

**Highlights**

|               |   |
|---------------|---|
| <b>Global</b> | <p>Investors were likely cheered by overnight's surge in oil prices amid acceleration in US MBA Mortgage Application growth (+9.9% for the week ended 8th Sept) and shrugged off concerns over Pyongyang's intransigence over its nuclear development efforts, although tech stocks suffered led by Apple after its release of its latest flagship phones. Moreover, an outline of the US Republican tax reform plan is slated to be released the week of 25th September, just as US President Donald Trump revealed his insistence to reduce corporate tax to 15% while hinting taxes on the wealthy "will be pretty much where they are... if they have to go higher, they'll go higher".</p> <p>A rather packed calendar for the trading day ahead. Market-watchers will pay close heed to the BOE and SNB meetings (likely no change to their benchmark rate of 0.25% and -0.75%, respectively) later today, on top of US Initial Jobless Claims and CPI prints. In Asia Pacific, look out for AU Employment Change, China Retail Sales, Japan &amp; Hong Kong Industrial Production as well.</p> |
| <b>US</b>     | <p>Equities nudged higher on Wednesday, continuing the upward momentum this week. Supported by a run-up in crude oil prices, energy stocks were the main leaders. On the flip side, utilities and real estate sectors weighed on the indices. Overall, the S&amp;P 500 closed marginally higher at 2498.37, while the Dow and Nasdaq Composite added 0.18% and 0.09% respectively. VIX slightly lower at 10.50, compared to 10.58. Meanwhile, US Treasury yields continue to firm on the back of improving risk sentiments. 2y and 10y benchmark yields firmed to 1.35% and 2.19% respectively. The markets will have an eye on US CPI data later today to glean information on rate hike prospects in the upcoming FOMC meetings.</p>  |
| <b>CN</b>     | <p>The offshore RMB funding cost started to climb up this week with the overnight CNH HIBOR was fixed at 3.05% on Wednesday, up from 1.5% last week, as banks started to hoard the cash to prepare for the upcoming quarter-end as well as golden week holiday in the onshore market. The climb of CNH funding may limit the space for CNH correction. In addition, the deputy head of China's currency regulator SAFE Lu Lei said yesterday that he expects RMB's flexibility to widen further.</p>  |
| <b>ID</b>     | <p>Darmin Nasution, Coordinating Minister for Economic Affairs, highlighted concerns over the strength of the IDR. However, he also noted that, at current levels, the IDR may still have some room for appreciation. It is also worth noting that Bank Indonesia's year-end forecast for USD-IDR stands at 13420, about 1.7% weaker than current levels.</p>   |
| <b>CMD</b>    | <p>Crude oil recovered significantly overnight, with Brent rising to its highest since April 2017. The higher prices were led by sustained demand prospect especially after the International Energy Agency commented that global oil demand will climb this year by the most since 2015. Moreover, OPEC's compliance rate in its production cuts rose to its highest since it first started in January 2017. In Asia, note that impending wet weathers in key palm oil producing states in Indonesia has been forecasted by the Meteorological, Climatological and Geophysical Agency, thus lifting palm oil prices overnight.</p>   |

