

Highlights

Global	RBNZ reviewed its mandate to consider a dual mandate to target full employment as well as price stability, oil prices continued their ascent amid “phase one” of the Saudi Arabian crackdown, US president Trump saw few trade concessions yielded by Japanese PM Abe, and the UST 2-10 year bond yield curve continued to flatten to <70bps even as Apple Inc sold US\$7b of bonds. Over in Asia, Indonesia’ 3Q GDP growth disappointed market expectations but was nevertheless healthy at 5.06% yoy (3.18% qoq) versus 2Q’s print of 5.01% yoy (4.0% qoq). Today’s key market focus will be RBA policy decision later this morning (likely static but the rhetoric for the future trajectory is key). Today’s economic data calendar comprises of foreign reserve data across Asia, Taiwan CPI, German industrial production, and Oct retail PMIs from Europe. Speakers include ECB’s Draghi, Lautenschaleger, and Nouy, Fed’s Quarles, BOC’s Poloz, and BOE’s Taylor.
US	Fed’s Williams opined that given the uncertainty of growth potential, targeting a price level than a precise 2 % inflation target may make sense. Meanwhile, Randal Quarles has been officially appointed as vice chair for supervision.
EZ	ECB’s Praet argued that “brighter economic prospects have increased our confidence in the gradual convergence of inflation towards our aims” but “at the same time, a substantial amount of monetary accommodation continues to be necessary”.
CN	China’s current account surplus shrank in 3Q to US\$37.1 billion from US\$50.9 billion in 2Q while non-reserve financial account returned to deficit of US\$7.2 billion after two quarters surplus in the first half of 2017. The shrink of current account surplus in 3Q was mainly the result of the narrower surplus of goods trade. Although service trade deficit narrowed slightly to US\$68.1 billion in 3Q from US\$74.4 billion in 2Q, we think the trend of widening service trade deficit in the longer run is irreversible as more Chinese are expected to go abroad to travel and study due to rising disposable income. As such, this will create pressure for current account surplus to shrink further. Although China’s non-reserve financial account returned to deficit in 3Q, the surplus of direct investment actually widened to US\$7.3 billion from US\$1.4 billion thanks to return of foreign direct investment, which rose to US\$31.1 billion. A shrinking current account surplus, together with volatile capital account balance, will build the foundation for RMB’s two-way movement.
JP	BOJ governor Kuroda suggested that “I don’t think any adjustment is needed now and we will carry on the purchases appropriately by examining risk premiums” for ETF targets to increase holdings by JPY6 tn annually.
SG	Ravi Menon has warned of the Fintech hype, opining that “at some point in the current euphoria about fintech, there will be some reckoning of that sort”.
CMD	Anti-graft measures in Saudi Arabia widened with at least 11 Saudi Arabian princes and dozens of senior officials & prominent businessmen being arrested, intensifying further rally in oil prices overnight. Brent oil rose to as high as \$64/bbl overnight, with WTI trailing slightly behind at \$57.6/bbl. We stay cautious on further rallies in oil prices; an extension of a OPEC production cut for another three-six months have been largely priced-in, and fundamentals have not changed in a manner justifiable for the recent rally.

