

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>The market seemed to be in good spirits, with the majority of bourses in the US and Asia Pacific seeing gains. Of note is the recent batch of US corporate earnings, which included Netflix, JP Morgan and Citigroup, surprised on the upside and lifted Wall Street overnight. Elsewhere, the RBA minutes released earlier yesterday suggested that interest rates are likely to remain on hold for the foreseeable future at 1.5%. Meanwhile, Fed Vice Chair Stanley Fischer warned of the dangers of low rates, a comment likely closely watched as we approach the November FOMC meeting.</p> <p>For today, the key data to watch for will be the slew of Chinese economic data, including 3Q16 GDP, industrial production and retail sales. Also, the Bank of Canada is slated to meeting later tonight, where the central bank is likely to keep interest rates unchanged at 0.50%.</p>
CH	<p>Aggregate financing and new Yuan loan both rose beyond expectations, printing CNY1.72 trillion and CNY1.22 trillion respectively in Sep. Notably, apart from an increase of CNY574.1 billion in household sector's medium- to long-term loans, corporate sector also showed a CNY446.6 billion gain in medium- to long-term loans on higher expectations of economic stabilization. However, with tighter rules unleashed to tackle housing bubble across "hot" cities, growth of home loans is expected to decelerate and thereby add downward pressure to the lending growth across the country. Moreover, the M2 growth missed estimates by registering 11.5% yoy and may remain benign given the unlikely broad easing by the PBOC this year as well as tepid corporate investment.</p>
ID	<p>President Jokowi, in an interview with BBC, said that Indonesia will never compromise on its sovereignty in the Natuna Islands. The far-flung South China Sea area in the Riau Islands province has received increasing attention from the government, which recently conducted military exercise in the area, following alleged incursions by China's fishing vessels.</p>
MA	<p>Actor Leonardo DiCaprio said that he is working with the US Department of Justice on its investigations into Malaysia's 1MDB. He added that he will return any donations connected to the embattled fund, pending a fraud investigation by US and other countries. Separately, the government is reportedly studying the feasibility of cutting off internet access for civil servants in Malaysia, following the decision by the neighboring Singapore to do the same.</p>
TH	<p>Prime Minister Prayuth Chan-o-cha commented that the government will consider initiating the royal succession process only after the first 15-days of mourning. The minister reiterated that the royal succession is clearly stated in the interim charter, while the roadmap to restore democratic rule late next year, will remain unchanged.</p>
Commodities	<p>Crude oil futures appear range-bounded around its \$50/bbl handle for some time now, as market-watchers observe the recent higher US oil rig counts amid record high OPEC oil production in September. We remain sceptical over any significant rally in crude oil prices over the next 6-12 month horizon, as any print above \$60/bbl would be persuasive enough to lift US shale oil production. Look out for US energy inventory prints later tonight.</p>

Major Markets

- US:** Equities rose on the back of broadly healthy corporate earnings prints on Tuesday. Goldman Sachs Group continued the trend of better-than-expected earnings from the financials, while Netflix Inc. also rose after reporting a jump in subscriptions. Tech-heavy Nasdaq led gains with a 0.85% rise, while the S&P 500 and Dow were higher by 0.62% and 0.42% respectively. VIX fell 5.7% to close at 15.28. US Treasuries gained as market implied probability for a Fed rate hike declined after recent Fed rhetoric, and CPI data came out lower than expected. 2-year benchmark yield closed at 0.80%, lowest in 2 weeks, while the 10-year yield fell to 1.74%.
- Singapore:** STI gained for its third day to 2,830.63 (+0.48%), with latest gains led by Hongkong Land Holdings (+3.3%), Golden Agri-Resources (+2.7%) and Jardine C&C (+2.5%), while losses in Yangzijiang Shipbuilding (-1.3%) and Singapore Airlines (-0.7%) limited overall gains. For today, the STI should face support and resistance levels at 2,800 and 2,860, respectively.
- Hong Kong:** The seasonally adjusted unemployment rate remained high at 3.4% in September 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. Unemployment rate in the retail sector edged up by 0.9% yoy to 5.5% in September, hit hard by weak local consumption besides sluggish tourist spending. Indeed, employment of the consumption and tourism-related sectors witnessed the 17th consecutive year-on-year decline in September. Unemployment rate in trade and wholesale sector picked up further from 3.0% to 3.1%, hovering over high level. This is because of the persistent soft trade activity amid an unsteady global demand conditions. It looks to us that the tepid external demand could continue to pose downward risk to HK exports. On the flip side, unemployment rate in construction sector remained low at 3.5%, backed by the accelerating construction activities. What is also worth noticing is that unemployment rate in financing and business sector began to fall from 2.9% to 2.8%. It is plausible that the Shenzhen-Hong Kong connect which is going to be launched in the after-mid November will bring more employment opportunities in security firms and fund houses amid the 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 lingering external uncertainties.

