

**Highlights**

Global	Global risk sentiments remain mixed. Despite a firmer session in Asian equity markets yesterday, Wall Street was unable to follow through and was dragged down by financial and energy shares. The 10-year UST bond yield was steady at 3.2%. The USD was also firmer amid the Italian government's plans to press on with its budget plans notwithstanding EU warnings and also increasing worries that UK PM May could face a leadership challenge amid rising criticism over the perceived lack of Brexit negotiation progress. For today, the question arises again if China's policy largesse, in the form of the State Council's support for bond financing by private firms and PBoC to increase CNY150b in its re-lending and re-discounting quota to supply financial institutions with money to on-lend, could provide further momentum for the Chinese and in turn Asian bourses today. The economic data calendar comprises US' Richmond Fed manufacturing, Taiwan's industrial production, German PPI and S'pore's Sep CPI. Key to watch will be BI rate decision where market consensus is for no change at 5.75% in a brief hiatus before the upcoming December FOMC rate hike.
US	The Chicago Fed National activity index unexpectedly fell from a revised 0.27 in Aug to 0.17 in Sep, below market expectations for 0.22. Meanwhile, President Trump said "I am not satisfied with what I've heard" on Saudi Arabia's explanation of journalist Khashoggi's death, even while Treasury Secretary Mnuchin met with Prince Mohammed yesterday.
CH	After top officials' verbal support to the private sector, the PBOC announced relevant easing measures for funding as well. The central bank will increase the quota for relending and rediscount by another 150 billion yuan (a 150 billion yuan quota was previously announced in June) to help the small companies with funding needs. In addition, the State Council also announced that it would support bond issuance by private corporates. We expect that these measures may help to restore market confidence and ease the downside risks from weak domestic investment to economic growth.
SG	Headline and core inflation likely rose 0.7% yoy (0% mom) and 2.0% yoy in Sep, compared to Aug's 0.7% yoy and 1.9% yoy respectively. Any upside surprise on the inflation front may reinforce the recent MAS MPS decision to tighten monetary policy by steepening the S\$NEER slope for a second time this year. Recall that MAS tips core inflation to edge up further to around 2% in the coming months but average between 1.5-2% in 2018 and 1.5-2.5% in 2019, while headline inflation will increase from around 0.5% this year to 1-2% next year. This is in line with our view that headline and core inflation will rise to 1.5% and 2.0% in 2019, up from 0.6% and 1.8% this year. Singapore may enter a phase of "3 plus and minus 5" percent growth arising from technological disruption and global trade tensions, compared to "5 plus and minus 1" percent of yesteryear, according to MTI Minister Chan Chun Sing.
TH	Exports for September declined by 5.20% yoy (August 2018: 6.68% yoy) whilst imports for the same month grew by 9.90% yoy (August 2018: 22.80% yoy). Overall though, the trade balance came out at US\$487m for September.
ID	Bank Indonesia will conclude their two-day long policy meeting today with our expectations that the rate will probably hold this time around. Any movement this year would most likely come in December when another Fed hike is widely expected to occur.

