

Highlights

Global	<p>US president Trump's nomination of Jerome Powell as new Fed chair was confirmed, but market focus was on the House GOP tax bill which is estimated to add US\$1.49t to the deficit over a decade. Meanwhile, BOE hiked its key interest rate for the first time in a decade to 0.5% in a 7-2 vote, but maintained the asset purchase target at GBP435b and the corporate bond target at GBP10b. However, BOE governor Carney sounded cautious at the press conference, citing that "it isn't so much where inflation is now but where it's going that concerns us", which essentially reinforcing our "one hike and done" scenario. When asked if the rate hike might be a mistake, he responded that it was a "nimble response" and went on to flag that "those businesses in general are anticipating ultimately an agreement; they are not managing to the absence of an agreement" and "they're not managing to the absence of transition" for Brexit risks. GBP fell in response to the dovish hike theme. Another busy day ahead with China's Caixin and Asian services/composite PMIs, as well as US' Oct nonfarm payrolls (market consensus: 313k), unemployment rate (unchanged at 4.2%), average hourly earnings (0.2% mom and 2.7% yoy), Sep trade deficit, Sep factory orders and Sep durable goods.</p>
US	<p>Initial jobless claims fell 5k to 229k, while Challenger job cuts fell 3% yoy. The 3Q17 nonfarm payrolls improved from 1.5% in 2Q to 3.0%, and unit labor cost also accelerated from 0.3% to 0.5% but generally remained tame.</p>
CN	<p>Caixin reported that China will allow a trial of full float of H-shares. Currently, the nonlisted "domestic shares" of Hong Kong listed mainland companies are not allowed to be sold in the secondary market or pledged as collateral for financing. The trial will remove those limits. Despite the supply of tradable shares is expected to increase, the full float is still positive for the market as it may align major domestic shareholder's interest with offshore retail investors. In addition, this may also serve a new funding channel for Hong Kong listed Chinese companies.</p>
SG	<p>S'pore's manufacturing PMI surged 0.6 points to 52.6 in Oct, the highest since Dec09 (53.3) and also marked the 14th straight month of expansion. The lift likely came from non-electronics sectors and reflects the broadening growth base for manufacturing firms. The new orders, new exports, output and inventory gauges all improved. The manufacturing employment gauge also rose for the second consecutive month to 50.7. This bodes well for 4Q17 manufacturing growth momentum. However, the electronics PMI retreated modestly by 0.3 points to 53.3 in Oct, dragged down new orders (55.7 versus 56.1), output (54.8 versus 55.0), inventory (52.8 versus 52.9) and imports (52.0 versus 52.1). That said, the Sep reading of 53.6 was the highest since July10 (55.7) and some moderation in momentum is to be anticipated going into the year-end. Post-Christmas season, electronics shipments are likely to wind down and traditionally 1Q is also traditionally a slower quarter compared to 4Q, so a temporary breather is to be anticipated. At current levels, the Oct print is still the healthiest since July 1, barring the Sep 17 reading. The growth base gets more challenging going into 2018 and manufacturing is tipped to moderate from a position of strength (our forecast: 10.6% yoy for the whole of 2017) back to a low single-digit growth pace for next year.</p>

