

Treasury Advisory
Corporate FX & Structured
Products

Tel: 6349-1888 / 1881

Interest Rate Derivatives

Tel: 6349-1899

Investments & Structured
Products

Tel: 6349-1886

GT Institutional Sales

Tel: 6349-1810

Highlights

Global	<p>In major happenings overnight, the European Central Bank left its policy instruments unchanged, including its €1.7 trillion (\$1.9 trillion) stimulus and main refinancing rate (0%), deposit rate (-0.4%) and marginal lending facility (0.25%). The bank's inaction had likely disappointed market-watchers, owing to the fall in Wall Street equity indices despite having strong rallies in crude oil prices and a better-than-expected US initial jobless claims print. Elsewhere, Japan's second reading of its 2Q16 GDP grew more than previously anticipated at 0.7% qoqsa (vs prior 0.2%) reflecting the upward revisions to private & public investment and private inventories, which more than offset the downward revision in government spending.</p> <p>For today, market-watchers would closely eye on Chinese inflation prints later this morning, following a slew of industrial production prints from Malaysia, India, and France. Elsewhere, the Bank of Korea is also expected to keep its 7-day repo rate pat later today.</p>
Europe	<p>At his press conference, ECB president Mario Draghi commented that he was still in fact concerned over the persistently low Eurozone inflation. Inflation had fallen below ECB's 2.0% target for more than three years now, and official forecasts for domestic prices only show gradual increases to a mere 1.2% in 2017, and 1.6% in 2018.</p>
CH	<p>Imports in dollar term unexpectedly rebounded by 1.5% in August thanks to increasing demand for commodity and booming property market. This is also in line with stronger than expected PMI data, signalling the emergence of green shoots as the result of supportive fiscal policy. The contraction of export also narrowed to 2.5% in August from 5.4% in July</p>
HK	<p>PBOC's intervention in the FX market is expected to ease after G20 summit, and thus bringing speculators back to the market. However, to crack down on offshore speculation on the Yuan, the PBOC might have again intervened in the spot market, and as a result, tightening CNH liquidity and pushing up the forward points. CNH overnight HIBOR surged to its highest since Feb, marking 5.446% on 8 Sep. Besides, USDCNH T/N forward points rose notably from a nearly two-month low of 1 on 6 Sep, to 27.5 on 8 Sep. Seemingly, the PBOC is still proactive in defending the Yuan post-G20.</p>
ID	<p>Bank Indonesia's governor, Agus Martowardojo, reportedly said that the tax amnesty program is likely to miss its target. The central bank now expects that the amount of assets repatriated home would be just USD13.8bn. This is considerably lower than its previous expectation of USD42bn, and short of the government's loftier USD76.5bn target.</p>
Commodities	<p>The unexpected slump in US oil inventories and reported fall in Saudi Arabia's oil production drove crude Brent oil prices back above \$50/bbl handle in intraday trading. WTI followed suit with a strong 4.7% gain. Empirically, US oil inventories clocked its biggest fall in 17 years by 14.5 million barrels last week after Tropical Storm Hermine moved into the Gulf of Mexico and disrupted shipping and output, while Saudi Arabia reported 40,000 barrels per day of production shortfall in August. Looking ahead, market-watchers will likely closely eye on the upcoming US oil rig counts for further cues. Elsewhere on gold prices, the better-than-expected US initial jobless claims seen overnight could have been the only data print that investors relied on to bring the bullion marginally lower (-0.56%).</p>

