

Highlights

Global	<p>Market-watchers seem to shrug off recent threats from North Korea, with Pyongyang's ambassador rejecting the "illegal and unlawful" sanctions and the country is "ready to use a form of ultimate means... to make the U.S. suffer the greatest pain it ever experienced in its history". The threat comes after the U.N. Security Council resolution imposed the toughest sanctions against Pyongyang which limited N. Korea's imports of fuel and textiles. Despite the continued pernicious choice of words made on the geopolitical front, risk appetite recovered with US major stock indices climbing higher while safe havens like USTs (2y- and 10y- yields rose 1.6bp and 3.7bp respectively) and gold fell overnight.</p> <p>For today, risk appetite would likely be shaped by incoming key economic data from US MBA Mortgage Applications, as well as EC Industrial Production, UK jobless claims & unemployment rate and China's money supply prints.</p>
US	<p>Major indices added to gains from Monday to set new record highs on Tuesday. The S&P 500 pushed towards the 2500 handle, adding 0.34% to 2496.48. The Dow and Nasdaq Composite also gained 0.28% and 0.34% to their respective highs. Financials led gains as bond yields continued to rise, while retailers were supported by positive job openings data. Tech stocks, however, were lukewarm towards the new iPhone launch, producing only a marginal gain. VIX closed at 10.58, down from 10.73. As equities push higher, the progress of the Trump's tax cut plans may be a driver for further sustained gains over the upcoming months.</p>
SG	<p>Retail sales beat consensus expectations to rise 1.8% yoy (+3.0% mom sa) in July, but is a tad slower than June's revised print of 2.0% yoy (-0.4% mom sa). However, the July reading was softer than our forecast for 3.1% yoy (+2.4% mom sa). For the first seven months of this year, retail sales remained lackluster at 1.2% yoy, even though visitor arrival number and headline GDP growth has been relatively encouraging. This compares poorly with the 2.2% retail sales growth clocked in the whole of 2016, and suggests that structural challenges remain at play, including high costs, tight manpower and e-commerce competition.</p>
KR	<p>Korea's jobless rate rose marginally to 3.8% in August on a seasonally-adjusted basis. Across the industries, employed persons seen in Electricity/Transport/Communications/Finance fell 1.6%, though employment in construction (+1.8%), Business/Personal Services (+2.0%) and Manufacturing (+0.6%) rose for the same period.</p>
CMD	<p>Crude oil prices rose for another day, as damage made by Hurricane Irma on Florida has been starkly less than previously expected while further recovery in risk appetite left gold prices marginally lower (-0.22%). Note that OPEC and its allies are said to be discussing extending their oil production cuts into March 2018, according to Bloomberg, while latest OPEC MOMR report showed that the cartel's oil production fell further into August. Elsewhere in Asia, India reportedly imported over 850 thousand tons (+15% yoy) of palm oil in August, suggesting buoyed palm oil demand from Asia's biggest palm oil consumer and sending crude palm oil futures higher as of yesterday's closing.</p>

