

### Highlights

<b>Global</b>	<p>Yesterday's market action was mostly dominated by risk-off sentiments especially in EM markets, even though IMF MD Lagarde said IMF-Argentina talks had "made progress". Overnight, Wall Street drifted lower amid the commodity price retreat, whereas the 10-year UST bond yield rose to 2.90% given the heavy corporate issuance pipeline and better-than-expected manufacturing ISM data. Meanwhile, RBA left its cash rate steady for the 23<sup>rd</sup> consecutive meeting at 1.5% as expected, with Governor Lowe's commenting that "the low level of interest rates is continuing to support the Australian economy" and "further progress in reducing unemployment and having inflation return to target is expected, although this progress is likely to be gradual". In addition, "some lenders have increased mortgage rates by small amounts, although the average mortgage rate paid is lower than a year ago". Asian markets may still trade with a mixed tone today, awaiting further trade and central bank cues. The key focus today will be the resumption of the US-Canada talks on NAFTA (albeit Canadian PM Trudeau said he will not back down on anti-dumping panels and exemption for cultural industries), while BNM is tipped to leave its OPR unchanged later today as investors await the fiscal plans in the upcoming budget announcement on 2 November. Today's economic releases include Australia's 2Q18 GDP growth, US' July trade deficit and mortgage applications, services and composite PMIs across Europe and Asia (including China's Caixin), Malaysia's July trade and Taiwan's CPI. Speakers include ECB's Praet, Fed's Bullard and Kashkari.</p>
<b>US</b>	<p>The manufacturing ISM surprised on the upside, rising from 58.1 in July to 61.3 (highest since May 2004) in August, with the new orders gauge jumping from 60.2 to 65.1, while the employment gauge also improved from 56.5 to 58.5, whereas the prices paid gauge eased from 73.2 to 72.1. Construction spending rose less than expected by 0.1% in July, followed a revised 0.8% decline in June. Separately, Fed's Kashkari opined that "I've also been saying that we're raising interest rates too aggressively...I don't see any indication that we're running above potential, so let's let it keep running".</p>
<b>UK</b>	<p>BOE governor Carney signalled to lawmakers that he was open to a second extension of his term when it expires next year.</p>
<b>SG</b>	<p>The Singapore Nikkei PMI pulled back to 51.1 (weakest since mid-2017) in August, down significantly from 53.0 in July, amid slower output and new orders increases and employment stagnated with wage inflation slowing further. Notably, export sales fell again and purchasing activity also dipped sharply in August, with the former seeing the steepest rate of decline in two years and the latter seeing the sharpest fall in the 6-year survey history. This suggests that the global trade tensions had likely begun to hurt external demand and implies a likely moderation in Singapore's growth momentum in 2H18. However, one saving grace may be the business confidence gauge for output over the next year which improved to the best in a year and suggests non-permanent damage should the trade concerns subside.</p>
<b>ID</b>	<p>The IDR continued to depreciate further as it ended Tuesday at 14,935 against the USD, a change of about 0.81%. The currency has been hit by an emerging market sell off as the South African economy slid into recession and Argentina unveiled a series of measures aimed at addressing the country's weak fiscal situation.</p>

