

**Highlights**

<b>Global</b>	<p>The US Treasury Department refrained from labelling China as a currency manipulator in its semi-annual FX report, but noted “of particular concern are China’s lack of currency transparency and the recent weakness in its currency” as China which “continues to rely significantly on non-market mechanisms, is posing growing risks to the long-term global growth outlook” and “we will continue to monitor and review China’s currency practices, including through ongoing discussions with the People’s Bank of China”. Notably, the US’ FX watchlist remains the same and apart from China also comprises Japan, South Korea, India, Germany and Switzerland. However, US president Trump’s plan to exit a 192-nation postal treaty that gives Chinese companies discounted shipping rates for small packages sent to American consumers (even though the process takes one year to withdraw) suggests that the road ahead to the US mid-term elections and the potential Trump-Xi meeting at the G20 in Nov will not be exactly smooth sailing. Moreover, a slightly more hawkish tone in the FOMC Sep minutes, which prompted the 10-year UST bond yield higher to 3.21% and the 3-month LIBOR to 2.44963% (highest since Nov 2008), may also dampen any near-term enthusiasm for extending the Asian equity rally for now. Key events to watch today include UK PM May’s Brexit negotiations at the EU summit. Today’s economic data calendar is light with only US’ initial jobless claims and UK’ retail sales. Speakers include ECB’s Nowotny, Fed’s Bullard and Quarles.</p>
<b>US</b>	<p>The Sep FOMC minute highlighted that “participants generally anticipated that further gradual increases in the target range for the federal funds rate would most likely be consistent with a sustained economic expansion, strong labor market conditions and inflation near 2 percent over the medium term” and “a substantial majority of participants expected that the year-end 2020 and 2021 federal funds rate would be above their estimates of the longer-run rate”. For the latter, “a few participants expected that policy would need to become modestly restrictive for a time and a number judged that it would be necessary to temporarily raise the federal funds rate above their assessment of its longer-run level”, albeit a couple argued against this “in the absence of clear signs of an overheating economy and rising inflation”. That said, we would caution from over-interpreting the “number/few” terminology as a consensus view beyond 2019. In addition, the US-China trade war is estimated to have “only a small net effect” on US GDP growth in the next few years.</p>
<b>SG</b>	<p>The maximum number of flats allowed in a non-landed residential development outside the CBD will be derived by dividing the proposed building gross area by 85sqm (previously 70 sqm) for applications submitted on or after 17 January 2019, according to URA.</p>
<b>MY</b>	<p>The mid-term review of the 11th Malaysia Plan is expected to be tabled today in parliament. According to The Star, Minister of Economic Affairs Azmin Ali had said that the mid-term review would seek to, among others, address the disparity of growth across the states as well as the income gap, especially for the bottom 40% and also review national policies such as the New Economic Model (NEM).</p>

