

Highlights

Global	<p>Global risk appetite looks poised to tilt higher this morning amid news that the IMF upgraded global growth to 3.6% for 2017 and 3.7% 2018, the Catalan president Puigdemont proposed to suspend the effects of the declaration of independence for a few weeks in favour of negotiation with the Spanish government, while China's growth is likely to meet if its growth target of around 6.5% this year is not exceeded according to the head of the Statistic Bureau. Wall Street rallied on the back of consumer shares led by Wal-Mart, whereas the USD awaited the FOMC minutes for greater clarity behind the balance sheet unwinding, Dec17 rate hike intentions and 2018 trajectory.</p> <p>Asian bourses may attempt to trade firmer again today, but the economic data calendar is very light today, with only Japan's core machine orders, Taiwan trade and US' MBA mortgage applications on tap. Speakers include Fed's Evans and Williams, and ECB's Praet.</p>
US	<p>US' NFIB small business optimism fell from 105.3 in Aug to 103.0 in Sep (lowest since Nov16) post-hurricanes, but the net share planning to hire more in the next three months rose 1 point to 19% which suggested that rebuilding efforts could actually boost the labor market.</p>
EZ	<p>The German government will supposedly hike its 2017 growth forecast from 1.5% to 2.0%, and from 1.6% to 1.8% for 2018, according to a Reuters article. Meanwhile, UK' industrial production slowed to 0.2% mom (+1.6% yoy) and the trade deficit unexpectedly widened to the GBP5.6b in Aug (highest in a year) due to an import surge.</p>
JP	<p>BOJ has upgraded its economic assessment of four regional economies due to encouraging exports, consumer spending and construction, but governor Kuroda reiterated the need to continue its quantitative easing program. The Eco Watchers survey showed current conditions improved from 49.7 in Aug to 51.3 in Sep, but the outlook gauge was stable at 51.0 (previously 51.1).</p>
SG	<p>PM Lee will meet US president Trump on 23 Oct and discuss ways to further strengthen economic, political, security and people-to-people ties.</p>
KR	<p>Korea President Moon Jae-in reportedly called for efforts from his chief aides to help bolster economic growth to 3.0%, from the current 2.0% level. He added that S. Korea's economic fundamentals are "very strong and firm" despite the North Korea risk.</p>
TH	<p>Prime Minister Prayuth Chan-o-cha has finally broken the ice and announced elections to be held in November 2018. The exact date of the election is to be determined around June next year.</p>
CMD	<p>More buying in crude oil was seen overnight. Market-watchers were likely thrilled by Saudi Arabia's pledge to make the deepest allocation cuts. IMF's global growth upgrade for 2017 and 2018 likely lifted growth-related commodity prices as well. To drive the bullish message home, OPEC's Secretary-General Mohammad Barkindo reiterated his view for oil markets to rebalance rapidly (which leads to lower inventory prints into 2018) while predicting robust crude demand next year. Elsewhere, gold rallied for its third consecutive trading day, closing at a strong \$1,293.8/oz yesterday. Market will likely pay close attention to tonight's FOMC minutes to garner further anticipations towards an end-year rate hike.</p>

