

Treasury Advisory
Corporate FX & Structured
Products

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Interest Rate Derivatives

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Investments & Structured
Products

Tel: 6349-1886

GT Institutional Sales

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Highlights

| | |
|--------------------|--|
| Global | ECB surprised market in two ways yesterday. On one hand, it extended the QE program by longer than market expected, that is until the end of 2017 rather than the September 2017 that market anticipated. On the other hand, however, the ECB reduced the amount of asset purchases from the current rate of EUR80bn to EUR60bn in the extended period, from March 2017 onward. Still, overall, market took the decision as one that is supportive with European bourses staging a rally yesterday, that is likely to be supportive of Asian markets today. For the day ahead, market will be paying attention to China's inflation prints, with particular attention to whether producer prices are picking up sharply or not. |
| US | Equities rallied as investors continued to take on a risk-on appetite. The Dow rose by 0.4% to end the day at 19615, after a 300 points gain the day before. The S&P500 and Nasdaq also rose 0.2% and 0.4% respectively. Similarly, VIX also increased 3.44% to 12.64. US Treasuries declined with 2- and 10-year yields settling at 1.12% and 2.40% respectively. |
| SG | STI was flat (-0.03%) at 2,958.86 yesterday. Yangzijiang tops the chart as the top gainer (+2.94%) with Jardine C&C (+1.63%) following suit. Still, losses in Genting Singapore (-2.93%) and SPH (-1.1%) pared the gains. |
| CH | Exports unexpectedly rebounded by 0.1% yoy in dollar term in November while import also grew by 6.7% yoy in dollar. External demand from advanced economy improved notably despite the unexpected outcome of US Presidential election. China's exports to G3 increased by 5.6% yoy, which overshadowed the continuously falling demand from ASEAN. The better than expected demand is probably due to the upcoming Christmas holiday season. The recovery of imports growth is mainly due to a rebound of commodity prices in our view. Imports of oil and iron ore by value rebounded by 16% and 17.4% respectively. China's trade surplus shrank further to US\$44.6 billion from US\$49.06 billion in October as a result of acceleration of import growth. |
| HK | It is reported that the two-year Dim Sum Bond to be issued by China's Ministry of Finance to retail investors will offer a yield of 3.5%, and the amount will be RMB2 billion. If this is the case, the yield of the new bond will refresh its record high amid sour demand on the RMB's weakness. |
| MA | Industrial production figure for the month of October is due out today, with market penciling in a slight pickup to 3.4%yoy compared to 3.2% before. |
| Commodities | Oil prices see-sawed higher back above its \$50/bbl handle as market-watchers await the meeting between OPEC and non-OPEC meeting in Vienna on Saturday. The magic number to wait for tomorrow is a cut of 600,000 barrels a day of cut from non-OPEC countries, with Russia likely to shoulder 300,000 barrels a day of cut as part of its agreement with OPEC earlier in November. Note that OPEC will still implement its stated quota of 32.5mbpd even if Russia is the only non-OPEC member to agree to a cut, according to Nigeria. Other than Russia, Oman and Azerbaijan had publicly agreed to lower supply while Kazakhstan remains undecided. |

