

Treasury Advisory
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Highlights

Global	<p>BOJ kept its monetary policy settings unchanged yesterday, but delayed its 2% inflation goal timing to the second half of a period extending to March 2019 and reiterated that “risks to both economic activity and prices are skewed to the downside”. Separately, RBA also kept its cash rate unchanged at a record low of 1.5% as anticipated, and governor Lower noted that “the economy is growing at a moderate rate” and “over the next year, the economy is forecast to grow at close to its potential rate, before gradually strengthening” and “inflation is expected to pick up gradually over the next two years”. However, what shook financial markets and global risk appetite overnight was Trump pulling ahead of Clinton for the first time since May at 46%-45%, according to an ABC News/Washington Post tracking poll. This led Wall Street lower at the start of November, even as market watchers prime for FOMC to keep the Fed Funds rate unchanged but potentially harden hints for a December rate hike guidance. Over in Europe, news that StanChart had declined to redeem US\$750m in callable bonds in Jan17 also sent European credit markets into turmoil. Expect Asian markets to adopt a risk-off tone today, especially with the regional PMIs painting a somewhat mixed picture – China’s official manufacturing and non-manufacturing PMIs rose to 51.2 and 54.0 respectively, and the Caixin PMI jumped from 50.1 to 51.2, with improvements for Taiwan (52.7 versus 52.2), S. Korea (48.0 versus 47.6), and India (54.4 versus 52.1), but retreated for the rest, namely Malaysia (47.2 versus 48.6), Indonesia (48.7 versus 50.9), and Vietnam (51.7 versus 52.9). The economic data calendar comprises of US’ ADP employment, European PMIs, UK Nationwide house price and German unemployment data.</p>
US	<p>The US’ manufacturing ISM improved from 51.5 in Sep to 51.9 in Oct, with the prices paid also higher at 54.5 (previously 53.0) and the production gauge rose from 52.8 to 54.6, but it was not a bed of roses as the new orders gauge had retreated from 55.1 to 52.1 and suggested that momentum could slow into the year-end. The factory employment gauge also climbed to expansion territory for the first time in four months to 52.9 (highest since Jun15). Meanwhile, the Markit manufacturing PMI finally printed at 53.4 versus its flash reading of 53.2. Separately, construction spending unexpectedly shrank 0.4% mom in Sep, following a revised contraction of 0.5% in Aug.</p>
SG	<p>The manufacturing and electronics PMI prints for Oct may show weakness again from Sep’s 50.1 and 50.3 respectively, given the external demand headwinds.</p>
China	<p>Official manufacturing PMI rose to more than two-year high at 51.2 in Oct, beating estimates. Looking into details, new order index edged up to 52.8 from 50.9. However, new export order index retreated to 49.2 from 50.1. Subdued external demand may continue to hurt China’s exports. On the other hand, input prices climbed up to 62.6 given the rebound of some commodity prices such as coal and iron ore prices. Based on this, we expect PPI to extend its upward trend in the coming months. Overall positive data print is likely to support the government in continuing to focus on risks control for the quarters to come.</p>