Major Market

- **US:** US Treasuries continue to be sold off after hitting a high last Friday. Benchmark yields were 1-5 bps higher, with 2y and 10y yields at 1.33% and 2.17% respectively. This sell-off was in sympathy with gilts, which came under pressure due to strong inflation data in the UK. A new auction of 10-year notes saw weak demand, and drew a yield of 2.18%, amid some consensus that Treasuries are over-valued at this point.
- **Singapore:** STI gained 0.22% to 3,235.69 on yesterday's closing, led by gains seen in Singapore Airlines (+2.2%), YZJ Shipbuilding Holdings (+1.4%) and Golden Agri-Resources (+1.3%), though losses seen in SPH Holdings (-1.5%) and CapitaLand Commercial Trust (-0.86%) limited the overall gains.
- **Hong Kong:** Housing transactions fell for the second consecutive month by 15.7% mom to 771 deals in July. Meanwhile, average housing price decreased by 0.2% yoy in July, the first drop since September 2016. Furthermore, approved new mortgage loans for residents slid by 19.4% mom to MOP 3.82 billion. As new cooling measures suppressed investment demand, the housing market appeared to have been calming. The effect of summer holiday also led to a quiet housing market. Furthermore, two typhoons might have hit domestic economy and hurt housing market sentiment. Therefore, we expect housing transactions will continue to retreat in the rest of 3Q. Nevertheless, gradual economic recovery is likely in the fourth quarter, during which there will be a raft of new home project launches (housing completions jumped by 1253% yoy during the first seven months). That said, we believe housing market will pick up some traction in 4Q. Average housing price is expected to grow by 0% to 5% yoy over 2017.
- **Indonesia:** IDR movements have been significant of late, strengthening beyond the 13300-13400 trading band that it resided for most of the year to stand at 13200. This may be a signal that the central bank is more willing to tolerate a stronger currency amidst strong year-to-date inflows. Key to keep an eye on flow momentum as a guide to IDR price movements.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 2-4bps higher across most tenors. The largest increase was seen in the 15-year tenor, which rose 5bps. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 190bps, while the yield on JACI HY Corp rose 2bps to 6.77%. 10Y UST yields rose 3bps to 2.17%, following the rise in yields of gilts and EGBs. Yields of gilts rose on strong UK inflation data, while yields of EGBs rose due to the supply concession in EGBs. Yields were also potentially affected by the large IG credit issuance.
- **New Issues:** The Korea Development Bank has priced a three tranche deal, with the USD500mn 3-year floating rate bond priced at 3mL+67.5bps, tightening from initial guidance of 3mL+80bps; the USD350mn 5.5-year fixed rate bond priced at CT5.5+100bps, tightening from initial guidance of CT5.5+115bps; and the USD150mn floating rate being a re-tap of its KDB FLOAT'22s and priced at 3mL+80bps, tightening from initial guidance of 3mL+85~90bps. The expected issue ratings are 'AA/Aa2/AA-'. Bank of Qingdao Co Ltd has priced a USD1.203bn AT1 Perp NC5 at 5.5%, tightening from initial guidance of 5.7%. Sino-Ocean Land Treasure III Ltd has priced a

USD600mn Perp NC5 (guaranteed by Sino-Ocean Group Holding Ltd) at 5%, tightening from initial guidance of 5.375% area. The expected issue ratings are 'NR/Ba2/BB'. Inventive Global Investments Limited (a wholly-owned subsidiary of ABC International Holdings Ltd) has priced a USD500mn 3-year bond (guaranteed by Agricultural Bank of China Ltd Hong Kong Branch) at CT3+107.5bps, tightening from initial guidance of CT3+130bps area. The expected issue ratings are 'NR/NR/A'. Westpac Banking Corporation has priced a USD1.25bn Perp NC10 AT1 at 5%, tightening from a revised initial guidance of 5.25% area. The expected issue rating is 'BB+/Baa2/BBB'. Nippon Life Insurance Company has priced a USD800mn 30NC10 bond at 4%, tightening from initial guidance of 4.125%~4.25%. The expected issue ratings are 'A3/NR/NR'. Beijing Infrastructure Investment Co Ltd has scheduled investor meetings for a potential bond issuance (guaranteed and supported with a keepwell and a liquidity and support deed, as well as a deed of equity interest purchase by Beijing Infrastructure Investment Co Ltd) from 13 Sep. The expected issue ratings are 'NR/A2/A+'.

