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Highlights

Global	<p>Apart from the USD which is a key beneficiary of firming US interest rate expectations, financial markets were largely content to stay on the sidelines on Friday and could continue to range trade today while awaiting for further clues. In Asia, Malaysian PM Najib unveiled a fairly generous Budget on Friday, while market will be watching earnings results (including Apple Inc, Caterpillar, ICBC) and Fedspeak. China's leaders are meeting for their annual plenum in Beijing this week as well. Today's economic data calendar comprises of US' Markit manufacturing PMI and Chicago Fed national activity index, Eurozone's manufacturing and services PMIs, and Singapore's Sep CPI. Speakers include Fed's Dudley and Bullard today.</p>
US	<p>Fed's Williams opined that "the US economy is well-positioned to raise interest rates" and "a rate increase this year makes sense, having a few rate increases next year makes sense, in the context of how the economy has been performing and continues to perform". He also noted that he will be "definitely not losing sleep" if the Fed overshoots its inflation target and it's "absolutely essential that we demonstrate that we can hit this 2 percent inflation goal".</p>
JP	<p>Exports fell for the 12th month by 6.9% yoy, while imports slumped 16.3%, resulting in a trade surplus of JPY498b in Sep amid weak global demand and JPY strength. Notably, exports to China and US plunged 10.6% and 8.7% yoy, while those to the EU rose 0.7%.</p>
SG	<p>Headline and core inflation could come in at -0.4% yoy (negative for the 23rd straight month) and +0.9% yoy respectively in Sep, versus -0.3% yoy and +1.0% yoy in Aug. While crude oil prices have gradually crept higher to the US\$50 handle, the drag from asset disinflationary pressures in housing and COE premiums will likely persist in the near-term, albeit headline CPI has likely bottomed in 2Q16.</p>
CH	<p>The rally in bond market gathered pace last week unexpectedly despite stable 3Q GDP reading. The benchmark 10-year government bond yield dipped to record low, touching 2.63%, due to two possible reasons including the concern about the economic slowdown due to property tightening measures and speculation on foreign inflows into bond market following RMB's inclusion into SDR basket.</p>
MA	<p>PM Najib announced his plan for 2017 Budget on Friday to the parliament. In it, he highlighted a continued path towards fiscal consolidation, targeting budget deficit of 3.0% of GDP, compared to 3.1% expected this year. Goodies were on tap for key population segments such as low-income group through an expanded BR1M, and civil servants as well as rural dwellers.</p>
Commodities	<p>Oil prices clocked its 5th straight week of gains, with WTI and Brent closing at \$50.9/bbl and \$51.8/bbl respectively. Hopes for supported oil prices could have been led by Saudi Arabia's comment, that oil prices are "on the way to being re-balanced", and they "are working with Russia and other oil producers to stabilise the market." Note that Russia's energy minister, Alexander Novak, is slated to meet the OPEC members on Monday for talks.</p>

