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Highlights

Global	<p>With market players basically waiting for tonight's key US nonfarm payrolls data, Asian markets may also tread water, taking the overnight cue from Wall Street. Global PMIs suggested that manufacturing momentum remained mixed – US' manufacturing ISM retreated more than expected from 55.0 in July to 49.4 (lowest since January) in August, as new orders (49.1 versus 56.9) and production gauges fell back into contraction territory, and the employment gauge slipped further to its lowest since March 48.3 (previously 49.4). Meanwhile, China's official PMI rebounded to expansion territory at 50.4, but the Caixin one unexpectedly softened to 50.0, and the non-manufacturing PMI was also a tad softer at 53.5 in August. Elsewhere, PMIs picked up for India (52.6 versus 51.8), Vietnam (52.2 versus 51.9), Taiwan (51.8 versus 51.0), Indonesia (50.4 versus 48.4), Thailand (49.8 versus 49.3) and Japan (49.5 versus 49.3), whereas it retreated for Philippines (55.3 versus 56.3), Malaysia (47.4 versus 48.1), South Korea (48.6 versus 50.1), Myanmar (47.2 versus 49.2).</p> <p>Looking ahead, the economic data calendar comprises of US' nonfarm payrolls (consensus forecast: +180k), unemployment rate (4.8%), factory orders, durable goods orders, New York ISM, Eurozone's PPI and S'pore's manufacturing and electronics PMI.</p>
US	<p>Initial jobless claims rose a modest 2k to 263k, while continuing claims was also higher at 2.159m. The Markit manufacturing PMI was revised to 52.0 for August, whilst construction spending flatlined in July after an upwardly revised +0.9% gain in June. Meanwhile, Fed's Mester opined that the case for gradual rate hikes is "pretty compelling".</p>
S'pore	<p>MAS has fine-tuned the TDSR rules for refinancing with immediate effect. Under current rules, for owner-occupied residential properties bought before the introduction of TDSR, a borrower may be exempted from the TDSR framework when he refinances his housing loan. MAS will now extend the same concession on refinancing to all owner-occupied residential properties, including those bought after the introduction of TDSR. Currently, for properties that were purchased for investment before the introduction of TDSR, borrowers can refinance above the TDSR threshold of 60 per cent if they commit to debt reduction plans when refinancing their loans. MAS will now allow a borrower to refinance his investment property loan above the TDSR threshold, regardless of when the property was purchased, if he meets the following two conditions: (a) commits to a debt reduction plan with his financial institution to repay at least 3 per cent of the outstanding balance over a period of not more than 3 years; and (b) fulfils his financial institution's credit assessment. MAS noted that this does "not represent a relaxation of property market cooling measures".</p>
China	<p>The official PMI unexpectedly rebounded to 50.4 in August from 49.9 in July, signalling that manufacturing has returned to expansion. Both new orders and new export orders expanded by 0.9 and 0.7 respectively to 51.3 and 49.7. Input price rebounded by 2.6 to 57.2, suggesting that the contraction of PPI may narrow further in the coming months.</p>