Bond Market Updates

- Market Commentary:** The SGD swap curve bull-flattened yesterday with swap rates trading 4-7bps lower across all tenors as the dollar retreated after mixed data on the world's largest economy supported the case for monetary policy to remain accommodative. Flows in the SGD corporates were heavy with better buying seen in STANLN 4.4%'26s and UOBSP 4%'49s while mixed interests were seen in BAERVX 5.75%'49s, KEPSP 3.8%'27s, SCISP 4.75%'49s, PILLSP 5.9%'17s, FCLSP 4.88%'49s and BTHSP 5.75%'18s. In the broader dollar space, the spread on JACI IG corporates increased 1bps to 207bps while the yield on JACI HY corporates remained levelled at 6.60%. 10y UST yield decreased 2bps to 1.74%.
- New Issues:** Huai'An Traffic Holding Co. priced a USD300mn 3-year bond at 4.95%, tightening from its initial guidance at 5.2%. The expected issue ratings are "NR/NR/BB+". Yuzhou Properties Co. Ltd. priced a USD250mn 7NC4 at 6% with expected issue ratings of "NR/B1/BB-". Beazley PLC has scheduled investor road shows from 20 – 24 October for a potential USD tier-2 bond with expected issue ratings of "NR/NR/BBB+". BOCOM Financial Leasing has scheduled investor meetings from 21 October for potential USD bond issue with expected issue ratings of "NR/A2/A". Great Wall AMC has scheduled investor meetings from today onwards for a potential USD bond issue.
- Rating Changes:** S&P revised its outlook on Barmarco Holding Ltd.'s "B-" corporate credit rating to

positive from stable. The revision reflects S&P's view of further improvement in Barmenco's credit metrics through material reduction in adjusted debt and the company's continued good track record of managing its contract book with growth in earnings over the next fiscal year. S&P revised its outlook on Wells Fargo & Co.'s (Wells) "A" issuer credit ratings and the company's main operating subsidiaries' "AA-" issuer credit ratings to negative from stable. The outlook revision reflects the increased business risks for Wells over the past few weeks, stemming from accelerated reputational issues following news of the company's retail accounts sales misconduct over recent years. S&P assigned a "A-" long term issuer credit ratings to China Great Wall Asset Management Corp. (China Great Wall) with a stable outlook. At the same time, S&P assigned a "BBB+" credit rating to Great Wall Pan Asia International Investment Co. Ltd. (GW PAI). The rating on China Great Wall reflects the company's unsupported group credit profile (GCP) of "bb+" and S&P's view that there is very high likelihood that the government of China may extend extraordinary financial support to China Great Wall if needed. Fitch has also assigned China Great Wall "A" issuer default ratings with a stable outlook while Moody's has assigned China Great Wall a "A3" issuer rating to China Great Wall with a negative outlook. Moody's has revised the outlook on Lippo Karawaci Tbk's (P.T.) "Ba3" corporate family rating to negative from stable. The negative outlook reflects greater uncertainty in Lippo Karawaci's ability to close two planned asset sales totalling IDR1.7tn and achieve around IDR3.5tn of marketing sales before year-end 2016.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.895	0.01%	USD-SGD	1.3856	-0.27%
USD-JPY	103.870	-0.02%	EUR-SGD	1.5216	-0.44%
EUR-USD	1.0981	-0.17%	JPY-SGD	1.3343	-0.24%
AUD-USD	0.7666	0.48%	GBP-SGD	1.7042	0.68%
GBP-USD	1.2298	0.94%	AUD-SGD	1.0624	0.25%
USD-MYR	4.1923	-0.60%	NZD-SGD	0.9965	0.53%
USD-CNY	6.7409	0.05%	CHF-SGD	1.4001	-0.34%
USD-IDR	13025	-0.34%	SGD-MYR	3.0253	-0.27%
USD-VND	22310	0.02%	SGD-CNY	4.8613	0.26%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4332	--
2M	-0.3380	--	1M	0.5279	--
3M	-0.3110	--	2M	0.6611	--
6M	-0.2040	--	3M	0.8776	--
9M	-0.1320	--	6M	1.2643	--
12M	-0.0710	--	12M	1.5807	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.27	-3.20	3.25
Italy	-0.08	-0.10	1.38
Ireland	-0.47	-0.90	0.49
Greece	7.65	--	8.45
Spain	-0.21	0.50	1.10
Russia	2.16	-1.20	4.04

