

### Highlights

<b>Global</b>	<p>Market sentiments towards the Turkish crisis appeared to be stabilizing, with the Turkish lira recovering some lost ground and Wall Street also closing higher overnight, whilst UST bond yields were also slightly higher across the board. Elsewhere, the German economy accelerated to 0.5% qoq in 2Q18, up from an upwardly revised 0.4% qoq in 1Q18, and ahead of the Eurozone which grew by 0.4% in 2Q18. However, industrial output fell sharply in June as machinery and equipment investments slumped 0.7% mom sa (2.5% yoy), which could suggest choppy waters into 3Q18.</p> <p>Asian markets may range trade today, awaiting the BI rate decision (with mixed views if BI would keep its 7-day reverse repo rate unchanged at 5.25% amid the recent IDR slide, but our expectation is for the rate to hold). On the economic data front, watch for US' retail sales, NAHB housing market index, industrial production, and UK' CPI/PPI as well as Indonesia's July trade deficit.</p>
<b>US</b>	<p>The NFIB small business optimism index rose from 107.2 in June to 107.9 in July, while the import price index was flat on-month (4.8% yoy) despite higher fuel costs was offset by a stronger USD which kept other imported prices in check.</p>
<b>CH</b>	<p>Growth indicators remained sluggish in July, pointing towards a weak start for the second half. Fixed asset investment growth decelerated further to 5.5% despite private investment recovered to 8.8%. Infrastructure investment remained the key drag with growth decelerating further to 5.7% from 7.3% in the first half as funding was the key constraint despite China's change of stance to a more stimulative monetary and fiscal front. The latest default by Xinjiang Production Construction 6th Shi may further weigh down on sentiment on local government funding vehicle financing. This may continue to weigh down on growth prospects despite easing gestures from the central government. As such, we expect growth to slow down further in the second half to below 6.5%.</p>
<b>UK</b>	<p>The unemployment rate slipped to its lowest in more than 43 years to 4.0% in 2Q18, despite only 42k jobs being created. However, wage growth slowed to a 9-month low of 2.4%, suggesting little impetus for BOE to remain hawkish going ahead.</p>
<b>MY</b>	<p>Ratings agency Fitch affirms Malaysia's sovereign rating at 'A-' and the outlook at stable. However, the agency has raised its estimate of central government debt at end-2017 to around 65% of GDP, from 50.8%, following the government's recognition that it will need to service a large share of explicitly guaranteed debt. This estimate may be further revised as more details become available. The ratings agency also expects that the fiscal deficit will fall to around 2.5% of GDP by 2020 and that central government debt is likely to decline to around 59% of GDP by 2020, although it said the decline could be more rapid if the government chooses to sell off public assets and use the proceeds for debt reduction. They also noted that there are upside risks to debt as part of the contingent liabilities related to public-private partnerships of 14.9% of GDP may migrate to the sovereign balance sheet.</p>

