

Treasury Advisory
Corporate FX & Structured
Products

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Interest Rate Derivatives

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Investments & Structured
Products

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Highlights

Global	Market sentiment largely retains a relatively positive tone, as the expectation of lower-for-longer Fed rates ripples through post-FOMC minutes. This has led to softer outlook for USD, with Japanese Yen being one of the major counter-currencies which have appreciated, hovering around the 100 level. Meanwhile, oil price continued its good run, with Brent staying above USD50 per barrel on optimism that the OPEC meeting might yield an output freeze. For the day ahead, market will be looking out for policy decision from Bank Indonesia and new home sales data from US.
China	According to NSB, 70-city homes' average sales price rose at a slower pace in July with fewer cities showing mom housing prices growth amid milder growth of transaction. However, the land purchases are still out of control. A private company rather than a state-owned one in Fujian just bid a land at 139% premium. That said, it is more unlikely for the PBOC to broadly ease the policy as the current focus is more on the controlling of asset bubbles.
SG	The STI fell for its 6th consecutive trading day, with the index printing 2,836.98 (-0.22%) at closing yesterday. The index was primarily dragged by losses seen in Golden Agri-Resources (-2.7%), ComfortDelGro (-2.07%) and Sembcorp Marine (-1.88%), though gains observed in Jardine C&C (+2.05%) and Genting Singapore (+2.03%) limited the overall losses.
HK	The seasonally adjusted unemployment rate of HK remained high at 3.4% in July and underemployment rate was unchanged at 1.4%. The labor market held largely stable in overall terms but the retail sector was still hit hard by the slackened inbound tourism and weakening local consumption.
Macau	Given stronger sentiment and home sellers' concession, housing transaction volume rose on yearly basis for the third straight quarter by 59.9% to 2981 units in 2Q. The headline figure even surpasses the quarterly average of 2137 units during 2013 to 2015, indicating rebound in the housing market which was mainly led by small-size flats.
ID	Bank Indonesia is due to announce its monetary policy decision today, with consensus evenly split on whether there will be another rate cut. We think BI will hold this week. While it continues to highlight that there is room for further easing, we are of the view that it will not utilize the room just yet. It will likely await better clarity of just how successful the tax amnesty program is before acting. Today also marks the formal transition into using 7-day reverse repo rate as BI's key policy rate benchmark.
Commodities	Brent surged above its \$50/bbl mark as market-chatter on a possible supply freeze in Sept turned louder overnight amid on-going short-covering behaviour. We remain sceptical over any concrete action to be taken in OPEC's informal meeting, which is to be held at the sidelines of the International Energy Forum in Algeria , though the rhetoric may gear towards further conflict resolution and possible sweet-talking to persuade individual members who had previously opposed any implementation of a production ceiling to finally agree to it in its official November OPEC meeting. That by itself, though do little to arrest the glut, should continue to spell hope to market-watchers and the overall O&G space on the possible continuation of the current oil rally into 2017.

