

Highlights

Global	<p>US president Trump's "America First" speech to the United Nations General Assembly did not go down well with the audience as he reiterated his stance that "we will not be governed by an international body that is unaccountable to our own citizens" and "moving forward, we are only going to give foreign aid to those who respect us and who are, frankly, our friends". On the economic data front, US' Conference Board consumer confidence unexpectedly improved from 134.7 to a 18-year high of 138.4 in September, but this did not stop the S&P500 from slipping overnight, while the 10-year UST bond yield touched 3.11% intraday but closed down just a tad higher at 3.097%. Given the host of central bank meetings that market players are awaiting for tomorrow, Asian markets may just buy time today, albeit MSCI Inc is considering lifting the cap on China's A shares in global indexes from next year from 5% to 20%. Today's economic data calendar is relatively light and only comprises of US' new home sales and MBA mortgage applications, and S'pore's industrial production. To recap, the next 25bps FOMC hike to 2-2.25% has been fully priced in, but watch any changes in the median dots plot - specifically if 2019 now sees an additional rate hike and if the extension to 2021 still portends a rate hike or pause, a potential tweak in the FOMC statement language to remove the "accommodative" reference and Powell's rhetoric pertaining to where the neutral or terminal rate may be. BSP is likely to hike 50bps to 4.5% for the overnight borrowing rate, and BI may follow with a 50bps hike, while RBNZ and CBC are likely static.</p>
US	<p>The S&P CoreLogic Case-Shiller composite price index of 20 cities also rose 5.9% yoy in July, while the FHFA house prices was unchanged at 0.2% in July. Note US Trade Representative Lighthizer hinted that Canada may be excluded because the bilateral trade deal with Mexico needs to be signed before 30 November.</p>
EU	<p>Germany's BDI pared its 2018 growth forecast from 2.25% to 2.0% for this year citing US trade policy and Brexit uncertainty weighing on investments. Meanwhile, BOE's Vlieghe opined that the central bank can unwind QE without hurting economy.</p>
SG	<p>Industrial production likely rose 3.2% yoy (-0.6% mom sa) in August, compared to July's 6.0% yoy (-1.7% mom sa). Key to watch would be sustainability of the pharmaceuticals outperformance and persistence of electronics underperformance.</p>
ID	<p>The central bank begins their two day long policy meeting today with our expectation that the benchmark rate will be increased by 50bps. The IDR ended weaker against the USD yesterday at 14,920 from 14,866. The IDR has been facing selling pressure amid the emerging-markets sell-off, the US interest rate normalization and trade tensions.</p>
CMD	<p>India is said to cease oil imports from Iran in November, following South Korea's footsteps in abiding the US' sanctions against Iran. Oil prices continue to rise further to beyond \$81/bbl, although our view is for crude oil to see some profit-taking in the near future given the fundamental picture. Should we look at the numbers, Iranian oil production has fallen by 300,000 barrels a day since May, while Saudi Arabia's crude oil supplies grown by larger than Iran's production shortfall of 400,000 barrels a day.</p>

Major Markets

- **US:** The S&P500 and the DJIA dipped 0.13% and 0.26%, respectively, as US and China's tariffs on each other's goods took effect yesterday. The Nasdaq composite climbed 0.18% to inch above the 8,000 mark.
- Facebook equity fell 0.30% following the resignation of Instagram's co-founders, Kevin Systrom and Mike Krieger, on tensions with Facebook CEO Mark Zuckerberg.
- Intel shares slid 2.13% as it received a stock downgrade on chip manufacturing delays and production concerns.
- Novartis AG rose 0.72% on news of global restructuring to focus on its higher-value pharmaceuticals business.

- **Singapore:** For the SGS bond market, watch for today's auction for the \$1.5b re-opening of the 15-year SGS bond maturing on September 2033. The Sep'33 SGS bond yield has edged up to 2.86% yesterday, which is near the YTD high of 2.89% and already some 53bps higher than where it started 2018. As such, there should be decent 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.
- The STI added 0.53% to close up at 3236.08 yesterday, but given weak overnight leads from S&P500 and mixed cues from Nikkei and Kospi, the STI may range trade between 3200 and 3240 for now.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 2-3bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 471bps. 10Y UST yields rose 2bps to 3.11%, hitting the four-month peak on the back of increasing expectations of rate hikes and ahead of supply pressure from USD17bn and USD38bn of new supply in 2-year FRN and 5-year notes respectively. Yields subsequently fell 1bps to close at 3.10%.

