

Treasury Advisory
Corporate FX & Structured
Products

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Interest Rate Derivatives

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Investments & Structured
Products

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GT Institutional Sales

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Highlights

Global	<p>ECB kept policy settings unchanged yesterday as widely expected, and Draghi reassured market players that any tapering talk was pre-mature. He emphasized that “an abrupt ending to bond purchases, I think, is unlikely” and “we remain committed to preserving a very substantial degree of monetary accommodation”. He also noted that there was no “convincing upward trend” in underlying inflation even though “we want a convergence which is self-sustained, without the extraordinary support in place now”. He opined that “information that has become available since the meeting in early September confirms a continued moderate, steady recovery, and a gradual rise in inflation in line with previous expectations”, albeit risks remain to the “downside”. Meanwhile, BI cut interest rates for the 6th time this year by 25bps to 4.75%. Today's market focus will be on the Malaysian Budget due later, as the economic data calendar is relatively light with Eurozone consumer confidence, the ECB survey of professional forecasters, and Malaysia's CPI. Speakers include Fed's Tarullo and Williams, and Bundesbank's Weidmann.</p>
US	<p>Existing home sales rose more than expected by 3.2% mom to 5.47m annual pace in Sep, recovering from a revised 1.5% dip in Aug. The median sales price also rose 5.6% yoy to \$234.2k, while the inventory of available properties declined 6.8% yoy to 2.04m. Meanwhile, initial jobless claims rose from a revised 247k to 260k, with the 4-week moving average +2k to 252k, while continuing claims also edged higher to 2.057m, likely reflecting Hurricane Matthew effects. The Philadelphia Fed business outlook slipped from 12.8 in Sep to 9.7 in Oct, but the underlying gauges suggested improvements in new orders (from 1.4 to 16.3), shipments (from -8.8 to +15.3), labor market indicators like average workweek (from -11.7 to -2.2) and number of employees index (from -5.3 to -4.0), and capital expenditures index (from 8.6 to 21.2). The leading index also rose from -0.2% in Aug to +0.2% in Sep.</p>
MA	<p>PM Najib Razak, who is also the country's Finance Minister, is scheduled to announce the 2017 budget this afternoon in parliament. While the relative uptick in oil price in recent weeks should give the government some breathing space on the revenue side, market will be paying close attention to its expenditure size and allocation to gauge whether it sticks to the idea of having fiscal discipline.</p>
ID	<p>Bank Indonesia cut its 7-day reverse repo policy rate by 25 bps to 4.75% yesterday. That was in line with our expectation although consensus was leaning towards a hold. BI alluded to the need to boost credit growth, which has slumped to 6.8%yoy, which is the lowest since 2009. There was also space given by low inflation and tame current account that could be utilized.</p>
Commodities	<p>Oil prices appear to be extremely reactive to comments relating to higher production, especially during this period when oil prices are pricing-in a potential OPEC production cut later in November. Specifically to Russia, its largest oil company Rosneft surfaced Russia's ability to add as much as 4 million barrels per day of production to its current production. Elsewhere, gold prices were little changed after the ECB left its policy parameters unchanged, adding that the monthly asset purchase of €80 billion will run till end March 2017 or beyond if necessary.</p>

