

Highlights

Global	<p>Wall Street saw a relief rally overnight, led by consumer-discretionary, tech and communications stocks amid reassuring earnings results from Microsoft, Twitter, Tesla, Ford and Visa, albeit Amazon and Alphabet disappointed. The 10-year UST bond yield ended at 3.11% while the USD extended gains. In contrast, Asian bourses suffered a battering yesterday, with the exception of China, Thailand and Indonesia. Meanwhile, the ECB kept its policy settings static as expected, with president Draghi noting that risks are still “broadly balanced” as “incoming information, while somewhat weaker than expected, remains consistent with the base case of ongoing broad-based expansion” and there is “no sense that we should doubt our confidence that inflation is gradually converging to our aim”. On Italy, he opined that the country would need to secure a bailout from the EU in the form of an adjustment program with the ESM if it wants ECB help to bring down its borrowing costs in financial markets. The ECB’s plan is still to end asset purchases at year-end and hike interest rates through summer of 2019. However, German IFO data has fallen more than expected for the second month to 102.8 amid rising trade and Brexit tensions.</p> <p>Asian bourses are likely to stage a tentative bottom-fishing today with the tentative return of global risk appetite. However, we suspect that many investors are likely to be still licking their wounds after the recent sell-off so any rebound is likely to be muted barring a fresh catalyst. The economic data calendar comprises US’ 3Q18 GDP growth estimates, University of Michigan sentiments, Malaysia’s CPI and S’pore’s industrial production. ECB’s Draghi and Coeure are also speaking later.</p>
US	<p>Durable goods orders rose a better-than-expected 0.8% mom in Sep due to a spike in defense aircraft orders, after expanding an upwardly revised 4.6%. Excluding transportation, orders rose a softer than expected 0.1% which is a moderation from the revised 0.3% previously. Meanwhile, pending home sales also surprised on the upside at 0.5% mom in Sep, following a revised 1.9% contraction in Aug, as the recent market slump could be starting to stabilise. Initial jobless claims rose 5k to 215k.</p>
CH	<p>Chinese banks sold net 1.01 trillion yuan of foreign currency to non-banking clients in September, the most since December 2016. This combined with the decreasing outstanding funds for foreign exchange and foreign exchange reserves suggests increasing capital outflows from China due to economic slowdown, trade war concerns and weaker RMB. With the PBOC becoming more flexible about RMB exchange rate, further depreciation of RMB may intensify outflow risks, which will in turn hurt the already fragile market sentiment. As such, we still expect the central bank will use administrative measures to ease the currency’s volatility. SAFE official Wang Chunying also said they will also take comprehensive measures to defend the stability of the FX market.</p>
SG	<p>Industrial production likely rose 2.3% yoy (-2.7% mom sa) in Sep, compared to 3.3% yoy (-2.0% mom sa) in Aug, as non-electronics continue to outperform electronics in the near-term. The 3Q unemployment rate is likely to be unchanged at 2.1%.</p>

Major Markets

- **US:** Fed vice-chair Clarida gave an upbeat economic assessment, citing that the central bank is “as near as it has been in a decade” to meeting its twin mandate on employment and inflation and that “if the data come in as I expect, I believe that some further gradual adjustment in the federal funds rate will be appropriate”.
- Wall Street rebounded to close higher on Thursday, with the S&P500 (+1.86%) and DJIA (+1.63%) returning to the positive zone in year-to-date terms. The Nasdaq composite surged 2.95% (its largest daily boost since March) amid strong 3Q earnings from most tech and communications stocks, including that of Microsoft, Twitter, Tesla, Ford and Visa.
- Tesla shares ascended by 9.14% as 3Q earnings exceeded market consensus on the back of booming Model 3 sales, which boosted free cash flow.
- Microsoft equity soared 5.84% on solid earnings as revenue rose to \$29.1bn (from \$24.5bn in 3Q17), with growth fuelled by its commercial cloud business.
- Twitter stock posted gains of 15.47% as profits beat analyst expectations, supported by advertising revenue, even as the number of active users fell.