- **New Issues:** There were no new issuances over 25 Sept 2018.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.133	-0.06%	USD-SGD	1.3660	0.02%
USD-JPY	112.970	0.15%	EUR-SGD	1.6073	0.18%
EUR-USD	1.1767	0.16%	JPY-SGD	1.2091	-0.15%
AUD-USD	0.7250	-0.03%	GBP-SGD	1.8008	0.50%
GBP-USD	1.3184	0.49%	AUD-SGD	0.9904	-0.01%
USD-MYR	4.1375	0.21%	NZD-SGD	0.9081	0.08%
USD-CNY	6.8675	0.15%	CHF-SGD	1.4154	-0.07%
USD-IDR	14918	0.35%	SGD-MYR	3.0288	0.02%
USD-VND	23345	0.11%	SGD-CNY	5.0290	0.07%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.9180	--
2M	-0.3380	--	1M	2.2182	--
3M	-0.3190	--	2M	2.2725	--
6M	-0.2670	--	3M	2.3736	--
9M	-0.2080	--	6M	2.5936	--
12M	-0.1670	--	12M	2.9089	--

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%	99.0%	1.0%	0.0%	0.0%
11/08/2018	100.0%	99.0%	1.0%	0.0%	0.0%
12/19/2018	100.0%	19.7%	79.5%	0.8%	0.0%
01/30/2019	100.0%	18.5%	75.8%	5.7%	0.0%
03/20/2019	100.0%	7.0%	40.3%	49.1%	3.5%
05/01/2019	100.0%	6.0%	35.5%	47.9%	10.1%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	72.28	0.28%	Coffee (per lb)	0.971	-1.42%
Brent (per barrel)	81.87	0.83%	Cotton (per lb)	0.7899	0.52%
Heating Oil (per gallon)	2.3053	0.85%	Sugar (per lb)	0.1115	-0.71%
Gasoline (per gallon)	2.0677	0.63%	Orange Juice (per lb)	1.4980	2.29%
Natural Gas (per MMBtu)	3.0820	1.45%	Cocoa (per mt)	2,195	-1.79%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,224.7	-0.44%	Wheat (per bushel)	5.2075	-1.19%
Nickel (per mt)	12,880.0	-0.03%	Soybean (per bushel)	8.458	0.56%
Aluminium (per mt)	2,054.0	0.61%	Corn (per bushel)	3.6375	0.90%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,205.1	0.06%	Crude Palm Oil (MYR/MT)	2,181.0	0.83%
Silver (per oz)	14.493	1.06%	Rubber (JPY/KG)	167.8	-0.65%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,492.21	-69.84
S&P	2,915.56	-3.81
Nasdaq	8,007.47	14.22
Nikkei 225	23,940.26	70.33
STI	3,236.08	16.92
KLCI	1,794.47	-5.70
JCI	5,874.30	-7.92
Baltic Dry	1,434.00	--
VIX	12.42	0.22

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.02 (+0.01)	2.84 (+0.02)
5Y	2.33 (+0.02)	2.98 (+0.01)
10Y	2.59 (+0.03)	3.10 (+0.01)
15Y	2.86 (+0.02)	--
20Y	2.89 (+0.02)	--
30Y	2.91 (+0.02)	3.23 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	17.90	-0.70
EURIBOR-OIS	3.82	0.72
TED	17.64	--

