

Highlights

Global	<p>A volatile session overnight in Wall Street saw both the Dow and the S&P500 losing their year-to-date gains, while the Nasdaq lost 4.4% as tech stocks were battered amid growing growth and earnings concerns. With the ensuing flight to safety, the 10-year UST bond yield dipped to 3.1% and the USD firmed. The Fed's Beige Book highlighted that businesses remained optimistic about "modest to moderate" US growth but "several districts indicated that firms faced rising materials and shipping costs, uncertainties over the trade environment, and/or difficulties finding qualified workers". Meanwhile, BoC hiked 25bps as expected to 1.75% and the central bank remained hawkish, indicating that the "policy interest rate will need to rise to a neutral stance to achieve the inflation target" with the neutral rate estimated at 2.5-3.5%. Elsewhere, European manufacturing PMIs were also mostly slower than anticipated at 52.7 (-1.4 points) for the Eurozone and 52.7 (-2.3 points) for Germany. In Asia, South Korea reported 3Q GDP growth which disappointed at 2.0% yoy (0.6% qoq sa), marking the slowest growth since 3Q09 and a moderation from 2Q's 2.8% yoy (0.6% qoq sa).</p> <p>Asian bourses are likely to see a weak session amid dented market sentiments today. Key to watch will be the ECB policy meeting where policy settings are likely to remain unchanged and Draghi is unlikely to deviate from its existing plans for ending asset purchases at year-end and hiking interest rates through summer of 2019. The economic data calendar comprises US' durable goods orders, pending home sales and initial jobless claims, and German IFO data. Fed vice-chair Bullard is speaking on the economic outlook.</p>
US	<p>New homes sales fell 5.5% in Sep, the fourth straight monthly slide which suggests that the drag was not fully hurricane related. Meanwhile, multiple suspected bombs were sent to Democrats including Obama and Hillary Clinton, adding to the cloudy outlook ahead of the upcoming US mid-term elections, especially with President Trump's ongoing attack on Fed chair Powell ("he was supposed to be a low-interest-rate guy...it turned out he's not"), and the ongoing Saudi Arabia tensions.</p>
CH	<p>Onshore USD/CNY trading volume surged to US\$66.2 billion, even higher than that seen after the PBOC reformed the RMB fixing mechanism in 2015. This signals that the central bank might have offered USD liquidity to the market. Besides, the SAFE warned about illegal capital outflows under offshore SPV. Though China has started to play down the key psychological level of 7 for USD/CNY, the regulators may continue to use administrative measures to help slow down rather than reverse the downtrend of the RMB. At this juncture, we still think the USDCNY will stay below 7 for 2018.</p>
MY	<p>Anwar Ibrahim during his visit to China has said with regards to the US that "a country that promoted free trade for hundreds of years has started a trade war". He also describes China's growth as "legendary" and also said that they "would be a great partner in development". Meanwhile, former Prime Minister Najib Tun Razak may be recalled to face the Public Accounts Committee (PAC) over the RM19.4bn input tax credit under the goods and services tax (GST), according to the PAC chairman Ronald Kiandee.</p>

Major Markets

- **US:** Wall Street closed lower on Wednesday, with the S&P500 (-3.09%) and DJIA (-2.41%) losing their year-to-date gains. The Nasdaq composite plunged 4.43%, its largest daily decline since August 2011.
- AT&T equity plummeted 8.06% on 3Q earnings that missed expectations and below-consensus adjusted EPS, with satellite TV subscriptions tumbling.
- Texas Instruments (-8.22%) reported slowing demand across a large number of its markets amid a lower guidance revised for 4Q18.
- Boeing stock gained 1.31% on solid 3Q earnings and revenue that exceeded consensus and the aviation firm raised its 2018 outlook for EPS and revenue.

- **Singapore:** The STI ended flat (0.02%) at 3032.08 yesterday, but may take a leg down today amid the overnight Wall Street slump. STI support is tipped at 3000. Expect the flight to quality to see SGS bonds better bid today, especially after the belly of the UST curve rallying by around 7bps overnight.

- **Indonesia:** According to the Jakarta Post, Finance Minister Sri Mulyani has acknowledged that the debt had increased significantly under President Joko Widodo. The news portal also reported that she said that spending though for infrastructure increased to Rp904.6trillion between 2015 – 2017 from Rp456trillion between 2012 – 2014 whilst spending on education increased to Rp1.17quadrillion between 2015 - 2017 from Rp983trillion between 2012 – 2014.

- **Philippines:** According to Bloomberg, Bangko Sentral ng Pilipinas (BSP) Assistant Governor Francis Dakila said at a senate hearing that inflation could have already peaked in 3Q 2018 whilst he also noted that lower rice and oil prices could have helped eased inflation this month.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 1-2bps lower while the longer tenors traded 2-4bps lower (with the exception of the 15-year and 30-year swap rates trading 1bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 145bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 10bps to 523bps. Overall, 10Y UST yields fell 7bps to close at its three-week lows of 3.10% due to weakness in stocks as well as the ongoing political uncertainty ahead of the US congressional elections.