Major Market

- **US:** Markets ended flat in a quiet trading day ahead of Friday's non-farm payrolls. S&P 500 closed unchanged, while Dow and Nasdaq marked marginal gains of 0.10% and 0.27% respectively. ISM manufacturing data came out soft, indicating a contraction in manufacturing activity. This caused, in part, a decrease in implied probabilities of a rate hike. 2-year and 10-year US Treasury yields retreated 1-3 bps to end at 0.78% and 1.57%. VIX inched upwards 0.45%.
- **Macau:** Gross gaming revenue (GGR) rose for the first time in more than two years, up by 1.1% to MOP18.84 billion amid effect of summer holiday and a low base. Moving forward, two mega project openings in 3Q are expected to bring more visitors to the city. However, recreational gamblers prefer gambling that requires relatively low minimum bet amount. On this, casino operators may continue to increase the share of lower-end gambling tables in the mass market. Adding that two new casinos opening in 3Q are poised to distract some customers from their peers, the margin pressure of each casino may increase. Worse still, given tighter rules on junket operators, anti-money laundering and UnionPay, as well as restriction growth of gambling tables, the two new casinos are not expected to add much upward pressure to the GGR in the coming months. Moreover, September is dubbed as off-season for the gaming sector. Therefore, though GGR may extend its upward trend in the coming months amid base effect, the accumulated GGR is still expected to drop by around 5% yoy for 2016 as a whole.
- **Indonesia:** Acting Energy and Mineral Resources Minister, Luhut Panjaitan, said that the government wants to revise its mining law to relax mineral export ban rule. Under existing rule, mining companies have to build smelters and export processed ores rather than raw products. Amid low commodity prices, the minister acknowledged that the prospect of smelters investment is dismal. Meanwhile, inflation for the month of August printed 2.79% yoy, the lowest in nearly seven years and also lower than the 3-5% range targeted by the central bank.
- **Thailand:** Tourism revenue this year is expected to climb to THB2.58tn, higher than target, according to the Tourism Authority of Thailand.
- **Commodities:** Crude oil prices continued to point south, now that market-watchers would have to content with both higher US oil stocks seen for the week ended 26 Aug, as well as Iran's continued silence over its stand in an oil freeze decision especially as Iraq has already broken its silence. Gold prices has slowly inched higher (+0.44%) overnight, likely as UST 2y- and 10y- yields have touched pre-Jackson Hole levels while the implied probability for a rate hike in Dec has been watered down to 59.8% to 64.7%.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve was range-bounded yesterday as investors stayed cautious ahead of August's US non-farm payroll results. Swap rates traded +/- 1bps across all tenors. Flows in the SGD corporates were moderate with better buying seen in NUSSP 1.81%'21s and mixed interests seen in BNP 4.3%'25s, NAB 4.15%'28s and OHLSP 5.1%'17s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 195bps while the yield on JACI HY corporates increased 5bps to 6.46%. 10y UST yield decreased 1bps to 1.57%.
- **New Issues:** Transurban Group has scheduled investor meetings from 8 September onwards for potential USD bond issuance.
- **Rating Changes:** S&P revised its outlook on China Jinmao Holdings Group Ltd.'s "BBB-" corporate

credit rating to negative from stable. The revision followed the company's large land acquisitions this year, which were more aggressive than what S&P expected. The high land costs are likely to compress the company's margins over the next 12-24 months. Moody's downgraded STATS ChipPAC's corporate family rating to "B3" from "B2" with a negative outlook. The downgrade reflects the company's weak liquidity position and reliance on timely and significant financial support from its parent, JCET, which has not yet transpired. Moody's assigned a first time issuer rating of "A2" to Bank of Communications Financial Leasing Co. Ltd. with a negative outlook. The rating incorporates the company's standalone credit profile of "ba3" and a seven-notch uplift based on Bank of Communication Co. Ltd's implicit and explicit support. Moody's revised its outlook on Ascott REIT's "Baa3" issuer rating to negative from stable. The revision reflects the continued weakening of Ascott REIT's leverage profile, with adjusted debt/total deposited assets at around 46% as of 30 June, 2016, which exceeds the parameters for its "Baa3" ratings. Moody's upgraded BRD – Groupe Societe Generale's (BRD) currency deposit ratings to "Baa3" from "Ba1" and revised its outlook to positive from stable. At the same time, the bank's baseline credit assessment (BCA) was also upgraded to "b1" from "b2". The upgrade of BRD's ratings reflects on-going improvements in the bank's asset quality, profitability, capital adequacy and funding structure.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.653	-0.38%	USD-SGD	1.3596	-0.21%
USD-JPY	103.230	-0.19%	EUR-SGD	1.5222	0.14%
EUR-USD	1.1197	0.35%	JPY-SGD	1.3169	-0.03%
AUD-USD	0.7551	0.45%	GBP-SGD	1.8038	0.78%
GBP-USD	1.3268	0.99%	AUD-SGD	1.0271	0.26%
USD-MYR	4.0795	0.30%	NZD-SGD	0.9900	0.22%
USD-CNY	6.6750	-0.06%	CHF-SGD	1.3871	0.17%
USD-IDR	13269	-0.01%	SGD-MYR	2.9916	0.30%
USD-VND	22293	-0.05%	SGD-CNY	4.9109	0.23%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4194	--
2M	-0.3370	--	1M	0.5249	--
3M	-0.2990	--	2M	0.6630	--
6M	-0.1920	--	3M	0.8393	--
9M	-0.1220	--	6M	1.2445	--
12M	-0.0520	--	12M	1.5571	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.53	0.40	3.04
Italy	-0.06	2.20	1.17
Ireland	-0.38	0.50	0.46
Greece	7.65	--	8.11
Spain	-0.14	4.00	1.06
Russia	2.07	4.80	3.98

