

Highlights

Global	<p>Wall Street's overnight gyrations (with S&P500 closing just shy of a correction territory) do not bode well for Asian bourses today amid fragile risk sentiments and geopolitical and trade tensions continue to overshadow financial markets, especially on news that the US is preparing to announce in early December fresh tariffs on all remaining Chinese imports if the Trump-Xi meeting fails to cut a deal. Meanwhile, German Chancellor Merkel is said to not seek re-election as CDU party leader in December and refrain from running for another term as Chancellor in 2021. Elsewhere, UK Chancellor of the Exchequer Hammond unveiled plans to end austerity and lift government spending, with tax cuts for households, the easing of welfare curbs for poorer working families and widen the budget deficit to 1.4% of GDP in FY19 (vis-à-vis 1.2% for the current FY), provided the Brexit deal with the EU is secured. Asian bourses may trade with a softer tone today. The economic data calendar comprises US' Conference Board consumer confidence for Oct, S&P CoreLogic house prices for Aug, German CPI and unemployment, Eurozone's 3Q18 GDP growth and consumer confidence. Speakers include RBA's Bullock, ECB's Lane, De Cos, Praet and Lautenschlaeger.</p>
US	<p>Personal spending and income disappointed at 0.4% and 0.2% respectively in Sep, below market expectations for 0.4% each and suggesting that the sugar high for private consumption fuelled by tax cuts is unlikely to be sustained. Despite the unemployment rate hovering around a 49-year low of 3.7%, wage growth rose only 0.2% last month. The savings rate also fell for the seventh consecutive month to 6.2% (the lowest in 2013). Meanwhile, the core PCE deflator rose 0.2% mom (2.0% yoy for the fifth straight month) in Sep. This set of data is unlikely to prompt the Fed from straying off course of gradual monetary policy normalisation. The Treasury Department tips US\$425b net marketable debt issuance for 4Q18, lower than the US\$440b estimated in July, but government borrowing this year will more than double from 2017 at US\$1.34t.</p>
CH	<p>The government is reportedly considering a proposed tax cut (5% tax from current 10%) for car purchases in a bid to stimulate the automotive industry, suggesting that the impact of the US-Sino trade war on the market is dampening growth enough to warrant a contemplated intervention. This follows President Xi Jinping and top China officials' vow about a week ago to provide "unwavering" support to the private sector. Most recently, the China Association of Automobile Manufacturers had said that passenger-car purchases by dealerships plunged 12 percent to 2.06 million units in September, falling for 3 consecutive months.</p>
SG	<p>The mini-bond auction of \$1b of the Sep22 SGS bond fetched a cut-off yield of 2.2% with a bid-cover ratio of 2.09x and a tight tail of 3bps.</p>
MY	<p>The public accounts committee (PAC) has postponed its reinvestigation of the 1MDB matter. PAC chairman Ronald Kiandee did not disclose a reason for the delay though.</p>
TH	<p>The Finance Ministry estimates that the 2018 GDP growth will come out at 4.5% yoy. They also predict that the benchmark policy interest rate will remain at 1.5% for 2018 whilst the Baht to average 32.25 against the Dollar. The ministry also predicts export growth to be at 8% for this year.</p>