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards lightly as swap rates increased 1-2bps higher across tenors ahead of the European Central Bank's (ECB) meeting. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 200bps while the yield on JACI HY corporates decreased 1bps to 6.88%. 10y UST yield increased 7bps to 2.41% following the ECB's meeting as it extended their asset purchase program until December 2017, but at a slower pace from April onwards.
- **New Issues:** Changde Urban Construction & Investment Group Co. Ltd. has priced a USD250mn 3-year bond at CT3+280bps, tightening from its initial guidance at CT3+290bps. The expected issue ratings are "NR/NR/BBB-". China Grand Automotive Services Co. has priced a USD300mn perpetual, non-callable for 3 years at 9%. The expected issue ratings are "NR/NR/B+". Tewoo Group Finance No 2 Ltd. has priced a USD300mn 3-year bond at CT3+360bps with expected issue ratings of "NR/NR/BBB-".
- **Rating Changes:** S&P assigned AIG Insurance Company China Ltd. (AIG China) counterparty and financial strength ratings of "A" with a stable outlook. The rating reflects S&P's view that AIG China is highly strategic to US-based American International Group's (Rated A+/Stable) core operating subsidiaries and therefore are one notch below the group credit profile. Moody's assigned a first time corporate family rating of "Ba1" to Guangxi Financial Investment Group Co. Ltd. with a stable outlook. The rating combines its baseline assessment (BCA) of "ba3", and a two-notch uplift based on Moody's expectation of strong support for the company from the Guangxi Provincial government. Moody's downgraded Beijing Automotive Group Co. Ltd.'s issuer rating to "Baa1" from "A3" with a negative outlook. The downgrade reflects Moody's expectation that the group's financial leverage will remain elevated over the next 12-18 months, given its high leverage in 2015 and the slower-than-expected deleveraging despite its robust sales performance. Fitch revised its outlook on Caterpillar Inc.'s (CAT) issuer default rating of "A" to negative from stable. The revision reflects the impact of the extended downturn in CAT's machinery markets and an increased risk that the company could face challenges to rebuild its operating and financial performance to levels that support the current ratings.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 101.100 | 0.87% | USD-SGD | 1.4233 | 0.46% |
| USD-JPY | 114.040 | 0.24% | EUR-SGD | 1.5109 | -0.83% |
| EUR-USD | 1.0615 | -1.28% | JPY-SGD | 1.2482 | 0.22% |
| AUD-USD | 0.7463 | -0.25% | GBP-SGD | 1.7914 | 0.13% |
| GBP-USD | 1.2586 | -0.32% | AUD-SGD | 1.0622 | 0.20% |
| USD-MYR | 4.4222 | -0.23% | NZD-SGD | 1.0209 | 0.57% |
| USD-CNY | 6.8910 | 0.21% | CHF-SGD | 1.4004 | -0.43% |
| USD-IDR | 13287 | -0.35% | SGD-MYR | 3.1224 | 0.17% |
| USD-VND | 22633 | -0.23% | SGD-CNY | 4.8394 | -0.24% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3720 | -- | O/N | 0.4337 | -- |
| 2M | -0.3380 | -- | 1M | 0.6542 | -- |
| 3M | -0.3160 | -- | 2M | 0.7564 | -- |
| 6M | -0.2170 | -- | 3M | 0.9508 | -- |
| 9M | -0.1350 | -- | 6M | 1.2932 | -- |
| 12M | -0.0780 | -- | 12M | 1.6451 | -- |

Eurozone & Russia Update

| | 2Y Bond Ylds (bpschg) | | 10Y Bond Ylds (bpschg) | | 10Y Bund Spread |
|-----------------|-----------------------|--------|------------------------|-------|-----------------|
| Portugal | 0.24 | 6.00 | 3.75 | 23.30 | 3.36 |
| Italy | -0.06 | -4.00 | 2.00 | 11.00 | 1.62 |
| Ireland | -0.51 | -5.10 | 0.90 | 6.20 | 0.52 |
| Greece | 7.65 | -- | 6.65 | -1.70 | 6.27 |
| Spain | -0.21 | -2.40 | 1.50 | 8.00 | 1.12 |
| Russia | 2.41 | -13.80 | 4.47 | 0.50 | 4.08 |

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 19,614.81 | 65.19 |
| S&P | 2,246.19 | 4.84 |
| Nasdaq | 5,417.36 | 23.59 |
| Nikkei 225 | 18,765.47 | 268.78 |
| STI | 2,958.86 | -0.98 |
| KLCI | 1,643.75 | 11.28 |
| JCI | 5,303.73 | 38.37 |
| Baltic Dry | 1,122.00 | -40.00 |
| VIX | 12.64 | 0.42 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.16 (-0.01) | 1.11 (+0.02) |
| 5Y | 1.76 (-0.03) | 1.84 (+0.05) |
| 10Y | 2.33 (-0.01) | 2.41 (+0.07) |
| 15Y | 2.66 (-0.02) | -- |
| 20Y | 2.72 (-0.02) | -- |
| 30Y | 2.70 (-0.02) | 3.11 (+0.08) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 31.48 | -0.79 |
| EURIBOR-OIS | 3.48 | 0.08 |
| TED | 45.85 | -- |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 50.84 | 2.15% | Coffee (per lb) | 1.376 | -0.22% |
| Brent (per barrel) | 53.89 | 1.68% | Cotton (per lb) | 0.7142 | -0.96% |
| Heating Oil (per gallon) | 1.6259 | 0.46% | Sugar (per lb) | 0.1945 | -0.92% |
| Gasoline (per gallon) | 1.5047 | -0.23% | Orange Juice (per lb) | 2.1340 | -0.35% |
| Natural Gas (per MMBtu) | 3.6950 | 2.55% | Cocoa (per mt) | 2,262 | -0.92% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 5,782.0 | -0.05% | Wheat (per bushel) | 3.9075 | 1.17% |
| Nickel (per mt) | 11,061.0 | -2.69% | Soybean (per bushel) | 10.270 | -2.10% |
| Aluminium (per mt) | 1,731.3 | 1.11% | Corn (per bushel) | 3.4650 | -1.14% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,169.8 | -0.44% | Crude Palm Oil (MYR/MT) | 3,168.0 | -1.00% |
| Silver (per oz) | 17.025 | -1.03% | Rubber (JPY/KG) | 232.1 | 0.04% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

