

Highlights

Global	<p>US stocks were higher overnight post-Fed rate hike as market-watchers await for more corporate earnings results, while the DXY index rose 0.74% amid higher UST yields in the mid-to-longer end of the curve. US-centric economic prints continue to paint a relatively rosy environment, seen from the higher-than-expected jump in durable goods orders amid lower-than-expected continuing jobless claims for the week ended 15th Sept. Elsewhere, the Italian government agreed to a 2019 budget deficit target at 2.4% GDP, in which next steps will be to pass the proposal through parliament before being presented to the EU by 20th October. In central banks, Bank Indonesia hiked its benchmark rate by 25bps as widely expected to 5.75%, marking a cumulative increase of 150bps this year. Bangko Sentral ng Philipinas (BSP) also hiked rates by 50bps to 4.5% as widely expected in a bid to rein in surging prices. Lastly, Central Bank of the Republic of China (CBC Taiwan) held rates unchanged at 1.375%.</p> <p>Today's economic calendar looks relatively sparse: In Asia, look out for Thailand trade and foreign reserve prints, Vietnam's CPI and S. Korea departmental store sales. Other noteworthy prints include EZ CPI, UK GDP, CA GDP, US U. of Michigan Sentiment and personal spending.</p>
US	2Q18 GDP grew at an annualised 4.2% qoq, in line with market expectations, though incoming data including durable goods orders which grew 4.5% in August continue to suggest overall healthy growth momentum into 3Q.
EZ	Beyond Italy's budget proposal, incoming economic releases were better than expected: Manufacturing confidence rose to 105.7 (vs est 104.5) while overall consumer confidence printed 116.0 (vs est 115.0) in September. Elsewhere, Germany's inflation rose 2.3% in September, the highest pace since November 2011.
ID	Bank Indonesia (BI) raised rates by 25bps yesterday just as the Fed had earlier hiked rates by 25bps. The central bank did mention that this was in line with other actions such as efforts to reduce the current account deficit. BI also noted that going forward, it will continue to undertake measures to stabilize the exchange rate in accordance with its fundamental values and to maintain the functioning of the market mechanisms. We expect that BI will probably raise rates by at least 25bps in December 2018 when the Fed is expected to also undertake another rate hike.
MA	According to the Borneo Post, prominent economist and council of eminent persons member Jomo Kwame Sundaram commented that Malaysia needs to take more proactive measures to promote new areas of investment and production amid an escalating global trade conflict, instead of simply signing trade agreements which do not give the country much advantage.
CMD	Gold prices continue to tumble overnight, clocking -0.98% to close \$1,187.4/oz (lowest since 17 th August 2018) as market-watchers shed gold holdings as US rates pointed higher. Further concerns over Iranian oil supplies continue to lift oil prices, in which US sanctions are said to come in force on 4 th November, although the fall in base metal prices suggest that US-Sino trade tension woes continue to keep risk appetite in check.

