

Highlights

Global	Markets continue to climb last night as the S&P500 closed above the 2,900 mark for the first time ever as the revised US economic 2Q 2018 surprised on the upside. The US economy had actually expanded at 4.2% yoy for 2Q 2018 instead of the previously believed 4.1% yoy. Consumer spending though was revised downwards to 3.8% yoy from 4.0% yoy but intellectual-property investment actually grew faster at 11.0% yoy vs the initially expected 8.2% yoy. Corporate pre-tax profits rose 7.7% yoy (3.3% qoq), the fastest it has been since 2014. Going forward, economists expect the expansion to cool as the tax-cuts boost fades, trade tensions risk hurting businesses and the Fed engages in further interest rate normalization. Meanwhile, president Trump said talks with Canada were “doing really well” and that the Canadians would “want to be part of the deal”. The US is currently pressuring Canada to strike a deal by week’s end although Canadian foreign minister Chrystia Freeland said that “when it comes to specific issues, we have a huge amount of work to do”. Reportedly, Canada’s dairy market is a focal point according to a US official familiar with the negotiations. On the geopolitical front, there appears again to be some risks as Trump warned he could begin joint military exercises with South Korea and Japan that will be “far bigger than ever”. He had previously said that talks with North Korea are “doing well” but “China makes it much more difficult”. Asian markets are likely to trade higher today following the rise in US equities. Key economic data releases include US jobless claims as of August 25th, US PCE core data for July and Eurozone economic confidence indicator for August.
EZ	The UK and the EU have publicly said that they want a Brexit deal wrapped in the next seven weeks but behind the scenes, both British and EU senior officials have said that divorce terms are more likely to be finalized in mid-November. The UK’s exit from the union is scheduled on March 29th 2019.
CH	The income tax reform may be completed by end of 2018 according to the National People’s Congress, which is reviewing the proposed changes. Meanwhile, China’s economic planning agency National Development and Reform Commission reiterated to promote a more balanced supply demand in the housing market while China’s banking and insurance regulator will continue to tighten lending standard to ban consumer loan to be channelled to the property market.
MA	The South China Morning Post reports that the high-speed rail link between Kuala Lumpur and Singapore would be deferred by 2 years rather than cancelled, citing unidentified people close to prime minister Mahathir Mohamad. The paper also reported that economic affairs minister Azmin Ali would be in Singapore on Thursday and Friday for final talks before signing the agreement on deferring the project.
ID	Australian prime minister Scott Morrison is attempting to secure a free trade agreement with Indonesia this week as the two sides negotiate. The Financial Review reports based on a source that a deal “was done last week” and there is already “an agreement”. However, an Indonesian foreign ministry briefing late on Wednesday confirmed that the agreement Morrison hopes to sign on Friday will only be a preliminary one along the way to the full Indonesia Australia Comprehensive Economic Partnership Agreement, or IA-CEPA.

Major Markets

- **US:** On the equity front, the S&P500 (+0.57%) and Nasdaq composite (+0.99%) recorded a fourth consecutive session of all-time-highs on the back of positive US-Canada trade talk developments and strong tech stock, notably Amazon (+3.38%) and Alphabet (+1.51%).
- Meanwhile, the VIX Index fell to 12.25 on Wednesday, as compared to 12.50 on Tuesday.
- **Singapore:** The STI fell 0.11% to 3,243.92. ComfortDelGro Corp (-2.11%), Starhub (-1.82%) and Sembcorp Industries (-1.74%) registered losses, cushioned by gains in Singapore Airlines (+2.06%), Thai Beverage (+1.60%) and CapitaLand Commercial Trust (+1.14%).
- **Malaysia:** According to Malaysiakini, economic affairs minister Azmin Ali has said that mega infrastructure projects involving foreign contractors are putting a major strain on the nation's finances and will only benefit foreigners. He said, "We are studying them. Some may be scrapped. Some will be suspended until the economy recovers."

Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bound yesterday, with swap rates trading 1-2bps higher across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 138bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 477bps. 10Y UST yields fell 1bps to 2.86% in the earlier part of the trading session as investors sought for safe-havens due to reports that Italy may ask the European Central Bank for aid. Yields subsequently rose 2bps to close at 2.88% on the back of increasing risk appetite after an up-ward revision of the US second-quarter gross domestic product.
- **New Issues:** China Aoyuan Property Group Ltd has priced a deal across two tranches with the USD225mn 3NCNP2 bond at 7.95%, tightening from its initial price guidance of 8.25% and the SGD100mn 3NCNP2 bond at 7.15%, tightening from its initial price guidance of 7.3%. Asahi Mutual Life Insurance Co Ltd has priced a USD430mn Perp NC5 bond at 6.5%, tightening from its initial price guidance of 6.875%. Chalco Hong Kong Investment Co Ltd has schedule for investor calls on 29 Aug for its potential USD bond issuance (guaranteed by Chalco HongKong Ltd, Keepwell provider: Aluminium Corp of China Ltd). Toyota Tsusho Corp has scheduled for investor meetings from 4 Sept for its potential 5-year USD bond issuance. Capital Environment Holdings Ltd has scheduled for investor meetings from 30 Aug for its potential USD green bond issuance (Keepwell provider: Beijing Capital Group Co Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.600	-0.13%	USD-SGD	1.3652	0.09%
USD-JPY	111.680	0.44%	EUR-SGD	1.5984	0.20%
EUR-USD	1.1707	0.10%	JPY-SGD	1.2222	-0.39%
AUD-USD	0.7311	-0.37%	GBP-SGD	1.7785	1.29%
GBP-USD	1.3026	1.19%	AUD-SGD	0.9983	-0.25%
USD-MYR	4.1055	0.21%	NZD-SGD	0.9164	0.13%
USD-CNY	6.8212	0.27%	CHF-SGD	1.4066	0.66%
USD-IDR	14645	0.13%	SGD-MYR	3.0049	-0.01%
USD-VND	23295	0.01%	SGD-CNY	4.9951	0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.9149	--
2M	-0.3390	--	1M	2.0749	--
3M	-0.3190	--	2M	2.1996	--
6M	-0.2660	--	3M	2.3148	--
9M	-0.2070	--	6M	2.5283	--
12M	-0.1660	--	12M	2.8281	--

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%	94.6%	0.0%	0.0%	0.0%
11/08/2018	100.0%	92.2%	2.6%	0.0%	0.0%
12/19/2018	100.0%	30.9%	65.7%	1.8%	0.0%
01/30/2019	100.0%	29.1%	63.6%	5.8%	0.1%
03/20/2019	100.0%	13.5%	44.1%	38.3%	3.3%
05/01/2019	100.0%	12.1%	40.7%	39.0%	7.3%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.51	1.43%	Coffee (per lb)	1.029	-0.15%
Brent (per barrel)	77.14	1.57%	Cotton (per lb)	0.8276	-0.98%
Heating Oil (per gallon)	2.2421	1.39%	Sugar (per lb)	0.1037	0.58%
Gasoline (per gallon)	2.1060	1.31%	Orange Juice (per lb)	1.5305	-0.23%
Natural Gas (per MMBtu)	2.8950	1.51%	Cocoa (per mt)	2,349	1.25%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,032.9	-0.80%	Wheat (per bushel)	5.4175	3.54%
Nickel (per mt)	13,423.5	-1.30%	Soybean (per bushel)	8.360	0.33%
Aluminium (per mt)	2,156.8	1.78%	Corn (per bushel)	3.5650	0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,211.5	-0.24%	Crude Palm Oil (MYR/MT)	2,217.0	-0.67%
Silver (per oz)	14.810	-0.60%	Rubber (JPY/KG)	172.5	1.05%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,124.57	60.55
S&P	2,914.04	16.52
Nasdaq	8,109.69	79.65
Nikkei 225	22,848.22	34.75
STI	3,243.92	-3.63
KLCI	1,820.64	-6.26
JCI	6,065.15	22.50
Baltic Dry	1,684.00	--
VIX	12.25	-0.25