Major Market

- **US:** Equities were largely calm on Thursday, as the House Republicans' tax reform proposal came to light. Homebuilders were the main losers, due to concerns about mortgage interest reductions. Lack of details over revenue generation, and the expectation that the proposal will be heavily altered before being eventually passed meant that little excitement was generated. Overall, the S&P 500 was essentially flat, while the Dow rose 0.35%. The Nasdaq Composite closed marginally lower. VIX closed at 9.93, compared to 10.2 previously.
- Meanwhile, the US Treasuries advanced upon the release of the tax proposal, and Trump's nomination of Powell as the Fed Chair. The Treasury yield curve bull flattened from the long end, with the 10y benchmark falling 3 bps to 2.345%, while the 2y benchmark was lower by 1 bp to 1.61%. Attention shifts to nonfarm payrolls on Friday, but it would take a significant miss to shift rate hike expectations for December.
- **Singapore:** The STI fell 0.33% to close lower at 3380.50 yesterday. While overnight Wall Street and morning Kospi cues are positive, there may be temptation for investors to take some money off the table ahead of key US' nonfarm payrolls data tonight. STI support and resistance are tipped at 3360 and 3400 respectively. With UST bond yield curve bull-flattening overnight, SGS bonds are likely to trade with a firmer tone again.
- **Hong Kong:** Approved new mortgage loans exhibited the first year-on-year decline since July 2016 and were down for the third consecutive month on monthly basis in September 2017. During the same month, growth in secondary housing prices index decelerated to its lowest level in nine months and printed 14.8% yoy. Furthermore, housing transaction volume fell for the fourth consecutive month by 20% yoy to 5289 deals in October 2017. In contrast, housing market showed signs of improve investment sentiment recently as proposed supply under the "Starter Homes" scheme missed expectations while the new government refrained from carrying out more cooling measures. However, we hold onto our view that moderation in housing market growth will continue in the rest of 2017 due to the following reasons. First, prospects for higher interest rates may add to cooling measures in taming secondary housing demand. Second, increasing supply of subsidized flats may help to distract some demand for smaller flats from private housing market. Third, some less affluent home buyers may wait and see if increasing private home supply could take down housing prices. Fourth, curbed overseas investment of Mainland property developers has stopped residential land prices from surging. All in all, we expect secondary housing prices index to peak in October and come off a bit in the coming months. Nevertheless, the correction is likely to be capped by a still solid labour market as well as wealth effect from stock market.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 2-9bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 177bps, while the yield on JACI HY Corp fell 1bps to 6.86%. 10Y UST yields fell 3bps to 2.35%, after details of the Republican tax bill emerged and US President Trump selected Jerome Powell to serve as the next Chairman of the Federal Reserve.
- **New Issues:** HNA Group (International) Co has priced a USD300mn 363-day bond (guaranteed by HNA Group Co) at 8.875%, tightening from initial guidance of 9% area. Suncorp-Metway Ltd has priced a USD500mn 3-year bond at CT3+68bps, tightening

from initial guidance of CT3+75bps. The expected issue ratings are 'A+/A1/A+'. Heungkuk Life Insurance Co Ltd has priced a USD500mn 30-year NC5 bond at 4.4775%, tightening from initial guidance of 4.625% area. The expected issue ratings are 'NR/Baa3/BBB-'. Vanke Real Estate (Hong Kong) Company Ltd has priced a USD1bn 10-year bond (supported with a keepwell deed and an equity interest purchase undertaking by China Vanke Co) at CT10+165bps, tightening from initial guidance of CT10+200bps. The expected issue ratings are 'BBB+/NR/NR'. Indika Energy Capital III Pte Ltd has priced a USD575mn 7NC4 bond (guaranteed by PT Indika Energy Tbk) at 6.125%, tightening from initial guidance of 6.625% area. The expected issue ratings are 'NR/B2/B+'. Yunnan Energy Investment Overseas Finance Co has scheduled investor meetings for potential USD bond issuance (guaranteed by Yunnan Energy Investment (HK) Co and supported with a keepwell deed and an equity interest purchase and investment undertaking by Yunnan Provincial Energy Investment Group Co) from 3 Nov. QBE Insurance Group has scheduled investor meetings for potential USD Perp AT1 issuance from 6 Nov. the expected issue ratings are 'NR/Baa3/BBB-'.

