

Highlights

Global	<p>As we approach the end of October, the selling pressure in longer-dated bonds returned to haunt – the 10-year gilt and UST bond yields rose to 1.25% and 1.85% respectively amid hardening market speculation of a weak GBP-induced inflation bout and a FOMC rate hike in Dec16. Crude oil prices also treaded slightly higher. While the UK economy expanded more than expected by 0.5% qoq (+2.3% yoy) in 3Q16, versus +0.7% qoq (+2.1% yoy) in 2Q16, Brexit blues have dented consumer confidence with the GfK consumer confidence sinking 2 points to -3 in October and the CEBR household sentiment index also fell in October to its lowest level since Sep13 with the exception of the initial post-Brexit slump in July. Expect Asian markets to tread on a subdued footing going into the weekend given the global bond market trepidation. Today's economic data calendar comprises of US' 3Q16 GDP and employment cost index print, German CPI and Eurozone's consumer confidence. Speakers include ECB's Coeure and Lane.</p>
US	<p>Pending home sales rebounded more than expected by 1.5% mom (+2.0% yoy) in Sep, rising for the second month in three and following a 2.5% dip in Aug. Meanwhile, durable goods orders fell 0.1% after a revised +0.3% gain, with the non-defense capital goods excluding aircraft slumping 1.2%. Separately, initial jobless claims fell 3k to 258k (below 300k for 86 straight weeks), with the 4-week average at 253k, and continuing claims also falling to 2.04m (lowest since Jun2000), which pointed to a resilient labour market. This could underpin why the consumer comfort index surged from 41.3 to 43.9 (highest since early Sep), with economic views spiking to 35.9 (highest since Mar) and personal finances and buying climate gauges also improving. The Kansas city Fed manufacturing activity was unchanged at 6 in Oct.</p>
JP	<p>The jobless rate edged down from 3.1% in Aug to 3.0% in Sep, as the job-to-applicant ratio was a tad higher at 1.38. Meanwhile, deflation remained the dominant theme with CPI falling 0.5% yoy in Sep. The decline in the overall household spending eased from a 4.6% drop in Aug to a 2.1% dip in Sep.</p>
SG	<p>The overall unemployment rate stabilised at 2.1% in 3Q16, with the resident and citizen unemployment rate also relatively stable at 2.9% and 3.0% respectively. 4.1k workers were laid off in 3Q16, this is lower vis-à-vis 2Q16, but higher compared to a year ago. Notably the deceleration in the services growth momentum seen in the 3Q16 flash GDP estimates have also exerted into the labour market data with services firm contributing the bulk (59%) of redundancies, whilst manufacturing and construction accounted for 27% and 15% of redundancies respectively. Total employment fell 3.3k in 3Q16, marking the second time total employment fell since the 2008-2009 GFC. Notably, manufacturing employment fell for the eighth straight quarter (-3.7k) while construction fell 5.2k after growing for the last four quarters. Looking ahead, domestic labour market will likely see further consolidation going into 4Q16 and 2017. With external headwinds and a sluggish domestic business conditions, hiring intentions and wage growth expectations will have to adjust accordingly. Skills upgrading and reskilling efforts, as well as jobs-skills matching initiatives, will play an increasing role ahead to support the softening labour market.</p>