## Major Market

- **US:** Housing starts fell 5.3% mom to 1.201m in Sep, while building permits unexpectedly shrank 0.6% mom to 1.241m, likely to be partly due to Hurricane Florence.
- Wall Street closed lower on Wednesday, with the S&P500 slipping 0.03% to close down at 2,809.21. The DJIA and Nasdaq composite fell 0.36% and 0.04%, respectively.
- IBM equity plummeted 7.63% (largest daily decline in 4 years) as the firm reported 3Q18 revenue which fell short of expectations, and investors weighed in on concerns about its slow growth in the cloud computing sector.
- Netflix (+5.28%) reported stellar 3Q earnings, with 6.96mn new subscribers taking up the firm's streaming service, markedly beating its estimates of 5mn. Quarterly net income surged to \$403mn as compared to \$130mn from the same period in 2017.
- United Continental, which operates United Airlines, saw stocks surge 5.95% as of Wednesday's close after reporting an increase in profit of nearly 30% last quarter to \$836mn.
- **Singapore:** The STI rebounded 1.21% to close at 3071.10 yesterday, finally playing catch up to the risk appetite recovery. However, the overnight slippage in Wall Street may imply a more cautious trading range of 3025-3100 today. The UST bond market sold off on the back of more hawkish hints in the FOMC minutes, led by the longer dated tenors, and the SGS bonds are likely to follow suit today.
- **Indonesia:** Finance Minister Sri Mulyani has said that the budget shortfall will probably be seen to be between 1.83% and 2.04% of GDP this year, less than the 2.12% initially estimated. This comes as revenue collection surpasses estimates amid a surge in crude oil and coal prices.
- **Thailand:** The government has on the 9th October approved a draft resolution to introduce a compressive tax incentives regime (IBC) to attract international businesses to establish their headquarters in Thailand. The draft resolution includes measures to introduce reduced corporate income tax rates, exempt taxation income from qualified services, exempt from taxation qualified dividends/distributions and reduce to 15% the individual income tax rate for foreign employees.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates trading 1-2bps lower across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 490bps. 10Y UST yields traded little changed in the earlier part of the trading session before rising 6bps to close at 3.20% after the release of the FOMC minutes on its meeting last month which showed signs of more rate hikes.
- **New Issues:** Metro Holdings Ltd has priced a SGD150mn 3-year bond at 4.0%. Korean Air Lines Co Ltd has hired banks for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.575	0.55%	<b>USD-SGD</b>	1.3782	0.23%
<b>USD-JPY</b>	112.650	0.36%	<b>EUR-SGD</b>	1.5851	-0.40%
<b>EUR-USD</b>	1.1501	-0.63%	<b>JPY-SGD</b>	1.2235	-0.11%
<b>AUD-USD</b>	0.7109	-0.45%	<b>GBP-SGD</b>	1.8075	-0.27%
<b>GBP-USD</b>	1.3115	-0.50%	<b>AUD-SGD</b>	0.9798	-0.20%
<b>USD-MYR</b>	4.1510	-0.04%	<b>NZD-SGD</b>	0.9027	-0.12%
<b>USD-CNY</b>	6.9275	0.22%	<b>CHF-SGD</b>	1.3848	-0.22%
<b>USD-IDR</b>	15150	-0.34%	<b>SGD-MYR</b>	3.0213	0.14%
<b>USD-VND</b>	23343	0.03%	<b>SGD-CNY</b>	5.0381	0.10%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	2.1764	--
<b>2M</b>	-0.3370	--	<b>1M</b>	2.2871	--
<b>3M</b>	-0.3180	--	<b>2M</b>	2.3358	--
<b>6M</b>	-0.2650	--	<b>3M</b>	2.4446	--
<b>9M</b>	-0.2050	--	<b>6M</b>	2.6575	--
<b>12M</b>	-0.1560	--	<b>12M</b>	2.9671	--

#### 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%	79.0%	1.6%	0.0%	0.0%
01/30/2019	81.5%	76.5%	4.9%	0.1%	0.0%
03/20/2019	94.1%	36.9%	53.8%	3.4%	0.0%
05/01/2019	94.7%	34.0%	52.3%	8.0%	0.4%
06/19/2019	97.6%	18.2%	42.2%	32.4%	4.6%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.75	-3.02%	Coffee (per lb)	1.226	4.16%
Brent (per barrel)	80.05	-1.67%	Cotton (per lb)	0.7792	-0.52%
Heating Oil (per gallon)	2.3111	-1.24%	Sugar (per lb)	0.1373	3.62%
Gasoline (per gallon)	1.9187	-2.96%	Orange Juice (per lb)	1.4220	-0.80%
Natural Gas (per MMBtu)	3.3200	2.50%	Cocoa (per mt)	2,226	1.46%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,124.4	-0.05%	Wheat (per bushel)	5.1750	-1.15%
Nickel (per mt)	12,330.5	-1.75%	Soybean (per bushel)	8.858	0.11%
Aluminium (per mt)	2,030.8	-0.40%	Corn (per bushel)	3.7425	-0.27%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,227.4	-0.29%	Crude Palm Oil (MYR/MT)	2,261.0	0.76%
Silver (per oz)	14.663	-0.26%	Rubber (JPY/KG)	169.9	0.47%

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

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,706.68	-91.74
<b>S&amp;P</b>	2,809.21	-0.71
<b>Nasdaq</b>	7,642.70	-2.79
<b>Nikkei 225</b>	22,841.12	291.88
<b>STI</b>	3,071.10	36.79
<b>KLCI</b>	1,740.59	3.75
<b>JCI</b>	5,868.62	67.80
<b>Baltic Dry</b>	1,578.00	--
<b>VIX</b>	17.40	-0.22

