

### Highlights

<b>Global</b>	<p>A relatively quiet trading session overnight saw the S&amp;P500 slipping for the fourth session while the 10-year UST bond yield ended lower at 3.20%. Meanwhile, crude oil prices rose on news of Hurricane Michael. The IMF has shaved the global growth forecasts for the first time since July 2016 from 3.9% to 3.7% for 2018-19, warning that “not only have some downside risks we identified in the last WEO been realised, the likelihood of further negative shocks to our growth forecast has risen”. Notably, the IMF tips US and China growth 2.5% (previously 2.7%) and 6.2% (previously 6.4%) for next year respectively while leaving the 2018 forecasts unchanged at 2.9% and 6.6% for this year. The IMF also warned that “asset valuations appear to be relatively high in some markets notably in the United States” and “overall, market participants appear complacent about the risk of a sharp tightening of financial conditions”, hence there is a 5% probability that EM other than China could face debt-market outflows of at least US\$100b, on par with the GFC capital flight. US rhetoric also suggest a hardening of negotiating stance against China and want to see a detailed list of concessions before president Trump will engage with president Xi at the G20 summit in November.</p> <p>In the interim, Asian markets likely to range trade and await further cues on the US-China trade front. Today’s economic data calendar comprises US’PPI and wholesale inventories, UK’ August industrial production and trade data, and Philippines’ trade data. Speakers include Fed’s Williams, Evans and Bostic, RBA’s Coombs and Ellis, and BOE’s Haldane. Watch for the market reception to China’s US\$3b sovereign bond sale of 5-, 10- and 30-year securities.</p>
<b>US</b>	<p>The US’ NFIB small business sentiment survey eased from 108.8 in August to 107.9 in September, with business owners reporting a record wage gain amid the lack of available labor. This may resonate with Fed’s Harker (non-voter) who warned that “we have a labor market with very little slack left, and the most common refrain I hear from employers is that they can’t fill the jobs they have”.</p>
<b>EU</b>	<p>German exports unexpectedly fell 0.1% in August, while imports declined 2.7%, which widened its current account surplus from EUR15.1b in July to EUR15.3b. Meanwhile, Italian minister Tria called for “constructive dialogue” with the EU about the 2019 budget. Elsewhere, the BOE opined that “there has been considerable progress in the UK to address these risks, but only limited progress in the EU” and urged the latter to do more to protect cross-border financial services from a hard Brexit risk.</p>
<b>CH</b>	<p>The USDCNY fixing was set at 6.9019, above key psychological level 6.90 for the first time since May 2017. This shows more flexibility from PBoC. The pair may drift gradually higher to test 2017 high of 6.95 range should broad dollar strengthen further.</p>
<b>CMD</b>	<p>Oil prices rose further on new supply shocks following Hurricane Michael which reportedly shut some oil fields in the Gulf of Mexico. Note that Brent closed at \$85/bbl, the highest in a week, while WTI crossed its \$75/bbl handle on intra-day trading yesterday. Further risk aversion seen to-date left gold higher, even as the IMF downgraded its global growth outlook to 3.7%, down from 3.9%, citing US-Sino trade tensions, weaker performance by Eurozone countries, rising interest rates and capital outflows from EM markets.</p>