Major Markets

- **US:** Equities saw a broad-based retreat on Thursday, with 10 of 11 main industries declining. Technology stocks led losses following poor results from Verizon and EBay, while healthcare was the only sector that gained. Apart from earnings, factors like the presidential debate and falling crude price also weighed on equities. Overall, the S&P 500 closed down 0.14%, Dow fell 0.22% and Nasdaq declined 0.08%. VIX continued to slip, closing at 13.75 from 14.41 the day before. The Treasury yield curve flattened as the longer term notes outperformed shorter maturities. The 2-year benchmark yield rose almost 3 bps to 0.82%, while the 10-year yield stood at 1.76%, up less than 2 bps.
- **Singapore:** The government is aiming to add another 30,000 healthcare workers to the sector by 2020 to meet the needs of an ageing population, according to the 2020 Healthcare Manpower Plan.
- STI ended flat (-0.07%) at 2842.62 yesterday, amid mild profit-taking interest after the final US presidential debate. Despite overnight gains in Wall Street on the back of positive US earnings results, the morning signal from Kospi is weak, suggesting potential further range trade for the STI between 2820-2860. SGS bond yields may tip higher today, taking the cue from UST bonds overnight.
- **Hong Kong:** Private residential housing starts registered 1,267 units in August. Year-on-year growth in housing starts during the first eight months ticked up 8.64%. This figure indicates that the construction activities in private sector could be on a solid growth pace. This is also one of the main driving forces for HK economy. On the other hand, completion registered 803 units. Year-on-year growth in completion also remained robust, increasing 61.24% in August after the 76.21% in July. We expect the completion to continue rebounding in late 2016 or early 2017 given the robust growth of groundbreaking (18,152 units) in 2015 compared with those in 2013 (10,064 units) and 2014 (6,427 units). Based on the average housing starts figures, average supply of private residential units during 2016 to 2018 could be around 15,300 units, higher than the five-year average of around 11,397 units in 2010 to 2014. This underpinned our view that the increasing housing supply could add downward pressure to HK housing market in the longer term.
- Headline inflation recorded 2.7% in September compared with the large increase of 4.3% in August, which was mainly due to the low base of comparison resulted from the government's payment of public housing rentals in August last year. However, such effect didn't come into play in September 2016. Netting out the effects of all government's one-off relief measures, the underlying inflation in September 2016 printed 2.3%, slightly higher than the increase of 2.1% in August due to the upward adjustment in public housing rentals. Food inflation remained low at 2.7% and housing rental inflation notched down from 9.5% to 4.2%. Utility inflation soared to 10.3% from 4.2%, mainly due to the low base of comparison resulted from the special fuel rebate in electricity starting from mid-August last year. Clothing CPI deflated for the 18th consecutive month by 3.6%, as visitor expenditure stayed soft and local consumption sentiment was dampened by dimmer economic outlook. This propels retailers to slash price to accelerate the sale. Also, durable goods CPI contracted 5.4%. For the rest of this year, any upside risk to inflation should be muted by (1) subdued global inflation, (2) tamed local cost pressure amid dampened consumption sentiment.

Bond Market Updates

- **Market Commentary:** The SGD swap curve mostly traded upward yesterday aside from the belly of the curve with 1-4Y tenors up 1-2bps while the 5Y and 7Y rates were slightly lower and the longer end slightly higher than the previous day. Flows in the SGD corporates were light with mixed interest seen in GENSSP 5.13%'49s and SCISP 4.75%'49s. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 207bps while the yield on JACI HY corporates also fell 1bp to 6.60%. 10y UST yield rose marginally by 1bp to 1.76%.

- **New Issues:** China Great Wall International Holdings III Ltd. has priced two tranches – a USD700mn 3Y bond at CT3+135bp against IPT of +160bp, and a USD800mn 5Y bond CT5+145bp, against IPT of +170bp. Industrial and Commercial Bank of China Ltd, Sydney branch priced a CNH1.2bn 2yr bond at 3.65%, inside IPT of 3.8% with expected issue ratings of “A/--/--”. MMI International (precision manufacturing technology company) has scheduled investor calls and meetings in Asia, Europe, and the US from Oct. 24 for a potential USD bond. The issue is expected to be rated “--/B2/B+”. Bright Galaxy International Ltd. (guaranteed by real estate developer Beijing Capital Development Holding (Group) Co. Ltd) has scheduled investor meetings in Hong Kong, Singapore and London from Oct. 24 for a potential USD issue with expected ratings of “--/--/BBB-”.
- **Rating Changes:** Moody’s has affirmed the ratings (baseline credit assessment (“BCA”) of “baa1”, senior unsecured rating of “A3”) on Wing Lung Bank and revised the rating outlook to stable from negative following similar action on its parent China Merchants Bank Co, Ltd earlier this week. Similarly, Moody’s affirmed the ratings on China CITIC Bank International Limited (BCA of “baa2”, senior unsecured rating of “Baa1”) with its rating remaining on negative outlook, again following similar action on its parent China CITIC Bank Corporation Ltd earlier this week. Fitch has assigned first time “BBB-“ issuer default ratings to Beijing Capital Development Holding (Group) Co. Ltd (Shokai) with a stable outlook. The ratings incorporate a two-notch uplift to reflect Shokai’s not-for-profit undertaking in developing and managing affordable housing estates in the Beijing municipality and Shokai’s operational and strategic linkage to the Beijing municipal government.