Major Market

- **Wall Street:** US stocks point north post-FOMC as market-watchers look ahead to more growth cues from corporate earnings results. The Dow rose 0.21%, while S&P and Nasdaq rose 0.28% and 0.65%, respectively. UST yields were higher across mid-longer end of the curve, while the dollar gained.
- **Singapore:** The STI bucked its six-day gain streak with a -0.09% print at closing yesterday. Losses were seen in Genting Singapore (-1.89%), SPH Holdings (-1.41%) and UOB (-1.10%), although gains in Golden Agri-Resources (+2.08%) and CapitaLand Commercial Trust (+1.71%) limited overall losses.
- **Hong Kong:** Following the Fed's rate hike overnight, the HKMA raised base rates by 25bps to 2.5% this morning. After that, major commercial banks in Hong Kong announced that they will raise prime rate for the first time in 12 years by 12.5bps or 25bps. Nevertheless, the market seems to have largely priced in the prime rate hike. With all major banks probably announcing prime rate hike today, the "buy the rumor, sell the fact" move and the gradually fading seasonality may help to improve HKD liquidity. We expect front-end HIBORs to retrace some of their recent gains next month. If this is the case, HKD's recent robustness may prove to be unsustainable.
- The growth of exports and imports accelerated from 10% yoy and 14% yoy in Jul to 13.1% yoy and 16.4% yoy in Aug respectively. Overseas shipments to the Mainland China, the US and India surged by 13.6% yoy, 17.9% yoy and 18.2% yoy respectively in Aug. The strong growth might be due to resilient external demand and the front-loading of exports before new tariff took effect on another batch of goods traded between China and US from 23 Aug. On the other hand, the imports from ten major trading partners all registered year-on year growth with those from the Mainland China rising 16% yoy. This may be attributed to the revival of China's domestic demand on supportive policies and China's reduction of some imports tax. The data prints suggest that the initial impact of trade war on HK's trade sector is limited. Moving forward, export growth may slow down should US-China trade war escalate and dent external demand. On a positive note, as China's major re-export port, HK may see its trade sector benefiting from China's supportive measures and the country's move to cut tariffs beginning 1st Nov.
- **Indonesia:** Bank Indonesia announced that it will allow lenders to offer non-deliverable rupiah forward contracts that can be settled in local currency. These contracts will be known as domestic non-deliverable forward (DNDF) and they will be settled based on BI's spot dollar rate, known as JISDOR. Full details are still pending as the Foreign Exchange Market Committee is drafting the framework and BI said it may become operational in the coming weeks.
- **Philippines:** BSP raised rates by 50bps to bring it to 4.50% and cumulatively, this represents a 150bps increase this year. The central bank has recently been facing pressures on both currency and inflation fronts. The central bank did raise their inflation forecast though for 2018 to 5.2% from 4.9% and for 2019 to 4.3% from 3.7%. BSP Assistant Governor, Francis Dakila also did make mention that they see inflation peaking this quarter. BSP Deputy Governor Cyd Amador also said that all future actions will be data dependent.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, with swap rates for the shorter tenors trading 2-4bps lower while the longer tenors traded 3-5bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 138bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 468bps. While 10Y UST yields traded little changed at 3.05%, yields fell 2bps to 3.03% in the earlier part of the trading session on the back of safe haven demand due to concerns over the Italian budget. Yields subsequently rebounded 2bps to close at 3.05% due to weak demand at the USD31bn 7-year bond auction yesterday.
- **New Issues:** The Independent State of Papua New Guinea has priced a USD500mn 10-year bond at 8.375%, tightening from its initial price guidance of 9.0%. Korea Expressway Corp has scheduled for investor meetings from 4 Oct for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.894	0.74%	USD-SGD	1.3680	0.18%
USD-JPY	113.380	0.58%	EUR-SGD	1.5924	-0.66%
EUR-USD	comcom	-0.83%	JPY-SGD	1.2065	-0.40%
AUD-USD	0.7208	-0.69%	GBP-SGD	1.7891	-0.49%
GBP-USD	1.3079	-0.67%	AUD-SGD	0.9860	-0.50%
USD-MYR	4.1398	-0.03%	NZD-SGD	0.9050	-0.53%
USD-CNY	6.8903	0.17%	CHF-SGD	1.3998	-0.98%
USD-IDR	14923	0.08%	SGD-MYR	3.0330	-0.02%
USD-VND	23345	0.06%	SGD-CNY	5.0427	0.07%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.9253	--
2M	-0.3370	--	1M	2.2422	--
3M	-0.3190	--	2M	2.2943	--
6M	-0.2670	--	3M	2.3861	--
9M	-0.2080	--	6M	2.5935	--
12M	-0.1640	--	12M	2.9145	--