| Date | Time | Event | | Survey | Actual | Prior | Revised |
|------------------|------|------------------------------------|--------|----------|----------|----------|----------|
| 12/08/2016 07:50 | JN | BoP Current Account Balance | Oct | ¥1545.0b | ¥1719.9b | ¥1821.0b | -- |
| 12/08/2016 07:50 | JN | Trade Balance BoP Basis | Oct | ¥603.0b | ¥587.6b | ¥642.4b | -- |
| 12/08/2016 07:50 | JN | GDP SA QoQ | 3Q F | 0.50% | 0.30% | 0.50% | -- |
| 12/08/2016 07:50 | JN | GDP Annualized SA QoQ | 3Q F | 2.30% | 1.30% | 2.20% | -- |
| 12/08/2016 07:50 | JN | GDP Nominal SA QoQ | 3Q F | 0.20% | 0.10% | 0.20% | -- |
| 12/08/2016 07:50 | JN | GDP Deflator YoY | 3Q F | -0.10% | -0.20% | -0.10% | -- |
| 12/08/2016 07:50 | JN | Japan Buying Foreign Bonds | Dec-02 | -- | ¥887.6b | ¥112.3b | ¥112.2b |
| 12/08/2016 07:50 | JN | Foreign Buying Japan Bonds | Dec-02 | -- | ¥658.2b | ¥22.0b | ¥12.2b |
| 12/08/2016 07:50 | JN | Foreign Buying Japan Stocks | Dec-02 | -- | ¥400.1b | ¥330.5b | -- |
| 12/08/2016 08:01 | UK | RICS House Price Balance | Nov | 26% | 30% | 23% | -- |
| 12/08/2016 08:30 | AU | Trade Balance | Oct | -\$610m | -\$1541m | -\$1227m | -\$1272m |
| 12/08/2016 11:30 | TH | Consumer Confidence Economic | Nov | -- | 61.2 | 62 | -- |
| 12/08/2016 11:55 | CH | Trade Balance | Nov | \$46.90b | \$44.61b | \$49.06b | \$48.76b |
| 12/08/2016 11:55 | CH | Exports YoY | Nov | -5.00% | 0.10% | -7.30% | -7.50% |
| 12/08/2016 11:55 | CH | Imports YoY | Nov | -1.90% | 6.70% | -1.40% | -- |
| 12/08/2016 13:00 | IN | Local Car Sales | Nov | -- | 173606 | 195036 | -- |
| 12/08/2016 13:00 | JN | Eco Watchers Survey Current | Nov | -- | 48.6 | 46.2 | -- |
| 12/08/2016 13:00 | JN | Eco Watchers Survey Outlook | Nov | -- | 49.1 | 49 | -- |
| 12/08/2016 14:30 | FR | Non-Farm Payrolls QoQ | 3Q F | 0.30% | 0.30% | 0.30% | -- |
| 12/08/2016 15:30 | FR | Bank of France Bus. Sentiment | Nov | 100 | 101 | 99 | -- |
| 12/08/2016 20:45 | EC | ECB Main Refinancing Rate | Dec-08 | 0.00% | 0.00% | 0.00% | -- |
| 12/08/2016 20:45 | EC | ECB Deposit Facility Rate | Dec-08 | -0.40% | -0.40% | -0.40% | -- |
| 12/08/2016 20:45 | EC | ECB Marginal Lending Facility | Dec-08 | 0.25% | 0.25% | 0.25% | -- |
| 12/08/2016 21:15 | CA | Housing Starts | Nov | 191.0k | 184.0k | 192.9k | 192.3k |
| 12/08/2016 21:30 | CA | New Housing Price Index MoM | Oct | 0.20% | 0.40% | 0.20% | -- |
