

Highlights

Global	<p>With the pickup in global risk appetite, Wall Street saw a strong overnight rally amid strong earnings from Goldman Sachs and Morgan Stanley. Meanwhile the US JOLTs job vacancies hit 7.14m in August (highest since series began in 2000 and 15% higher than unemployed workers looking for jobs) and the jobs openings rate also reached a record high of 4.6%, suggesting the longevity of the US labor market health. Still, UST bonds were little changed to slightly firmer, with the 10-year yield notching marginally lower to 3.16%. US president Trump continued to warn “the Fed is raising rates too fast” in a Fox interview. Meanwhile, China has trimmed its UST bond holdings for the third straight month to US\$1.165t in Aug, down from US\$1.171t in July, amid the ongoing US-China trade tensions.</p> <p>Asian markets are likely to tread water today, awaiting tomorrow morning’s FOMC minutes and BOK policy decision, UK PM May’s Brexit negotiations at the EU summit, as well as the UST semi-annual report (whether to label China as a currency manipulator) and China’s 3Q18 GDP print out later this week. Today’s economic data calendar comprises US’ housing starts and building permits, UK’s CPI/PPI and S’pore’s COE premiums. ECB’s Praet, BOE’s Cunliffe and Broadbent, Fed’s Brainard and Bundesbank’s Weidmann are also speaking.</p>
US	<p>Industrial production rose for the fourth consecutive month by 0.3% mom in Sep. Fed’s Daly, who will vote at the upcoming 8 Nov FOMC meeting, opined that she favours a “gradual pace of normalization” and downplayed the recent market correction as “not necessarily a worrisome thing”.</p>
EU	<p>The ZEW economic sentiment gauge softened from -10.6 in Sep to -24.7 in Oct, as the economic conditions gauge also slipped from 76.0 to 70.1, suggesting that the risks from a hard Brexit and US-China trade issues have started to weigh. In contrast, the UK reported earnings excluding bonuses rose an annual 3.1% for the three months to August, while the unemployment rate held at a four-decade low of 4.0%.</p>
AU	<p>RBA’s October minutes signalled that the next move is “more likely to be an increase” but there’s “no strong case” for a near-term adjustment. It also noted “more widespread” declines in housing prices in Sydney and Melbourne. Deputy governor Debelle also opined that the unemployment rate is still the best measure of labor market health and needs to fall below 5% “before we see a material increase in wages growth”.</p>
SG	<p>NODX unexpectedly accelerated to 8.3% yoy (-4.3% mom sa) in Sep, which beat market and our expectations and compared to the 5.0% yoy (+0.4% mom sa) print in Aug. Notably, electronics exports fell for the 10th straight month by 0.9% yoy, but non-electronics exports rose 11.9% yoy (faster than Aug’s 7.8% yoy) led by pharmaceuticals (+67.5% yoy). Only 4 of the top 10 NODX markets rose, led by Thailand (+46.8% yoy) US (+41.5% yoy), EU18 (+21.6% yoy) and Indonesia (+16.2% yoy), whereas NODX to China underperformed at -17.8% yoy.</p>
ID	<p>Statistics Indonesia (BPS) statistics distribution and service deputy head Yunita Rusanti has admitted that the “introduction of B20 has not shown results”.</p>

