

Highlights

Global	<p>Trump's "build the wall" comments may continue to steal the thunder from the Jackson Hole symposium. Risk aversion heightened again yesterday after US President Trump threatened to shut down the government if he cannot get the funding for building the wall. Nevertheless, given the decision to keep the government open will largely depend on the Congress, market is unlikely to take Trump's speech at face value, even though Fitch warned that such a move would risk a review of its sovereign rating.</p> <p>Elsewhere, ECB President Draghi's speech to defend unconventional monetary policy just before Jackson Hole conference had limited impact on the market. Draghi also said the widening understanding gap after unconventional policy will require more research to decide whether a policy change is needed. He noted that "when the world changes as it did ten years ago, policies, especially monetary policy, need to be adjusted". Euro strengthened riding on stronger Eurozone data and Trump's threat to shut down the US government. The flash composite PMI accelerated to 55.7 in August from 54.7 in July with manufacturing PMI rose strongly to 59.4 in August, the third-strongest reading in more than six years. The strong new export orders show that the recent appreciation of Euro has limited impact on Germany exports.</p> <p>For today, watch central bankers Yellen and Draghi at Jackson Hole as they are posed to speak of cutbacks in monetary policy. Data-wise, look out for US initial jobless claims & existing home sales and UK 2Q GDP.</p>
SG	<p>Singapore's headline inflation accelerated to 0.6% yoy (-0.2% mom nsa) in July, faster than the 0.5% yoy (-0.1% mom nsa) print seen in June. This July reading was below the market consensus forecast of 0.7% yoy (+0.2% mon nsa) and our forecast of 0.8% yoy (0% mom nsa).</p>
CN	<p>In China, the latest regular State Council meeting reiterated to lower China's corporate debt. In addition, China will also continue to cut capacity in certain industries such as aluminum for future generation.</p>
MA	<p>CPI surprised lower at 3.2% yoy (vs market estimate of 3.4%). Higher prices were led by transport (+7.7%) and food & non-alcoholic beverages (+4.2%), while lower communication (-0.3%) dragged.</p>
TH	<p>Thailand saw its first trade deficit (US\$187.5 million) since April 2015 as imports surged 18.5% in July, up from 13.7% in June. Export growth disappointed at 10.5% yoy (vs market call of 12.0%). Exports were led by higher shipments of agriculture (+29.5%), though industry-related exports decelerated to 8.6% (down from June's 11.6%). Despite the surprising trade deficit, we note that this could aid in capping future THB strength, especially if trade deficits persist into the year.</p>
CMD	<p>Crude oil rallied further as market-expectations for lower US oil inventories came to pass. Empirically, US crude oil inventories fell 3.3 million barrels to its lowest level since Jan 2016 while gasoline stocks declined 1.2 million barrels. Note little news made headlines from OPEC's latest technical meeting earlier this week to discuss compliance levels, though Kuwait's oil minister Essam al-Marzouq commented that OPEC will decide to either extend or end production cuts in their upcoming November meeting.</p>

Major Market

- **US:** Wall Street fell ahead of the Jackson Hole Symposium (24 – 27 Aug) amid flight to safety behaviour into gold and USTs. The Dow fell 0.4%, while S&P (-0.4%) and Nasdaq (-0.3%) followed suit. Note Treasury yields 2y- and 10y- benchmark printed lower at 1.31% and 2.17%, respectively following Trump's threat to shut down the US government. VIX closed higher at 12.25 (+7.93%).
- **Singapore:** Singapore's July CPI reading was below the market consensus forecast of 0.7% yoy (+0.2% mon nsa) and our forecast of 0.8% yoy (0% mom nsa). The main drivers of the higher July print were higher retail and water prices which rose by 1.2% yoy (reversing the 0.2% decline in June), following the 15% hike in water prices from 1 July 2017 as part of a phased 30% increase over two years as announced in the FY2017 Budget. Moreover, private road transport inflation also picked up from 3.0% yoy in June to 3.5% yoy in July, attributable to a smaller decline in car prices. Services also accelerated from 1.3% yoy to 1.4% yoy on the back of higher telecommunications services fees. These factors offset the smaller increase in electricity & gas costs (7.9% yoy versus 19.1% previously) and the steeper decline in accommodation costs (-4.1% yoy versus -3.9% yoy previously) as housing maintenance & repairs rose at a slower pace. Core CPI also edged higher to 1.6% yoy (+0.3% mom) in July, faster than the 1.5% yoy in June and in line with our expectations. For January to July 2017, core CPI rose 1.5% yoy, which is within the 1-2% range tipped for this year. The forward-looking language in the MAS-MTI statement also remains unchanged from the previous month. Essentially MAS core inflation is expected to average 1-2%, compared with 0.9% in 2016, while CPI-All Items inflation is projected to rise to 0.5-1.5% from -0.5% last year. In addition, the projected pickup in inflation can be attributed to the positive contribution of energy-related components and the impact of administrative increases, rather than generalized demand-induced price pressures. Looking ahead, we anticipate that headline inflation may continue to pick up speed gradually in the remaining months of 2017. Our headline and core inflation forecasts remain at 1% yoy and 1.6% yoy respectively for 2017 and we retain the view that MAS is in no hurry to adjust its policy settings at the October MPS in an overall still benign inflation environment.
- STI fell 0.11% to close at 3260.05 yesterday, but may consolidate in a range of 3240-3260 today amid weak cues from Wall Street overnight and mixed morning signals from Nikkei and Kосpi. With the overnight UST bond rally, SGS bonds may reverse yesterday's declines and open firmer this morning as well.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 2-3bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corporates traded little changed at 190bps. Similarly, the yield on JACI HY Corp traded little changed at 6.96%. 10y UST yields fell 5bps to 2.17%, after Trump's threats to shut down the government sparked demand for safe haven assets.
- **New Issues:** The Housing & Development Board of Singapore has priced a SGD600mn 5-year bond at 1.825%. The expected issue ratings are 'NR/Aaa/NR'. Mapletree Treasury Services Ltd has priced a SGD300mn 8-year bond (guaranteed by

