

Highlights

Global	<p>Global risk sentiments remained off the boil for now, as Wall Street slid overnight with Nasdaq falling by more than 2% as the tech sell-off resumed. The myriad of investor concerns span the escalating US-China trade war and its implications for the latter's growth and policy risks (with the 3Q18 GDP growth data due today, as the USDCNY edged towards the closely watched 7 handle), as well as the ongoing earnings season, a potentially more hawkish FOMC talking about tightening past neutral in the recent FOMC minutes and lingering worries about Brexit and Italy's fiscal plans (which the EU has denounced as "an obvious significant deviation" from EU rules). US Treasury Secretary Mnuchin also said he will not be participating in an investment conference in Saudi Arabia while president Trump warned of "very severe" consequences for the death of missing journalist Khashoggi, suggesting bilateral tensions had not subsided. These headwinds are providing a near-term cap on the 10-year UST bond yield which closed at 3.18% yesterday (after testing 3.25% on 5 Oct), albeit the 3-month LIBOR continued to climb to 2.44963% (the highest since 2008). Elsewhere, Chile's central bank also hiked rates for the first time since 2015 by 25bps to 2.75% amid stronger growth and inflation prints.</p> <p>The flight to quality theme is likely to dominate Asian markets for today. First up is China's data dump including industrial production, fixed asset investments and retail sales apart from 3Q18 GDP growth, while US also reports existing home sales. Fed's Bostic and Kaplan, and BOE's Carney are also speaking.</p>
US	<p>Initial jobless claims fell 5k to 210k, while the continuing claims also slipped to 202k (lowest since Nov 1969) which reinforced the resilience of the US labor market. Meanwhile, Fed's Quarles said "the more the economy's potential growth increases, the more gradual we can be in our removal of monetary policy accommodation" and that he favoured a bit more dovish path than most others. Bullard (non-voter) also opined that the current trajectory would raise the recession risk as recent growth may start to taper and a modernised policy rule suggests the current level of the policy rate is about right over the forecast horizon.</p>
EU	<p>China and the EU have joined a WTO challenge to the US' additional tariffs on steel and aluminium on national security reasons, which could potentially trigger the US' withdrawal from WTO in the worst outcome.</p>
MY	<p>The government tabled the mid-term review of the 11th Malaysia Plan at parliament yesterday. The revised plan directionally is targeting to spread growth more throughout the various states and different socioeconomic groups. In the plan, the government has economically revised several key numbers including now targeting GDP growth to be at 4.5 – 5.5% over the remaining period of the plan between 2018 – 2020 and for fiscal deficit to be at -3.2% of GDP in 2020. The plan also mentioned that a national policy and governance framework will be formulated to align SOEs and other monopoly entities with the broader national development agenda.</p>
ID	<p>The Finance Ministry announced on Wednesday that the state budget deficit declined in September 2018 to Rp 200.23 trillion (US\$13.2 billion), equivalent to 1.35% of GDP. The September 2018 2017 budget deficit was Rp227 trillion, or 2% of GDP.</p>