Key Financial Indicators

	Day Close	% Change		Day Close	% Change
DXY	98.315	0.40%	USD-SGD	1.3921	0.39%
USD-JPY	103.950	0.49%	EUR-SGD	1.5214	-0.03%
EUR-USD	1.0929	-0.41%	JPY-SGD	1.3392	-0.10%
AUD-USD	0.7627	-1.23%	GBP-SGD	1.7059	0.12%
GBP-USD	1.2254	-0.25%	AUD-SGD	1.0618	-0.84%
USD-MYR	4.1813	-0.08%	NZD-SGD	1.0013	-0.15%
USD-CNY	6.7449	0.11%	CHF-SGD	1.4024	0.02%
USD-IDR	13008	--	SGD-MYR	3.0160	-0.26%
USD-VND	22308	--	SGD-CNY	4.8476	-0.19%

Index	Value	Net change
DJIA	18,162.35	-40.27
S&P	2,141.34	-2.95
Nasdaq	5,241.83	-4.58
Nikkei 225	17,235.50	236.59
STI	2,842.62	-2.00
KLCI	1,667.18	-1.09
JCI	5,403.69	-5.60
Baltic Dry	849.00	-23.00
VIX	13.75	-0.66

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4338	--
2M	-0.3390	--	1M	0.5246	--
3M	-0.3130	--	2M	0.6611	--
6M	-0.2100	--	3M	0.8807	--
9M	-0.1320	--	6M	1.2557	--
12M	-0.0730	--	12M	1.5640	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.89 (+0.01)	0.82 (+0.02)
5Y	1.35 (+0.01)	1.25 (+0.03)
10Y	1.86 (--)	1.76 (+0.01)
15Y	2.18 (+0.01)	--
20Y	2.29 (+0.02)	--
30Y	2.34 (+0.02)	2.50 (--)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.30	2.60	3.21
Italy	-0.07	0.50	1.37
Ireland	-0.46	0.70	0.45
Greece	7.65	--	8.44
Spain	-0.21	0.50	1.10
Russia	2.11	2.10	3.97

Financial Spread (bps)

