

Highlights

Global	A relief rally over initial fears over Hurricane Irma and North Korea over the weekend prompted the Dow to close above 22,000 for the first time in close to a month and both the USD and UST bond yields to rise (10-year UST at 2.13%). Meanwhile, the UN Security Council also approved new sanctions against North Korea, but stopped short of an oil embargo and a freeze for Kim Jong Un's assets while the latter responded with a tough statement that "The DPRK shall make absolutely sure that the US pays a due price". Nevertheless, we expect Asian bourses to trade on a firmer footing today, as market attention turn to the economic data calendar which comprises US' NFIB small business optimism and JOLTs job openings, UK's RPI/CPI/PPI, India's CPI and S'pore's retail sales (our forecast: +3.1% yoy and 2.4% mom sa versus June's 1.9% yoy and 4.0% mom sa). ECB's Constancio is also speaking.
SG	The Presidential Elections Committee has certified one individual to qualify for the presidential election. Business sentiments remain positive at +2.60% points for 4Q17, it is a moderation from 3Q17's +3.58% points and also lower from a year ago which printed at +2.87% points, according to the SCCB. A net 11% of employers surveyed are planning to add to headcount in 4Q17, the strongest in 2 years and up 7% qoq and 4% yoy, according to the ManpowerGroup. The public administration and education sector are most upbeat on hiring intentions, followed by transportation and utilities. The finance, insurance, real estate, wholesale and retail sector and manufacturing tip a modest rise in hiring, but mining and construction are the weak spot with a contractionary outlook of 1%.
MA	Industrial production surprised higher at 6.1% in July, beating market-estimates of 5.1%. This is the fastest pace in eight months, driven by manufacturing and electricity sectors. In our view, the pick-up in industrial output into the start of 3Q17 suggests that growth will likely stay supported on positive external demand, as industrial growth is mostly export-reliant, especially in the said manufacturing and electronic sectors.
TH	The Bank of Thailand (BOT) deputy governor Mathee Supapongse signalled that an interest rate cut is unlikely, a move seen in response to Finance Ministry Permanent Secretary Somchai rhetoric for BOT to "see the central bank use monetary policy to support" the Thai economy. Note that BOT has stated that "low interest rates for a period of time will lead to underestimation of risk from the search for yield behaviour".
CMD	More relief buying into crude oil and natural gas, as Hurricane Irma gets further downgraded to a tropical storm. WTI rose sharply by 1.2% to \$48.1/bbl, while safe haven gold fell further to \$1,335.7/oz (-1.2%). Elsewhere in Asia, palm oil futures rose to its 5-month high to MYR2,802/MT on declining Malaysia palm oil production (-0.9% m/m, +6.4% y/y), although inventories continue to climb higher.

Major Market

- **US:** Equities rose to new highs on Monday, as everyone heaved a collective sigh of relief after Hurricane Irma hit less severely than expected. The S&P 500 gained 1.08% to a new record of 2488.11, while the Dow and Nasdaq Composite added 1.19% and 1.13% to close within a hair's breadth from their respective records. Tech and insurers saw the largest gains in a broad-based advance that saw all industry sectors in the black. VIX took a big step down, closing at 10.73, compared to 12.12 previously. US Treasury yields also firmed 5-8 bps across the board. 2y and 10y benchmark yields stood at 1.32% and 2.13% at NY close.
- **Singapore:** The SCCB survey revealed that while new orders and selling price gauges improved, the volume of sales, net profits, inventory and employment levels retreated from a quarter ago. This suggests that optimism for Singapore's sequential growth upside going into 4Q17 and beyond should not be unbridled, notwithstanding the recent upbeat tone in other leading indicators such as the manufacturing, electronics and whole economy PMIs. At a sectoral level, it is not a surprise that manufacturing could still see sustained momentum in the electronics and precision engineering sectors given that new orders remained healthy (+2.50% points to +19.05% points in 4Q17). The services sector is also likely to benefit from resilient demand from education, health and social services, and corporate services. The wholesale trade industry is also seeing growth for machinery, equipment and supplies, while the transportation industry is buoyed by the water transport segment. However, the construction outlook remains tepid with both private and public building activity pipeline seeing prolonged deterioration.
- The STI closed flat at 3228.51 yesterday, but may open firmer today amid positive overnight cues from Wall Street. STI may see resistance and support at 3240 and 3220 respectively. With the UST bond yields backing up some 6-8bps overnight, the SGS bonds may continue to sell off as well after climbing some 2-6bps yesterday.
- **Hong Kong:** CNH overnight HIBOR rose most since June 1 on September 11. The rise was probably due to an unwinding of some long CNH positions as market became less bullish on the yuan after the PBOC removed a reserve requirement for trading foreign currency forwards. Nevertheless, we do not see much upside on CNH HIBOR as the new rule will likely improve the offshore RMB liquidity. Besides, the new rule is unlikely to cause any sharp depreciation in the yuan. Rather, CNH may consolidate against the backdrop of a weak USD and before the 19th National Congress of the Communist Party of China. As such, we expect CNH deposits will continue to rebound and further improve offshore RMB liquidity.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 2-6bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corp fell 3bps to 192bps, while the yield on JACI HY Corp rose 1bps to 6.76%. 10Y UST yields rose 8bps to 2.13%, as risk appetite recovered after Hurricane Irma did less damage than expected and tensions with North Korea cooled.
- **New Issues:** Sumitomo Mitsui Trust Bank Limited has priced a two tranche deal, with the USD700mn 2-year fixed rate bond priced at CT2+67bps, tightening from initial guidance of CT2+85bps; and the USD300mn 2-year floating rate bond priced at 3mL+44bps, with the initial guidance at LIBOR equivalent. The expected issue ratings

