

Highlights

Global	<p>Renewed market concerns about the health of selected financial institutions and the possibility of contagion effects sent global risk appetite lower overnight. Whilst the Euro Stoxx 50 ended flat yesterday, Wall Street took an overnight tumble, and Asian bourses are likely to start the morning in similar de-risking mode. Going into China's Golden Week and RMB's inclusion into SDR basket from 1 October, the sensible thing looks like it's for Asia to de-risk ahead of the weekend, with today also being month and quarter-end.</p> <p>The economic data calendar today comprises of US' personal spending and income, core PCE deflator, Chicago PMI and University of Michigan confidence, the slew of manufacturing PMIs including China's Caixin, Eurozone's CPI and unemployment rate, German retail sales, UK's final 2Q GDP growth, Thai trade and foreign reserves data, and S'pore's bank loans.</p>
US	<p>Pending home sales declined more than expected by 2.4% mom (+4.0% yoy nsa) to a 7-month low in August, reined in by tight supply and rising home prices. Meanwhile, the trade deficit shrank 0.6% to a 4-month low of US\$58.4b, as exports climbed 0.7% and imports lagged at +0.3%, and prompting analysts to anticipate a larger contribution to 3Q GDP growth. Separately, initial jobless claims edged higher to 254k, while the previous week was revised to a 5-month low of 251k, suggesting that the labour market remains healthy. The final 2Q16 GDP growth was 1.4%, above market expectations for 1.3% and the previous estimate of 1.1%, as consumer spending rose 4.3% (previously 4.4%) but non-residential fixed investments was revised to +1% (previously -0.9%).</p> <p>Fed's Mester warned "if we continue to delay....we risk having to undertake a considerably steeper policy path later on", and Harker also opined "I tend to be in the camp of normalizing sooner, rather than later...I am somewhat concerned about falling behind the curve".</p>
JN	<p>Japan reported its jobless rate edged up 0.1% point to 3.1% in August, whereas overall household spending fell more than expected by 4.6% and core CPI inflation declined for the 6th straight month by 0.5% yoy. This dataset underpins the challenges facing BOJ to combat deflation and boost growth.</p>
SG	<p>Singapore has topped the regional corporate governance rankings for 2016, ahead of Hong Kong. Bank loans growth likely fell again in August, extending the decline since October 2015, but probably by a smaller magnitude than July's -2.7% yoy as the base effects get less severe in 2H15.</p>
CH	<p>Sinosteel was approved to be the first SOE in debt-equity swap. Whether the swaps will be effective in helping the indebted SOEs deleverage and easing the default risks remain to be closely watched.</p>
ID	<p>The government has reportedly raided Google's Jakarta office in connection with tax investigations. Indonesian tax authorities have warned the company repeatedly for refusing a tax audit. Meanwhile, the participation rate in tax amnesty program continues on its recent spurt. Total assets declared have now ticked up to IDR3196tn (~USD246bn).</p>