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 1-2bps lower across most tenors. The 12-year tenor traded little changed. In the broader dollar space, the spread on JACI IG Corp traded little changed at 190bps. Similarly, the yield on JACI HY Corp traded little changed at 6.78%. 10Y UST yields rose 3bps to 2.19%, as results from the 30-year auction came in weak and IG credit issuance remained heavy.
- **New Issues:** PT Ciputra Development Tbk has priced a SGD150mn 4-year bond at 4%, tightening from initial guidance of 5.125% area. The expected issue ratings are 'NR/NR/BB-'. Cagamas Berhad has priced a SGD200mn 1-year bond at 1.52%. Estate Sky Ltd has priced a USD200mn Perp NC5 (guaranteed by CSI Properties Ltd) at 5.75%, tightening from initial guidance of 6% area. Wynn Macau Limited has priced a two-tranche deal, with the USD600mn 7NC3 bond priced at 4.875%, tightening from an initial guidance of 5%-5.125%; and the USD750mn 10NC5 bond priced at 5.5%, tightening from initial guidance of 5.5%-5.625%. Shinhan Bank has priced a USD350mn 10-year Tier 2 bond at CT10+167.5bps, tightening from initial guidance of CT10+190bps. The expected issue ratings are 'BBB+/Baa1/NR'. Commonwealth Bank of Australia has priced a five tranche deal, with the USD750mn 3-year fixed rate bond priced at CT3+60bps, tightening from initial guidance of CT3+75bps; the USD400mn 3-year floating rate bond priced at 3mL+40bps, with the initial guidance at LIBOR equivalent; the USD750mn 5-year fixed rate bond priced at CT5+75bps, tightening from initial guidance of CT5+90bps; the USD400mn 5-year floating rate bond priced at 3mL+67bps, with the initial guidance at LIBOR equivalent; and the USD700mn 10-year fixed rate bond priced at CT10+97bps, tightening from initial guidance of CT10+112.5bps.
- **Rating Changes:** Moody's has affirmed Landesbank Baden-Wuerttemberg's (LBBW) 'Aa3' deposit rating, senior-senior unsecured debt ratings and counterparty risk assessment, its 'A1' senior unsecured debt ratings and 'Baa2' subordinated debt ratings. At the same time, Moody's upgraded LBBW's baseline credit assessment (BCA) to 'Baa2' from 'Baa3'. The outlook on the deposit rating and senior-senior unsecured debt ratings remain stable, while the outlook on the senior unsecured ratings were revised to negative from stable. The BCA upgrade reflects the strengthening of LBBW's financial fundamentals, in particular a stabilization of the capitalization and an improvement in asset quality. The revision of the outlook on the senior unsecured rating was driven by the results of Moody's Advanced Loss Given Failure (LGF) analysis, which now implies a lower cushion for this rating class. Moody's has assigned Yihua Enterprise (Group) (Yihua) Co Ltd a corporate family rating of 'B2'. The outlook is stable. The rating action reflects Yihua's established track record, as well as its stable EBITDA and cash flow generation from its listed furniture business. The rating also reflects Yihua's status as a private company which has less transparency and lower levels of corporate governance. Moody's has downgraded Genworth Financial Mortgage Insurance Pty Limited's (Genworth Australia) insurance financial strength rating to 'Baa1' from 'A3'. The outlook is stable. The rating action reflects the rising level of tail risks embedded in the Australian housing market, as house prices have been rising and lending to residential property investors has been elevated. However, Fitch has affirmed the insurer financial strength of Genworth Australia's operating subsidiary, Genworth Mortgage Insurance Australia Ltd's (GMA) at 'A+' with a stable outlook. Fitch states the rating is underpinned by Genworth Australia's robust standalone credit profile, solid operating performance, strong capital ratios and conservative investment approach. Fitch has withdrawn the

'B+' issuer default ratings on MMI International and its parent, Precision Capital Private Limited. The outlook on both ratings were stable. The ratings were withdrawn as both companies have chosen to stop participating in the ratings process because they do not intend to issue bonds in the foreseeable future.

## Key Financial Indicators

### Foreign Exchange

|                | Day Close | % Change |                | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| <b>DXY</b>     | 92.520    | 0.69%    | <b>USD-SGD</b> | 1.3507    | 0.24%    |
| <b>USD-JPY</b> | 110.490   | 0.29%    | <b>EUR-SGD</b> | 1.6053    | -0.44%   |
| <b>EUR-USD</b> | 1.1885    | -0.69%   | <b>JPY-SGD</b> | 1.2223    | -0.07%   |
| <b>AUD-USD</b> | 0.7986    | -0.41%   | <b>GBP-SGD</b> | 1.7845    | -0.29%   |
| <b>GBP-USD</b> | 1.3211    | -0.54%   | <b>AUD-SGD</b> | 1.0787    | -0.16%   |
| <b>USD-MYR</b> | 4.1915    | -0.39%   | <b>NZD-SGD</b> | 0.9778    | -0.41%   |
| <b>USD-CNY</b> | 6.5415    | 0.09%    | <b>CHF-SGD</b> | 1.4008    | -0.17%   |
| <b>USD-IDR</b> | 13201     | 0.01%    | <b>SGD-MYR</b> | 3.1152    | -0.34%   |
| <b>USD-VND</b> | 22720     | --       | <b>SGD-CNY</b> | 4.8496    | 0.00%    |

