

Highlights

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|---------------|---|
| Global | <p>While Spore markets were closed yesterday for holiday, Wall Street continued to eke out fresh highs, with the Dow closing above 23,000 for the first time aided by healthy corporate earnings including from IBM. The USD also strengthened amid speculation of a potentially hawkish Fed chair replacement for Yellen, with president Trump tipped to announce his decision before his Asia trip on 3 Nov. Fed rhetoric was also firmer, with Dudley suggesting that “we went into 2017 showing a median of three rate hikes and so far we’re on path to actually, for that to actually bear out” and “we still think pressure on resources will drive up wages over time”, while Williams opined that “one more rate increase in Dec and three more next year is a pretty good starting point”, albeit Kaplan said “I personally do not intend to raise the fed funds rate so that it’s nudging against the 10-year Treasury rate”.</p> <p>For today, investors would likely continue to focus on continuing headlines from China’s NPC and 3Q17 GDP growth prints, the New Zealand First party announcement of its coalition partner to form the government in New Zealand, as well as BI and BOK policy decisions today. The latter two are tipped to be static but watch for any potentially hawkish comments from BOK. Asian bourses could extend its firm tone today given generally improved risk appetite. Today’s economic data calendar comprises US’ initial jobless claims, Philadelphia Fed business index, China’s FAI, industrial production and retail sales, and Thai trade data. Speakers include Fed’s George and RBA’s Bullock.</p> |
| US | <p>The Fed’s Beige Book read that “economic activity increased in Sep through early Oct” despite “major disruptions” from hurricanes Harvey and Irma, and labour markets were “widely described as tight”, albeit “the majority of districts reported only modest to moderate wage pressures”. Meanwhile, building permits fell more than expected by 4.5% mom to 1.215m in Sep, and housing starts also shrank a more severe 4.7% mom to 1.175m.</p> |
| KR | <p>The Bank of Korea meets later today, where we expect policy-makers to hold interest rate unchanged at 1.25%.</p> |
| ID | <p>Bank Indonesia meets later today, and may be expected to stand pat after two surprise rate cuts in August and September. Recent comments from central bank officials suggest that the room for further cuts will be limited, although the political establishment appears to be hinting at a preference for further easing.</p> |
| CMD | <p>Gold slips for the third consecutive trading day, after the yellow metal touched its \$1,300/oz handle briefly last week. Gold, characterized widely as a safe haven and a store of value, could have seen some profit-taking on easing geopolitical tensions (initial warnings by South Korea on a possible Pyongyang’s missile launch didn’t materialize to-date) amid mounting speculation that the next US Fed Chairman could likely be a policy hawk. Elsewhere, crude oil rose with WTI closing above its \$52/bbl handle as market-watchers digested Iraq’s fall in oil exports after its clash with the Kurds, coupled with the plunge in US oil inventories by 5.73 million barrels.</p> |

