

Highlights

Global	<p>Risk appetite stayed buoyant amid US stocks approaching fresh records, while the 10y- treasury yields rose for the second day as recent trade barbs were seen to be less severe than feared. Amid the tensions, note that China plans to implement a 10% tariff on US LNG imports, though Chinese authorities stressed that it will not weaken the RMB to boost trade competitiveness. Elsewhere, US secretary of state Pompeo called for fresh talks with Pyongyang with the goal of achieving denuclearization, following two days of talks between Kim and S. Korea President Moon. In central bank news, the Bank of Japan kept its policy parameters unchanged and cited that monetary easing will not cease until inflation hits the 2.0% target. The Bank of Thailand has also kept rates unchanged, citing risks pertaining to the impacts of trade protectionism. Note also that NZ GDP grew faster-than-expected at 2.8% y/y (+1.0% qoqsa), marking its fastest pace in two years, led by farm production and household spending.</p> <p>We are seeing a relatively quieter economic calendar today. Watch for US initial jobless claims and existing home sales, HK CPI and EC consumer confidence. Also look out for OECD's interim economic outlook projections later today.</p>
US	<p>Housing starts rose more than expected in August to 9.2% to a seasonally adjusted annual rate of 1.282 million units, suggesting a positive sign for the housing market which has generally underperformed the broader economy due to rising interest rates for home loans.</p>
SG	<p>COE prices were mixed at the latest bidding result. Category A and Category B COE premiums fell \$2,209 and \$694, respectively, while Category C and E rose \$103 and \$199.</p>
CH	<p>Premier Li Keqiang said yesterday in summer World Economic Forum that China will not go back to old path of excessive easing. Meanwhile, he also denied the speculation that the recent RMB depreciation is engineered by Chinese government. He said the cost of one-way depreciation is higher than benefit and China will not consider competitive devaluation as the option.</p>
TH	<p>The Bank of Thailand kept its policy rate unchanged at 1.50% as widely expected, citing that its domestic economy is projected to gain traction driven by both external and domestic factors. Still, two dissenters who called for a rate hike deem that expansion is sufficiently robust and a rate hike is in order to curb financial stability risks. Importantly, the MPC report cited explicitly that the "need for currently accommodative monetary policy would be gradually reduced", thus signalling BOT's decision to eventually hike interest rates in the foreseeable future.</p>
CMD	<p>Crude oil prices rose to its two-month high on EIA's data which indicated lower crude oil stockpiles by 2.1 million barrels last week to 394 million barrels. This marks the fifth straight weekly decline and it's the lowest since Feb 2015.</p>

Major Markets

- **US:** Wall Street closed mostly higher on Wednesday (S&P500 +0.13%), as investors appeared to shrug off fresh trade tensions, with the Dow Jones (+0.61%) surpassing its January high on strong financial and manufacturing stocks, while tech equity dragged on the Nasdaq composite (-0.08%).
- ExxonMobil and Chevron gained 1.20% and 1.17%, respectively, as oil prices rose to a 2-month high.
- Microsoft stock fell 1.24% on lower dividend growth, below that of its 12-month trailing operating income.
- Bayer rose 1.07% on an announcement that it planned to enhance legal defence of its signature weed killer product, which was alleged to cause cancer.

- **Singapore:** The STI rose 1.19% on Wednesday, with Sembcorp Industries (+4.14%), Jardine Strategic Holdings (+3.77%) and Jardine Matheson Holdings (+3.66%) leading gains, while Hutchison Port Holdings (-2.08%) and Singapore Press Holdings (-0.72%) posted losses.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear steepened yesterday, with swap rates trading 0-4bps higher across shorter term (0-5yr) tenors and 4-6bps higher for tenors beyond 7yrs. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 140bps yesterday while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 484bps. 10Y UST yields remained broadly stable, reaching a high of 3.07% during the European session before closing at 3.06%.

- **New Issues:** BOC Aviation Ltd priced a USD500mn 5 year FRN at 3mL+112.5bps tightening from its initial price guidance of 3mL+135bps area. Country Garden Holdings Company Ltd priced a USD425mn long 3NC2 bond (guaranteed by certain of the Issuer's Restricted Subsidiaries outside the PRC) at 7.125% (tightening from its initial price guidance of 7.5% area) and a USD550mn 5NC3 bond at 8.0% (tightening from its initial price guidance of 8.375% area). Zhenro Properties Group Ltd priced a USD280mn 2.25yr bond (guaranteed by certain non-PRC restricted subsidiaries of the issuer) at 13.70%, tightening from its initial price guidance of 13.825% area. Easy Tactic Limited priced a USD200mn 3NC2 bond (Guarantors: R&F Properties (HK) Company Limited and certain Non-PRC subsidiaries of Guangzhou R&F Properties Co., Ltd. Keepwell Provider: Guangzhou R&F Properties Co., Ltd.) at 8.875%, tightening from its initial price guidance of 9.0% area. Maoye Intl Holdings Ltd priced a USD150mn 2NPNC1 bond (guaranteed by certain non-PRC restricted subsidiaries of the issuer) at 13.25%. CSSC Capital One Limited / CSSC Capital Two Limited (Keepwell Deed Provider: China State Shipbuilding Corporation Limited; Standby Letter of Credit Provider: Industrial and Commercial Bank of China Limited, Shanghai Municipal Branch) priced a USD485mn 3 year bond at CT3+125bps (tightening from its initial price guidance of CT3+155bps area) and a EUR300mn 5 year bond at MS+140bps (tightening from its initial price guidance of MS+150-155bps area). Agricultural Development Bank of China priced a USD700mn 3 year FRN at 3mL+62bps (tightening from its initial price guidance of 3mL+85bps area) and a CNH1.2bn 2 year bond at 4.16% (tightening from its initial price guidance of 4.45% area). Asian Development Bank priced a USD750mn 10 year green bond at MS+11bps, tightening from its initial price guidance of MS+12bps area. JT International Financial Services B.V. priced a 2 tranche deal (guaranteed by Japan Tobacco Inc.) with the USD525mn 5 year bond

