

Highlights

Global	<p>With the temporary reprieve given by the suspension of the US debt ceiling till 8 December, the T-bill market has normalised for now, and market attention is likely to return to the upcoming FOMC meeting on 21 September where the Fed is likely to announce the start to unwinding its balance sheet. Regarding hurricanes Harvey and Irma, Fed's Dudley opined "it's going to make it very difficult to read the economic data over the next few months" and "it's possible that they could have an effect on the timing of short-term rate increases. But I think that's probably further out anyway". Still, he noted "I'm pretty optimistic the expansion's going to continue...that's why I think that as time passes, the Federal Reserve will continue to gradually remove monetary policy accommodation". North Korea's Founding anniversary also passed with event, albeit there is a UNSC vote on sanctions later today.</p> <p>Asian bourses may open on a firmer tone this morning. The economic data calendar is very light with only Malaysia's July industrial production. Key central bank meetings include BOE (likely static on policy settings but any official concern over the GBP and Brexit negotiations could sway market sentiments) and SNB (with a refresh of its quarterly outlook) on 14th September.</p>
US	<p>Equities ended Friday largely lower, no doubt worried over Hurricane Irma. The S&P 500 shed 0.15%, while the Dow was only marginally higher. The Nasdaq Composite was hit with a 0.59% fall, dragged by poor performance from the FANG stocks. Apple Inc., in particular, was declined for the fourth consecutive session, with investors perhaps selling off ahead of the new iPhone announcement this week. VIX was higher at 12.12, compared to 11.55 in the previous session. A positive start to this week may be on the cards, as Irma appeared to hit less severely than expected. A weakened Irma, and the absence of a missile test by North Korea over the weekend, provided support to US stock futures.</p>
CN	<p>According to onshore media, banks are no longer required to set aside 20% reserve cost for long dollar forward position effective from today as a result of recent rapid appreciation of RMB. The removal of this reserve cost shows that PBoC is more confident of managing market expectation on RMB. The recent two-way movement of the currency suggested that counter cyclical factor in RMB's fixing mechanism will play a more important role in currency expectation management than unconventional administrative measures such as reserve cost.</p>
KR	<p>BOK deputy governor Jeon Sueng-cheol commented that the current central bank rate at 1.25% since June 2016 has been lower than the rate calculated by the Taylor Rule, adding that the central bank is monitoring closely on potential "taper tantrum" risk should the US Federal Reserve reduces its balance sheet size later this year.</p>
CMD	<p>Energy prices tumbled sharply on Friday as market-watchers braced themselves for Hurricane Irma and its impact on Florida's energy demand. WTI (-3.3%) and Natural Gas (-3.1%) were the key losers, though pointing north in early Asian trading hours this morning as Hurricane Irma is downgraded to Category 2. Separately, Iran commented their aim to raise oil production to 4.5 million barrels per day (bpd) and exports to 2.5 million bpd within the next five years.</p>