- **Rating Changes:** Moody's has assigned Eastern Creation II Investment Holdings Ltd's proposed medium term note a senior unsecured rating of 'A2'. The notes will be guaranteed by Beijing Infrastructure Investment Co Ltd's (BII). The outlook is stable. The rating action reflects BII's 'A1' issuer rating and the structural features of the note. Fitch has also assigned an expected rating of 'A+' to the notes. Moody's has assigned Asahi Group Holdings Ltd's (Asahi) bonds a senior unsecured rating of 'Baa2'. The outlook is stable. The rating action reflects Asahi's 'Baa2' rating and the limited proportion of secured debt, which minimizes subordination to be reflected in the senior unsecured rating. Asahi's 'Baa2' rating reflects its diversified product portfolio, strong presence, and stable cash flow generation capability. However, the rating is constrained by the company's high leverage, execution risk related to the integration of its European business, low margins and limited geographic diversification. Moody's has placed all ratings and counterparty risk assessments of Bank of America (BAC) Corporation under review for an upgrade. The rating action follows the recent improvement in BAC's profitability and management's commitment to a conservative risk profile. As a result, the ratings of Merrill Lynch Japan Finance Co Ltd and Bank of America NA of Australia have been placed on review for an upgrade.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	91.882	0.01%	USD-SGD	1.3474	0.04%
USD-JPY	110.170	0.71%	EUR-SGD	1.6124	0.16%
EUR-USD	1.1967	0.12%	JPY-SGD	1.2232	-0.66%
AUD-USD	0.8019	-0.12%	GBP-SGD	1.7897	0.94%
GBP-USD	1.3283	0.91%	AUD-SGD	1.0804	-0.10%
USD-MYR	4.2080	0.24%	NZD-SGD	0.9818	0.50%
USD-CNY	6.5354	0.09%	CHF-SGD	1.4032	-0.36%
USD-IDR	13200	0.33%	SGD-MYR	3.1257	-0.02%
USD-VND	22720	0.01%	SGD-CNY	4.8495	-0.08%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1778	--
2M	-0.3410	--	1M	1.2361	--
3M	-0.3310	--	2M	1.2720	--
6M	-0.2740	--	3M	1.3167	--
9M	-0.2170	--	6M	1.4493	--
12M	-0.1680	--	12M	1.6990	--

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	38.9%	60.6%	38.6%	0.3%	0.0%
01/31/2018	39.4%	60.1%	38.8%	0.6%	0.0%
03/21/2018	51.4%	48.2%	43.0%	8.2%	0.1%
05/02/2018	50.8%	48.1%	42.5%	8.1%	0.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	48.23	0.33%	Copper (per mt)	6,693.2	-0.98%
Brent (per barrel)	54.27	0.80%	Nickel (per mt)	11,913.0	1.80%
Heating Oil (per gallon)	1.7406	-0.12%	Aluminium (per mt)	2,106.5	0.52%
Gasoline (per gallon)	1.6563	1.33%			
Natural Gas (per MMBtu)	3.0010	1.73%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,829.0	0.96%
			Rubber (JPY/KG)	228.8	1.06%
Precious Metals	Futures	% chg			
Gold (per oz)	1,332.7	-0.22%			
Silver (per oz)	17.890	-0.07%			

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

Equity and Commodity

Index	Value	Net change
DJIA	22,118.86	61.49
S&P	2,496.48	8.37
Nasdaq	6,454.28	22.02
Nikkei 225	19,776.62	230.85
STI	3,235.69	7.18
KLCI	1,789.86	7.12
JCI	5,872.38	0.50
Baltic Dry	1,355.00	--
VIX	10.58	-0.15