Major Market

- **US:** Equities marched higher on Tuesday after two days of declines. The Dow led gains, adding 0.31% to a new record high of 22830.68. The S&P 500 and Nasdaq Composite followed close behind, gaining 0.23% and 0.11% respectively. A broad-based advance saw consumer staples lead gains, carried by Wal-mart and its strong forecast for online sales figures. Utilities were the other group that saw strong gains. VIX stands at 10.08, down compared to 10.33 previously. Meanwhile, US Treasuries markets re-opened after Columbus Day, with benchmark yields broadly firmer. 2y and 10y yields stood at 1.51% and 2.36% respectively. Watch for the release of September FOMC minutes later in the NY session. Investors will attempt to gauge the commitment of the FOMC to a possible December rate hike.
- **Singapore:** The STI again closed nearly flat (-0.08%) at 3288.95 yesterday, but may try to break out from the 3280-3300 range amid more positive cues from Wall Street overnight and morning gains by Kospi. The SGS bond market rallied again by up to 4ps yesterday, led by the belly of the curve, and should remain supported today.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 2-3bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corp traded little changed at 183bps, while the yield on JACI HY Corp fell 1bps to 6.87%. 10Y UST yields traded little changed at 2.36%, despite a sell-off in bund futures after Catalonia's President Carles Puigdemont opted to seek talks with the Spanish government instead of declaring Catalonia's independence from Spain.
- **New Issues:** Mizuho Financial Group Inc has priced a EUR500mn 7-year green bond at MS7+44bps, tightening from an initial guidance of MS7+55-60bps. The expected issue ratings are 'NR/A1/NR'. Korea Housing Finance Corp has scheduled investor meetings for potential USD covered bond issuance from 16 Oct. The expected issue ratings are 'NR/A1/NR'.
- **Rating Changes:** S&P has affirmed Sunshine 100 China Holdings Ltd's (Sunshine) 'CCC+' long-term corporate credit rating, while removing the rating from CreditWatch, where it was placed with negative implications. The outlook is negative. The rating action follows Sunshine's repayment of its outstanding notes as well as the issuance of new senior unsecured notes. However, S&P believes that Sunshine will continue to face liquidity pressure and its fundamentals have not changed materially after the debt refinancing. Fitch has assigned Yiwu State-Owned Capital Operation Co Ltd (YWSCOC) an Issuer Default Rating (IDRs) of 'BBB'. The outlook is stable. YWSCOC's ratings are credit linked to those of the Yiwu municipality due to strong government oversight, strategic importance of its operations and integration with the municipal budget. YWSCOC's standalone credit profile is underpinned by its healthy leverage and adequate coverage.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	93.290	-0.41%	USD-SGD	1.3561	-0.53%
USD-JPY	112.450	-0.20%	EUR-SGD	1.6012	0.03%
EUR-USD	1.1808	0.58%	JPY-SGD	1.2059	-0.36%
AUD-USD	0.7778	0.32%	GBP-SGD	1.7904	-0.07%
GBP-USD	1.3203	0.46%	AUD-SGD	1.0548	-0.20%
USD-MYR	4.2195	-0.30%	NZD-SGD	0.9587	-0.49%
USD-CNY	6.5743	-0.77%	CHF-SGD	1.3906	-0.07%
USD-IDR	13512	-0.04%	SGD-MYR	3.1093	0.23%
USD-VND	22732	0.02%	SGD-CNY	4.8493	-0.22%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1822	--
2M	-0.3400	--	1M	1.2372	--
3M	-0.3290	--	2M	1.2719	--
6M	-0.2740	--	3M	1.3564	--
9M	-0.2220	--	6M	1.5249	--
12M	-0.1760	--	12M	1.8090	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.25 - 1.5	1.5 - 1.75	1.75 - 2.0	2.0 - 2.25
11/01/2017	0.3%	0.3%	0.0%	0.0%	0.0%
12/13/2017	76.7%	76.5%	0.2%	0.0%	0.0%
01/31/2018	77.4%	75.0%	2.4%	0.0%	0.0%
03/21/2018	87.5%	51.6%	34.9%	1.1%	0.0%
05/02/2018	88.0%	50.0%	35.5%	2.4%	0.0%
06/13/2018	91.9%	37.8%	40.2%	13.0%	0.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	50.92	2.70%	Copper (per mt)	6,747.2	0.97%
Brent (per barrel)	56.61	1.47%	Nickel (per mt)	10,987.0	0.45%
Heating Oil (per gallon)	1.7649	1.71%	Aluminium (per mt)	2,140.8	-0.57%
Gasoline (per gallon)	1.5915	2.06%			
Natural Gas (per MMBtu)	2.8910	2.05%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,694.0	-1.50%
Precious Metals	Futures	% chg	Rubber (JPY/KG)	201.8	-2.61%
Gold (per oz)	1,293.8	0.68%			
Silver (per oz)	17.207	1.39%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	22,830.68	69.61
S&P	2,550.64	5.91
Nasdaq	6,587.25	7.52
Nikkei 225	20,823.51	132.80
STI	3,288.95	-2.61
KLCI	1,761.13	-2.90
JCI	5,905.76	-9.17
Baltic Dry	1,411.00	--
VIX	10.08	-0.25

