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Highlights

Global	<p>As widely anticipated, the FOMC left its policy settings unchanged with an 8-2 vote ahead of the presidential elections, with the dissenters being George and Mester who preferred to hike 25bps (this is down from 3 dissenters at the last meeting as Rosengren opted not to dissent). The FOMC statement was also a tad more hawkish, albeit with no specific timeframe indicated – “the committee judges that the case for an increase in the federal funds rate has continued to strengthen but decided, for the time being, to wait for some further evidence of continued progress towards its objectives” and that inflation “has increased somewhat since earlier this year” and also omitted a previous reference that inflation would probably “remain low in the near term”. While the futures pricing for a December hike has risen to 78% probability, nevertheless much would depend on the outcome of the US presidential elections whereby Clinton’s narrowing lead over Trump (note oddschecker.com still puts Trump at 5/2 and Clinton at 2/5 versus polls at FiveThirtyEight and Real Clear Politics) had caused much consternation for financial markets yesterday, with the S&P down for a seventh day (longest slump in five years) and VIX up to 19.32 (highest since 27 June). The market mood remains sombre for now, so Asian markets may extend its risk-off sentiments today. Key focus for today are the BOE policy decision (likely to be static with a refreshing of the inflation and growth forecasts), US’ durable goods orders, factory orders, initial jobless claims, Challenger job cuts, and non-manufacturing ISM, Eurozone’s unemployment rate, and services/composite PMIs for most of Asia including China’s Caixin PMI. Meanwhile, Japan is out for a holiday.</p>
US	<p>ADP employment moderated from an upwardly revised 202k in Sep to 147k (expected: 165k) in Oct, the lowest in five months, as service providers boosted payrolls by 165k (lowest since May) but goods-producers cut 18k jobs. Meanwhile the New York ISM also eased from 49.6 to 49.2.</p>
EZ	<p>German unemployment fell 13k to 2.662m while the unemployment rate edged down 0.1% point to a record low of 6.0% in Oct. Meanwhile, UK’s Nationwide house price came to a halt at 0% mom (+4.6% yoy) in Oct, after expanding 0.3% mom (5.3% yoy) in Sep.</p>
Singapore	<p>Manufacturing PMI retreated marginally (-0.1 points) to the key 50 handle in Oct, but the electronics PMI still treaded higher for the third straight month by 0.5 points to 50.8 last month. This suggests that the electronics upturn still has some room to run even though the overall manufacturing sector may be starting to falter. This set of PMI data tallies with the recent business expectations survey which revealed that the mild optimism was led by electronics, whereas business sentiments were weakest in the general manufacturing, chemicals and transport engineering clusters.</p>
Commodities	<p>Gold rallied to its \$1,300/oz mark with the US Federal Reserve opting to leave interest rates unchanged at its latest central bank meeting. Equally importantly perhaps is the narrowing US presidential election poll indicating a neck and neck race between Donald Trump and Hillary Clinton. Crude oil prices fell further, with market players clearly reacting to the higher-than-expected (and record-high since history) increase in US crude oil inventories (+14.4 million barrels).</p>

