

Highlights

Global	<p>US officials, namely CIA Director Pompeo and national security adviser McMaster, took pains to downplay market concerns of imminent war between US and North Korea, even as IS Joint Chiefs of Staff Dunford is meeting with South Korean President Moon Jae-in today. Meanwhile, US president Trump will sign an executive memorandum today directing Trade Representative Lighthizer to consider investigating China over its IP policies. Separately, Japan expanded for a 6th consecutive quarter by an annualised 4.0% qoq saar (1Q: 1.5%) in 2Q17, led by business spending (+2.4%) and supported by private consumption (+0.9%) which offset net exports that subtracted 0.3% points from GDP.</p> <p>Asian bourses may stabilise today amid calming words from some US officials, with the economic data focus on China's retail sales, FAI and IP. For the week ahead, watch for RBA minutes tomorrow, BOT policy decision on 16 August (likely static at 1.5%) and FOMC minutes on 17 August.</p>
US	US' July CPI accelerated but came in below market expectations at +0.1% mom (1.7% yoy), while the core CPI was similarly steady at +0.1% mom (1.7% yoy). Meanwhile, Fed's Kaplan said "I wouldn't say I'm concerned" about CPI".
AU	RBA assistant Governor Kent warned that "borrowers with high current loan-to-valuation ratios have limited repayment buffers" and "arrears have risen more in regions experiencing weak economic conditions over recent years".
CN	PBoC published its second quarter monetary policy report last Friday. The PBoC downplayed the role of M2 due to its declining predictability and falling correlation with the real economy. This hinted that the central bank is unlikely to ease the monetary policy because of decelerating M2. Meanwhile, average funding costs have gone up gradually in the second quarter. The loan quota constraint and higher funding cost are likely to cap the growth momentum in the second half. As such, our view for Chinese economy to decelerate in the second half remains unchanged.
TH	International investors continue to flock into Thailand bonds. Empirically, global funds were net buyers of THB29.9mn in Thai equities, and THB9.0bn in Thai bonds, dated 11 th August, according to official data.
KR	The KOSPI continued to edge lower as of this morning, likely driven by sustained geopolitical tensions in the Korean peninsula. The KOSPI has empirically fallen by 4.9% since the start of August.
Commodities	The rally in growth-related commodities at Friday's closing suggests that some risk-taking was back on the table, after a week-long concern over US-North Korea rhetoric exchanges. At this juncture, at least both crude oil and copper has erased some of their previous losses, while gold's rally is starkly marginal at a mere 0.3%. Still, we recognise that geopolitical concerns will still likely plague market sentiment into the week ahead, which could mean some cap to any potential rally to growth-related commodities, albeit gold to rise on safe haven demand should concerns intensify again.