## Major Markets

- **US:** Wall Street closed higher on Tuesday amid easing Turkish concerns. The Dow Jones and S&P500 both snapped 4-day losing streaks, gaining 0.45% and 0.64% to 25,299.92 and 2,839.96, respectively. The Nasdaq composite rose 0.65% to 7,870.90. The VIX Index fell to 13.31 on Tuesday, as compared to 14.78 on Monday. On the Treasury front, the 2y yield climbed 2.5bp to 2.637%, while the 10y yield rose to 2.899% (+2.0bp).
- **Singapore:** The STI closed slightly lower by 0.08% at 3242.87 yesterday, and see an improved tone today in a 3230-3270 range given the positive overnight cue from Wall Street a market fears on the Turkish crisis contagion eased somewhat. With the UST bond yields headed north overnight, the SGS bond market sell-off may extend today as well.
- **Indonesia:** The government plans to restrict imports of capital and consumer goods. Finance minister Sri Mulyani has said that the government will look to take “firm and drastic measures to control imports” and that they have “identified consumption goods and raw materials that can be substituted with domestic products”. She also said that the government plans to impose 7.5% tax on imports of selected products deemed as not strategic for the economy. The government will look to ask state-owner refiner PT Pertamina and electricity producer PT Perusahaan Listrik Negara to review imports of capital goods and the companies will need to postpone infrastructure projects that are yet to tie-up funds. All requests for capital good imports by these companies will be suspended for the next six months or until the balance of payment is improved. Meanwhile, Jokowi could sign a regulation mandating the use of 20 percent blending of palm biodiesel in more sectors latest by Wednesday.
- BI's board of governors will release their policy rate decision today for the 7D reverse repo. We expect the rate to remain unchanged.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 3-5bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 475bps. Overall, 10Y UST yields rose 3bps to close at 2.90% as global sentiment improved after equities worldwide stabilized as well as the Turkish Lira which came off its recent record low against the dollar.
- **New Issues:** CMT MTN Pte Ltd has priced a SGD150mn 7-year bond (guaranteed by HSBC Institutional Trust Services (Singapore) Ltd) at 3.2%.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.731	0.35%	<b>USD-SGD</b>	1.3779	0.16%
<b>USD-JPY</b>	111.150	0.41%	<b>EUR-SGD</b>	1.5631	-0.42%
<b>EUR-USD</b>	1.1344	-0.58%	<b>JPY-SGD</b>	1.2397	-0.23%
<b>AUD-USD</b>	0.7243	-0.37%	<b>GBP-SGD</b>	1.7531	-0.23%
<b>GBP-USD</b>	1.2723	-0.38%	<b>AUD-SGD</b>	0.9980	-0.19%
<b>USD-MYR</b>	4.0960	0.06%	<b>NZD-SGD</b>	0.9057	0.06%
<b>USD-CNY</b>	6.8842	-0.10%	<b>CHF-SGD</b>	1.3859	0.06%
<b>USD-IDR</b>	14584	-0.16%	<b>SGD-MYR</b>	2.9809	0.22%
<b>USD-VND</b>	23315	--	<b>SGD-CNY</b>	5.0042	-0.09%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	--	<b>O/N</b>	1.9125	--
<b>2M</b>	-0.3370	--	<b>1M</b>	2.0627	--
<b>3M</b>	-0.3190	--	<b>2M</b>	2.1784	--
<b>6M</b>	-0.2660	--	<b>3M</b>	2.3138	--
<b>9M</b>	-0.2100	--	<b>6M</b>	2.5076	--
<b>12M</b>	-0.1660	--	<b>12M</b>	2.8030	--

#### 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%	92.0%	8.0%	0.0%	0.0%
11/08/2018	100.0%	89.5%	10.3%	0.2%	0.0%
12/19/2018	100.0%	29.3%	63.6%	7.0%	0.1%
01/30/2019	100.0%	28.1%	62.2%	9.3%	0.4%
03/20/2019	100.0%	12.9%	43.8%	37.8%	5.2%
05/01/2019	100.0%	11.6%	40.6%	38.5%	8.6%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.04	-0.24%	Coffee (per lb)	1.085	-0.73%
Brent (per barrel)	72.46	-0.21%	Cotton (per lb)	0.8304	0.34%
Heating Oil (per gallon)	2.1287	-0.39%	Sugar (per lb)	0.1034	0.39%
Gasoline (per gallon)	2.0341	0.96%	Orange Juice (per lb)	1.5575	-1.74%
Natural Gas (per MMBtu)	2.9590	0.99%	Cocoa (per mt)	2,150	0.09%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,912.8	-1.79%	Wheat (per bushel)	5.6125	1.40%
Nickel (per mt)	13,365.0	-0.67%	Soybean (per bushel)	8.798	1.27%
Aluminium (per mt)	2,064.0	0.02%	Corn (per bushel)	3.7650	1.62%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,200.7	0.15%	Crude Palm Oil (MYR/MT)	2,213.0	0.41%
Silver (per oz)	15.053	0.47%	Rubber (JPY/KG)	171.9	0.12%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,299.92	112.22
<b>S&amp;P</b>	2,839.96	18.03
<b>Nasdaq</b>	7,870.90	51.19
<b>Nikkei 225</b>	22,356.08	498.65
<b>STI</b>	3,242.87	-2.47
<b>KLCI</b>	1,783.78	0.44
<b>JCI</b>	5,769.87	-91.37
<b>Baltic Dry</b>	1,709.00	--
<b>VIX</b>	13.31	-1.47

