

Highlights

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|---------------|--|
| Global | <p>The FOMC kept its interest rates unchanged as widely anticipated, with markets still eyeing >80% probability of a Dec hike, whilst US president Trump is widely expected to announce Powell as new Fed chair. The FOMC statement sounded a tad more upbeat, with “economic activity has been rising at a solid rate despite hurricane-related disruptions” and “near-term risks to the economic outlook appear roughly balanced, but the Committee is monitoring inflation developments closely”, but essentially did nothing to rattle financial markets as he’s seen as maintaining policy continuity. Meanwhile, the tax bill that was delayed till today apparently will have the proposed 20% corporate tax rate phased out after a decade,</p> <p>Market focus will now shift to BOE who may hike rates for the first time in a decade to 0.5% but maintain the asset purchase target at GBP435b and the corporate bond target at GBP10b, as well as the BOE inflation report and Carney’s press conference. Today’s economic data calendar also comprises of US’ initial jobless claims and Challenger job cuts, and German unemployment change. Fed’s Powell is also speaking.</p> |
| US | <p>Manufacturing ISM retreated slightly from the 13-year high of 60.8 in Sep to 58.7 in Oct, and inflation also cooled slightly from an elevated 71.5 to 68.5 as the new orders gauge also fell from 64.6 to 63.4. The ADP employment data showed companies added 235k (highest in seven months) post-hurricanes in Oct, from a revised 110k in Sep.</p> <p>Some background information on Powell (aged 64 and a lawyer by training) – he will be the first Fed chair since Volcker without a Ph.D. in economics, and at a Senate hearing in June, he opined that regulators “should assess whether we can adjust regulation in common-sense ways that will simplify rules and reduce unnecessary regulatory burden without compromising safety and soundness”, according to Bloomberg article.</p> |
| JP | <p>PM Abe opined that “I have faith in Governor Kuroda’s abilities and I leave monetary policy up to him”, but “the slate is completely blank” on his choice for BOJ governor.</p> |
| SG | <p>The manufacturing and electronics PMIs could see some modest declines from the Sep prints of 52.0 and 53.6 respectively, reflecting some cooling in momentum going into the year-end as the recent business expectations survey has suggested.</p> |
| KR | <p>Export growth missed market expectation with a 7.1% y/y print (mkt est: +15.6%) in October, after a double-digit expansion in every previous month this year. Across destinations, export to China grew 13.5%, although shipments to US fell 12% y/y (up from positive growth of 28.9% in the previous month). Still, exports of semiconductors grew 69.6% y/y, suggesting that Korea’s manufacturing performance continues to support overall growth.</p> |
| CMD | <p>Crude oil declined likely on profit-taking on a rather quiet day. On production curbs, UAE is the latest country to publicly back an extension of the OPEC curbs. Gold rose as market-watchers worryingly anticipate the appointment of the new Fed chairman to replace Janet Yellen in February next year.</p> |

Major Market

- **US:** Equities rose on Wednesday on a rosy prognosis that the Fed gave to recent economic performance in its latest FOMC statement. The statement itself was somewhat business-as-usual, and did not materially alter rate hike expectations. Attention appears to be focused on news that Trump has decided to nominate Powell as the next Fed Chair, although the official confirmation is still to come. The next key event to focus on would be the tax plan reveal by House Republicans, scheduled to be held on Thursday after a delay. Overall, equity markets took the swathe of news rather positively, with the S&P 500 and Dow gaining 0.16% and 0.25% respectively. The Nasdaq Composite was pressured by a round of tech declines, losing 0.17%. VIX closed marginally higher at 10.20.
- Meanwhile, US Treasury curve bear flattened, with the short end yields rising. 2y benchmark yields rose to 1.61%, while the 10y yield stood at 2.37%.
- **Singapore:** The STI added 0.52% to close up at 3391.61 yesterday, but extend gains today amid positive overnight performance by S&P500 and morning gains by Kospi. STI support and resistance are tipped at 3380 and 3400 respectively. With UST bond yields trading in a range overnight as FOMC and Trump's choice of Fed chair did not surprise, SGS bonds, which had crept higher by around 1bp yesterday, may continue to range trade as well, as investors remain distracted by the opportunistic slew of recent corporate bond issues hitting the SGD market.
- **Macau:** Gaming revenue surprised on the upside and increased by 22.1% yoy to its three-year high at MOP26.6 billion in October 2017. The number of visitor arrivals increased by 10.3% yoy during the golden week and continue to grow after the holiday. The return of leisure gamblers after the two typhoons have lent supports to the mass-market segment. Still, due to the relatively low betting amount of recreational gamblers, high rollers remained the key driver of gaming growth. VIP gamblers' pent-up demand after the two typhoons might have well boosted VIP revenue in October. As China's growth appeared to have been more resilient than previously expected, high rollers' gambling demand have held up well. Continuous credit extensions offered by junket operators also supported the return of VIP gamblers. Given the rosy picture painted by the gaming sector, we adjust our forecast on gaming revenue growth from 15% to 19% for 2017 and revise our GDP forecast from 8% to 10% for 2017.
- **Indonesia:** Headline inflation weakened to 3.58% yoy in October, weaker than the consensus estimate of 3.68% yoy. Core inflation ticked higher to 3.07% yoy, but remained near record lows. Weaker than expected inflation may give Bank Indonesia the justification to cut rates further, but judging by recent comments, official willingness to do so may not be present.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading marginally lower across the 1-year and 2-year tenors. The yield curve noticeably steepened towards the longer-end of the curve, with swap rates trading 1-2bps higher across the 3-year to 10-year tenor, and 5bps to 9bps higher across the 12-year to 30-year tenors. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 176bps, while the yield on JACI HY Corp traded little changed at 6.87%. 10Y UST yields fell by 1bps to 2.37%, after the FOMC kept rates unchanged, while acknowledging that the labour market is strengthening and economic activity has been