Major Market

- **US:** Equities started the week firmer, with all three major indices at record highs yet again. Tech stocks put in another impressive shift, this time supported by Broadcom's attempt at a hostile takeover of Qualcomm. Energy stocks also rose alongside crude prices. Overall, the S&P 500 added 0.13% and the Nasdaq Composite rose 0.33%. Dow was also marginally higher. VIX rose to 9.4, compared to a low of 9.14 in the previous session.
- Meanwhile, US Treasuries continued to diverge, with further curve flattening in the latest session. The 2y benchmark yield is higher at 1.621%, while the 10y yield slipped to 2.316%.
- **Singapore:** The STI was nearly flat (-0.01%) to close at 3381.85 yesterday, and may continue to tread water today. Notwithstanding Wall Street's overnight gains spurred by energy stocks, morning cues from Kospi are flattish. STI support and resistance are tipped at 3360 and 3400 respectively. With UST bonds continuing to bear-flatten overnight, SGS bonds may follow suit again today.
- **Hong Kong:** Retail sales growth accelerated to its strongest level since Feb 2015 at 5.6% yoy in September 2017. Sales of jewelry, watches and other luxurious goods increased at its fastest pace since August 2013 by 14.7% yoy. Meanwhile, sales of clothing, footwear and allied products rebounded by 1.7% yoy. Improved tourism activities (the number of visitor arrivals rebounding by 3.7% yoy) on China's resilient economic growth have contributed to the retail sector's recovery. Given the effect of golden week, we expect the retail sector to remain supported in October 2017. On the other hand, sales of food, alcoholic drinks and tobacco rallied by 9.2% yoy. A solid labor market and wealth effect from stock market continued to underpin local consumer sentiment. All in all, we expect retail sales growth to print about 1.5% yoy for 2017.
- **Indonesia:** 3rd quarter economic growth printed 5.06% yoy. The key private consumption gauge is stable at 4.93% yoy. Recent comments on growth from political leaders have been considerably more optimistic, with an uptick in investment and government spending expected to push growth into a higher range. We expect overall GDP growth in 2018 to up-shift into the 5.2-5.4% range.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-4bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 179bps, while the yield on JACI HY Corp fell 1bps to 6.85%. 10Y UST yields fell 1bps to 2.32% in a rather uneventful day, as it followed the drop in yields in European government bonds, which was driven by favourable supply dynamics.
- **New Issues:** OUE Treasury Pte Ltd has priced a SGD200mn 5.5-year bond (guaranteed by OUE Ltd) at 3.55%, tightening from initial guidance of 3.8% area. Guotai Junan International Holdings Ltd has priced a USD300mn 364-day bond at 2.8%, tightening from initial guidance of 2.95% area. AVIC International Leasing Co has priced a USD300mn 3-year bond at CT3+137.5bps, tightening from initial guidance of CT3+175bps area. The expected issue ratings are 'NR/NR/BBB+'. Australia and New Zealand Banking Group Ltd, acting through its New York Branch, has priced a four-tranche deal, with the USD1bn 3-year fixed rate bond priced at CT3+53bps, tightening from initial guidance of CT3+mid-60bps, the USD500mn 3-year floating rate bond priced at 3mL+32bps, with the initial guidance at 3mL equivalent; the USD1bn 5-year

fixed rate bond priced at CT5+65bps, tightening from CT5+mid-70bps; and the USD250mn 5-year floating rate bond priced at 3mL+58bps, with the initial guidance at 3mL equivalent. PT Sawit Sumbermas Sarana Tbk has scheduled investor meetings for potential USD bond issuance from 7 Nov.

- **Rating Changes:** Moody's has assigned China Jianyin Investment Limited (JIC) an 'A2' issuer rating. The outlook is stable. The rating action reflects JIC's 'Baa2' baseline credit assessment due to its low leverage and prudent investment and financial management. However the rating is constrained by credit contagion risk from major investees, its evolving investment portfolio and execution risk from new investments. The rating benefits from a three-notch uplift as Moody's expects a high level of support from the Government of China in times of need. Moody's has assigned Sawit Sumbermas Sarana Tbk (P.T.) (SSMS) a corporate family rating of 'B1'. At the same time, Moody's has assigned a backed senior unsecured bond rating of 'B1' to the proposed notes to be issued by SSMS Plantation Holdings Pte Ltd, a wholly owned subsidiary of SSMS. The outlook is stable. The rating action reflects the credit quality of Citra Borneo Indah (P.R.) (CBI), which consolidates SMSS and guarantees the notes. The rating action also takes into account the expectation of increased diversification and scale provided in CBI's downstream operations, but is constrained by CBI's small scale, its exposure to CPO price volatility, execution risk of its new downstream operations, aggressive spending on land acquisitions and limited banking relationships. Fitch has also assigned SMSS an Issuer Default Rating of 'B+'. Moody's has upgraded SK Hynix Inc's (SK Hynix) corporate family rating to 'Baa3' from 'Ba1'. The outlook remains positive. The rating action reflects favorable structural changes in the global DRAM market which should allow SK Hynix to maintain a robust financial profile and excellent liquidity through the cycles. Moody's has affirmed Bank of India, Union Bank of India and Oriental Bank of Commerce's bank deposit rating at 'Baa3', while revising the outlook to stable from negative. The rating action follows the Government of India's recapitalization of Indian public sector banks, which would be large enough to help improve the capitalization levels of banks. Fitch has affirmed PT Alam Sutera Realty Tbk's (ASRI) long-term Issuer Default Rating (IDR) at 'B' with a stable outlook, while removing the ratings from Rating Watch Negative. The rating action follows ASRI's announcement that it has received consent to waive the breach of the restricted payment covenant in the bond indentures.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.757	-0.19%	USD-SGD	1.3615	-0.25%
USD-JPY	113.710	-0.32%	EUR-SGD	1.5806	-0.28%
EUR-USD	1.1610	0.02%	JPY-SGD	1.1973	0.05%
AUD-USD	0.7691	0.54%	GBP-SGD	1.7932	0.47%
GBP-USD	1.3171	0.72%	AUD-SGD	1.0472	0.28%
USD-MYR	4.2315	-0.12%	NZD-SGD	0.9456	0.30%
USD-CNY	6.6338	-0.08%	CHF-SGD	1.3649	0.06%
USD-IDR	13524	0.19%	SGD-MYR	3.1051	-0.22%
USD-VND	22736	0.11%	SGD-CNY	4.8622	-0.10%