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.93 (+0.01)	2.64 (+0.02)
<b>5Y</b>	2.17 (+0.03)	2.77 (+0.02)
<b>10Y</b>	2.45 (+0.05)	2.90 (+0.02)
<b>15Y</b>	2.73 (+0.04)	--
<b>20Y</b>	2.76 (+0.04)	--
<b>30Y</b>	2.84 (+0.04)	3.07 (+0.02)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	27.14	-1.43
<b>EURIBOR-OIS</b>	3.98	-0.05
<b>TED</b>	26.52	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
08/14/2018 09:30	AU NAB Business Conditions	Jul	--	12	14
08/14/2018 09:30	AU NAB Business Confidence	Jul	--	7	--
08/14/2018 10:00	CH Retail Sales YoY	Jul	9.10%	8.80%	9.00%
<b>08/14/2018 10:00</b>	<b>CH Industrial Production YoY</b>	<b>Jul</b>	<b>6.30%</b>	<b>6.00%</b>	<b>6.00%</b>
08/14/2018 10:00	CH Industrial Production YTD YoY	Jul	6.60%	6.60%	6.70%
08/14/2018 10:00	CH Fixed Assets Ex Rural YTD YoY	Jul	6.00%	5.50%	6.00%
<b>08/14/2018 12:30</b>	<b>JN Industrial Production MoM</b>	<b>Jun F</b>	<b>--</b>	<b>-1.80%</b>	<b>-2.10%</b>
08/14/2018 12:30	JN Industrial Production YoY	Jun F	--	-0.90%	-1.20%
08/14/2018 12:30	JN Capacity Utilization MoM	Jun	--	-2.20%	-2.10%
<b>08/14/2018 14:00</b>	<b>GE GDP SA QoQ</b>	<b>2Q P</b>	<b>0.40%</b>	<b>0.50%</b>	<b>0.30%</b>
08/14/2018 14:00	GE GDP WDA YoY	2Q P	2.10%	2.00%	2.30%
<b>08/14/2018 14:00</b>	<b>GE GDP NSA YoY</b>	<b>2Q P</b>	<b>2.50%</b>	<b>2.30%</b>	<b>1.60%</b>
<b>08/14/2018 14:00</b>	<b>GE CPI MoM</b>	<b>Jul F</b>	<b>0.30%</b>	<b>0.30%</b>	<b>0.30%</b>
<b>08/14/2018 14:00</b>	<b>GE CPI YoY</b>	<b>Jul F</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>08/14/2018 14:00</b>	<b>GE CPI EU Harmonized MoM</b>	<b>Jul F</b>	<b>0.40%</b>	<b>0.40%</b>	<b>0.40%</b>
<b>08/14/2018 14:00</b>	<b>GE CPI EU Harmonized YoY</b>	<b>Jul F</b>	<b>2.10%</b>	<b>2.10%</b>	<b>2.10%</b>
<b>08/14/2018 14:30</b>	<b>IN Wholesale Prices YoY</b>	<b>Jul</b>	<b>5.22%</b>	<b>5.09%</b>	<b>5.77%</b>
08/14/2018 14:45	FR CPI EU Harmonized MoM	Jul F	-0.10%	-0.10%	-0.10%
<b>08/14/2018 14:45</b>	<b>FR CPI EU Harmonized YoY</b>	<b>Jul F</b>	<b>2.60%</b>	<b>2.60%</b>	<b>2.60%</b>
08/14/2018 14:45	FR CPI MoM	Jul F	-0.10%	-0.10%	-0.10%
<b>08/14/2018 14:45</b>	<b>FR CPI YoY</b>	<b>Jul F</b>	<b>2.30%</b>	<b>2.30%</b>	<b>2.30%</b>
<b>08/14/2018 16:30</b>	<b>UK Claimant Count Rate</b>	<b>Jul</b>	<b>--</b>	<b>2.50%</b>	<b>2.50%</b>
<b>08/14/2018 16:30</b>	<b>UK Jobless Claims Change</b>	<b>Jul</b>	<b>--</b>	<b>6.2k</b>	<b>7.8k</b>
<b>08/14/2018 16:30</b>	<b>UK ILO Unemployment Rate 3Mths</b>	<b>Jun</b>	<b>4.20%</b>	<b>4.00%</b>	<b>4.20%</b>
08/14/2018 17:00	EC Industrial Production SA MoM	Jun	-0.40%	-0.70%	1.30%
<b>08/14/2018 17:00</b>	<b>EC GDP SA QoQ</b>	<b>2Q P</b>	<b>0.30%</b>	<b>0.40%</b>	<b>0.30%</b>
<b>08/14/2018 17:00</b>	<b>EC GDP SA YoY</b>	<b>2Q P</b>	<b>2.10%</b>	<b>2.20%</b>	<b>2.10%</b>