Equity and Commodity

Index	Value	Net change
DJIA	18,161.94	75.54
S&P	2,139.60	13.10
Nasdaq	5,243.84	44.01
Nikkei 225	16,963.61	63.49
STI	2,830.63	13.56
KLCI	1,667.57	13.86
JCI	5,430.05	19.74
Baltic Dry	890.00	-4.00
VIX	15.28	-0.93

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.88 (-0.03)	0.80 (-0.02)
5Y	1.37 (-0.04)	1.22 (-0.03)
10Y	1.88 (-0.06)	1.74 (-0.03)
15Y	2.19 (-0.05)	--
20Y	2.29 (-0.04)	--
30Y	2.34 (-0.04)	2.51 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	40.68	-0.79
EURIBOR-OIS	4.20	0.10
TED	57.83	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.29	0.70%	Coffee (per lb)	1.588	1.05%
Brent (per barrel)	51.68	0.31%	Cotton (per lb)	0.7115	-0.06%
Heating Oil (per gallon)	1.569	0.80%	Sugar (per lb)	0.2302	-0.60%
Gasoline (per gallon)	1.51	0.89%	Orange Juice (per lb)	1.8995	0.66%
Natural Gas (per MMBtu)	3.263	0.59%	Cocoa (per mt)	2,698	0.30%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,681.0	0.13%	Wheat (per bushel)	4.2000	-0.88%
Nickel (per mt)	10,376	1.22%	Soybean (per bushel)	9.725	-0.59%
Aluminium (per mt)	1,633.8	-1.33%	Corn (per bushel)	3.5375	-0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,260.8	0.51%	Crude Palm Oil (MYR/MT)	2,723.0	-2.09%
Silver (per oz)	17.638	0.94%	Rubber (JPY/KG)	178.0	0.68%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised
10/18/2016 05:45	NZ	CPI QoQ	3Q	0.00%	0.20%	0.40%
10/18/2016 05:45	NZ	CPI YoY	3Q	0.10%	0.20%	0.40%
10/18/2016 08:30	AU	New Motor Vehicle Sales MoM	Sep	--	2.50%	0.10%
10/18/2016 08:30	AU	New Motor Vehicle Sales YoY	Sep	--	0.80%	2.90%
10/18/2016 10:00	NZ	Non Resident Bond Holdings	Sep	--	65.00%	66.70%
10/18/2016 15:02	CH	New Yuan Loans CNY	Sep	1000.0b	1220.0b	948.7b
10/18/2016 15:02	CH	Money Supply M1 YoY	Sep	24.50%	24.70%	25.30%
10/18/2016 15:02	CH	Money Supply M2 YoY	Sep	11.60%	11.50%	11.40%
10/18/2016 16:30	UK	CPI MoM	Sep	0.10%	0.20%	0.30%
10/18/2016 16:30	UK	CPI YoY	Sep	0.90%	1.00%	0.60%
10/18/2016 16:30	UK	CPI Core YoY	Sep	1.40%	1.50%	1.30%
10/18/2016 16:30	UK	Retail Price Index	Sep	264.7	264.9	264.4
10/18/2016 16:30	UK	RPI MoM	Sep	0.10%	0.20%	0.40%
10/18/2016 16:30	UK	RPI YoY	Sep	2.00%	2.00%	1.80%
10/18/2016 16:30	UK	RPI Ex Mort Int.Payments (YoY)	Sep	2.20%	2.20%	1.90%