Mapletree Investments Pte Ltd). The final guidance was set at 2.85%. Shinhan Bank Co Ltd has scheduled investor meetings for potential USD bond issuance from 28 Aug.

- **Rating Changes:** Moody's has affirmed Tingyi (Cayman Islands) Holding Corp's 'Baa1' issuer rating, while revising its outlook to stable from negative. The rating action reflects Tingyi's ability to generate operating cash flow to deleverage, which gives it a stronger level of financial flexibility in the challenging operating environment.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.147	-0.43%	USD-SGD	1.3612	-0.09%
USD-JPY	109.040	-0.48%	EUR-SGD	1.6070	0.29%
EUR-USD	1.1807	0.38%	JPY-SGD	1.2484	0.40%
AUD-USD	0.7904	-0.09%	GBP-SGD	1.7421	-0.29%
GBP-USD	1.2800	-0.19%	AUD-SGD	1.0758	-0.19%
USD-MYR	4.2790	-0.08%	NZD-SGD	0.9832	-0.85%
USD-CNY	6.6590	-0.05%	CHF-SGD	1.4106	0.24%
USD-IDR	13359	0.11%	SGD-MYR	3.1385	-0.13%
USD-VND	22734	0.02%	SGD-CNY	4.8918	-0.05%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.1778	--
2M	-0.3400	--	1M	1.2361	--
3M	-0.3280	--	2M	1.2639	--
6M	-0.2730	--	3M	1.3172	--
9M	-0.2120	--	6M	1.4561	--
12M	-0.1580	--	12M	1.7273	--

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	5.6%	94.4%	5.6%	0.0%	0.0%
11/01/2017	8.3%	91.7%	8.2%	0.2%	0.0%
12/13/2017	34.3%	65.7%	31.8%	2.4%	0.0%
01/31/2018	33.9%	65.3%	31.5%	2.4%	0.0%
03/21/2018	51.0%	48.4%	40.3%	10.0%	0.7%
05/02/2018	50.8%	48.4%	40.2%	10.0%	0.7%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	48.41	1.62%	Copper (per mt)	6,620.5	-0.15%
Brent (per barrel)	52.57	1.35%	Nickel (per mt)	11,618.5	2.13%
Heating Oil (per gallon)	1.6244	2.09%	Aluminium (per mt)	2,084.3	1.05%
Gasoline (per gallon)	1.6189	1.77%			
Natural Gas (per MMBtu)	2.9280	-0.37%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,738.0	0.04%
			Rubber (JPY/KG)	215.8	-0.32%
Precious Metals	Futures	% chg			
Gold (per oz)	1,294.7	0.29%			
Silver (per oz)	17.126	0.39%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,812.09	-87.80
S&P	2,444.04	-8.47
Nasdaq	6,278.41	-19.07
Nikkei 225	19,434.64	50.80
STI	3,260.05	-3.74
KLCI	1,772.94	-1.28
JCI	5,914.02	33.73
Baltic Dry	1,249.00	--
VIX	12.25	0.90