Major Market

- **US:** Wall Street closed higher on Tuesday on the back of strong 3Q earnings and upside EPS surprises reported by a slew of large firms, with all 3 major indexes rising by more than 2%. The S&P500 rose 2.15% to close up at 2,809.92, marking its largest percentage gain in a day since March. The DJIA and Nasdaq composite gained 2.17% and 2.89%, respectively.
- FAANG stocks propped the tech-rich Nasdaq composite up as all 5 equities advanced, with Netflix (+3.98%), Facebook (+3.43%) and Amazon (+3.35%) leading the ascent among the group.
- Netflix reported stellar 3Q earnings, with 6.96mn new subscribers taking up the firm's streaming service, markedly beating its estimates of 5mn. Quarterly net income surged to \$403mn as compared to \$130mn from the same period in 2017.
- Morgan Stanley (+5.68%) and Goldman Sachs (+3.01%) reported growth in equity trading, investment banking and wealth management revenue for the third quarter, sustaining the trend of solid 3Q18 bank earnings, which began on Friday.
- **Singapore:** The STI declined 0.38% to end at 3034.31 (lowest since Jan 2017) yesterday despite the sea of green ink across most Asian bourses. Given the strong overnight rally in Friday's recovery in Wall Street, and this morning gains in Kospi, it remains to be seen if the STI will follow suit today. STI may trade a range of 3025-3069. The SGS bond yield curve steepened by around 2bps yesterday, led by the sell-off in longer-dated bonds. Temasek is raising \$400m 5-year bonds at 2.7% (revised guidance from 2.74% IPG), of which half will be for retail investors.
- **Malaysia:** According to the Financial Times, Central Bank Governor Nor Shamsiah Mohd Yunus has said that Asian countries "should be allowed to use capital flow regimen policies as a legitimate policy too that can be deployed in a pre-emptive manner to deal with potential risk to financial market stability".
- **Indonesia:** Foreign debt (which includes debts from central banks, governments and the private sector), stood at US\$360.7bn in August, growing by 5.14% yoy, driven mainly by growth in private sector debt amid slowdowns in government and central bank debt. According to the Jakarta Post, Bank Indonesia in their view believed that the structure of Indonesia's foreign debt remained healthy as it stood at 86.8% of the total debt and had a long-term maturity period. They also stressed that Indonesia's foreign debt to GDP ratio at 34 percent was better than peer countries.
- **Philippines:** Felipe Medalla with regards to the rate hikes has said, "We have done quite a bit already; 150 basis points is very significant." He further added, "If there are signs inflation is abating as measured by month-on-month, we may take a pause." He also said, "Even if the year-on-year goes up but if the month-on-month slows, it's not necessary (to tighten)." He believes that month-on-month gains may peak in October 2018.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 2-4bps higher (with the exception of the 12-year swap rates trading 1bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 492bps. 10Y UST yields traded little changed at 3.16% yesterday as investors await the release of the FOMC minutes for clues on the rate-hike path.
- **New Issues:** Kookmin Bank has priced a USD300mn 3-year sustainability bond at CT3+80bps, tightening from its initial price guidance of CT3+105bps area. Development Bank of Mongolia LLC has priced a USD500mn 5-year bond at 7.5%, tightening from its initial price guidance of 8.25%. SPIC Luxembourg Latin America Renewable Energy Investment Co Ltd has scheduled for investor meetings from 18 Oct for its potential USD bond issuance. Mirae Asset Daewoo Co Ltd has scheduled for investor meetings from 22 Oct for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.048	-0.01%	USD-SGD	1.3750	-0.13%
USD-JPY	112.250	0.43%	EUR-SGD	1.5915	-0.17%
EUR-USD	1.1574	-0.04%	JPY-SGD	1.2249	-0.56%
AUD-USD	0.7141	0.15%	GBP-SGD	1.8124	0.09%
GBP-USD	1.3181	0.22%	AUD-SGD	0.9818	0.01%
USD-MYR	4.1528	-0.05%	NZD-SGD	0.9038	0.21%
USD-CNY	6.9120	-0.07%	CHF-SGD	1.3879	-0.51%
USD-IDR	15201	-0.12%	SGD-MYR	3.0172	-0.02%
USD-VND	23335	--	SGD-CNY	5.0329	0.09%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1773	--
2M	-0.3380	--	1M	2.2895	--
3M	-0.3180	--	2M	2.3440	--
6M	-0.2660	--	3M	2.4488	--
9M	-0.2060	--	6M	2.6538	--
12M	-0.1560	--	12M	2.9668	--

