

### Highlights

<b>Global</b>	<p>Risk appetite continues to dampen towards the end of the week, with the S&amp;P500 index closing lower by 3.29%, the most since February whilst US government 10-year Treasury yields declined by around 4bps. This happens just a day before the start of America's third-quarter earnings seasons as signs begin to mount that companies may not be able to deliver the runaway growth that has been expected for most of 2018. Investors may have also feared that profits could be hurt by the ongoing US-China trade war, which is happening at the same time as borrowing costs rise. Meanwhile, President Trump called the Federal Reserve "crazy" for its decisions to raise interest rates this year and further stated that "the Fed is making a mistake". US PPI though came out very much in line with expectations at 2.6% yoy. In Asia, China may be looking to increase the number of companies it deems systemically important as the government attempts to strengthen oversight of the financial sector. In Hong Kong, our expectation is for public housing demand to soften as the government in its 2019 policy address will look to raise the public-private housing ratio and ensure that 70% of housing units on newly developed government land will for public housing. Asian markets are likely to trade lower today following the decline in Wall Street. For today's economic calendar, look out for US CPI data, US initial jobless claims and CPI prints in multiple European countries such as France, Spain, Portugal and Sweden.</p>
<b>MA</b>	<p>Regarding the government's decision to retender the underground work portion of MRT2, Prime Minister Mahathir Mohamad has said, "We're looking back at it. We'll make another assessment." Yesterday, Political Secretary to the Minister of Finance, Tony Pua had stated in an open letter to MMC-Gamuda that the government could actually achieve savings of RM4.19bn to RM5.79bn for the remaining 60% of the project versus the RM2.13bn reduction offered by MMC-Gamuda. Meanwhile, the company has asked all parties to be patient and to "trust in the wisdom of our prime minister in his impending review process". Industrial Production Index data would be out later today.</p>
<b>ID</b>	<p>According to the Jakarta Post, Bank Indonesia (BI) Governor Perry Warjiyo has said involving the private sector in financing the government's infrastructure projects could boost economic growth to 6.5% from around 5% at present. He also noted that this can also help in narrowing the current account deficit. He mentioned that involving the private sector more is part of BI and OJK's concrete steps to addressing the current account deficit.</p>
<b>HK</b>	<p>2018 Policy Address mainly focuses on the prolonged housing problems. Specifically, the government will raise the public-to-private housing ratio. On top of the public housing schemes including the "Starter Homes" pilot project, the government will increase land supply for public housing development by land reclamation in next 20-30 years, studying on brownfield operations and introducing "Land Sharing Pilot Scheme".</p>
<b>CMD</b>	<p>Potential build-up in oil inventories left oil prices lower overnight. Note that the latest Bloomberg poll suggested further increase in oil stocks by 2.2 million barrels for the week ended 5<sup>th</sup> October 2018. Meanwhile, the US Department of Energy (DOE) raised its short-term crude oil outlook to \$69.56/bbl, up from 67.36/bbl.</p>