Major Market

- **US:** Equities continued to climb on Wednesday, on better-than-expected earnings from industrial heavyweights like IBM. The Dow rose strongly by 0.70%, pushing through the 23000 handle with conviction. The S&P 500 and Nasdaq Composite also advanced to their respective record highs. Recent corporate earnings have been supportive of the bullish tilt, with most of the largest corporates printing better-than-expected numbers. VIX stand at 10.07, compared to 10.31 previously. US Treasury yields continued its recent uptick, adding 2-5 bps across the board. 2y and 10y benchmark yields now stand at 1.56% and 2.35% respectively. Watch for the announcement for the new Federal Reserve chair, which may come in “days, not weeks”, according to the White House spokesperson.
- **Singapore:** The STI rose 0.18% to close up at 3329.03 on Tuesday, and may play catch up today amid overnight gains in Wall Street. The STI resistance and support are tipped at 3340 and 3300 respectively. With the UST bond yield curve bear-steepening, the SGS bond market may be content to follow suit today while awaiting the 2018 SGS bond issuance calendar announcement before the end of Oct.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards on Tuesday, with swap rates trading 2-3bps higher across all tenors. Singapore markets were closed yesterday for the Deepavali holidays. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 180bps on Tuesday, before falling another 2bps to 179bps on Wednesday. The yield on JACI HY Corp traded little changed on both days, closing at 6.80%. On Tuesday, 10Y UST yields traded little changed at 2.30% before rising 5bps to 2.35% on Wednesday as traders brace for the potential impact of President Trump’s pick for the next Fed chair.
- **New Issues:** Genting Singapore PLC has priced a JPY20bn 5-year bond at 0.669%. Singapore Airlines Ltd has priced a SGD200mn re-tap of its SIASP 3.13%’26s. CDBL FUNDING 1 has priced a two-tranche deal (guaranteed by CDB Aviation Lease Finance Designated Activity Company with China Development Bank Financial Leasing Co being a keepwell provider), with the USD400mn 5.5-year bond priced at CT5+117.5bps, tightening from initial guidance of CT5+150bps area; and the USD400mn 10-year bond priced at CT10+127.5bps, tightening from initial guidance of CT10+155bps area. The expected issue ratings are ‘NR/A2/A+’. Maoye International Holdings Ltd has priced a USD300mn 364-day bond at 7% (guaranteed by certain restricted subsidiaries incorporated outside of the PRC), tightening from initial guidance of 7.375%-7.5%. SDOE International Finance I Company Ltd has priced a USD200mn 3-year bond (guaranteed by Shandong Marine Group Ltd) at 5.45%, tightening from initial guidance of 5.75%. Tewoo Group No 4 Ltd has priced a USD500mn 359-day bond (guaranteed by Tewoo Group Co Ltd) at 3.70%, tightening from initial guidance of 4.125% area. Gemstones International Limited has priced a USD175mn re-tap of its LVGEM 8.5%’20s at 8.248%, tightening from initial guidance of 8.49% area. The issue ratings are ‘NR/B3/B+’. Prudential plc has priced a USD750mn Perp NC5.25 Tier 2 bond at 4.875%, tightening from initial guidance of 5.25% area. The issue ratings are ‘A-/A3/BBB+’. The Korea Development Bank has priced a USD300mn 5-year bond at 3mL+30bps, in line with earlier guidance of 3mL+80-82bps. The expected issue ratings are ‘AA/Aa2/NR’. Jiangsu Nantong Sanjian Construction Group Co Ltd has scheduled investor meetings for potential bond issuance from 18 Oct.

- **Rating Changes:** S&P has assigned Australian Technology Innovators Pty Ltd (ATI) an issuer credit rating of 'B'. At the same time, S&P has assigned a 'B' issue rating to ATI's term loan facility. The outlook is stable. ATI is the combined entity of InfoTrack Group Pty Ltd and LEAP Legal Software Pty Ltd. The rating action reflects S&P's assessment of ATI's leading market position, strong customer retention and renewal rates. Moody's has assigned MyState Bank Limited (MyState) issuer and bank deposits ratings of 'Baa1'; a Baseline Credit Assessment (BCA) and an adjusted BCA of 'Baa1'; and a Counterparty Risk Assessment (CR Assessment) of 'A3'. The outlook is stable. The rating action reflects MyState's very strong asset quality and conservative underwriting. However, the rating is constrained by the bank's geographic concentration, exposure to wholesale funding, and ongoing profitability pressures. Moody's has upgraded China Travel Service (Holdings) Hong Kong Ltd's (CTS) issuer rating and senior unsecured rating issued by its subsidiary to 'Baa1' from 'Baa3'. The outlook is stable. The rating action reflects Moody's expectation that CTS's leverage will continue to improve, underpinned by a solid rise in earnings, despite a slight increase in debt. Fitch has affirmed Beijing Capital Development Holding (Group) Co Ltd's (known by its abbreviated Chinese name of Shokai Group) Issuer Default Rating and senior unsecured rating at 'BBB-', while revising the outlook to negative from stable. The rating action reflects Shokai Group's aggressive land banking, which has led to an increase in leverage.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 93.363 | -0.13% | USD-SGD | 1.3568 | 0.05% |
| USD-JPY | 112.940 | 0.66% | EUR-SGD | 1.5993 | 0.23% |
| EUR-USD | 1.1787 | 0.18% | JPY-SGD | 1.2015 | -0.60% |
| AUD-USD | 0.7846 | -- | GBP-SGD | 1.7916 | 0.16% |
| GBP-USD | 1.3205 | 0.11% | AUD-SGD | 1.0646 | 0.07% |
| USD-MYR | 4.2242 | -- | NZD-SGD | 0.9705 | -0.21% |
| USD-CNY | 6.6274 | 0.06% | CHF-SGD | 1.3823 | -0.27% |
| USD-IDR | 13513 | 0.04% | SGD-MYR | 3.1125 | -0.07% |
| USD-VND | 22719 | -0.04% | SGD-CNY | 4.8785 | -0.07% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3730 | -- | O/N | 1.1844 | -- |
| 2M | -0.3400 | -- | 1M | 1.2378 | -- |
| 3M | -0.3290 | -- | 2M | 1.2804 | -- |
| 6M | -0.2740 | -- | 3M | 1.3573 | -- |
| 9M | -0.2210 | -- | 6M | 1.5452 | -- |
| 12M | -0.1830 | -- | 12M | 1.8212 | -- |