- **Singapore:** The STI slipped 0.63% to close at 3012.84 yesterday, but had tested below the 3000 key support intraday. Given the overnight Wall Street rebound and slightly more positive morning leads from Nikkei, STI's support and resistance are tipped at 2984 and 3030. With the UST bond curve bear-flattening as yields cheapened mostly in the belly of the curve amid the soft 7-year auction, SGS bonds may also unwind some of its gains from yesterday amid the tentative improvement in risk sentiments.

- **Malaysia:** According to Bloomberg, Moody's has stated, “The resultant increase in fiscal deficit is credit negative and marks a departure from the previous path of steady deficit reduction.” The news portal also reported that Moody's mentioned that Malaysia needed to also broaden the tax base.

- **Indonesia:** Trade Minister Enggartiasto Lukita has said that the country aims to sign thirteen trade agreements with other countries and trade organisations in an attempt to boost exports amid the Sino-US trade war.

- **Hong Kong:** Trade data missed expectations in September, probably due to high base effect and US-China trade war. The growth of exports and imports decelerated to 4.5% yoy and 4.8% yoy respectively in September from 13.1% yoy and 16.4% yoy in August. By Country, exports to Mainland China and the US grew at a slower pace by 7% yoy and 5.6% yoy respectively, compared with 13.6% yoy and 17.9% yoy in the previous month. This indicates that US-China trade war gradually materialized. Worse still, overseas shipments to Japan, Taiwan and Germany even dropped by 13.9% yoy and 9.5% yoy and 15.5% yoy respectively. This signals weaker external demand, probably due to softening economic outlook. On the other hand, growth of imports from Mainland China and the US slowed notably from 16% yoy and 31.4% yoy to 2.8% yoy and 2.8% yoy respectively. Though new tariff on US\$200 billion of Chinese goods took effect on 24th Sep, the front-loading of trade activities did not help to sustain the strong growth of HK's trade activities. Moving forward, we are wary of further slowdown in trade activities. Imports and exports are expected to expand by 9% and 8% respectively in 2018.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 1bps lower while the longer tenors traded 1-3bps lower (with the exception of the 12-year swap rates trading 2bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 146bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 17bps to 539bps. Overall, 10Y UST yields rose 2 bps to close at 3.11% as equities gained amidst the ongoing stock volatility.
- **New Issues:** Gansu Provincial Highway Aviation Tourism Investment Group Co Ltd has priced a USD150mn re-tap of its GSHIAV 6.25%'21s at 100.363-100.413. LG Display Co Ltd has scheduled for investor meetings from 29 Oct for its potential USD green bond issuance. Taizhou Infrastructure Construction Investment Group Co Ltd has scheduled for investor meetings from 26 Oct for its potential USD bond issuance. Sichuan Communications Overseas Development Co Ltd has scheduled for investor meetings from 26 Oct for its potential USD bond issuance (guaranteed by Sichuan Transportation Investment Group Corporation Ltd). Hunan Xiangjiang New Area Development Group Co Ltd has scheduled for investor meetings from 26 Oct for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.679	0.25%	USD-SGD	1.3811	-0.01%
USD-JPY	112.420	0.14%	EUR-SGD	1.5710	-0.15%
EUR-USD	1.1375	-0.15%	JPY-SGD	1.2285	-0.13%
AUD-USD	0.7080	0.28%	GBP-SGD	1.7702	-0.49%
GBP-USD	1.2817	-0.50%	AUD-SGD	0.9779	0.26%
USD-MYR	4.1695	0.07%	NZD-SGD	0.9011	-0.09%
USD-CNY	6.9489	0.07%	CHF-SGD	1.3823	-0.14%
USD-IDR	15188	-0.06%	SGD-MYR	3.0235	0.14%
USD-VND	23350	0.02%	SGD-CNY	5.0334	0.08%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	--	O/N	2.1751	--
2M	-0.3380	--	1M	2.2941	--
3M	-0.3170	--	2M	2.3646	--
6M	-0.2590	--	3M	2.5080	--
9M	-0.1980	--	6M	2.7598	--
12M	-0.1470	--	12M	3.0394	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	4.8%	4.8%	0.0%	0.0%	0.0%
12/19/2018	73.7%	70.3%	3.5%	0.0%	0.0%
01/30/2019	74.3%	69.2%	5.0%	0.1%	0.0%
03/20/2019	90.7%	41.4%	46.1%	3.2%	0.1%
05/01/2019	91.6%	38.4%	45.6%	7.2%	0.3%
06/19/2019	95.6%	24.2%	42.2%	25.5%	3.6%

