

Highlights

Global	<p>With some Asian markets closed yesterday for holiday, coupled with a lacklustre session on Wall Street overnight, it appears that the bullish sentiments from late last week may have run out of steam. That said, news of US and South Korea signing a renegotiated FTA on the sidelines of the UN General Assembly may spur hopes of a more conciliatory tone elsewhere. Meanwhile, Brent oil prices topped US\$80 per barrel while 10-year UST bond yields touched a high of 3.089% intraday ahead of tomorrow's FOMC meeting. Watch for BOJ governor Kuroda's comments following the release of the July minutes, as well as President Trump's meeting with Japanese PM Abe today to discuss trade issues. Today's economic data calendar comprises of US' Conference Board consumer confidence, S&P CoreLogic and FHFA house prices, Taiwan's industrial production and unemployment rate. Speakers include ECB's Praet and Coeure, and BOE's Vlieghe.</p>
US	<p>The Chicago Fed national activity was unchanged at 0.18 in August while the Dallas Fed manufacturing activity retreated slightly from 30.9 to 28.1 in September amid greater caution and a drop in new orders. There was also conflicting reports if Deputy AG Rod Rosenstein will leave and how this may impact the Justice Department probe into Russia's role in the 2016 election.</p>
EU	<p>ECB's Draghi opined that the Euro-area inflation will see a "relatively vigorous" pickup, but rates will stay static until "through the summer" of 2019. Separately, German IFO business climate fell from a revised 103.9 to 103.7 in September, suggesting that the escalating US-China trade tensions may be taking a toll on sentiments. Meanwhile, UK's opposition Labour Party said it will reject any Brexit deal that PM May brings to Parliament. Asian markets may trade in a cautious range today/</p>
CH	<p>A trade war white paper was published yesterday reiterating that it will continue its reform push to counter the impact of trade war. Meanwhile, China also pledged to protect the foreign business interest in China and will continue to tighten its protection on intellectual property rights.</p>
SG	<p>Headline inflation printed at 0.7% yoy in August, faster than July's 0.6% yoy, but core inflation was unexpectedly unchanged at 1.9% yoy in August which is below our expectation for 2.1% yoy.</p>
KR	<p>S. Korea and the US signed a revised version of the US-Korea Free Trade Agreement (KORUS) yesterday. The agreement is said to exempt S. Korea from a new 25% tariff on global steel, removed some regulatory burdens for US automakers to export cars and lifts a cap on US car exports that do not meet Seoul's safety standards.</p>
CMD	<p>Market-watchers took Saudi Arabia's rebuttal against Trump's call to limit oil prices by lifting Brent beyond its \$80/bbl mark in late Asian trading yesterday, following Saudi's rhetoric that it is content to see prices climb above \$80/bbl in the previous week. With the relative improvement of risk taking appetite amid worries over production shortfalls from Iran and Venezuela, some short-term upside bias for oil prices cannot be ignored, although we still observe that oil fundamentals could eventually rule over and cap oil gains.</p>

Major Markets

- **US:** The S&P500 and the DJIA dipped 0.35% and 0.68%, respectively, as US and China's tariffs on each other's goods took effect yesterday. The Nasdaq composite climbed 0.08% to close up at 7,993.25.
- ExxonMobil (+1.68%) and Chevron (+1.23%) rose on stronger oil prices, as Brent closed above the \$80/bbl mark.
- Sky equity (+8.70%) continued to soar on the back of the announcement of Comcast's successful \$39bn bid of the firm, beating 21st Century Fox.
- Apple stock gained 1.44% as it was mostly spared from the newly imposed tariffs, with initial concerns due to its manufacturing based in China quelled.
- Michael Kors plunged 8.23% on news that it was to purchase luxury label Versace in a \$2.35bn deal, as investors raised concerns about the strategic and portfolio fit of the acquisition.