Major Market

- **US:** US Treasury yields were unchanged to firmer at Friday close. The 2y benchmark yield was unchanged at 1.26%, while the 10y was higher at 2.05%. Treasuries may be expected to fall early in the week as the worst case scenarios over Irma and North Korea did not materialize over the weekend.
- **Singapore:** STI ended nearly flat (+0.02%) at 3228.56 on Friday, but may see greater buying interest returning amid more positive morning cues from Nikkei and Kospi. STI may see resistance and support at 3240 and 3220 respectively. With the UST bond yield curve steepening on Friday and likely to continue this bias ahead of the 21 September FOMC, SGS bonds may reverse some of Friday's gains as well.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards on Friday, with swap rates trading 4-6bps lower across most tenors. Smaller movements were seen in the 1-year to 5-year tenors. In the broader dollar space, the spread on JACI IG Corp rose 2bps to 194bps, while the yield on JACI HY Corp fell 3bps to 6.75%. 10y UST yields rose 1bps to 2.05% on Friday, despite mounting risks from Hurricanes Irma and Jose, as well as geopolitical tensions with North Korea.
- **New Issues:** Westpac Banking Corp has scheduled investor meetings for potential USD AT1 Perp NC10 bond issuance from 8 Sep. The expected issue ratings are 'BB+/Baa2/BBB'. Softbank Group Corp has scheduled investor meetings for potential USD and EUR bond issuance from 8 Sep.
- **Rating Changes:** Fitch has placed Wharf (Holdings) Limited's (Wharf) 'A-' Issuer Default Rating and ratings on its senior unsecured notes on Rating Watch Negative. The rating action follows Wharf's proposal to spin off the majority of its Hong Kong investment properties, which would reduce Wharf's earnings and scale. Moody's has upgraded Mirvac Group (Mircac) and Mirvac Group Finance Ltd's issuer ratings to 'A3' from 'Baa1'. The rating action reflects Moody's view that the quality of Mirvac's investment portfolio has and will continue to improve, as well as Mirvac's ability to deliver a high quality pipeline of profitable residential developments. S&P has affirmed Hyundai Motor Co (HMC), Kia Motors Corp (Kia), and Hyundai Mobis Co Ltd's (Mobis) 'A-' corporate credit ratings. At the same time, S&P has revised the outlooks of the companies to negative from stable. S&P has also affirmed the 'A-' rating on Kia's outstanding notes. The rating action on HMC and Kia reflects S&P's views of the companies weakening sales and profitability, and S&P believes that the companies may not be able to return to their historical profitability in the next 12 months due to increased competition in the US and China, geopolitical uncertainties related to the China operations, a weaker product mix than that of peers, and continued conflicts with labor unions in Korea. The rating action on Mobi reflects S&P's expectation that profitability will be weak over the next 12 months on HMC and Kia's declining auto production volume in China.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	91.352	-0.34%	USD-SGD	1.3418	0.14%
USD-JPY	107.840	-0.56%	EUR-SGD	1.6150	0.24%
EUR-USD	1.2036	0.11%	JPY-SGD	1.2442	0.71%
AUD-USD	0.8060	0.16%	GBP-SGD	1.7713	0.90%
GBP-USD	1.3200	0.76%	AUD-SGD	1.0809	0.24%
USD-MYR	4.1955	-0.36%	NZD-SGD	0.9744	0.54%
USD-CNY	6.4944	0.11%	CHF-SGD	1.4217	0.85%
USD-IDR	13185	-0.92%	SGD-MYR	3.1360	0.22%
USD-VND	22720	-0.04%	SGD-CNY	4.8462	0.16%

Equity and Commodity

Index	Value	Net change
DJIA	21,797.79	13.01
S&P	2,461.43	-3.67
Nasdaq	6,360.19	-37.68
Nikkei 225	19,274.82	-121.70
STI	3,228.56	0.50
KLCI	1,779.90	-3.08
JCI	5,857.12	24.81
Baltic Dry	1,332.00	36.00
VIX	12.12	0.57

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1772	0.0011
2M	-0.3400	-0.0010	1M	1.2361	0.0011
3M	-0.3310	-0.0010	2M	1.2718	-0.0021
6M	-0.2750	-0.0020	3M	1.3103	-0.0069
9M	-0.2160	-0.0030	6M	1.4477	-0.0040
12M	-0.1660	-0.0040	12M	1.6951	-0.0139

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.21 (-0.02)	1.26 (--)
5Y	1.45 (-0.04)	1.63 (+0.01)
10Y	1.94 (-0.04)	2.05 (+0.01)
15Y	2.20 (-0.06)	--
20Y	2.19 (-0.06)	--
30Y	2.24 (-0.05)	2.67 (+0.01)

