

Highlights

Global	Global risk appetite remained resilient, with the S&P500 climbing above 2,500 for the first time last Friday, as investors shrugged off soft US economic data releases and yet another North Korean missile test (note US Secretary of State Tillerson said “we seek a peaceful solution to this”). It will be a busy week ahead with key events like FOMC (starting tomorrow and likely culminating in an announcement to begin unwinding its balance sheet on Wednesday), BSP, BI and CBC (all three central banks are likely static on Thursday), as well as BOJ (also likely to remain accommodative at this juncture, especially amid market speculation of a snap election as early as next month). Polls also suggest the New Zealand election on 23 September could be a close fight between Labour’s Jacinda Ardern and PM Bill English, while German Chancellor Merkel is also entering the final days of campaigning ahead of the 24 September elections against challenger Martin Schulz. Today’s economic data calendar is relatively light and comprises of Indonesia’s August trade and Eurozone’s CPI. Speakers include BOE governor Carney (interesting after the BOE policymakers suggested last week a more hawkish tilt amid a “slightly stronger picture than anticipated”) and ECB’s Lautenschlaeger. Asian bourses may open and trade on a firmer footing this morning, but Japanese markets are closed for holiday today.
US	US’ retail sales unexpectedly fell 0.2% mom in August, partially weighed down by Hurricane Harvey and partly due to disappointing auto sales, but the June and July data were also revised lower which suggested that momentum was slowing in 3Q17. Excluding autos, retail sales rose just 0.2%. Meanwhile, industrial production also declined 0.9% mom for the same factors, while the University of Michigan sentiment index also retreated from 96.8 in August to 95.3 in September, possibly impacted by Hurricanes Harvey and Irma. However, the Empire State index came off the August high of 25.2 but to a less extent than expected at 24.4, while July business inventories still rose 0.2% after a 0.5% gain in June.
SI	NODX growth came in stronger than expected in August at 17.0% yoy (4.5% mom sa), higher than our forecast of 12.3% yoy (4.5% mom sa), as electronics NODX momentum continued to surprise on the upside at 21.7% yoy in August, largely driven by ICs (36.8% yoy). Non-electronics exports also strengthened from 4.4% yoy to 15.0% yoy over the same period, as petrochemicals surged 31.9% yoy. However, the July data was revised down slightly to 7.6% yoy (8.5% mom sa) for headline NODX and 15.3% yoy for electronics exports.
CN	Money supply M2 decelerated further to 8.9% yoy in August, lowest on record. The deceleration was partially due to China’s financial deleverage. However, as aggregate social financing growth remains steady at above 13% yoy, the widening gap between aggregate social financing and M2 growth shows there is no imminent pressure for PBoC to ease monetary policy.
ID	Watch for Bank Indonesia (BI) policy decision on Friday. Inflation pressures has continued to moderate since the surprise rate cut in August, and that may provide an excuse for policymakers to cut further this month.
TH	BOT governor Veerathai Santiprabhob commented that Thailand’s policy rate at 1.50% accommodates economic growth, though a rate cut does not necessarily lead to a weaker THB.

Major Market

- **US:** Equities emerged unscathed from the North Korean missile test and London terror attacks to close at record highs. The S&P 500 broke through a psychological barrier to close at 2500.23, up 0.19%. The Dow also closed at a record of 22268.34, up 0.29%. The Nasdaq Composite rose 0.30%. Equities has risen about 12% year-to-date. A familiar tale by now is that new theories will emerge for why the equity rally is overstretched every time records are hit. However, equities were repeatedly able to swat them aside and push ahead. VIX is lower at 10.17, compared to 10.44 in the previous session.
- Meanwhile, UST Treasuries continue to be pressured, led by a selloff in UK gilts after a “hawkish hold” by the Bank of England and subsequent hawkish comments by Vlieghe led to a realignment of BOE rate hike expectations. In addition, consumer sentiment data also came in stronger than expected. UST benchmark yields for the 2y and 10y stood at 1.38% and 2.20%, firmer by approximately 2 bps. This week, we await indications from the FOMC regarding balance sheet reduction, and signals regarding a possible hike in December. Corporate earnings season also restarts with Adobe Systems and Fedex Corp reporting.
- **Singapore:** The STI closed down 0.35% at 3209.56 on Friday, but may avoid testing the 3200 support amid positive cues from Wall Street on Friday and modest morning gains in Kospi. STI may see resistance and support at 3230 and 3200 respectively. With the UST bond yields backing up 1-3bps on Friday to steepen the yield curve, the SGS bonds may tread a similar sell-off path today.
- **Commodities:** Further risk-taking appetite left gold prices in the dust, with the yellow metal falling to its lowest in over a week to \$1,325/oz. Market-watchers’ fear over further intensification of geopolitical tensions likely subsided after the US pledged a “peaceful pressure” campaign against North Korea, while US President Trump stuck to his rhetoric to tighten sanctions against Pyongyang during a call with S. Korean President Moon.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened on Friday, with swap rates trading 1-4bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 189bps. Similarly, the yield on JACI HY Corp fell 1bps to 6.79%. 10Y UST yields rose 2bps to 2.20%, following the rise in yields of UK gilts as BOE rate-hike expectations were brought forward.
- **New Issues:** Tianjin Lingang Investment Holding Co Ltd has priced a USD360mn 360-day bond at 4.5%, unchanged from initial guidance of 4.5% area.
- **Rating Changes:** S&P has affirmed ABN AMRO Group NA’s rating, while revising the outlook to positive from stable. The rating action follows the revision of outlook for various Dutch banks as S&P believes that the economic risk trend for the Dutch banking industry is now positive rather than stable. Moody’s has affirmed IOI Corporation Berhad’s (IOI) ‘Baa2’ issuer rating, the ‘Baa2’ senior unsecured bond ratings of IOI Investment (L) Berhad, and the ‘Baa2’ senior unsecured bank credit facility rating of IOI Ventures (L) Berhad. The outlook has been revised to stable from negative. The rating action reflects Moody’s expectation that IOI is well-positioned to be