Equity and Commodity

Index	Value	Net change
DJIA	23,548.42	9.23
S&P	2,591.13	3.29
Nasdaq	6,786.44	22.00
Nikkei 225	22,548.35	9.23
STI	3,381.85	-0.46
KLCI	1,742.29	1.36
JCI	6,050.82	11.28
Baltic Dry	1,476.00	--
VIX	9.40	0.26

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1844	--
2M	-0.3410	--	1M	1.2432	--
3M	-0.3290	--	2M	1.3339	--
6M	-0.2760	--	3M	1.3919	--
9M	-0.2190	--	6M	1.5902	--
12M	-0.1910	--	12M	1.8629	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.41 (-0.01)	1.62 (+0.01)
5Y	1.63 (-0.02)	1.98 (-0.01)
10Y	2.13 (-0.03)	2.32 (-0.02)
15Y	2.43 (-0.02)	--
20Y	2.42 (-0.02)	--
30Y	2.52 (-0.02)	2.79 (-0.02)

Fed Rate Hike Probability

Meeting	Prob Hike	1.25 - 1.5	1.5 - 1.75	1.75 - 2.0	2.0 - 2.25
12/13/2017	92.3%	92.3%	0.0%	0.0%	0.0%
01/31/2018	92.4%	91.6%	0.8%	0.0%	0.0%
03/21/2018	96.3%	48.8%	47.1%	0.4%	0.0%
05/02/2018	96.4%	46.6%	47.2%	2.7%	0.0%
06/13/2018	97.6%	32.8%	47.0%	17.0%	0.9%
08/01/2018	97.7%	31.9%	46.6%	17.8%	1.3%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	10.05	-0.32
EURIBOR-OIS	2.70	-0.03
TED	22.27	--