Major Markets

- **US:** Wall Street closed lower on Monday, as US-Sino trade tensions heated up on reports that the US was ready to announce more tariffs on the remaining goods imported from China by early December if the Trump-Xi meeting on the sidelines of the G20 summit at Buenos Aires next month does not result in progress for negotiations.
- The S&P500 (-0.66%) and DJIA (-0.99%) remained in the red in year-to-date terms.
- FAANG stocks were laggards for the Nasdaq composite (-1.63%), with Amazon shares leading the dive to close 6.33% lower.
- Boeing equity plunged 6.59% (largest loss recorded by the DJIA for Tuesday) following news that its 737 Max was involved in a Lion Air crash.
- Automakers such as General Motors (+1.47%) and Ford (+3.34%) rose on reports that China is considering a proposal to cut sales taxes to 5% from the current 10%.
- IBM slid 4.13% after it agreed to acquire open-source enterprise computing infrastructure and application software firm Red Hat (+45.38%) for about 63% above Friday's closing share price (\$190 per share).
- **Singapore:** The STI added 0.32% to close at 2981.54 yesterday, but may open with a weaker tone today amid weak overnight leads from Wall Street and morning slippage by Kospi. STI's support and resistance are tipped at 2962 and 3000. With the bear steepening in the UST bond market, SGS bonds are likely to unwind yesterday's gains today.
- **Indonesia:** According to the Jakarta Post, Bank Indonesia (BI) believes that expansion of the manufacturing sector has started to slow down after achieving high growth in the third quarter.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates trading 3-5bps lower across most tenors (with the exception of the 15-year swap rates trading 2bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 149bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 546bps. 10Y UST yields rose 3bps to 3.11% in the earlier part of the trading session as US equities recovered from a dramatic sell-off. Yields subsequently fell 3bps to close at 3.08% after a report stating that President Donald Trump was preparing more tariffs on imports from China.
- **New Issues:** Shinhan Bank has priced a USD500mn 5-year bond at CT5+105bps, tightening from its initial price guidance of CT5+120bps area. Oceanwide Holdings International Development III Co Ltd has priced a USD215mn 3NP1.5 bond at 12.0% (PRC Parent Guarantor: Oceanwide Holdings Co Ltd; Hong Kong Parent Guarantor: China Oceanwide Group Limited, Subsidiary Guarantor: Oceanwide Real Estate International Company Limited), in line with final price guidance. Shandong Iron & Steel Group Co Ltd has scheduled for investor meetings from 30 Oct for its potential USD bond issuance. Chang Development International Ltd has scheduled for investor meetings from 30 Oct for its potential USD bond issuance (guaranteed by Changchun Urban Development & Investment Holdings (Group) Co Ltd). Shaanxi Xixian New Area Fengxi New City Development and Construction (Group) Co Ltd has scheduled for investor meetings from 30 Oct for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.579	0.23%	USD-SGD	1.3837	0.27%
USD-JPY	112.370	0.41%	EUR-SGD	1.5736	-0.01%
EUR-USD	1.1373	-0.26%	JPY-SGD	1.2313	-0.16%
AUD-USD	0.7055	-0.49%	GBP-SGD	1.7701	-0.01%
GBP-USD	1.2793	-0.27%	AUD-SGD	0.9763	-0.25%
USD-MYR	4.1795	0.06%	NZD-SGD	0.9023	0.27%
USD-CNY	6.9622	0.27%	CHF-SGD	1.3810	-0.21%
USD-IDR	15223	0.05%	SGD-MYR	3.0227	0.07%
USD-VND	23351	-0.02%	SGD-CNY	5.0340	0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1768	--
2M	-0.3380	--	1M	2.2967	--
3M	-0.3180	--	2M	2.3853	--
6M	-0.2590	--	3M	2.5204	--
9M	-0.1980	--	6M	2.7768	--
12M	-0.1480	--	12M	3.0568	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	5.5%	5.5%	0.0%	0.0%	0.0%
12/19/2018	69.4%	65.7%	3.7%	0.0%	0.0%
01/30/2019	70.7%	64.1%	6.4%	0.2%	0.0%
03/20/2019	88.9%	42.5%	42.2%	4.1%	0.1%
05/01/2019	89.9%	39.6%	42.2%	7.6%	0.5%
06/19/2019	94.5%	26.3%	41.0%	23.2%	3.7%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.04	-0.81%	Coffee (per lb)	1.143	-4.51%
Brent (per barrel)	77.34	-0.36%	Cotton (per lb)	0.7717	-1.73%
Heating Oil (per gallon)	2.2843	-0.81%	Sugar (per lb)	0.1350	-2.46%
Gasoline (per gallon)	1.8249	0.55%	Orange Juice (per lb)	1.3820	1.92%
Natural Gas (per MMBtu)	3.1850	--	Cocoa (per mt)	2,195	-2.49%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,041.8	-0.02%	Wheat (per bushel)	5.0725	0.40%
Nickel (per mt)	11,849.0	--	Soybean (per bushel)	8.390	-0.71%
Aluminium (per mt)	1,994.3	--	Corn (per bushel)	3.6675	-0.27%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,224.5	-0.65%	Crude Palm Oil (MYR/MT)	2,075.0	1.42%
Silver (per oz)	14.442	-1.76%	Rubber (JPY/KG)	146.2	-1.08%

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

Equity and Commodity

Index	Value	Net change
DJIA	24,442.92	-245.39
S&P	2,641.25	-17.44
Nasdaq	7,050.29	-116.92
Nikkei 225	21,149.80	-34.80
STI	2,981.54	9.52
KLCI	1,683.73	0.67
JCI	5,754.61	-30.31
Baltic Dry	1,516.00	--
VIX	24.70	0.54