Major Market

- **US:** Markets continue to move on the diminishing expectations of a Fed rate hike post-FOMC minutes, with equities grinding higher and Treasury yields retreating. S&P 500 and Nasdaq both rose 0.22% and the Dow gained 0.13%. US Treasury yields declined 1-3 basis points across the board, with the 2-year and 10-year yields standing at 0.70% and 1.54% respectively. Implied probability for a Fed rate hike by end of the year still stand at evens. Elsewhere, volatility continues to subside as VIX closed 6.23% lower.
- **Hong Kong:** Unemployment rate in the retail sector edged up by 1.5% yoy to 5.5% and employment of the consumption and tourism-related sectors witnessed the 15th consecutive year-on-year decline in July. Though decline in visitor arrivals became milder recently (-3.5% yoy in 2Q vs -10.9% yoy in 1Q), whether performance tourism-related will improve still needs to be watched closely. Unemployment rate in trade and wholesale sector decreased further from 2.9% to 2.8%, still hovering over high level amid tepid external demand. What is worth noticing is that Shenzhen-Hong Kong connect was approved by the State Council on 16th August and is expected to be launched at the end of this year. This means that the capital flow across the border is going to surge in the near term and the offshore RMB business will expand from banking industry to the capital market. Shenzhen-Hong Kong could also translate into more employment opportunities in security firms and fund houses as there will be increasing need for brokerage and asset management from mainland investors. Looking ahead, corporate hiring sentiment could remain overshadowed given the slow-growing domestic economy and dimmer business performance.
- **Macau:** On the price front, average transaction price was down for the fifth straight quarter by 17.6% yoy to MOP78,532 /sq. m. in 2Q. In the short term, two new projects completed in 2H will warrant a strong labor market, combining with low borrowing costs to boost housing demand. On the supply side, the completions of public housing are slower than initially expected. Also, private housing completions fell significantly by 87.1% yoy to merely 178 units in 1H. Therefore, the housing market is expected to stabilize with the average price holding around its current level. However, the rebound is transitory given stagnant or slower wage growth, more housing supply ahead and prospects of high rates.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded downwards yesterday with swap rates trading 1-7bps lower across all tenors. Flows in the SGD corporates were heavy with better buying seen in GENSSP 5.13%'49s and better selling seen in AREIT 4.75%'49s. Meanwhile we also saw mixed interests in GEMAU 5.5%'19s and STANLN 4.4%'26s. In the broader dollar space, the spread on JACI IG corporates remains relatively unchanged at 200bps while the yield on JACI HY corporates decreased 3bps to 6.4%. 10y UST decreased 1bps to 1.54%.
- **New Issues:** Chinalco Capital Holding has priced a 5-year 800mn bond at 4%, tightening from its initial guidance at 4.5%.
- **Rating Changes:** S&P upgraded PT Cikarang Listrindo's credit rating to "BB" from "BB-" with a stable outlook. The upgrade reflects S&P's expectation that Cikarang Listrindo will maintain solid cash flow adequacy through 2018 as its cash flows stay steady and investments moderate. S&P upgraded Sharp Corp.'s credit rating to "B-" from "CCC+" following the share issuance to Hon Hai Precision Industry Co. Ltd. that significantly improves Sharp's capital base. The outlook is positive reflecting the view that Sharp is likely to recover its profitability and somewhat stabilize the earnings volatility of its LCD business. Moody's has placed Yanlord Land Group Ltd.'s "Ba3" corporate family rating on review for upgrade, prompted by stronger performance and credit profile when compared

to the parameters for its “Ba3” ratings. Moody’s has affirmed all ratings but revised the outlook on five Australian banks to negative from stable. The five affected banks are, (1) Australia and New Zealand Banking Group Ltd., (2) Westpac Banking Corp., (3) National Australia Bank Ltd (4) Commonwealth Bank of Australia Ltd. and (5) Members Equity Bank Ltd.. The revision reflects Moody’s expectation of a more challenging operating environment for banks in Australia moving forward, which could lead to deterioration in their profile and growth and asset quality, as well as an increase in their sensitivity to external shocks. Moody’s downgraded Tasmania Public Finance Corp.’s credit rating to “Aa2” from “Aa1” with stable outlook. The downgrade reflects Moody’s expectation of deterioration in Tasmania’s financial performance over the medium term, and also anticipation that Tasmania will record widening deficits due to a combination of slowing revenue growth and expectations that the Australia state’s forecast of nearly flat levels of spending are unlikely to be realized. Moody’s has revised the outlook on all rated entities within the Rio Tinto Group to stable from negative and affirmed the “Baa1” senior unsecured ratings to reflect that the company’s ongoing cost focus, reduced investments and reduced dividend payouts will improve Rio Tinto’s metrics despite the expectation that commodity prices will remain lower for longer.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.157	-0.59%	USD-SGD	1.3392	-0.28%
USD-JPY	99.890	-0.39%	EUR-SGD	1.5207	0.30%
EUR-USD	1.1354	0.58%	JPY-SGD	1.3409	0.13%
AUD-USD	0.7686	0.40%	GBP-SGD	1.7636	0.70%
GBP-USD	1.3168	0.97%	AUD-SGD	1.0294	0.12%
USD-MYR	3.9965	-0.52%	NZD-SGD	0.9761	0.24%
USD-CNY	6.6312	-0.05%	CHF-SGD	1.4033	0.66%
USD-IDR	13120	-0.21%	SGD-MYR	2.9811	--
USD-VND	22295	-0.03%	SGD-CNY	4.9488	0.30%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	0.4172	--
2M	-0.3370	--	1M	0.5141	--
3M	-0.2980	--	2M	0.6357	--
6M	-0.1900	--	3M	0.8113	--
9M	-0.1190	--	6M	1.2068	--
12M	-0.0490	--	12M	1.5196	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread
Portugal	0.54	3.60	2.91	3.40	2.99
Italy	-0.09	-0.50	1.08	-4.10	1.16
Ireland	-0.36	-1.10	0.39	-1.20	0.47
Greece	7.65	--	8.05	-4.70	8.14
Spain	-0.18	-1.10	0.92	-5.70	1.00
Russia	2.15	3.80	3.94	-1.50	4.02