Equity and Commodity

Index	Value	Net change
DJIA	18,419.30	18.42
S&P	2,170.86	-0.09
Nasdaq	5,227.21	13.99
Nikkei 225	16,926.84	39.44
STI	2,816.47	-4.12
KLCI	1,670.55	-7.51
JCI	5,334.55	-51.54
Baltic Dry	712.00	1.00
VIX	13.48	0.06

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.84 (-0.01)	0.78 (-0.02)
5Y	1.33 (--)	1.18 (-0.02)
10Y	1.78 (-0.03)	1.57 (-0.01)
15Y	2.07 (-0.01)	--
20Y	2.14 (-0.01)	--
30Y	2.19 (-0.01)	2.23 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	37.25	-1.25
EURIBOR-OIS	5.20	-0.05
TED	51.46	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	43.16	-3.45%	Coffee (per lb)	1.501	2.88%
Brent (per barrel)	45.45	-3.38%	Cotton (per lb)	0.6801	4.12%
Heating Oil (per gallon)	1.382	-2.01%	Sugar (per lb)	0.1959	-2.34%
Gasoline (per gallon)	1.27	-9.90%	Orange Juice (per lb)	1.9090	4.83%
Natural Gas (per MMBtu)	2.792	-3.29%	Cocoa (per mt)	2,920	-0.03%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,630.0	0.28%	Wheat (per bushel)	3.6825	2.01%
Nickel (per mt)	9,865	1.48%	Soybean (per bushel)	9.590	-0.10%
Aluminium (per mt)	1,600.5	-0.02%	Corn (per bushel)	3.1100	3.15%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,313.6	0.44%	Crude Palm Oil (MYR/MT)	2,753.0	-1.29%
Silver (per oz)	18.857	1.26%	Rubber (JPY/KG)	162.8	3.04%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
09/01/2016 06:45	NZ Terms of Trade Index QoQ	2Q	-1.50%	-2.10%	4.40%	4.10%
09/01/2016 07:00	SK CPI YoY	Aug	0.70%	0.40%	0.70%	--
09/01/2016 07:00	SK BoP Current Account Balance	Jul	--	\$8706.1m	\$12168.4m	\$12061.6m
09/01/2016 07:50	JN Capital Spending YoY	2Q	5.50%	3.10%	4.20%	--
09/01/2016 08:00	SK Exports YoY	Aug	-0.50%	2.60%	-10.20%	-10.30%
09/01/2016 08:30	ID Nikkei Indonesia PMI Mfg	Aug	--	50.4	48.4	--
09/01/2016 08:30	TA Nikkei Taiwan PMI Mfg	Aug	--	51.8	51	--
09/01/2016 08:30	VN Nikkei Vietnam PMI Mfg	Aug	--	52.2	51.9	--
09/01/2016 08:30	SK Nikkei South Korea PMI Mfg	Aug	--	48.6	50.1	--
09/01/2016 08:30	JN Nikkei Japan PMI Mfg	Aug F	--	49.5	49.6	--
09/01/2016 08:30	TH Nikkei Thailand PMI Mfg	Aug	--	49.8	49.3	--
09/01/2016 09:00	CH Manufacturing PMI	Aug	49.8	50.4	49.9	--
09/01/2016 09:00	CH Non-manufacturing PMI	Aug	--	53.5	53.9	--
09/01/2016 09:30	AU Retail Sales MoM	Jul	0.30%	0.00%	0.10%	--
09/01/2016 09:45	CH Caixin China PMI Mfg	Aug	50.1	50	50.6	--
09/01/2016 11:30	TH CPI YoY	Aug	0.43%	0.29%	0.10%	--