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%	99.0%	1.0%	0.0%	0.0%
12/19/2018	100.0%	19.7%	79.5%	0.8%	0.0%
01/30/2019	100.0%	18.5%	75.8%	5.7%	0.0%
03/20/2019	100.0%	7.0%	40.3%	49.1%	3.5%
05/01/2019	100.0%	6.0%	35.5%	47.9%	10.1%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	72.12	0.77%	Coffee (per lb)	0.993	1.59%
Brent (per barrel)	81.72	0.47%	Cotton (per lb)	0.7772	-1.06%
Heating Oil (per gallon)	2.3231	1.01%	Sugar (per lb)	0.1091	--
Gasoline (per gallon)	2.0824	1.16%	Orange Juice (per lb)	1.4685	-0.64%
Natural Gas (per MMBtu)	3.0560	1.16%	Cocoa (per mt)	2,114	-1.72%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,135.5	-1.59%	Wheat (per bushel)	5.1300	-0.87%
Nickel (per mt)	12,491.0	-2.04%	Soybean (per bushel)	8.550	0.59%
Aluminium (per mt)	2,020.0	-1.64%	Corn (per bushel)	3.6475	0.48%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,187.4	-0.98%	Crude Palm Oil (MYR/MT)	2,166.0	-1.10%
Silver (per oz)	14.290	-0.77%	Rubber (JPY/KG)	167.1	-1.12%

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

Equity and Commodity

Index	Value	Net change
DJIA	26,439.93	54.65
S&P	2,914.00	8.03
Nasdaq	8,041.97	51.60
Nikkei 225	23,796.74	-237.05
STI	3,236.26	-2.84
KLCI	1,798.64	-0.08
JCI	5,929.22	55.95
Baltic Dry	1,503.00	--
VIX	12.41	-0.48

