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Highlights

Global	<p>China's 3Q16 GDP growth was in line with market expectations at 6.7% yoy (+1.8% qoq sa), albeit the industrial production data missed estimates at 6.1% yoy (versus market expectations of 6.4% yoy). Meanwhile, the rally in oil prices and robust US corporate earnings lent Wall Street a lift overnight. The Fed's Beige Book highlighted that "outlooks were mostly positive, with growth expected to continue at a slight to moderate pace in several Districts" and "labor market conditions remained tight, with modest employment and wage growth noted". This leaves the door open for a dovish rate hike at the December FOMC meeting, albeit Fed's Kaplan also noted the need for the FOMC to move at a gradual and cautious pace. Separately, Saudi Arabia's US\$17.5b first global bond offering, comprising 5-, 10- and 30-year bonds. First off today will be the last US presidential debate where Trump is under pressure to close the gap with Clinton after support flagged following the earlier two debates. On the central bank front, all eyes are on ECB and BI policy meetings – ECB's Draghi will have to communicate his future intentions regarding QE purchases, while BI had been frontloading the monetary stimulus and has space to clock a last 25bp rate cut for the year. Today's economic data calendar comprises of US' existing home sales, initial jobless claims, Philadelphia Fed business outlook and leading index, German PPI, UK retail sales, Taiwan's export orders, and HK CPI. Speakers comprise Fed's Dudley and BOE's Shafik. Philippines president Duterte is also visiting China.</p>
US	<p>Housing starts unexpectedly slumped 9.0% yoy to 1047k annual pace in Sep, amid a 38% decline in multi-family starts (the largest monthly drop since Apr09). In contrast, building permits however, rose more than expected by 6.3% mom to 1225k in Sep, suggesting that future activity remained resilient.</p>
CA	<p>Bank of Canada left policy rates unchanged at 0.5%, but downgraded its economic outlook on weaker US shipments and tightening government mortgage rules that will rein in the property market. BOC noted that "given the downward revision to the growth profile and the later closing of the output gap, the Bank considers the risks around its updated inflation outlook to be roughly balanced, albeit in the context of heightened uncertainty". The growth forecast was cut from 1.3% to 1.1% for this year, and from 2.2% to 2% for 2017, as exports' growth contribution was pared to 0.8% points (previously 1.1%) in 2017 and housing could drag 0.2% points (previously +0.1% point), although fiscal stimulus is tipped to add a 1% boost by early 2018.</p>
SG	<p>All HDB industrial land space will be consolidated under JTC by 1Q18.</p>
TH	<p>Yesterday marks the seventh day since the passing of King Bhumibol. New governmental appointments were made of late, with Tanin Kraivixien appointed as the interim president of the royal advisory body, replacing Gen Prem Tinsulanonda, who has been serving as Regent pro tempore. Elsewhere, government revenue in fiscal year 2016 (THB 2.3trillion) has reportedly exceeded expenditure, and is 8.1% more than the previous fiscal year. The increased revenue came mainly from the auction of 900MHz and 1800MHz frequencies, on top of higher contribution from oil tax, excise tax and personal income tax.</p>

