

Highlights

Global	The S&P500 closed lower overnight, while the UST bond market was closed for the Columbus Day holiday. However, global risk sentiments clearly remain vulnerable amid the hardening US-China rhetoric and Chinese equity markets saw a bumpy re-opening after the Golden Week holidays notwithstanding the 1% point RRR cut and the improvement in the Caixin services and composite PMIs. Asian markets likely to continue to take the cue from Chinese financial markets, especially the RMB. Another light economic data calendar today, comprising of US' NFIB small business optimism, German trade data, and Japan's Eco Watchers Survey. Speakers include Fed's Kaplan and Harker, ECB's Villeroy, and BOE's Broadbent.
US	Fed's Bullard opined that the US will need faster productivity growth in order to maintain above trend growth, and that one can't read as much in to the US labor market data as in the past due to the weakening correlation with inflation.
EZ	German industrial production unexpectedly declined for a third month by 0.1% yoy (-0.3% mom sa) in August, led by capital goods and construction, compared to the revised +1.5% yoy (-1.41% mom sa) in July.
CN	China's State Council announced to increase export tax rebate effective from 1 November. The increase of export tax rebate will be 1%-5% depending on the items. It has been the second export tax rebate since September after the escalation of US-China trade war. The export tax rebate is the most effective way to counter the negative impact of trade war on Chinese exporters to stabilize the job market. As such, we think the near term shock to Chinese growth is likely to be limited.
MA	PM Mahathir will introduce new social and economic policies when he tables a mid-term review of the 11 th Malaysia plan next week, according to Minister of Economic Affairs Azmin Ali.
KR	Bank of Korea commented that it may revise both GDP and CPI forecasts in October, although governor Lee reiterates that the bank's stance to reduce policy accommodation remains intact. Risks however continue to play out from the rising household debt, which is rising faster than income growth.
CMD	Crude oil slipped to its one-week low as concerns over oil shortage abated. Note that Saudi Arabian prince Mohammed Bin Salman commented that the kingdom will supply "any loss of supply from Iran" and cited that exports have risen by as much as "two barrels for any barrel that disappeared from Iran". This is in line with our data which showed that OPEC nations which saw an increase in production since May rose 1.37 million barrels per day (bpd), versus those who saw lower production which fell 0.67 million bpd. We published our 4Q18/2019 Commodities Outlook last week.

Major Market

- **Wall Street:** US stocks were mostly lower, dragged by lower tech stocks. While the Dow rose 0.19%, S&P500 (-0.04%) and Nasdaq (-0.67%) were decisively lower. US bond market was closed for Columbus Day yesterday.
- **Singapore:** The STI lost another 0.88% to close at 3181.45 yesterday and may remain underwater below the 3200 handle today, with the next support tipped at 3161. SGS bond yields rose around 3-4bps amid the ongoing global bond rout and the 3-month SIBOR and SOR hovering around 1.64% and 1.71% respectively. Market focus is likely to revolve around Friday's MAS MPS decision and the 3Q18 GDP growth estimates.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates for the shorter tenors trading 2-3bps higher while the longer tenors traded 4-5bps higher. Both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS were unchanged at 138bps and 469bps respectively. 10Y UST yields remain unchanged at 3.23% as US markets were closed for a public holiday.
- **New Issues:** Shimao Property Holdings Ltd has priced a USD250mn 3NC2 bond (guaranteed by certain of the company's restricted subsidiaries outside the PRC) at 6.375%, in line with its initial price guidance. Kasikornbank PCL has priced a USD100mn 5-year bond at 3mL+95bps.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.761	0.14%	USD-SGD	1.3836	0.08%
USD-JPY	113.230	-0.43%	EUR-SGD	1.5901	-0.20%
EUR-USD	1.1492	-0.28%	JPY-SGD	1.2219	0.50%
AUD-USD	0.7078	0.37%	GBP-SGD	1.8114	-0.13%
GBP-USD	1.3090	-0.23%	AUD-SGD	0.9794	0.47%
USD-MYR	4.1552	0.13%	NZD-SGD	0.8926	0.18%
USD-CNY	6.9307	0.90%	CHF-SGD	1.3941	0.03%
USD-IDR	15218	0.23%	SGD-MYR	2.9980	-0.08%
USD-VND	23353	0.03%	SGD-CNY	5.0032	0.65%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	2.1718	--
2M	-0.3370	--	1M	2.2767	--
3M	-0.3180	--	2M	2.3188	--
6M	-0.2670	--	3M	2.4081	--
9M	-0.2080	--	6M	2.6229	--
12M	-0.1580	--	12M	2.9583	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	3.4%	3.4%	0.0%	0.0%	0.0%
12/19/2018	76.8%	74.2%	2.6%	0.0%	0.0%
01/30/2019	78.5%	70.6%	7.7%	0.2%	0.0%
03/20/2019	93.3%	36.8%	51.0%	5.3%	0.1%
05/01/2019	94.1%	33.1%	49.2%	11.0%	0.8%
06/19/2019	97.5%	17.5%	40.0%	32.9%	6.6%