removed from the watch list of the Roundtable on Sustainable Palm Oil (RSPO). Moody's has placed Cromwell Property Group's (Cromwell) 'Baa3' Issuer Rating on review for downgrade. Similarly, Moody's has placed Cromwell Property Securities Limited and CDPT Finance Pty Ltd's 'Baa2' senior secured ratings on review for downgrade. The rating action follows Cromwell's recording of high financial leverage and the fact that it is funding its investments with short-term loans. Fitch has assigned Red Star Macalline Group Corporation Ltd's (RSM) senior unsecured notes a 'BBB' rating. The outlook is stable. The rating action reflects RSM's hybrid business model of owning malls and managing malls it does not own, which enables RSM to expand with low capex commitments. However, the rating is constrained by RSM's high leverage ratio.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	91.872	-0.27%	USD-SGD	1.3452	-0.13%
USD-JPY	110.830	0.54%	EUR-SGD	1.6073	0.14%
EUR-USD	1.1945	0.22%	JPY-SGD	1.2138	-0.63%
AUD-USD	0.8002	-0.04%	GBP-SGD	1.8287	1.32%
GBP-USD	1.3594	1.46%	AUD-SGD	1.0767	-0.18%
USD-MYR	4.1895	-0.38%	NZD-SGD	0.9812	0.88%
USD-CNY	6.5526	-0.05%	CHF-SGD	1.4046	0.47%
USD-IDR	13240	-0.08%	SGD-MYR	3.1152	0.08%
USD-VND	22725	0.00%	SGD-CNY	4.8694	0.30%

Equity and Commodity

Index	Value	Net change
DJIA	22,268.34	64.86
S&P	2,500.23	4.61
Nasdaq	6,448.47	19.38
Nikkei 225	19,909.50	102.06
STI	3,209.56	-11.39
KLCI	1,786.33	4.96
JCI	5,872.39	20.39
Baltic Dry	1,385.00	24.00
VIX	10.17	-0.27

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.1789	--
2M	-0.3410	--	1M	1.2372	0.0028
3M	-0.3290	--	2M	1.2728	0.0011
6M	-0.2710	0.0010	3M	1.3239	0.0028
9M	-0.2200	-0.0010	6M	1.4711	0.0125
12M	-0.1710	--	12M	1.7321	0.0125

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.27 (+0.01)	1.38 (+0.02)
5Y	1.55 (+0.02)	1.81 (+0.03)
10Y	2.06 (+0.02)	2.20 (+0.02)
15Y	2.36 (+0.02)	--
20Y	2.32 (+0.02)	--
30Y	2.37 (+0.02)	2.77 (--)

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	2.8%	96.3%	2.8%	0.0%	0.0%
12/13/2017	46.7%	52.8%	45.4%	1.3%	0.0%
01/31/2018	47.1%	52.4%	45.5%	1.7%	0.0%
03/21/2018	64.1%	35.6%	47.7%	15.8%	0.5%
05/02/2018	64.3%	35.4%	47.6%	16.1%	0.6%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.73	-0.34
EURIBOR-OIS	2.88	-0.02
TED	29.74	1.57

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.89	--	Copper (per mt)	6,501.4	-0.29%
Brent (per barrel)	55.62	0.27%	Nickel (per mt)	11,010.0	-1.03%
Heating Oil (per gallon)	1.7988	1.20%	Aluminium (per mt)	2,056.3	-0.58%
Gasoline (per gallon)	1.6617	2.03%			
Natural Gas (per MMBtu)	3.0240	-1.50%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,861.0	-0.21%
			Rubber (JPY/KG)	221.2	-2.94%
Precious Metals	Futures	% chg			
Gold (per oz)	1,325.2	-0.31%			
Silver (per oz)	17.701	-0.49%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Positionings