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (-0.06)	2.83 (+0.01)
5Y	2.26 (-0.08)	2.96 (+0.01)
10Y	2.51 (-0.07)	3.05 (--)
15Y	2.78 (-0.08)	--
20Y	2.82 (-0.07)	--
30Y	2.86 (-0.05)	3.18 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	17.39	-0.50
EURIBOR-OIS	3.10	-0.73
TED	19.95	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
09/27/2018 02:00	US FOMC Rate Decision (Upper Bound)	Sep-26	2.25%	2.25%	2.00%	--
09/27/2018 05:00	NZ RBNZ Official Cash Rate	Sep-27	1.75%	1.75%	1.75%	--
09/27/2018 14:00	GE GfK Consumer Confidence	Oct	10.5	10.6	10.5	--
09/27/2018 15:20	ID Bank Indonesia 7D Reverse Repo	Sep-27	5.75%	5.75%	5.50%	--
09/27/2018 16:00	EC M3 Money Supply YoY	Aug	3.90%	3.50%	4.00%	--
09/27/2018 16:00	IT Manufacturing Confidence	Sep	104.5	105.7	104.8	105
09/27/2018 16:00	IT Consumer Confidence Index	Sep	115	116	115.2	115.3
09/27/2018 16:00	IT Economic Sentiment	Sep	--	103.7	103.8	103.9
09/27/2018 16:00	PH BSP Overnight Borrowing Rate	Sep-27	4.50%	4.50%	4.00%	--
09/27/2018 16:30	HK Imports YoY	Aug	10.00%	16.40%	14.00%	--
09/27/2018 16:51	TA CBC Benchmark Interest Rate	Sep-27	1.38%	1.38%	1.38%	--
09/27/2018 17:00	IT PPI MoM	Aug	--	0.50%	0.40%	1.80%
09/27/2018 17:00	EC Consumer Confidence	Sep F	-2.9	-2.9	-2.9	--
09/27/2018 20:00	GE CPI YoY	Sep P	2.00%	2.30%	2.00%	--
09/27/2018 20:00	GE CPI EU Harmonized YoY	Sep P	1.90%	2.20%	1.90%	--
09/27/2018 20:30	US Wholesale Inventories MoM	Aug P	0.30%	0.80%	0.60%	--
09/27/2018 20:30	US GDP Annualized QoQ	2Q T	4.20%	4.20%	4.20%	--
09/27/2018 20:30	US Personal Consumption	2Q T	3.80%	3.80%	3.80%	--
09/27/2018 20:30	US Core PCE QoQ	2Q T	2.00%	2.10%	2.00%	--
09/27/2018 20:30	US Durable Goods Orders	Aug P	2.00%	4.50%	-1.70%	--
09/27/2018 20:30	US Durables Ex Transportation	Aug P	0.40%	0.10%	0.10%	0.20%
09/27/2018 20:30	US Cap Goods Orders Nondef Ex Air	Aug P	0.40%	-0.50%	1.60%	1.50%
09/27/2018 20:30	US Initial Jobless Claims	Sep-22	210k	214k	201k	202k
09/27/2018 20:30	US Continuing Claims	Sep-15	1678k	1661k	1645k	--
09/27/2018 21:45	US Bloomberg Consumer Comfort	Sep-23	--	61.2	60.2	--
09/28/2018 07:01	UK GfK Consumer Confidence	Sep	-8	-9	-7	--
09/28/2018 07:30	JN Job-To-Applicant Ratio	Aug	1.63	1.63	1.63	--
09/28/2018 07:30	JN Jobless Rate	Aug	2.50%	2.40%	2.50%	--
09/28/2018 07:30	JN Tokyo CPI YoY	Sep	1.10%	1.30%	1.20%	--
09/28/2018 07:50	JN Industrial Production MoM	Aug P	1.40%	0.70%	-0.10%	--
09/28/2018 07:50	JN Retail Trade YoY	Aug	2.00%	2.70%	1.50%	--
09/28/2018 09:30	AU Private Sector Credit MoM	Aug	0.40%	--	0.40%	--
09/28/2018 10:00	SK Department Store Sales YoY	Aug	--	--	2.90%	--
09/28/2018 10:00	VN Exports YTD YoY	Sep	14.30%	--	14.50%	--
09/28/2018 10:00	VN CPI YoY	Sep	4.00%	--	3.98%	--
09/28/2018 10:00	VN GDP YTD YoY	3Q	7.01%	--	7.08%	--
09/28/2018 13:00	JN Housing Starts YoY	Aug	0.40%	--	-0.70%	--
09/28/2018 14:45	FR CPI YoY	Sep P	2.30%	--	2.30%	--
09/28/2018 15:30	TH Foreign Reserves	Sep-21	--	--	\$204.3b	--
09/28/2018 15:30	TH Exports YoY	Aug	--	--	8.30%	--
09/28/2018 15:30	TH Trade Balance	Aug	--	--	\$858m	--
09/28/2018 15:30	TH BoP Current Account Balance	Aug	\$1359m	--	\$1086m	--
09/28/2018 15:55	GE Unemployment Claims Rate SA	Sep	5.20%	--	5.20%	--
09/28/2018 16:30	UK GDP QoQ	2Q F	0.40%	--	0.40%	--
09/28/2018 17:00	EC CPI Core YoY	Sep A	1.10%	--	1.00%	--
09/28/2018 17:00	EC CPI Estimate YoY	Sep	2.10%	--	2.00%	--
09/28/2018 17:00	IT CPI EU Harmonized YoY	Sep P	1.70%	--	1.60%	--
09/28/2018 20:30	CA Industrial Product Price MoM	Aug	-0.40%	--	-0.20%	--
09/28/2018 20:30	US Personal Income	Aug	0.40%	--	0.30%	--
09/28/2018 20:30	CA GDP MoM	Jul	0.10%	--	0.00%	--
09/28/2018 20:30	US Personal Spending	Aug	0.30%	--	0.40%	--
09/28/2018 20:30	US PCE Core MoM	Aug	0.10%	--	0.20%	--
09/28/2018 22:00	US U. of Mich. Sentiment	Sep F	100.6	--	100.8	--

Source: Bloomberg

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