## Major Markets

- **US:** Wall Street closed lower on Tuesday, with the S&P500 falling by 0.17% to 2,896.72.
- Amazon briefly surpassed the \$1tn market capitalisation milestone during intraday trading before closing slightly lower, being the second publicly listed US company to do so after Apple.
- Tesla dipped 4.21% on pessimistic reports and doubts about its potential to free up cash flow, as well as Mercedes Benz's announcement of its new electric cars to be released next year, heating up competition in the industry.
- **Singapore:** The STI edged up 0.10% to close at 3212.76 yesterday, but overnight Wall Street performance and morning cues from Nikkei and Kospi remain negative. STI support and resistance are tipped at 3200 and 3231 respectively. UST bond yields climbed up to 4bps with a bear-steepening bias as longer-dated bonds bore the brunt of the sell-off, and SGS bonds may also extend the sell off today.
- **Malaysia:** Bank Negara Malaysia (BNM) will hold its monetary policy committee meeting with expectations that the central bank will most likely hold rates at 3.25%.
- Going forward, focus would probably be on the government's fiscal plan with the 2019 budget expected to be released on the 2nd November 2018.
- **Indonesia:** According to the Jakarta Post, industry minister Airlangga Hartarto has said that the government will impose import tariffs that will be 2.5% for raw materials and range between 7.5% – 10.0% for downstream goods as the government attempts to curb imports. Bank Indonesia governor Perry Warjiyo, according to Bloomberg, has mentioned that he continues to see global uncertainties rising whilst the central bank's focus is on economic stability in the short term, especially the rupiah.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 2-4bps higher while the longer tenors traded within 1bps of yesterday's curve (with the exception of the 30-year swap rates trading 3bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 141bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS was unchanged at 484bps. 10Y UST yields rose 4bps to close at 2.90%, its three-week high after data showed that US manufacturing activity accelerated to more than a 14-year high in August as well as supply pressure from heavy corporate debt.
- **New Issues:** CGNPC International Ltd has priced a deal across three tranches with the USD500mn 5-year bond priced at CT5+120bps, tightening from its initial price guidance of CT5+145bps area; the USD100mn 30-year bond priced at 4.8%, in line with the final price guidance and the EUR500mn 7-year green bond at MS+150bps, tightening from its initial price guidance of MS+155bps area. Capital Environment Holdings Ltd has priced a USD250mn 3-year green bond (keepwell provider: Beijing Capital Group Co Ltd) at CT3+303bps, tightening from its initial price guidance of CT3+315bps area. CICC Hong Kong Finance 2016 MTN Ltd has priced a USD400mn 3-year bond at 3mL+120bps, tightening from its initial price guidance of 3mL+140bps area. Mitsubishi UFJ Financial Group Inc has priced a USD3bn deal across three tranches with the USD1.15bn re-tap of its MUFG 3.761%'23s at CT5+95bps, tightening from its initial price guidance of CT5+105-110bps area; the USD850mn re-tap of its MUFG FRN'23s at 3mL+81bps, in line with its initial price guidance and the USD1bn 10-year bond at

