

Highlights

Global	<p>Wall Street climbed amid strong corporate earnings and upbeat economic data. The USD pared declines as UST bond yield rose following US\$34b of new 3-year supply that met with soft demand. The UST yield curve also steepened ahead of 10- and 30-year sales, with the 10-year bond yield at 2.97%. Separately, the RBA kept its cash rate target unchanged at 1.5% as widely expected and noted that “further progress in reducing unemployment and having inflation return to target is expected, although this progress is likely to be gradual”. While the Chinese equity market saw some stabilisation yesterday amid news that the PBOC’s moral suasion to avoid “herd behaviour” in the RMB and foreign reserves rose US\$5.82b to US\$3.118t in July, nevertheless news that the US will impose 25% tariffs on US\$16b of Chinese imports from 23 August may again dampen market sentiments for any near-term resolution. Asian markets may trade with a mixed tone this morning. BOT meets today and is likely to remain unchanged at 1.5% but watch for any hint of future tightening timelines. Today’s economic data calendar also comprises China’s July trade data, US’ mortgage applications, Japan’s Eco Watchers survey, and S’pore’s COE tender results. RBA governor Lowe and Fed’s Barkin are also speaking.</p>
US	<p>The JOLTs job openings rose by 3k to 6.66 million in June, but the hiring rate fell from 3.9% to 3.8% as hiring eased to 5.65m, while layoffs rose to 1.72m. Meanwhile, consumer credit rose less than estimated by US\$10.2b in June as revolving debt outstanding fell for the second time in four months.</p>
EU	<p>German industrial production fell more than expected by 0.9% momsa (+2.5% yoy) in June, compared to a revised 2.4% momsa (+3.0% yoy) in May, as firms turned cautious amid trade tensions & ahead of July’s agreement by US-EU to suspend further tariffs amid ongoing negotiations.</p>
CH	<p>FX reserves rose slightly to US\$3.118 trillion in July from US\$3.112 trillion in June. Despite a weaker RMB and volatile asset prices, the data print surprised to the upside as a result of a stable USD and the favorable valuation effect. This suggests that China’s capital flows remained relatively balanced in spite of RMB’s weakness. It may help to reinforce market expectation for RMB’s two-way volatility.</p>
TH	<p>Bank of Thailand is slated to meet later today. BOT in our view is expected to keep interest rate unchanged for now: Growth indicators have been positive in 1H18, although recent core inflation print at 0.79% registered a slowdown from June’s 0.83%.</p>
SG	<p>Moody’s tips 6-7% loans growth for the three local banks this year, down from its previous forecast of 7-8%. Elsewhere, foreign reserves rose to \$289.21bn in July, up from June’s \$288.04bn/</p>
CMD	<p>Crude oil edged higher in late trading hours yesterday as market-watchers reacted to US President Donald Trump’s warning that “anyone doing business with Iran will NOT be doing business with the United States”. Expectations over lower US crude oil inventories (-3.0 million barrels for week ended 3rd Aug) that will be released later tonight likely levelled crude oil prices higher as well. Surrounding the higher oil prices was the pickup in risk appetite as well overnight, given the strong Wall Street over the week.</p>

Major Markets

- **US:** Wall Street closed higher on Tuesday on the back of strong corporate earnings. The S&P 500 Index (+0.28%) closed at the highest level since Jan 26, rising to 2,858.45, while the Dow Jones (+0.50%) edged up to 25,628.91. The tech-rich Nasdaq composite climbed 0.31% to 7,883.66, buoyed by a rally in major tech stocks, notably Amazon (+0.80%), Alphabet (+1.47%) & Microsoft (+0.69%), and marking its fifth straight day of advance. The VIX Index fell to 10.93 on Tuesday, as compared to 11.27 on Monday. On the Treasury front, the 2y yield rose 2.5bp to 2.670%, while the 10y yield gained 3.4bp to 2.973%.
- **Singapore:** The STI gained 1.66% to close at 3340.00 yesterday and may attempt to stay supported ahead of the National Day holiday. The next resistance is 3377, with support at 3300. With the UST bond yields selling off by up to 4bps overnight, the SGS bond market may also trade with a cautious tone today.
- **Thailand:** Should we account for the recent tame inflation pressures, the Bank of Thailand will likely see little impetus to tweak rates at this juncture, but adopt a wait-and-see approach to observe growth trends towards end-year. Note that we are still expecting BOT to raise rates by 25bps by the end of 2018.
- **Malaysia:** Foreign reserves fell marginally to US\$104.5bn as of 31 July 2018 (13 July 2018: US\$104.6bn). The MYR has been pressured in recent times hovering around the range of 4.00 – 4.10 against the USD since around the end of June. Meanwhile, the Malaysian Anti-Corruption Commission has said that former Prime Minister Najib Tun Razak will be charged under the anti-money laundering act on Wednesday. The anti-graft agency has reportedly also confirmed that Najib was summoned to give his statement on Tuesday on the case relating to SRC International, a former unit of state fund 1MDB.
- **Indonesia:** Foreign reserves fell to US\$118.31bn in July (June 2018: US\$119.80bn). The IDR continues to be pressured as it even crossed the 14,500 mark against the USD on the 24th July 2018 but it has since closed daily below that level albeit still above 14,400 and at times, it has still hovered close the 14,500 mark.
- **Commodities:** Other growth-related commodities including base metals mostly closed higher as well. Elsewhere in Asia, palm oil futures marked its strongest gain (+1.31% to MYR2,235/MT) in three weeks as MPOB cuts 2018 output forecast to 19.9 million tons (from 20.5 million tons outlook made in Jan 2018), following the weaker production trend seen in the recent months. Production however is expected to peak in Sept before declining into 4Q18. Also note that the Malayan Palm Oil Council cut its palm oil price outlook by 9% to average MYR2,410/MT in 2018.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded within 0-2 bps of the prior day curve with the exception of the 30-year swap rates which traded 3bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 137bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 8bps to 473bps. Overall, 10Y UST yields rose 3bps to close at 2.97% on the back of scaled back demand for safe havens due to higher stock prices as well as the sale of treasuries notes as part of government refunding this week.