Major Market

- **US:** Wall Street closed lower on Wednesday, with the S&P500 dipping 1.44% as investors likely weighed actions on expectations of an escalation of US-Sino trade tensions post-US Treasury's report criticising China's lack of transparency on its foreign exchange interventions in light of the Renminbi's recent rout.
- The DJIA (-1.27%) and Nasdaq composite (-2.06%) slipped as well, with mixed earnings from the industrial and tech sectors dragging the indexes lower.
- All 5 FAANG equity fell, with Netflix (-4.93%) leading the plunge, a reversal from the day before just as the streaming firm's shares rose 5.28% as of the previous close on the back of solid 3Q earnings.
- **Singapore:** The STI closely slightly lower by 0.05% at 3069.67 yesterday amid the sea of red ink dominating across Asian bourses and given the weak risk sentiments, Wall Street's overnight slippage and weak morning cues from Nikkei and Kospi (already down >1%), STI may continue to consolidate lower with a potential retest of its 3034 close on 16 Oct, followed by the 3000 support handle. With the risk-off sentiments providing the support to the UST bond market and pushing the belly of the curve down by up to 3bps, the SGS bonds may unwind the 1-2bp sell-off yesterday.
- **Malaysia:** In the mid-term review of the 11th Malaysia Plan tabled at parliament yesterday, the government reduced the ceiling for the development expenditure from RM260bn to RM220bn and stated that they are exploring the possibility of imposing taxes on online transactions. The plan also made mention that the government will look into establishing a systematic, comprehensive and transparent financing governance mechanism, such as those found in Indonesia. On the state-owned enterprises (SOEs) front, the government has stated that it will set up a special ministerial committee to review policies and concessions with regard to monopolistic arrangements of these entities to ensure greater market efficiency.
- **Thailand:** Prime Minister Prayuth Chan-Ocha has said that elections will be in February, or May 2019 at the latest during bilateral talks with European leaders.
- **Philippines:** Economic Secretary Ernesto Pernia has said officials "will re-evaluate their recommendation" to the president to suspend next year's increase in oil excise tax as crude prices could show signs of easing.
- **Macau:** Gross gaming revenue increased by 10% yoy in 3Q 2018 to MOP73.8 billion, marking the slowest growth since 1Q 2017. The muted performance of the gaming centers was mainly attributed to the World Cup betting and Typhoon Mangkhut. By segment, the growth of mass-market revenue remained static at 20.5% yoy whereas that of VIP revenue decelerated notably to 3.6% yoy (the lowest since 3Q 2016). This indicates that other than bad weather and the World Cup, China's economic slowdown might have also weighed down Macau's gaming revenue growth through denting VIP gambling demand. As such, the share of VIP revenue dropped to 54.3%, the lowest since 3Q 2016. Moving forward, we are wary of further slowdown in VIP revenue growth due to trade war concerns, weaker RMB and higher borrowing costs. On a positive note, the HK-Zhuhai-Macau Bridge is reported to commence operation on 23rd October at the earliest. This may help to weather some impact of Asia's muted growth and stronger MOP on Macau's tourism as well as the mass-market gaming. Still, the gaming growth driven by mass-market is expected to be weaker than that led by VIP demand amid lower betting amount.