priced at CT5+65bps (tightening from its initial price guidance of CT5+90bps) and the USD500mn 10 year bond priced at CT10+90bps (tightening from its initial price guidance of CT10+110bps). JT International Financial Services B.V. also priced a GBP400m 15 year bond at UKT +110bps (tightening from initial price guidance of UKT+130/135bps) and EUR550mn 7 year FRN at MS+60bps (tightening from its initial price guidance of MS+80/85bps). Japan Finance Organization for Municipalities priced a USD1bn 5 year bond at MS+41bps, tightening from its initial price guidance of MS+44bps. State Bank of India, London Branch priced a USD650mn 5 year green bond at 4.5%. Hainan Airlines (Hong Kong) Co. (wholly-owned offshore subsidiary of Hainan Airlines Holding Co.) has scheduled an investor roadshow from Sept 20 for a potential USD bond issue.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.537	-0.11%	USD-SGD	1.3690	-0.13%
USD-JPY	112.280	-0.07%	EUR-SGD	1.5980	-0.08%
EUR-USD	1.1673	0.05%	JPY-SGD	1.2193	-0.06%
AUD-USD	0.7263	0.61%	GBP-SGD	1.7994	-0.17%
GBP-USD	1.3144	-0.03%	AUD-SGD	0.9944	0.49%
USD-MYR	4.1442	0.02%	NZD-SGD	0.9056	0.32%
USD-CNY	6.8483	-0.19%	CHF-SGD	1.4155	-0.40%
USD-IDR	14875	0.13%	SGD-MYR	3.0269	0.04%
USD-VND	23238	-0.20%	SGD-CNY	4.9993	-0.09%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.9189	--
2M	-0.3390	--	1M	2.1653	--
3M	-0.3190	--	2M	2.2375	--
6M	-0.2680	--	3M	2.3375	--
9M	-0.2060	--	6M	2.5679	--
12M	-0.1680	--	12M	2.8795	--

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%	99.0%	1.0%	0.0%	0.0%
11/08/2018	100.0%	96.3%	3.6%	0.0%	0.0%
12/19/2018	100.0%	21.0%	76.1%	2.8%	0.0%
01/30/2019	100.0%	20.1%	73.9%	5.9%	0.1%
03/20/2019	100.0%	6.5%	37.5%	51.9%	4.0%
05/01/2019	100.0%	5.8%	34.0%	50.2%	9.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	71.12	1.82%	Coffee (per lb)	0.967	0.89%
Brent (per barrel)	79.40	0.47%	Cotton (per lb)	0.7872	0.25%
Heating Oil (per gallon)	2.2466	0.49%	Sugar (per lb)	0.1164	1.22%
Gasoline (per gallon)	2.0207	0.79%	Orange Juice (per lb)	1.4660	-0.14%
Natural Gas (per MMBtu)	2.9080	-0.85%	Cocoa (per mt)	2,195	-2.10%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,017.5	-0.04%	Wheat (per bushel)	5.2250	2.35%
Nickel (per mt)	12,446.0	0.88%	Soybean (per bushel)	8.300	1.97%
Aluminium (per mt)	2,003.0	-0.47%	Corn (per bushel)	3.4575	0.73%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,208.3	0.45%	Crude Palm Oil (MYR/MT)	2,158.0	-1.82%
Silver (per oz)	14.280	0.67%	Rubber (JPY/KG)	165.9	-0.12%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,405.76	158.80
S&P	2,907.95	3.64
Nasdaq	7,950.04	-6.07
Nikkei 225	23,672.52	251.98
STI	3,176.57	37.23
KLCI	1,800.71	7.77
JCI	5,873.60	61.81
Baltic Dry	1,356.00	--
VIX	11.75	-1.04