## Major Markets

- **US:** Wall Street ended mixed on Monday guided by a decline in financial and commodity equities, with the S&P500 and DJIA dipping 0.43% and -0.50%, respectively. The Nasdaq composite gained 0.26% ahead of a wave of 3Q earnings from tech behemoths such as Apple, Google, Microsoft, Intel and Visa.
- Halliburton, one of the world's largest oil field service firms, saw its shares tumble 3.04% despite beating revenue expectations, as it noted a slowdown in its oil and gas operations in North America.
- Kimberly-Clark (-3.47%) reported its largest daily dip in two years on expectations of a higher cost outlook due to "commodity inflations and currency volatility", as announced by newly appointed CEO Michael Hsu.
- Advanced Micro Devices (AMD) equity surged 5.79% ahead of 3Q earnings release tomorrow, with investors likely expecting a solid quarter stemming from resilient demand of its graphing processor units.
- **Singapore:** The STI added 0.51% to close at 3078.06 yesterday, but remains vulnerable to slippage today amid overnight weakness in Wall Street and weak morning cues from Kospi. The downside support for the STI is still at its 3034 close on 16 Oct, with resistance at 3100. With UST bonds range trading overnight, SGS bonds which had sold off by 1-2bps yesterday may also tread another similar range today. The MAS will issue \$1b in the mini-auction of the 4-year SGS bonds (NY07100X) maturing Sep2022 on 1 Nov.
- **Philippines:** Finance Secretary Carlos Dominguez has said that "the latest facts will not affect our original recommendation" to suspend a 2019 fuel tax hike.
- **Macau:** Inflation came in at 3.51% in September, the strongest since February 2016. For the two most heavily-weighted items, food inflation accelerated to 2.85% from 2.59% while the housing inflation reached a nearly three-year high of 3.06% amid higher housing rentals. In terms of transportation, its price index growth remained strong at 6.39%, mainly driven by increasing prices of gasoline and parking meter rates. As adults' clothing prices rose persistently, the clothing and footwear inflation advanced to 7.2% in September from 6.35% in August. Moving forward, with the resilient housing market and the strong global energy prices, Macau's inflation may remain elevated in the coming months. We expect overall CPI growth to print 3%-3.2% in 2018. However, with the impact of upward adjustment to parking meter rates and the low base effect waning gradually, overall inflation may slow down to below 3% in 2019.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates trading 2-4bps higher across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 142bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 504bps. Overall, 10Y UST yields traded little changed to close at 3.20% on the back of safe haven demand due to falling stocks.
- **New Issues:** Sinopec Century Bright Capital Investment Ltd has scheduled for investor meetings from 23 Oct for its potential CNH/HKD bond issuance. REC Ltd has scheduled for investor meetings from 23 Oct for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	96.013	0.31%	<b>USD-SGD</b>	1.3800	0.16%
<b>USD-JPY</b>	112.820	0.24%	<b>EUR-SGD</b>	1.5821	-0.27%
<b>EUR-USD</b>	1.1464	-0.43%	<b>JPY-SGD</b>	1.2230	-0.10%
<b>AUD-USD</b>	0.7081	-0.53%	<b>GBP-SGD</b>	1.7890	-0.71%
<b>GBP-USD</b>	1.2963	-0.86%	<b>AUD-SGD</b>	0.9772	-0.35%
<b>USD-MYR</b>	4.1595	0.05%	<b>NZD-SGD</b>	0.9076	-0.09%
<b>USD-CNY</b>	6.9475	0.27%	<b>CHF-SGD</b>	1.3854	0.17%
<b>USD-IDR</b>	15187	--	<b>SGD-MYR</b>	3.0200	0.18%
<b>USD-VND</b>	23347	0.01%	<b>SGD-CNY</b>	5.0339	0.11%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	--	<b>O/N</b>	2.1711	--
<b>2M</b>	-0.3370	--	<b>1M</b>	2.2819	--
<b>3M</b>	-0.3170	--	<b>2M</b>	2.3554	--
<b>6M</b>	-0.2620	--	<b>3M</b>	2.4772	--
<b>9M</b>	-0.2030	--	<b>6M</b>	2.7235	--
<b>12M</b>	-0.1540	--	<b>12M</b>	3.0204	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	6.1%	6.1%	0.0%	0.0%	0.0%
12/19/2018	81.3%	76.4%	4.9%	0.0%	0.0%
01/30/2019	82.1%	74.0%	8.0%	0.2%	0.0%
03/20/2019	94.9%	33.8%	55.2%	5.8%	0.1%
05/01/2019	95.5%	30.8%	53.0%	10.9%	0.7%
06/19/2019	97.7%	18.0%	42.2%	31.5%	5.7%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.17	0.07%	Coffee (per lb)	1.177	-3.64%
Brent (per barrel)	79.83	0.06%	Cotton (per lb)	0.8002	2.70%
Heating Oil (per gallon)	2.3181	0.70%	Sugar (per lb)	0.1382	-0.50%
Gasoline (per gallon)	1.9067	-0.38%	Orange Juice (per lb)	1.3725	-1.82%
Natural Gas (per MMBtu)	3.1380	-3.45%	Cocoa (per mt)	2,220	2.68%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	6,141.0	0.27%	Wheat (per bushel)	5.0800	-1.31%
Nickel (per mt)	12,473.5	0.61%	Soybean (per bushel)	8.725	0.23%
Aluminium (per mt)	2,010.0	-0.02%	Corn (per bushel)	3.6950	0.68%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,224.6	-0.33%	Crude Palm Oil (MYR/MT)	2,237.0	0.58%
Silver (per oz)	14.587	-0.43%	Rubber (JPY/KG)	169.3	1.50%

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

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,317.41	-126.93
<b>S&amp;P</b>	2,755.88	-11.90
<b>Nasdaq</b>	7,468.63	19.60
<b>Nikkei 225</b>	22,614.82	82.74
<b>STI</b>	3,078.06	15.55
<b>KLCI</b>	1,722.47	-9.67
<b>JCI</b>	5,840.44	3.14
<b>Baltic Dry</b>	1,576.00	--
<b>VIX</b>	19.64	-0.25