10/18/2016 16:30	UK	PPI Output NSA MoM	Sep	0.20%	0.20%	0.10%
10/18/2016 16:30	UK	PPI Output NSA YoY	Sep	1.10%	1.20%	0.80%
10/18/2016 16:30	HK	Unemployment Rate SA	Sep	3.40%	3.40%	3.40%
10/18/2016 20:30	CA	Manufacturing Sales MoM	Aug	0.30%	0.90%	0.10%
10/18/2016 20:30	US	CPI MoM	Sep	0.30%	0.30%	0.20%
10/18/2016 20:30	US	CPI Ex Food and Energy MoM	Sep	0.20%	0.10%	0.30%
10/18/2016 20:30	US	CPI YoY	Sep	1.50%	1.50%	1.10%
10/18/2016 20:30	US	CPI Ex Food and Energy YoY	Sep	2.30%	2.20%	2.30%
10/19/2016 04:00	US	Total Net TIC Flows	Aug	--	\$73.8b	\$140.6b
10/19/2016 04:00	US	Net Long-term TIC Flows	Aug	--	\$48.3b	\$103.9b
10/19/2016 05:00	SK	PPI YoY	Sep	--	-1.10%	-1.70%
10/19/2016 07:30	AU	Westpac Leading Index MoM	Sep	--	0.06%	0.00%
10/19/2016 10:00	CH	Industrial Production YoY	Sep	6.40%	--	6.30%
10/19/2016 10:00	CH	Industrial Production YTD YoY	Sep	6.10%	--	6.00%
10/19/2016 10:00	CH	Retail Sales YoY	Sep	10.70%	--	10.60%
10/19/2016 10:00	CH	Retail Sales YTD YoY	Sep	10.30%	--	10.30%
10/19/2016 10:00	CH	Fixed Assets Ex Rural YTD YoY	Sep	8.20%	--	8.10%
10/19/2016 10:00	CH	GDP YTD YoY	3Q	6.70%	--	6.70%
10/19/2016 10:00	CH	GDP YoY	3Q	6.70%	--	6.70%
10/19/2016 12:00	MA	CPI YoY	Sep	1.80%	--	1.50%
10/19/2016 12:30	JN	All Ind Activity Index MoM	Aug	0.20%	--	0.30%
10/19/2016 16:00	SI	Automobile COE Open Bid Cat A	Oct-19	--	--	51507
10/19/2016 16:00	SI	Automobile COE Open Bid Cat B	Oct-19	--	--	53001
10/19/2016 16:30	UK	Claimant Count Rate	Sep	2.20%	--	2.20%
10/19/2016 16:30	UK	Jobless Claims Change	Sep	3.2k	--	2.4k
10/19/2016 16:30	UK	ILO Unemp Rate 3Mths	Aug	4.90%	--	4.90%
10/19/2016 19:00	US	MBA Mortgage Applications	Oct-14	--	--	-6.00%
10/19/2016 20:30	US	Housing Starts	Sep	1175k	--	1142k
10/19/2016 20:30	US	Building Permits	Sep	1165k	--	1139k
10/19/2016 22:00	CA	Bank of Canada Rate Decision	Oct-19	0.50%	--	0.50%
10/19/2016	HK	Composite Interest Rate	Sep	--	--	0.25%
10/19/2016	PH	BoP Overall	Sep	--	--	\$682m
10/19/2016 10/21	PH	Budget Balance PHP	Aug	--	--	-50.7b

Source: Bloomberg

OCBC Treasury Research	
<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 Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.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