Fed Rate Hike Probability

Meeting	Prob Hike	1-1.25	1.25-1.5	1.5-1.75	1.75 - 2.0
09/20/2017	0.6%	99.4%	0.6%	0.0%	0.0%
11/01/2017	0.6%	98.1%	0.6%	0.0%	0.0%
12/13/2017	26.9%	72.1%	26.8%	0.2%	0.0%
01/31/2018	28.3%	70.8%	27.6%	0.7%	0.0%
03/21/2018	40.2%	59.0%	34.9%	5.2%	0.1%
05/02/2018	40.6%	58.6%	35.1%	5.4%	0.1%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.63	0.13
EURIBOR-OIS	2.73	-0.10
TED	27.36	-0.68

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.48	-3.28%	Copper (per mt)	6,705.4	-3.24%
Brent (per barrel)	53.78	-1.30%	Nickel (per mt)	11,532.0	-4.66%
Heating Oil (per gallon)	1.7657	-1.14%	Aluminium (per mt)	2,076.5	-0.57%
Gasoline (per gallon)	1.6476	-0.81%			
Natural Gas (per MMBtu)	2.8900	-3.05%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,762.0	-0.72%
			Rubber (JPY/KG)	226.0	-2.16%
Precious Metals	Futures	% chg			
Gold (per oz)	1,351.2	0.07%			
Silver (per oz)	18.123	0.04%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodity Positioning Update

For the week ended: 05 Sep 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Cotton	69,001	45,910	23,091	Corn	-38,190	-1,572	-36,618
Gold	264,921	246,439	18,482	Wheat	-53,933	-46,905	-7,028
Soybean	-3,998	-20,413	16,415	Coffee	-23,631	-18,147	-5,484
RBOB Gasoline	79,362	68,779	10,583	Lean Hogs	59,108	64,299	-5,191
Silver	62,423	52,305	10,118	Natural Gas	-48,199	-44,913	-3,286
Heating Oil	40,666	30,720	9,946	Live Cattle	100,441	103,113	-2,672
Sugar	-62,995	-72,638	9,643	Cocoa	-37,480	-35,007	-2,473
Nymex Crude	437,203	428,320	8,883	Palladium	24,205	22,744	1,461
Copper	48,561	43,133	5,428	Platinum	38,667	36,468	2,199