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	75.9%	73.3%	2.6%	0.0%	0.0%
01/30/2019	76.9%	71.4%	5.4%	0.1%	0.0%
03/20/2019	92.8%	38.2%	50.8%	3.8%	0.1%
05/01/2019	93.4%	35.6%	49.8%	7.6%	0.4%
06/19/2019	96.9%	20.0%	42.1%	30.3%	4.3%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	71.92	0.20%	Coffee (per lb)	1.177	-1.42%
Brent (per barrel)	81.41	0.78%	Cotton (per lb)	0.7833	-0.50%
Heating Oil (per gallon)	2.3402	0.62%	Sugar (per lb)	0.1325	-1.34%
Gasoline (per gallon)	1.9773	1.70%	Orange Juice (per lb)	1.4335	-0.35%
Natural Gas (per MMBtu)	3.2390	-0.09%	Cocoa (per mt)	2,194	2.48%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,127.7	-0.32%	Wheat (per bushel)	5.2350	-0.29%
Nickel (per mt)	12,550.5	0.13%	Soybean (per bushel)	8.848	-0.76%
Aluminium (per mt)	2,039.0	0.67%	Corn (per bushel)	3.7525	-0.79%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,231.0	0.06%	Crude Palm Oil (MYR/MT)	2,244.0	2.42%
Silver (per oz)	14.701	-0.18%	Rubber (JPY/KG)	169.1	0.18%

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

Equity and Commodity

Index	Value	Net change
DJIA	25,798.42	547.87
S&P	2,809.92	59.13
Nasdaq	7,645.49	214.75
Nikkei 225	22,549.24	277.94
STI	3,034.31	-11.66
KLCI	1,736.84	8.10
JCI	5,800.82	73.56
Baltic Dry	1,584.00	--
VIX	17.62	-3.68