## Major Market

- **US:** Fed's Kaplan warned that "there are lots of conflicting factors going on", "prospects for future US growth are somewhat sluggish" and "I still don't see inflation right now running away from us". In contrast, President Trump reiterated his criticism of the Fed and opined that "I like to see low interest rates" and "I just don't think it's necessary to go as fast".
- Wall Street closed mostly lower on Tuesday with the S&P500 and DJIA slipping by 0.14% and 0.21%, respectively, led by declines in material and industrial equity.
- PPG Industries warned investors of lower quarterly profits due to an increase in material costs and softened demand from China, as well as a fall in income due to weaker foreign currencies against the USD, sending its shares lower by 11.02%.
- Starbucks rose 2.07% after Ackman's Pershing Square unveiled its 1.1% stake in the firm worth \$900m.
- **Singapore:** The STI extended declines for a fourth session to close down 0.47% at 3166.60 yesterday, but may trade a 3140-31810 range today. Although S&P500 ended lower overnight, mixed morning cues from Nikkei and Kospi suggest some bottom fishing may start to emerge. Front-end SGS bond yields climbed yesterday, but may tread water awaiting Friday's MAS MPS decision and 3Q18 GDP growth estimates.
- **Malaysia:** Prime Minister Mahathir Mohamad has made mention that the government "may have to devise new taxes in order to have the money to pay (our) debts" but details on the taxes will be announced as part of the budget speech on 2nd November 2018, according to Finance Minister Lim Guan Eng. Mahathir also said, "We may have to sell some of our valuable assets in order to raise funds to pay the debts." He also did not give details on the assets to be sold but Political Secretary to the Minister of Finance, Tony Pua said that Khazanah and PNB would be reviewing their stakes, with him also noting that "perhaps for non-core holdings and non-strategic assets" to be "looked into" so that they "can realise their full value". He also said that the government "will be working with the private sector on how these assets can be corporately disposed of orderly" as they look to "create greater participation of the private sector" in the economy. He also clarified that Khazanah and PNB "will get their mandate and they (Khazanah and PNB) will decide on the policy". Meanwhile, the Finance Minister noted that the fiscal target set by the previous administration is now "unrealistic" and that it will be "foolish" to stick to it in the short term. On other matters, Lim Guan Eng stated that MMC-Gamuda is still "welcome to bid" for the underground works of MRT2.
- **Indonesia:** Finance Minister Sri Mulyani said the US "needs to be very mindful that spillover from the effect of their policies is very real for many countries" and that she expects the US "to design policy with a path that creates a friendlier environment for many emerging countries to adjust to".

### Bond Market Updates

- **Market Commentary:** The SGD swap curve was broadly higher yesterday, with swap rates trading 2-4bps higher across the curve. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 9bps to 478bps. 10Y UST yields fell 3bps to close at 3.21% following the Columbus Day holiday in the US on weaker US equity performance, particularly in technology stocks.
- **New Issues:** Maoye International Holdings Ltd. priced a USD100mn re-tap of its USD150mn MAOIH 13.25% '20s (guaranteed by Certain non-PRC restricted subsidiaries of the Issuer) at 100.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.668	-0.10%	<b>USD-SGD</b>	1.3829	-0.05%
<b>USD-JPY</b>	112.960	-0.24%	<b>EUR-SGD</b>	1.5890	-0.07%
<b>EUR-USD</b>	1.1491	-0.01%	<b>JPY-SGD</b>	1.2240	0.17%
<b>AUD-USD</b>	0.7103	0.35%	<b>GBP-SGD</b>	1.8175	0.34%
<b>GBP-USD</b>	1.3143	0.40%	<b>AUD-SGD</b>	0.9822	0.29%
<b>USD-MYR</b>	4.1575	0.06%	<b>NZD-SGD</b>	0.8952	0.29%
<b>USD-CNY</b>	6.9227	-0.12%	<b>CHF-SGD</b>	1.3938	-0.02%
<b>USD-IDR</b>	15238	0.13%	<b>SGD-MYR</b>	2.9998	0.06%
<b>USD-VND</b>	23356	0.01%	<b>SGD-CNY</b>	4.9998	-0.07%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	2.1718	--
<b>2M</b>	-0.3370	--	<b>1M</b>	2.2841	--
<b>3M</b>	-0.3180	--	<b>2M</b>	2.3218	--
<b>6M</b>	-0.2670	--	<b>3M</b>	2.4143	--
<b>9M</b>	-0.2080	--	<b>6M</b>	2.6260	--
<b>12M</b>	-0.1580	--	<b>12M</b>	2.9579	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	2.0%	2.0%	0.0%	0.0%	0.0%
12/19/2018	80.7%	79.1%	1.6%	0.0%	0.0%
01/30/2019	81.3%	77.2%	4.1%	0.1%	0.0%
03/20/2019	95.0%	34.4%	57.5%	3.0%	0.0%
05/01/2019	95.5%	31.1%	54.9%	9.2%	0.4%
06/19/2019	98.1%	15.5%	41.0%	35.9%	5.5%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.96	0.90%	Coffee (per lb)	1.132	1.16%
Brent (per barrel)	85.00	1.30%	Cotton (per lb)	0.7701	-0.70%
Heating Oil (per gallon)	2.4238	1.24%	Sugar (per lb)	0.1297	0.23%
Gasoline (per gallon)	2.0774	-0.78%	Orange Juice (per lb)	1.4240	-1.86%
Natural Gas (per MMBtu)	3.2660	-0.03%	Cocoa (per mt)	2,119	1.58%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,187.3	1.43%	Wheat (per bushel)	5.1500	0.19%
Nickel (per mt)	12,939.5	3.49%	Soybean (per bushel)	8.630	-0.78%
Aluminium (per mt)	2,053.0	-0.70%	Corn (per bushel)	3.6450	-0.55%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,191.5	0.24%	Crude Palm Oil (MYR/MT)	2,205.0	0.82%
Silver (per oz)	14.400	0.50%	Rubber (JPY/KG)	172.0	1.53%