Major Markets

- **Wall Street:** Equities retreated for the 7th straight session, as the Fed stood pat at the November FOMC and electoral uncertainties continue to weigh. The November FOMC was largely a non-event as the Fed expectedly held its fire prior to the presidential election. Meanwhile, markets remained skittish as polls continue to show a narrowing gap between Clinton and Trump. The S&P 500 and Dow both closed below their respective psychological levels of 2100 and 18000, with the S&P 500 down 0.65% at 2097 and the Dow down 0.43% at 17959. Nasdaq saw the largest retreat, declining 0.93%. VIX continued to climb, rising 4.1% to 19.32. Elsewhere, US Treasuries gained as investors sought safe havens ahead of the election. Yields lost 2-3 bps, with the 2- and 10-year yields standing at 0.82% and 1.80% respectively. Post-November FOMC, markets are pricing in a 78% probability of a December rate hike, compared to 68% prior.
- **Singapore:** The lower PMI warrants some caution ahead for the domestic manufacturing sector even though it has not rolled over yet, given the mixed signals from the other regional PMIs notwithstanding those for China were encouraging. Moreover the underlying details also suggested that whilst new export orders (50.2), imports (50.4), inventory and stocks of finished goods improved, new orders, production, input prices, employment and order backlogs were lower compared to Sep. The electronics PMI still treaded higher by 0.5 points to 50.8 last month, suggesting that momentum remains healthy in the near-term. In particular, with the exception of the employment and delivery gauges, the other underlying gauges including new orders, new export orders and production were strong (above 51).
- The STI joined the sea of red ink yesterday and retreated 0.23% to close at 2807.14 yesterday, but it remains to be seen if the STI will stabilise or test the nearing 2800 support given Wall Street slippage overnight and mixed morning cues from Kospi and ASX. The STI's resistance is tipped at 2820 range. SGS bond yields may remain choppy amid fragile risk sentiments today.
- **Hong Kong:** Decline of overall residential property price narrowed further from 5.83% yoy to 3.46% in September, the smallest decline on yearly basis since February this year. This signaled that the property price gained some ground in the near term. The growth in the prices of smaller residential units (below 100 sq.m.) contracted 3.51% yoy while those belonging to the larger units (above 100 sq.m.) dipped 2.81% yoy. Residential property transaction volume recorded 6,601 units in October, remaining robust though declining slightly compared with previous month. On a yearly basis, residential property transactions doubled. By segment, sales of housing units priced over HKD 5 million were rather strong, which registered 4,201 units and took up 64% of total transaction. This indicated the capital outflow deriving from RMB depreciation continued to fuel HK's property market. In addition, the slower pace of a rate hike in the US left room for the property market to see a more gradual correction. Banks continue to attract clients with lower mortgage rate. We believe the HK property market could regain its traction in the near term.
- **Indonesia:** Government is planning to offer more than 10 toll road projects to investors next year. As quoted by Bloomberg, minister for public works and housing, Basuki Hadimuljono, said that these projects would include toll roads in Java and Sumatra. Earlier, the government has allocated IDR300tn for infrastructure in the 2017 budget.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened yesterday with swap rates trading 1-3bps lower across all tenors. Flows in the SGD corporates were moderate with two-way flows seen in BAERVX 5.75%'49s, OLAMSP 6%'18s and UOBSP 4%'49s. In the broader dollar space, the spread on JACI IG corporates increased 3bps to 205bps while the yield on JACI HY corporates decreased 1bps to 6.54%. 10y UST decreased 3bps to 1.80% as the Federal Reserve left interest rates unchanged and tightening polls in the election race spurred some risk-off sentiments. The committee did not mention any possible rate hike in December's meeting but has once again indicated that the case for a hike has continued to strengthen.