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.92 (+0.04)	2.68 (+0.01)
5Y	2.10 (+0.01)	2.78 (+0.01)
10Y	2.38 (--)	2.88 (--)
15Y	2.64 (--)	--
20Y	2.68 (--)	--
30Y	2.77 (--)	3.02 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.09	-0.81
EURIBOR-OIS	3.89	0.79
TED	21.25	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
08/29/2018 10:05	VN CPI YoY	Aug	3.90%	3.98%	4.46%	--
08/29/2018 10:05	VN Exports YTD YoY	Aug	14.40%	14.50%	15.30%	--
08/29/2018 14:00	GE GfK Consumer Confidence	Sep	10.6	10.5	10.6	--
08/29/2018 14:45	FR GDP QoQ	2Q P	0.20%	0.20%	0.20%	--
08/29/2018 14:45	FR GDP YoY	2Q P	1.70%	1.70%	1.70%	--
08/29/2018 19:00	US MBA Mortgage Applications	Aug-24	--	-1.70%	4.20%	--
08/29/2018 20:30	CA Current Account Balance	2Q	-\$15.30b	-\$15.88b	-\$19.50b	-\$17.48b
08/29/2018 20:30	US GDP Annualized QoQ	2Q S	4.00%	4.20%	4.10%	--
08/29/2018 20:30	US Personal Consumption	2Q S	3.90%	3.80%	4.00%	--
08/29/2018 20:30	US GDP Price Index	2Q S	3.00%	3.00%	3.00%	--
08/29/2018 20:30	US Core PCE QoQ	2Q S	2.00%	2.00%	2.00%	--
08/29/2018 22:00	US Pending Home Sales MoM	Jul	0.30%	-0.70%	0.90%	1.00%
08/30/2018 05:00	SK Business Survey Manufacturing	Sep	--	77	73	--
08/30/2018 06:45	NZ Building Permits MoM	Jul	--	-10.30%	-7.60%	-8.20%
08/30/2018 07:50	JN Retail Sales MoM	Jul	0.20%	--	1.50%	--
08/30/2018 07:50	JN Retail Trade YoY	Jul	1.20%	--	1.80%	1.70%
08/30/2018 07:50	JN Japan Buying Foreign Bonds	Aug-24	--	--	¥1929.4b	--
08/30/2018 07:50	JN Foreign Buying Japan Bonds	Aug-24	--	--	¥729.6b	--
08/30/2018 07:50	JN Foreign Buying Japan Stocks	Aug-24	--	--	¥510.6b	--
08/30/2018 09:00	NZ ANZ Business Confidence	Aug	--	--	-44.9	--
08/30/2018 09:30	AU Private Capital Expenditure	2Q	0.60%	--	0.40%	--
08/30/2018 09:30	AU Building Approvals MoM	Jul	-2.00%	--	6.40%	--
08/30/2018 09:30	AU Building Approvals YoY	Jul	-3.00%	--	1.60%	--
08/30/2018 10:00	SK Department Store Sales YoY	Jul	--	--	5.40%	--
08/30/2018 14:00	GE Import Price Index MoM	Jul	0.00%	--	0.50%	--
08/30/2018 14:00	GE Import Price Index YoY	Jul	5.20%	--	4.80%	--
08/30/2018 15:00	GE CPI Saxony YoY	Aug	--	--	2.20%	--
08/30/2018 15:55	GE Unemployment Change (000's)	Aug	-8k	--	-6k	--
08/30/2018 15:55	GE Unemployment Claims Rate SA	Aug	5.20%	--	5.20%	--
08/30/2018 16:30	UK Mortgage Approvals	Jul	65.0k	--	65.6k	--
08/30/2018 16:30	UK Money Supply M4 MoM	Jul	--	--	-0.30%	--
08/30/2018 16:30	UK M4 Money Supply YoY	Jul	--	--	1.70%	--
08/30/2018 16:30	HK Retail Sales Value YoY	Jul	9.70%	--	12.00%	--
08/30/2018 16:30	HK Retail Sales Volume YoY	Jul	7.50%	--	9.80%	--
08/30/2018 17:00	EC Economic Confidence	Aug	111.9	--	112.1	--
08/30/2018 17:00	EC Consumer Confidence	Aug F	-1.9	--	-1.9	--
08/30/2018 20:00	GE CPI MoM	Aug P	0.10%	--	0.30%	--
08/30/2018 20:00	GE CPI YoY	Aug P	2.00%	--	2.00%	--
08/30/2018 20:00	GE CPI EU Harmonized MoM	Aug P	0.20%	--	0.40%	--
08/30/2018 20:00	GE CPI EU Harmonized YoY	Aug P	2.10%	--	2.10%	--
08/30/2018 20:30	CA Quarterly GDP Annualized	2Q	3.10%	--	1.30%	--
08/30/2018 20:30	US Personal Income	Jul	0.40%	--	0.40%	--
08/30/2018 20:30	CA GDP MoM	Jun	0.10%	--	0.50%	--
08/30/2018 20:30	US Personal Spending	Jul	0.40%	--	0.40%	--
08/30/2018 20:30	US PCE Core MoM	Jul	0.20%	--	0.10%	--
08/30/2018 20:30	US PCE Core YoY	Jul	2.00%	--	1.90%	--
08/30/2018 20:30	US Initial Jobless Claims	Aug-25	212k	--	210k	--
08/30/2018 20:30	US Continuing Claims	Aug-18	1725k	--	1727k	--
08/30/2018 21:45	US Bloomberg Consumer Comfort	Aug-26	--	--	58.6	--
08/30/2018	MU Hotel Occupancy Rate	Jul	--	--	88	--

Source: Bloomberg

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

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