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Major Markets

- **US:** Wall Street closed lower, with the Nasdaq leading with a 0.65% loss, followed by S&P500 (-0.3%) and Dow (-0.16%). Financials traded lower on the back of a selloff in government bonds which affected sectors like real estate and utilities. Watch for US growth data on Friday. VIX rose 7.9% to close at 15.36. 10-year US Treasury yield closed at 1.85% while 2-year yield remains largely unchanged at 0.88%.
- **Singapore:** The STI ended nearly flat (+0.01%) at 2828.94 yesterday, and may extend the cautious mood to today. Expect the STI to consolidate within the 2800-2840 range today. UOB reported 3Q16 profit fell 7.8% yoy to \$791m, beating the \$771m average analyst estimate, amid a 33% rise in nonperforming assets of \$3.6b. SGS bonds may remain under pressure today, given the global bond market sell-off overnight, and yields may continue to tip higher today amid market speculation that global central banks' monetary policy stance is nearing the limits.
- **Macau:** Export growth in value terms increased 3.6% yoy in September (vs August's 0.8% yoy). Expansion in exports to Asia rendered the key growth impetus. Meanwhile, import growth in value terms rose by 4.1% yoy in September to HK\$ 367.7 billion. Region-wise, exports to Asia as a whole grew further by 4.9% yoy, led by exports to Taiwan, India and China, which increased 27.9% yoy, 20.8% yoy and 5.1% yoy respectively. On the flipside, China reported its import growth from Hong Kong as 3.2%, the first negative growth of in recent year. This was mainly attributed to strengthened administrative measures on cross border capital flow and the narrowing gap between CNH and CNY, which limited the opportunity for carry trade. However, we remain wary of the reignition of the over-invoicing activity given the continuous high volatility and depreciation pressure of RMB in recent months. Elsewhere, exports to other main trading partners showed some weakness, in particular exports to Germany (-16.3%), US (-1.2%) and the UK (-0.8%). Though the export regains some traction in recent months, external environment is still fraught with considerable uncertainties, including (1) fragile recoveries of some advanced economies, (2) monetary policy divergence among major central banks and (3) concern on a hard Brexit.
- **Indonesia:** The parliament has approved the government's budget plan for 2017. This plan includes an uptick of IDR40.8tn spending on infrastructure with a total worth of IDR387tn in the coming year. Meanwhile, the 2017 total gross issuance of government debt to fund the deficit is projected to be at IDR596.8tn. The foreign exchange component is expected to be around 20-25% of the total sum, and will be in USD, EUR, and JPY.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday with swap rates trading 1-6bps higher across all tenors. Flows in the SGD corporates were heavy with better selling seen in TATAIN 4.95%'23s and SOCGEN 4.3%'26s while mixed interests were seen in BAERVX 5.75%'49s, OCBCSP 4%'49s and SCISP 4.75%'49s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 205bps while the yield on JACI HY corporates increased 4bps to 6.62%. 10y UST yield increased 6bps to 1.85% on increasing confidence that the Federal Reserve will raise interest rates this coming December, following a report that showed the British's economy grew more than forecasted in the third quarter. Implied probability for an interest rate hike in December stands at 73% as of yesterday.
- **New Issues:** Guangxi Communications Group Corp. Ltd. has priced a USD300mn 3-year bond at CT3+202.5bps, tightening from its initial guidance at CT3+230bps. The expected issue ratings are "NR/Baa3/BBB". Li & Fung Ltd. has priced a USD650mn perpetual, non-callable for 5-years, at 5.25%, tightening from its initial price guidance at 5.625%. The expected issue ratings are "BBB-

/Baa3/NR". China Development Bank Corp. (Hong Kong) has priced a USD350mn 5-year bond at CT5+70bps, tightening from its initial guidance at CT5+95bps. The expected issue ratings are "AA-/Aa3/NR". Bank of East Asia Ltd. has priced a USD500mn 10NC5 tier-2 bond at CT10+270bps, tightening from its initial guidance at CT10+285bps. The expected issue ratings are "BBB-/NR/NR". Bright Galaxy International Ltd. has priced a USD500mn 5-year bond at CT5+225bps, tightening from its initial guidance at CT5+260bps. The expected issue ratings are "NR/NR/BBB-". Golden Wheel Tiandi Holdings Co. Ltd. has priced a USD100mn 3-year bond at 8.25% with expected issue ratings at "NR/B2/B". Sirius International Group. Ltd. has priced a USD400mn 10-year bond at CT10+285bps with expected issue ratings of "BBB/NR/BBB-". Japan bank for International Cooperation has priced a two-tranche deal yesterday with the USD1bn 5-year bond priced at MS+63bps while the other tranche of USD1.8bn 10-year bond was priced at MS+64bps. The expected issue ratings are "A+/A1/NR". Wuhan Metro has scheduled investor meetings from 28 October onwards for potential USD bond issue with expected issue ratings of "NR/NR/A".

- **Rating Changes:** S&P assigned Li & Fung Ltd.'s proposed issuance of subordinated perpetual capital securities a "BBB-" issue rating. The rating is two notches below the corporate credit rating on Li & Fung Ltd., reflecting the subordinated nature and optional deferability feature of the securities. Moody's has similarly assigned a "Baa3" rating to the notes. Fitch has affirmed Future Land Development Holdings Ltd.'s issuer default ratings at "BB-", and revised its outlook to positive from stable. The outlook revision reflects Fitch's view of Future Land's strategic positioning in the Yangtze River Delta region. Its positioning continues to support its scale, which compares well against "BB" rated peers. Fitch has assigned issuer default ratings of "A" with a stable outlook to Wuhan Metro Group Co. Ltd. (WMG).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.888	0.26%	USD-SGD	1.3947	0.27%
USD-JPY	105.290	0.78%	EUR-SGD	1.5197	0.15%
EUR-USD	1.0897	-0.10%	JPY-SGD	1.3247	-0.50%
AUD-USD	0.7589	-0.81%	GBP-SGD	1.6964	-0.42%
GBP-USD	1.2164	-0.68%	AUD-SGD	1.0583	-0.55%
USD-MYR	4.1855	0.64%	NZD-SGD	0.9933	-0.17%
USD-CNY	6.7835	0.18%	CHF-SGD	1.4037	0.26%
USD-IDR	13033	0.22%	SGD-MYR	3.0067	0.27%
USD-VND	22335	-0.01%	SGD-CNY	4.8638	-0.17%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4343	--
2M	-0.3390	--	1M	0.5348	--
3M	-0.3130	--	2M	0.6700	--
6M	-0.2120	--	3M	0.8904	--
9M	-0.1310	--	6M	1.2610	--
12M	-0.0700	--	12M	1.5796	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.28	0.60	3.28
Italy	-0.05	2.70	1.53
Ireland	-0.42	1.10	0.61
Greece	7.65	--	8.39
Spain	-0.19	2.40	1.20
Russia	2.15	4.00	4.02