Major Market

- **US:** Equities faded as losses in the tech and consumer space outweighed gains in the energy and finance sectors. Tech-heavy Nasdaq was particularly hit by Apple Inc's decline post-iPhone 7 release, and ended down 0.46%. S&P 500 and the Dow fell 0.22% and 0.25% respectively. Treasuries were sold off after the ECB showed surprisingly low appetite for further monetary stimulus and asset purchases. Markets have been expecting Draghi to expand ECB's asset purchase plan in view of Brexit's impact on the Eurozone economy. 2-year and 10-year Treasury yields closed at 0.77% and 1.60% respectively, gaining 3-6 bps across the board. Meanwhile, volatility rose with VIX ending higher at 12.51, up 4.77%.
- **Singapore:** The STI gained marginally to 2,894.48 (+0.03%) yesterday, led by advances from Yangzijiang Shipbuilding Holdings (+2.6%), Capitaland Commercial Trust (+1.86%) and Keppel Corp (+1.48%). Losses seen in Thai Beverage (-3.59%), Jardine Cycle & Carriage (-1.85%) limited the gains. For today, the STI is likely to range-trade between 2,880 and 2,905, though market sentiment may remain slightly risk-off given the inaction by ECB overnight.
- **Thailand:** After multiple bomb occurrences in South Thailand of late, the consumer confidence index is perhaps one of an important print in gauging the damage made to consumer spending and economic health. Encouragingly, consumer confidence has risen markedly in August to 73.2 (from 72.5) as reported by the Thai Chamber of Commerce, on the back of 'public approval of the nation's new constitution and better-than-expected 2Q GDP growth'.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded downwards yesterday with swap rates trading 2-5bps lower across all tenors. Flows in the SGD corporates were heavy with better buying seen in, GENSSP 5.13%'49s and STANLN 4.4%'26s. Better selling were seen in, UOBSP 4%'49s while mixed interests were seen in, SOCGEN 4.3%'26s and ABNAV 4.75%'26s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 197bps while the yield on JACI HY corporates also remained levelled at 6.36%. 10y UST yield increased 6bps to 1.60% after the European Central Bank downplayed the need for more economic stimulus and bullish inventories data spurred oil price gain to 4.4%.
- **New Issues:** Olam International Ltd. has priced a USD150mn at 101.65 (to yield 4.1%), which is an increase of its existing USD300mn 4.5%'21s bond. BOC Aviation Ltd. has priced a USD500mn 5-year bond at CT5+135bps, tightening from its initial guidance at CT5+165bps. The expected issue ratings are "BBB+/NR/A-". Toronto-Dominion Bank has priced a USD1.5bn 15NC10 at CT15+205bps, tightening from its initial guidance at CT15+237.5bps. The expected issue ratings are "A-/A2/NR". Yestar International Holding Co. Ltd. has priced a USD200mn 5NC3 bond at 6.9%, tightening from its initial guidance of mid-7%. The expected issue ratings are "NR/Baa3/BB-". China Huarong Asset Management Co. has priced a USD500mn perpetual bond at 2.875%, tightening from its initial guidance at 3.25%. The expected issue ratings are "NR/Baa1/A-". Union Life Insurance Co. has priced a USD500mn 5-year bond at CT5+220bps, tightening from its initial guidance at CT5+245bps. The expected issue ratings are "NR/Baa3/NR". China Everbright Bank has priced a USD500mn bond at CT3+120bps, tightening from its initial guidance at CT3+150bps. The expected issue ratings are "NR/NR/BBB".
- **Rating Changes:** Fitch downgraded MIE Holdings Corp.'s (MIE) issuer default rating to "CCC" from "B-" and removed the ratings from Negative Watch. MIE is an independent upstream O&G company operating onshore in China. The downgrade reflects the challenges MIE faces in refinancing its outstanding notes due from Feb'18 to Apr'19, which represent the majority of its debt obligation.

Key Financial Indicators

Foreign Exchange						Equity and Commodity		
	Day Close	% Change		Day Close	% Change	Index	Value	Net change
DXY	95.027	0.07%	USD-SGD	1.3517	0.36%	DJIA	18,479.91	-46.23
USD-JPY	102.490	0.74%	EUR-SGD	1.5221	0.56%	S&P	2,181.30	-4.86
EUR-USD	1.1260	0.19%	JPY-SGD	1.3189	-0.36%	Nasdaq	5,259.48	-24.44
AUD-USD	0.7643	-0.39%	GBP-SGD	1.7971	0.01%	Nikkei 225	16,958.77	-53.67
GBP-USD	1.3295	-0.34%	AUD-SGD	1.0332	-0.02%	STI	2,894.48	0.83
USD-MYR	4.0408	-0.48%	NZD-SGD	1.0001	-0.32%	KLCI	1,691.38	1.81
USD-CNY	6.6669	0.07%	CHF-SGD	1.3898	0.08%	JCI	5,371.08	-10.28
USD-IDR	13063	-0.17%	SGD-MYR	3.0012	-0.55%	Baltic Dry	792.00	19.00
USD-VND	22290	-0.04%	SGD-CNY	4.9454	-0.10%	VIX	12.51	0.57