| 12/08/2016 21:30 | CA | Building Permits MoM | Oct | 1.50% | 8.70% | -7.00% | -4.60% |
| 12/08/2016 21:30 | US | Initial Jobless Claims | Dec-03 | 255k | 258k | 268k | -- |
| 12/08/2016 21:30 | US | Continuing Claims | Nov-26 | 2048k | 2005k | 2081k | 2084k |
| 12/09/2016 07:50 | JN | Money Stock M2 YoY | Nov | 3.70% | -- | 3.70% | -- |
| 12/09/2016 07:50 | JN | Money Stock M3 YoY | Nov | 3.20% | -- | 3.20% | -- |
| 12/09/2016 08:30 | AU | Home Loans MoM | Oct | -1.00% | -- | 1.60% | -- |
| 12/09/2016 08:30 | AU | Owner-Occupier Loan Value MoM | Oct | -- | -- | 0.90% | -- |
| 12/09/2016 09:00 | PH | Exports YoY | Oct | 7.90% | -- | 5.10% | -- |
| 12/09/2016 09:00 | PH | Trade Balance | Oct | -\$2050m | -- | -\$1890m | -- |
| 12/09/2016 09:30 | CH | CPI YoY | Nov | 2.20% | -- | 2.10% | -- |
| 12/09/2016 09:30 | CH | PPI YoY | Nov | 2.30% | -- | 1.20% | -- |
| 12/09/2016 12:00 | MA | Industrial Production YoY | Oct | 3.40% | -- | 3.20% | -- |
| 12/09/2016 15:00 | GE | Trade Balance | Oct | 22.0b | -- | 24.4b | 24.2b |
| 12/09/2016 15:00 | GE | Current Account Balance | Oct | 22.0b | -- | 24.2b | -- |
| 12/09/2016 15:00 | GE | Exports SA MoM | Oct | 0.90% | -- | -0.70% | -1.20% |
| 12/09/2016 15:30 | TH | Foreign Reserves | Dec-02 | -- | -- | \$175.7b | -- |
| 12/09/2016 15:45 | FR | Industrial Production MoM | Oct | 0.60% | -- | -1.10% | -- |
| 12/09/2016 15:45 | FR | Industrial Production YoY | Oct | -0.60% | -- | -1.10% | -- |
| 12/09/2016 15:45 | FR | Manufacturing Production MoM | Oct | 0.70% | -- | -1.10% | -- |
| 12/09/2016 15:45 | FR | Manufacturing Production YoY | Oct | 0.10% | -- | -0.90% | -- |
| 12/09/2016 17:30 | UK | Visible Trade Balance GBP/Mn | Oct | £11,800 | -- | £12,698 | -- |
| 12/09/2016 17:30 | UK | Trade Balance Non EU GBP/Mn | Oct | £3,450 | -- | £3,969 | -- |
| 12/09/2016 17:30 | UK | Trade Balance | Oct | £4,300 | -- | £5,221 | -- |
| 12/09/2016 20:00 | IN | Industrial Production YoY | Oct | -- | -- | 0.70% | -- |
| 12/09/2016 23:00 | US | Wholesale Inventories MoM | Oct F | -0.40% | -- | -0.40% | -- |
| 12/09/2016 23:00 | US | U. of Mich. Sentiment | Dec P | 94.5 | -- | 93.8 | -- |
| 12/09/2016 12/13 | VN | Domestic Vehicle Sales YoY | Nov | -- | -- | 27.30% | -- |
| 12/09/2016 12/15 | IN | Imports YoY | Nov | -- | -- | 8.10% | -- |
| 12/09/2016 12/15 | IN | Exports YoY | Nov | -- | -- | 9.60% | -- |

Source: Bloomberg

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