

Highlights

Global	<p>Global risk appetite remained bifurcated for now - the S&P500 climbed overnight as the NFIB small business optimism gauge improved to 108.8 in August and both tech and energy stocks rose (with the latter on potential supply disruptions), whereas most Asian bourses remained under pressure yesterday and the HSI slipped into bear market territory. Meanwhile, the 10-year UST bond yield also edged up to 2.98% amid a US\$35b 3-year note auction. On the trade front, China is planning to ask WTO to impose US\$7b sanctions on the US over its non-compliance in an earlier dumping duties dispute, whereas US president Trump indicated that trade talks with Canada are "coming along very well" as the latter is ready to offer its dairy market as a concession. Separately, the EU and UK are preparing for a special summit in November to sign a Brexit deal, and there is likely to be a second Trump-Kim summit, possibly in October.</p> <p>Asian markets are likely to trade with a mixed tone today, awaiting the ECB and BOE policy meetings tomorrow. The economic data calendar today comprises US' PPI and mortgage applications, Eurozone's industrial production, India's industrial production and trade, and S'pore's retail sales. The Fed's Beige Book is also due and Fed's Brainard is speaking. Hurricane Florence is also expected to make landfall on the North Carolina coast late Thursday or early Friday.</p>
US	<p>The JOLTS job openings surged 117k to a record high of 6.9m in July, as the jobs opening rate stabilised at 4.4% and the quit rate rose to a 17-year high of 2.4%, which continued to point to a tight labour market.</p>
EU	<p>The ZEW survey of investor confidence rose to -10.6 for Germany amid easing trade fears (following the US-Mexico deal on NAFTA), and also improved to -7.2 for the euro-area, which could be reflected in the ECB's updated forecasts due tomorrow. Meanwhile, the UK's jobless claims also rose 8.7k in Aug, whilst the unemployment rate unchanged at 4.0% in July, as the labor market remained tight. Note UK Finance Minister Hammond had told parliament that BOE governor Carney will stay on until January 2020 to provide "vital stability" during the Brexit transition.</p>
SG	<p>Retail sales likely grew by 1.9% yoy (0.7% mom sa) in July, similar to June's 2.0% yoy (1.2% mom sa).</p>
MA	<p>Parti Keadilan Rakyat (PKR) president Anwar Ibrahim is expected to return to parliament with PKR set to announce today the parliamentary seat that will be vacated to make way for Anwar Ibrahim to stand in a by-election.</p>
ID	<p>State-owned oil and gas holding company Pertamina has assured that "the [subsidized] fuel price will be maintained".</p>
CMD	<p>Oil prices surged over 2.0% overnight as investors pencil in potential supply disruption in America's east coast gasoline markets following the onset of Hurricane Florence which is expected to hit North Carolina as early as Thursday this week. However, note that the prices pertaining to the general commodity complex (ex-energy) remains lower overnight seen across base metals, soft commodities and grains, although some reprieve may be seen as super typhoon Mangkhut is expected to race through Philippines' rice and corn farms into end-week.</p>