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates trading 2-3bps higher across most tenors (with the exception of the 30-year swap rates trading 1bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 494bps. Overall, 10Y UST yields fell 3bps to close at 3.18% on the back of safe haven demand as a stock sell-off resumed due to trade and rate concerns along with weaker than expected reported earnings in the US.
- **New Issues:** Doosan Power Systems SA has priced a USD300mn 30NC3 bond (guaranteed by The Export-Import Bank of Korea) at CT3+87.5bps, tightening from its initial price guidance of CT3+110bps area. Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara has priced a USD1bn deal across two tranches, with the USD500mn 10.25-year priced at 99.004 to yield 5.5%, tightening from its initial price guidance of 5.75% and the USD500mn 30.25-year bond priced at 99.293 to yield 6.3%, tightening from its initial price guidance of 6.6%. Industrial and Commercial Bank of China Ltd London Branch has priced a USD1bn deal across two tranches, with the USD500mn 3-year FRN priced at 3mL+75bps, tightening from its initial price guidance of 3mL+100bps area and the USD500mn 5-year FRN at 3mL+85bps, tightening from its initial price guidance of 3mL+110bps area. Zhenro Properties Group has priced a USD70mn re-tap of its ZHPRHK 12.5%'21s at 13.5%. Singapore Airlines Ltd has priced a SGD600mn 5-year bond at 3.16%. Interplex Holdings Pte Ltd has scheduled for investor meetings from 22 Oct for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.900	0.34%	USD-SGD	1.3819	0.27%
USD-JPY	112.210	-0.39%	EUR-SGD	1.5825	-0.16%
EUR-USD	1.1453	-0.42%	JPY-SGD	1.2316	0.66%
AUD-USD	0.7099	-0.14%	GBP-SGD	1.7986	-0.49%
GBP-USD	1.3018	-0.74%	AUD-SGD	0.9810	0.12%
USD-MYR	4.1570	0.14%	NZD-SGD	0.9040	0.14%
USD-CNY	6.9376	0.15%	CHF-SGD	1.3877	0.21%
USD-IDR	15195	0.30%	SGD-MYR	3.0175	-0.13%
USD-VND	23346	0.01%	SGD-CNY	5.0316	-0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1760	--
2M	-0.3370	--	1M	2.2820	--
3M	-0.3180	--	2M	2.3335	--
6M	-0.2660	--	3M	2.4496	--
9M	-0.2060	--	6M	2.6614	--
12M	-0.1560	--	12M	2.9658	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	6.1%	6.1%	0.0%	0.0%	0.0%
12/19/2018	77.5%	72.8%	4.7%	0.0%	0.0%
01/30/2019	78.5%	70.7%	7.6%	0.2%	0.0%
03/20/2019	93.9%	35.5%	52.8%	5.5%	0.1%
05/01/2019	94.4%	33.0%	51.4%	9.4%	0.6%
06/19/2019	97.1%	19.6%	42.4%	30.0%	4.9%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.65	-1.58%	Coffee (per lb)	1.221	-0.41%
Brent (per barrel)	79.29	-0.95%	Cotton (per lb)	0.7805	0.17%
Heating Oil (per gallon)	2.2949	-0.70%	Sugar (per lb)	0.1387	1.02%
Gasoline (per gallon)	1.8911	-1.44%	Orange Juice (per lb)	1.4205	-0.11%
Natural Gas (per MMBtu)	3.1980	-3.67%	Cocoa (per mt)	2,145	-3.64%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,055.0	-1.13%	Wheat (per bushel)	5.1300	-0.87%
Nickel (per mt)	12,304.0	-0.21%	Soybean (per bushel)	8.635	-2.51%
Aluminium (per mt)	2,023.3	-0.37%	Corn (per bushel)	3.7075	-0.94%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,230.1	0.22%	Crude Palm Oil (MYR/MT)	2,239.0	-0.97%
Silver (per oz)	14.604	-0.40%	Rubber (JPY/KG)	165.8	-2.41%