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.32 (-0.02)	1.51 (+0.01)
5Y	1.57 (-0.04)	1.96 (--)
10Y	2.09 (-0.04)	2.36 (--)
15Y	2.37 (-0.04)	--
20Y	2.37 (-0.04)	--
30Y	2.46 (-0.03)	2.90 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.88	0.05
EURIBOR-OIS	2.68	--
TED	29.68	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
10/10/2017 05:45	NZ Card Spending Total MoM	Sep --	-0.10%	0.60%	--
10/10/2017 07:50	JN BoP Current Account Balance	Aug ¥2223.3b	¥2380.4b	¥2320.0b	--
10/10/2017 07:50	JN BoP Current Account Adjusted	Aug ¥1978.6b	¥2266.9b	¥2032.9b	--
10/10/2017 07:50	JN Trade Balance BoP Basis	Aug ¥264.3b	¥318.7b	¥566.6b	--
10/10/2017 08:30	AU NAB Business Conditions	Sep --	14	15	14
10/10/2017 08:30	AU NAB Business Confidence	Sep --	7	5	--
10/10/2017 09:00	PH Exports YoY	Aug 8.10%	9.40%	10.40%	11.00%
10/10/2017 09:00	PH Imports YoY	Aug -3.00%	10.50%	-3.20%	--
10/10/2017 09:00	PH Trade Balance	Aug -\$1580m	-\$2411m	-\$1646m	-\$1617m
10/10/2017 09:52	VN Domestic Vehicle Sales YoY	Sep --	-20.20%	0.90%	--
10/10/2017 12:30	JN Bankruptcies YoY	Sep --	4.62%	-11.98%	--
10/10/2017 14:00	GE Trade Balance	Aug 19.5b	20.0b	19.5b	19.3b
10/10/2017 14:00	GE Current Account Balance	Aug 17.0b	17.8b	19.4b	19.6b
10/10/2017 14:00	GE Exports SA MoM	Aug 1.10%	3.10%	0.20%	--
10/10/2017 14:00	GE Imports SA MoM	Aug 0.50%	1.20%	2.20%	2.40%
10/10/2017 14:45	FR Industrial Production MoM	Aug 0.40%	-0.30%	0.50%	0.80%
10/10/2017 14:45	FR Industrial Production YoY	Aug 1.50%	1.10%	3.70%	3.90%
10/10/2017 14:45	FR Manufacturing Production MoM	Aug --	-0.40%	0.30%	0.60%
10/10/2017 14:45	FR Manufacturing Production YoY	Aug 2.70%	1.10%	3.90%	4.10%
10/10/2017 16:00	IT Industrial Production NSA YoY	Aug 2.50%	5.60%	4.40%	4.60%
10/10/2017 16:00	IT Industrial Production WDA YoY	Aug 2.90%	5.70%	4.40%	4.60%
10/10/2017 16:00	IT Industrial Production MoM	Aug 0.10%	1.20%	0.10%	--
10/10/2017 16:30	UK Industrial Production MoM	Aug 0.20%	0.20%	0.20%	0.30%
10/10/2017 16:30	UK Industrial Production YoY	Aug 0.90%	1.60%	0.40%	1.10%
10/10/2017 16:30	UK Manufacturing Production MoM	Aug 0.20%	0.40%	0.50%	0.40%
10/10/2017 16:30	UK Manufacturing Production YoY	Aug 1.90%	2.80%	1.90%	2.70%
10/10/2017 16:30	UK Visible Trade Balance GBP/Mn	Aug -£11,150	-£14,245	-£11,576	-£12,829
10/10/2017 16:30	UK Trade Balance Non EU GBP/Mn	Aug -£3,600	-£5,835	-£3,842	-£5,345
10/10/2017 16:30	UK Trade Balance	Aug -£2,800	-£5,626	-£2,872	-£4,236
10/10/2017 18:00	US NFIB Small Business Optimism	Sep 105	103	105.3	--
10/10/2017 20:00	UK NIESR GDP Estimate	Sep --	0.40%	0.40%	0.50%
10/10/2017 20:15	CA Housing Starts	Sep 212.0k	217.1k	223.2k	225.9k
10/10/2017 20:30	CA Building Permits MoM	Aug -1.00%	-5.50%	-3.50%	-2.80%
10/11/2017 07:30	AU Westpac Consumer Conf SA MoM	Oct --	3.60%	2.50%	--
10/11/2017 07:50	JN Core Machine Orders MoM	Aug 1.00%	--	8.00%	--
10/11/2017 07:50	JN Core Machine Orders YoY	Aug 0.70%	--	-7.50%	--
10/11/2017 14:00	JN Machine Tool Orders YoY	Sep P --	--	36.20%	--
10/11/2017 16:00	TA Exports YoY	Sep 13.60%	--	12.70%	--
10/11/2017 16:00	TA Imports YoY	Sep 9.80%	--	6.90%	--
10/11/2017 16:00	TA Trade Balance	Sep \$5.86b	--	\$5.71b	--
10/11/2017 19:00	US MBA Mortgage Applications	Oct-06 --	--	-0.40%	--
10/10/2017 10/18	CH Money Supply M2 YoY	Sep 8.90%	--	8.90%	--
10/10/2017 10/18	CH Money Supply M1 YoY	Sep 13.60%	--	14.00%	--
10/10/2017 10/18	CH Money Supply M0 YoY	Sep 6.60%	--	6.50%	--
10/10/2017 10/18	CH New Yuan Loans CNY	Sep 1200.0b	--	1090.0b	--
10/10/2017 10/18	CH New Yuan Loans CNY	Sep 1230.0b	--	1090.0b	--
10/10/2017 10/16	NZ REINZ House Sales YoY	Sep --	--	-20.00%	--

Source: Bloomberg

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