Commodities Futures

	Futures	% chg		Futures	% chg
Energy			Soft Commodities		
WTI (per barrel)	74.29	-0.07%	Coffee (per lb)	1.119	2.66%
Brent (per barrel)	83.91	-0.30%	Cotton (per lb)	0.7755	1.91%
Heating Oil (per gallon)	2.3942	0.08%	Sugar (per lb)	0.1294	2.45%
Gasoline (per gallon)	2.0937	0.36%	Orange Juice (per lb)	1.4510	1.33%
Natural Gas (per MMBtu)	3.2670	3.95%	Cocoa (per mt)	2,086	3.06%
Base Metals			Grains		
Copper (per mt)	6,100.2	0.14%	Wheat (per bushel)	5.1400	-1.34%
Nickel (per mt)	12,503.5	-0.35%	Soybean (per bushel)	8.698	0.09%
Aluminium (per mt)	2,067.5	-3.03%	Corn (per bushel)	3.6650	-0.48%
Precious Metals			Asian Commodities		
Gold (per oz)	1,188.6	-1.41%	Crude Palm Oil (MYR/MT)	2,187.0	-1.53%
Silver (per oz)	14.329	-2.18%	Rubber (JPY/KG)	169.4	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,486.78	39.73
S&P	2,884.43	-1.14
Nasdaq	7,735.95	-52.50
Nikkei 225	23,783.72	--
STI	3,181.45	-28.34
KLCI	1,775.75	-1.40
JCI	5,761.07	29.14
Baltic Dry	1,536.00	--
VIX	15.69	0.87

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.05 (+0.03)	2.89 (--)
5Y	2.38 (+0.04)	3.07 (--)
10Y	2.64 (+0.03)	3.23 (--)
15Y	2.91 (+0.03)	--
20Y	2.94 (+0.03)	--
30Y	2.99 (+0.03)	3.40 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	16.83	0.08
EURIBOR-OIS	3.72	-0.01
TED	19.91	--

Economic Calendar

Date	Time	Event	Survey	Actual	Prior	Revised	Relevance	
10/08/2018	08:30	AU ANZ Job Advertisements MoM	Sep	--	-0.80%	-0.60%	-0.70%	61.9718
10/08/2018	09:45	CH Caixin China PMI Composite	Sep	--	52.1	52	--	70
10/08/2018	09:45	CH Caixin China PMI Services	Sep	51.4	53.1	51.5	--	70
10/08/2018	13:30	AU Foreign Reserves	Sep	--	A\$73.7b	A\$71.0b	--	40.8451
10/08/2018	14:00	GE Industrial Production SA MoM	Aug	0.30%	-0.30%	-1.10%	--	93.4426
10/08/2018	14:00	GE Industrial Production WDA YoY	Aug	-0.10%	-0.10%	1.10%	1.50%	65.5738
10/08/2018	14:30	FR Bank of France Ind. Sentiment	Sep	102	105	103	--	55.2632
10/08/2018	16:00	TA Trade Balance	Sep	\$4.56b	\$4.33b	\$4.53b	--	55
10/08/2018	16:00	TA Exports YoY	Sep	-1.30%	2.60%	1.90%	--	75
10/08/2018	16:00	TA Imports YoY	Sep	6.10%	13.90%	7.90%	--	50
10/08/2018	16:30	EC Sentix Investor Confidence	Oct	11.6	11.4	12	--	14.2857
10/08/2018	17:00	SI Foreign Reserves	Sep	--	\$291.33b	\$289.48b	--	48.2759
10/09/2018	07:01	UK BRC Sales Like-For-Like YoY	Sep	0.10%	-0.20%	0.20%	--	21.8391
10/09/2018	07:50	JN BoP Current Account Balance	Aug	¥1889.6b	¥1838.4b	¥2009.7b	--	95.5056
10/09/2018	07:50	JN BoP Current Account Adjusted	Aug	¥1516.0b	¥1428.8b	¥1484.7b	--	40.4494
10/09/2018	07:50	JN Trade Balance BoP Basis	Aug	-¥208.0b	-¥219.3b	-¥1.0b	--	66.8539
10/09/2018	08:30	AU NAB Business Conditions	Sep	--	--	15	--	69.0141
10/09/2018	08:30	AU NAB Business Confidence	Sep	--	--	4	--	73.2394
10/09/2018	12:30	JN Bankruptcies YoY	Sep	--	--	8.60%	--	33.7079
10/09/2018	14:00	GE Trade Balance	Aug	16.2b	--	16.5b	--	59.0164
10/09/2018	14:00	GE Current Account Balance	Aug	16.2b	--	15.3b	--	52.459
10/09/2018	14:00	GE Exports SA MoM	Aug	0.40%	--	-0.90%	-0.80%	54.0984
10/09/2018	14:00	GE Imports SA MoM	Aug	-0.10%	--	2.80%	--	50.8197
10/09/2018	18:00	US NFIB Small Business Optimism	Sep	108.3	--	108.8	--	62.5
10/09/2018	20:15	CA Housing Starts	Sep	210.0k	--	201.0k	--	81.3953
10/09/2018	22:00	CA Bloomberg Nanos Confidence	Oct-05	--	--	55.2	--	16.2791
10/08/2018	10/18	CH Foreign Direct Investment YoY CNY	Sep	--	--	1.90%	--	21.0526
10/08/2018	10/13	VN Domestic Vehicle Sales YoY	Sep	--	--	-7.40%	--	77.7778

Source: Bloomberg

OCBC Treasury Research	
<p><u>Macro Research</u></p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Barnabas Gan BarnabasGan@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p>	<p><u>Credit Research</u></p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p>

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