rising at a solid rate. However, the Fed acknowledges that inflation remains soft and is expected to remain below 2 percent in the near term.

- **New Issues:** Industrial and Commercial Bank of China Ltd New York Branch has priced a three-tranche deal, with the USD500mn 3-year floating rate bond priced at 3mL+75bps, tightening from initial guidance of 3mL+95bps; the USD500mn 5-year fixed rate bond priced at CT5+95bps, tightening from initial guidance of CT5+125bps area; and the USD500mn 10-year fixed rate bond priced at CT10+118bps, tightening from initial guidance of CT10+150bps. The expected issue ratings are 'NR/A1/NR'. China Minmetals Corporation has priced a USD1bn Perp NC5 at 3.75%, tightening from initial guidance of 4% area. The expected issue ratings are 'NR/Baa1/NR'. Harvest Operations Corp has priced a USD200mn re-tap of its KOROIL 3%'22s (guaranteed by Korea National Oil Corp) at CT5+115bps, tightening from initial guidance of CT5+135bps. The expected issue ratings are 'AA/Aa2/NR'. Telstra Corp Ltd has scheduled investor meetings for potential USD bonds from 6 Nov.
- **Rating Changes:** Moody's has affirmed SK E&S Co Ltd's (SK E&S) 'Baa2' issuer profile and 'Baa1' preferred stock ratings, while revising the outlook to stable from negative. The rating action reflects the reduction in ramp-up risk associated with SK E&S' new power and co-generation plants, which started commercial operations in February – April 2017, and cash proceeds from the issuance of new shares, which will improve credit metrics. Fitch has affirmed Sunac China Holdings Limited's (Sunac) 'BB-' Issuer Default Rating with a negative outlook. At the same time, Fitch has downgraded Sunac's senior unsecured ratings to 'B+' from 'BB-'. The ratings have also been removed from Rating Watch Negative. The rating action follows Sunac's payment for its 91% stake in 13 Wanda City projects, and Fitch's belief that the required capex commitments on the projects will affect Sunac's financial profile. Fitch has assigned PT Bank BRISyariah (BRIS) a long-term Issuer Default Rating of 'BB+' with a stable outlook. The rating action reflects Fitch's expectation that BRIS will benefit from extraordinary support from its parent, PT Bank Rakyat Indonesia (Persero) Tbk, which is the majority owner of the bank.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 94.815 | 0.28% | USD-SGD | 1.3610 | -0.13% |
| USD-JPY | 114.180 | 0.48% | EUR-SGD | 1.5813 | -0.37% |
| EUR-USD | 1.1619 | -0.23% | JPY-SGD | 1.1920 | -0.60% |
| AUD-USD | 0.7676 | 0.26% | GBP-SGD | 1.8026 | -0.41% |
| GBP-USD | 1.3245 | -0.29% | AUD-SGD | 1.0447 | 0.13% |
| USD-MYR | 4.2315 | -0.01% | NZD-SGD | 0.9373 | 0.45% |
| USD-CNY | 6.6020 | -0.50% | CHF-SGD | 1.3566 | -0.69% |
| USD-IDR | 13580 | 0.13% | SGD-MYR | 3.1097 | 0.06% |
| USD-VND | 22718 | 0.03% | SGD-CNY | 4.8535 | -0.35% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3720 | -- | O/N | 1.1822 | -- |
| 2M | -0.3410 | -- | 1M | 1.2433 | -- |
| 3M | -0.3310 | -- | 2M | 1.3184 | -- |
| 6M | -0.2760 | -- | 3M | 1.3812 | -- |
| 9M | -0.2210 | -- | 6M | 1.5751 | -- |
| 12M | -0.1850 | -- | 12M | 1.8484 | -- |