- **New Issues:** SPIC Luxemburg Latin America Renewable Energy Investment Company Sarl has priced a USD800mn deal across two tranches (guaranteed by SPIC Luxemburg Energy Investment Company Sarl), with the USD300mn 3-year bond priced at CT3+135bps, tightening from its initial price guidance of CT3+165bps area and the USD500mn 5-year bond at CT5+170bps, tightening from its initial price guidance of CT5+190bps area. Hainan Airlines (Hong Kong) Co Ltd has priced a USD100mn 2NP1 bond (guaranteed by Hainan Airlines Holding Co Ltd) at 13.17%. Sinopec Century Bright Capital Investment Ltd has priced a CNH1bn 3-year bond (guaranteed by China Petrochemical Corp) at 4.5%, tightening from its initial price guidance of 4.7%. Bluestar Finance Holdings Ltd has scheduled for investor meetings from 25 Oct for its potential USD Perp bond issuance (guaranteed by China National Bluestar (Group) Co Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.434	0.49%	USD-SGD	1.3813	0.17%
USD-JPY	112.260	-0.16%	EUR-SGD	1.5734	-0.52%
EUR-USD	1.1392	-0.69%	JPY-SGD	1.2301	0.34%
AUD-USD	0.7060	-0.37%	GBP-SGD	1.7790	-0.61%
GBP-USD	1.2881	-0.79%	AUD-SGD	0.9754	-0.15%
USD-MYR	4.1665	0.06%	NZD-SGD	0.9019	-0.17%
USD-CNY	6.9440	0.09%	CHF-SGD	1.3842	-0.12%
USD-IDR	15197	0.03%	SGD-MYR	3.0194	-0.04%
USD-VND	23345	--	SGD-CNY	5.0296	-0.07%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1739	--
2M	-0.3380	--	1M	2.2814	--
3M	-0.3170	--	2M	2.3561	--
6M	-0.2590	--	3M	2.4899	--
9M	-0.1990	--	6M	2.7476	--
12M	-0.1490	--	12M	3.0344	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	7.5%	7.5%	0.0%	0.0%	0.0%
12/19/2018	67.8%	62.9%	4.9%	0.0%	0.0%
01/30/2019	69.4%	61.5%	7.7%	0.2%	0.0%
03/20/2019	87.9%	42.8%	40.2%	4.7%	0.1%
05/01/2019	89.2%	39.6%	40.5%	8.4%	0.6%
06/19/2019	93.8%	27.2%	40.1%	22.3%	4.0%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	66.82	0.59%	Coffee (per lb)	1.203	-0.70%
Brent (per barrel)	76.17	-0.35%	Cotton (per lb)	0.7707	-2.43%
Heating Oil (per gallon)	2.2521	0.16%	Sugar (per lb)	0.1401	1.45%
Gasoline (per gallon)	1.8223	-0.79%	Orange Juice (per lb)	1.3995	1.60%
Natural Gas (per MMBtu)	3.1660	-1.43%	Cocoa (per mt)	2,137	-2.29%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,079.2	-0.02%	Wheat (per bushel)	4.9950	-1.87%
Nickel (per mt)	12,165.0	-1.22%	Soybean (per bushel)	8.503	-0.85%
Aluminium (per mt)	1,992.0	-0.25%	Corn (per bushel)	3.6825	-0.54%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,227.8	-0.45%	Crude Palm Oil (MYR/MT)	2,103.0	-0.90%
Silver (per oz)	14.676	-0.79%	Rubber (JPY/KG)	145.0	1.05%

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

Equity and Commodity

Index	Value	Net change
DJIA	24,583.42	-608.01
S&P	2,656.10	-84.59
Nasdaq	7,108.40	-329.14
Nikkei 225	22,091.18	80.40
STI	3,032.08	0.69
KLCI	1,690.04	-7.56
JCI	5,709.42	-88.47
Baltic Dry	1,577.00	--
VIX	25.23	4.52