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	57.35	3.07%	Copper (per mt)	6,961.1	1.28%
Brent (per barrel)	64.27	3.54%	Nickel (per mt)	12,683.0	--
Heating Oil (per gallon)	1.9422	2.95%	Aluminium (per mt)	2,170.0	--
Gasoline (per gallon)	1.8300	2.04%			
Natural Gas (per MMBtu)	3.1340	5.03%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,783.0	-0.82%
			Rubber (JPY/KG)	205.0	2.60%
Precious Metals	Futures	% chg			
Gold (per oz)	1,281.6	0.98%			
Silver (per oz)	17.235	2.38%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/06/2017 08:00	AU Melbourne Institute Inflation YoY	Oct	--	2.60%	2.50%	--
11/06/2017 08:00	NZ ANZ Commodity Price	Oct	--	-0.30%	0.80%	--
11/06/2017 08:30	JN Nikkei Japan PMI Services	Oct	--	53.4	51	--
11/06/2017 08:30	JN Nikkei Japan PMI Composite	Oct	--	53.4	51.7	--
11/06/2017 08:30	AU ANZ Job Advertisements MoM	Oct	--	1.40%	0.00%	-0.70%
11/06/2017 10:00	NZ 2Yr Inflation Expectation	4Q	--	2.02%	2.09%	--
11/06/2017 12:00	ID GDP YoY	3Q	5.19%	5.06%	5.01%	--
11/06/2017 15:00	GE Factory Orders MoM	Sep	-1.10%	1.00%	3.60%	4.10%
11/06/2017 15:00	GE Factory Orders WDA YoY	Sep	7.10%	9.50%	7.80%	8.30%
11/06/2017 16:45	IT Markit/ADACI Italy Services PMI	Oct	52.9	52.1	53.2	--
11/06/2017 16:45	IT Italy Composite PMI	Oct	54.3	53.9	54.3	--
11/06/2017 16:50	FR Markit France Services PMI	Oct F	57.4	57.3	57.4	--
11/06/2017 16:50	FR Markit France Composite PMI	Oct F	57.5	57.4	57.5	--
11/06/2017 16:55	GE Markit Germany Services PMI	Oct F	55.2	54.7	55.2	--
11/06/2017 16:55	GE Germany Composite PMI	Oct F	56.9	56.6	56.9	--
11/06/2017 17:00	EC Markit Eurozone Services PMI	Oct F	54.9	55	54.9	--
11/06/2017 17:00	EC Markit Eurozone Composite PMI	Oct F	55.9	56	55.9	--
11/06/2017 18:00	EC PPI YoY	Sep	2.70%	2.90%	2.50%	--
11/07/2017 08:00	JN Labor Cash Earnings YoY	Sep	0.50%	--	0.90%	0.70%
11/07/2017 09:00	PH CPI YoY	Oct	3.50%	--	3.40%	--
11/07/2017 11:30	AU RBA Cash Rate Target	Nov-07	1.50%	--	1.50%	--
11/07/2017 13:30	AU Foreign Reserves	Oct	--	--	A\$74.9b	--
11/07/2017 15:00	GE Industrial Production SA MoM	Sep	-0.90%	--	2.60%	--
11/07/2017 15:00	GE Industrial Production WDA YoY	Sep	4.50%	--	4.70%	--
11/07/2017 15:00	MA Foreign Reserves	Oct-31	--	--	\$101.4b	--
11/07/2017 16:00	TA CPI YoY	Oct	0.20%	--	0.50%	--
11/07/2017 16:00	TA Exports YoY	Oct	7.00%	--	28.10%	--
11/07/2017 16:00	TA Imports YoY	Oct	2.10%	--	22.20%	--
11/07/2017 16:00	TA Trade Balance	Oct	\$5.85b	--	\$6.69b	--
11/07/2017 16:30	GE Construction PMI	Oct	--	--	53.4	--
11/07/2017 16:30	UK Halifax House Prices MoM	Oct	0.20%	--	0.80%	--
11/07/2017 16:30	UK Halifax House Price 3Mths/Year	Oct	4.50%	--	4.00%	--
11/07/2017 17:00	IT Retail Sales YoY	Sep	0.50%	--	-0.50%	--
11/07/2017 17:00	SI Foreign Reserves	Oct	--	--	\$275.41b	--
11/07/2017 17:10	GE Markit Germany Retail PMI	Oct	--	--	52.8	--
11/07/2017 17:10	EC Markit Eurozone Retail PMI	Oct	--	--	52.3	--
11/07/2017 17:10	FR Markit France Retail PMI	Oct	--	--	53.3	--
11/07/2017 17:10	IT Markit Italy Retail PMI	Oct	--	--	50.2	--
11/07/2017 18:00	EC Retail Sales YoY	Sep	2.80%	--	1.20%	--
11/07/2017	HK Foreign Reserves	Oct	--	--	\$419.2b	--
11/07/2017	PH Foreign Reserves	Oct	--	--	\$81.3b	\$81.0b
11/07/2017	CH Foreign Reserves	Oct	\$3110.0b	--	\$3108.5b	--
11/07/2017	ID Foreign Reserves	Oct	--	--	\$129.40b	--
11/06/2017 11/13	VN Domestic Vehicle Sales YoY	Oct	--	--	-20.20%	--

Source: Bloomberg

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