Fed Rate Hike Probability

| Meeting | Prob Hike | 1.25 - 1.5 | 1.5 - 1.75 | 1.75 - 2.0 | 2.0 - 2.25 |
|------------|-----------|------------|------------|------------|------------|
| 12/13/2017 | 92.3% | 92.3% | 0.0% | 0.0% | 0.0% |
| 01/31/2018 | 92.5% | 89.9% | 2.6% | 0.0% | 0.0% |
| 03/21/2018 | 96.3% | 47.9% | 47.1% | 1.3% | 0.0% |
| 05/02/2018 | 96.5% | 45.7% | 47.1% | 3.6% | 0.1% |
| 06/13/2018 | 97.6% | 32.1% | 46.7% | 17.6% | 1.2% |
| 08/01/2018 | 97.8% | 30.1% | 45.7% | 19.6% | 2.3% |

Commodities Futures

| Energy | Futures | % chg | Base Metals | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 54.30 | -0.15% | Copper (per mt) | 6,928.0 | 1.34% |
| Brent (per barrel) | 60.49 | -1.43% | Nickel (per mt) | 12,261.5 | -- |
| Heating Oil (per gallon) | 1.8625 | -1.17% | Aluminium (per mt) | 2,146.3 | -- |
| Gasoline (per gallon) | 1.7410 | -2.17% | | | |
| Natural Gas (per MMBtu) | 2.8930 | -0.10% | | | |
| | | | Asian Commodities | Futures | % chg |
| | | | Crude Palm Oil (MYR/MT) | 2,837.0 | 0.78% |
| | | | Rubber (JPY/KG) | 198.4 | 2.90% |
| Precious Metals | Futures | % chg | | | |
| Gold (per oz) | 1,277.3 | 0.54% | | | |
| Silver (per oz) | 17.176 | 2.89% | | | |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 23,435.01 | 57.77 |
| S&P | 2,579.36 | 4.10 |
| Nasdaq | 6,716.53 | -11.14 |
| Nikkei 225 | 22,420.08 | 408.47 |
| STI | 3,391.61 | 17.53 |
| KLCI | 1,743.93 | -3.99 |
| JCI | 6,038.15 | 32.36 |
| Baltic Dry | 1,534.00 | -- |
| VIX | 10.20 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.42 (+0.01) | 1.61 (+0.01) |
| 5Y | 1.67 (--) | 2.02 (--) |
| 10Y | 2.16 (+0.01) | 2.37 (-0.01) |
| 15Y | 2.47 (+0.02) | -- |
| 20Y | 2.46 (+0.01) | -- |
| 30Y | 2.56 (+0.01) | 2.86 (-0.02) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 10.16 | -0.33 |
| EURIBOR-OIS | 3.08 | 0.47 |
| TED | 25.00 | -- |