Major Market

- **US:** Equities closed with little changes on Friday with the earning season driving the stock market. Till date, only around a quarter of S&P500 have released their earnings. Nasdaq gained 0.3% amid flattish S&P500 and Dow. US Treasury yields for 2y- and 10y- are at 0.83% and 1.74%, respectively.
- **Singapore:** STI dipped 0.41% at 2831.06 on Friday, but may see modest gains today amid positive gains in Nikkei and Kospi. The STI's support and resistance are seen at 2820 and 2860 respectively. SGS bond yields crept about 1bp higher on Friday, but market players are likely to keep an eye on the domestic inflation data due later today for signs of inflationary pressures bottoming out.
- **Indonesia:** Indonesia Stock Exchange expects 35 companies to go public next year, same target as this year, as reported by Bloomberg. Meanwhile, daily transaction value is expected to rise to IDR8tn next year compared to 6.6tn targeted for this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-flattened last Friday with the short-term to middle-term rates trading 2-4bps higher while the longer-term rates traded 1-2bps higher. Notably, the very short-end rates (<3-mth) traded 6-15bps higher. Flows in the SGD corporates were relatively quiet with mixed interests seen in BAERVX 5.75%'49s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 207bps while the yield on JACI HY corporates decreased 1bps to 6.59%. 10y UST yield decreased 2bps to 1.73%.
- **New Issues:** India's Canara Bank has mandated several banks for a potential USD bond issuance.
- **Rating Changes:** Moody's has revised its outlook on the ratings of CMB Financial Leasing Co. Ltd. to stable from negative. The decision follows the rating action taken on CMB Financial Leasing's parent, China Merchant Banks Co. Ltd. (CMB), on 17 October, 2016 (CMB's deposit ratings were affirmed with the ratings outlook revised to stable from negative). S&P has affirmed its "AA" rating on the French Republic and revised the rating outlook to stable from negative to reflect the gradual introduction of tax system and labor code reforms, which are expected to stabilize employment, growth and competitiveness, and public finances.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.695	0.39%	USD-SGD	1.3941	0.14%
USD-JPY	103.800	-0.14%	EUR-SGD	1.5174	-0.26%
EUR-USD	1.0884	-0.41%	JPY-SGD	1.3429	0.28%
AUD-USD	0.7608	-0.25%	GBP-SGD	1.7050	-0.05%
GBP-USD	1.2234	-0.16%	AUD-SGD	1.0606	-0.11%
USD-MYR	4.1790	-0.06%	NZD-SGD	0.9987	-0.26%
USD-CNY	6.7670	0.33%	CHF-SGD	1.4030	0.04%
USD-IDR	13042	0.26%	SGD-MYR	3.0031	-0.43%
USD-VND	22313	0.02%	SGD-CNY	4.8485	0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4332	--
2M	-0.3390	--	1M	0.5340	0.0100
3M	-0.3120	0.0010	2M	0.6672	--
6M	-0.2110	--	3M	0.8818	--
9M	-0.1330	--	6M	1.2571	0.0008
12M	-0.0740	-0.0010	12M	1.5718	0.0056

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.26	-4.40	3.19
Italy	-0.07	-0.10	1.37
Ireland	-0.45	0.70	0.46
Greece	7.65	--	8.44
Spain	-0.21	-0.50	1.12
Russia	2.10	-1.30	3.94

Equity and Commodity

Index	Value	Net change
DJIA	18,145.71	-16.64
S&P	2,141.16	-0.18
Nasdaq	5,257.40	15.57
Nikkei 225	17,184.59	-50.91
STI	2,831.06	-11.56
KLCI	1,669.98	2.80
JCI	5,409.24	5.55
Baltic Dry	842.00	-7.00
VIX	13.34	-0.41

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.91 (+0.02)	0.82 (--)
5Y	1.36 (--)	1.24 (-0.01)
10Y	1.86 (--)	1.73 (-0.02)
15Y	2.18 (--)	--
20Y	2.29 (--)	--
30Y	2.34 (--)	2.48 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.68	-0.74
EURIBOR-OIS	3.80	-0.20
TED	55.71	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.85	0.83%	Coffee (per lb)	1.561	0.13%
Brent (per barrel)	51.78	0.78%	Cotton (per lb)	0.6907	-1.05%
Heating Oil (per gallon)	1.574	0.92%	Sugar (per lb)	0.2271	0.40%
Gasoline (per gallon)	1.53	2.52%	Orange Juice (per lb)	2.0050	2.56%
Natural Gas (per MMBtu)	2.993	-4.71%	Cocoa (per mt)	2,725	0.29%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,635.0	-0.37%	Wheat (per bushel)	4.1450	-0.60%
Nickel (per mt)	9,925	-1.68%	Soybean (per bushel)	9.830	0.77%
Aluminium (per mt)	1,619.8	0.81%	Corn (per bushel)	3.5250	0.43%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,265.9	0.02%	Crude Palm Oil (MYR/MT)	2,759.0	0.15%
Silver (per oz)	17.493	-0.32%	Rubber (JPY/KG)	170.0	-2.41%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 18 Oct 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	402,010	330,111	71,899	Gold	261,646	311,122	-49,476
Corn	-47,889	-73,059	25,170	Wheat	-125,571	-104,935	-20,636
Soybean	82,217	72,783	9,434	Natural Gas	-68,551	-48,362	-20,189
Heating Oil	30,984	22,394	8,590	Silver	78,601	87,948	-9,347
Copper	786	-2,216	3,002	Cotton	89,842	96,640	-6,798
Lean Hogs	36,731	35,660	1,071	Coffee	41,707	47,331	-5,624
Palladium	13,863	13,404	459	Platinum	32,315	36,915	-4,600
RBOB Gasoline	63,424	63,819	-395	Live Cattle	35,255	36,096	-841
Cocoa	22,798	23,436	-638	Sugar	350,691	351,383	-692