- **Rating Changes:** S&P has affirmed Onsite Rental Group Pty Ltd's (Onsite Rental) 'B-' corporate credit rating while revising its outlook to stable from negative. S&P then withdrew the 'B-' issue rating on the loan issued by Onsite Rental. At the same time, S&P assigned Onsite Rental Group Operations Pty Ltd (Onsite Rental Operations) a 'B-' corporate credit rating. The outlook is stable. S&P then assigned a 'B-' issue rating on Onsite Rental Operations' senior secured term loan. The rating action reflects the improvement in Onsite Rental Operations' financial flexibility as the new term loan removes the company's previous debt covenant pressures. Moody's has affirmed Shenzhen Expressway Company Limited's (SZEC) 'Baa2' issuer rating and senior unsecured debt rating, while revising the outlook to positive from stable. The rating action reflects SZEC's strengthened financial profile which is supported by its toll road operations and resilience of its credit metrics against increased capital expenditure. Moody's has affirmed Emeco Holdings Limited's (Emeco) 'Caa1' corporate family rating as well as Emeco Pty Limited's 'Caa1' backed senior secured debt rating. The outlook has been revised to positive from stable. The rating action follows Emeco's announcement to acquire Force Equipment Pty Limited, which will be funded through a fully underwritten equity raising. The positive outlook also reflects Emeco's improving credit profile, and that the acquisition will increase Emeco's fleet size, earnings and diversification. Fitch has assigned KB Kookmin Card Co Ltd (KB Card) a Long-Term Issue Default Rating (IDR) of 'A-' and a support rating of '1'. The outlook is stable. The rating action reflects Fitch's view that KB Card's parent, KB Financial Group Inc, would provide support to KB Card if needed.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.685	-0.14%	USD-SGD	1.3591	-0.14%
USD-JPY	114.080	-0.09%	EUR-SGD	1.5845	0.20%
EUR-USD	1.1658	0.34%	JPY-SGD	1.1913	-0.06%
AUD-USD	0.7713	0.48%	GBP-SGD	1.7749	-1.54%
GBP-USD	1.3059	-1.40%	AUD-SGD	1.0482	0.34%
USD-MYR	4.2308	-0.02%	NZD-SGD	0.9396	0.25%
USD-CNY	6.6093	0.11%	CHF-SGD	1.3599	0.24%
USD-IDR	13552	-0.21%	SGD-MYR	3.1091	-0.02%
USD-VND	22716	-0.01%	SGD-CNY	4.8630	0.20%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.1822	--
2M	-0.3410	--	1M	1.2433	--
3M	-0.3290	--	2M	1.3217	--
6M	-0.2760	--	3M	1.3848	--
9M	-0.2220	--	6M	1.5798	--
12M	-0.1870	--	12M	1.8559	--

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	87.5%	87.5%	0.0%	0.0%	0.0%
01/31/2018	87.6%	86.9%	0.7%	0.0%	0.0%
03/21/2018	93.9%	48.9%	44.7%	0.4%	0.0%
05/02/2018	94.2%	46.8%	44.9%	2.6%	0.0%
06/13/2018	96.1%	33.6%	45.5%	16.1%	0.8%
08/01/2018	96.3%	32.2%	44.9%	17.6%	1.6%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	54.54	0.44%	Copper (per mt)	6,930.2	0.03%
Brent (per barrel)	60.62	0.21%	Nickel (per mt)	12,757.0	--
Heating Oil (per gallon)	1.8539	-0.46%	Aluminium (per mt)	2,172.5	--
Gasoline (per gallon)	1.7697	1.65%			
Natural Gas (per MMBtu)	2.9350	1.45%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,821.0	-0.56%
			Rubber (JPY/KG)	199.8	0.71%
Precious Metals	Futures	% chg			
Gold (per oz)	1,278.1	0.06%			
Silver (per oz)	17.137	-0.23%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	23,516.26	81.25
S&P	2,579.85	0.49
Nasdaq	6,714.94	-1.59
Nikkei 225	22,539.12	119.04
STI	3,380.50	-11.11
KLCI	1,741.05	-2.88
JCI	6,031.11	-7.04
Baltic Dry	1,522.00	--
VIX	9.93	-0.27