Major Market

- **US markets:** Markets appear to have gotten a grip over the US-North Korea issues on Friday, as major indices arrested a 3-day losing streak. Tech and consumer stocks saw the largest gains, while the financials and energy bore the brunt of declines. Overall, the Dow is marginally higher, while the S&P 500 and Nasdaq Composite firmed 0.13% and 0.64% respectively. VIX closed lower, but remained at an elevated level of 15.51. Meanwhile, US Treasury yields continued to soften after weaker than expected CPI data. 2y and 10y benchmark yields fell to 1.29% and 2.19% respectively. Look out for US import prices and retail sales data this week, among others. Also watch for further hints on the Fed balance sheet reduction and rate hike prospects in the July FOMC minutes on Thursday. Fed speaker list is light this week, with only Kaplan scheduled on Friday.
- **Singapore:** STI declined 1.31% to close at 3279.72 on Friday, but may stabilise today amid more positive cues from Wall Street Friday's rally and morning gains in Kospi. The STI may see support at 3260 and resistance at 3300. With UST bond yields rallying up to 3bps on Friday, SGS bonds may also extend its Friday rally today.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened on Friday, with swap rates trading 1-5bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corporates rose 3bps to 190bps, while the yield on JACI HY Corp traded little changed at 7.02%. 10y UST yields fell 1bps to 2.19%, after soft CPI data caused the treasury curve to steepen.
- **New Issues:** There are no new issuances on 11 August 2017.
- **Rating Changes:** Fitch has withdrawn Korea Student Aid Foundation's 'AA-' issuer default rating for commercial reasons. The outlook on the rating was stable.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.069	-0.36%	USD-SGD	1.3609	-0.20%
USD-JPY	109.190	-0.01%	EUR-SGD	1.6081	0.17%
EUR-USD	1.1821	0.42%	JPY-SGD	1.2458	-0.26%
AUD-USD	0.7894	0.24%	GBP-SGD	1.7696	0.01%
GBP-USD	1.3014	0.29%	AUD-SGD	1.0737	-0.04%
USD-MYR	4.2952	0.08%	NZD-SGD	0.9960	0.38%
USD-CNY	6.6636	0.25%	CHF-SGD	1.4147	-0.13%
USD-IDR	13361	0.21%	SGD-MYR	3.1483	0.07%
USD-VND	22728	0.02%	SGD-CNY	4.8924	0.35%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	0.0010	O/N	1.1778	--
2M	-0.3390	--	1M	1.2267	-0.0022
3M	-0.3290	--	2M	1.2611	-0.0011
6M	-0.2710	--	3M	1.3150	0.0059
9M	-0.2110	--	6M	1.4558	0.0031
12M	-0.1560	-0.0020	12M	1.7246	-0.0039

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.21 (-0.01)	1.29 (-0.03)	-0.72 (-0.02)	-0.50 (-0.01)	-0.22 (+0.02)
5Y	1.51 (-0.03)	1.74 (-0.03)	-0.30 (-0.03)	-0.16 (-0.03)	0.72 (-0.01)
10Y	2.07 (-0.04)	2.19 (-0.01)	0.38 (-0.03)	0.68 (-0.03)	2.02 (-)
15Y	2.27 (-0.04)	--	0.57 (-0.04)	1.04 (-0.03)	2.58 (-)
20Y	2.36 (-0.04)	--	0.84 (-0.04)	1.33 (-0.04)	2.71 (-0.01)
30Y	2.42 (-0.04)	2.79 (+0.01)	1.12 (-0.04)	1.71 (-0.04)	3.16 (-)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
09/20/2017	0.00%	0.40%	99.60%	0.00%	0.00%
11/01/2017	0.80%	0.40%	98.90%	0.80%	0.00%
12/13/2017	25.50%	0.30%	74.20%	25.30%	0.20%
01/31/2018	25.40%	0.40%	74.20%	25.30%	0.20%
03/21/2018	42.60%	0.30%	57.10%	36.50%	6.00%
05/02/2018	43.50%	0.30%	56.20%	36.90%	6.50%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	48.82	0.47%	Copper (per mt)	6,419.9	0.31%
Brent (per barrel)	52.10	0.39%	Nickel (per mt)	10,614.5	-2.96%
Heating Oil (per gallon)	1.6346	0.20%	Aluminium (per mt)	2,038.3	0.27%
Gasoline (per gallon)	1.6130	0.64%			
Natural Gas (per MMBtu)	2.9830	-0.07%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,682.0	0.71%
			Rubber (JPY/KG)	214.1	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,294.0	0.30%			
Silver (per oz)	17.070	0.03%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,858.32	14.31
S&P	2,441.32	3.11
Nasdaq	6,256.56	39.68
Nikkei 225	19,729.74	--
STI	3,279.72	-43.52
KLCI	1,766.96	-10.81
JCI	5,766.14	-59.81
Baltic Dry	1,138.00	46.00
VIX	15.51	-0.53

Financial Spread (bps)

	Value	Change
LIBOR-OIS	14.92	0.16
EURIBOR-OIS	2.75	-0.11
TED	27.75	-0.13

Government CDS (USD)