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	2.10 (+0.01)	2.91 (--)
<b>5Y</b>	2.37 (+0.02)	3.05 (--)
<b>10Y</b>	2.60 (+0.02)	3.20 (+0.01)
<b>15Y</b>	2.86 (+0.01)	--
<b>20Y</b>	2.89 (+0.01)	--
<b>30Y</b>	2.95 (+0.02)	3.39 (+0.01)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	19.47	0.07
<b>EURIBOR-OIS</b>	4.13	0.88
<b>TED</b>	17.32	--

### Economic Calendar

Date Time	Event			Survey	Actual	Prior	Revised
10/22/2018 07:49	SK	Imports 20 Days YoY	Oct	--	31.40%	14.00%	--
10/22/2018 07:49	SK	Exports 20 Days YoY	Oct	--	26.00%	21.60%	--
10/22/2018 11:00	TH	Customs Exports YoY	Sep	5.60%	-5.20%	6.68%	--
10/22/2018 11:00	TH	Customs Imports YoY	Sep	15.00%	9.90%	22.80%	--
10/22/2018 11:00	TH	Customs Trade Balance	Sep	\$1800m	\$487m	-\$588m	--
10/22/2018 11:51	MU	CPI Composite YoY	Sep	--	3.51%	3.32%	--
10/22/2018 12:30	JN	All Industry Activity Index MoM	Aug	0.40%	0.50%	0.00%	-0.20%
10/22/2018 15:00	MA	Foreign Reserves	Oct-15	--	\$102.8b	\$103.0b	--
10/22/2018 15:00	JN	Convenience Store Sales YoY	Sep	--	3.50%	1.00%	--
10/22/2018 16:00	TA	Export Orders YoY	Sep	5.50%	4.20%	7.10%	--
10/22/2018 16:00	TA	Unemployment Rate	Sep	3.70%	3.70%	3.69%	--
10/22/2018 17:00	EC	Govt Debt/GDP Ratio	2017	--	86.80%	86.70%	--
10/22/2018 17:28	PH	Budget Balance PHP	Sep	--	-96.2b	-2.6b	--
10/22/2018 20:30	CA	Wholesale Trade Sales MoM	Aug	-0.20%	-0.10%	1.50%	1.10%
10/22/2018 20:30	US	Chicago Fed Nat Activity Index	Sep	0.21	0.17	0.18	0.27
10/22/2018 22:00	CA	Bloomberg Nanos Confidence	Oct-19	--	57.4	56.3	--
10/23/2018 05:00	SK	PPI YoY	Sep	--	2.70%	3.00%	3.10%
		ANZ Roy Morgan Weekly Consumer					
10/23/2018 06:30	AU	Confidence Index	Oct-21	--	112.3	119.5	--
10/23/2018 13:00	SI	CPI YoY	Sep	0.80%	--	0.70%	--
10/23/2018 13:00	SI	CPI Core YoY	Sep	1.90%	--	1.90%	--
10/23/2018 13:00	SI	CPI NSA MoM	Sep	0.10%	--	0.40%	--
10/23/2018 13:00	JN	Supermarket Sales YoY	Sep	--	--	0.10%	--
10/23/2018 13:30	JN	Nationwide Dept Sales YoY	Sep	--	--	-0.20%	--
10/23/2018 13:30	JN	Tokyo Dept Store Sales YoY	Sep	--	--	1.60%	--
10/23/2018 14:00	CH	Swift Global Payments CNY	Sep	--	--	2.12%	--
10/23/2018 14:00	JN	Machine Tool Orders YoY	Sep F	--	--	2.80%	--
10/23/2018 14:00	GE	PPI MoM	Sep	0.30%	--	0.30%	--
10/23/2018 14:00	GE	PPI YoY	Sep	3.00%	--	3.10%	--
10/23/2018 16:00	TA	Industrial Production YoY	Sep	1.60%	--	1.33%	--
10/23/2018 16:30	HK	CPI Composite YoY	Sep	2.60%	--	2.30%	--
10/23/2018 18:00	UK	CBI Trends Total Orders	Oct	2	--	-1	--
10/23/2018 18:00	UK	CBI Trends Selling Prices	Oct	15	--	13	--
10/23/2018 18:00	UK	CBI Business Optimism	Oct	-4	--	-3	--
10/23/2018 22:00	US	Richmond Fed Manufact. Index	Oct	24	--	29	--
10/23/2018 22:00	EC	Consumer Confidence	Oct A	-3.2	--	-2.9	--
10/23/2018	ID	Bank Indonesia 7D Reverse Repo	Oct-23	5.75%	--	5.75%	--
10/23/2018	MU	Visitor Arrivals	Sep	--	--	3404t	--

Source: Bloomberg

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