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	2.04 (+0.01)	2.89 (+0.02)
<b>5Y</b>	2.33 (-)	3.06 (+0.03)
<b>10Y</b>	2.58 (-)	3.21 (+0.04)
<b>15Y</b>	2.85 (-0.01)	--
<b>20Y</b>	2.88 (-0.01)	--
<b>30Y</b>	2.93 (-0.01)	3.37 (+0.04)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	18.42	-0.96
<b>EURIBOR-OIS</b>	3.89	0.16
<b>TED</b>	15.78	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
10/17/2018 04:00	US Total Net TIC Flows	Aug	\$60.3b	\$108.2b	\$52.2b	\$42.7b
10/17/2018 04:00	US Net Long-term TIC Flows	Aug	--	\$131.8b	\$74.8b	\$66.7b
<b>10/17/2018 07:30</b>	<b>AU Westpac Leading Index MoM</b>	<b>Sep</b>	<b>--</b>	<b>-0.06%</b>	<b>0.06%</b>	<b>0.03%</b>
10/17/2018 08:30	SI Non-oil Domestic Exports SA MoM	Sep	-6.40%	-4.30%	0.40%	--
10/17/2018 08:30	SI Electronic Exports YoY	Sep	--	-0.90%	-1.50%	--
<b>10/17/2018 08:30</b>	<b>SI Non-oil Domestic Exports YoY</b>	<b>Sep</b>	<b>11.10%</b>	<b>8.30%</b>	<b>5.00%</b>	<b>--</b>
10/17/2018 14:00	EC EU27 New Car Registrations	Sep	--	-23.50%	31.20%	--
10/17/2018 16:00	SI Automobile COE Open Bid Cat A	Oct-17	--	25556	28457	--
10/17/2018 16:00	SI Automobile COE Open Bid Cat B	Oct-17	--	31302	31301	--
10/17/2018 16:02	CH New Yuan Loans CNY	Sep	1358.7b	1380.0b	1280.0b	--
<b>10/17/2018 16:02</b>	<b>CH Money Supply M2 YoY</b>	<b>Sep</b>	<b>8.30%</b>	<b>8.30%</b>	<b>8.20%</b>	<b>--</b>
<b>10/17/2018 16:30</b>	<b>UK CPI MoM</b>	<b>Sep</b>	<b>0.30%</b>	<b>0.10%</b>	<b>0.70%</b>	<b>--</b>
<b>10/17/2018 16:30</b>	<b>UK CPI YoY</b>	<b>Sep</b>	<b>2.60%</b>	<b>2.40%</b>	<b>2.70%</b>	<b>--</b>
<b>10/17/2018 16:30</b>	<b>UK CPI Core YoY</b>	<b>Sep</b>	<b>2.00%</b>	<b>1.90%</b>	<b>2.10%</b>	<b>--</b>
10/17/2018 16:30	UK Retail Price Index	Sep	284.5	284.1	284.2	--
10/17/2018 16:30	UK RPI MoM	Sep	0.10%	0.00%	0.90%	--
10/17/2018 16:30	UK RPI YoY	Sep	3.50%	3.30%	3.50%	--
10/17/2018 16:30	UK RPI Ex Mort Int.Payments (YoY)	Sep	3.40%	3.30%	3.40%	--
<b>10/17/2018 16:30</b>	<b>UK PPI Output NSA MoM</b>	<b>Sep</b>	<b>0.20%</b>	<b>0.40%</b>	<b>0.20%</b>	<b>--</b>
<b>10/17/2018 16:30</b>	<b>UK PPI Output NSA YoY</b>	<b>Sep</b>	<b>2.90%</b>	<b>3.10%</b>	<b>2.90%</b>	<b>--</b>
10/17/2018 17:00	EC CPI Core YoY	Sep F	0.90%	0.90%	0.90%	--
<b>10/17/2018 17:00</b>	<b>EC CPI YoY</b>	<b>Sep F</b>	<b>2.10%</b>	<b>2.10%</b>	<b>2.00%</b>	<b>--</b>
<b>10/17/2018 17:00</b>	<b>EC CPI MoM</b>	<b>Sep</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.20%</b>	<b>--</b>
