

Highlights

Global	<p>Some said they wouldn't, while others muttered they couldn't, but in the end, they did it. We are referring here to OPEC members, who surprised expectation by agreeing to a preliminary deal to cut crude oil production. This is the first reduction in production quota in as long as eight years, and the unexpected nature resulted in a spike in crude oil prices. WTI, for instance, climbed by more than 5% to reach above USD47 per barrel. Meanwhile, in her testimony to Congress, FOMC Chair Yellen reiterated that most of her committee members expect a rate increase this year, and that there is no change to the 2% inflation target. Elsewhere, market might pay some attention to comments by Singapore's DPM Tharman Shanmugaratnam on how the tough period for Singapore's economy "will last for a while", adding that it cannot keep growing by increasing manpower, placing emphasis, again, on the importance of getting productivity up.</p>
SG	<p>DPM Tharman commented that Singapore is "in for a tough period that will last for a while", adding that "second half will be weaker; in the lower half of the 1 per cent to 2 per cent range."</p> <p>The STI fell 0.08% to 2,858.01 yesterday, dragged down by Hongkong Land Holdings (-1.26%) and the Singapore Exchange Ltd (-1.07%), though gains in Jardine C&C (+1.52%) and Golden Agri (+1.39%) limited the overall losses. For today, oil-related names should gain some grounds in tandem with the higher oil price seen overnight.</p>
ID	<p>The Finance Ministry is planning to hold a press briefing on retail bonds sale today. Earlier, it has announced the offering of 3-year retail bonds at 6.6% yield, to be sold over the period of 29 September to 20 October. Meanwhile, as we inch closer to the end of September, participation rate of the tax amnesty program continues to soar, as taxpayers take advantage of the lower penalty rates. By this morning, as much as IDR2618tn of assets have been declared, hitting nearly two-thirds of the government's IDR4000tn target.</p>
Commodities	<p>OPEC has indeed set the stage for a decisive oil deal in November, following the conclusion made in its informal meeting. Under the agreement, OPEC oil production is expected to be reduced to a range of 32.5 to 33 million barrels per day (mbpd), from a current high of 33.4 mbpd. Saudi Arabia alone, is expected to forfeit 350k bpd. This deal, only to be enforced in its official meeting in November later this year, is only made possible as Iran, Nigeria and Libya were exempted from the cuts – Iran reiterated its call to touch 4.0 mbpd of production, while Nigeria and Libya are still struggling to lift production from its domestic frictions. The move to set the stage for a more decisive move in its November meeting is in-line with our view. Moreover, the surprising announcement of a cut of 0.9 mbpd is still too small to arrest the supply glut, and we may expect a more comprehensive assessment and action by the OPEC cartel in November to deliver a plan that will accelerate the rebalancing story.</p>