CT10+115bps, tightening from its initial price guidance of CT10+125-130bps area. BAIC Motor Corporation Limited has scheduled for investor meetings from 5 Sept for its potential USD bond issuance. The Independent State of Papua New Guinea has scheduled for investor meetings from 5 Sept for its potential USD 5-year/10-year bond issuance. Rural Electrification Corp Ltd has hired banks for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.439	0.31%	<b>USD-SGD</b>	1.3762	0.33%
<b>USD-JPY</b>	111.410	0.31%	<b>EUR-SGD</b>	1.5940	0.01%
<b>EUR-USD</b>	1.1582	-0.32%	<b>JPY-SGD</b>	1.2349	0.02%
<b>AUD-USD</b>	0.7178	-0.50%	<b>GBP-SGD</b>	1.7691	0.21%
<b>GBP-USD</b>	1.2855	-0.12%	<b>AUD-SGD</b>	0.9879	-0.16%
<b>USD-MYR</b>	4.1388	0.24%	<b>NZD-SGD</b>	0.9023	-0.32%
<b>USD-CNY</b>	6.8442	0.31%	<b>CHF-SGD</b>	1.4123	-0.19%
<b>USD-IDR</b>	14935	0.81%	<b>SGD-MYR</b>	3.0087	-0.12%
<b>USD-VND</b>	23315	0.07%	<b>SGD-CNY</b>	4.9709	-0.06%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	--	<b>O/N</b>	1.9149	--
<b>2M</b>	-0.3390	--	<b>1M</b>	2.1095	--
<b>3M</b>	-0.3190	--	<b>2M</b>	2.2064	--
<b>6M</b>	-0.2680	--	<b>3M</b>	2.3156	--
<b>9M</b>	-0.2070	--	<b>6M</b>	2.5350	--
<b>12M</b>	-0.1660	--	<b>12M</b>	2.8389	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
09/26/2018	100.0%	96.3%	0.0%	0.0%	0.0%
11/08/2018	100.0%	93.8%	2.6%	0.0%	0.0%
12/19/2018	100.0%	34.9%	62.2%	1.7%	0.0%
01/30/2019	100.0%	33.1%	60.8%	4.8%	0.1%
03/20/2019	100.0%	15.1%	45.2%	36.4%	2.8%
05/01/2019	100.0%	13.8%	42.4%	37.2%	5.9%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.87	0.10%	Coffee (per lb)	1.015	-0.34%
Brent (per barrel)	78.17	0.03%	Cotton (per lb)	0.8278	0.68%
Heating Oil (per gallon)	2.2547	0.60%	Sugar (per lb)	0.1064	0.38%
Gasoline (per gallon)	1.9942	-6.97%	Orange Juice (per lb)	1.5525	0.52%
Natural Gas (per MMBtu)	2.8230	-3.19%	Cocoa (per mt)	2,332	-0.17%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,736.4	-2.58%	Wheat (per bushel)	5.3150	-2.57%
Nickel (per mt)	12,390.0	-2.51%	Soybean (per bushel)	8.443	0.09%
Aluminium (per mt)	2,039.8	-1.76%	Corn (per bushel)	3.6825	0.89%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,199.1	-0.63%	Crude Palm Oil (MYR/MT)	2,298.0	1.77%
Silver (per oz)	14.180	-2.59%	Rubber (JPY/KG)	168.8	-0.18%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,952.48	-12.34
<b>S&amp;P</b>	2,896.72	-4.80
<b>Nasdaq</b>	8,091.25	-18.29
<b>Nikkei 225</b>	22,696.90	-10.48
<b>STI</b>	3,210.51	3.31
<b>KLCI</b>	1,812.76	-0.82
<b>JCI</b>	5,905.30	-62.28
<b>Baltic Dry</b>	1,557.00	--
<b>VIX</b>	13.16	0.30

