

Highlights

Global	<p>Markets continued to edge up slightly higher yesterday with the S&P500 closing 0.03% higher at 2,897.52 although it did cross the 2,900 mark during the day before receding. This comes as the Conference Board consumer confidence index hit a record 18-year high at 133.4 in August from 127.9 in July. However, the Mexican peso slid as investors still await further details on the outcome on where a North American Free Trade Agreement (Nafta) rewrite would leave Canada. Canadian foreign minister Chrystia Freeland has arrived in Washington to meet with US counterparts as the two sides begin a last minute sprint to hammer out an agreement. Roughly 75% of Canadian exports head to the US and some of Trump's Republican congressional allies have reportedly said they might not support an agreement that leaves Canada out. 10-year Treasury yield climbed higher towards the 2.90 handle whilst the US dollar also strengthened. Meanwhile, president Donald Trump has warned tech giants Alphabet Inc, Facebook Inc and Twitter Inc to "better be careful" after he accused Google of rigging the search results for the phrase "Trump news". Asian markets may be off to a muted start today as investors continue to assess the trade situation. Key data releases today includes the US revised 2Q 2018 GDP growth results where economists expect the US economy may have actually grown at a slightly slower pace.</p>
EZ	<p>Top officials from Italy's Five Star Movement have demanded that the European Union funds to Hungary should be suspended because of the country's unwillingness to take in migrants. This comes ahead of a meeting between Italy's interior minister Matteo Salvini and Hungarian prime minister Viktor Orban.</p>
MA	<p>The housing and local government minister Zuraida Kamaruddin has said that Prime Minister Mahathir Mohamad's remark that foreigners will be prevented from purchasing properties at the Forest City project in Johor "will be studied" before a decision is taken to chart "the way forward". Meanwhile, the Johor government has said that Mahathir's comments came as a surprise to them and they will be seeking clarification from the prime minister's department on it.</p>
HK	<p>Over the past two days, the HKMA bought HK\$16.336 billion to defend the currency peg system. As a result, the aggregate balance reduces below HK\$80 billion to HK\$76.35 billion. The round of HKD weakness is mainly due to the active carry trade. As market sentiments improve and HK stock market rebounds, investors see lower risks of sharp capital flight. Therefore, despite the continuous liquidity withdrawal and month-end effect, market expects the flushed liquidity to sustain for some time. This is also reflected in the decline in one-month HIBOR from 1.44% on 27 Aug to 1.43% on 28 Aug. In the near term, HKD may continue to trade near the weak end of the trading band and prompt more liquidity withdrawal. However, in the absence of external speculative pressure, we believe that any decline in aggregate balance and any increase in HIBOR will be gradual and moderate</p>

Major Markets

- **US:** On the equity front, the S&P500 (+0.03%) and Nasdaq composite (+0.15%) recorded a third consecutive session of all-time-highs, with the S&P500 surpassing 2,900 for the first time during intraday trading.
- Expectations of Canada to join the US-Mexico trade deal likely guided markets as well, with the Canadian dollar seeing gains against the greenback.
- US Treasury Secretary Mnuchin has said that he was optimistic on the prospect of Canada joining Mexico in signing the revamped NAFTA agreement, keeping the trilateral pact intact.
- Meanwhile, the VIX Index rose to 12.50 on Tuesday, as compared to 12.16 on Monday.
- **Singapore:** The STI rose 0.68% to 3,247.55. SATS (+2.17%), OCBC (+1.95%) and ComfortDelGro Corp (+1.72%) led the gains, while Thai Beverage (-2.34%), Hutchison Port Holdings (-2.00%) and CapitaLand Mall Trust (-0.92%) registered losses.
- **Indonesia:** Australia's new prime minister Scott Morrison's first overseas trip will be to Jakarta and he will be expected to leave later this week for Indonesia where he would be expected to discuss the conclusion of free trade talks with president Joko Widodo. Previous prime minister Malcolm Turnbull had been expected to visit Malaysia, Thailand, Vietnam and Indonesia before his ouster cancelled his trip.