## Major Market

- **US:** Wall Street closed lower on Wednesday, with the S&P500 (largest one-day decline since February) and Nasdaq composite plunging by 3.29% and 4.08%, respectively, dragged by a tumble in tech and luxury goods stocks.
- FAANG stocks led the plummet in tech equity, with Netflix (-8.38%) and Amazon (-6.15%) registering the largest decline amongst the group.
- Shares of luxury brands took a dive on investor concerns of China's crackdown on undeclared imports, with Tiffany & Co. and LVMH retreating by 10.22% and 9.71%, respectively.
- Industrials were in the red as well, with Caterpillar (-3.84%), 3M (-3.93%) and Boeing (-4.66%) driving the DJIA down by 3.15%.
- **Singapore:** The STI fell 1.11% on Wednesday, with ComfortDelGro Corp (-5.06%) and Venture Corp (-3.79%) leading the decline, only slightly cushioned by Golden Agri-Resources' stock gain of 2.00%.
- **Hong Kong:** Given the prospects of increasing land supply and public housing supply, we expect private housing demand to soften, especially with rising borrowing costs, volatile stock market and trade war concerns. In the coming year, private housing transactions are expected to remain muted while private housing prices may continue sliding. On the other hand, land reclamation, public housing construction and the "Lantau Tomorrow Vision" project together will bolster public investment and cushion the downside growth risks amid trade war and global monetary tightening. Elsewhere, the government aims to diversify the economy by providing financial support for innovation and technology as well as re-industrialization. Finally, to pave way for sustainable long-term growth, the government strives to bolster development in education, ease ageing problem and increase collaboration with China.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, with swap rates for the shorter tenors (less than 1yr) unchanged and longer tenors trading 1-2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 476bps. 10Y UST yields fell 5bps to close at 3.16% from on-going weakness in US equity markets.
- **New Issues:** Zijin International Capital Co. priced a USD350mn 3 year bond (guaranteed by Zijin Mining Group Co.) at CT3+230bps, tightening from initial price guidance of CT3+260bps. Yieldking Investment Ltd. priced a USD500mn 5 year bond (guaranteed by Sichuan Development International Holding Company Ltd; keepwell deed provider: Sichuan Development Holding Co.) at 4.80%, tightening from initial price guidance of 5.10%. Anhui Provincial Investment Group Holding Co., Ltd. priced a USD400mn 3 year bond at CT3+200bps, tightening from initial price guidance of CT3+230bps. Beijing Environment (BVI) Co. Ltd priced a USD225mn 3 year bond (guaranteed by Beijing Environment Sanitation Engineering Group Co. ) at 5.30%, tightening from initial price guidance of 5.65% area. Everbright Sun Hung Kai Company Ltd has scheduled for investor meetings in Hong Kong and Singapore on Oct 11-12 for a proposed USD 3 year bond issue.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.508	-0.17%	<b>USD-SGD</b>	1.3835	0.04%
<b>USD-JPY</b>	112.270	-0.61%	<b>EUR-SGD</b>	1.5938	0.30%
<b>EUR-USD</b>	1.1520	0.25%	<b>JPY-SGD</b>	1.2324	0.69%
<b>AUD-USD</b>	0.7055	-0.68%	<b>GBP-SGD</b>	1.8255	0.44%
<b>GBP-USD</b>	1.3196	0.40%	<b>AUD-SGD</b>	0.9761	-0.62%
<b>USD-MYR</b>	4.1528	-0.11%	<b>NZD-SGD</b>	0.8923	-0.32%
<b>USD-CNY</b>	6.9242	0.02%	<b>CHF-SGD</b>	1.3972	0.24%
<b>USD-IDR</b>	15200	-0.25%	<b>SGD-MYR</b>	3.0029	0.10%
<b>USD-VND</b>	23353	-0.01%	<b>SGD-CNY</b>	5.0092	0.19%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	2.1655	--
<b>2M</b>	-0.3370	--	<b>1M</b>	2.2871	--
<b>3M</b>	-0.3180	--	<b>2M</b>	2.3140	--
<b>6M</b>	-0.2680	--	<b>3M</b>	2.4204	--
<b>9M</b>	-0.2070	--	<b>6M</b>	2.6290	--
<b>12M</b>	-0.1560	--	<b>12M</b>	2.9620	--