- **New Issues:** China Yangtze Power Co. Ltd. has launched a two-tranche deal, consisting of a USD300mn and EUR200mn 5-year exchangeable bond deal that is expected to be priced later today. China Nuclear Engineering Corp. Ltd. has scheduled investor meetings on 3 November for a potential USD bond issue.
- **Rating Changes:** S&P has placed Shanghai Electric Power Co. Ltd.'s (SEP) "BBB" corporate credit rating on CreditWatch with negative implications. The rating decision follows S&P's expectation that SEP will face heightened business risk and cash flow volatility following its acquisition of a controlling stake in K-Electric Ltd.. S&P upgraded Bank of Kyoto Ltd. and Iyo Bank Ltd.'s counterparty credit ratings to "A" from "A-" with negative outlooks. The rating actions are in view of a heightened likelihood for the banks risk-adjusted capital ratios to remain relatively stable, even in the face of fluctuations in domestic stock prices. Moody's revised its outlook on RWH Finance Pty. Ltd.'s "Baa2" senior secured rating to positive from stable. The outlook revision reflects the combined effect of: 1) receding refinancing risk, given the sponsor's ability and Moody's view that it is committed to refinance RWH's maturing debt; and 2) the project's continued solid credit fundamentals, which in the absence of refinancing risk are more consistent with a higher rating level. Moody's downgraded Nippon Yusen Kabushiki Kaisha's (NYK) issuer rating to "Baa3" from "Baa2" with a negative outlook. The downgrade reflects Moody's view that low freight rates will keep NYK's cash flow low and leverage high in the near to medium term. Moody's has affirmed the "A3" issuer ratings of four Chinese distressed asset management companies: 1) China Cinda Asset Management Co. Ltd.; 2) China Huarong Asset Management; 3) China Orient Asset Management Co. Ltd.; and 4) China Great Wall Asset Management Corp.. At the same time, their baseline credit assessments (BCAs) remain unchanged while their outlooks were revised to stable from negative. The primary drivers for the change in outlooks are: 1) government support for these companies is unlikely to change over the medium term; 2) each company's rating is resilient to a hypothetical downside scenario in which the sovereign rating is downgraded by one notch and; 3) the companies standalone credit profiles, as indicated by their BCAs in the case of state owned enterprises are appropriate at current levels. Fitch affirmed Mitsui Life Insurance Company Ltd.'s (Mitsui) insurer financial strength rating of "A" with a negative outlook. The rating was subsequently withdrawn for commercial reasons.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.398	-0.31%	USD-SGD	1.3844	-0.30%
USD-JPY	103.300	-0.82%	EUR-SGD	1.5365	0.08%
EUR-USD	1.1098	0.39%	JPY-SGD	1.3401	0.51%
AUD-USD	0.7661	0.12%	GBP-SGD	1.7039	0.23%
GBP-USD	1.2304	0.50%	AUD-SGD	1.0608	-0.17%
USD-MYR	4.1870	0.20%	NZD-SGD	1.0090	1.14%
USD-CNY	6.7570	-0.13%	CHF-SGD	1.4224	-0.09%
USD-IDR	13057	0.08%	SGD-MYR	3.0222	0.47%
USD-VND	22320	-0.05%	SGD-CNY	4.8855	0.30%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.4346	--
2M	-0.3390	--	1M	0.5304	--
3M	-0.3130	--	2M	0.6683	--
6M	-0.2110	--	3M	0.8809	--
9M	-0.1310	--	6M	1.2566	--
12M	-0.0690	--	12M	1.5757	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.33	-6.00	3.24
Italy	0.01	-2.30	1.66
Ireland	-0.42	-1.10	0.63
Greece	7.65	--	7.90
Spain	-0.19	-3.10	1.21
Russia	2.20	-3.10	4.05