Interbank Offer Rates (%)						Government Bond Yields (%)		
Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change	Tenor	SGS (chg)	UST (chg)
1M	-0.3720	--	O/N	0.4216	--	2Y	0.76 (--)	0.77 (+0.04)
2M	-0.3370	--	1M	0.5132	--	5Y	1.17 (-0.01)	1.18 (+0.05)
3M	-0.3030	--	2M	0.6597	--	10Y	1.66 (-0.01)	1.60 (+0.06)
6M	-0.1980	--	3M	0.8336	--	15Y	1.95 (-0.02)	--
9M	-0.1290	--	6M	1.2336	--	20Y	2.03 (-0.02)	--
12M	-0.0590	--	12M	1.5392	--	30Y	2.09 (-0.01)	2.30 (+0.07)

Eurozone & Russia Update						Financial Spread (bps)		
	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread			Value	Change	
Portugal	0.51	5.00	3.07	9.20	3.13	LIBOR-OIS	40.06	-0.31
Italy	-0.10	2.50	1.15	7.40	1.22	EURIBOR-OIS	3.70	--
Ireland	-0.37	1.80	0.41	4.20	0.47	TED	50.29	--
Greece	7.65	--	8.25	1.90	8.32			
Spain	-0.15	2.80	0.99	5.70	1.05			
Russia	1.87	-4.10	3.83	-1.50	3.89			

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.62	4.66%	Coffee (per lb)	1.537	-0.10%
Brent (per barrel)	49.99	4.19%	Cotton (per lb)	0.6925	-0.40%
Heating Oil (per gallon)	1.482	3.90%	Sugar (per lb)	0.2022	-0.34%
Gasoline (per gallon)	1.42	5.21%	Orange Juice (per lb)	1.9565	2.33%
Natural Gas (per MMBtu)	2.806	4.86%	Cocoa (per mt)	2,898	-1.23%

Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,664.0	0.30%	Wheat (per bushel)	3.7700	0.47%
Nickel (per mt)	10,300	1.33%	Soybean (per bushel)	9.920	0.03%
Aluminium (per mt)	1,574.3	-0.21%	Corn (per bushel)	3.2700	1.87%

Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,337.8	-0.56%	Crude Palm Oil (MYR/MT)	2,870.0	0.10%
Silver (per oz)	19.591	-0.85%	Rubber (JPY/KG)	168.0	0.96%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
09/08/2016 07:01	UK RICS House Price Balance	Aug 2%	12%	5%	--
09/08/2016 07:50	JN BoP Current Account Balance	Jul ¥2073.3b	¥1938.2b	¥974.4b	--
09/08/2016 07:50	JN Trade Balance BoP Basis	Jul ¥571.2b	¥613.9b	¥763.6b	--
09/08/2016 07:50	JN GDP SA QoQ	2Q F 0.00%	0.20%	0.00%	--
09/08/2016 07:50	JN GDP Annualized SA QoQ	2Q F 0.20%	0.70%	0.20%	--
09/08/2016 07:50	JN GDP Nominal SA QoQ	2Q F 0.20%	0.30%	0.20%	--
09/08/2016 07:50	JN GDP Deflator YoY	2Q F 0.80%	0.70%	0.80%	--
09/08/2016 07:50	JN Japan Buying Foreign Bonds	Sep-02 --	¥1326.4b	¥105.7b	¥107.7b
09/08/2016 07:50	JN Foreign Buying Japan Bonds	Sep-02 --	¥666.9b	¥268.7b	--
09/08/2016 07:50	JN Foreign Buying Japan Stocks	Sep-02 --	¥1.9b	¥6.8b	¥15.5b
09/08/2016 09:30	AU Trade Balance	Jul -2700m	-2410m	-3195m	-3250m
09/08/2016 10:41	CH Trade Balance	Aug \$58.85b	\$52.05b	\$52.31b	--
09/08/2016 10:41	CH Exports YoY	Aug -4.00%	-2.80%	-4.40%	--
09/08/2016 10:41	CH Imports YoY	Aug -5.40%	1.50%	-12.50%	--
09/08/2016 11:30	TH Consumer Confidence Economic	Aug --	62.2	61.4	--
09/08/2016 13:00	IN Local Car Sales	Aug --	177829	177604	--
09/08/2016 13:00	JN Eco Watchers Survey Current	Aug 45.5	45.6	45.1	--
09/08/2016 13:00	JN Eco Watchers Survey Outlook	Aug 46.4	47.4	47.1	--
09/08/2016 13:30	FR Non-Farm Payrolls QoQ	2Q F 0.20%	0.20%	0.20%	--
09/08/2016 14:30	FR Bank of France Bus. Sentiment	Aug 98	98	98	--
09/08/2016 19:45	EC ECB Main Refinancing Rate	Sep-08 0.00%	0.00%	0.00%	--
09/08/2016 19:45	EC ECB Deposit Facility Rate	Sep-08 -0.40%	-0.40%	-0.40%	--
09/08/2016 19:45	EC ECB Marginal Lending Facility	Sep-08 0.25%	0.25%	0.25%	--
09/08/2016 20:30	CA Capacity Utilization Rate	2Q 79.60%	80.00%	81.40%	81.40%
09/08/2016 20:30	CA New Housing Price Index MoM	Jul 0.10%	0.40%	0.10%	--
09/08/2016 20:30	US Initial Jobless Claims	Sep-03 265k	259k	263k	--
09/08/2016 20:30	US Continuing Claims	Aug-27 2151k	2144k	2159k	2151k
09/08/2016 20:30	CA Building Permits MoM	Jul 2.90%	0.80%	-5.50%	-5.30%
09/08/2016 21:45	US Bloomberg Consumer Comfort	Sep-04 --	44	43.4	--
09/09/2016 00:30	CA Housing Starts	Aug 190.0k	182.7k	198.4k	194.7k
09/09/2016 07:50	JN Money Stock M2 YoY	Aug 3.30%	--	3.30%	--
09/09/2016 07:50	JN Money Stock M3 YoY	Aug 2.90%	--	2.90%	--
09/09/2016 09:00	PH Exports YoY	Jul -10.00%	--	-11.40%	--
09/09/2016 09:00	PH Imports YoY	Jul --	--	15.40%	--
09/09/2016 09:00	PH Trade Balance	Jul --	--	-\$2098m	--
09/09/2016 09:30	CH CPI YoY	Aug 1.70%	--	1.80%	--
09/09/2016 09:30	CH PPI YoY	Aug -0.90%	--	-1.70%	--
09/09/2016 09:30	AU Home Loans MoM	Jul -1.50%	--	1.20%	--
09/09/2016 12:00	MA Industrial Production YoY	Jul 4.50%	--	5.30%	--
09/09/2016 12:30	JN Tertiary Industry Index MoM	Jul 0.40%	--	0.80%	--
09/09/2016 14:00	GE Trade Balance	Jul 23.7b	--	24.9b	24.7b
09/09/2016 14:00	GE Current Account Balance	Jul 24.5b	--	26.3b	--
09/09/2016 14:00	GE Exports SA MoM	Jul 0.40%	--	0.30%	0.20%
09/09/2016 14:00	GE Imports SA MoM	Jul 0.50%	--	1.00%	1.10%
09/09/2016 14:45	FR Industrial Production MoM	Jul 0.30%	--	-0.80%	--
09/09/2016 14:45	FR Industrial Production YoY	Jul 1.00%	--	-1.30%	--
09/09/2016 14:45	FR Manufacturing Production MoM	Jul 0.70%	--	-1.20%	--
09/09/2016 14:45	FR Manufacturing Production YoY	Jul 1.80%	--	-1.50%	--
09/09/2016 15:30	TH Foreign Reserves	Sep-02 --	--	\$182.2b	--
09/09/2016 16:30	UK Visible Trade Balance GBP/Mn	Jul -£11,650	--	-£12,409	--
09/09/2016 16:30	UK Trade Balance Non EU GBP/Mn	Jul -£3,600	--	-£4,159	--
09/09/2016 16:30	UK Trade Balance	Jul -£4,200	--	-£5,084	--
09/09/2016 20:00	IN Industrial Production YoY	Jul 1.90%	--	2.10%	--
09/09/2016 20:30	CA Unemployment Rate	Aug 7.00%	--	6.90%	--
09/09/2016 20:30	CA Net Change in Employment	Aug 14.0k	--	-31.2k	--
09/09/2016 22:00	US Wholesale Inventories MoM	Jul F 0.10%	--	0.00%	--
09/09/2016	SK BoK 7-Day Repo Rate	Sep-09 1.25%	--	1.25%	--
09/08/2016 09/13	VN Domestic Vehicle Sales YoY	Aug --	--	36.60%	--

Source: Bloomberg

<u>OCBC Treasury Research</u>		<u>OCBC Wing Hang Research</u>
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com	<u>Wing Hang</u> Kam Liu kamyliu@ocbcwh.com Carie Li carierli@ocbcwh.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W