Equity and Commodity

Index	Value	Net change
DJIA	24,984.55	401.13
S&P	2,705.57	49.47
Nasdaq	7,318.34	209.94
Nikkei 225	21,268.73	-822.45
STI	3,012.84	-19.24
KLCI	1,686.59	-3.45
JCI	5,754.97	45.55
Baltic Dry	1,546.00	--
VIX	24.22	-1.01

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.05 (-0.01)	2.85 (+0.02)
5Y	2.30 (-0.02)	2.96 (+0.02)
10Y	2.54 (-0.02)	3.12 (+0.01)
15Y	2.82 (-0.01)	--
20Y	2.85 (-0.01)	--
30Y	2.94 (-)	3.34 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.52	1.81
EURIBOR-OIS	4.23	0.10
TED	18.81	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.33	0.76%	Coffee (per lb)	1.212	0.75%
Brent (per barrel)	76.89	0.95%	Cotton (per lb)	0.7768	0.79%
Heating Oil (per gallon)	2.2781	1.15%	Sugar (per lb)	0.1397	-0.29%
Gasoline (per gallon)	1.8129	-0.52%	Orange Juice (per lb)	1.3815	-1.29%
Natural Gas (per MMBtu)	3.2020	1.14%	Cocoa (per mt)	2,209	3.37%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,072.6	-0.11%	Wheat (per bushel)	4.8725	-2.45%
Nickel (per mt)	12,092.0	-0.60%	Soybean (per bushel)	8.418	-1.00%
Aluminium (per mt)	1,985.8	-0.31%	Corn (per bushel)	3.6100	-1.97%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,229.1	0.11%	Crude Palm Oil (MYR/MT)	2,071.0	-1.52%
Silver (per oz)	14.630	-0.31%	Rubber (JPY/KG)	144.4	-0.41%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
	U.S. Federal Reserve Releases Beige Book					
10/25/2018 02:00	US Book					
10/25/2018 05:45	NZ Trade Balance NZD	Sep	-1365m	-1560m	-1484m	-1470m
10/25/2018 05:45	NZ Exports NZD	Sep	4.20b	4.33b	4.05b	3.97b
10/25/2018 05:45	NZ Imports NZD	Sep	5.60b	5.89b	5.54b	5.44b
10/25/2018 05:45	NZ Trade Balance 12 Mth YTD NZD	Sep	-5015m	-5188m	-4814m	-4793m
10/25/2018 07:00	SK GDP SA QoQ	3Q P	0.80%	0.60%	0.60%	--
10/25/2018 07:00	SK GDP YoY	3Q P	2.30%	2.00%	2.80%	--
10/25/2018 07:50	JN PPI Services YoY	Sep	1.20%	1.20%	1.30%	--
10/25/2018 07:50	JN Japan Buying Foreign Bonds	Oct-19	--	¥8.1b	¥1016.9b	¥1021.4b
10/25/2018 07:50	JN Japan Buying Foreign Stocks	Oct-19	--	¥287.8b	¥81.8b	¥86.3b
10/25/2018 07:50	JN Foreign Buying Japan Bonds	Oct-19	--	-¥408.2b	-¥179.0b	-¥179.3b
10/25/2018 07:50	JN Foreign Buying Japan Stocks	Oct-19	--	¥76.5b	¥52.6b	¥54.4b
10/25/2018 16:00	GE IFO Business Climate	Oct	103.2	102.8	103.7	--
10/25/2018 16:00	GE IFO Expectations	Oct	100.4	99.8	101	100.9
10/25/2018 16:00	GE IFO Current Assessment	Oct	106	105.9	106.4	106.6