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 3-5bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 137bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 3bps to 478bps. 10Y UST yields rose 3bps to close at a two-week high of 2.88% on the back of trade tensions easing somewhat after the United States and Mexico agreed on an overhaul of the North America Free Trade Agreement (NAFTA) and supply pressure weighing on 10Y UST yields. Demand for the auction for USD37bn of 5-year notes was fair, coming on the back of Monday's USD36bn 2-year notes auction. A further USD31bn 7-year notes auction would be held on Wednesday.
- **New Issues:** Lingang Wings Inc has priced a USD300mn 3-year bond (guaranteed by Shanghai Lingang Economic Development Group Co Ltd) at a reoffer yield of 4.88%. Final price guidance was 4.9%, tightening from an initial price guidance of 5.3%. Huafa Group 2018 I Company Ltd has priced a USD500mn 3-year bond (guaranteed by Zhuhai Huafa Group Co Ltd) at a reoffer yield at 5.4%, in line with final price guidance. Nan Fung Treasury Ltd has priced a USD500mn 10-year bond (guaranteed by Nan Fung International Holding Ltd) at CT10+227.5bps, tightening from its initial price guidance of CT10+250bps area. Bank of the Philippine Islands has priced a USD600mn 5-year bond at CT5+160bps, tightening from its initial price guidance of CT5+185bps area. HSBC Institutional Trust Services (Singapore) Ltd (in its capacity as trustee-manger of RCS Trust) has priced a SGD150mn 6-year bond at 3.05%, in line with its final price guidance. Asahi Mutual Life Insurance Company has scheduled for investor calls from 28 Aug for its potential USD bond issuance. Aozora Bank Ltd has scheduled for investor calls from 28 Aug for its potential 3-year USD bond issuance. CITIC Envirotech Ltd has scheduled for investor meetings from 30 Aug for its potential USD/SGD perpetual issuance. DSSP Power Sumsel PT has scheduled for investor meetings from 29 Aug for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.720	-0.06%	USD-SGD	1.3640	0.12%
USD-JPY	111.190	0.10%	EUR-SGD	1.5952	0.27%
EUR-USD	1.1695	0.15%	JPY-SGD	1.2270	0.05%
AUD-USD	0.7338	-0.18%	GBP-SGD	1.7559	-0.02%
GBP-USD	1.2873	-0.15%	AUD-SGD	1.0008	-0.07%
USD-MYR	4.0968	-0.09%	NZD-SGD	0.9152	0.32%
USD-CNY	6.8031	-0.18%	CHF-SGD	1.3974	0.50%
USD-IDR	14626	0.04%	SGD-MYR	3.0053	0.21%
USD-VND	23293	-0.01%	SGD-CNY	4.9937	-0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	--	O/N	1.9189	--
2M	-0.3370	--	1M	2.0728	--
3M	-0.3190	--	2M	2.1960	--
6M	-0.2650	--	3M	2.3173	--
9M	-0.2060	--	6M	2.5230	--
12M	-0.1660	--	12M	2.8200	--

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%	94.6%	0.0%	0.0%	0.0%
11/08/2018	100.0%	92.2%	2.6%	0.0%	0.0%
12/19/2018	100.0%	30.9%	65.7%	1.8%	0.0%
01/30/2019	100.0%	29.1%	63.6%	5.8%	0.1%
03/20/2019	100.0%	15.1%	46.1%	35.1%	3.0%
05/01/2019	100.0%	13.4%	42.6%	36.3%	6.6%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.53	-0.49%	Coffee (per lb)	1.031	-2.55%
Brent (per barrel)	75.95	-0.34%	Cotton (per lb)	0.8358	0.29%
Heating Oil (per gallon)	2.2114	-0.16%	Sugar (per lb)	0.1031	-1.90%
Gasoline (per gallon)	2.0787	-0.52%	Orange Juice (per lb)	1.5340	-2.14%
Natural Gas (per MMBtu)	2.8520	-0.83%	Cocoa (per mt)	2,320	-1.11%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,081.4	0.97%	Wheat (per bushel)	5.2325	0.14%
Nickel (per mt)	13,600.0	1.90%	Soybean (per bushel)	8.333	-1.77%
Aluminium (per mt)	2,119.0	1.79%	Corn (per bushel)	3.5625	-1.45%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,214.4	-0.13%	Crude Palm Oil (MYR/MT)	2,232.0	1.50%
Silver (per oz)	14.899	-0.49%	Rubber (JPY/KG)	170.7	-2.62%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,064.02	14.38
S&P	2,897.52	0.78
Nasdaq	8,030.04	12.14
Nikkei 225	22,813.47	13.83
STI	3,247.55	21.93
KLCI	1,826.90	15.30
JCI	6,042.65	16.68
Baltic Dry	1,697.00	--
VIX	12.50	0.34