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.07 (-0.02)	2.83 (-0.05)
5Y	2.32 (-0.03)	2.94 (-0.07)
10Y	2.56 (-0.02)	3.10 (-0.06)
15Y	2.83 (-0.02)	--
20Y	2.86 (-0.02)	--
30Y	2.95 (-0.01)	3.33 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	20.71	0.38
EURIBOR-OIS	4.13	-0.10
TED	17.49	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
10/24/2018 08:30	JN Nikkei Japan PMI Mfg	Oct P	--	53.1	52.5	--
10/24/2018 13:00	JN Leading Index CI	Aug F	--	104.5	104.4	--
10/24/2018 14:45	FR Manufacturing Confidence	Oct	107	104	107	--
10/24/2018 15:15	FR Markit France Manufacturing PMI	Oct P	52.4	51.2	52.5	--
10/24/2018 15:15	FR Markit France Services PMI	Oct P	54.7	55.6	54.8	--
10/24/2018 15:15	FR Markit France Composite PMI	Oct P	53.9	54.3	54	--
	Markit/BME Germany Manufacturing PMI					
10/24/2018 15:30	GE PMI	Oct P	53.4	52.3	53.7	--
10/24/2018 15:30	GE Markit Germany Services PMI	Oct P	55.5	53.6	55.9	--
10/24/2018 15:30	GE Markit/BME Germany Composite PMI	Oct P	54.8	52.7	55	--
10/24/2018 16:00	EC Markit Eurozone Manufacturing PMI	Oct P	53	52.1	53.2	--
10/24/2018 16:00	EC M3 Money Supply YoY	Sep	3.50%	3.50%	3.50%	3.40%
10/24/2018 16:00	EC Markit Eurozone Services PMI	Oct P	54.5	53.3	54.7	--
10/24/2018 16:00	EC Markit Eurozone Composite PMI	Oct P	53.9	52.7	54.1	--
10/24/2018 16:30	UK UK Finance Loans for Housing	Sep	39000	38505	39402	39241
10/24/2018 19:00	US MBA Mortgage Applications	Oct-19	--	4.90%	-7.10%	--
10/24/2018 21:00	US FHFA House Price Index MoM	Aug	0.30%	0.30%	0.20%	0.40%
10/24/2018 21:45	US Markit US Manufacturing PMI	Oct P	55.3	55.9	55.6	--
10/24/2018 21:45	US Markit US Services PMI	Oct P	54	54.7	53.5	--
10/24/2018 21:45	US Markit US Composite PMI	Oct P	--	54.8	53.9	--
10/24/2018 22:00	CA Bank of Canada Rate Decision	Oct-24	1.75%	1.75%	1.50%	--
10/24/2018 22:00	US New Home Sales	Sep	625k	553k	629k	585k
10/25/2018 02:00	US Federal Reserve Releases Beige Book					
10/25/2018 05:45	NZ Trade Balance NZD	Sep	-1365m	-1560m	-1484m	-1470m
10/25/2018 05:45	NZ Exports NZD	Sep	4.20b	4.33b	4.05b	3.97b
10/25/2018 05:45	NZ Imports NZD	Sep	5.60b	5.89b	5.54b	5.44b
10/25/2018 07:00	SK GDP SA QoQ	3Q P	0.80%	0.60%	0.60%	--
10/25/2018 07:00	SK GDP YoY	3Q P	2.30%	2.00%	2.80%	--
10/25/2018 07:50	JN Japan Buying Foreign Bonds	Oct-19	--	--	¥1016.9b	--
10/25/2018 07:50	JN Foreign Buying Japan Bonds	Oct-19	--	--	¥179.0b	--
10/25/2018 07:50	JN Foreign Buying Japan Stocks	Oct-19	--	--	¥52.6b	--
10/25/2018 16:00	GE IFO Business Climate	Oct	103.2	--	103.7	--
10/25/2018 16:00	GE IFO Expectations	Oct	100.4	--	101	--
10/25/2018 16:00	GE IFO Current Assessment	Oct	106	--	106.4	--
10/25/2018 16:30	HK Exports YoY	Sep	8.60%	--	13.10%	--
10/25/2018 16:30	HK Imports YoY	Sep	10.50%	--	16.40%	--
10/25/2018 16:30	HK Trade Balance HKD	Sep	-58.0b	--	-52.1b	--
10/25/2018 19:45	EC ECB Main Refinancing Rate	Oct-25	0.00%	--	0.00%	--
10/25/2018 19:45	EC ECB Marginal Lending Facility	Oct-25	0.25%	--	0.25%	--
10/25/2018 19:45	EC ECB Deposit Facility Rate	Oct-25	-0.40%	--	-0.40%	--
10/25/2018 20:30	US Wholesale Inventories MoM	Sep P	0.50%	--	1.00%	--
10/25/2018 20:30	US Durable Goods Orders	Sep P	-1.50%	--	4.40%	--
10/25/2018 20:30	US Durables Ex Transportation	Sep P	0.40%	--	0.00%	--
10/25/2018 20:30	US Cap Goods Orders Nondef Ex Air	Sep P	0.50%	--	-0.90%	--
10/25/2018 20:30	US Cap Goods Ship Nondef Ex Air	Sep P	0.40%	--	-0.20%	--
10/25/2018 20:30	US Initial Jobless Claims	Oct-20	215k	--	210k	--
10/25/2018 20:30	US Continuing Claims	Oct-13	1644k	--	1640k	--
10/25/2018 21:45	US Bloomberg Consumer Comfort	Oct-21	--	--	60.8	--
10/25/2018 22:00	US Pending Home Sales MoM	Sep	0.00%	--	-1.80%	--
10/24/2018 11/02	GE Import Price Index MoM	Sep	0.30%	--	0.00%	--
10/24/2018 11/02	GE Import Price Index YoY	Sep	4.50%	--	4.80%	--
10/25/2018 10/31	VN Exports YTD YoY	Oct	14.90%	--	15.40%	--
10/25/2018 10/31	VN CPI YoY	Oct	3.95%	--	3.98%	--
10/25/2018 10/31	VN Retail Sales YTD YoY	Oct	--	--	11.30%	--

Source: Bloomberg

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