

Highlights

Global	Global risk appetite continued to recover yesterday. Of note was that US' 2Q GDP growth was revised up to 3.0% annual pace, up from a previous estimate of 2.6% and was the fastest since 1Q15 on the back of healthy consumer spending (+3.3%) and business investments (+6.9%). Meanwhile, the ADP national employment data also revealed hiring stepped up 237k in August, up from 201k in July. However, the upbeat tone was eroded by S&P warning that "failure to raise the debt limit would likely be more catastrophic to the economy than the 2008 failure of Lehman Brothers and would erase many of the gains of the subsequent recovery" and a government shutdown would shave 0.2% points off real 4Q GDP each week it sustains, the albeit the probability remains slim. In addition, president Trump reverted to tougher language on North Korea, tweeting that "The US has been talking to North Korea, and paying them extortion money, for 25 years. Talking is not the answer!" Given the mixed tone from brighter economic data but lingering policy-geopolitical uncertainties, Asian bourses may tread water today. BOK is likely to keep its 7-day repo rate static at 1.25% today, with governor Lee's economic assessment key to future policy intentions and amid the current heightened North Korean tensions. Today's economic data calendar comprises of US' personal income and spending, initial jobless claims, core PCE deflator and pending home sales, Eurozone's August CPI and July unemployment rate, China's manufacturing and non-manufacturing PMI, Thai trade data, and S'pore's bank loans data. Singapore markets are closed for holiday tomorrow, but the Asian manufacturing PMIs and US' August nonfarm payrolls and unemployment data (consensus forecast at +180k and 4.3% respectively) are key to watch.
US	Treasury Secretary Mnuchin echoed president Trump's commitment to deliver meaningful tax reform. The latter had warned Congress that "this is our once-in-a-generation opportunity to deliver real tax reform...I don't want to be disappointed by Congress – do you understand me?" and reiterated his wish to cut the corporate tax rate to 15%.
EZ	German CPI accelerated from 1.5% in July to 1.8% in August, ahead of the ECB's policy meeting on 7 September.
JP	Industrial output fell 0.8% mom (+4.7% yoy) in July, a reversal from the +2.2% mom (yoy) seen in June
SG	Bank loans may have expanded around 7% yoy in July, extending the 7.6% print in June amid a steady business loans momentum.
CN	RMB appreciated not only against the dollar but basket of currencies as well yesterday. RMB index rose back to 94 and is expected to stay strong in the near term. Despite EUR's retracement from 1.2070 to below 1.19 last night, the USDCNY still stay below 6.60. This clearly proved that the recent RMB strength is no longer a dollar story.
MA	Prime Minister Najib has declared the coming Monday, 4th Sept, as a public holiday, after Malaysian athletes won a record haul of 145 gold medals in the SEA Games.
KR	The Bank of Korea is slated to meet later today, where we expect policy-makers to keep benchmark rate unchanged at 1.25%.

Major Market

- **US:** Wall Street rallied last night, as Nasdaq printed its third consecutive day of advance. Overall, the Dow Jones Index inched up (+0.12%), while the Nasdaq (+1.05%) and S&P 500 (+0.46%) saw modest gains. U.S 2yr and 10yr treasury yields rose to 1.35% and 1.73% respectively, as recent figures suggested a strong economic outlook. US 2Q17 GDP managed to surprise and registered 3.0%, revising upward from the 2.6% print reported in July. This owed largely to robust business investment and healthy consumer spending. The latest figures thus record a high since 1Q15. Elsewhere, VIX contracted (-4.10%) to close at 11.22.
- **Singapore:** STI gained 0.49% to close at 3265.26 yesterday and may attempt to firm further today, with support at 3250 and resistance at 3280. While UST bond yields edging higher overnight amid a upwardly revised US' 2Q GDP growth print, SGS bonds may also follow suit today. Note that global investors have piled into September T-bills to avoid the October maturities amid elevated US debt ceiling concerns.
- **Commodities:** Tropical Storm Harvey made landfall once again on Wednesday and continued to batter US refining capacity: Gasoline futures clocked another 5.7% gain to \$1.885/gallon while crude oil benchmarks WTI and Brent dipped another notch. Market-watchers clearly shrugged off the surprisingly lower US crude oil inventory print (-5.4 million barrels for the week ended 25th Aug) by the US Department of Energy.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 1-2bps higher across all tenors (with the exception of the 1-year tenor, which traded little changed, and the 1.5-year tenor, which traded 1bps lower). In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 191bps, while the yield on JACI HY Corp was little changed at 6.91%. 10y UST yields traded little changed at 2.13% despite higher than expected GDP and consumption numbers, as traders await inflation and non-farm payroll data due later in the week.
- **New Issues:** Lotte Shopping Business Management (Hong Kong) Ltd has priced a USD300mn 3-year bond (guaranteed by The Export-Import Bank of Korea) at CT3+105bps, tightening from initial guidance of CT3+130bps area. The expected issue ratings are 'NR/Aa2/NR'. Mitsubishi UFJ Lease & Finance Company Ltd has scheduled investor meetings for potential USD bond issuance from 6 Sep. The expected issue ratings are 'A/A3/NR'. Santos Finance Ltd has scheduled investor meetings for potential USD 10-year bond issuance from 1 Sep.
- **Rating Changes:** S&P has affirmed Vietnam Joint Stock Commercial Bank for Industry and Trade's (Vietinbank) issuer credit rating at 'BB-', while revising the outlook to negative from stable. The rating action follows S&P's expectation that downside risk could emerge in Vietinbank in the case of higher-than-expected growth, cash dividend payouts, or weaker-than-expected profitability. S&P has placed China Longyuan Power Group Corp Ltd's (Longyuan) 'A-' and Hero Asia Investment Ltd's (Hero Asia) 'BBB+' corporate credit ratings on CreditWatch with developing implications. At the same time, S&P placed China Shenhua Energy Co Ltd's 'AA-' and Shenhua Hong Kong Ltd's 'A+' corporate credit ratings on CreditWatch with negative implications. The ratings were placed on CreditWatch due to the uncertain rating impact following the planned merger