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.90 (+0.01)	2.65 (+0.03)
<b>5Y</b>	2.13 (+0.01)	2.77 (+0.03)
<b>10Y</b>	2.40 (+0.01)	2.90 (+0.04)
<b>15Y</b>	2.69 (+0.01)	--
<b>20Y</b>	2.73 (+0.01)	--
<b>30Y</b>	2.81 (+0.01)	3.06 (+0.04)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	20.63	-0.95
<b>EURIBOR-OIS</b>	3.79	-0.21
<b>TED</b>	23.20	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/04/2018 07:00	SK GDP SA QoQ	2Q F	0.70%	0.60%	0.70%	--
09/04/2018 07:00	SK GDP YoY	2Q F	2.90%	2.80%	2.90%	--
09/04/2018 07:00	SK CPI MoM	Aug	0.40%	0.50%	0.20%	--
09/04/2018 07:00	SK CPI YoY	Aug	1.40%	1.40%	1.50%	--
09/04/2018 07:50	JN Monetary Base YoY	Aug	--	6.90%	7.00%	--
09/04/2018 08:30	VN Nikkei Vietnam PMI Mfg	Aug	--	53.7	54.9	--
09/04/2018 09:30	AU BoP Current Account Balance	2Q	-\$11.0b	-\$13.5b	-\$10.5b	-\$11.7b
09/04/2018 12:30	AU RBA Cash Rate Target	Sep-04	1.50%	1.50%	1.50%	--
09/04/2018 16:30	UK Markit/CIPS UK Construction PMI	Aug	54.9	52.9	55.8	--
09/04/2018 17:00	EC PPI YoY	Jul	3.90%	4.00%	3.60%	--
09/04/2018 21:30	CA Markit Canada Manufacturing PMI	Aug	--	56.8	56.9	--
09/04/2018 21:45	US Markit US Manufacturing PMI	Aug F	54.5	54.7	54.5	--
09/04/2018 22:00	US Construction Spending MoM	Jul	0.40%	0.10%	-1.10%	-0.80%
09/04/2018 22:00	US ISM Manufacturing	Aug	57.6	61.3	58.1	--
09/04/2018 22:00	US ISM Prices Paid	Aug	69.5	72.1	73.2	--
09/05/2018 05:00	SK Foreign Reserves	Aug	--	\$401.13b	\$402.45b	--
09/05/2018 08:30	JN Nikkei Japan PMI Services	Aug	--	--	51.3	--
09/05/2018 08:30	JN Nikkei Japan PMI Composite	Aug	--	--	51.8	--
09/05/2018 08:30	HK Nikkei Hong Kong PMI	Aug	--	--	48.2	--
09/05/2018 09:00	NZ ANZ Commodity Price	Aug	--	--	-3.20%	--
09/05/2018 09:00	PH CPI YoY 2012=100	Aug	5.90%	--	5.70%	--
09/05/2018 09:30	AU GDP SA QoQ	2Q	0.70%	--	1.00%	--
09/05/2018 09:30	AU GDP YoY	2Q	2.90%	--	3.10%	--
09/05/2018 09:45	CH Caixin China PMI Composite	Aug	--	--	52.3	--
09/05/2018 09:45	CH Caixin China PMI Services	Aug	52.6	--	52.8	--
09/05/2018 12:00	MA Trade Balance MYR	Jul	6.70b	--	6.05b	--
09/05/2018 12:00	MA Exports YoY	Jul	4.70%	--	7.60%	--
09/05/2018 13:00	IN Nikkei India PMI Services	Aug	--	--	54.2	--
09/05/2018 13:00	IN Nikkei India PMI Composite	Aug	--	--	54.1	--
09/05/2018 15:00	MA BNM Overnight Policy Rate	Sep-05	3.25%	--	3.25%	--
09/05/2018 15:45	IT Markit/ADACI Italy Services PMI	Aug	53.1	--	54	--
09/05/2018 15:45	IT Markit/ADACI Italy Composite PMI	Aug	52.2	--	53	--
09/05/2018 15:50	FR Markit France Services PMI	Aug F	55.7	--	55.7	--
09/05/2018 15:50	FR Markit France Composite PMI	Aug F	55.1	--	55.1	--
09/05/2018 15:55	GE Markit Germany Services PMI	Aug F	55.2	--	55.2	--
09/05/2018 15:55	GE Markit/BME Germany Composite PMI	Aug F	55.7	--	55.7	--
09/05/2018 16:00	SI Automobile COE Open Bid Cat A	Sep-05	--	--	31997	--
09/05/2018 16:00	SI Automobile COE Open Bid Cat B	Sep-05	--	--	32429	--
09/05/2018 16:00	TA CPI YoY	Aug	1.79%	--	1.75%	--
09/05/2018 16:00	EC Markit Eurozone Services PMI	Aug F	54.4	--	54.4	--
09/05/2018 16:00	EC Markit Eurozone Composite PMI	Aug F	54.4	--	54.4	--
09/05/2018 16:20	TA Foreign Reserves	Aug	--	--	\$458.50b	--
09/05/2018 16:30	UK Markit/CIPS UK Services PMI	Aug	53.9	--	53.5	--
09/05/2018 16:30	UK Markit/CIPS UK Composite PMI	Aug	54	--	53.6	--
09/05/2018 17:00	EC Retail Sales MoM	Jul	-0.10%	--	0.30%	--
09/05/2018 17:00	EC Retail Sales YoY	Jul	1.30%	--	1.20%	--
09/05/2018 19:00	US MBA Mortgage Applications	Aug-31	--	--	-1.70%	--
09/05/2018 20:30	CA Int'l Merchandise Trade	Jul	-1.00b	--	-0.63b	--
09/05/2018 20:30	CA Labor Productivity QoQ	2Q	0.50%	--	-0.30%	--
09/05/2018 20:30	US Trade Balance	Jul	-\$50.2b	--	-\$46.3b	--
09/05/2018 22:00	CA Bank of Canada Rate Decision	Sep-05	1.50%	--	1.50%	--

Source: Bloomberg

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