Equity and Commodity

Index	Value	Net change
DJIA	17,959.64	-77.46
S&P	2,097.94	-13.78
Nasdaq	5,105.57	-48.01
Nikkei 225	17,134.68	-307.72
STI	2,807.14	-6.55
KLCI	1,659.60	-11.33
JCI	5,405.46	-10.55
Baltic Dry	834.00	-4.00
VIX	19.32	0.76

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.87 (-0.01)	0.82 (-0.01)
5Y	1.32 (-0.03)	1.26 (-0.03)
10Y	1.92 (-0.01)	1.80 (-0.02)
15Y	2.23 (-0.01)	--
20Y	2.32 (-0.02)	--
30Y	2.31 (-0.02)	2.57 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	37.98	0.05
EURIBOR-OIS	3.60	-0.20
TED	53.49	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	45.34	-2.85%	Coffee (per lb)	1.629	0.90%
Brent (per barrel)	46.86	-2.66%	Cotton (per lb)	0.6860	0.59%
Heating Oil (per gallon)	1.467	-3.32%	Sugar (per lb)	0.2170	2.41%
Gasoline (per gallon)	1.45	-2.44%	Orange Juice (per lb)	2.2975	-1.33%
Natural Gas (per MMBtu)	2.792	-3.79%	Cocoa (per mt)	2,709	0.48%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,920.0	--	Wheat (per bushel)	4.1775	0.84%
Nickel (per mt)	10,279	-0.85%	Soybean (per bushel)	9.768	-0.76%
Aluminium (per mt)	1,724.0	-0.59%	Corn (per bushel)	3.4625	-0.79%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,308.2	1.57%	Crude Palm Oil (MYR/MT)	2,780.0	1.46%
Silver (per oz)	18.693	1.49%	Rubber (JPY/KG)	177.2	-1.83%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
11/02/2016	05:45	NZ Unemployment Rate	3Q	5.10%	4.90%	5.10%	5.00%
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	--	22.10%	22.70%	--
11/02/2016	08:30	AU Building Approvals MoM	Sep	-3.00%	-8.70%	-1.80%	--
11/02/2016	08:30	AU Building Approvals YoY	Sep	2.10%	-6.40%	10.10%	10.30%
11/02/2016	10:00	NZ 2Yr Inflation Expectation	4Q	--	1.68%	1.65%	--
11/02/2016	15:00	UK National House Px NSA YoY	Oct	4.90%	4.60%	5.30%	--
11/02/2016	15:00	UK Nationwide House PX MoM	Oct	0.20%	0.00%	0.30%	--
11/02/2016	16:45	IT Markit/ADACI Italy Manu PMI	Oct	51.4	50.9	51	--
11/02/2016	16:50	FR Markit France Manu PMI	Oct F	51.3	51.8	51.3	--
11/02/2016	16:55	GE Unemploy Change (000's)	Oct	-1k	-13k	1k	0k
11/02/2016	16:55	GE Unemployment Claims Rate SA	Oct	6.10%	6.00%	6.10%	--
11/02/2016	16:55	GE Markit/BME GE Manu PMI	Oct F	55.1	55	55.1	--
11/02/2016	17:00	EC Markit Eurozone Manu PMI	Oct F	53.3	53.5	53.3	--
11/02/2016	17:30	UK Markit/CIPS UK Constru PMI	Oct	51.8	52.6	52.3	--
11/02/2016	19:00	US MBA Mortgage Applications	Oct-28	--	-1.20%	-4.10%	--
11/02/2016	20:15	US ADP Employment Change	Oct	165k	147k	154k	202k
11/02/2016	21:00	SI Purchasing Managers Index	Oct	50.2	50	50.1	--
11/03/2016	01:00	IT New Car Registrations YoY	Oct	--	9.75%	17.30%	17.43%
11/03/2016	02:00	US FOMC Rate (Upper Bound)	Nov-02	0.50%	0.50%	0.50%	--
11/03/2016	05:00	SK Foreign Reserves	Oct	--	\$375.17b	\$377.77b	--
11/03/2016	08:00	NZ ANZ Commodity Price	Oct	--	--	5.10%	--
11/03/2016	08:30	HK Nikkei Hong Kong PMI	Oct	--	--	49.3	--
11/03/2016	08:30	AU Trade Balance	Sep	-\$1700m	--	-\$2010m	--
11/03/2016	09:45	CH Caixin China PMI Services	Oct	--	--	52	--
11/03/2016	09:45	CH Caixin China PMI Composite	Oct	--	--	51.4	--
11/03/2016	13:00	IN Nikkei India PMI Services	Oct	--	--	52	--
11/03/2016	13:00	IN Nikkei India PMI Composite	Oct	--	--	52.4	--
11/03/2016	16:30	HK Retail Sales Value YoY	Sep	-9.00%	--	-10.50%	--
11/03/2016	16:30	HK Retail Sales Volume YoY	Sep	-10.50%	--	-12.70%	--
11/03/2016	17:30	UK Markit/CIPS UK Services PMI	Oct	52.5	--	52.6	--
11/03/2016	17:30	UK Markit/CIPS UK Composite PMI	Oct	53.5	--	53.9	--
11/03/2016	18:00	EC Unemployment Rate	Sep	10.00%	--	10.10%	--
11/03/2016	20:00	UK Bank of England Bank Rate	Nov-03	0.25%	--	0.25%	--
11/03/2016	20:00	UK BOE Asset Purchase Target	Nov	435b	--	435b	--
11/03/2016	20:30	US Initial Jobless Claims	Oct-29	256k	--	258k	--
11/03/2016	20:30	US Continuing Claims	Oct-22	2043k	--	2039k	--
11/03/2016	21:45	US Markit US Services PMI	Oct F	54.8	--	54.8	--
11/03/2016	21:45	US Markit US Composite PMI	Oct F	--	--	54.9	--
11/03/2016	21:45	US Bloomberg Consumer Comfort	Oct-30	--	--	43.9	--
11/03/2016	22:00	US ISM Non-Manf. Composite	Oct	56	--	57.1	--
11/03/2016	22:00	US Factory Orders	Sep	0.20%	--	0.20%	--
11/03/2016	22:00	US Durable Goods Orders	Sep F	-0.10%	--	-0.10%	--
11/03/2016	22:00	US Durables Ex Transportation	Sep F	0.10%	--	0.20%	--
11/03/2016	22:00	US Cap Gds Orders Nondef Ex Air	Sep F	--	--	-1.20%	--
11/03/2016	22:00	US Cap Goods Ship Nondef Ex Air	Sep F	--	--	0.30%	--

Source: Bloomberg

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