For the week ended: 12 Sep 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Sugar	-47,735	-62,995	15,260	Lean Hogs	49,407	59,108	-9,701
Cotton	83,262	69,001	14,261	Natural Gas	-53,681	-48,199	-5,482
Silver	73,953	62,423	11,530	Corn	-42,213	-38,190	-4,023
Gold	274,420	264,921	9,499	Nymex Crude	434,661	437,203	-2,542
Soybean	3,898	-3,998	7,896	Copper	46,556	48,561	-2,005
Wheat	-49,745	-53,933	4,188	Palladium	22,395	24,205	-1,810
Live Cattle	104,496	100,441	4,055	Platinum	38,645	38,667	-22
Heating Oil	43,234	40,666	2,568	Coffee	-23,381	-23,631	250
Cocoa	-36,067	-37,480	1,413	RBOB Gasoline	80,179	79,362	817

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
09/15/2017 05:00	NZ	REINZ House Sales YoY	Aug	--	-20.00%	-24.50%	--
09/15/2017 06:30	NZ	BusinessNZ Manufacturing PMI	Aug	--	57.9	55.4	55.5
09/15/2017 10:00	ID	Imports YoY	Aug	9.60%	8.89%	54.02%	--
09/15/2017 10:00	ID	Exports YoY	Aug	8.30%	19.24%	41.12%	--
09/15/2017 10:00	ID	Trade Balance	Aug	\$548m	\$1720m	-\$270m	--
09/15/2017 11:00	NZ	Non Resident Bond Holdings	Aug	--	61.20%	61.70%	--
09/15/2017 13:17	PH	Overseas Remittances YoY	Jul	6.50%	7.10%	5.70%	--
09/15/2017 15:30	TH	Foreign Reserves	Sep-08	--	\$199.3b	\$196.2b	--
09/15/2017 15:30	TH	Forward Contracts	Sep-08	--	\$32.3b	\$32.0b	--
09/15/2017 16:00	CH	Money Supply M2 YoY	Aug	9.10%	8.90%	9.20%	--
09/15/2017 16:00	CH	New Yuan Loans CNY	Aug	950.0b	1090.0b	825.5b	--
09/15/2017 16:00	CH	Aggregate Financing CNY	Aug	1280.0b	1480.0b	1220.0b	1220.6b
09/15/2017 16:00	CH	Money Supply M1 YoY	Aug	14.80%	14.00%	15.30%	--
09/15/2017 16:01	CH	Money Supply M0 YoY	Aug	6.00%	6.50%	6.10%	--
09/15/2017 16:30	IT	General Government Debt	Jul	--	2300.0b	2281.4b	--
09/15/2017 17:00	EC	Trade Balance NSA	Jul	--	23.2b	26.6b	--
09/15/2017 20:30	US	Empire Manufacturing	Sep	18	24.4	25.2	--
09/15/2017 20:30	US	Retail Sales Advance MoM	Aug	0.10%	-0.20%	0.60%	0.30%
09/15/2017 21:00	CA	Existing Home Sales MoM	Aug	--	1.30%	-2.10%	--
09/15/2017 21:15	US	Industrial Production MoM	Aug	0.10%	-0.90%	0.20%	0.40%
09/15/2017 21:15	US	Capacity Utilization	Aug	76.70%	76.10%	76.70%	76.90%
09/15/2017 21:15	US	Manufacturing (SIC) Production	Aug	0.30%	-0.30%	-0.10%	0.00%
09/15/2017 22:00	US	U. of Mich. Sentiment	Sep P	95	95.3	96.8	--
09/15/2017 22:00	US	Business Inventories	Jul	0.20%	0.20%	0.50%	--
09/18/2017 06:30	NZ	Performance Services Index	Aug	--	57.3	56	--
09/18/2017 07:01	UK	Rightmove House Prices MoM	Sep	--	-1.20%	-0.90%	--
09/18/2017 08:30	SI	Electronic Exports YoY	Aug	15.00%	--	16.30%	--
09/18/2017 08:30	SI	Non-oil Domestic Exports SA MoM	Aug	3.10%	--	-2.50%	--
09/18/2017 08:30	SI	Non-oil Domestic Exports YoY	Aug	11.80%	--	8.50%	--
09/18/2017 09:30	AU	New Motor Vehicle Sales YoY	Aug	--	--	1.80%	--
09/18/2017 16:00	IT	Trade Balance EU	Jul	--	--	1219m	--
09/18/2017 16:00	IT	Trade Balance Total	Jul	--	--	4502m	--
09/18/2017 16:30	HK	Unemployment Rate SA	Aug	3.10%	--	3.10%	--
09/18/2017 17:00	EC	CPI MoM	Aug	0.30%	--	-0.50%	-0.50%
09/18/2017 17:00	EC	CPI YoY	Aug F	1.50%	--	1.30%	1.30%
09/18/2017 17:00	EC	CPI Core YoY	Aug F	1.20%	--	1.20%	--
09/18/2017 20:30	CA	Int'l Securities Transactions	Jul	--	--	-0.92b	--
09/18/2017 22:00	CA	Bloomberg Nanos Confidence	Sep-15	--	--	58.4	--
09/18/2017 22:00	US	NAHB Housing Market Index	Sep	67	--	68	--
09/15/2017 09/18	IN	Exports YoY	Aug	--	10.30%	3.90%	--
09/15/2017 09/18	IN	Imports YoY	Aug	--	21.00%	15.40%	--

Source: Bloomberg

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