Major Markets

- **US:** A moderately solid set of corporate results and gains in crude oil spurred equities to close higher. Financials and energy producers provided leadership, with the S&P 500 and Dow both closing up 0.22%. However, the technology sector underperformed on Intel Corp's weak sales outlook, causing Nasdaq to close effectively unchanged. VIX slipped 5.7% to close at 14.41. US Treasury markets were somewhat weighed down by Saudi Arabia's US\$17.5b bond sale, with some investors concerned about the crowding out that may occur with the introduction of a large new issuer of USD debt. Overall, the 10-year benchmark yield nudged higher by less than 1 bps to stand at 1.74%, while the 2-year yield remained unchanged at 0.79%.
- **Singapore:** STI added 0.49% to close at 2844.62 yesterday, with decliners outnumbering gainers 187 to 178. Given overnight gains in Wall Street and positive morning signals from Kospi, the STI may attempt higher today, with resistance and support tipped at 2860 and 2840 respectively. Shorter-tenor SGS bonds led gains yesterday, and the yield curve may continue to bull-steepen amid the softness in SOR rates.
- **Macau:** Notable rebound in the gaming revenue bolstered sentiment across the city. Adding on low borrowing costs, housing transaction registered double-digit growth for the sixth straight month, up by 65% yoy to 809 units. The increase was mainly led by the launch of new residential properties, the developers of which offered various sweeteners. Secondary housing market, however, was rather benign. As a result, the average housing price retreated by 2% yoy to MOP82,800 / sq. m. in August after gaining 15% in the previous month. Besides, new residential mortgage loans (RMLs) approved dropped by 33.6% yoy (+6% mom) in July to MOP3.71 billion. In the coming months, the supporting factors including low rates, economic recovery and lower price than the peak of 2014 will continue to help stabilize the housing market. Average housing price is expected to recover its loss early this year and end 2016 at slightly above MOP80,000/sq. m.. Looking ahead, increasing supply combined with lower demand on Fed's rate hike and slow wage growth indicate that the stabilization of housing market may not sustain in the longer term.
- **Indonesia:** Bank Indonesia is due to announce its monetary policy decision today. Market is leaning towards a hold at 5.0% but we see a good chance that BI will trim its 7-day reverse repo policy rate to 4.75% to try and boost lending growth, ahead of potential event risks such as US election and Fed funds hike.
- **Commodities:** Crude oil rallied further on the surprise decrease in US oil inventories seen over the week ended 14 October 2016. Empirically, crude oil inventories fell 5.2 million barrels, disappointing expectations (+2.1 million barrels). The key reason for this phenomenon is the lower US refinery utilisation (-0.5%) as more refineries enter their maintenance period. Implied gasoline and distillates demand has understandably fallen for its second consecutive week now, from the peak demand seen from the driving season many weeks back. Elsewhere, note that Saudi Arabia had raised \$17.5bn in its biggest bond sale as it battles its budget shortfall given low oil prices.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downward yesterday with swap rates trading 2-6bps lower across all tenors. Flows in the SGD corporates were heavy with better buying seen in BAERVX 5.75%'49s while mixed interests were seen in GENSSP 5.13%'49s and STANLN 4.4%'26s. In the broader dollar space, the spread on JACI IG corporates increased 1bps to 208bps while the yield on JACI HY corporates was levelled at 6.61%. 10y UST yield remained relatively unchanged at 1.75%.

- **New Issues:** Saudi Arabia has priced a USD17.5bn 3-tranche deal yesterday with the USD5.5bn 5-year bond priced at CT5+135bps, the USD5.5bn 10-year bond priced at CT10+165bps, and the USD6.5bn 30-year bond priced at CT30+210bps. The expected ratings for the issue are “NR/A1/AA-”.
- **Rating Changes:** Moody’s has assigned an “A3” senior unsecured rating to CITIC Group Corp.’s proposed Japanese Yen notes and affirmed its “A3” issuer ratings on CITIC Group and CITIC Ltd.. The rating outlook remains negative. The affirmation of CITIC Group and CITIC Ltd.’s “A3” ratings reflects Moody’s view that their underlying credit strength can withstand a moderate deterioration in the credit profile of China CITIC Bank Corp. Ltd.. China CITIC Bank’s deposit rating was downgraded to “Baa2” from “Baa1”, and at the same time, its adjusted baseline credit assessment was downgraded to “ba2” from “ba1” on 17 October, 2016. Moody’s downgraded Power Construction Corp. of China’s (PowerChina) issuer rating to “Baa1” from “A3” with a stable outlook. The rating downgrade reflects PowerChina’s high financial leverage – as measured by adjusted debt/EBITDA - of 8.0x in FY2015, up substantially from 6.4x in FY2014. Moody’s also expects that the company’s leverage will remain elevated at around 7.0x in the next 2 years. Fitch has assigned a “BBB+” issuer default rating and “BBB+” senior unsecured rating to China National Chemical Corp. (ChemChina). ChemChina’s rating reflects the strong linkages with the China sovereign due to its key positions in the agriculture and national aerospace sectors, which are strategically important to the government.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.920	0.03%	USD-SGD	1.3867	0.08%
USD-JPY	103.440	-0.41%	EUR-SGD	1.5218	0.01%
EUR-USD	1.0974	-0.06%	JPY-SGD	1.3406	0.47%
AUD-USD	0.7722	0.73%	GBP-SGD	1.7038	-0.02%
GBP-USD	1.2285	-0.11%	AUD-SGD	1.0708	0.79%
USD-MYR	4.1845	-0.19%	NZD-SGD	1.0028	0.63%
USD-CNY	6.7378	-0.05%	CHF-SGD	1.4021	0.14%
USD-IDR	13008	-0.13%	SGD-MYR	3.0240	-0.04%
USD-VND	22308	-0.01%	SGD-CNY	4.8566	-0.10%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4332	--
2M	-0.3390	--	1M	0.5257	--
3M	-0.3120	--	2M	0.6611	--
6M	-0.2090	--	3M	0.8812	--
9M	-0.1330	--	6M	1.2607	--
12M	-0.0730	--	12M	1.5712	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.28	0.80	3.20
Italy	-0.08	--	1.39
Ireland	-0.47	0.50	0.49
Greece	7.65	--	8.44
Spain	-0.21	-0.10	1.11
Russia	2.09	-7.10	3.97