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

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	26,430.57	-56.21
<b>S&amp;P</b>	2,880.34	-4.09
<b>Nasdaq</b>	7,738.02	2.07
<b>Nikkei 225</b>	23,469.39	-314.33
<b>STI</b>	3,166.60	-14.85
<b>KLCI</b>	1,774.15	-1.60
<b>JCI</b>	5,796.79	35.72
<b>Baltic Dry</b>	1,530.00	--
<b>VIX</b>	15.95	0.26

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	2.08 (+0.02)	2.89 (--)
<b>5Y</b>	2.41 (+0.03)	3.06 (-0.01)
<b>10Y</b>	2.65 (+0.01)	3.21 (-0.03)
<b>15Y</b>	2.92 (+0.01)	--
<b>20Y</b>	2.95 (+0.01)	--
<b>30Y</b>	3.00 (+0.01)	3.37 (-0.04)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	16.98	0.15
<b>EURIBOR-OIS</b>	3.20	-0.52
<b>TED</b>	21.03	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
<b>10/09/2018 07:50</b>	<b>JN BoP Current Account Balance</b>	<b>Aug</b>	<b>¥1889.6b</b>	<b>¥1838.4b</b>	<b>¥2009.7b</b>	--
10/09/2018 07:50	JN BoP Current Account Adjusted	Aug	¥1516.0b	¥1428.8b	¥1484.7b	--
10/09/2018 07:50	JN Trade Balance BoP Basis	Aug	-¥208.0b	-¥219.3b	-¥1.0b	--
10/09/2018 08:30	AU NAB Business Conditions	Sep	--	15	15	14
10/09/2018 08:30	AU NAB Business Confidence	Sep	--	6	4	5
10/09/2018 12:30	JN Bankruptcies YoY	Sep	--	-8.54%	8.60%	--
10/09/2018 14:00	GE Trade Balance	Aug	16.2b	17.2b	16.5b	--
10/09/2018 14:00	GE Current Account Balance	Aug	16.2b	15.3b	15.3b	15.1b
10/09/2018 14:00	GE Exports SA MoM	Aug	0.40%	-0.10%	-0.90%	--
10/09/2018 14:00	GE Imports SA MoM	Aug	-0.10%	-2.70%	2.80%	--
<b>10/09/2018 15:15</b>	<b>VN Domestic Vehicle Sales YoY</b>	<b>Sep</b>	<b>--</b>	<b>24.70%</b>	<b>-7.40%</b>	<b>--</b>
10/09/2018 18:00	US NFIB Small Business Optimism	Sep	108.3	107.9	108.8	--
<b>10/09/2018 20:15</b>	<b>CA Housing Starts</b>	<b>Sep</b>	<b>210.0k</b>	<b>188.7k</b>	<b>201.0k</b>	<b>198.8k</b>
<b>10/10/2018 07:30</b>	<b>AU Westpac Consumer Conf SA MoM</b>	<b>Oct</b>	<b>--</b>	<b>--</b>	<b>-3.00%</b>	<b>--</b>
<b>10/10/2018 07:50</b>	<b>JN Core Machine Orders MoM</b>	<b>Aug</b>	<b>-3.90%</b>	<b>--</b>	<b>11.00%</b>	<b>--</b>
10/10/2018 07:50	JN Core Machine Orders YoY	Aug	1.80%	--	13.90%	--
10/10/2018 09:00	PH Exports YoY	Aug	1.10%	--	0.30%	--
10/10/2018 09:00	PH Imports YoY	Aug	14.30%	--	31.60%	--
10/10/2018 09:00	PH Trade Balance	Aug	-\$3550m	--	-\$3546m	--
10/10/2018 14:00	JN Machine Tool Orders YoY	Sep P	--	--	5.10%	--