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.24 (+0.01)	1.33 (+0.02)
5Y	1.50 (+0.01)	1.75 (+0.04)
10Y	2.02 (+0.02)	2.17 (+0.04)
15Y	2.30 (+0.04)	--
20Y	2.28 (+0.03)	--
30Y	2.33 (+0.03)	2.77 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	16.04	0.41
EURIBOR-OIS	2.82	-0.11
TED	29.13	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
09/12/2017 09:00	PH Exports YoY	Jul	8.90%	10.40%	0.80%	5.80%
09/12/2017 09:00	PH Imports YoY	Jul	6.50%	-3.20%	-2.50%	-1.30%
09/12/2017 09:00	PH Trade Balance	Jul	-\$2382m	-\$1646m	-\$2147m	-\$1992m
09/12/2017 09:30	AU NAB Business Conditions	Aug	--	15	15	14
09/12/2017 09:30	AU NAB Business Confidence	Aug	--	5	12	--
09/12/2017 13:00	SI Retail Sales SA MoM	Jul	0.70%	3.00%	-0.50%	-0.40%
09/12/2017 13:00	SI Retail Sales YoY	Jul	1.70%	1.80%	1.90%	2.00%
09/12/2017 13:08	VN Domestic Vehicle Sales YoY	Aug	--	0.90%	-21.30%	--
09/12/2017 16:00	IT Unemployment Rate Quarterly	2Q	11.30%	11.20%	11.60%	--
09/12/2017 16:30	UK CPI YoY	Aug	2.80%	2.90%	2.60%	--
09/12/2017 16:30	UK CPI Core YoY	Aug	2.50%	2.70%	2.40%	--
09/12/2017 16:30	UK Retail Price Index	Aug	274.3	274.7	272.9	--
09/12/2017 16:30	UK RPI YoY	Aug	3.70%	3.90%	3.60%	--
09/12/2017 16:30	UK RPI Ex Mort Int.Payments (YoY)	Aug	4.00%	4.10%	3.90%	--
09/12/2017 16:30	UK PPI Input NSA YoY	Aug	7.30%	7.60%	6.50%	6.20%
09/12/2017 16:30	UK PPI Output NSA YoY	Aug	3.10%	3.40%	3.20%	--
09/12/2017 18:00	US NFIB Small Business Optimism	Aug	104.8	105.3	105.2	--
09/12/2017 20:00	IN CPI YoY	Aug	3.24%	3.36%	2.36%	--
09/12/2017 20:00	IN Industrial Production YoY	Jul	1.60%	1.20%	-0.10%	-0.20%
09/13/2017 06:45	NZ Food Prices MoM	Aug	--	0.60%	-0.20%	--
09/13/2017 07:00	SK Unemployment rate SA	Aug	3.70%	3.80%	3.60%	--
09/13/2017 07:50	JN PPI YoY	Aug	3.00%	--	2.60%	--
09/13/2017 08:30	AU Westpac Consumer Conf SA MoM	Sep	--	--	-1.20%	--
09/13/2017 14:00	GE CPI YoY	Aug F	1.80%	--	1.80%	--
09/13/2017 14:00	GE CPI EU Harmonized MoM	Aug F	0.20%	--	0.20%	--
09/13/2017 14:00	GE CPI EU Harmonized YoY	Aug F	1.80%	--	1.80%	--
09/13/2017 16:30	UK Claimant Count Rate	Aug	--	--	2.30%	--
09/13/2017 16:30	UK Jobless Claims Change	Aug	--	--	-4.2k	--
09/13/2017 16:30	UK ILO Unemployment Rate 3Mths	Jul	4.40%	--	4.40%	--
09/13/2017 17:00	EC Industrial Production SA MoM	Jul	0.10%	--	-0.60%	--
09/13/2017 17:00	EC Industrial Production WDA YoY	Jul	3.30%	--	2.60%	--
09/13/2017 19:00	US MBA Mortgage Applications	Sep-08	--	--	3.30%	--
09/13/2017 20:30	US PPI Final Demand MoM	Aug	0.30%	--	-0.10%	--
09/13/2017 20:30	US PPI Ex Food and Energy MoM	Aug	0.20%	--	-0.10%	--
09/13/2017 20:30	US PPI Final Demand YoY	Aug	2.50%	--	1.90%	--
09/13/2017 20:30	US PPI Ex Food and Energy YoY	Aug	2.10%	--	1.80%	--
09/12/2017 09/15	CH Money Supply M2 YoY	Aug	9.10%	--	9.20%	--
09/12/2017 09/15	CH New Yuan Loans CNY	Aug	950.0b	--	825.5b	--
09/13/2017 09/15	NZ REINZ House Sales YoY	Aug	--	--	-24.50%	--

Source: Bloomberg

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