Economic Calendar

<u>Date Time</u>	<u>Event</u>		<u>Survey</u>	<u>Actual</u>	<u>Prior</u>	<u>Revised</u>
09/25/2018 07:30	AU Roy Morgan Weekly Consumer Confidence Index	Sep-23	--	117.2	118	--
09/25/2018 07:50	JN PPI Services YoY	Aug	1.10%	1.30%	1.10%	--
09/25/2018 11:30	TH Mfg Production Index ISIC NSA YoY	Aug	3.10%	0.70%	4.60%	4.93%
09/25/2018 11:30	TH Capacity Utilization ISIC	Aug	--	65.87	67.23	66.88
09/25/2018 13:00	JN Supermarket Sales YoY	Aug	--	0.10%	1.50%	--
09/25/2018 13:00	JN Leading Index CI	Jul F	--	103.9	103.5	--
09/25/2018 13:00	JN Coincident Index	Jul F	--	116.1	116.3	--
09/25/2018 14:00	GE Wholesale Price Index MoM	Aug	--	0.30%	0.00%	0.10%
09/25/2018 14:00	GE Wholesale Price Index YoY	Aug	--	3.80%	3.50%	3.60%
09/25/2018 14:45	FR Business Confidence	Sep	105	106	105	--
09/25/2018 14:45	FR Manufacturing Confidence	Sep	109	107	110	--
09/25/2018 14:45	FR Production Outlook Indicator	Sep	--	9	11	--
09/25/2018 14:45	FR Own-Company Production Outlook	Sep	17	9	18	20
09/25/2018 16:00	TA Industrial Production YoY	Aug	1.00%	1.33%	4.43%	4.69%
09/25/2018 16:00	TA Unemployment Rate	Aug	3.70%	3.69%	3.69%	--
09/25/2018 16:20	TA Money Supply M1B Daily Avg YoY	Aug	--	5.21%	5.76%	--
09/25/2018 16:20	TA Money Supply M2 Daily Avg YoY	Aug	--	3.42%	3.68%	--
09/25/2018 19:00	IN Fiscal Deficit INR Crore	Aug	--	51034	111224	--
09/25/2018 21:00	US FHFA House Price Index MoM	Jul	0.30%	0.20%	0.20%	0.30%
09/25/2018 21:00	US S&P CoreLogic CS 20-City MoM SA	Jul	0.10%	0.09%	0.11%	0.16%
09/25/2018 21:00	US S&P CoreLogic CS 20-City YoY NSA	Jul	6.20%	5.92%	6.31%	6.36%
09/25/2018 21:00	US S&P CoreLogic CS 20-City NSA Index	Jul	--	213.76	213.07	213.17
09/25/2018 21:00	US S&P CoreLogic CS US HPI NSA Index	Jul	--	205.35	204.48	204.44
09/25/2018 21:00	US S&P CoreLogic CS US HPI YoY NSA	Jul	--	6.00%	6.24%	6.22%
09/25/2018 22:00	US Richmond Fed Manufact. Index	Sep	20	29	24	--
09/25/2018 22:00	US Conf. Board Consumer Confidence	Sep	132.1	138.4	133.4	134.7
09/25/2018 22:00	US Conf. Board Present Situation	Sep	--	173.1	172.2	172.8
09/25/2018 22:00	US Conf. Board Expectations	Sep	--	115.3	107.6	109.3
09/26/2018 06:45	NZ Trade Balance NZD	Aug	-925m	-1484m	-143m	-196m
09/26/2018 06:45	NZ Exports NZD	Aug	4.40b	4.05b	5.35b	5.34b
09/26/2018 06:45	NZ Imports NZD	Aug	5.50b	5.54b	5.49b	5.54b
09/26/2018 06:45	NZ Trade Balance 12 Mth YTD NZD	Aug	-4620m	-4814m	-4441m	-4504m
09/26/2018 09:00	NZ ANZ Activity Outlook	Sep	--	--	3.8	--
09/26/2018 09:00	NZ ANZ Business Confidence	Sep	--	--	-50.3	--
09/26/2018 13:00	SI Industrial Production YoY	Aug	4.70%	--	6.00%	--
09/26/2018 13:00	SI Industrial Production SA MoM	Aug	-0.50%	--	-1.70%	--
09/26/2018 14:00	JN Machine Tool Orders YoY	Aug F	--	--	5.30%	--
09/26/2018 14:45	FR Consumer Confidence	Sep	97	--	97	--
09/26/2018 16:30	UK UK Finance Loans for Housing	Aug	39559	--	39584	--
09/26/2018 18:00	UK CBI Retailing Reported Sales	Sep	19	--	29	--
09/26/2018 18:00	UK CBI Total Dist. Reported Sales	Sep	--	--	24	--
09/26/2018 19:00	US MBA Mortgage Applications	Sep-21	--	--	1.60%	--
09/26/2018 22:00	US New Home Sales	Aug	630k	--	627k	--
09/26/2018 22:00	US New Home Sales MoM	Aug	0.50%	--	-1.70%	--

Source: Bloomberg

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