Equity and Commodity

Index	Value	Net change
DJIA	18,597.70	23.76
S&P	2,187.02	4.80
Nasdaq	5,240.15	11.49
Nikkei 225	16,486.01	-259.63
STI	2,836.98	-6.37
KLCI	1,694.87	0.55
JCI	5,461.45	89.60
Baltic Dry	682.00	-3.00
VIX	11.43	-0.76

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.86 (-0.02)	0.70 (-0.02)
5Y	1.29 (-0.04)	1.11 (-0.02)
10Y	1.73 (-0.04)	1.54 (-0.01)
15Y	2.00 (-0.03)	--
20Y	2.09 (-0.02)	--
30Y	2.16 (-0.02)	2.26 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.30	1.14
EURIBOR-OIS	5.50	--
TED	51.71	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.22	3.06%	Coffee (per lb)	1.382	2.30%
Brent (per barrel)	50.89	2.09%	Cotton (per lb)	0.6850	0.20%
Heating Oil (per gallon)	1.526	2.47%	Sugar (per lb)	0.1998	1.32%
Gasoline (per gallon)	1.49	2.70%	Orange Juice (per lb)	1.7650	0.54%
Natural Gas (per MMBtu)	2.674	2.10%	Cocoa (per mt)	3,109	1.77%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,809.0	0.73%	Wheat (per bushel)	4.2700	0.23%
Nickel (per mt)	10,319	1.27%	Soybean (per bushel)	10.323	0.17%
Aluminium (per mt)	1,675.5	-0.71%	Corn (per bushel)	3.3200	0.53%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,351.2	0.63%	Crude Palm Oil (MYR/MT)	2,838.0	-1.73%
Silver (per oz)	19.740	0.47%	Rubber (JPY/KG)	177.8	-1.60%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
08/18/2016 07:50	JN Trade Balance	Jul	¥273.2b	¥513.5b	¥692.8b	¥693.1b
08/18/2016 07:50	JN Trade Balance Adjusted	Jul	¥167.7b	¥317.6b	¥335.0b	¥336.6b
08/18/2016 07:50	JN Foreign Buying Japan Stocks	Aug-12	--	¥94.7b	-¥492.2b	-¥492.8b
08/18/2016 09:30	AU Employment Change	Jul	10.0k	26.2k	7.9k	10.8k
08/18/2016 09:30	AU Unemployment Rate	Jul	5.80%	5.70%	5.80%	--
08/18/2016 09:30	AU Full Time Employment Change	Jul	--	-45.4k	38.4k	44.0k
08/18/2016 09:30	AU Part Time Employment Change	Jul	--	71.6k	-30.6k	-33.2k
08/18/2016 09:30	AU Participation Rate	Jul	64.90%	64.90%	64.90%	--
08/18/2016 09:30	AU RBA FX Transactions Market	Jul	--	444m	1720m	--
08/18/2016 10:00	PH GDP YoY	2Q	6.60%	7.00%	6.90%	6.80%
08/18/2016 14:00	JN Machine Tool Orders YoY	Jul F	--	-19.70%	-19.60%	--