- **New Issues:** Shinhan Financial Group has priced a USD500mn Perp NC5 AT1 at 5.875%, tightening from its initial price guidance of 6.25%. Tuspark Forward Ltd has hired banks for its potential USD bond issuance (guaranteed by Tus-Holdings Co Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.358	0.21%	USD-SGD	1.3681	0.16%
USD-JPY	111.400	0.13%	EUR-SGD	1.5806	0.03%
EUR-USD	1.1554	-0.12%	JPY-SGD	1.2284	0.03%
AUD-USD	0.7387	-0.23%	GBP-SGD	1.7708	-0.27%
GBP-USD	1.2944	-0.44%	AUD-SGD	1.0106	-0.03%
USD-MYR	4.0800	-0.03%	NZD-SGD	0.9211	-0.01%
USD-CNY	6.8535	0.39%	CHF-SGD	1.3727	-0.10%
USD-IDR	14478	-0.14%	SGD-MYR	2.9844	0.18%
USD-VND	23308	0.01%	SGD-CNY	5.0120	0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.9150	--
2M	-0.3370	--	1M	2.0793	--
3M	-0.3190	--	2M	2.1824	--
6M	-0.2680	--	3M	2.3430	--
9M	-0.2170	--	6M	2.5248	--
12M	-0.1760	--	12M	2.8274	--

Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
09/26/2018	100.0%	94.0%	6.0%	0.0%	0.0%
11/08/2018	100.0%	88.9%	10.8%	0.3%	0.0%
12/19/2018	100.0%	28.0%	64.3%	7.5%	0.2%
01/30/2019	100.0%	26.3%	62.1%	10.9%	0.7%
03/20/2019	100.0%	11.6%	42.1%	39.6%	6.4%
05/01/2019	100.0%	10.1%	38.3%	39.9%	10.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.01	0.76%	Coffee (per lb)	1.088	0.93%
Brent (per barrel)	73.75	0.74%	Cotton (per lb)	0.8840	0.32%
Heating Oil (per gallon)	2.1393	0.58%	Sugar (per lb)	0.1098	1.20%
Gasoline (per gallon)	2.0651	-0.02%	Orange Juice (per lb)	1.6640	-1.48%
Natural Gas (per MMBtu)	2.8600	0.25%	Cocoa (per mt)	2,170	2.65%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,021.9	-1.16%	Wheat (per bushel)	5.9725	3.02%
Nickel (per mt)	13,604.0	1.01%	Soybean (per bushel)	8.935	-0.97%
Aluminium (per mt)	2,020.5	0.66%	Corn (per bushel)	3.8525	0.26%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,217.7	-0.45%	Crude Palm Oil (MYR/MT)	2,206.0	0.46%
Silver (per oz)	15.348	-0.74%	Rubber (JPY/KG)	170.5	1.31%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,502.18	39.60
S&P	2,850.40	10.05
Nasdaq	7,859.68	47.66
Nikkei 225	22,507.32	-17.86
STI	3,285.34	19.61
KLCI	1,779.75	-0.34
JCI	6,101.13	93.59
Baltic Dry	1,773.00	--
VIX	11.27	-0.37