Equity and Commodity

Index	Value	Net change
DJIA	18,169.68	-29.65
S&P	2,133.04	-6.39
Nasdaq	5,215.98	-34.29
Nikkei 225	17,336.42	-55.42
STI	2,828.94	0.37
KLCI	1,669.03	-4.89
JCI	5,416.84	17.16
Baltic Dry	798.00	-4.00
VIX	15.36	1.12

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.87 (+0.01)	0.89 (+0.02)
5Y	1.32 (+0.03)	1.35 (+0.04)
10Y	1.86 (+0.06)	1.85 (+0.06)
15Y	2.17 (+0.05)	--
20Y	2.27 (+0.04)	--
30Y	2.30 (+0.01)	2.61 (+0.07)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	38.64	-3.88
EURIBOR-OIS	3.70	--
TED	57.08	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.72	1.10%	Coffee (per lb)	1.648	0.67%
Brent (per barrel)	50.47	0.98%	Cotton (per lb)	0.6976	0.72%
Heating Oil (per gallon)	1.570	1.22%	Sugar (per lb)	0.2259	-0.35%
Gasoline (per gallon)	1.49	0.27%	Orange Juice (per lb)	2.1510	2.38%
Natural Gas (per MMBtu)	2.764	1.21%	Cocoa (per mt)	2,732	-1.34%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,790.0	1.05%	Wheat (per bushel)	4.1450	0.73%
Nickel (per mt)	10,327	0.99%	Soybean (per bushel)	10.143	0.42%
Aluminium (per mt)	1,697.5	1.42%	Corn (per bushel)	3.5750	0.99%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,267.9	0.25%	Crude Palm Oil (MYR/MT)	2,790.0	-0.07%
Silver (per oz)	17.639	0.07%	Rubber (JPY/KG)	178.8	1.94%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
10/27/2016 05:45	NZ	Trade Balance NZD	Sep	-1145m	-1436m	-1265m	-1243m
10/27/2016 05:45	NZ	Exports NZD	Sep	3.53b	3.47b	3.39b	3.38b
10/27/2016 05:45	NZ	Imports NZD	Sep	4.68b	4.90b	4.65b	4.62b
10/27/2016 07:50	JN	Foreign Buying Japan Bonds	Oct-21	--	¥752.5b	¥365.4b	¥364.6b
10/27/2016 07:50	JN	Foreign Buying Japan Stocks	Oct-21	--	¥85.3b	¥72.0b	¥70.0b
10/27/2016 10:30	SI	Unemployment rate SA	3Q	2.20%	2.10%	--	--
10/27/2016 11:14	MU	Unemployment Rate	Sep	--	1.90%	1.90%	--
10/27/2016 16:00	EC	M3 Money Supply YoY	Sep	5.10%	5.00%	5.10%	--
10/27/2016 16:00	IT	Consumer Confidence Index	Oct	108.6	108	108.7	108.6
10/27/2016 16:00	IT	Manufacturing Confidence	Oct	102.2	103	101.9	102.1
10/27/2016 16:00	IT	Economic Sentiment	Oct	--	102.4	101	101.2
10/27/2016 16:30	HK	Exports YoY	Sep	-0.40%	3.60%	0.80%	--
10/27/2016 16:30	HK	Imports YoY	Sep	1.30%	4.10%	2.80%	--
10/27/2016 16:30	HK	Trade Balance	Sep	-38.9b	-39.7b	-32.1b	--
10/27/2016 16:30	UK	GDP QoQ	3Q A	0.30%	0.50%	0.70%	--
10/27/2016 16:30	UK	GDP YoY	3Q A	2.10%	2.30%	2.10%	--
10/27/2016 16:30	UK	Index of Services 3M/3M	Aug	0.80%	0.80%	0.60%	--
10/27/2016 20:30	US	Durable Goods Orders	Sep P	0.00%	-0.10%	0.10%	0.30%
10/27/2016 20:30	US	Durables Ex Transportation	Sep P	0.20%	0.20%	-0.20%	0.10%