Major Markets

- **US:** Equities continued its recent downtrend amid a tightening presidential race. Pfizer Inc., having posted earnings short of expectations, and Apple Inc. led declines in the healthcare and technology sectors. The S&P 500 closed at 2111, down 0.7%, after falling through the 2100 handle intraday. Similarly, the Dow broke through 18000, before paring losses to close at 18037, down 0.6%. Pacing losses, Nasdaq also declined 0.7%. VIX spiked 8.8% to close at 18.56. US Treasuries retraced early losses, benefiting from safe haven flows amid uncertainty in equity markets. 2-year US Treasury yield declined 1 bp to 0.83%, while the 10-year yield ended unchanged at 1.83%.
- **Singapore:** The STI flatlined (-0.01%) at 2813.69 yesterday, but may gun for the 2800 support soon given the weak overnight cues by Wall Street and morning declines in Kospi. The STI's resistance is tipped at 2820 range. SGS bond yields climbed by up to 6bps higher yesterday, but the current risk-off and resurgent US presidential election uncertainties may see some reprieve for the market today.
- **Macau:** Gross gaming revenue (GGR) edged up further by 8.8% yoy to MOP21.82 billion in Oct, printing above MOP 20 billion for the first time over the past year. As Mainland tourists increase by 7% yoy and the hotels were nearly fully booked during Golden Week Holiday, both factors combined with the effect of low base led to the growth in GGR. As a result, over the first ten months, GGR still contracted by 5.8% yoy. Looking ahead, November is another off-season to the gaming sector. Besides, China's detention of Crown Resorts Ltd. employees is likely to curb the marketing activities of Macau's junket operators. Moreover, as the seasonality abates, visitor arrivals may not grow as fast as the previous months. This means that much upward risks on the GGR are unseen at this juncture. Still, base effect could translate into stable annual growth of the GGR in coming months. In all, we expect the accumulated GGR to drop by about 5% yoy for 2016 as a whole and retrieve single-digit growth over 2017.
- **Commodities:** Crude oil prices took another notch down despite the absence of new headlines, with both WTI and Brent closing below its critical 100-day moving average. While market players could have been further spooked by possible higher US crude oil inventories out later tonight, it could also have been pressured lower due to persistent risk aversion (note VIX rose to its highest since Sept 2016) from the narrowing US presidential poll result. Elsewhere, gasoline futures surged the most in almost eight years given an explosion and fire in Alabama, which shut the largest fuel pipeline in the US.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday with swap rates trading 1-4bps higher across all tenors. Flows in the SGD corporates were heavy with better buying seen in SBREIT 3.6%'21s while better selling were seen in UOBSP 4.9%'49s. Mixed interests were also seen in BAERVX 5.9%'49s. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 202bps while the yield on JACI HY corporates increased 1bps to 6.55%. 10y UST remained relatively unchanged at 1.83%.
- **New Issues:** Wuhan Metro Group Co. Ltd. has priced a USD290mn 3-year bond at CT3+145bps, tightening from its initial guidance at CT3+180bps. The expected issue ratings are "NR/NR/A". Central China Real Estate Ltd. priced a USD200mn 5NC3 bond at 6.75% with expected issue ratings of "B+/Ba3/NR". Huishang Bank has scheduled investor road show on 2 November for potential USD AT1 perpetual issue.
- **Rating Changes:** Moody's has affirmed Greentown China Holdings Ltd's corporate family rating and revised the outlooks of Greentown and Apex Top Group Ltd. to stable from positive. The change in

ratings outlook reflects Moody's expectation that Greentown's standalone financial profile will more likely stabilize at the current level than achieve a material improvement in the next 12 – 18 months. Moody's affirmed China National Bluestar Group Co. Ltd.'s (Bluestar) "Baa2" issuer rating with a negative outlook. This concludes the rating review initiated on 4 February, 2016 after China National Chemical Corporation (ChemChina) announced its acquisition of Swiss agrochemical and seeds company, Syngenta AG. The rating affirmation reflects the following: 1) an expectation that ChemChina will complete its acquisition; 2) the completed transaction will not result in a material change in the creditworthiness of ChemChina; 3) Bluestar will remain a core entity of ChemChina with strong support from its parent; and 4) Bluestar's standalone credit profile will remain broadly stable. Moody's has placed Shanghai Electric Power Company Ltd.'s (SEP) "Baa2" issuer rating on review for downgrade, prompted by SEP's announced acquisition of K-Electric Ltd. in Pakistan which will expose the company to higher levels of geopolitical and execution risks than those present in the China market. Fitch has revised its outlook on Sunac China Holdings Ltd.'s foreign-currency issuer default rating to negative from stable and affirmed it at "BB". The negative outlook reflects the company's surging leverage, which has resulted from an urgent need to replenish its land bank so it can maintain its rapid sales expansion.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.699	-0.76%	USD-SGD	1.3886	-0.18%
USD-JPY	104.150	-0.64%	EUR-SGD	1.5352	0.50%
EUR-USD	1.1055	0.67%	JPY-SGD	1.3333	0.47%
AUD-USD	0.7652	0.57%	GBP-SGD	1.7000	-0.18%
GBP-USD	1.2243	0.01%	AUD-SGD	1.0626	0.38%
USD-MYR	4.1788	-0.37%	NZD-SGD	0.9976	0.28%
USD-CNY	6.7657	-0.15%	CHF-SGD	1.4237	1.22%
USD-IDR	13047	-0.01%	SGD-MYR	3.0082	-0.16%
USD-VND	22332	0.04%	SGD-CNY	4.8709	0.19%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4334	--
2M	-0.3360	--	1M	0.5338	--
3M	-0.3130	--	2M	0.6711	--
6M	-0.2120	--	3M	0.8843	--
9M	-0.1310	--	6M	1.2560	--
12M	-0.0690	--	12M	1.5751	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.39	2.60	3.36
Italy	0.03	2.90	1.75
Ireland	-0.41	-0.20	0.66
Greece	7.65	--	8.10
Spain	-0.16	0.90	1.30
Russia	2.23	6.80	4.02