10/25/2018 16:30	HK Exports YoY	Sep	8.60%	4.50%	13.10%	--
10/25/2018 16:30	HK Imports YoY	Sep	10.50%	4.80%	16.40%	--
10/25/2018 16:30	HK Trade Balance HKD	Sep	-58.0b	-47.7b	-52.1b	--
10/25/2018 19:00	IN Fiscal Deficit INR Crore	Sep	--	3441	51034	--
10/25/2018 19:45	EC ECB Main Refinancing Rate	Oct-25	0.00%	0.00%	0.00%	--
10/25/2018 19:45	EC ECB Marginal Lending Facility	Oct-25	0.25%	0.25%	0.25%	--
10/25/2018 19:45	EC ECB Deposit Facility Rate	Oct-25	-0.40%	-0.40%	-0.40%	--
10/25/2018 20:30	US Wholesale Inventories MoM	Sep P	0.50%	0.30%	1.00%	0.90%
10/25/2018 20:30	US Durable Goods Orders	Sep P	-1.50%	0.80%	4.40%	4.60%
10/25/2018 20:30	US Durables Ex Transportation	Sep P	0.40%	0.10%	0.00%	0.30%
10/25/2018 20:30	US Cap Goods Orders Nondef Ex Air	Sep P	0.50%	-0.10%	-0.90%	-0.20%
10/25/2018 20:30	US Cap Goods Ship Nondef Ex Air	Sep P	0.40%	0.00%	-0.20%	0.00%
10/25/2018 20:30	US Initial Jobless Claims	Oct-20	215k	215k	210k	--
10/25/2018 20:30	US Continuing Claims	Oct-13	1644k	1636k	1640k	1641k
10/25/2018 21:45	US Bloomberg Consumer Comfort	Oct-21	--	60.1	60.8	--
10/25/2018 22:00	US Pending Home Sales MoM	Sep	0.00%	0.50%	-1.80%	-1.90%
10/26/2018 05:00	SK Consumer Confidence	Oct	--	99.5	101.7	100.2
10/26/2018 07:30	JN Tokyo CPI YoY	Oct	1.50%	1.50%	1.30%	--
10/26/2018 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Oct	1.00%	1.00%	1.00%	--
10/26/2018 10:30	SI Unemployment rate SA	3Q	2.10%	--	2.10%	--
10/26/2018 12:00	MA CPI YoY	Sep	0.60%	--	0.20%	--
10/26/2018 13:00	SI Industrial Production YoY	Sep	3.50%	--	3.30%	--
10/26/2018 13:00	SI Industrial Production SA MoM	Sep	-1.80%	--	-2.00%	--
10/26/2018 14:45	FR Consumer Confidence	Oct	95	--	94	--
10/26/2018 14:45	FR PPI MoM	Sep	--	--	0.20%	--
10/26/2018 14:45	FR PPI YoY	Sep	--	--	3.70%	--
10/26/2018 15:30	TH Foreign Reserves	Oct-19	--	--	\$203.2b	--
10/26/2018 20:30	US GDP Annualized QoQ	3Q A	3.30%	--	4.20%	--
10/26/2018 20:30	US Personal Consumption	3Q A	3.30%	--	3.80%	--
10/26/2018 20:30	US GDP Price Index	3Q A	2.10%	--	3.00%	--
10/26/2018 20:30	US Core PCE QoQ	3Q A	1.80%	--	2.10%	--
10/26/2018 22:00	US U. of Mich. Sentiment	Oct F	99	--	99	--
10/26/2018	SI URA Private Home Prices QoQ	3Q F	--	--	0.50%	--
10/26/2018	MU Unemployment Rate	Sep	--	--	1.80%	--

Source: Bloomberg

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