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.41 (-0.02)	1.61 (--)
5Y	1.64 (-0.02)	2.00 (-0.02)
10Y	2.15 (-0.02)	2.35 (-0.03)
15Y	2.46 (-0.01)	--
20Y	2.45 (-0.01)	--
30Y	2.55 (-0.01)	2.83 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	9.93	-0.23
EURIBOR-OIS	2.77	-0.51
TED	22.82	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
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	--	14.50%	15.60%	--
11/02/2017 08:30	AU Trade Balance	Sep	A\$1200m	A\$1745m	A\$989m	A\$873m
11/02/2017 08:30	AU Building Approvals YoY	Sep	-2.40%	0.20%	-15.50%	-15.10%
11/02/2017 16:45	IT Italy Manufacturing PMI	Oct	56.5	57.8	56.3	--
11/02/2017 16:50	FR France Manufacturing PMI	Oct F	56.7	56.1	56.7	--
11/02/2017 16:55	GE Unemployment Change (000's)	Oct	-10k	-11k	-23k	-22k
11/02/2017 16:55	GE Unemployment Claims Rate SA	Oct	5.60%	5.60%	5.60%	--
11/02/2017 16:55	GE Germany Manufacturing PMI	Oct F	60.5	60.6	60.5	--
11/02/2017 17:00	EC Eurozone Manufacturing PMI	Oct F	58.6	58.5	58.6	--
11/02/2017 17:30	UK Markit/CIPS UK Construction PMI	Oct	48.5	50.8	48.1	--
11/02/2017 20:00	UK Bank of England Bank Rate	Nov-02	0.50%	0.50%	0.25%	--
11/02/2017 20:00	UK BOE Asset Purchase Target	Nov	435b	435b	435b	--
11/02/2017 20:30	US Initial Jobless Claims	Oct-28	235k	229k	233k	234k
11/02/2017 20:30	US Continuing Claims	Oct-21	1894k	1884k	1893k	1899k
11/02/2017 21:00	SI Purchasing Managers Index	Oct	51.9	52.6	52	--
11/02/2017 21:45	US Bloomberg Consumer Comfort	Oct-29	--	51.7	51	--
11/03/2017 05:00	SK Foreign Reserves	Oct	--	\$384.46b	\$384.67b	--
11/03/2017 07:00	SK Current Account Balance	Sep	--	\$12205.0m	\$6061.1m	--
11/03/2017 08:30	HK Nikkei Hong Kong PMI	Oct	--	--	51.2	--
11/03/2017 08:30	AU Retail Sales MoM	Sep	0.40%	--	-0.60%	--
11/03/2017 09:45	CH Caixin China PMI Composite	Oct	--	--	51.4	--
11/03/2017 09:45	CH Caixin China PMI Services	Oct	--	--	50.6	--
11/03/2017 12:00	MA Exports YoY	Sep	20.00%	--	21.50%	--
11/03/2017 13:00	IN Nikkei India PMI Services	Oct	--	--	50.7	--
11/03/2017 13:00	IN Nikkei India PMI Composite	Oct	--	--	51.1	--
11/03/2017 15:30	TH Foreign Reserves	Oct-27	--	--	\$200.2b	--
11/03/2017 16:30	HK Retail Sales Value YoY	Sep	1.00%	--	2.70%	--
11/03/2017 16:30	HK Retail Sales Volume YoY	Sep	1.40%	--	3.20%	--
11/03/2017 17:30	UK Markit/CIPS UK Services PMI	Oct	53.3	--	53.6	--
11/03/2017 17:30	UK Markit/CIPS UK Composite PMI	Oct	53.8	--	54.1	--
11/03/2017 20:30	CA Int'l Merchandise Trade	Sep	-3.00b	--	-3.41b	--
11/03/2017 20:30	CA Net Change in Employment	Oct	15.0k	--	10.0k	--
11/03/2017 20:30	US Change in Nonfarm Payrolls	Oct	313k	--	-33k	--
11/03/2017 20:30	CA Unemployment Rate	Oct	6.20%	--	6.20%	--
11/03/2017 20:30	US Change in Manufact. Payrolls	Oct	15k	--	-1k	--
11/03/2017 20:30	US Unemployment Rate	Oct	4.20%	--	4.20%	--
11/03/2017 20:30	US Trade Balance	Sep	-\$43.2b	--	-\$42.4b	--
11/03/2017 21:45	US Markit US Services PMI	Oct F	55.9	--	55.9	--
11/03/2017 21:45	US Markit US Composite PMI	Oct F	--	--	55.7	--
11/03/2017 22:00	US ISM Non-Manf. Composite	Oct	58.5	--	59.8	--
11/03/2017 22:00	US Factory Orders	Sep	1.20%	--	1.20%	--
11/03/2017 22:00	US Durable Goods Orders	Sep F	2.00%	--	2.20%	--
11/03/2017 22:00	US Durables Ex Transportation	Sep F	--	--	0.70%	--
11/03/2017 22:00	US Cap Goods Orders Nondef Ex Air	Sep F	--	--	1.30%	--
11/03/2017 22:00	US Cap Goods Ship Nondef Ex Air	Sep F	--	--	0.70%	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<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	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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