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	46.67	-0.41%	Coffee (per lb)	1.615	-1.64%
Brent (per barrel)	48.14	-0.33%	Cotton (per lb)	0.6820	-0.96%
Heating Oil (per gallon)	1.517	1.43%	Sugar (per lb)	0.2119	-1.76%
Gasoline (per gallon)	1.48	2.39%	Orange Juice (per lb)	2.3285	4.91%
Natural Gas (per MMBtu)	2.902	-4.10%	Cocoa (per mt)	2,696	-1.43%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,920.0	1.38%	Wheat (per bushel)	4.1425	-0.48%
Nickel (per mt)	10,367	-0.68%	Soybean (per bushel)	9.843	-1.80%
Aluminium (per mt)	1,734.3	0.01%	Corn (per bushel)	3.4900	-1.62%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,288.0	1.17%	Crude Palm Oil (MYR/MT)	2,740.0	-0.87%
Silver (per oz)	18.418	3.50%	Rubber (JPY/KG)	180.5	0.11%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	18,037.10	-105.32
S&P	2,111.72	-14.43
Nasdaq	5,153.58	-35.56
Nikkei 225	17,442.40	17.38
STI	2,813.69	-0.18
KLCI	1,670.93	-1.53
JCI	5,416.01	-6.54
Baltic Dry	838.00	-19.00
VIX	18.56	1.50