<b>08/14/2018 17:00</b>	<b>GE ZEW Survey Current Situation</b>	<b>Aug</b>	<b>72.1</b>	<b>72.6</b>	<b>72.4</b>
<b>08/14/2018 17:00</b>	<b>GE ZEW Survey Expectations</b>	<b>Aug</b>	<b>-21.3</b>	<b>-13.7</b>	<b>-24.7</b>
08/14/2018 18:00	US NFIB Small Business Optimism	Jul	106.8	107.9	107.2
<b>08/14/2018 20:16</b>	<b>IN Exports YoY</b>	<b>Jul</b>	<b>--</b>	<b>14.30%</b>	<b>17.60%</b>
<b>08/14/2018 20:30</b>	<b>US Import Price Index MoM</b>	<b>Jul</b>	<b>0.00%</b>	<b>0.00%</b>	<b>-0.40%</b>
<b>08/15/2018 05:00</b>	<b>NZ REINZ House Sales YoY</b>	<b>Jul</b>	<b>--</b>	<b>0.70%</b>	<b>-1.60%</b>
<b>08/15/2018 08:30</b>	<b>AU Westpac Consumer Conf SA MoM</b>	<b>Aug</b>	<b>--</b>	<b>--</b>	<b>3.90%</b>
08/15/2018 09:30	AU Wage Price Index QoQ	2Q	0.60%	--	0.50%
<b>08/15/2018 12:00</b>	<b>ID Exports YoY</b>	<b>Jul</b>	<b>11.68%</b>	<b>--</b>	<b>11.47%</b>
08/15/2018 12:00	ID Trade Balance	Jul	-\$625m	--	\$1743m
<b>08/15/2018 16:30</b>	<b>UK CPI MoM</b>	<b>Jul</b>	<b>0.00%</b>	<b>--</b>	<b>0.00%</b>
<b>08/15/2018 16:30</b>	<b>UK CPI YoY</b>	<b>Jul</b>	<b>2.50%</b>	<b>--</b>	<b>2.40%</b>
<b>08/15/2018 16:30</b>	<b>UK CPI Core YoY</b>	<b>Jul</b>	<b>1.90%</b>	<b>--</b>	<b>1.90%</b>
08/15/2018 16:30	UK Retail Price Index	Jul	282.1	--	281.5
<b>08/15/2018 16:30</b>	<b>UK PPI Output NSA MoM</b>	<b>Jul</b>	<b>0.20%</b>	<b>--</b>	<b>0.10%</b>
<b>08/15/2018 16:30</b>	<b>UK PPI Output NSA YoY</b>	<b>Jul</b>	<b>3.00%</b>	<b>--</b>	<b>3.10%</b>
<b>08/15/2018 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>Aug-10</b>	<b>--</b>	<b>--</b>	<b>-3.00%</b>
<b>08/15/2018 20:30</b>	<b>US Empire Manufacturing</b>	<b>Aug</b>	<b>20</b>	<b>--</b>	<b>22.6</b>
<b>08/15/2018 20:30</b>	<b>US Retail Sales Advance MoM</b>	<b>Jul</b>	<b>0.10%</b>	<b>--</b>	<b>0.50%</b>
<b>08/15/2018 21:15</b>	<b>US Industrial Production MoM</b>	<b>Jul</b>	<b>0.30%</b>	<b>--</b>	<b>0.60%</b>
08/15/2018 21:15	US Capacity Utilization	Jul	78.20%	--	78.00%
08/15/2018	ID Bank Indonesia 7D Reverse Repo	Aug-15	5.25%	--	5.25%
<b>08/15/2018</b>	<b>PH Overseas Remittances YoY</b>	<b>Jun</b>	<b>5.40%</b>	<b>--</b>	<b>6.90%</b>

Source: Bloomberg

<b>OCBC Treasury Research</b>	
<p><b>Macro Research</b></p> <p><b>Selena Ling</b> LingSSSelena@ocbc.com</p> <p><b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com</p> <p><b>Tommy Xie Dongming</b> XieD@ocbc.com</p> <p><b>Barnabas Gan</b> BarnabasGan@ocbc.com</p> <p><b>Terence Wu</b> TerenceWu@ocbc.com</p> <p><b>Alan Lau</b> AlanLau@ocbc.com</p>	<p><b>Credit Research</b></p> <p><b>Andrew Wong</b> WongVKAM@ocbc.com</p> <p><b>Ezien Hoo</b> EzienHoo@ocbc.com</p> <p><b>Wong Hong Wei</b> WongHongWei@ocbc.com</p>

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).