08/18/2016 16:30	UK Retail Sales Ex Auto Fuel YoY	Jul	3.90%	5.40%	3.90%	--
08/18/2016 16:30	UK Retail Sales Inc Auto Fuel YoY	Jul	4.20%	5.90%	4.30%	--
08/18/2016 16:30	HK Unemployment Rate SA	Jul	3.40%	3.40%	3.40%	--
08/18/2016 16:36	HK Composite Interest Rate	Jul	--	0.26%	0.26%	--
08/18/2016 17:00	EC CPI MoM	Jul	-0.50%	-0.60%	0.20%	--
08/18/2016 17:00	EC CPI YoY	Jul F	0.20%	0.20%	0.20%	0.10%
08/18/2016 17:00	EC CPI Core YoY	Jul F	0.90%	0.90%	0.90%	--
08/18/2016 20:30	CA Int'l Securities Transactions	Jun	--	9.02b	14.73b	13.99b
08/18/2016 20:30	US Initial Jobless Claims	Aug-13	265k	262k	266k	--
08/18/2016 20:30	US Continuing Claims	Aug-06	2145k	2175k	2155k	2160k
08/18/2016 20:30	US Philadelphia Fed Biz Outlook	Aug	2	2	-2.9	--
08/18/2016 21:45	US Bloomberg Economic Exp	Aug	--	44.5	44.5	--
08/18/2016 21:45	US Bloomberg Consumer Comfort	Aug-14	--	43.6	41.8	--
08/18/2016 22:00	US Leading Index	Jul	0.30%	0.40%	0.30%	--
08/19/2016 05:00	SK PPI YoY	Jul	--	-2.40%	-2.70%	--
08/19/2016 11:00	NZ Credit Card Spending YoY	Jul	--	--	4.10%	--
08/19/2016 12:30	JN All Industry Activity Ind MoM	Jun	0.90%	--	-1.00%	--
08/19/2016 13:30	JN Nationwide Dept Sales YoY	Jul	--	--	-3.50%	--
08/19/2016 14:00	GE PPI MoM	Jul	0.10%	--	0.40%	--
08/19/2016 14:00	GE PPI YoY	Jul	-2.10%	--	-2.20%	--
08/19/2016 15:30	TH Foreign Reserves	Aug-11	--	--	\$182.5b	--
08/19/2016 16:30	UK Public Finances (PSNCR)	Jul	--	--	14.9b	--
08/19/2016 16:30	UK Public Sector Net Borrowing	Jul	-2.2b	--	7.3b	--
08/19/2016 16:30	UK PSNB ex Banking Groups	Jul	-1.9b	--	7.8b	--
08/19/2016 16:30	TA GDP YoY	2Q F	0.70%	--	0.69%	--
08/19/2016 20:30	CA Retail Sales MoM	Jun	0.50%	--	0.20%	--
08/19/2016 20:30	CA Retail Sales Ex Auto MoM	Jun	0.30%	--	0.90%	--
08/19/2016 20:30	CA CPI NSA MoM	Jul	0.00%	--	0.20%	--
08/19/2016 20:30	CA CPI YoY	Jul	1.40%	--	1.50%	--
08/19/2016 20:30	CA CPI Core MoM	Jul	0.00%	--	0.00%	--
08/19/2016 20:30	CA CPI Core YoY	Jul	2.10%	--	2.10%	--
08/19/2016	ID BI Reference Rate	Aug-19	6.25%	--	6.50%	--
08/19/2016	PH BoP Overall	Jul	--	--	\$418m	--

Source: Bloomberg

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