Equity and Commodity

Index	Value	Net change
DJIA	18,202.62	40.68
S&P	2,144.29	4.69
Nasdaq	5,246.41	2.58
Nikkei 225	16,998.91	35.30
STI	2,844.62	13.99
KLCI	1,668.27	0.70
JCI	5,409.29	-20.76
Baltic Dry	872.00	-18.00
VIX	14.41	-0.87

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.88 (+0.01)	0.79 (--)
5Y	1.34 (-0.02)	1.23 (--)
10Y	1.87 (-0.02)	1.74 (+0.01)
15Y	2.17 (-0.02)	--
20Y	2.27 (-0.02)	--
30Y	2.32 (-0.01)	2.51 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	41.04	0.36
EURIBOR-OIS	4.10	--
TED	55.14	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.60	2.60%	Coffee (per lb)	1.579	-0.57%
Brent (per barrel)	52.67	1.92%	Cotton (per lb)	0.7110	-0.07%
Heating Oil (per gallon)	1.588	1.23%	Sugar (per lb)	0.2295	-0.30%
Gasoline (per gallon)	1.51	0.52%	Orange Juice (per lb)	1.9615	3.26%
Natural Gas (per MMBtu)	3.17	-2.85%	Cocoa (per mt)	2,724	0.96%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,671.0	-0.21%	Wheat (per bushel)	4.2025	0.06%
Nickel (per mt)	10,275	-0.97%	Soybean (per bushel)	9.815	0.93%
Aluminium (per mt)	1,625.0	-0.54%	Corn (per bushel)	3.5750	1.06%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,267.9	0.56%	Crude Palm Oil (MYR/MT)	2,750.0	0.99%
Silver (per oz)	17.663	0.14%	Rubber (JPY/KG)	174.2	-2.13%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
10/19/2016 04:00	US	Total Net TIC Flows	Aug	--	\$73.8b	\$140.6b	\$118.0b
10/19/2016 04:00	US	Net Long-term TIC Flows	Aug	--	\$48.3b	\$103.9b	\$102.8b
10/19/2016 05:00	SK	PPI YoY	Sep	--	-1.10%	-1.70%	-1.80%
10/19/2016 07:30	AU	Westpac Leading Index MoM	Sep	--	0.06%	0.00%	0.01%
10/19/2016 10:00	CH	GDP YoY	3Q	6.70%	6.70%	6.70%	--
10/19/2016 10:00	CH	GDP YTD YoY	3Q	6.70%	6.70%	6.70%	--
10/19/2016 10:00	CH	Industrial Production YoY	Sep	6.40%	6.10%	6.30%	--
10/19/2016 10:00	CH	Industrial Production YTD YoY	Sep	6.10%	6.00%	6.00%	--
10/19/2016 10:00	CH	Retail Sales YoY	Sep	10.70%	10.70%	10.60%	--
10/19/2016 10:00	CH	Retail Sales YTD YoY	Sep	10.30%	10.40%	10.30%	--
10/19/2016 10:00	CH	Fixed Assets Ex Rural YTD YoY	Sep	8.20%	8.20%	8.10%	--
10/19/2016 12:30	JN	All Ind Activity Index MoM	Aug	0.20%	0.20%	0.30%	0.20%
10/19/2016 13:26	PH	BoP Overall	Sep	--	\$117m	\$682m	--
10/19/2016 16:00	SI	Automobile COE Open Bid Cat A	Oct-19	--	50991	51507	--
10/19/2016 16:00	SI	Automobile COE Open Bid Cat B	Oct-19	--	56410	53001	--
10/19/2016 16:00	SI	Automobile COE Open Bid Cat E	Oct-19	--	56340	54200	--