- **Singapore:** For the first eight months of this year, headline and MAS core inflation rose 0.4% yoy and 1.6% yoy respectively, weighed down by housing & utilities (-1.9% yoy) and communications (-0.4% yoy), whereas other services components are clearly showing pricing pressures, namely education (2.8% yoy) and healthcare (2.2% yoy), as well as food (1.4% yoy), clothing & footwear (1.4% yoy) and recreation & culture (1.2% yoy). MAS is still calling for imported inflation to rise only mildly on the back of higher global oil prices and food commodity prices. However, even as domestic inflation sources pick up in line with faster wage growth and stronger domestic demand, the extent of pass through to consumer prices is expected to remain moderate amid still subdued retail rents and constrained pricing power for firms. There is no change to the current MAS forecast ranges of 0.5-1.0% for headline inflation and 1.5-2.0% for MAS core inflation for 2018, but the key is the 2019 inflation trajectory.
- The STI closed nearly flat (+0.05%) at 3219.16 yesterday, and may continue to range trade in the interim as investor await fresh market cues from FOMC and China. STI' resistance and support remain at 3230 and 3190 respectively. With the UST bond yields still adjusting higher ahead of the anticipated FOMC rate hike this week, with the 10-year UST bond yield up to 3.089%, this would also exert similar pressure on the SGS market, particularly given tomorrow's larger-than-expected \$1.5b re-opening of the 15-year SGS bond maturing on September 2033. That said, the Sep'33 SGS bond yield has risen to 2.84% yesterday, nearing the YTD high of 2.89% and already some 51bps higher than where it started 2018, which should see some demand from lifers if the cut-off yield is closer to the 2.9-3.0% handle notwithstanding that there is no further SGS bond maturity until June 2019. The last \$1.3b 15-year SGS bond auction in September last year fetched a bid-cover ratio of 2.19x and a cut-off yield of only 2.4%, whereas the prior two auctions saw softer demand (bid-cover was only 1.65x) albeit with much higher cut-off yields of 3.05% for the \$1.1b in September 2015 and 2.93% for the \$2.2b in July 2014.

- **Malaysia:** According to The Star, the government has announced that it will be tabling the mid-term review of the 11th Malaysia Plan on "Oct 18".

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded little changed (with the exception of the 15-year swap rates trading 1bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS were unchanged at 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 473bps. 10Y UST yields fell 2bps to 3.06% in the earlier part of the trading session after reports said that US Deputy Attorney General Rod Rosenstein was resigning from his post. Yields rebounded 3bps subsequently to close at 3.09% ahead of the Federal Reserve's meeting this week.
- **New Issues:** CFLD (Cayman) Investment Ltd has priced a USD100mn re-tap of its CHFOTN 9.0%'21s (guaranteed by China Fortune Land Development Co Ltd) at a reoffer yield of 8.991%.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.185	-0.04%	USD-SGD	1.3657	0.12%
USD-JPY	112.800	0.19%	EUR-SGD	1.6044	0.11%
EUR-USD	1.1748	-0.01%	JPY-SGD	1.2109	-0.05%
AUD-USD	0.7252	-0.52%	GBP-SGD	1.7918	0.47%
GBP-USD	1.3120	0.37%	AUD-SGD	0.9905	-0.42%
USD-MYR	4.1290	-0.04%	NZD-SGD	0.9074	-0.42%
USD-CNY	6.8571	--	CHF-SGD	1.4164	-0.44%
USD-IDR	14866	0.33%	SGD-MYR	3.0282	-0.02%
USD-VND	23320	-0.06%	SGD-CNY	5.0257	0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.9209	--
2M	-0.3380	--	1M	2.2158	--
3M	-0.3190	--	2M	2.2679	--
6M	-0.2680	--	3M	2.3726	--
9M	-0.2080	--	6M	2.5920	--
12M	-0.1680	--	12M	2.9083	--

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%	97.9%	2.1%	0.0%	0.0%
11/08/2018	100.0%	97.9%	2.1%	0.0%	0.0%
12/19/2018	100.0%	22.0%	76.3%	1.6%	0.0%
01/30/2019	100.0%	20.7%	73.0%	6.3%	0.1%
03/20/2019	100.0%	8.4%	42.0%	45.7%	3.8%
05/01/2019	100.0%	7.2%	37.2%	45.2%	9.8%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	72.08	1.84%	Coffee (per lb)	0.985	-1.40%
Brent (per barrel)	81.39	3.29%	Cotton (per lb)	0.7858	-0.70%
Heating Oil (per gallon)	2.2859	2.69%	Sugar (per lb)	0.1123	-3.85%
Gasoline (per gallon)	2.0547	1.86%	Orange Juice (per lb)	1.4645	-0.54%
Natural Gas (per MMBtu)	3.0380	2.05%	Cocoa (per mt)	2,235	3.14%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,252.3	-0.75%	Wheat (per bushel)	5.2700	1.01%
Nickel (per mt)	12,884.0	-2.29%	Soybean (per bushel)	8.410	-0.74%
Aluminium (per mt)	2,041.5	-1.59%	Corn (per bushel)	3.6050	0.91%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,204.4	0.26%	Crude Palm Oil (MYR/MT)	2,163.0	0.93%
Silver (per oz)	14.341	-0.13%	Rubber (JPY/KG)	168.9	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,562.05	-181.45
S&P	2,919.37	-10.30
Nasdaq	7,993.25	6.29
Nikkei 225	23,869.93	--
STI	3,219.16	1.48
KLCI	1,800.17	-10.47
JCI	5,882.22	-75.52
Baltic Dry	1,413.00	--
VIX	12.20	0.52