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.88 (--)	0.83 (-0.01)
5Y	1.35 (+0.02)	1.29 (-0.01)
10Y	1.93 (+0.04)	1.83 (--)
15Y	2.24 (+0.05)	--
20Y	2.34 (+0.06)	--
30Y	2.33 (+0.05)	2.58 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	37.93	-0.96
EURIBOR-OIS	3.80	0.10
TED	54.85	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised
11/01/2016 07:00	SK	CPI MoM	Oct	-0.10%	0.10%	0.60%
11/01/2016 07:00	SK	CPI YoY	Oct	1.10%	1.30%	1.20%
11/01/2016 07:00	NZ	QV House Prices YoY	Oct	--	12.70%	14.30%
11/01/2016 07:00	SK	BoP Current Account Balance	Sep	--	\$8260.5m	\$5513.2m
11/01/2016 08:00	SK	Exports YoY	Oct	-3.10%	-3.20%	-5.90%
11/01/2016 08:00	SK	Imports YoY	Oct	-4.40%	-5.40%	-2.30%
11/01/2016 08:30	ID	Nikkei Indonesia PMI Mfg	Oct	--	48.7	50.9
11/01/2016 08:30	MA	Nikkei Malaysia PMI	Oct	--	47.2	48.6
11/01/2016 08:30	TA	Nikkei Taiwan PMI Mfg	Oct	--	52.7	52.2
11/01/2016 08:30	VN	Nikkei Vietnam PMI Mfg	Oct	--	51.7	52.9
11/01/2016 08:30	SK	Nikkei South Korea PMI Mfg	Oct	--	48	47.6
11/01/2016 08:30	JN	Nikkei Japan PMI Mfg	Oct F	--	51.4	51.7
11/01/2016 08:30	TH	Nikkei Thailand PMI Mfg	Oct	--	48.8	48.8
11/01/2016 09:00	CH	Manufacturing PMI	Oct	50.3	51.2	50.4
11/01/2016 09:00	CH	Non-manufacturing PMI	Oct	--	54	53.7
11/01/2016 09:45	CH	Caixin China PMI Mfg	Oct	50.1	51.2	50.1
11/01/2016 10:55	JN	BOJ Policy Rate	Nov-01	-0.10%	-0.10%	-0.10%
11/01/2016 11:30	AU	RBA Cash Rate Target	Nov-01	1.50%	1.50%	1.50%
11/01/2016 11:30	TH	CPI YoY	Oct	0.40%	0.34%	0.38%
11/01/2016 11:30	TH	CPI NSA MoM	Oct	0.28%	0.16%	0.04%
11/01/2016 11:30	TH	CPI Core YoY	Oct	0.76%	0.74%	0.75%
11/01/2016 12:02	ID	CPI YoY	Oct	3.30%	3.31%	3.07%
11/01/2016 12:02	ID	CPI NSA MoM	Oct	0.12%	0.14%	0.22%
11/01/2016 12:06	ID	CPI Core YoY	Oct	3.20%	3.08%	3.21%
11/01/2016 13:00	IN	Nikkei India PMI Mfg	Oct	--	54.4	52.1
11/01/2016 13:00	JN	Vehicle Sales YoY	Oct	--	0.80%	3.70%
11/01/2016 13:30	AU	Commodity Index AUD	Oct	--	100.2	92.1
11/01/2016 13:30	AU	Commodity Index SDR YoY	Oct	--	16.00%	3.10%
11/01/2016 17:30	UK	Markit UK PMI Mfg SA	Oct	54.5	54.3	55.4
11/01/2016 20:30	CA	GDP MoM	Aug	0.20%	0.20%	0.50%
11/01/2016 21:30	CA	RBC Canadian Mfg PMI	Oct	--	51.1	50.3
11/01/2016 21:45	US	Markit US Mfg PMI	Oct F	53.2	53.4	53.2
11/01/2016 22:00	US	Construction Spending MoM	Sep	0.50%	-0.40%	-0.70%
11/01/2016 22:00	US	ISM Manufacturing	Oct	51.7	51.9	51.5
11/01/2016 22:00	US	ISM Prices Paid	Oct	54.3	54.5	53
11/02/2016 05:45	NZ	Unemployment Rate	3Q	5.10%	4.90%	5.10%
11/02/2016 05:45	NZ	Employment Change QoQ	3Q	0.50%	1.40%	2.40%
11/02/2016 05:45	NZ	Employment Change YoY	3Q	5.40%	6.10%	4.50%
11/02/2016 07:50	JN	Monetary Base YoY	Oct	--	--	22.70%
11/02/2016 08:30	AU	Building Approvals MoM	Sep	-3.00%	--	-1.80%
11/02/2016 08:30	AU	Building Approvals YoY	Sep	2.10%	--	10.10%
11/02/2016 10:00	NZ	2Yr Inflation Expectation	4Q	--	--	1.65%
11/02/2016 16:45	IT	Markit/ADACI Italy Mfg PMI	Oct	51.4	--	51
11/02/2016 16:50	FR	Markit France Mfg PMI	Oct F	51.3	--	51.3
11/02/2016 16:55	GE	Unemployment Change (000's)	Oct	-1k	--	1k
11/02/2016 16:55	GE	Markit/BME Germany Mfg PMI	Oct F	55.1	--	55.1
11/02/2016 17:00	EC	Markit Eurozone Mfg PMI	Oct F	53.3	--	53.3
11/02/2016 17:30	UK	Markit/CIPS UK Construction PMI	Oct	51.8	--	52.3
11/02/2016 19:00	US	MBA Mortgage Applications	Oct-28	--	--	-4.10%
11/02/2016 20:15	US	ADP Employment Change	Oct	165k	--	154k
11/02/2016 21:00	SI	Purchasing Managers Index	Oct	50.2	--	50.1

Source: Bloomberg

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