of China Guodian Corp (the parent of Longyuan and Hero Asia) with China Shenhua Group. Moody's has assigned Australia and New Zealand Banking Group Ltd's (ANZ) floating rate notes a senior unsecured rating of 'Aa3'. The outlook is stable. The rating action reflects ANZ's highly profitable retail banking franchise, low bad debt metrics and strengthening capital position. However, earnings growth for ANZ is under pressure due to weakness in its net interest margin. Fitch has affirmed Australia's State of Queensland's (Queensland) and Queensland Treasury's (QTC) issuer default ratings at 'AA', while revising the outlooks of both entities to positive from stable. The rating action on Queensland reflects its improving direct debt position, sound liquidity and debt management policies, while QTC's ratings are credit linked to that of Queensland due to the state's statutory guarantee for all its liabilities. Fitch has affirmed PLDT Inc's (PLDT) issuer default rating at 'BBB', while revising the outlook to stable from negative. The rating action reflects PLDT's commitment towards deleveraging as seen from its divestment of non-core assets. However, the rating action is capped at Philippines' country ceiling of 'BBB'. Fitch has assigned PT Medco Energy Internasional Tbk's (Medco) senior unsecured unsubordinated notes a rating of 'B'. The rating action reflects Medco's profile as a small upstream oil and gas producer as well as the fact that it is working on a number of measures to reduce leverage.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	92.884	0.69%	USD-SGD	1.3584	0.25%
USD-JPY	110.240	0.48%	EUR-SGD	1.6147	-0.47%
EUR-USD	1.1884	-0.74%	JPY-SGD	1.2325	-0.17%
AUD-USD	0.7905	-0.58%	GBP-SGD	1.7558	0.30%
GBP-USD	1.2925	0.05%	AUD-SGD	1.0738	-0.33%
USD-MYR	4.2710	0.08%	NZD-SGD	0.9784	-0.46%
USD-CNY	6.5940	-0.03%	CHF-SGD	1.4101	-0.55%
USD-IDR	13346	0.04%	SGD-MYR	3.1479	-0.26%
USD-VND	22733	0.00%	SGD-CNY	4.8583	-0.43%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1783	--
2M	-0.3400	--	1M	1.2389	--
3M	-0.3300	--	2M	1.2756	--
6M	-0.2730	--	3M	1.3169	--
9M	-0.2120	--	6M	1.4517	--
12M	-0.1600	--	12M	1.7140	--

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	1.1%	98.9%	1.1%	0.0%	0.0%
11/01/2017	1.9%	98.1%	1.9%	0.0%	0.0%
12/13/2017	33.2%	66.8%	32.6%	0.6%	0.0%
01/31/2018	33.7%	66.3%	32.9%	0.9%	0.0%
03/21/2018	47.0%	53.0%	39.5%	7.3%	0.2%
05/02/2018	46.4%	52.8%	39.1%	7.2%	0.2%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	45.96	-1.03%	Copper (per mt)	6,805.7	-0.56%
Brent (per barrel)	50.86	-2.19%	Nickel (per mt)	11,535.0	-1.10%
Heating Oil (per gallon)	1.6738	0.50%	Aluminium (per mt)	2,074.0	-0.37%
Gasoline (per gallon)	1.8847	5.69%			
Natural Gas (per MMBtu)	2.9390	-0.74%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,706.0	-0.26%
Precious Metals	Futures	% chg	Rubber (JPY/KG)	216.1	0.28%
Gold (per oz)	1,314.1	-0.36%			
Silver (per oz)	17.503	-0.07%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,892.43	27.06
S&P	2,457.59	11.29
Nasdaq	6,368.31	66.42
Nikkei 225	19,506.54	143.99
STI	3,265.26	15.92
KLCI	1,773.16	12.02
JCI	5,872.51	-15.71
Baltic Dry	1,203.00	--
VIX	11.22	-0.48