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.97 (+0.02)	2.79 (-0.01)
5Y	2.28 (+0.05)	2.95 (--)
10Y	2.52 (+0.04)	3.06 (+0.01)
15Y	2.80 (+0.04)	--
20Y	2.83 (+0.03)	--
30Y	2.86 (+0.02)	3.21 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	17.57	-0.65
EURIBOR-OIS	3.98	0.88
TED	17.38	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/19/2018 04:00	US Total Net TIC Flows	Jul	\$46.0b	\$52.2b	\$114.5b	\$189.7b
09/19/2018 04:00	US Net Long-term TIC Flows	Jul	--	\$74.8b	-\$36.5b	--
09/19/2018 06:45	NZ BoP Current Account Balance NZD	2Q	-1.315b	-1.619b	0.182b	0.088b
09/19/2018 07:50	JN Trade Balance	Aug	¥483.2b	¥444.6b	¥231.2b	¥231.9b
09/19/2018 07:50	JN Trade Balance Adjusted	Aug	¥144.1b	¥190.4b	¥45.6b	¥102.3b
09/19/2018 08:30	AU Westpac Leading Index MoM	Aug	--	0.06%	0.01%	0.02%
09/19/2018 10:47	JN BOJ Policy Balance Rate	Sep-19	-0.10%	-0.10%	-0.10%	--
09/19/2018 12:00	MA CPI YoY	Aug	0.40%	0.20%	0.90%	--
09/19/2018 14:00	EC EU27 New Car Registrations	Aug	--	31.20%	10.50%	--
09/19/2018 15:05	TH BoT Benchmark Interest Rate	Sep-19	1.50%	1.50%	1.50%	--
09/19/2018 15:31	PH BoP Overall	Aug	--	\$1272m	-\$455m	--
09/19/2018 16:00	SI Automobile COE Open Bid Cat A	Sep-19	--	28000	30209	--
09/19/2018 16:00	SI Automobile COE Open Bid Cat B	Sep-19	--	31307	32001	--
09/19/2018 16:30	UK CPI MoM	Aug	0.50%	0.70%	0.00%	--
09/19/2018 16:30	UK CPI YoY	Aug	2.40%	2.70%	2.50%	--
09/19/2018 16:30	UK CPI Core YoY	Aug	1.80%	2.10%	1.90%	--
09/19/2018 16:30	UK Retail Price Index	Aug	283.4	284.2	281.7	--
09/19/2018 16:30	UK RPI MoM	Aug	0.60%	0.90%	0.10%	--
09/19/2018 16:30	UK RPI YoY	Aug	3.20%	3.50%	3.20%	--
09/19/2018 16:30	UK RPI Ex Mort Int. Payments (YoY)	Aug	3.20%	3.40%	3.30%	--
09/19/2018 16:30	UK PPI Output NSA MoM	Aug	0.20%	0.20%	0.00%	--
09/19/2018 16:30	UK PPI Output NSA YoY	Aug	2.90%	2.90%	3.10%	--
09/19/2018 16:30	HK Composite Interest Rate	Aug	--	0.66%	0.63%	--
09/19/2018 19:00	US MBA Mortgage Applications	Sep-14	--	1.60%	-1.80%	--
09/19/2018 20:30	US Current Account Balance	2Q	-\$103.4b	-\$101.5b	-\$124.1b	-\$121.7b
09/19/2018 20:30	US Housing Starts	Aug	1238k	1282k	1168k	1174k
09/19/2018 20:30	US Building Permits	Aug	1310k	1229k	1311k	1303k
09/20/2018 06:45	NZ GDP SA QoQ	2Q	0.80%	1.00%	0.50%	--
09/20/2018 06:45	NZ GDP YoY	2Q	2.50%	2.80%	2.70%	2.60%
09/20/2018 09:30	AU RBA FX Transactions Market	Aug	--	--	A\$573m	--
09/20/2018 16:00	TA Export Orders YoY	Aug	6.20%	--	8.00%	--
09/20/2018 16:30	UK Retail Sales Ex Auto Fuel MoM	Aug	-0.20%	--	0.90%	--
09/20/2018 16:30	UK Retail Sales Ex Auto Fuel YoY	Aug	2.40%	--	3.70%	--
09/20/2018 16:30	UK Retail Sales Inc Auto Fuel MoM	Aug	-0.20%	--	0.70%	--
09/20/2018 16:30	UK Retail Sales Inc Auto Fuel YoY	Aug	2.30%	--	3.50%	--
09/20/2018 16:30	HK CPI Composite YoY	Aug	2.40%	--	2.40%	--
09/20/2018 20:30	US Philadelphia Fed Business Outlook	Sep	18	--	11.9	--
09/20/2018 20:30	US Initial Jobless Claims	Sep-15	210k	--	204k	--
09/20/2018 20:30	US Continuing Claims	Sep-08	1705k	--	1696k	--
09/20/2018 21:45	US Bloomberg Economic Expectations	Sep	--	--	57	--
09/20/2018 21:45	US Bloomberg Consumer Comfort	Sep-16	--	--	59	--
09/20/2018 22:00	US Leading Index	Aug	0.50%	--	0.60%	--
09/20/2018 22:00	EC Consumer Confidence	Sep A	-2	--	-1.9	--
09/20/2018 22:00	US Existing Home Sales	Aug	5.36m	--	5.34m	--
09/20/2018 22:00	US Existing Home Sales MoM	Aug	0.40%	--	-0.70%	--

Source: Bloomberg

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