Fed Rate Hike Probability

| Meeting | Prob Hike | 1.25 - 1.5 | 1.5 - 1.75 | 1.75 - 2.0 | 2.0 - 2.25 |
|------------|-----------|------------|------------|------------|------------|
| 11/01/2017 | 0.3% | 0.3% | 0.0% | 0.0% | 0.0% |
| 12/13/2017 | 80.2% | 80.0% | 0.2% | 0.0% | 0.0% |
| 01/31/2018 | 81.1% | 77.1% | 4.1% | 0.0% | 0.0% |
| 03/21/2018 | 89.6% | 51.0% | 36.8% | 1.8% | 0.0% |
| 05/02/2018 | 89.9% | 49.9% | 37.2% | 2.8% | 0.1% |
| 06/13/2018 | 93.4% | 36.2% | 41.5% | 14.6% | 1.0% |

Commodities Futures

| Energy | Futures | % chg | Base Metals | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 52.04 | 0.31% | Copper (per mt) | 7,006.3 | -0.55% |
| Brent (per barrel) | 58.15 | 0.47% | Nickel (per mt) | 11,605.0 | -0.99% |
| Heating Oil (per gallon) | 1.8028 | -0.39% | Aluminium (per mt) | 2,106.5 | -0.81% |
| Gasoline (per gallon) | 1.6429 | 0.79% | | | |
| Natural Gas (per MMBtu) | 2.8540 | -3.65% | Asian Commodities | Futures | % chg |
| | | | Crude Palm Oil (MYR/MT) | 2,741.0 | -- |
| | | | Rubber (JPY/KG) | 196.0 | 0.20% |
| Precious Metals | Futures | % chg | | | |
| Gold (per oz) | 1,283.0 | -0.25% | | | |
| Silver (per oz) | 16.997 | -0.26% | | | |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 23,157.60 | 160.16 |
| S&P | 2,561.26 | 1.90 |
| Nasdaq | 6,624.22 | 0.56 |
| Nikkei 225 | 21,363.05 | 26.93 |
| STI | 3,329.03 | -- |
| KLCI | 1,748.99 | -- |
| JCI | 5,929.20 | -18.13 |
| Baltic Dry | 1,552.00 | -- |
| VIX | 10.07 | -0.24 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|-----------|--------------|
| 2Y | 1.32 (-) | 1.56 (+0.02) |
| 5Y | 1.57 (-) | 1.99 (+0.04) |
| 10Y | 2.04 (-) | 2.35 (+0.05) |
| 15Y | 2.32 (-) | -- |
| 20Y | 2.31 (-) | -- |
| 30Y | 2.39 (-) | 2.86 (+0.05) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 11.55 | -0.54 |
| EURIBOR-OIS | 2.70 | -0.05 |
| TED | 27.46 | -- |