<b>10/10/2018 14:45</b>	<b>FR Industrial Production MoM</b>	<b>Aug</b>	<b>0.10%</b>	<b>--</b>	<b>0.70%</b>	<b>--</b>
<b>10/10/2018 14:45</b>	<b>FR Industrial Production YoY</b>	<b>Aug</b>	<b>1.50%</b>	<b>--</b>	<b>1.80%</b>	<b>--</b>
10/10/2018 14:45	FR Manufacturing Production MoM	Aug	0.10%	--	0.50%	--
10/10/2018 14:45	FR Manufacturing Production YoY	Aug	1.70%	--	1.90%	--
<b>10/10/2018 16:00</b>	<b>IT Industrial Production MoM</b>	<b>Aug</b>	<b>0.80%</b>	<b>--</b>	<b>-1.80%</b>	<b>--</b>
10/10/2018 16:00	IT Industrial Production WDA YoY	Aug	-1.50%	--	-1.30%	--
10/10/2018 16:00	IT Industrial Production NSA YoY	Aug	--	--	1.80%	--
10/10/2018 16:30	UK Visible Trade Balance GBP/Mn	Aug	<b>-£10,850</b>	--	<b>-£9,973</b>	--
10/10/2018 16:30	UK Trade Balance Non EU GBP/Mn	Aug	<b>-£3,100</b>	--	<b>-£2,800</b>	--
10/10/2018 16:30	UK Trade Balance	Aug	<b>-£1,200</b>	--	<b>-£111</b>	--
<b>10/10/2018 16:30</b>	<b>UK Industrial Production MoM</b>	<b>Aug</b>	<b>0.10%</b>	<b>--</b>	<b>0.10%</b>	<b>--</b>
10/10/2018 16:30	UK Industrial Production YoY	Aug	1.00%	--	0.90%	--
<b>10/10/2018 16:30</b>	<b>UK Manufacturing Production MoM</b>	<b>Aug</b>	<b>0.10%</b>	<b>--</b>	<b>-0.20%</b>	<b>--</b>
10/10/2018 16:30	UK Manufacturing Production YoY	Aug	1.10%	--	1.10%	--
10/10/2018 16:30	UK Index of Services 3M/3M	Aug	0.50%	--	0.60%	--
<b>10/10/2018 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>Oct-05</b>	<b>--</b>	<b>--</b>	<b>0.00%</b>	<b>--</b>
<b>10/10/2018 20:30</b>	<b>US PPI Final Demand MoM</b>	<b>Sep</b>	<b>0.20%</b>	<b>--</b>	<b>-0.10%</b>	<b>--</b>
<b>10/10/2018 20:30</b>	<b>CA Building Permits MoM</b>	<b>Aug</b>	<b>0.50%</b>	<b>--</b>	<b>-0.10%</b>	<b>--</b>
10/10/2018 20:30	US PPI Ex Food and Energy MoM	Sep	0.20%	--	-0.10%	--
10/10/2018 20:30	US PPI Final Demand YoY	Sep	2.70%	--	2.80%	--
10/10/2018 20:30	US PPI Ex Food and Energy YoY	Sep	2.50%	--	2.30%	--
<b>10/10/2018 22:00</b>	<b>US Wholesale Inventories MoM</b>	<b>Aug F</b>	<b>0.80%</b>	<b>--</b>	<b>0.80%</b>	<b>--</b>
<b>10/10/2018 10/15</b>	<b>CH Money Supply M2 YoY</b>	<b>Sep</b>	<b>8.30%</b>	<b>--</b>	<b>8.20%</b>	<b>--</b>
10/10/2018 10/15	CH Money Supply M1 YoY	Sep	3.90%	--	3.90%	--
10/10/2018 10/15	CH Money Supply M0 YoY	Sep	--	--	3.30%	--
10/10/2018 10/15	CH New Yuan Loans CNY	Sep	1358.7b	--	1280.0b	--

Source: Bloomberg

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