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.03 (-0.01)	2.82 (+0.01)
5Y	2.25 (-0.03)	2.92 (+0.01)
10Y	2.48 (-0.04)	3.08 (+0.01)
15Y	2.77 (-0.03)	--
20Y	2.80 (-0.03)	--
30Y	2.91 (-0.03)	3.33 (+0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.12	1.61
EURIBOR-OIS	4.02	0.09
TED	20.11	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
10/29/2018 07:50	JN Retail Trade YoY	Sep	2.10%	2.10%	2.70%	--
10/29/2018 07:50	JN Retail Sales MoM	Sep	-0.20%	-0.20%	0.90%	--
10/29/2018 07:50	JN Dept. Store, Supermarket Sales	Sep	0.10%	0.40%	-0.10%	--
10/29/2018 10:10	VN Exports YTD YoY	Oct	14.90%	14.20%	15.40%	--
10/29/2018 10:10	VN CPI YoY	Oct	3.95%	3.89%	3.98%	--
10/29/2018 10:10	VN Retail Sales YTD YoY	Oct	--	11.40%	11.30%	--
10/29/2018 17:00	IT PPI MoM	Sep	--	0.40%	0.50%	0.60%
10/29/2018 17:30	UK Mortgage Approvals	Sep	64.7k	65.3k	66.4k	66.1k
10/29/2018 17:30	UK Money Supply M4 MoM	Sep	--	-0.30%	0.20%	0.10%
10/29/2018 17:30	UK M4 Money Supply YoY	Sep	--	0.90%	1.20%	1.10%
10/29/2018 20:30	US Personal Income	Sep	0.40%	0.20%	0.30%	0.40%
10/29/2018 20:30	US Personal Spending	Sep	0.40%	0.40%	0.30%	0.50%
10/29/2018 20:30	US PCE Deflator YoY	Sep	2.00%	2.00%	2.20%	--
10/29/2018 20:30	US PCE Core MoM	Sep	0.10%	0.20%	0.00%	--
10/29/2018 20:30	US PCE Core YoY	Sep	2.00%	2.00%	2.00%	--
10/29/2018 22:30	US Dallas Fed Manf. Activity	Oct	28.1	29.4	28.1	--
10/30/2018 05:00	SK Business Survey Manufacturing	Nov	--	72	78	--
10/30/2018 07:30	JN Job-To-Applicant Ratio	Sep	1.63	--	1.63	--
10/30/2018 07:30	JN Jobless Rate	Sep	2.40%	--	2.40%	--
10/30/2018 08:30	AU Building Approvals MoM	Sep	3.80%	--	-9.40%	--
10/30/2018 08:30	AU Building Approvals YoY	Sep	-9.00%	--	-13.60%	--
10/30/2018 10:00	SK Department Store Sales YoY	Sep	--	--	2.40%	--
10/30/2018 14:30	FR GDP QoQ	3Q A	0.50%	--	0.20%	--
10/30/2018 14:30	FR GDP YoY	3Q A	1.50%	--	1.70%	--
10/30/2018 16:00	GE CPI Saxony MoM	Oct	--	--	0.40%	--
10/30/2018 16:55	GE Unemployment Change (000's)	Oct	-12k	--	-23k	--
10/30/2018 16:55	GE Unemployment Claims Rate SA	Oct	5.10%	--	5.10%	--
10/30/2018 17:00	IT GDP WDA QoQ	3Q P	0.20%	--	0.20%	--
10/30/2018 17:00	IT GDP WDA YoY	3Q P	1.00%	--	1.20%	--
10/30/2018 18:00	EC Economic Confidence	Oct	110	--	110.9	--
10/30/2018 18:00	EC GDP SA QoQ	3Q A	0.40%	--	0.40%	--
10/30/2018 18:00	EC GDP SA YoY	3Q A	1.80%	--	2.10%	--
10/30/2018 18:00	IT Manufacturing Confidence	Oct	105	--	105.7	--
10/30/2018 18:00	IT Consumer Confidence Index	Oct	115.1	--	116	--
10/30/2018 18:00	IT Economic Sentiment	Oct	--	--	103.7	--
10/30/2018 18:00	EC Consumer Confidence	Oct F	-2.7	--	-2.7	--
10/30/2018 21:00	GE CPI MoM	Oct P	0.10%	--	0.40%	--
10/30/2018 21:00	GE CPI YoY	Oct P	2.40%	--	2.30%	--
10/30/2018 21:00	GE CPI EU Harmonized MoM	Oct P	0.10%	--	0.40%	--
10/30/2018 21:00	GE CPI EU Harmonized YoY	Oct P	2.40%	--	2.20%	--
10/30/2018 21:00	US S&P CoreLogic CS 20-City NSA Index	Aug	--	--	213.76	--
10/30/2018 22:00	US Conf. Board Consumer Confidence	Oct	135.9	--	138.4	--

Source: Bloomberg

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