10/27/2016 20:30	US	Cap Goods Orders Nondef Ex Air	Sep P	-0.10%	-1.20%	0.90%	1.20%
10/27/2016 20:30	US	Initial Jobless Claims	Oct-22	256k	258k	260k	261k
10/27/2016 20:30	US	Continuing Claims	Oct-15	2052k	2039k	2057k	2054k
10/27/2016 22:00	US	Pending Home Sales MoM	Sep	1.00%	1.50%	-2.40%	-2.50%
10/28/2016 05:00	SK	Business Survey Manufacturing	Nov	--	72	75	--
10/28/2016 07:01	UK	GfK Consumer Confidence	Oct	-3	-3	-1	--
10/28/2016 07:30	JN	Jobless Rate	Sep	3.10%	3.00%	3.10%	--
10/28/2016 07:30	JN	Job-To-Applicant Ratio	Sep	1.38	1.38	1.37	--
10/28/2016 07:30	JN	Overall Household Spending YoY	Sep	-2.70%	-2.10%	-4.60%	--
10/28/2016 07:30	JN	Natl CPI YoY	Sep	-0.50%	-0.50%	-0.50%	--
10/28/2016 07:30	JN	Natl CPI Ex Fresh Food YoY	Sep	-0.50%	-0.50%	-0.50%	--
10/28/2016 07:30	JN	Natl CPI Ex Food, Energy YoY	Sep	0.10%	0.00%	0.20%	--
10/28/2016 07:30	JN	Tokyo CPI YoY	Oct	-0.40%	0.10%	-0.50%	--
10/28/2016 07:30	JN	Tokyo CPI Ex-Fresh Food YoY	Oct	-0.50%	-0.40%	-0.50%	--
10/28/2016 07:30	JN	Tokyo CPI Ex Food, Energy YoY	Oct	-0.10%	0.10%	-0.10%	--
10/28/2016 08:00	AU	HIA New Home Sales MoM	Sep	--	--	6.10%	--
10/28/2016 08:30	AU	PPI YoY	3Q	--	--	1.00%	--
10/28/2016 08:30	TA	GDP YoY	3Q P	1.80%	--	0.70%	--
10/28/2016 13:30	FR	GDP QoQ	3Q A	0.30%	--	-0.10%	--
10/28/2016 13:30	FR	GDP YoY	3Q A	1.20%	--	1.30%	--
10/28/2016 14:45	FR	PPI YoY	Sep	--	--	-2.00%	--
10/28/2016 14:45	FR	CPI EU Harmonized MoM	Oct P	0.20%	--	-0.20%	--
10/28/2016 14:45	FR	CPI EU Harmonized YoY	Oct P	0.60%	--	0.50%	--
10/28/2016 14:45	FR	CPI YoY	Oct P	0.50%	--	0.40%	--
10/28/2016 15:30	TH	Foreign Reserves	Oct-21	--	--	\$179.6b	--
10/28/2016 17:00	EC	Economic Confidence	Oct	104.9	--	104.9	--
10/28/2016 17:00	EC	Consumer Confidence	Oct F	-8	--	-8	--
10/28/2016 20:00	GE	CPI MoM	Oct P	0.20%	--	0.10%	--
10/28/2016 20:00	GE	CPI YoY	Oct P	0.80%	--	0.70%	--
10/28/2016 20:00	GE	CPI EU Harmonized MoM	Oct P	0.10%	--	0.00%	--
10/28/2016 20:00	GE	CPI EU Harmonized YoY	Oct P	0.70%	--	0.50%	--
10/28/2016 20:30	US	Employment Cost Index	3Q	0.60%	--	0.60%	--
10/28/2016 20:30	US	GDP Annualized QoQ	3Q A	2.60%	--	1.40%	--
10/28/2016 20:30	US	Personal Consumption	3Q A	2.60%	--	4.30%	--
10/28/2016 20:30	US	GDP Price Index	3Q A	1.40%	--	2.30%	--
10/28/2016 20:30	US	Core PCE QoQ	3Q A	1.60%	--	1.80%	--
10/28/2016 22:00	US	U. of Mich. Sentiment	Oct F	88.2	--	87.9	--
10/28/2016	MU	Hotel Occupancy Rate	Sep	--	--	90.3	--
10/28/2016	PH	Bank Lending YoY	Sep	--	--	15.90%	--

Source: Bloomberg

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