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised |
|------------------|------------------------------------|--------------|--------|---------|---------|
| 11/01/2017 05:45 | NZ Unemployment Rate | 3Q 4.70% | 4.60% | 4.80% | -- |
| 11/01/2017 05:45 | NZ Employment Change QoQ | 3Q 0.80% | 2.20% | -0.20% | -0.10% |
| 11/01/2017 06:30 | AU AiG Perf of Mfg Index | Oct -- | 51.1 | 54.2 | -- |
| 11/01/2017 07:00 | SK CPI YoY | Oct 1.90% | 1.80% | 2.10% | -- |
| 11/01/2017 08:00 | SK Exports YoY | Oct 15.60% | 7.10% | 35.00% | -- |
| 11/01/2017 08:00 | SK Imports YoY | Oct 14.80% | 7.40% | 21.70% | 22.60% |
| 11/01/2017 08:30 | ID Nikkei Indonesia PMI Mfg | Oct -- | 50.1 | 50.4 | -- |
| 11/01/2017 08:30 | VN Nikkei Vietnam PMI Mfg | Oct -- | 51.6 | 53.3 | -- |
| 11/01/2017 08:30 | JN Nikkei Japan PMI Mfg | Oct F -- | 52.8 | 52.5 | -- |
| 11/01/2017 08:30 | SK Nikkei South Korea PMI Mfg | Oct -- | 50.2 | 50.6 | -- |
| 11/01/2017 08:30 | TA Nikkei Taiwan PMI Mfg | Oct -- | 53.6 | 54.2 | -- |
| 11/01/2017 09:45 | CH Caixin China PMI Mfg | Oct 51 | 51 | 51 | -- |
| 11/01/2017 11:30 | TH CPI YoY | Oct 0.83% | 0.86% | 0.86% | -- |
| 11/01/2017 11:30 | TH CPI Core YoY | Oct 0.59% | 0.58% | 0.53% | 0.49% |
| 11/01/2017 12:00 | ID CPI Core YoY | Oct 3.08% | 3.07% | 3.00% | -- |
| 11/01/2017 12:00 | ID CPI YoY | Oct 3.68% | 3.58% | 3.72% | -- |
| 11/01/2017 12:00 | ID CPI NSA MoM | Oct 0.10% | 0.01% | 0.13% | -- |
| 11/01/2017 13:00 | IN Nikkei India PMI Mfg | Oct -- | 50.3 | 51.2 | -- |
| 11/01/2017 13:30 | AU Commodity Index AUD | Oct -- | 120.9 | 120.8 | 121.9 |
| 11/01/2017 13:30 | AU Commodity Index SDR YoY | Oct -- | 9.10% | 18.30% | 19.40% |
| 11/01/2017 15:00 | UK Nationwide House PX MoM | Oct 0.20% | 0.20% | 0.20% | 0.40% |
| 11/01/2017 15:00 | UK Nationwide House Px NSA YoY | Oct 2.20% | 2.50% | 2.00% | 2.30% |
| 11/01/2017 17:30 | UK Markit UK PMI Manufacturing SA | Oct 55.9 | 56.3 | 55.9 | 56 |
| 11/01/2017 19:00 | US MBA Mortgage Applications | Oct-27 -- | -2.60% | -4.60% | -- |
| 11/01/2017 20:15 | US ADP Employment Change | Oct 200k | 235k | 135k | 110k |
| 11/01/2017 21:30 | CA Markit Canada Manufacturing PMI | Oct -- | 54.3 | 55 | -- |
| 11/01/2017 21:45 | US Markit US Manufacturing PMI | Oct F 54.5 | 54.6 | 54.5 | -- |
| 11/01/2017 22:00 | US ISM Manufacturing | Oct 59.5 | 58.7 | 60.8 | -- |
| 11/01/2017 22:00 | US ISM Prices Paid | Oct 67.8 | 68.5 | 71.5 | -- |
| 11/01/2017 22:00 | US Construction Spending MoM | Sep -0.20% | 0.30% | 0.50% | 0.10% |
| 11/02/2017 00:00 | NZ QV House Prices YoY | Oct -- | 3.90% | 4.30% | -- |
| 11/02/2017 02:00 | US FOMC Rate Decision | Nov-01 1.25% | 1.25% | 1.25% | -- |
| 11/02/2017 07:50 | JN Monetary Base YoY | Oct -- | -- | 15.60% | -- |
| 11/02/2017 08:30 | AU Trade Balance | Sep A\$1200m | -- | A\$989m | -- |
| 11/02/2017 08:30 | AU Building Approvals YoY | Sep -2.40% | -- | -15.50% | -- |
| 11/02/2017 16:45 | IT Italy Manufacturing PMI | Oct 56.5 | -- | 56.3 | -- |
| 11/02/2017 16:50 | FR France Manufacturing PMI | Oct F 56.7 | -- | 56.7 | -- |
| 11/02/2017 16:55 | GE Unemployment Change (000's) | Oct -10k | -- | -23k | -22k |
| 11/02/2017 16:55 | GE Unemployment Claims Rate SA | Oct 5.60% | -- | 5.60% | -- |
| 11/02/2017 16:55 | GE Manufacturing PMI | Oct F 60.5 | -- | 60.5 | -- |
| 11/02/2017 17:00 | EC Eurozone Manufacturing PMI | Oct F 58.6 | -- | 58.6 | -- |
| 11/02/2017 17:30 | UK Markit/CIPS UK Construction PMI | Oct 48.5 | -- | 48.1 | -- |
| 11/02/2017 20:00 | UK Bank of England Bank Rate | Nov-02 0.50% | -- | 0.25% | -- |
| 11/02/2017 20:00 | UK BOE Asset Purchase Target | Nov 435b | -- | 435b | -- |
| 11/02/2017 20:30 | US Initial Jobless Claims | Oct-28 235k | -- | 233k | -- |
| 11/02/2017 20:30 | US Continuing Claims | Oct-21 1894k | -- | 1893k | -- |
| 11/02/2017 21:00 | SI Purchasing Managers Index | Oct 51.9 | -- | 52 | -- |
| 11/02/2017 21:45 | US Bloomberg Consumer Comfort | Oct-29 -- | -- | 51 | -- |

Source: Bloomberg

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