Major Markets

- **US:** The S&P500 (+0.37%), Nasdaq composite (+0.61%) and DJIA (+0.44%) closed higher on Tuesday, led by gains in technology and energy stock.
- Exxon Mobil and Chevron rose 1.41% and 0.47%, respectively, as oil prices surged more than 2% overnight due to potential supply disruptions stemming from Hurricane Florence.
- Apple led the climb in the technology sector as it rose 2.53% ahead of the unveiling of its new line-up of iPhones later.
- **Singapore:** The STI slide another 0.35% to hit a 1.5 year low of 3109.91 yesterday, and the 3100 support now looks within sight as Asian risk sentiments remain vulnerable. With UST yields climbing up to 5bps overnight, SGS bond yields may also feel some pressure today.
- **Indonesia:** Pertamina also announced the government will maintain the prices of non-subsidized fuels – Peralite, Pertamina series, Dex and Dextrite. Meanwhile, according to Bloomberg, Finance Minister Sri Mulyani has warned that “there will be more downside risks in 2019” with the global economy likely to face more headwinds next year from rising U.S. interest rates and the fallout of the global trade war.
- **Korea:** The overall unemployment level surged to 4.2% on a seasonally adjusted basis in August, up from 3.8% seen in the previous month. This is the highest unemployment level since 2010 when it briefly spiked to 4.7% then. The weakening labour environment is likely a reflection of the ongoing stagnation of its manufacturing output and weakening export environment, while job losses were widespread in the service sectors as industries adjust to the minimum wage increases.
- **Macau:** Housing transaction volume dropped by 6.8% mom to 973 deals in Jul. Approved new residential mortgage loans dropped 29.3% mom or 9.4% yoy to MOP5.23 billion. Average housing price slid by 10% mom but still increased by 8.5% YTD to MOP105,332/square meter. The effect of supportive housing measures on local first-home buyers might have started to abate as overall housing demand have been hit by the concerns about higher borrowing costs and economic slowdown. Moving forward, we may see housing demand weaken gradually due to three unfavorable factors. First, HIBOR and prime rate are likely to rise gradually as major central banks are set to tighten the monetary policy. Second, global monetary tightening and trade war concerns may deepen the stock market correction and reduce wealth effect. Third, Macau’s economic growth may slow down given China’s economic slowdown and Asia’s muted economic outlook on prolonged trade war. All in all, we expect housing transactions to remain muted. However, given slow increase in housing supply (housing completions and housing starts dropped by 42% yoy and 69% yoy during Jan to Jul 2018), housing prices may oscillate around HK\$100,000/square meter.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates trading around 1bps higher across most tenors (with the exception of the 7-year and 20-year swap rates trading 2bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 141bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 492bps. Overall, 10Y UST yields rose 4bps to close at 2.98% on the back of supply pressure from USD144bn of new supply this week as well as the record number of job openings in July reported which suggested labour market confidence.
- **New Issues:** Bank of China (Hong Kong) Ltd (wholly owned by BOC Hong Kong (Holdings) Ltd) has priced a USD3bn PerpNC5 AT1 at 5.90%, tightening from its initial price guidance of 6.3%. China Southern Power Grid International Finance BVI Co Ltd has priced a USD1bn deal across two tranches (guaranteed by China Southern Power Grid Co Ltd), with the USD600mn 5-year bond priced at CT5+105bps, tightening from its initial price guidance of CT5+125bps area and the USD400mn 10-year bond at CT10+137.5bps, tightening from its initial price guidance of CT10+160bps area. Seven & I Holdings Co Ltd has priced a USD600mn 3-year bond at CT3+53bps, tightening from its initial price guidance of CT3+65-70bps. Housing & Development Board has priced a SGD700mn 7-year bond at 2.625%. Korea Housing Finance Corp has hired banks for its potential bond issuance. SIHC International Capital Ltd has scheduled for investor meetings from 12 Sept for its potential USD bond issuance (guaranteed by Shenzhen Investment Holdings Co Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.249	0.10%	USD-SGD	1.3754	-0.25%
USD-JPY	111.630	0.45%	EUR-SGD	1.5963	-0.14%
EUR-USD	1.1606	0.10%	JPY-SGD	1.2322	-0.68%
AUD-USD	0.7119	0.06%	GBP-SGD	1.7926	-0.19%
GBP-USD	1.3033	0.05%	AUD-SGD	0.9791	-0.19%
USD-MYR	4.1460	--	NZD-SGD	0.8973	-0.29%
USD-CNY	6.8730	0.26%	CHF-SGD	1.4146	0.03%
USD-IDR	14857	--	SGD-MYR	3.0114	0.21%
USD-VND	23285	-0.09%	SGD-CNY	4.9902	0.35%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.9191	--
2M	-0.3380	--	1M	2.1389	--
3M	-0.3190	--	2M	2.2173	--
6M	-0.2690	--	3M	2.3343	--
9M	-0.2070	--	6M	2.5523	--
12M	-0.1670	--	12M	2.8626	--