#### 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	68.2%	66.8%	1.4%	0.0%	0.0%
01/30/2019	70.1%	64.8%	5.3%	0.1%	0.0%
03/20/2019	90.1%	41.5%	45.0%	3.5%	0.1%
05/01/2019	91.1%	38.2%	44.6%	7.8%	0.4%
06/19/2019	95.9%	22.5%	41.2%	27.6%	4.4%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	73.17	-2.39%	Coffee (per lb)	1.119	-1.10%
Brent (per barrel)	83.09	-2.25%	Cotton (per lb)	0.7680	-0.27%
Heating Oil (per gallon)	2.3949	-1.19%	Sugar (per lb)	0.1285	-0.93%
Gasoline (per gallon)	2.0204	-2.74%	Orange Juice (per lb)	1.4370	0.91%
Natural Gas (per MMBtu)	3.2840	0.55%	Cocoa (per mt)	2,088	-1.46%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,129.9	-0.93%	Wheat (per bushel)	5.1050	-0.87%
Nickel (per mt)	12,609.5	-2.55%	Soybean (per bushel)	8.523	-1.25%
Aluminium (per mt)	2,044.0	-0.44%	Corn (per bushel)	3.6275	-0.48%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,193.4	0.16%	Crude Palm Oil (MYR/MT)	2,193.0	-0.54%
Silver (per oz)	14.326	-0.51%	Rubber (JPY/KG)	172.7	0.41%

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

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,598.74	-831.83
<b>S&amp;P</b>	2,785.68	-94.66
<b>Nasdaq</b>	7,422.05	-315.97
<b>Nikkei 225</b>	23,506.04	36.65
<b>STI</b>	3,131.48	-35.12
<b>KLCI</b>	1,735.18	-38.97
<b>JCI</b>	5,820.67	23.88
<b>Baltic Dry</b>	1,503.00	--
<b>VIX</b>	22.96	7.01