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.88 (--)	2.67 (+0.02)
5Y	2.10 (+0.01)	2.77 (+0.03)
10Y	2.37 (+0.02)	2.88 (+0.03)
15Y	2.65 (+0.02)	--
20Y	2.68 (+0.02)	--
30Y	2.77 (+0.02)	3.03 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.90	-0.44
EURIBOR-OIS	3.10	--
TED	22.25	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
08/28/2018 05:00	SK Consumer Confidence	Aug	--	99.2	101	--
08/28/2018 11:30	TH Mfg Production Index ISIC NSA YoY	Jul	4.30%	4.64%	4.74%	5.01%
08/28/2018 11:30	TH Capacity Utilization ISIC	Jul	--	67.23	69.04	69.06
08/28/2018 14:45	FR Consumer Confidence	Aug	97	97	97	--
08/28/2018 16:00	EC M3 Money Supply YoY	Jul	4.30%	4.00%	4.40%	4.50%
08/28/2018 16:00	IT Manufacturing Confidence	Aug	106.5	104.8	106.9	106.7
08/28/2018 16:00	IT Consumer Confidence Index	Aug	115.8	115.2	116.3	116.2
08/28/2018 16:00	IT Economic Sentiment	Aug	--	103.8	105.4	105.3
08/28/2018 17:00	IT PPI MoM	Jul	--	0.40%	0.30%	--
08/28/2018 17:00	IT PPI YoY	Jul	--	3.60%	3.20%	--
08/28/2018 20:30	US Advance Goods Trade Balance	Jul	-\$69.0b	-\$72.2b	-\$68.3b	-\$67.9b
08/28/2018 20:30	US Wholesale Inventories MoM	Jul P	0.20%	0.70%	0.10%	--
08/28/2018 20:30	US Retail Inventories MoM	Jul	--	0.40%	0.00%	--
08/28/2018 21:00	US S&P CoreLogic CS 20-City MoM SA	Jun	0.20%	0.11%	0.20%	0.21%
08/28/2018 21:00	US S&P CoreLogic CS 20-City YoY NSA	Jun	6.40%	6.31%	6.51%	6.54%
08/28/2018 21:00	US S&P CoreLogic CS 20-City NSA Index	Jun	--	213.07	211.94	212
08/28/2018 21:00	US S&P CoreLogic CS US HPI NSA Index	Jun	--	204.48	202.95	202.91
08/28/2018 21:00	US S&P CoreLogic CS US HPI YoY NSA	Jun	--	6.24%	6.38%	--
08/28/2018 22:00	US Richmond Fed Manufact. Index	Aug	17	24	20	--
08/28/2018 22:00	US Conf. Board Consumer Confidence	Aug	126.6	133.4	127.4	127.9
08/28/2018 22:00	US Conf. Board Present Situation	Aug	--	172.2	165.9	166.1
08/28/2018 22:00	US Conf. Board Expectations	Aug	--	107.6	101.7	102.4
08/29/2018 07:01	UK BRC Shop Price Index YoY	Aug	--	0.10%	-0.30%	--
08/29/2018 12:30	TH Bloomberg Aug. Economic Survey					
08/29/2018 13:00	JN Consumer Confidence Index	Aug	43.3	--	43.5	--
08/29/2018 13:00	IN Bloomberg Aug. India Economic Survey					
08/29/2018 14:00	GE GfK Consumer Confidence	Sep	10.6	--	10.6	--
08/29/2018 14:45	FR Consumer Spending MoM	Jul	0.30%	--	0.10%	--
08/29/2018 14:45	FR Consumer Spending YoY	Jul	0.20%	--	0.30%	--
08/29/2018 14:45	FR GDP QoQ	2Q P	0.20%	--	0.20%	--
08/29/2018 14:45	FR GDP YoY	2Q P	1.70%	--	1.70%	--
08/29/2018 19:00	US MBA Mortgage Applications	Aug-24	--	--	4.20%	--
08/29/2018 20:30	CA Current Account Balance	2Q	-\$15.30b	--	-\$19.50b	--
08/29/2018 20:30	US GDP Annualized QoQ	2Q S	4.00%	--	4.10%	--
08/29/2018 20:30	US Personal Consumption	2Q S	3.90%	--	4.00%	--
08/29/2018 20:30	US GDP Price Index	2Q S	3.00%	--	3.00%	--
08/29/2018 20:30	US Core PCE QoQ	2Q S	2.00%	--	2.00%	--
08/29/2018 22:00	US Pending Home Sales MoM	Jul	0.30%	--	0.90%	--
08/29/2018 22:00	US Pending Home Sales NSA YoY	Jul	-2.50%	--	-4.00%	--
08/29/2018	VN Trade Balance	Aug	\$872m	--	-\$300m	--
08/29/2018	VN CPI YoY	Aug	3.90%	--	4.46%	--
08/29/2018	VN Imports YTD YoY	Aug	10.30%	--	10.20%	--
08/29/2018	VN Exports YTD YoY	Aug	14.40%	--	15.30%	--
08/29/2018	VN Industrial Production YoY	Aug	--	--	14.30%	--
08/29/2018	VN Retail Sales YTD YoY	Aug	--	--	11.10%	--

Source: Bloomberg

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