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Major Markets

- **US:** Equities recovered from early losses as news of an OPEC production cut flowed in late in the day. Oil producers, Exxon Mobil and Chevron, accounted for the majority of the Dow's 0.61% gain. Other main industries also marked gains, with the exception of healthcare, telecoms and utilities, resulting in the S&P 500 and Nasdaq ending higher by 0.53% and 0.24% respectively. VIX continued its retreat towards the 12 handle, closing at 12.39, down -5.42%. US Treasury yields rose 1-2 bps as risk-on sentiments arising from the oil agreement flowed through, with the 2-year note yielding 0.76% and the 10-year note yielding 1.57%. Overall, yields have retreated since the last FOMC, with traders having suspicions of Fed's rate hike convictions.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded upwards yesterday with swap rates traded 1-3bps higher across all tenors. Flows in the SGD corporates were heavy with better buying seen in SCISP 4.75%'49s and GENSSP 5.13%'49s. Mixed interests were seen in STANLN 4.4%'26s, SOCGEN 4.3%'26s, OLAMSP 4.25%'19s and OCBCSP 4%'49s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 204bps while the yield on JACI HY corporates increased 1bps to 6.42%. 10y UST yield increased 2bps to 1.57% following OPEC's meeting that came into consensus to reduce oil production for the first time in eight years.
- **New Issues:** Jababeka International B.V. has priced a USD20.617mn 7NC4 bond at 6.5% with expected issue ratings of "B+/NR/B+". New World Development priced a USD1.2bn perpetual, non-callable for 5-year bond at 5.75%, tightening from its initial guidance at 6%. HNA Group International Co. Ltd. has priced a USD200mn 5-year bond at 6.25%. CK Hutchison has priced a two tranche deal with the USD750mn 5-year bond priced at CT5+90bps while the other tranche of USD500mn 10-year bond was priced at CT10+130bps. The expected issue ratings are "A-/A3/A-". Zhuzhou City has scheduled investor road shows from 4 October onwards for potential USD bond issuance.
- **Rating Changes:** S&P assigned a "B" corporate credit rating to Xinjiang Guanghui Industry Investment (Group) Co. Ltd. (Guanghui) with a stable outlook. The rating reflects the company's operations in China's highly competitive and fragmented auto retail industry, and its exposure to the highly volatile energy and cyclical property segments. Moody's also assigned a "B2" corporate family rating to Guanghui with a stable outlook. Moody's rating reflects Guanghui's 37.3% equity interest in China Grand Automotive Services Co., Ltd. (CGA), a leading auto dealer in China, as well as Guanghui's weak debt-servicing ability from minority ownership in CGA and lack of dividends from CGA as well as large funding requirements needed to meet investments in its energy and auto dealership business. Moody's also downgraded Hua Han Health Industry Holdings Ltd.'s corporate family rating to "B1" from "Ba3" and placed its rating on review for further downgrade. The rating action follows the suspension in trading of Hua Han's shares and debt securities on the HK Stock Exchange on 27 September, 2016, pending the release of inside information regarding the audit progress of its annual results.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.431	0.00%	USD-SGD	1.3592	-0.04%
USD-JPY	100.690	0.26%	EUR-SGD	1.5246	-0.01%
EUR-USD	1.1217	0.02%	JPY-SGD	1.3498	-0.30%
AUD-USD	0.7692	0.33%	GBP-SGD	1.7695	-0.08%
GBP-USD	1.3019	-0.03%	AUD-SGD	1.0455	0.28%
USD-MYR	4.1383	0.31%	NZD-SGD	0.9900	-0.26%
USD-CNY	6.6751	0.07%	CHF-SGD	1.4000	-0.03%
USD-IDR	12957	0.02%	SGD-MYR	3.0387	0.11%
USD-VND	22304	-0.03%	SGD-CNY	4.9016	0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4254	--
2M	-0.3380	--	1M	0.5267	--
3M	-0.3010	--	2M	0.6512	--
6M	-0.2010	--	3M	0.8538	--
9M	-0.1290	--	6M	1.2419	--
12M	-0.0600	--	12M	1.5512	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.38	-7.00	3.33
Italy	-0.12	-0.70	1.18
Ireland	-0.44	-1.00	0.33
Greece	7.65	--	8.28
Spain	-0.21	-1.40	0.90
Russia	2.07	-8.10	3.77

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.05	5.33%	Coffee (per lb)	1.531	-0.39%
Brent (per barrel)	48.69	5.92%	Cotton (per lb)	0.6813	-1.82%
Heating Oil (per gallon)	1.491	5.75%	Sugar (per lb)	0.2327	1.09%
Gasoline (per gallon)	1.48	6.03%	Orange Juice (per lb)	2.0685	-1.17%
Natural Gas (per MMBtu)	2.952	-1.47%	Cocoa (per mt)	2,825	-1.50%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,818.0	0.65%	Wheat (per bushel)	4.0325	-0.19%
Nickel (per mt)	10,659	0.61%	Soybean (per bushel)	9.455	-0.73%
Aluminium (per mt)	1,655.5	0.85%	Corn (per bushel)	3.2925	-0.75%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,319.4	-0.50%	Crude Palm Oil (MYR/MT)	2,747.0	-3.58%
Silver (per oz)	19.044	-0.23%	Rubber (JPY/KG)	170.0	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	18,339.24	110.94
S&P	2,171.37	11.44
Nasdaq	5,318.55	12.84
Nikkei 225	16,465.40	-218.53
STI	2,858.01	-2.22
KLCI	1,664.96	0.24
JCI	5,425.34	5.73
Baltic Dry	912.00	-18.00
VIX	12.39	-0.71

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.89 (+0.06)	0.76 (+0.01)
5Y	1.33 (+0.07)	1.13 (+0.02)
10Y	1.80 (+0.02)	1.57 (+0.02)
15Y	2.08 (+0.01)	--
20Y	2.15 (+0.01)	--
30Y	2.17 (+0.01)	2.29 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	43.02	0.27
EURIBOR-OIS	3.90	--
TED	59.51	--