Source: Bloomberg, CFTC

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
09/08/2017 07:50	JN BoP Current Account Balance	Jul ¥2030.1b	¥2320.0b	¥934.6b	--
09/08/2017 07:50	JN Trade Balance BoP Basis	Jul ¥518.0b	¥566.6b	¥518.5b	--
09/08/2017 07:50	JN GDP SA QoQ	2Q F 0.70%	0.60%	1.00%	--
09/08/2017 07:50	JN GDP Annualized SA QoQ	2Q F 2.90%	2.50%	4.00%	--
09/08/2017 07:50	JN GDP Nominal SA QoQ	2Q F 0.90%	0.70%	1.10%	--
09/08/2017 07:50	JN GDP Deflator YoY	2Q F -0.40%	-0.40%	-0.40%	--
09/08/2017 09:30	AU Home Loans MoM	Jul 1.00%	2.90%	0.50%	1.20%
09/08/2017 09:30	AU Owner-Occupier Loan Value MoM	Jul --	0.90%	0.30%	0.60%
09/08/2017 11:03	CH Trade Balance CNY	Aug 335.70b	286.50b	321.20b	--
09/08/2017 11:11	CH Trade Balance	Aug \$48.45b	\$41.99b	\$46.74b	\$46.73b
09/08/2017 14:00	GE Trade Balance	Jul 21.0b	19.5b	22.3b	--
09/08/2017 14:00	GE Current Account Balance	Jul 20.8b	19.4b	23.6b	25.0b
09/08/2017 14:00	GE Exports SA MoM	Jul 1.30%	0.20%	-2.80%	-2.70%
09/08/2017 14:00	GE Imports SA MoM	Jul 2.80%	2.20%	-4.50%	-4.40%
09/08/2017 14:45	FR Industrial Production YoY	Jul 3.60%	3.70%	2.60%	2.40%
09/08/2017 14:45	FR Manufacturing Production YoY	Jul 4.20%	3.90%	3.30%	3.20%
09/08/2017 15:30	TH Foreign Reserves	Sep-01 --	\$196.2b	\$195.0b	--
09/08/2017 16:00	TA Exports YoY	Aug 12.40%	12.70%	12.50%	--
09/08/2017 16:00	TA Imports YoY	Aug 5.70%	6.90%	6.50%	--
09/08/2017 16:00	TA Trade Balance	Aug \$5.52b	\$5.71b	\$5.37b	--
09/08/2017 16:30	UK Industrial Production YoY	Jul 0.40%	0.40%	0.30%	--
09/08/2017 16:30	UK Manufacturing Production MoM	Jul 0.30%	0.50%	0.00%	--
09/08/2017 16:30	UK Manufacturing Production YoY	Jul 1.70%	1.90%	0.60%	--
09/08/2017 16:30	UK Visible Trade Balance GBP/Mn	Jul -£12,000	-£11,576	-£12,722	-£11,527
09/08/2017 16:30	UK Trade Balance Non EU GBP/Mn	Jul --	-£3,842	-£4,471	-£3,934
09/08/2017 16:30	UK Trade Balance	Jul -£3,250	-£2,872	-£4,564	-£2,914
09/08/2017 17:12	ID Foreign Reserves	Aug --	\$128.79b	\$127.76b	--
09/08/2017 20:00	UK NIESR GDP Estimate	Aug --	0.40%	0.20%	--
09/08/2017 20:30	CA Capacity Utilization Rate	2Q 85.00%	85.00%	83.30%	83.20%
09/08/2017 20:30	CA Net Change in Employment	Aug 15.0k	22.2k	10.9k	--
09/08/2017 20:30	CA Unemployment Rate	Aug 6.30%	6.20%	6.30%	--
09/08/2017 22:00	US Wholesale Inventories MoM	Jul F 0.40%	0.60%	0.40%	--
09/09/2017 09:30	CH CPI YoY	Aug 1.60%	1.80%	1.40%	--
09/09/2017 09:30	CH PPI YoY	Aug 5.70%	6.30%	5.50%	--
09/11/2017 07:50	JN Machine Orders YoY	Jul -7.80%	--	-5.20%	--
09/11/2017 07:50	JN Money Stock M2 YoY	Aug 4.10%	--	4.00%	--
09/11/2017 07:50	JN Money Stock M3 YoY	Aug 3.40%	--	3.40%	--
09/11/2017 12:00	MA Industrial Production YoY	Jul 5.00%	--	4.00%	--
09/11/2017 12:30	JN Tertiary Industry Index MoM	Jul 0.10%	--	0.00%	--
09/11/2017 14:00	JN Machine Tool Orders YoY	Aug P --	--	28.00%	--
09/11/2017 14:30	FR Bank of France Ind. Sentiment	Aug 106	--	105	--
09/11/2017 16:00	IT Industrial Production WDA YoY	Jul 3.70%	--	5.30%	--
09/11/2017 16:00	IT Industrial Production MoM	Jul -0.40%	--	1.10%	--
09/11/2017 20:15	CA Housing Starts	Aug 216.0k	--	222.3k	222.3k
09/08/2017 09/13	VN Domestic Vehicle Sales YoY	Aug --	--	-21.30%	--
09/10/2017 09/15	CH Money Supply M2 YoY	Aug 9.10%	--	9.20%	--
09/10/2017 09/15	CH New Yuan Loans CNY	Aug 950.0b	--	825.5b	--
09/11/2017 09/14	NZ REINZ House Sales YoY	Aug --	--	-24.50%	--
09/11/2017 09/15	IN Exports YoY	Aug --	--	3.90%	--
09/11/2017 09/15	IN Imports YoY	Aug --	--	15.40%	--

Source: Bloomberg

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