09/01/2016 11:30	TH CPI Core YoY	Aug	0.80%	0.79%	0.76%	--
09/01/2016 12:04	ID CPI YoY	Aug	3.02%	2.79%	3.21%	--
09/01/2016 12:04	ID CPI Core YoY	Aug	3.34%	3.32%	3.49%	--
09/01/2016 13:00	IN Nikkei India PMI Mfg	Aug	--	52.6	51.8	--
09/01/2016 13:00	JN Vehicle Sales YoY	Aug	--	5.70%	-0.20%	--
09/01/2016 14:30	AU Commodity Index AUD	Aug	--	90.5	90.5	89.8
09/01/2016 14:30	AU Commodity Index YoY	Aug	--	0.80%	-2.00%	-2.70%
09/01/2016 15:45	IT Markit/ADACI Italy Mfg PMI	Aug	51.2	49.8	51.2	--
09/01/2016 15:50	FR Markit France Mfg PMI	Aug F	48.5	48.3	48.5	--
09/01/2016 15:55	GE Manufacturing PMI	Aug F	53.6	53.6	53.6	--
09/01/2016 16:00	EC Markit Eurozone Mfg PMI	Aug F	51.8	51.7	51.8	--
09/01/2016 16:30	UK Markit UK PMI Mfg SA	Aug	49	53.3	48.2	48.3
09/01/2016 20:30	US Initial Jobless Claims	Aug-27	265k	263k	261k	--
09/01/2016 20:30	US Continuing Claims	Aug-20	2145k	2159k	2145k	--
09/01/2016 21:30	CA RBC Canadian Mfg PMI	Aug	--	51.1	51.9	--
09/01/2016 21:45	US Markit US Manufacturing PMI	Aug F	52.1	52	52.1	--
09/01/2016 22:00	US Construction Spending MoM	Jul	0.50%	0.00%	-0.60%	0.90%
09/01/2016 22:00	US ISM Manufacturing	Aug	52	49.4	52.6	--
09/01/2016 22:00	US ISM Prices Paid	Aug	54.8	53	55	--
09/02/2016 00:35	IT New Car Registrations YoY	Aug	--	20.12%	2.86%	3.37%
09/02/2016 07:00	SK GDP YoY	2Q F	3.20%	3.30%	3.20%	--
09/02/2016 07:00	SK GDP SA QoQ	2Q F	0.70%	0.80%	0.70%	--
09/02/2016 07:50	JN Monetary Base YoY	Aug	--	--	24.70%	--
09/02/2016 15:30	TH Foreign Reserves	Aug-26	--	--	\$183.4b	--
09/02/2016 16:00	IT GDP WDA QoQ	2Q F	0.00%	--	0.00%	--
09/02/2016 16:00	IT GDP WDA YoY	2Q F	0.70%	--	0.70%	--
09/02/2016 16:30	UK Markit/CIPS UK Cons PMI	Aug	46.3	--	45.9	--
09/02/2016 17:00	EC PPI YoY	Jul	-2.90%	--	-3.10%	--
09/02/2016 20:30	US Trade Balance	Jul	-\$41.4b	--	-\$44.5b	--
09/02/2016 20:30	US Change in Nonfarm Payrolls	Aug	180k	--	255k	--
09/02/2016 20:30	US Change in Manufact. Payrolls	Aug	-3k	--	9k	--
09/02/2016 20:30	US Unemployment Rate	Aug	4.80%	--	4.90%	--
09/02/2016 21:00	SI Purchasing Managers Index	Aug	49.4	--	49.3	--
09/02/2016 22:00	US Factory Orders	Jul	2.00%	--	-1.50%	--
09/02/2016 22:00	US Durable Goods Orders	Jul F	4.40%	--	4.40%	--
09/02/2016 22:00	US Durables Ex Transportation	Jul F	1.50%	--	1.50%	--
09/01/2016 09/07	ID Foreign Reserves	Aug	--	--	\$111.41b	--

Source: Bloomberg

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