are 'A/A1/NR'. Mitsubishi UFJ Lease & Finance has priced a USD500mn 5-year bond at CT5+95bps, tightening from initial guidance of CT5+112.5bps area. The expected issue ratings are 'A/A3/NR'. Sun Hung Kai & Co (BVI) Ltd has priced a USD150mn re-tap of its SUNHKC 4.65%'22s (guaranteed by Sun Hung Kai & Co Ltd) at 4.55%, tightening from final guidance of 4.65% area. BOC Aviation Ltd has priced a two-tranche deal, with the USD500mn 5-year bond priced at CT5+117.5bps, tightening from initial guidance of CT5+140bps; and the USD500mn 10-year bond priced at CT10+140bps, tightening from initial guidance of CT10+165bps. The expected issue ratings are 'A-/NR/A-'. HT Global IT Solutions Holdings Ltd has set final guidance for a USD85mn re-tap of its HTGLOB 7%'21s at 105.125. Newcastle Coal Infrastructure Group has scheduled investor meetings for potential USD 10-year bond from 14 Sep. Wynn Macau Limited would be pricing a USD1.35bn deal in 7NC3 and 10NC5 tranches on 13 Sep to redeem its 2021 notes.

- **Rating Changes:** S&P has assigned Yihua Enterprise (Group) Co Ltd (Yihua group) a corporate credit rating of 'B'. The outlook is stable. The rating action reflects Yihua group's limited market share in the competitive global furniture industry, execution risks from expansion into healthcare services, and high debt leverage. However, the risks are tempered by Yihua group's good business diversity, vertically integrated supply chain in the furniture segment, high profit margin, and large balance of cash and liquid investments. Fitch has assigned PT Ciputra Development Tbk (Ciputra Development) an Issuer Default Rating of 'BB-'. The outlook is stable. The rating action reflects Ciputra Development's geographical and product diversification, solid recurring income, large land bank and strong joint-development record. Fitch has upgraded KT Corporation's (KT) Issuer Default Rating (IDRs) and senior unsecured ratings to 'A' from 'A-'. The Outlook on the IDRs is Stable. The rating action reflects KT's stronger financial profile achieved through the disposal of its non-core assets, workforce reduction and effective cost control.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	91.875	0.57%	USD-SGD	1.3469	0.38%
USD-JPY	109.390	1.44%	EUR-SGD	1.6099	-0.32%
EUR-USD	1.1953	-0.69%	JPY-SGD	1.2313	-1.04%
AUD-USD	0.8029	-0.38%	GBP-SGD	1.7730	0.10%
GBP-USD	1.3163	-0.28%	AUD-SGD	1.0815	0.06%
USD-MYR	4.1980	0.06%	NZD-SGD	0.9769	0.26%
USD-CNY	6.5292	0.54%	CHF-SGD	1.4083	-0.94%
USD-IDR	13156	-0.22%	SGD-MYR	3.1263	-0.31%
USD-VND	22718	-0.01%	SGD-CNY	4.8535	0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1772	--
2M	-0.3400	--	1M	1.2361	--
3M	-0.3310	--	2M	1.2718	--
6M	-0.2750	--	3M	1.3103	--
9M	-0.2160	--	6M	1.4477	--
12M	-0.1660	--	12M	1.6951	--

Fed Rate Hike Probability

Meeting	Prob Hike	1-1.25	1.25-1.5	1.5-1.75	1.75 - 2.0
09/20/2017	0.0%	99.1%	0.0%	0.0%	0.0%
11/01/2017	0.8%	98.4%	0.8%	0.0%	0.0%
12/13/2017	35.5%	63.9%	35.2%	0.3%	0.0%
01/31/2018	36.1%	63.4%	35.5%	0.6%	0.0%
03/21/2018	48.7%	50.8%	41.1%	7.5%	0.1%
05/02/2018	48.6%	50.8%	40.9%	7.5%	0.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	48.07	1.24%	Copper (per mt)	6,759.4	0.81%
Brent (per barrel)	53.84	0.11%	Nickel (per mt)	11,702.5	1.48%
Heating Oil (per gallon)	1.7427	-1.30%	Aluminium (per mt)	2,095.5	0.92%
Gasoline (per gallon)	1.6345	-0.80%			
Natural Gas (per MMBtu)	2.9500	2.08%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,802.0	1.45%
			Rubber (JPY/KG)	226.4	0.18%
Precious Metals	Futures	% chg			
Gold (per oz)	1,335.7	-1.15%			
Silver (per oz)	17.902	-1.22%			