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

Equity and Commodity

Index	Value	Net change
DJIA	25,379.45	-327.23
S&P	2,768.78	-40.43
Nasdaq	7,485.14	-157.56
Nikkei 225	22,658.16	-182.96
STI	3,069.67	-1.43
KLCI	1,738.01	-2.58
JCI	5,845.24	-23.38
Baltic Dry	1,554.00	--
VIX	20.06	2.66

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.06 (+0.02)	2.87 (-0.01)
5Y	2.36 (+0.03)	3.03 (-0.03)
10Y	2.61 (+0.02)	3.18 (-0.03)
15Y	2.88 (+0.02)	--
20Y	2.90 (+0.02)	--
30Y	2.94 (+0.01)	3.36 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	18.21	-0.21
EURIBOR-OIS	4.07	0.18
TED	15.79	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
10/18/2018 02:00	US FOMC Meeting Minutes	Sep-26	--	--	--	
10/18/2018 07:50	JN Trade Balance	Sep	¥45.1b	¥139.6b	¥444.6b	--
10/18/2018 07:50	JN Trade Balance Adjusted	Sep	¥333.4b	¥238.9b	¥190.4b	¥191.0b
10/18/2018 07:50	JN Exports YoY	Sep	2.10%	-1.20%	6.60%	--
10/18/2018 07:50	JN Japan Buying Foreign Bonds	Oct-12	--	¥1016.9b	¥200.5b	¥200.3b
10/18/2018 07:50	JN Japan Buying Foreign Stocks	Oct-12	--	¥81.8b	¥189.5b	--
10/18/2018 07:50	JN Foreign Buying Japan Bonds	Oct-12	--	¥179.0b	¥633.3b	¥632.6b
10/18/2018 07:50	JN Foreign Buying Japan Stocks	Oct-12	--	¥52.6b	¥1578.4b	¥1577.4b
10/18/2018 08:30	AU Employment Change	Sep	15.0k	5.6k	44.0k	44.6k
10/18/2018 08:30	AU Unemployment Rate	Sep	5.30%	5.00%	5.30%	--
10/18/2018 08:30	AU Full Time Employment Change	Sep	--	20.3k	33.7k	35.2k
10/18/2018 08:30	AU Part Time Employment Change	Sep	--	-14.7k	10.2k	9.5k
10/18/2018 08:30	AU Participation Rate	Sep	65.70%	65.40%	65.70%	--
10/18/2018 08:30	AU NAB Business Confidence	3Q	--	3	7	--
10/18/2018 08:30	AU RBA FX Transactions Market	Sep	--	A\$640m	A\$608m	--
10/18/2018 08:57	SK BoK 7-Day Repo Rate	Oct-18	1.50%	1.50%	1.50%	--
10/18/2018 11:13	TH Car Sales	Sep	--	88706	86814	--
10/18/2018 16:30	UK Retail Sales Ex Auto Fuel MoM	Sep	-0.40%	-0.80%	0.30%	0.50%
10/18/2018 16:30	UK Retail Sales Ex Auto Fuel YoY	Sep	3.80%	3.20%	3.50%	3.60%
10/18/2018 16:30	UK Retail Sales Inc Auto Fuel MoM	Sep	-0.40%	-0.80%	0.30%	0.40%
10/18/2018 16:30	UK Retail Sales Inc Auto Fuel YoY	Sep	3.60%	3.00%	3.30%	3.40%
10/18/2018 20:30	US Philadelphia Fed Business Outlook	Oct	20	22.2	22.9	--
10/18/2018 20:30	US Initial Jobless Claims	Oct-13	211k	210k	214k	215k
10/18/2018 20:30	US Continuing Claims	Oct-06	1663k	1640k	1660k	1653k
10/18/2018 21:45	US Bloomberg Economic Expectations	Oct	--	58.5	57.5	--
10/18/2018 21:45	US Bloomberg Consumer Comfort	Oct-14	--	60.8	59.5	--
10/18/2018 22:00	US Leading Index	Sep	0.50%	0.50%	0.40%	--
10/19/2018 07:30	JN Natl CPI YoY	Sep	1.30%	1.20%	1.30%	--
10/19/2018 07:30	JN Natl CPI Ex Fresh Food YoY	Sep	1.00%	1.00%	0.90%	--
10/19/2018 10:00	NZ Credit Card Spending YoY	Sep	--	--	7.70%	--
10/19/2018 10:00	CH GDP YoY	3Q	6.60%	--	6.70%	--
10/19/2018 10:00	CH GDP SA QoQ	3Q	1.60%	--	1.80%	--
10/19/2018 10:00	CH GDP YTD YoY	3Q	6.70%	--	6.80%	--
10/19/2018 10:00	CH Retail Sales YoY	Sep	9.00%	--	9.00%	--
10/19/2018 10:00	CH Retail Sales YTD YoY	Sep	9.30%	--	9.30%	--
10/19/2018 10:00	CH Industrial Production YoY	Sep	6.00%	--	6.10%	--
10/19/2018 10:00	CH Industrial Production YTD YoY	Sep	6.40%	--	6.50%	--
10/19/2018 10:00	CH Fixed Assets Ex Rural YTD YoY	Sep	5.30%	--	5.30%	--
10/19/2018 15:30	TH Foreign Reserves	Oct-12	--	--	\$203.2b	--
10/19/2018 16:00	EC ECB Current Account SA	Aug	--	--	21.3b	--
10/19/2018 16:30	UK PSNB ex Banking Groups	Sep	4.5b	--	6.8b	--
10/19/2018 16:30	UK Public Sector Net Borrowing	Sep	4.6b	--	5.9b	--
10/19/2018 16:30	UK Public Finances (PSNCR)	Sep	--	--	3.1b	--
10/19/2018 16:30	HK Composite Interest Rate	Sep	--	--	0.66%	--
10/19/2018 16:30	HK Unemployment Rate SA	Sep	2.80%	--	2.80%	--
10/19/2018 20:30	CA Retail Sales MoM	Aug	0.30%	--	0.30%	--
10/19/2018 20:30	CA Retail Sales Ex Auto MoM	Aug	0.10%	--	0.90%	--
10/19/2018 20:30	CA CPI NSA MoM	Sep	0.10%	--	-0.10%	--
10/19/2018 20:30	CA CPI YoY	Sep	2.70%	--	2.80%	--
10/19/2018 22:00	US Existing Home Sales	Sep	5.29m	--	5.34m	--
10/19/2018 22:00	US Existing Home Sales MoM	Sep	-0.90%	--	0.00%	--
10/19/2018	PH BoP Overall	Sep	--	--	\$1272m	--

Source: Bloomberg

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