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	2.06 (-0.01)	2.84 (-0.04)
<b>5Y</b>	2.39 (-0.01)	3.00 (-0.05)
<b>10Y</b>	2.64 (-0.01)	3.16 (-0.04)
<b>15Y</b>	2.91 (-0.01)	--
<b>20Y</b>	2.94 (-0.01)	--
<b>30Y</b>	2.99 (-0.01)	3.35 (-0.02)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	17.26	0.28
<b>EURIBOR-OIS</b>	3.48	0.28
<b>TED</b>	17.21	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
10/10/2018 07:30	AU Westpac Consumer Conf SA MoM	Oct	--	1.00%	-3.00%	--
10/10/2018 07:50	JN Core Machine Orders MoM	Aug	-3.90%	6.80%	11.00%	--
10/10/2018 07:50	JN Core Machine Orders YoY	Aug	1.80%	12.60%	13.90%	--
10/10/2018 09:00	PH Exports YoY	Aug	1.10%	3.10%	0.30%	--
10/10/2018 09:00	PH Imports YoY	Aug	14.30%	11.00%	31.60%	--
10/10/2018 09:00	PH Trade Balance	Aug	-\$3550m	-\$3513m	-\$3546m	--
10/10/2018 14:00	JN Machine Tool Orders YoY	Sep P	--	2.80%	5.10%	--
10/10/2018 14:45	FR Industrial Production MoM	Aug	0.10%	0.30%	0.70%	0.80%
10/10/2018 14:45	FR Industrial Production YoY	Aug	1.50%	1.60%	1.80%	1.90%
10/10/2018 14:45	FR Manufacturing Production MoM	Aug	0.10%	0.60%	0.50%	--
10/10/2018 14:45	FR Manufacturing Production YoY	Aug	1.70%	1.90%	1.90%	2.00%
10/10/2018 16:00	IT Industrial Production MoM	Aug	0.80%	1.70%	-1.80%	-1.60%
10/10/2018 16:00	IT Industrial Production WDA YoY	Aug	-1.50%	-0.80%	-1.30%	--
10/10/2018 16:00	IT Industrial Production NSA YoY	Aug	--	-0.80%	1.80%	1.90%
10/10/2018 16:30	UK Visible Trade Balance GBP/Mn	Aug	£10,850	£11,195	£9,973	£10,387
10/10/2018 16:30	UK Trade Balance Non EU GBP/Mn	Aug	£3,100	£4,219	£2,800	£3,142
10/10/2018 16:30	UK Trade Balance	Aug	£1,200	£1,274	£111	£572
10/10/2018 16:30	UK Industrial Production MoM	Aug	0.10%	0.20%	0.10%	0.40%
10/10/2018 16:30	UK Industrial Production YoY	Aug	1.00%	1.30%	0.90%	1.00%
10/10/2018 16:30	UK Manufacturing Production MoM	Aug	0.10%	-0.20%	-0.20%	0.00%
10/10/2018 16:30	UK Manufacturing Production YoY	Aug	1.10%	1.30%	1.10%	1.40%
10/10/2018 19:00	US MBA Mortgage Applications	Oct-05	--	-1.70%	0.00%	--
10/10/2018 20:30	US PPI Final Demand MoM	Sep	0.20%	0.20%	-0.10%	--
10/10/2018 20:30	CA Building Permits MoM	Aug	0.50%	0.40%	-0.10%	-1.50%
10/10/2018 20:30	US PPI Ex Food and Energy MoM	Sep	0.20%	0.20%	-0.10%	--
10/10/2018 20:30	US PPI Final Demand YoY	Sep	2.70%	2.60%	2.80%	--
10/10/2018 20:30	US PPI Ex Food and Energy YoY	Sep	2.50%	2.50%	2.30%	--
10/10/2018 22:00	US Wholesale Inventories MoM	Aug F	0.80%	1.00%	0.80%	--
10/11/2018 04:00	NZ REINZ House Sales YoY	Sep	--	-3.00%	3.10%	--
10/11/2018 05:45	NZ Food Prices MoM	Sep	--	-0.10%	-0.50%	--
10/11/2018 07:00	SK BoP Current Account Balance	Aug	--	\$8439.8m	\$8757.8m	--
10/11/2018 07:01	UK RICS House Price Balance	Sep	1%	-2%	2%	1%
10/11/2018 07:50	JN PPI YoY	Sep	2.90%	--	3.00%	--
10/11/2018 07:50	JN PPI MoM	Sep	0.20%	--	0.00%	--
10/11/2018 12:00	MA Industrial Production YoY	Aug	2.30%	--	2.60%	--
10/11/2018 14:45	FR CPI EU Harmonized MoM	Sep F	-0.20%	--	-0.20%	--
10/11/2018 14:45	FR CPI EU Harmonized YoY	Sep F	2.50%	--	2.50%	--
10/11/2018 14:45	FR CPI MoM	Sep F	-0.20%	--	-0.20%	--
10/11/2018 14:45	FR CPI YoY	Sep F	2.20%	--	2.20%	--
10/11/2018 14:45	FR CPI Ex-Tobacco Index	Sep	103.28	--	103.48	--
10/11/2018 20:30	US CPI MoM	Sep	0.20%	--	0.20%	--
10/11/2018 20:30	CA New Housing Price Index MoM	Aug	0.10%	--	0.10%	--
10/11/2018 20:30	US CPI Ex Food and Energy MoM	Sep	0.20%	--	0.10%	--
10/11/2018 20:30	US CPI YoY	Sep	2.40%	--	2.70%	--
10/11/2018 20:30	US CPI Ex Food and Energy YoY	Sep	2.30%	--	2.20%	--
10/11/2018 20:30	US Initial Jobless Claims	Oct-06	207k	--	207k	--
10/11/2018 20:30	US Continuing Claims	Sep-29	1660k	--	1650k	--
10/11/2018 21:45	US Bloomberg Consumer Comfort	Oct-07	--	--	61.6	--
10/11/2018 10/19	US Monthly Budget Statement	Sep	\$75.0b	--	\$7.9b	--
10/10/2018 10/15	CH Money Supply M2 YoY	Sep	8.30%	--	8.20%	--
10/10/2018 10/15	CH New Yuan Loans CNY	Sep	1350.0b	--	1280.0b	--

Source: Bloomberg

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