10/19/2016 16:30	UK	Claimant Count Rate	Sep	2.20%	2.30%	2.20%	2.30%
10/19/2016 16:30	UK	Jobless Claims Change	Sep	3.2k	0.7k	2.4k	7.1k
10/19/2016 16:30	UK	ILO Unemp Rate 3Mths	Aug	4.90%	4.90%	4.90%	--
10/19/2016 16:56	HK	Composite Interest Rate	Sep	--	0.25%	0.25%	--
10/19/2016 19:00	US	MBA Mortgage Applications	Oct-14	--	0.60%	-6.00%	--
10/19/2016 20:30	US	Housing Starts	Sep	1175k	1047k	1142k	1150k
10/19/2016 20:30	US	Building Permits	Sep	1165k	1225k	1139k	1152k
10/19/2016 22:00	CA	Bank of Canada Rate Decision	Oct-19	0.50%	0.50%	0.50%	--
10/20/2016 07:50	JN	Foreign Buying Japan Bonds	Oct-14	--	--	¥289.6b	--
10/20/2016 07:50	JN	Foreign Buying Japan Stocks	Oct-14	--	--	¥430.3b	--
10/20/2016 08:30	PH	Budget Balance PHP	Aug	--	--	-50.7b	--
10/20/2016 08:30	AU	Employment Change	Sep	15.0k	--	-3.9k	--
10/20/2016 08:30	AU	Unemployment Rate	Sep	5.70%	--	5.60%	--
10/20/2016 08:30	AU	Full Time Employment Change	Sep	--	--	11.5k	--
10/20/2016 08:30	AU	Participation Rate	Sep	64.80%	--	64.70%	--
10/20/2016 08:30	AU	RBA FX Transactions Market	Sep	--	--	A\$607m	--
10/20/2016 14:00	GE	PPI MoM	Sep	0.20%	--	-0.10%	--
10/20/2016 14:00	GE	PPI YoY	Sep	-1.20%	--	-1.60%	--
10/20/2016 14:00	JN	Machine Tool Orders YoY	Sep F	--	--	-6.30%	--
10/20/2016 16:00	TA	Export Orders YoY	Sep	2.00%	--	8.30%	--
10/20/2016 16:30	UK	Retail Sales Ex Auto Fuel YoY	Sep	4.40%	--	5.90%	--
10/20/2016 16:30	UK	Retail Sales Inc Auto Fuel YoY	Sep	4.70%	--	6.20%	--
10/20/2016 16:30	HK	CPI Composite YoY	Sep	2.30%	--	4.30%	--
10/20/2016 19:45	EC	ECB Main Refinancing Rate	Oct-20	0.00%	--	0.00%	--
10/20/2016 19:45	EC	ECB Deposit Facility Rate	Oct-20	-0.40%	--	-0.40%	--
10/20/2016 19:45	EC	ECB Marginal Lending Facility	Oct-20	0.25%	--	0.25%	--
10/20/2016 20:30	US	Initial Jobless Claims	Oct-15	250k	--	246k	--
10/20/2016 20:30	US	Continuing Claims	Oct-08	2053k	--	2046k	--
10/20/2016 20:30	US	Philadelphia Fed Biz Outlook	Oct	5	--	12.8	--
10/20/2016 21:45	US	Bloomberg Econ Expectations	Oct	--	--	41.5	--
10/20/2016 21:45	US	Bloomberg Consumer Comfort	Oct-16	--	--	42.1	--
10/20/2016 22:00	US	Existing Home Sales	Sep	5.35m	--	5.33m	--
10/20/2016 22:00	US	Existing Home Sales MoM	Sep	0.40%	--	-0.90%	--
10/20/2016 22:00	US	Leading Index	Sep	0.20%	--	-0.20%	--
10/20/2016	ID	BI 7D Reverse Repo	Oct-20	5.00%	--	5.00%	--

Source: Bloomberg

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