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.01 (-0.01)	2.82 (+0.02)
5Y	2.31 (-0.01)	2.97 (+0.02)
10Y	2.56 (--)	3.09 (+0.03)
15Y	2.84 (-0.01)	--
20Y	2.86 (--)	--
30Y	2.89 (--)	3.23 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	18.60	0.77
EURIBOR-OIS	3.10	-0.75
TED	20.95	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/24/2018 13:00	SI CPI YoY	Aug	0.70%	0.70%	0.60%	--
09/24/2018 13:00	SI CPI Core YoY	Aug	2.10%	1.90%	1.90%	--
09/24/2018 13:00	SI CPI NSA MoM	Aug	0.50%	0.40%	-0.10%	--
09/24/2018 14:11	PH Budget Balance PHP	Aug	--	-2.6b	-86.4b	--
09/24/2018 14:54	MU Visitor Arrivals	Aug	--	3404t	3034t	--
09/24/2018 16:00	GE IFO Business Climate	Sep	103.2	103.7	103.8	103.9
09/24/2018 16:00	GE IFO Expectations	Sep	100.5	101	101.2	101.3
09/24/2018 16:00	GE IFO Current Assessment	Sep	106	106.4	106.4	106.5
09/24/2018 18:00	UK CBI Trends Total Orders	Sep	4	-1	7	--
09/24/2018 18:00	UK CBI Trends Selling Prices	Sep	--	13	15	--
09/24/2018 20:30	CA Wholesale Trade Sales MoM	Jul	0.50%	1.50%	-0.80%	-0.90%
09/24/2018 20:30	US Chicago Fed Nat Activity Index	Aug	0.2	0.18	0.13	0.18
09/24/2018 22:00	CA Bloomberg Nanos Confidence	Sep-21	--	55.7	55.1	--
09/24/2018 22:30	US Dallas Fed Manf. Activity	Sep	31	28.1	30.9	--
	ANZ Roy Morgan Weekly Consumer Confidence Index	Sep-23	--	117.2	118	--
09/25/2018 07:30	AU PPI Services YoY	Aug	1.10%	--	1.10%	--
09/25/2018 11:30	TH Mfg Production Index ISIC NSA YoY	Aug	3.10%	--	4.60%	--
09/25/2018 11:30	TH Capacity Utilization ISIC	Aug	--	--	67.23	--
09/25/2018 13:00	JN Supermarket Sales YoY	Aug	--	--	1.50%	--
09/25/2018 13:00	JN Leading Index CI	Jul F	--	--	103.5	--
09/25/2018 13:00	JN Coincident Index	Jul F	--	--	116.3	--
09/25/2018 14:00	GE Wholesale Price Index MoM	Aug	--	--	0.00%	--
09/25/2018 14:00	GE Wholesale Price Index YoY	Aug	--	--	3.50%	--
09/25/2018 14:45	FR Business Confidence	Sep	105	--	105	--
09/25/2018 14:45	FR Manufacturing Confidence	Sep	109	--	110	--
09/25/2018 14:45	FR Production Outlook Indicator	Sep	--	--	11	--
09/25/2018 14:45	FR Own-Company Production Outlook	Sep	17	--	18	--
09/25/2018 16:00	TA Industrial Production YoY	Aug	1.00%	--	4.43%	--
09/25/2018 16:00	TA Unemployment Rate	Aug	3.70%	--	3.69%	--
09/25/2018 16:20	TA Money Supply M1B Daily Avg YoY	Aug	--	--	5.76%	--
09/25/2018 16:20	TA Money Supply M2 Daily Avg YoY	Aug	--	--	3.68%	--
09/25/2018 21:00	US FHFA House Price Index MoM	Jul	0.30%	--	0.20%	--
09/25/2018 21:00	US S&P CoreLogic CS 20-City MoM SA	Jul	0.10%	--	0.11%	--
09/25/2018 21:00	US S&P CoreLogic CS 20-City YoY NSA	Jul	6.20%	--	6.31%	--
09/25/2018 21:00	US S&P CoreLogic CS 20-City NSA Index	Jul	--	--	213.07	--
09/25/2018 21:00	US S&P CoreLogic CS US HPI NSA Index	Jul	--	--	204.48	--
09/25/2018 21:00	US S&P CoreLogic CS US HPI YoY NSA	Jul	--	--	6.24%	--
09/25/2018 22:00	US Richmond Fed Manufact. Index	Sep	20	--	24	--
09/25/2018 22:00	US Conf. Board Consumer Confidence	Sep	132.1	--	133.4	--
09/25/2018 22:00	US Conf. Board Present Situation	Sep	--	--	172.2	--
09/25/2018 22:00	US Conf. Board Expectations	Sep	--	--	107.6	--
09/06/2018 09/24	ID Motorcycle Sales	Jul	--	--	375034	661215

Source: Bloomberg

OCBC Treasury Research	
<p><u>Macro Research</u></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><u>Credit Research</u></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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