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.94 (-0.02)	2.65 (--)
5Y	2.21 (-0.03)	2.80 (-0.01)
10Y	2.46 (-0.01)	2.94 (-0.01)
15Y	2.75 (-0.02)	--
20Y	2.77 (-0.02)	--
30Y	2.86 (-0.03)	3.09 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	32.25	0.28
EURIBOR-OIS	4.10	0.09
TED	34.12	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
08/07/2018 07:30	JN Household Spending YoY	Jun	-1.40%	-1.20%	-3.90%	--
08/07/2018 07:50	JN Official Reserve Assets	Jul	--	\$1256.3b	\$1258.7b	--
08/07/2018 08:00	JN Labor Cash Earnings YoY	Jun	1.70%	3.60%	2.10%	--
08/07/2018 09:00	PH CPI YoY 2012=100	Jul	5.50%	5.70%	5.20%	--
08/07/2018 12:30	AU RBA Cash Rate Target	Aug-07	1.50%	1.50%	1.50%	--
08/07/2018 13:00	JN Leading Index CI	Jun P	105.3	105.2	106.9	--
08/07/2018 13:00	JN Coincident Index	Jun P	116.2	116.3	116.8	--
08/07/2018 14:00	GE Trade Balance	Jun	20.9b	21.8b	19.7b	--
08/07/2018 14:00	GE Current Account Balance	Jun	21.0b	26.2b	12.6b	--
08/07/2018 14:00	GE Exports SA MoM	Jun	-0.30%	0.00%	1.80%	--
08/07/2018 14:00	GE Imports SA MoM	Jun	0.30%	1.20%	0.70%	--
08/07/2018 14:00	GE Industrial Production SA MoM	Jun	-0.50%	-0.90%	2.60%	2.40%
08/07/2018 14:00	GE Industrial Production WDA YoY	Jun	3.00%	2.50%	3.10%	3.00%
08/07/2018 14:45	FR Trade Balance	Jun	-5520m	-6248m	-6005m	-6019m
08/07/2018 15:00	MA Foreign Reserves	Jul-31	--	\$104.5b	\$104.6b	--
08/07/2018 15:30	UK Halifax House Prices MoM	Jul	0.20%	1.40%	0.30%	0.90%
08/07/2018 16:00	TA CPI YoY	Jul	1.50%	1.75%	1.31%	1.40%
08/07/2018 16:00	TA WPI YoY	Jul	--	7.02%	6.65%	6.56%
08/07/2018 16:00	TA Trade Balance	Jul	\$5.10b	\$2.24b	\$5.21b	--
08/07/2018 16:00	TA Exports YoY	Jul	7.00%	4.70%	9.40%	--
08/07/2018 16:00	TA Imports YoY	Jul	10.00%	20.50%	15.40%	--
08/07/2018 16:16	CH Foreign Reserves	Jul	\$3107.00b	\$3117.95b	\$3112.13b	--
08/07/2018 16:30	HK Foreign Reserves	Jul	--	\$431.9b	\$431.9b	--
08/07/2018 17:00	SI Foreign Reserves	Jul	--	\$289.21b	\$288.04b	--
08/07/2018 18:03	PH Foreign Reserves	Jul	--	\$76.9b	\$77.7b	\$77.5b
08/07/2018 18:59	ID Foreign Reserves	Jul	--	\$118.31b	\$119.80b	\$119.84b
08/07/2018 22:00	CA Ivey Purchasing Managers Index SA	Jul	--	61.8	63.1	--
08/08/2018 03:00	US Consumer Credit	Jun	\$15.000b	\$10.211b	\$24.559b	\$24.259b
08/08/2018 07:50	JN BoP Current Account Balance	Jun	¥1222.2b	--	¥1938.3b	--
08/08/2018 07:50	JN Trade Balance BoP Basis	Jun	¥826.8b	--	¥303.8b	--
08/08/2018 07:50	JN Bank Lending Incl Trusts YoY	Jul	--	--	2.20%	--
08/08/2018 09:00	PH Exports YoY	Jun	2.80%	--	-3.80%	-3.80%
08/08/2018 09:00	PH Imports YoY	Jun	18.60%	--	11.40%	--
08/08/2018 09:00	PH Trade Balance	Jun	-\$3033m	--	-\$3700m	--
08/08/2018 09:30	AU Home Loans MoM	Jun	0.00%	--	1.10%	--
08/08/2018 09:30	AU Investment Lending	Jun	--	--	-0.10%	--
08/08/2018 09:30	AU Owner-Occupier Loan Value MoM	Jun	--	--	0.70%	--
08/08/2018 11:00	NZ 2Yr Inflation Expectation	3Q	--	--	2.01%	--
08/08/2018 12:30	JN Bankruptcies YoY	Jul	--	--	-2.26%	--
08/08/2018 14:30	FR Bank of France Ind. Sentiment	Jul	101	--	101	--
08/08/2018 14:30	AU Foreign Reserves	Jul	--	--	A\$75.8b	--
08/08/2018 15:05	TH BoT Benchmark Interest Rate	Aug-08	1.50%	--	1.50%	--
08/08/2018 16:00	SI Automobile COE Open Bid Cat A	Aug-08	--	--	32699	--
08/08/2018 16:00	SI Automobile COE Open Bid Cat B	Aug-08	--	--	32551	--
08/08/2018 16:00	SI Automobile COE Open Bid Cat E	Aug-08	--	--	32809	--
08/08/2018 19:00	US MBA Mortgage Applications	Aug-03	--	--	-2.60%	--
08/08/2018 20:30	CA Building Permits MoM	Jun	-0.10%	--	4.70%	--
08/08/2018	CH Trade Balance	Jul	\$38.92b	--	\$41.61b	\$41.47b
08/08/2018	CH Imports YoY	Jul	16.50%	--	14.10%	14.10%
08/08/2018	CH Exports YoY	Jul	10.00%	--	11.30%	11.20%
08/07/2018 08/13	VN Domestic Vehicle Sales YoY	Jul	--	--	-5.20%	--

Source: Bloomberg

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