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.27 (-)	1.33 (+0.01)
5Y	1.56 (-)	1.72 (+0.01)
10Y	2.10 (+0.01)	2.13 (-)
15Y	2.28 (-)	--
20Y	2.37 (+0.01)	--
30Y	2.43 (-)	2.74 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.77	0.15
EURIBOR-OIS	2.68	-0.05
TED	29.15	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
08/30/2017 06:45	NZ Building Permits MoM	Jul	--	-0.70%	-1.30%
08/30/2017 07:50	JN Retail Trade YoY	Jul	1.00%	1.90%	2.20%
08/30/2017 09:30	AU Building Approvals YoY	Jul	-16.60%	-13.90%	-1.20%
08/30/2017 16:30	UK Mortgage Approvals	Jul	65.5k	68.7k	65.3k
08/30/2017 17:00	EC Consumer Confidence	Aug F	-1.5	-1.5	--
08/30/2017 19:00	US MBA Mortgage Applications	Aug-25	--	-2.30%	-0.50%
08/30/2017 20:00	GE CPI YoY	Aug P	1.80%	1.80%	1.70%
08/30/2017 20:00	GE CPI EU Harmonized YoY	Aug P	1.70%	1.80%	1.50%
08/30/2017 20:15	US ADP Employment Change	Aug	185k	237k	178k
08/30/2017 20:30	US GDP Annualized QoQ	2Q S	2.70%	3.00%	2.60%
08/30/2017 20:30	US Personal Consumption	2Q S	3.00%	3.30%	2.80%
08/30/2017 20:30	US GDP Price Index	2Q S	1.00%	1.00%	1.00%
08/30/2017 20:30	US Core PCE QoQ	2Q S	0.90%	0.90%	0.90%
08/31/2017 07:00	SK Industrial Production SA MoM	Jul	0.50%	1.90%	-0.20%
08/31/2017 07:00	SK Industrial Production YoY	Jul	-0.20%	0.10%	-0.30%
08/31/2017 07:01	UK GfK Consumer Confidence	Aug	-13	-10	-12
08/31/2017 07:50	JN Industrial Production MoM	Jul P	-0.30%	--	2.20%
08/31/2017 09:00	NZ ANZ Business Confidence	Aug	--	--	19.4
08/31/2017 09:00	CH Manufacturing PMI	Aug	51.3	--	51.4
08/31/2017 09:30	AU Private Sector Credit YoY	Jul	5.40%	--	5.40%
08/31/2017 09:30	AU Private Capital Expenditure	2Q	0.20%	--	0.30%
08/31/2017 13:00	JN Housing Starts YoY	Jul	-0.20%	--	1.70%
08/31/2017 14:00	GE Retail Sales YoY	Jul	2.90%	--	1.50%
08/31/2017 14:45	FR CPI EU Harmonized YoY	Aug P	1.00%	--	0.80%
08/31/2017 14:45	FR CPI YoY	Aug P	0.90%	--	0.70%
08/31/2017 14:45	FR PPI YoY	Jul	--	--	1.40%
08/31/2017 15:30	TH BoP Current Account Balance	Jul	\$2236m	--	\$4283m
08/31/2017 15:55	GE Unemployment Change (000's)	Aug	-6k	--	-9k
08/31/2017 17:00	IT CPI NIC incl. tobacco MoM	Aug P	0.20%	--	0.10%
08/31/2017 17:00	EC Unemployment Rate	Jul	9.10%	--	9.10%
08/31/2017 17:00	IT CPI EU Harmonized YoY	Aug P	1.30%	--	1.20%
08/31/2017 17:00	EC CPI Estimate YoY	Aug	1.40%	--	1.30%
08/31/2017 17:00	EC CPI Core YoY	Aug A	1.20%	--	1.20%
08/31/2017 20:00	IN GDP YoY	2Q	6.50%	--	6.10%
08/31/2017 20:30	CA Quarterly GDP Annualized	2Q	3.70%	--	3.70%
08/31/2017 20:30	CA GDP MoM	Jun	0.10%	--	0.60%
08/31/2017 20:30	US Initial Jobless Claims	Aug-26	238k	--	234k
08/31/2017 20:30	CA GDP YoY	Jun	4.10%	--	4.60%
08/31/2017 20:30	US Continuing Claims	Aug-19	1951k	--	1954k
08/31/2017 20:30	US Personal Income	Jul	0.30%	--	0.00%
08/31/2017 20:30	US Personal Spending	Jul	0.40%	--	0.10%
08/31/2017 21:45	US Chicago Purchasing Manager	Aug	58.5	--	58.9
08/31/2017 21:45	US Bloomberg Consumer Comfort	Aug-27	--	--	52.8
08/31/2017 22:00	US Pending Home Sales MoM	Jul	0.40%	--	1.50%
08/31/2017	SK BoK 7-Day Repo Rate	Aug-31	1.25%	--	1.25%

Source: Bloomberg

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