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%	96.3%	0.0%	0.0%	0.0%
11/08/2018	100.0%	93.8%	2.6%	0.0%	0.0%
12/19/2018	100.0%	20.9%	76.3%	2.1%	0.0%
01/30/2019	100.0%	19.6%	72.9%	6.7%	0.1%
03/20/2019	100.0%	7.3%	38.4%	49.6%	4.4%
05/01/2019	100.0%	6.4%	34.5%	48.2%	10.0%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.25	2.53%	Coffee (per lb)	1.005	-0.79%
Brent (per barrel)	79.06	2.18%	Cotton (per lb)	0.8289	-1.14%
Heating Oil (per gallon)	2.2520	1.54%	Sugar (per lb)	0.1200	-0.25%
Gasoline (per gallon)	2.0142	2.81%	Orange Juice (per lb)	1.5720	-0.88%
Natural Gas (per MMBtu)	2.8280	0.86%	Cocoa (per mt)	2,284	-0.70%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,779.4	-0.25%	Wheat (per bushel)	5.1875	-1.80%
Nickel (per mt)	12,146.5	-1.47%	Soybean (per bushel)	8.318	-1.60%
Aluminium (per mt)	2,008.5	-2.51%	Corn (per bushel)	3.6675	-0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,202.2	0.20%	Crude Palm Oil (MYR/MT)	2,266.0	--
Silver (per oz)	14.153	-0.20%	Rubber (JPY/KG)	166.7	0.48%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,971.06	113.99
S&P	2,887.89	10.76
Nasdaq	7,972.47	48.31
Nikkei 225	22,664.69	291.60
STI	3,109.91	-11.01
KLCI	1,799.17	--
JCI	5,831.12	--
Baltic Dry	1,482.00	--
VIX	13.22	-0.94