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.02 (+0.01)	2.87 (+0.01)
5Y	2.34 (+0.02)	3.02 (+0.01)
10Y	2.59 (+0.03)	3.16 (+0.01)
15Y	2.87 (+0.03)	--
20Y	2.89 (+0.03)	--
30Y	2.94 (+0.03)	3.33 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	19.38	0.81
EURIBOR-OIS	3.73	-0.03
TED	15.42	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
10/16/2018 02:00	US Monthly Budget Statement	Sep	\$83.0b	\$119.1b	\$7.9b	--
10/16/2018 05:45	NZ CPI QoQ	3Q	0.70%	0.90%	0.40%	--
10/16/2018 05:45	NZ CPI YoY	3Q	1.70%	1.90%	1.50%	--
10/16/2018 08:30	AU RBA Oct. Meeting Minutes					
10/16/2018 09:30	CH PPI YoY	Sep	3.50%	3.60%	4.10%	--
10/16/2018 09:30	CH CPI YoY	Sep	2.50%	2.50%	2.30%	--
10/16/2018 10:00	NZ Non Resident Bond Holdings	Sep	--	57.40%	58.20%	--
10/16/2018 12:00	JN Tokyo Condominium Sales YoY	Sep	--	13.20%	-28.50%	--
10/16/2018 14:00	GE Import Price Index MoM	Aug	0.00%	0.00%	-0.20%	--
10/16/2018 14:00	GE Import Price Index YoY	Aug	5.20%	4.80%	5.00%	--
10/16/2018 16:00	IT Industrial Orders NSA YoY	Aug	--	0.90%	2.80%	--
10/16/2018 16:00	IT Industrial Orders MoM	Aug	--	4.90%	-2.30%	-2.20%
10/16/2018 16:30	UK Claimant Count Rate	Sep	--	2.60%	2.60%	--
10/16/2018 16:30	UK Jobless Claims Change	Sep	--	18.5k	8.7k	14.2k
10/16/2018 16:30	UK Average Weekly Earnings 3M/YoY	Aug	2.60%	2.70%	2.60%	--
10/16/2018 16:30	UK ILO Unemployment Rate 3Mths	Aug	4.00%	4.00%	4.00%	--
10/16/2018 17:00	GE ZEW Survey Current Situation	Oct	74.4	70.1	76	--
10/16/2018 17:00	GE ZEW Survey Expectations	Oct	-12	-24.7	-10.6	--
10/16/2018 17:00	EC ZEW Survey Expectations	Oct	--	-19.4	-7.2	--
10/16/2018 17:00	IT CPI EU Harmonized YoY	Sep F	1.60%	1.50%	1.60%	--
10/16/2018 18:00	IT Trade Balance Total	Aug	--	2564m	5676m	5659m
10/16/2018 20:30	CA Int'l Securities Transactions	Aug	--	2.82b	12.65b	15.29b
10/16/2018 21:15	US Industrial Production MoM	Sep	0.20%	0.30%	0.40%	--
10/16/2018 21:15	US Capacity Utilization	Sep	78.20%	78.10%	78.10%	--
10/16/2018 22:00	US NAHB Housing Market Index	Oct	66	68	67	--
10/17/2018 04:00	US Total Net TIC Flows	Aug	\$60.3b	\$108.2b	\$52.2b	\$42.7b
10/17/2018 04:00	US Net Long-term TIC Flows	Aug	--	\$131.8b	\$74.8b	\$66.7b
10/17/2018 07:30	AU Westpac Leading Index MoM	Sep	--	--	0.06%	--
10/17/2018 08:30	SI Non-oil Domestic Exports SA MoM	Sep	-6.40%	--	0.40%	--
10/17/2018 08:30	SI Non-oil Domestic Exports YoY	Sep	11.10%	--	5.00%	--
10/17/2018 14:00	EC EU27 New Car Registrations	Sep	--	--	31.20%	--
10/17/2018 16:00	SI Automobile COE Open Bid Cat A	Oct-17	--	--	28457	--
10/17/2018 16:00	SI Automobile COE Open Bid Cat B	Oct-17	--	--	31301	--
10/17/2018 16:30	UK CPI MoM	Sep	0.30%	--	0.70%	--
10/17/2018 16:30	UK CPI YoY	Sep	2.60%	--	2.70%	--
10/17/2018 16:30	UK CPI Core YoY	Sep	2.00%	--	2.10%	--
10/17/2018 16:30	UK Retail Price Index	Sep	284.5	--	284.2	--
10/17/2018 16:30	UK RPI MoM	Sep	0.10%	--	0.90%	--
10/17/2018 16:30	UK RPI YoY	Sep	3.50%	--	3.50%	--
10/17/2018 16:30	UK RPI Ex Mort Int. Payments (YoY)	Sep	3.40%	--	3.40%	--
10/17/2018 16:30	UK PPI Output NSA MoM	Sep	0.20%	--	0.20%	--
10/17/2018 16:30	UK PPI Output NSA YoY	Sep	2.90%	--	2.90%	--
10/17/2018 17:00	EC CPI Core YoY	Sep F	0.90%	--	0.90%	--
10/17/2018 17:00	EC CPI YoY	Sep F	2.10%	--	2.00%	--
10/17/2018 17:00	EC CPI MoM	Sep	0.50%	--	0.20%	--
10/17/2018 19:00	US MBA Mortgage Applications	Oct-12	--	--	-1.70%	--
10/17/2018 20:30	CA Manufacturing Sales MoM	Aug	-0.60%	--	0.90%	--
10/17/2018 20:30	US Housing Starts	Sep	1210k	--	1282k	--
10/17/2018 20:30	US Building Permits	Sep	1275k	--	1229k	1249k
10/16/2018 10/17	CH Money Supply M2 YoY	Sep	8.30%	--	8.20%	--
10/16/2018 10/17	CH New Yuan Loans CNY	Sep	1358.7b	--	1280.0b	--

Source: Bloomberg

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