing strong selling pressure amid the US interest rate normalization, continuing trade tensions and the emerging-market selloff.
CMD	Early trading cues show further weakness in gold and growth-related commodities including crude oil and copper, as market-watchers digest fresh news on US decision to implement 10% tariffs on \$200bn of Chinese imports, which will be increased to 25% on 1 st Jan 2019. Notably, copper plunged to \$5,755/MT in early trading hours, down from its yesterday's high of \$5,856/MT, suggesting a quick deterioration in risk appetite into today's trading day.

Major Markets

- **US:** Wall Street closed lower on Monday as renewed trade war concerns resurfaced on news that Trump was to announce his decision on the \$200bn tariffs on Chinese goods post-market close, of which \$200bn worth of 10% tariffs has since been reported to be imposed next week on 24 September, and will increase to 25% this coming January 2019.
- S&P500 dipped 0.56%, while the Nasdaq composite plunged 1.43% led by declines in technology and consumer discretionary equity.
- Apple fell 2.39% as it warned that a “wide range” of its products could be hit by the tariffs, although the updated tariff list released by USTR post-announcement appeared to have omitted several key products from the new tariffs, such as the AirPods and Apple Watch.
- **Singapore:** The STI declined 0.63% to close at 3141.40 yesterday amid the broad-based slippage across Asian bourses amid the threat of escalating US-China trade tensions. With the Trump administration pulling the trigger on the next tranche of US\$200b tariffs on China, we can expect further red ink across Asian bourses today. STI may trade in a 3100-3150 range. With the flight to quality as the kneejerk reaction to Trump’s latest tariff announcement, SGS bonds may unwind yesterday’s selling action.
- **Indonesia:** The release of Indonesia’s trade data yesterday showed that the growth of imports of capital goods for August was pretty much unchanged at 21.92% yoy (July 2018: 21.94% yoy). However, there was a slowdown in growth for imports of consumer goods and raw materials at 30.21% yoy (July 2018: 60.13% yoy) and 24.58% yoy (July 2018: 31.04% yoy) respectively.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates trading 1-2bps higher across most tenors (with the exception of the 20-year swap rates trading 5bps higher). Both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS were unchanged at 140bps and 486bps respectively. 10Y UST yields rose 3bps to 3.02% in the earlier part of the trading session, its highest in four months due to growing expectations that the Fed will continue to hike rates after recent solid US economic data. Yields subsequently reversed 3bps to close at 2.99% on the back of renewed trade concerns between the US and China.
- **New Issues:** China Construction Bank Corp Hong Kong Branch has priced a USD1bn 3-year sustainability FRN at 3mL+75bps, tightening from its initial price guidance of 3mL+100bps area. Shanghai Pudong Development Bank Co Ltd Hong Kong Branch has priced a USD500mn 3-year FRN at 3mL+84bps, tightening from its initial price guidance of 3mL+110bps area. Security Bank Corp has priced a USD300mn 5-year bond at CT5+168bps, tightening from its initial price guidance of CT5+190bps area. Hitachi Capital (UK) PLC has priced a CNH600mn 3-year bond (guaranteed by Hitachi Capital Corp) at 4.6%, in line with its initial price guidance. HSBC Holdings PLC has priced a SGD750mn Perp NC5 AT1 at 5.0%, tightening from its initial price guidance of 5.125%. Hanwha General Insurance Co Ltd has scheduled for investor meetings for its potential USD 10NC5 Tier 2 bond issuance. ICICI Bank UK PLC (wholly subsidiary of ICICI Bank Ltd) has hired banks for its potential SGD 10NC5 Tier 2 bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.496	-0.45%	USD-SGD	1.3720	-0.16%
USD-JPY	111.850	-0.19%	EUR-SGD	1.6030	0.34%
EUR-USD	1.1683	0.50%	JPY-SGD	1.2268	0.04%
AUD-USD	0.7182	0.41%	GBP-SGD	1.8050	0.52%
GBP-USD	1.3157	0.68%	AUD-SGD	0.9853	0.22%
USD-MYR	4.1383	--	NZD-SGD	0.9025	0.28%
USD-CNY	6.8570	-0.15%	CHF-SGD	1.4254	0.42%
USD-IDR	14880	0.49%	SGD-MYR	3.0121	-0.39%
USD-VND	23296	0.22%	SGD-CNY	4.9988	-0.11%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.9151	--
2M	-0.3390	--	1M	2.1647	--
3M	-0.3190	--	2M	2.2318	--
6M	-0.2690	--	3M	2.3371	--
9M	-0.2070	--	6M	2.5688	--
12M	-0.1680	--	12M	2.8802	--

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%	99.8%	0.0%	0.0%	0.0%
11/08/2018	100.0%	99.8%	0.0%	0.0%	0.0%
12/19/2018	100.0%	22.6%	77.4%	0.0%	0.0%
01/30/2019	100.0%	21.4%	74.5%	4.0%	0.0%
03/20/2019	100.0%	8.2%	41.6%	47.7%	2.5%
05/01/2019	100.0%	7.1%	37.1%	46.9%	8.6%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.91	-0.12%	Coffee (per lb)	0.973	-2.41%
Brent (per barrel)	78.05	-0.05%	Cotton (per lb)	0.8131	-0.64%
Heating Oil (per gallon)	2.2064	-0.13%	Sugar (per lb)	0.1158	-3.66%
Gasoline (per gallon)	1.9768	0.33%	Orange Juice (per lb)	1.5250	-0.65%
Natural Gas (per MMBtu)	2.8140	1.70%	Cocoa (per mt)	2,236	0.77%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,844.4	0.19%	Wheat (per bushel)	5.0625	-1.03%
Nickel (per mt)	12,158.0	-3.30%	Soybean (per bushel)	8.235	-0.84%
Aluminium (per mt)	1,999.0	-0.40%	Corn (per bushel)	3.4800	-1.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,205.8	0.39%	Crude Palm Oil (MYR/MT)	2,222.0	--
Silver (per oz)	14.223	0.57%	Rubber (JPY/KG)	167.9	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,062.12	-92.55
S&P	2,888.80	-16.18
Nasdaq	7,895.79	-114.25
Nikkei 225	23,094.67	--
STI	3,141.40	-20.02
KLCI	1,803.76	--
JCI	5,824.26	-107.02
Baltic Dry	1,366.00	--
VIX	13.68	1.61