### Interbank Offer Rates (%)

| Tenor      | EURIBOR | Change | Tenor      | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| <b>1M</b>  | -0.3720 | --     | <b>O/N</b> | 1.1778    | --     |
| <b>2M</b>  | -0.3410 | --     | <b>1M</b>  | 1.2367    | --     |
| <b>3M</b>  | -0.3300 | --     | <b>2M</b>  | 1.2722    | --     |
| <b>6M</b>  | -0.2720 | --     | <b>3M</b>  | 1.3192    | --     |
| <b>9M</b>  | -0.2180 | --     | <b>6M</b>  | 1.4544    | --     |
| <b>12M</b> | -0.1690 | --     | <b>12M</b> | 1.7096    | --     |

### 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 | 0.0%      | 99.1%  | 0.0%     | 0.0%     | 0.0%       |
| 11/01/2017 | 0.8%      | 98.4%  | 0.8%     | 0.0%     | 0.0%       |
| 12/13/2017 | 38.9%     | 60.6%  | 38.6%    | 0.3%     | 0.0%       |
| 01/31/2018 | 39.4%     | 60.1%  | 38.8%    | 0.6%     | 0.0%       |
| 03/21/2018 | 55.1%     | 44.5%  | 44.4%    | 10.6%    | 0.2%       |
| 05/02/2018 | 54.5%     | 44.5%  | 43.9%    | 10.5%    | 0.2%       |

### Commodities Futures

| Energy                   | Futures        | % chg        | Base Metals              | Futures        | % chg        |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel)         | 49.30          | 2.22%        | Copper (per mt)          | 6,572.0        | -1.81%       |
| Brent (per barrel)       | 55.16          | 1.64%        | Nickel (per mt)          | 11,278.0       | -5.33%       |
| Heating Oil (per gallon) | 1.7685         | 1.60%        | Aluminium (per mt)       | 2,080.0        | -1.26%       |
| Gasoline (per gallon)    | 1.6473         | -0.54%       |                          |                |              |
| Natural Gas (per MMBtu)  | 3.0580         | 1.90%        |                          |                |              |
|                          |                |              | <b>Asian Commodities</b> | <b>Futures</b> | <b>% chg</b> |
| <b>Precious Metals</b>   | <b>Futures</b> | <b>% chg</b> | Crude Palm Oil (MYR/MT)  | 2,873.0        | 1.56%        |
| Gold (per oz)            | 1,328.0        | -0.35%       | Rubber (JPY/KG)          | 231.0          | 0.96%        |
| Silver (per oz)          | 17.867         | -0.13%       |                          |                |              |

Source: Bloomberg, Reuters  
(Note that rates are for reference only)

### Equity and Commodity

| Index             | Value     | Net change |
|-------------------|-----------|------------|
| <b>DJIA</b>       | 22,158.18 | 39.32      |
| <b>S&amp;P</b>    | 2,498.37  | 1.89       |
| <b>Nasdaq</b>     | 6,460.19  | 5.91       |
| <b>Nikkei 225</b> | 19,865.82 | 89.20      |
| <b>STI</b>        | 3,230.36  | -5.33      |
| <b>KLCI</b>       | 1,786.07  | -3.79      |
| <b>JCI</b>        | 5,845.73  | -26.64     |
| <b>Baltic Dry</b> | 1,344.00  | --         |
| <b>VIX</b>        | 10.50     | -0.08      |

### Government Bond Yields (%)

| Tenor      | SGS (chg)    | UST (chg)    |
|------------|--------------|--------------|
| <b>2Y</b>  | 1.24 (-)     | 1.35 (+0.01) |
| <b>5Y</b>  | 1.50 (-)     | 1.77 (+0.02) |
| <b>10Y</b> | 2.01 (-0.01) | 2.19 (+0.02) |
| <b>15Y</b> | 2.31 (-)     | --           |
| <b>20Y</b> | 2.28 (-)     | --           |
| <b>30Y</b> | 2.32 (-)     | 2.79 (+0.01) |

### Financial Spread (bps)

|                    | Value | Change |
|--------------------|-------|--------|
| <b>LIBOR-OIS</b>   | 16.13 | 0.09   |
| <b>EURIBOR-OIS</b> | 2.80  | -0.12  |
| <b>TED</b>         | 29.25 | --     |