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised |
|-------------------------|---|---------------------|----------------|----------------|---------------|
| 10/18/2017 04:00 | US Total Net TIC Flows | Aug -- | \$125.0b | -\$7.3b | -- |
| 10/18/2017 04:00 | US Net Long-term TIC Flows | Aug -- | \$67.2b | \$1.3b | \$1.2b |
| 10/18/2017 07:00 | SK Unemployment rate SA | Sep 3.70% | 3.70% | 3.80% | -- |
| 10/18/2017 07:30 | AU Westpac Leading Index MoM | Sep -- | 0.08% | -0.08% | -0.10% |
| 10/18/2017 16:30 | UK Claimant Count Rate | Sep -- | 2.30% | 2.30% | -- |
| 10/18/2017 16:30 | UK Jobless Claims Change | Sep -- | 1.7k | -2.8k | -0.2k |
| 10/18/2017 16:30 | UK ILO Unemployment Rate 3Mths | Aug 4.30% | 4.30% | 4.30% | -- |
| 10/18/2017 19:00 | US MBA Mortgage Applications | Oct-13 -- | 3.60% | -2.10% | -- |
| 10/18/2017 20:30 | CA Manufacturing Sales MoM | Aug -0.30% | 1.60% | -2.60% | -- |
| 10/18/2017 20:30 | US Housing Starts | Sep 1175k | 1127k | 1180k | 1183k |
| 10/18/2017 20:30 | US Building Permits | Sep 1245k | 1215k | 1300k | 1272k |
| 10/19/2017 07:50 | JN Japan Buying Foreign Bonds | Oct-13 -- | -- | ¥89.2b | -- |
| 10/19/2017 07:50 | JN Foreign Buying Japan Stocks | Oct-13 -- | -- | ¥1235.3b | -- |
| 10/19/2017 07:50 | JN Trade Balance | Sep ¥556.8b | -- | ¥113.6b | ¥112.6b |
| 10/19/2017 07:50 | JN Trade Balance Adjusted | Sep ¥309.2b | -- | ¥367.3b | -- |
| 10/19/2017 08:30 | AU NAB Business Confidence | 3Q -- | -- | 7 | -- |
| 10/19/2017 08:30 | AU Employment Change | Sep 15.0k | -- | 54.2k | -- |
| 10/19/2017 08:30 | AU Unemployment Rate | Sep 5.60% | -- | 5.60% | -- |
| 10/19/2017 08:30 | AU Full Time Employment Change | Sep -- | -- | 40.1k | -- |
| 10/19/2017 08:30 | AU Participation Rate | Sep 65.20% | -- | 65.30% | -- |
| 10/19/2017 08:30 | AU RBA FX Transactions Market | Sep -- | -- | A\$571m | -- |
| 10/19/2017 10:00 | CH GDP YoY | 3Q 6.80% | -- | 6.90% | -- |
| 10/19/2017 10:00 | CH GDP YTD YoY | 3Q 6.80% | -- | 6.90% | -- |
| 10/19/2017 10:00 | CH Retail Sales YoY | Sep 10.20% | -- | 10.10% | -- |
| 10/19/2017 10:00 | CH Fixed Assets Ex Rural YTD YoY | Sep 7.70% | -- | 7.80% | -- |
| 10/19/2017 10:00 | CH Industrial Production YoY | Sep 6.50% | -- | 6.00% | -- |
| 10/19/2017 10:00 | CH Industrial Production YTD YoY | Sep 6.70% | -- | 6.70% | -- |
| 10/19/2017 12:00 | TH Customs Exports YoY | Sep 10.80% | -- | 13.20% | -- |
| 10/19/2017 12:00 | TH Customs Imports YoY | Sep 11.50% | -- | 14.90% | -- |
| 10/19/2017 12:00 | TH Customs Trade Balance | Sep \$2400m | -- | \$2090m | -- |
| 10/19/2017 12:30 | JN All Industry Activity Index MoM | Aug 0.20% | -- | -0.10% | -- |
| 10/19/2017 14:00 | JN Machine Tool Orders YoY | Sep F -- | -- | 45.30% | -- |
| 10/19/2017 16:00 | SI Automobile COE Open Bid Cat A | Oct-19 -- | -- | 41761 | -- |
| 10/19/2017 16:00 | SI Automobile COE Open Bid Cat B | Oct-19 -- | -- | 48109 | -- |
| 10/19/2017 16:30 | UK Retail Sales Ex Auto Fuel YoY | Sep 2.20% | -- | 2.80% | -- |
| 10/19/2017 16:30 | UK Retail Sales Inc Auto Fuel YoY | Sep 2.10% | -- | 2.40% | -- |
| 10/19/2017 16:30 | HK Unemployment Rate SA | Sep 3.10% | -- | 3.10% | -- |
| 10/19/2017 20:30 | US Initial Jobless Claims | Oct-14 240k | -- | 243k | -- |
| 10/19/2017 20:30 | US Continuing Claims | Oct-07 1890k | -- | 1889k | -- |
| 10/19/2017 20:30 | US Fed Business Outlook | Oct 22 | -- | 23.8 | -- |
| 10/19/2017 21:45 | US Bloomberg Consumer Comfort | Oct-15 -- | -- | 49.5 | -- |
| 10/19/2017 21:45 | US Bloomberg Economic Expectations | Oct -- | -- | 51.5 | -- |
| 10/19/2017 22:00 | US Leading Index | Sep 0.10% | -- | 0.40% | -- |
| 10/19/2017 | HK Composite Interest Rate | Sep -- | -- | 0.30% | -- |
| 10/19/2017 | PH BoP Overall | Sep -- | -- | -\$7m | -- |
| 10/19/2017 | SK BoK 7-Day Repo Rate | Oct-19 1.25% | -- | 1.25% | -- |
| 10/19/2017 10/21 | US Monthly Budget Statement | Sep \$6.0b | -- | \$33.4b | -- |
| 10/19/2017 10/30 | PH Budget Balance PHP | Sep -- | -- | 28.8b | -- |

Source: Bloomberg

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