	5Y	% Change
Germany	13.551	-4.08%
France	19.161	2.76%
Italy	140.530	0.13%

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
08/11/2017 02:00	US Monthly Budget Statement	Jul	-\$54.0b	-\$42.9b	-\$90.2b	--
08/11/2017 05:00	NZ REINZ House Sales YoY	Jul	--	-24.50%	-24.70%	--
08/11/2017 06:30	NZ BusinessNZ Manufacturing PMI	Jul	--	55.4	56.2	56
08/11/2017 06:45	NZ Food Prices MoM	Jul	--	-0.20%	0.20%	--
08/11/2017 08:00	SI GDP YoY	2Q F	2.50%	2.90%	2.50%	--
08/11/2017 08:00	SI GDP SAAR QoQ	2Q F	0.50%	2.20%	0.40%	--
08/11/2017 13:00	IN Local Car Sales	Jul	--	192773	136895	--
08/11/2017 13:00	SI Retail Sales SA MoM	Jun	0.60%	-0.50%	-1.00%	-1.10%
08/11/2017 13:00	SI Retail Sales YoY	Jun	1.00%	1.90%	0.90%	0.80%
08/11/2017 14:00	GE CPI YoY	Jul F	1.70%	1.70%	1.70%	--
08/11/2017 14:00	GE CPI EU Harmonized YoY	Jul F	1.50%	1.50%	1.50%	--
08/11/2017 14:45	FR CPI EU Harmonized YoY	Jul F	0.80%	0.80%	0.80%	--
08/11/2017 14:45	FR CPI YoY	Jul F	0.70%	0.70%	0.70%	--
08/11/2017 15:30	TH Foreign Reserves	Aug-04	--	\$190.9b	\$189.3b	--
08/11/2017 16:00	IT CPI EU Harmonized YoY	Jul F	1.20%	1.20%	1.20%	--
08/11/2017 16:30	HK GDP SA QoQ	2Q	0.60%	1.00%	0.70%	--
08/11/2017 16:30	HK GDP YoY	2Q	3.30%	3.80%	4.30%	--
08/11/2017 18:37	ID BoP Current Account Balance	2Q	-\$3160m	-\$4963m	-\$2397m	-\$2363m
08/11/2017 20:00	IN Industrial Production YoY	Jun	0.10%	-0.10%	1.70%	2.80%
08/11/2017 20:30	US CPI MoM	Jul	0.20%	0.10%	0.00%	--
08/11/2017 20:30	US CPI Ex Food and Energy MoM	Jul	0.20%	0.10%	0.10%	--
08/11/2017 20:30	US CPI YoY	Jul	1.80%	1.70%	1.60%	--
08/11/2017 20:30	US CPI Ex Food and Energy YoY	Jul	1.70%	1.70%	1.70%	--
08/14/2017 06:45	NZ Retail Sales Ex Inflation QoQ	2Q	0.70%	2.00%	1.50%	1.60%
08/14/2017 07:50	JN GDP SA QoQ	2Q P	0.60%	1.00%	0.30%	0.40%
08/14/2017 07:50	JN GDP Annualized SA QoQ	2Q P	2.50%	4.00%	1.00%	1.50%
08/14/2017 10:00	CH Retail Sales YoY	Jul	10.80%	--	11.00%	--
08/14/2017 10:00	CH Fixed Assets Ex Rural YTD YoY	Jul	8.60%	--	8.60%	--
08/14/2017 10:00	CH Industrial Production YoY	Jul	7.10%	--	7.60%	--
08/14/2017 14:30	IN Wholesale Prices YoY	Jul	1.40%	--	0.90%	--
08/14/2017 17:00	EC Industrial Production SA MoM	Jun	-0.50%	--	1.30%	--
08/14/2017 20:00	IN CPI YoY	Jul	2.00%	--	1.54%	--
08/14/2017 08:15	CH Money Supply M2 YoY	Jul	9.50%	--	9.40%	--
08/14/2017 08:15	CH New Yuan Loans CNY	Jul	800.0b	--	1540.0b	--
08/14/2017 08:18	IN Exports YoY	Jul	--	--	4.40%	--
08/14/2017 08:18	IN Imports YoY	Jul	--	--	19.00%	--

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