### Economic Calendar

| Date Time        | Event                             | Survey | Actual    | Prior     | Revised   |       |
|------------------|-----------------------------------|--------|-----------|-----------|-----------|-------|
| 09/13/2017 06:45 | NZ Food Prices MoM                | Aug    | --        | 0.60%     | -0.20%    | --    |
| 09/13/2017 07:00 | SK Unemployment rate SA           | Aug    | 3.70%     | 3.80%     | 3.60%     | --    |
| 09/13/2017 07:50 | JN PPI YoY                        | Aug    | 3.00%     | 2.90%     | 2.60%     | --    |
| 09/13/2017 08:30 | AU Westpac Consumer Conf SA MoM   | Sep    | --        | 2.50%     | -1.20%    | --    |
| 09/13/2017 14:00 | GE CPI YoY                        | Aug F  | 1.80%     | 1.80%     | 1.80%     | --    |
| 09/13/2017 14:00 | GE CPI EU Harmonized YoY          | Aug F  | 1.80%     | 1.80%     | 1.80%     | --    |
| 09/13/2017 15:00 | EC Employment YoY                 | 2Q     | --        | 1.60%     | 1.50%     | 1.60% |
| 09/13/2017 16:30 | UK Claimant Count Rate            | Aug    | --        | 2.30%     | 2.30%     | --    |
| 09/13/2017 16:30 | UK Jobless Claims Change          | Aug    | --        | -2.8k     | -4.2k     | -2.9k |
| 09/13/2017 16:30 | UK ILO Unemployment Rate 3Mths    | Jul    | 4.40%     | 4.30%     | 4.40%     | --    |
| 09/13/2017 17:00 | EC Industrial Production SA MoM   | Jul    | 0.10%     | 0.10%     | -0.60%    | --    |
| 09/13/2017 17:00 | EC Industrial Production WDA YoY  | Jul    | 3.30%     | 3.20%     | 2.60%     | 2.80% |
| 09/13/2017 19:00 | US MBA Mortgage Applications      | Sep-08 | --        | 9.90%     | 3.30%     | --    |
| 09/13/2017 20:30 | US PPI Final Demand YoY           | Aug    | 2.50%     | 2.40%     | 1.90%     | --    |
| 09/13/2017 20:30 | US PPI Ex Food and Energy YoY     | Aug    | 2.10%     | 2.00%     | 1.80%     | --    |
| 09/13/2017 20:30 | US PPI Ex Food, Energy, Trade YoY | Aug    | --        | 1.90%     | 1.90%     | --    |
| 09/14/2017 02:00 | US Monthly Budget Statement       | Aug    | -\$119.0b | -\$107.7b | -\$107.1b | --    |
| 09/14/2017 07:01 | UK RICS House Price Balance       | Aug    | 0%        | 6%        | 1%        | --    |
| 09/14/2017 07:50 | JN Japan Buying Foreign Bonds     | Sep-08 | --        | --        | ¥117.9b   | --    |
| 09/14/2017 07:50 | JN Foreign Buying Japan Stocks    | Sep-08 | --        | --        | ¥158.3b   | --    |
| 09/14/2017 09:00 | NZ ANZ Consumer Confidence Index  | Sep    | --        | --        | 126.2     | --    |
| 09/14/2017 09:30 | AU Employment Change              | Aug    | 20.0k     | --        | 27.9k     | --    |
| 09/14/2017 09:30 | AU Unemployment Rate              | Aug    | 5.60%     | --        | 5.60%     | --    |
| 09/14/2017 09:30 | AU Full Time Employment Change    | Aug    | --        | --        | -20.3k    | --    |
| 09/14/2017 09:30 | AU Participation Rate             | Aug    | 65.10%    | --        | 65.10%    | --    |
| 09/14/2017 10:00 | CH Retail Sales YoY               | Aug    | 10.50%    | --        | 10.40%    | --    |
| 09/14/2017 10:00 | CH Fixed Assets Ex Rural YTD YoY  | Aug    | 8.20%     | --        | 8.30%     | --    |
| 09/14/2017 10:00 | CH Industrial Production YoY      | Aug    | 6.60%     | --        | 6.40%     | --    |