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

Equity and Commodity

Index	Value	Net change
DJIA	22,057.37	259.58
S&P	2,488.11	26.68
Nasdaq	6,432.26	72.07
Nikkei 225	19,545.77	270.95
STI	3,228.51	--
KLCI	1,782.74	2.84
JCI	5,871.88	14.76
Baltic Dry	1,332.00	--
VIX	10.73	-1.39

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.23 (+0.02)	1.32 (+0.06)
5Y	1.49 (+0.03)	1.71 (+0.08)
10Y	2.00 (+0.05)	2.13 (+0.08)
15Y	2.26 (+0.06)	--
20Y	2.25 (+0.06)	--
30Y	2.30 (+0.06)	2.74 (+0.07)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.63	-0.66
EURIBOR-OIS	2.93	0.20
TED	27.36	--

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
09/11/2017 07:50	JN	Machine Orders MoM	Jul	4.10%	8.00%	-1.90%	--
09/11/2017 07:50	JN	Machine Orders YoY	Jul	-7.80%	-7.50%	-5.20%	--
09/11/2017 07:50	JN	Money Stock M2 YoY	Aug	4.10%	4.00%	4.00%	--
09/11/2017 07:50	JN	Money Stock M3 YoY	Aug	3.40%	3.40%	3.40%	--
09/11/2017 12:00	MA	Industrial Production YoY	Jul	5.10%	6.10%	4.00%	--
09/11/2017 12:30	JN	Tertiary Industry Index MoM	Jul	0.10%	0.10%	0.00%	-0.20%
09/11/2017 13:00	IN	Local Car Sales	Aug	--	198811	192773	--
09/11/2017 14:00	JN	Machine Tool Orders YoY	Aug P	--	36.30%	28.00%	--
09/11/2017 14:30	FR	Bank of France Ind. Sentiment	Aug	106	104	105	--
09/11/2017 16:00	IT	Industrial Production NSA YoY	Jul	--	4.40%	5.40%	5.30%
09/11/2017 16:00	IT	Industrial Production WDA YoY	Jul	3.70%	4.40%	5.30%	5.20%
09/11/2017 16:00	IT	Industrial Production MoM	Jul	-0.40%	0.10%	1.10%	--
09/11/2017 20:15	CA	Housing Starts	Aug	216.0k	223.2k	222.3k	222.0k
09/12/2017 09:00	PH	Exports YoY	Jul	8.90%	--	0.80%	--
09/12/2017 09:00	PH	Imports YoY	Jul	6.50%	--	-2.50%	--
09/12/2017 09:00	PH	Trade Balance	Jul	-\$2382m	--	-\$2147m	--
09/12/2017 09:30	AU	NAB Business Conditions	Aug	--	--	15	--
09/12/2017 09:30	AU	NAB Business Confidence	Aug	--	--	12	--
09/12/2017 13:00	SI	Retail Sales SA MoM	Jul	0.70%	--	-0.50%	--
09/12/2017 13:00	SI	Retail Sales YoY	Jul	1.70%	--	1.90%	--
09/12/2017 16:00	IT	Unemployment Rate Quarterly	2Q	11.30%	--	11.60%	--
09/12/2017 16:30	UK	CPI MoM	Aug	0.50%	--	-0.10%	--
09/12/2017 16:30	UK	CPI YoY	Aug	2.80%	--	2.60%	--
09/12/2017 16:30	UK	CPI Core YoY	Aug	2.50%	--	2.40%	--
09/12/2017 16:30	UK	Retail Price Index	Aug	274.3	--	272.9	--
09/12/2017 16:30	UK	RPI MoM	Aug	0.50%	--	0.20%	--
09/12/2017 16:30	UK	RPI YoY	Aug	3.70%	--	3.60%	--
09/12/2017 16:30	UK	RPI Ex Mort Int.Payments (YoY)	Aug	4.00%	--	3.90%	--
09/12/2017 16:30	UK	PPI Input NSA YoY	Aug	7.30%	--	6.50%	--
09/12/2017 16:30	UK	PPI Output NSA MoM	Aug	0.10%	--	0.10%	--
09/12/2017 16:30	UK	PPI Output NSA YoY	Aug	3.10%	--	3.20%	--
09/12/2017 18:00	US	NFIB Small Business Optimism	Aug	104.8	--	105.2	--
09/12/2017 20:00	IN	CPI YoY	Aug	3.27%	--	2.36%	--
09/12/2017 20:00	IN	Industrial Production YoY	Jul	1.70%	--	-0.10%	--
09/11/2017 09/13	VN	Domestic Vehicle Sales YoY	Aug	--	--	-21.30%	--
09/11/2017 09/15	CH	Money Supply M2 YoY	Aug	9.10%	--	9.20%	--
09/11/2017 09/15	CH	New Yuan Loans CNY	Aug	950.0b	--	825.5b	--
09/12/2017 09/15	NZ	REINZ House Sales YoY	Aug	--	--	-24.50%	--

Source: Bloomberg

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