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
09/28/2016 13:00	JN Small Business Confidence	Sep	46.9	47.7	46.3	--
09/28/2016 14:00	GE GfK Consumer Confidence	Oct	10.2	10	10.2	--
09/28/2016 14:45	FR Consumer Confidence	Sep	97	97	97	--
09/28/2016 16:00	IT Consumer Confidence Index	Sep	109	108.7	109.2	109.1
09/28/2016 16:00	IT Manufacturing Confidence	Sep	100.9	101.9	101.1	--
09/28/2016 16:00	IT Economic Sentiment	Sep	--	101	99.4	99.5
09/28/2016 19:00	US MBA Mortgage Applications	Sep-23	--	-0.70%	-7.30%	--
09/28/2016 20:30	US Durable Goods Orders	Aug P	-1.50%	0.00%	4.40%	3.60%
09/28/2016 20:30	US Durables Ex Transportation	Aug P	-0.50%	-0.40%	1.30%	1.10%
09/28/2016 20:30	US Cap Goods Orders Nondef Ex Air	Aug P	-0.10%	0.60%	1.50%	0.80%
09/28/2016 20:30	US Cap Goods Ship Nondef Ex Air	Aug P	0.10%	-0.40%	-0.50%	-0.70%
09/29/2016 07:50	JN Retail Trade YoY	Aug	-1.70%	--	-0.20%	--
09/29/2016 07:50	JN Retail Sales MoM	Aug	-0.60%	--	1.40%	1.50%
09/29/2016 07:50	JN Foreign Buying Japan Bonds	Sep-23	--	--	¥1065.2b	--
09/29/2016 07:50	JN Foreign Buying Japan Stocks	Sep-23	--	--	-¥479.0b	--
09/29/2016 10:00	SK Discount Store Sales YoY	Aug	--	--	2.10%	--
09/29/2016 10:00	SK Department Store Sales YoY	Aug	--	--	7.00%	--
09/29/2016 15:55	GE Unemployment Change (000's)	Sep	-5k	--	-7k	--
09/29/2016 15:55	GE Unemployment Claims Rate SA	Sep	6.10%	--	6.10%	--
09/29/2016 16:30	UK Mortgage Approvals	Aug	60.2k	--	60.9k	--
09/29/2016 16:30	UK Money Supply M4 MoM	Aug	--	--	1.20%	--
09/29/2016 16:30	UK M4 Money Supply YoY	Aug	--	--	3.90%	--
09/29/2016 17:00	EC Economic Confidence	Sep	103.5	--	103.5	--
09/29/2016 17:00	EC Consumer Confidence	Sep F	-8.2	--	-8.2	--
09/29/2016 20:00	GE CPI MoM	Sep P	0.00%	--	0.00%	--
09/29/2016 20:00	GE CPI YoY	Sep P	0.60%	--	0.40%	--
09/29/2016 20:00	GE CPI EU Harmonized MoM	Sep P	0.00%	--	-0.10%	--
09/29/2016 20:00	GE CPI EU Harmonized YoY	Sep P	0.50%	--	0.30%	--
09/29/2016 20:30	US Wholesale Inventories MoM	Aug P	0.00%	--	0.00%	--
09/29/2016 20:30	US GDP Annualized QoQ	2Q T	1.30%	--	1.10%	--
09/29/2016 20:30	US Personal Consumption	2Q T	4.40%	--	4.40%	--
09/29/2016 20:30	US GDP Price Index	2Q T	2.30%	--	2.30%	--
09/29/2016 20:30	US Core PCE QoQ	2Q T	1.80%	--	1.80%	--
09/29/2016 20:30	US Initial Jobless Claims	Sep-24	260k	--	252k	--
09/29/2016 20:30	US Continuing Claims	Sep-17	2129k	--	2113k	--
09/29/2016 21:45	US Bloomberg Consumer Comfort	Sep-25	--	--	41.3	--
09/29/2016 22:00	US Pending Home Sales MoM	Aug	0.00%	--	1.30%	--
09/29/2016	VN Exports YTD YoY	Sep	5.90%	--	5.50%	--
09/29/2016	VN GDP YTD YoY	3Q	5.83%	--	5.52%	--
09/29/2016	TA CBC Benchmark Interest Rate	Sep-21	1.38%	--	1.38%	--

Source: Bloomberg

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