<b>10/17/2018 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>Oct-12</b>	<b>--</b>	<b>-7.10%</b>	<b>-1.70%</b>	<b>--</b>
10/17/2018 20:30	CA Manufacturing Sales MoM	Aug	-0.60%	-0.40%	0.90%	1.20%
<b>10/17/2018 20:30</b>	<b>US Housing Starts</b>	<b>Sep</b>	<b>1210k</b>	<b>1201k</b>	<b>1282k</b>	<b>1268k</b>
10/17/2018 20:30	US Building Permits	Sep	1275k	1241k	1229k	1249k
<b>10/18/2018 02:00</b>	<b>US FOMC Meeting Minutes</b>	<b>Sep-26</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
10/18/2018 07:50	JN Trade Balance	Sep	-¥45.1b	--	-¥444.6b	-¥438.4b
10/18/2018 07:50	JN Trade Balance Adjusted	Sep	-¥333.4b	--	-¥190.4b	--
10/18/2018 07:50	JN Japan Buying Foreign Bonds	Oct-12	--	--	-¥200.5b	--
10/18/2018 07:50	JN Foreign Buying Japan Bonds	Oct-12	--	--	¥633.3b	--
10/18/2018 07:50	JN Foreign Buying Japan Stocks	Oct-12	--	--	¥1578.4b	--
<b>10/18/2018 08:30</b>	<b>AU Employment Change</b>	<b>Sep</b>	<b>15.0k</b>	<b>--</b>	<b>44.0k</b>	<b>--</b>
<b>10/18/2018 08:30</b>	<b>AU Unemployment Rate</b>	<b>Sep</b>	<b>5.30%</b>	<b>--</b>	<b>5.30%</b>	<b>--</b>
10/18/2018 08:30	AU Full Time Employment Change	Sep	--	--	33.7k	--
<b>10/18/2018 08:30</b>	<b>AU Participation Rate</b>	<b>Sep</b>	<b>65.70%</b>	<b>--</b>	<b>65.70%</b>	<b>--</b>
10/18/2018 08:30	AU NAB Business Confidence	3Q	--	--	7	--
10/18/2018 08:30	AU RBA FX Transactions Market	Sep	--	--	A\$608m	--
<b>10/18/2018 16:30</b>	<b>UK Retail Sales Ex Auto Fuel MoM</b>	<b>Sep</b>	<b>-0.40%</b>	<b>--</b>	<b>0.30%</b>	<b>--</b>
10/18/2018 16:30	UK Retail Sales Ex Auto Fuel YoY	Sep	3.80%	--	3.50%	--
<b>10/18/2018 16:30</b>	<b>UK Retail Sales Inc Auto Fuel MoM</b>	<b>Sep</b>	<b>-0.40%</b>	<b>--</b>	<b>0.30%</b>	<b>--</b>
<b>10/18/2018 16:30</b>	<b>UK Retail Sales Inc Auto Fuel YoY</b>	<b>Sep</b>	<b>3.60%</b>	<b>--</b>	<b>3.30%</b>	<b>--</b>
<b>10/18/2018 20:30</b>	<b>US Philadelphia Fed Business Outlook</b>	<b>Oct</b>	<b>20</b>	<b>--</b>	<b>22.9</b>	<b>--</b>
<b>10/18/2018 20:30</b>	<b>US Initial Jobless Claims</b>	<b>Oct-13</b>	<b>212k</b>	<b>--</b>	<b>214k</b>	<b>--</b>
10/18/2018 20:30	US Continuing Claims	Oct-06	1665k	--	1660k	--
10/18/2018 21:45	US Bloomberg Economic Expectations	Oct	--	--	57.5	--
10/18/2018 21:45	US Bloomberg Consumer Comfort	Oct-14	--	--	59.5	--
<b>10/18/2018 22:00</b>	<b>US Leading Index</b>	<b>Sep</b>	<b>0.50%</b>	<b>--</b>	<b>0.40%</b>	<b>--</b>
<b>10/18/2018</b>	<b>SK BoK 7-Day Repo Rate</b>	<b>Oct-18</b>	<b>1.50%</b>	<b>--</b>	<b>1.50%</b>	<b>--</b>

Source: Bloomberg

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