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.30 (+0.04)	1.31 (-0.02)
5Y	1.60 (+0.04)	1.74 (-0.04)
10Y	2.16 (+0.03)	2.17 (-0.05)
15Y	2.37 (+0.03)	--
20Y	2.46 (+0.03)	--
30Y	2.51 (+0.03)	2.75 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.65	0.16
EURIBOR-OIS	2.93	-0.12
TED	31.85	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
08/23/2017 08:30	JN Nikkei Japan PMI Mfg	Aug P	--	52.8	52.1	--
08/23/2017 11:00	TH Customs Exports YoY	Jul	12.00%	10.48%	11.73%	--
08/23/2017 11:00	TH Customs Imports YoY	Jul	13.70%	18.45%	13.74%	--
08/23/2017 11:00	TH Customs Trade Balance	Jul	\$716m	-\$188m	\$1917m	--
08/23/2017 12:00	MA CPI YoY	Jul	3.40%	3.20%	3.60%	--
08/23/2017 13:00	SI CPI Core YoY	Jul	1.60%	1.60%	1.50%	--
08/23/2017 13:00	SI CPI YoY	Jul	0.70%	0.60%	0.50%	--
08/23/2017 14:00	JN Machine Tool Orders YoY	Jul F	--	28.00%	26.30%	--
08/23/2017 15:00	FR Markit France Manufacturing PMI	Aug P	54.5	55.8	54.9	--
08/23/2017 15:00	FR Markit France Services PMI	Aug P	55.8	55.5	56	--
08/23/2017 15:00	FR Markit France Composite PMI	Aug P	55.4	55.6	55.6	--
08/23/2017 15:30	GE Markit/BME GE Manufacturing PMI	Aug P	57.6	59.4	58.1	--
08/23/2017 15:30	GE Markit Germany Services PMI	Aug P	53.3	53.4	53.1	--
08/23/2017 15:30	GE Markit/BME Germany Composite PMI	Aug P	54.7	55.7	54.7	--
08/23/2017 16:00	TA Industrial Production YoY	Jul	3.30%	2.38%	3.14%	3.53%
08/23/2017 16:00	EC Markit Eurozone Manufacturing PMI	Aug P	56.3	57.4	56.6	--
08/23/2017 16:00	SI Automobile COE Open Bid Cat A	Aug-23	--	42900	46778	--
08/23/2017 16:00	SI Automobile COE Open Bid Cat B	Aug-23	--	51000	53711	--
08/23/2017 16:00	EC Markit Eurozone Services PMI	Aug P	55.4	54.9	55.4	--
08/23/2017 16:00	SI Automobile COE Open Bid Cat E	Aug-23	--	50000	52751	--
08/23/2017 16:00	EC Markit Eurozone Composite PMI	Aug P	55.5	55.8	55.7	--
08/23/2017 19:00	US MBA Mortgage Applications	Aug-18	--	-0.50%	0.10%	--
08/23/2017 21:45	US Markit US Manufacturing PMI	Aug P	53.5	52.5	53.3	--
08/23/2017 21:45	US Markit US Services PMI	Aug P	55	56.9	54.7	--
08/23/2017 21:45	US Markit US Composite PMI	Aug P	--	56	54.6	--
08/23/2017 22:00	US New Home Sales	Jul	610k	571k	610k	630k
08/23/2017 22:00	US New Home Sales MoM	Jul	0.00%	-9.40%	0.80%	1.90%
08/23/2017 22:00	EC Consumer Confidence	Aug A	-1.8	-1.5	-1.7	--
08/24/2017 06:45	NZ Trade Balance NZD	Jul	-200m	85m	242m	246m
08/24/2017 06:45	NZ Exports NZD	Jul	4.42b	4.63b	4.70b	--
08/24/2017 06:45	NZ Imports NZD	Jul	4.60b	4.55b	4.46b	4.45b
08/24/2017 13:00	JN Leading Index CI	Jun F	--	--	106.3	--
08/24/2017 16:30	UK GDP QoQ	2Q P	0.30%	--	0.30%	--
08/24/2017 16:30	HK Exports YoY	Jul	9.20%	--	11.10%	--
08/24/2017 16:30	UK GDP YoY	2Q P	1.70%	--	1.70%	--
08/24/2017 16:30	HK Imports YoY	Jul	9.90%	--	10.40%	--
08/24/2017 16:30	UK Exports QoQ	2Q P	1.00%	--	-0.70%	--
08/24/2017 16:30	UK Imports QoQ	2Q P	0.50%	--	1.70%	--
08/24/2017 20:30	US Initial Jobless Claims	Aug-19	238k	--	232k	--
08/24/2017 20:30	US Continuing Claims	Aug-12	1950k	--	1953k	--
08/24/2017 21:45	US Bloomberg Consumer Comfort	Aug-20	--	--	52.1	--
08/24/2017 22:00	US Existing Home Sales	Jul	5.55m	--	5.52m	--
08/24/2017	MU GDP YoY	2Q	--	--	10.30%	--
08/24/2017 08/31	VN CPI YoY	Aug	2.50%	--	2.52%	--
08/22/2017 08/24	PH Budget Balance PHP	Jul	--	-50.5b	-90.9b	--

Source: Bloomberg

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