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.95 (+0.01)	2.78 (--)
5Y	2.23 (+0.02)	2.89 (-0.02)
10Y	2.48 (--)	2.99 (-0.01)
15Y	2.77 (+0.01)	--
20Y	2.80 (--)	--
30Y	2.84 (-0.01)	3.13 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	19.03	0.36
EURIBOR-OIS	4.00	0.90
TED	19.45	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/17/2018 06:30	NZ Performance Services Index	Aug	--	53.2	55.1	54.8
09/17/2018 07:01	UK Rightmove House Prices MoM	Sep	--	0.70%	-2.30%	--
09/17/2018 07:01	UK Rightmove House Prices YoY	Sep	--	1.20%	1.10%	--
09/17/2018 08:30	SI Non-oil Domestic Exports SA MoM	Aug	-2.20%	0.40%	4.30%	3.60%
09/17/2018 08:30	SI Electronic Exports YoY	Aug	--	-1.50%	-3.80%	-5.80%
09/17/2018 08:30	SI Non-oil Domestic Exports YoY	Aug	3.90%	5.00%	11.80%	11.00%
09/17/2018 12:00	ID Exports YoY	Aug	10.00%	4.15%	19.33%	19.68%
09/17/2018 12:00	ID Imports YoY	Aug	25.00%	24.65%	31.56%	31.77%
09/17/2018 12:00	ID Trade Balance	Aug	-\$674m	-\$1021m	-\$2030m	-\$2007m
	SURVEY REPORT: Germany Economic					
09/17/2018 14:35	GE Forecasts in Sept. 2018					
	SURVEY REPORT: French 2018 Growth					
09/17/2018 14:40	FR Cut for Third Straight Month					
	SURVEY REPORT: Italy Economic					
09/17/2018 14:45	IT Forecasts in Sept. 2018					
	SURVEY REPORT: U.K. Economic					
09/17/2018 15:30	UK Forecasts in Sept. 2018					
09/17/2018 15:33	PH Overseas Workers Remittances	Jul	\$2400m	\$2401m	\$2357m	--
09/17/2018 15:33	PH Overseas Remittances YoY	Jul	5.10%	5.20%	-4.50%	--
09/17/2018 16:00	IT Trade Balance Total	Jul	--	5676m	5071m	5174m
09/17/2018 16:00	IT Trade Balance EU	Jul	--	2677m	1520m	1623m
09/17/2018 17:00	EC CPI Core YoY	Aug F	1.00%	1.00%	1.00%	--
09/17/2018 17:00	EC CPI YoY	Aug F	2.00%	2.00%	2.00%	--
09/17/2018 17:00	EC CPI MoM	Aug	0.20%	0.20%	-0.30%	--
09/17/2018 20:30	CA Int'l Securities Transactions	Jul	--	12.65b	11.55b	10.30b
09/17/2018 20:30	US Empire Manufacturing	Sep	23	19	25.6	--
09/17/2018 21:00	CA Existing Home Sales MoM	Aug	--	0.90%	1.90%	--
09/17/2018 22:00	CA Bloomberg Nanos Confidence	Sep-14	--	55.1	55.9	--
	ANZ Roy Morgan Weekly Consumer					
09/18/2018 07:30	AU Confidence Index	Sep-16	--	118	116.2	--
09/18/2018 09:30	AU House Price Index QoQ	2Q	-0.70%	--	-0.70%	--
09/18/2018 09:30	AU House Price Index YoY	2Q	-0.70%	--	2.00%	--
09/18/2018 09:30	AU RBA Sept. Meeting Minutes					
09/18/2018 11:00	NZ Non Resident Bond Holdings	Aug	--	--	58.70%	--
	Bloomberg Sept. Eurozone Economic					
09/18/2018 15:30	EC Survey					
09/18/2018 16:00	IT Industrial Sales WDA YoY	Jul	--	--	5.00%	--
09/18/2018 16:00	IT Industrial Sales MoM	Jul	--	--	1.70%	--
09/18/2018 16:00	IT Industrial Orders NSA YoY	Jul	--	--	4.90%	--
09/18/2018 16:00	IT Industrial Orders MoM	Jul	--	--	3.60%	--
09/18/2018 16:30	HK Unemployment Rate SA	Aug	2.80%	--	2.80%	--
09/18/2018 20:30	CA Manufacturing Sales MoM	Jul	0.60%	--	1.10%	--
09/18/2018 22:00	US NAHB Housing Market Index	Sep	66	--	67	--
09/06/2018 09/24	ID Motorcycle Sales	Jul	--	--	375034	661215
09/14/2018 09/21	ID Motorcycle Sales	Aug	--	--	--	--
09/14/2018 09/21	ID Local Auto Sales	Aug	--	--	107431	--

Source: Bloomberg

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