Source: CFTC

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
10/21/2016	05:45	NZ Net Migration SA	Sep	--	6340	5600	5660
10/21/2016	09:30	CH China September Property Prices					
10/21/2016	10:00	NZ Credit Card Spending YoY	Sep	--	8.20%	1.90%	2.00%
10/21/2016	12:00	MA CPI YoY	Sep	1.80%	1.50%	1.50%	--
10/21/2016	15:00	MA Foreign Reserves	Oct-14	--	\$97.8b	\$97.7b	--
10/21/2016	15:30	TH Foreign Reserves	Oct-14	--	\$179.6b	\$183.1b	--
10/21/2016	15:30	TH Forward Contracts	Oct-14	--	\$22.8b	\$21.0b	--
10/21/2016	16:30	UK Public Finances (PSNCR)	Sep	--	13.3b	0.7b	--
10/21/2016	16:30	UK Public Sector Net Borrowing	Sep	8.2b	10.1b	10.1b	10.3b
10/21/2016	16:30	UK PSNB ex Banking Groups	Sep	8.5b	10.6b	10.5b	10.8b
10/21/2016	20:30	CA Retail Sales MoM	Aug	0.30%	-0.10%	-0.10%	-0.20%
10/21/2016	20:30	CA Retail Sales Ex Auto MoM	Aug	0.30%	0.00%	-0.10%	-0.20%
10/21/2016	20:30	CA CPI NSA MoM	Sep	0.20%	0.10%	-0.20%	--
10/21/2016	20:30	CA CPI YoY	Sep	1.40%	1.30%	1.10%	--
10/21/2016	20:30	CA CPI Core MoM	Sep	0.20%	0.20%	0.00%	--
10/21/2016	20:30	CA CPI Core YoY	Sep	1.80%	1.80%	1.80%	--
10/21/2016	22:00	EC Consumer Confidence	Oct A	-8	-8	-8.2	--
10/24/2016	07:50	JN Trade Balance	Sep	¥366.1b	--	¥18.7b	¥19.2b
10/24/2016	07:50	JN Trade Balance Adjusted	Sep	¥211.0b	--	¥408.4b	--
10/24/2016	07:50	JN Exports YoY	Sep	-10.80%	--	-9.60%	--
10/24/2016	08:30	JN Nikkei Japan PMI Mfg	Oct P	--	--	50.4	--
10/24/2016	08:30	TA Unemployment Rate	Sep	3.96%	--	3.95%	--
10/24/2016	13:00	SI CPI YoY	Sep	-0.20%	--	-0.30%	--
10/24/2016	13:00	SI CPI NSA MoM	Sep	0.10%	--	0.50%	--
10/24/2016	13:00	JN Leading Index CI	Aug F	--	--	101.2	--
10/24/2016	15:00	FR Markit France Mfg PMI	Oct P	50	--	49.7	--
10/24/2016	15:00	FR Markit France Services PMI	Oct P	53	--	53.3	--
10/24/2016	15:00	FR Markit France Composite PMI	Oct P	52.8	--	52.7	--
10/24/2016	15:30	GE Markit/BME GE Mfg PMI	Oct P	54.4	--	54.3	--
10/24/2016	15:30	GE Markit Germany Services PMI	Oct P	51.5	--	50.9	--
10/24/2016	15:30	GE Markit/BME GE Composite PMI	Oct P	53.3	--	52.8	--
10/24/2016	16:00	TA Industrial Production YoY	Sep	5.40%	--	7.74%	--
10/24/2016	16:00	EC Markit Eurozone Mfg PMI	Oct P	52.7	--	52.6	--
10/24/2016	16:00	EC Markit Eurozone Services PMI	Oct P	52.4	--	52.2	--
10/24/2016	16:00	EC Markit Eurozone Composite PMI	Oct P	52.8	--	52.6	--
10/24/2016	20:30	US Chicago Fed Nat Activity Index	Sep	-0.13	--	-0.55	--
10/24/2016	20:30	CA Wholesale Trade Sales MoM	Aug	0.60%	--	0.30%	--
10/24/2016	21:45	US Markit US Manufacturing PMI	Oct P	51.5	--	51.5	--
10/24/2016		VN CPI YoY	Oct	3.51%	--	3.34%	--
10/24/2016		MU Visitor Arrivals	Sep	--	--	2883t	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<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 Wong Hong Wei WongHongWei@ocbc.com

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