| 09/14/2017 10:00 | CH Industrial Production YTD YoY  | Aug    | 6.80%     | --        | 6.80%     | --    |
| 09/14/2017 12:00 | JN Tokyo Condominium Sales YoY    | Aug    | --        | --        | 3.30%     | --    |
| 09/14/2017 12:30 | JN Industrial Production YoY      | Jul F  | --        | --        | 4.70%     | --    |
| 09/14/2017 12:30 | JN Capacity Utilization MoM       | Jul    | --        | --        | 2.10%     | --    |
| 09/14/2017 14:00 | EC EU27 New Car Registrations     | Aug    | --        | --        | 2.10%     | --    |
| 09/14/2017 14:30 | IN Wholesale Prices YoY           | Aug    | 3.20%     | --        | 1.88%     | --    |
| 09/14/2017 14:45 | FR CPI EU Harmonized YoY          | Aug F  | 1.00%     | --        | 1.00%     | --    |
| 09/14/2017 14:45 | FR CPI YoY                        | Aug F  | 0.90%     | --        | 0.90%     | --    |
| 09/14/2017 14:45 | FR CPI Ex-Tobacco Index           | Aug    | 101.47    | --        | 100.94    | --    |
| 09/14/2017 16:00 | IT CPI EU Harmonized YoY          | Aug F  | 1.40%     | --        | 1.40%     | --    |
| 09/14/2017 16:30 | HK PPI YoY                        | 2Q     | --        | --        | 4.20%     | 0.10% |
| 09/14/2017 19:00 | UK Bank of England Bank Rate      | Sep-14 | 0.25%     | --        | 0.25%     | --    |
| 09/14/2017 19:00 | UK BOE Asset Purchase Target      | Sep    | 435b      | --        | 435b      | --    |
| 09/14/2017 20:30 | CA New Housing Price Index MoM    | Jul    | 0.40%     | --        | 0.20%     | --    |
| 09/14/2017 20:30 | US Initial Jobless Claims         | Sep-09 | 300k      | --        | 298k      | --    |
| 09/14/2017 20:30 | US Continuing Claims              | Sep-02 | 1965k     | --        | 1940k     | --    |
| 09/14/2017 20:30 | US CPI Ex Food and Energy MoM     | Aug    | 0.20%     | --        | 0.10%     | --    |
| 09/14/2017 20:30 | US CPI YoY                        | Aug    | 1.80%     | --        | 1.70%     | --    |
| 09/14/2017 20:30 | US CPI Ex Food and Energy YoY     | Aug    | 1.60%     | --        | 1.70%     | --    |
| 09/14/2017 20:30 | US CPI Core Index SA              | Aug    | 252.336   | --        | 251.914   | --    |
| 09/14/2017 20:30 | US CPI Index NSA                  | Aug    | 245.35    | --        | 244.786   | --    |
| 09/14/2017 21:45 | US Bloomberg Consumer Comfort     | Sep-10 | --        | --        | 52.6      | --    |
| 09/14/2017 09/15 | CH Money Supply M2 YoY            | Aug    | 9.10%     | --        | 9.20%     | --    |
| 09/14/2017 09/15 | CH New Yuan Loans CNY             | Aug    | 950.0b    | --        | 825.5b    | --    |

Source: Bloomberg

| <b>OCBC Treasury Research</b>  |  |
|--|--|
| <p><b><u>Macro Research</u></b></p> <p><b>Selena Ling</b><br/>LingSSSelena@ocbc.com</p> <p><b>Emmanuel Ng</b><br/>NgCYEmmanuel@ocbc.com</p> <p><b>Tommy Xie Dongming</b><br/>XieD@ocbc.com</p> <p><b>Barnabas Gan</b><br/>BarnabasGan@ocbc.com</p> <p><b>Terence Wu</b><br/>TerenceWu@ocbc.com</p> | <p><b><u>Credit Research</u></b></p> <p><b>Andrew Wong</b><br/>WongVKAM@ocbc.com</p> <p><b>Wong Liang Mian (Nick)</b><br/>NickWong@ocbc.com</p> <p><b>Ezien Hoo</b><br/>EzienHoo@ocbc.com</p> <p><b>Wong Hong Wei</b><br/>WongHongWei@ocbc.com</p> |

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W