	Value	Change
LIBOR-OIS	40.68	-0.36
EURIBOR-OIS	4.00	--
TED	55.60	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.43	-2.27%	Coffee (per lb)	1.559	-1.24%
Brent (per barrel)	51.38	-2.45%	Cotton (per lb)	0.6980	-1.83%
Heating Oil (per gallon)	1.560	-1.78%	Sugar (per lb)	0.2262	-1.44%
Gasoline (per gallon)	1.49	-1.31%	Orange Juice (per lb)	1.9550	-0.33%
Natural Gas (per MMBtu)	3.141	-0.91%	Cocoa (per mt)	2,717	-0.26%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,652.0	-0.41%	Wheat (per bushel)	4.1700	-0.77%
Nickel (per mt)	10,095	-1.76%	Soybean (per bushel)	9.755	-0.61%
Aluminium (per mt)	1,606.8	-1.12%	Corn (per bushel)	3.5100	-1.82%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,265.6	-0.18%	Crude Palm Oil (MY R/MT)	2,755.0	0.18%
Silver (per oz)	17.549	-0.65%	Rubber (JPY/KG)	174.2	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
10/20/2016 07:50	JN	Japan Buying Foreign Bonds	Oct-14	--	¥317.7b	¥737.7b	¥733.8b
10/20/2016 07:50	JN	Foreign Buying Japan Bonds	Oct-14	--	¥365.4b	¥289.6b	--
10/20/2016 07:50	JN	Foreign Buying Japan Stocks	Oct-14	--	¥72.0b	¥430.3b	¥432.4b
10/20/2016 08:30	AU	NAB Business Confidence	3Q	--	5	2	3
10/20/2016 08:30	PH	Budget Balance PHP	Aug	--	32.6b	-50.7b	--
10/20/2016 08:30	AU	Employment Change	Sep	15.0k	-9.8k	-3.9k	-8.6k
10/20/2016 08:30	AU	Unemployment Rate	Sep	5.70%	5.60%	5.60%	5.70%
10/20/2016 08:30	AU	Full Time Employment Change	Sep	--	-53.0k	11.5k	10.1k
10/20/2016 08:30	AU	Participation Rate	Sep	64.80%	64.50%	64.70%	--
10/20/2016 08:30	AU	RBA FX Transactions Market	Sep	--	A\$673m	A\$607m	--
10/20/2016 13:30	JN	Nationwide Dept Sales YoY	Sep	--	-5.00%	-6.00%	--
10/20/2016 14:00	GE	PPI MoM	Sep	0.20%	-0.20%	-0.10%	--
10/20/2016 14:00	GE	PPI YoY	Sep	-1.20%	-1.40%	-1.60%	--
10/20/2016 14:00	JN	Machine Tool Orders YoY	Sep F	--	-6.30%	-6.30%	--
10/20/2016 16:00	TA	Export Orders YoY	Sep	2.00%	3.90%	8.30%	--
10/20/2016 16:30	UK	Retail Sales Ex Auto Fuel YoY	Sep	4.40%	4.00%	5.90%	6.20%
10/20/2016 16:30	UK	Retail Sales Inc Auto Fuel YoY	Sep	4.70%	4.10%	6.20%	6.60%
10/20/2016 16:30	HK	CPI Composite YoY	Sep	2.30%	2.70%	4.30%	--
10/20/2016 17:03	ID	BI 7D Reverse Repo	Oct-20	5.00%	4.75%	5.00%	--
10/20/2016 19:45	EC	ECB Main Refinancing Rate	Oct-20	0.00%	0.00%	0.00%	--
10/20/2016 19:45	EC	ECB Deposit Facility Rate	Oct-20	-0.40%	-0.40%	-0.40%	--
10/20/2016 19:45	EC	ECB Marginal Lending Facility	Oct-20	0.25%	0.25%	0.25%	--
10/20/2016 20:30	US	Initial Jobless Claims	Oct-15	250k	260k	246k	247k
10/20/2016 20:30	US	Continuing Claims	Oct-08	2053k	2057k	2046k	2050k
10/20/2016 20:30	US	Philadelphia Fed Biz Outlook	Oct	5	9.7	12.8	--
10/20/2016 21:45	US	Bloomberg Consumer Comfort	Oct-16	--	41.3	42.1	--
10/20/2016 22:00	US	Existing Home Sales	Sep	5.35m	5.47m	5.33m	5.30m
10/20/2016 22:00	US	Existing Home Sales MoM	Sep	0.40%	3.20%	-0.90%	-1.50%
10/20/2016 22:00	US	Leading Index	Sep	0.20%	0.20%	-0.20%	--
10/21/2016 10:00	NZ	Credit Card Spending YoY	Sep	--	--	1.90%	--
10/21/2016 12:00	MA	CPI YoY	Sep	1.80%	--	1.50%	--
10/21/2016 15:00	MA	Foreign Reserves	Oct-14	--	--	\$97.7b	--
10/21/2016 15:30	TH	Foreign Reserves	Oct-14	--	--	\$183.1b	--
10/21/2016 16:30	UK	Public Finances (PSNCR)	Sep	--	--	0.7b	--
10/21/2016 16:30	UK	Public Sector Net Borrowing	Sep	8.2b	--	10.1b	--
10/21/2016 16:30	UK	PSNB ex Banking Groups	Sep	8.5b	--	10.5b	--
10/21/2016 20:30	CA	Retail Sales MoM	Aug	0.30%	--	-0.10%	--
10/21/2016 20:30	CA	Retail Sales Ex Auto MoM	Aug	0.30%	--	-0.10%	--
10/21/2016 20:30	CA	CPI NSA MoM	Sep	0.20%	--	-0.20%	--
10/21/2016 20:30	CA	CPI YoY	Sep	1.40%	--	1.10%	--
10/21/2016 20:30	CA	CPI Core MoM	Sep	0.20%	--	0.00%	--
10/21/2016 20:30	CA	CPI Core YoY	Sep	1.80%	--	1.80%	--
10/21/2016 22:00	EC	Consumer Confidence	Oct A	-8	--	-8.2	--

Source: Bloomberg

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