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.89 (-0.01)	2.74 (+0.03)
5Y	2.15 (--)	2.87 (+0.04)
10Y	2.43 (--)	2.98 (+0.04)
15Y	2.73 (--)	--
20Y	2.77 (--)	--
30Y	2.83 (--)	3.12 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	20.60	-0.17
EURIBOR-OIS	3.93	0.83
TED	20.11	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
09/11/2018 03:00	US Consumer Credit	Jul \$14.000b	\$16.640b	\$10.211b	\$8.463b
09/11/2018 07:50	JN Money Stock M3 YoY	Aug 2.60%	2.50%	2.60%	2.50%
09/11/2018 07:50	JN Money Stock M2 YoY	Aug 3.00%	2.90%	3.00%	2.90%
09/11/2018 08:01	CH Manpower Survey	4Q --	7%	10%	--
09/11/2018 08:01	IN Manpower Survey	4Q --	13%	16%	--
09/11/2018 09:00	PH Exports YoY	Jul 1.80%	0.30%	-0.10%	2.80%
09/11/2018 09:00	PH Imports YoY	Jul 26.20%	31.60%	24.20%	--
09/11/2018 09:00	PH Trade Balance	Jul -\$3127m	-\$3546m	-\$3350m	-\$3188m
09/11/2018 09:30	AU NAB Business Conditions	Aug --	15	12	13
09/11/2018 09:30	AU NAB Business Confidence	Aug --	4	7	--
09/11/2018 12:30	JN Tertiary Industry Index MoM	Jul 0.10%	0.10%	-0.50%	-0.60%
09/11/2018 14:00	JN Machine Tool Orders YoY	Aug P --	5.30%	13.10%	--
09/11/2018 16:30	UK Claimant Count Rate	Aug --	2.60%	2.50%	--
09/11/2018 16:30	UK Jobless Claims Change	Aug --	8.7k	6.2k	10.2k
09/11/2018 16:30	UK Average Weekly Earnings 3M/YoY	Jul 2.40%	2.60%	2.40%	--
09/11/2018 16:30	UK ILO Unemployment Rate 3Mths	Jul 4.00%	4.00%	4.00%	--
09/11/2018 17:00	EC Employment QoQ	2Q --	0.40%	0.40%	--
09/11/2018 17:00	EC Employment YoY	2Q --	1.50%	1.40%	1.50%
09/11/2018 17:00	GE ZEW Survey Current Situation	Sep 72	76	72.6	--
09/11/2018 17:00	GE ZEW Survey Expectations	Sep -13	-10.6	-13.7	--
09/11/2018 17:00	EC ZEW Survey Expectations	Sep --	-7.2	-11.1	--
09/11/2018 18:00	US NFIB Small Business Optimism	Aug 108	108.8	107.9	--
09/11/2018 20:02	VN Domestic Vehicle Sales YoY	Aug --	-7.40%	3.60%	--
09/11/2018 20:15	CA Housing Starts	Aug 216.3k	201.0k	206.3k	205.8k
09/11/2018 22:00	US Wholesale Inventories MoM	Jul F 0.70%	0.60%	0.70%	--
09/12/2018 07:00	SK Unemployment rate SA	Aug 3.80%	4.20%	3.80%	--
09/12/2018 08:30	AU Westpac Consumer Conf SA MoM	Sep --	--	-2.30%	--
09/12/2018 13:00	SI Retail Sales SA MoM	Jul --	--	1.20%	--
09/12/2018 13:00	SI Retail Sales YoY	Jul 0.70%	--	2.00%	--
09/12/2018 16:00	IT Industrial Production MoM	Jul -0.30%	--	0.50%	--
09/12/2018 16:00	IT Industrial Production WDA YoY	Jul 1.60%	--	1.70%	--
09/12/2018 16:00	IT Industrial Production NSA YoY	Jul --	--	1.70%	--
09/12/2018 17:00	EC Industrial Production SA MoM	Jul -0.50%	--	-0.70%	--
09/12/2018 17:00	EC Industrial Production WDA YoY	Jul 1.00%	--	2.50%	--
09/12/2018 17:00	IT Unemployment Rate Quarterly	2Q 10.80%	--	11.10%	--
09/12/2018 19:00	US MBA Mortgage Applications	Sep-07 --	--	-0.10%	--
09/12/2018 20:00	IN CPI YoY	Aug 3.74%	--	4.17%	--
09/12/2018 20:00	IN Industrial Production YoY	Jul 6.50%	--	7.00%	--
09/12/2018 20:30	CA Teranet/National Bank HPI MoM	Aug --	--	0.80%	--
09/12/2018 20:30	CA Capacity Utilization Rate	2Q 86.90%	--	86.10%	--
09/12/2018 20:30	US PPI Final Demand MoM	Aug 0.20%	--	0.00%	--
09/12/2018 20:30	US PPI Ex Food and Energy MoM	Aug 0.20%	--	0.10%	--
09/12/2018 20:30	US PPI Final Demand YoY	Aug 3.20%	--	3.30%	--
09/12/2018 20:30	US PPI Ex Food and Energy YoY	Aug 2.70%	--	2.70%	--
09/11/2018 09/15	CH Money Supply M1 YoY	Aug 5.30%	--	5.10%	--
09/11/2018 09/15	CH Money Supply M2 YoY	Aug 8.60%	--	8.50%	--
09/11/2018 09/15	CH New Yuan Loans CNY	Aug 1400.0b	--	1450.0b	--
09/11/2018 09/15	CH Money Supply M0 YoY	Aug 3.90%	--	3.60%	--
09/12/2018 09/15	IN Exports YoY	Aug --	--	14.30%	--
09/12/2018 09/15	IN Imports YoY	Aug --	--	28.80%	--

Source: Bloomberg

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