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Major Markets

- **US:** Financials and healthcare led declines in the equity market, with all main industries marking losses. Financials were gripped by renewed concerns at Deutsche Bank (DB), as Bloomberg News reported that some counterparties are withdrawing excess cash and positions from the bank. Overall, the Dow lost -1.07%, while the S&P 500 and Nasdaq both fell -0.93%. VIX spiked 13.16% to close at 14.02. Despite hawkish comments by Fed officials, US Treasuries rallied on safe-haven flows due to contagion worries emanating from DB's woes. Yields were lower by 1-2 bps, with 2-year and 10-year benchmark yields standing at 0.73% and 1.56% respectively.
- **Singapore:** STI gained 0.97% to close at 2885.71 yesterday, but may retrace given the de-risking seen in Wall Street overnight and the morning slippage in Nikkei and Kospi. SGS bond yields spiked around 5-7bps yesterday, but may retrace today given the risk-off trading mode. Note that as USDSGD has edged higher and the SGD NEER pushed further below parity on its trade-weighted band, the 3-month SOR, which bottomed at 0.48% at the start of the week has been paid up by some 16bps in the course of this week. Swap activity to garner USD funding appears to remain fairly active for now.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday with swap rates trading 6-9bps higher across all tenors as the US dollar appreciated following the OPEC agreement to cut oil production. Flows in the SGD corporates were heavy with better selling seen in GRCHAR 6%'17s and FCLSP 4.88%'49s. Mixed interests were seen in GENSSP 5.13%'49s, SOCGEN 4.3%'26s, FRESHK 4.25%'19s and FCLSP 5%'49s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 204bps while the yield on JACI HY corporates also remained levelled at 6.42%. 10y UST decreased 1bps to 1.56% as on-going negative headlines on Deutsche Bank AG seem to be infusing risk-off sentiments in the markets.
- **New Issues:** Croesus Retail Asset Management Pte. Ltd. has priced a SGD50mn tap of its 5%'20s at 99.5. Kasikornbank PCL (Hong Kong) has priced a USD400mn 5.5-year bond at 2.375% with expected issue ratings of "BBB+/Baa1/BBB+". Jubilant Pharma Ltd. has priced a USD300mn 5NC3 bond at 4.875%, tightening from its initial guidance at 5.25%. The expected issue ratings are "BB-/NR/BB". Television Broadcast Ltd. has priced a USD500mn 5-year bond at 3.625%, tightening from its initial guidance at 4.125%. RHB Bank has priced a USD500mn 5-year at CT5+137.5bps, tightening from its initial guidance at CT5+165bps. The expected issue ratings are "BBB+/A3/NR". China CITIC Bank International Ltd. has priced a USD500mn AT1 perpetual, non-callable for 5-year at 4.25%, tightening from its initial guidance at 4.625%. The expected issue ratings are "NR/Ba2/NR".
- **Rating Changes:** Fitch downgraded A&T Electronics Ltd. (GATE) issuer default ratings to "CCC" from "B-". The downgrade reflects Fitch's expectation of GATE's continued Free Cash Flow deficit and the ensuing liquidity stress and refinancing risk as its 2019 bond maturity draws near. Fitch also expects GATE's liquidity will deteriorate further in the absence of a meaningful recovery in EBITDA or a successful non-core assets.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.535	0.11%	USD-SGD	1.3643	0.38%
USD-JPY	101.030	0.34%	EUR-SGD	1.5309	0.41%
EUR-USD	1.1222	0.04%	JPY-SGD	1.3503	0.04%
AUD-USD	0.7636	-0.73%	GBP-SGD	1.7693	-0.01%
GBP-USD	1.2968	-0.39%	AUD-SGD	1.0417	-0.36%
USD-MYR	4.1233	-0.36%	NZD-SGD	0.9896	-0.04%
USD-CNY	6.6672	-0.12%	CHF-SGD	1.4122	0.87%
USD-IDR	12972	0.12%	SGD-MYR	3.0220	-0.55%
USD-VND	22303	0.00%	SGD-CNY	4.8939	-0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4206	--
2M	-0.3390	--	1M	0.5244	--
3M	-0.3020	--	2M	0.6444	--
6M	-0.2020	--	3M	0.8377	--
9M	-0.1290	--	6M	1.2336	--
12M	-0.0610	--	12M	1.5514	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.36	-1.90	3.31
Italy	-0.11	0.80	1.21
Ireland	-0.44	0.40	0.33
Greece	7.65	--	8.26
Spain	-0.21	0.10	0.92
Russia	2.07	0.70	3.74

Equity and Commodity

Index	Value	Net change
DJIA	18,143.45	-195.79
S&P	2,151.13	-20.24
Nasdaq	5,269.15	-49.39
Nikkei 225	16,693.71	228.31
STI	2,885.71	27.70
KLCI	1,669.64	4.68
JCI	5,431.96	6.62
Baltic Dry	888.00	-24.00
VIX	14.02	1.63

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.95 (+0.06)	0.73 (-0.02)
5Y	1.39 (+0.06)	1.12 (-0.02)
10Y	1.88 (+0.07)	1.56 (-0.01)
15Y	2.13 (+0.06)	--
20Y	2.21 (+0.06)	--
30Y	2.23 (+0.06)	2.28 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	40.68	-2.34
EURIBOR-OIS	4.70	0.90
TED	56.38	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.83	1.66%	Coffee (per lb)	1.502	-1.93%
Brent (per barrel)	49.24	1.13%	Cotton (per lb)	0.6795	-0.26%
Heating Oil (per gallon)	1.510	1.29%	Sugar (per lb)	0.2276	-2.19%
Gasoline (per gallon)	1.47	-0.74%	Orange Juice (per lb)	2.0370	-1.52%
Natural Gas (per MMBtu)	2.959	0.24%	Cocoa (per mt)	2,728	-3.43%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,841.0	0.48%	Wheat (per bushel)	3.9900	-1.05%
Nickel (per mt)	10,398	-2.45%	Soybean (per bushel)	9.503	0.50%
Aluminium (per mt)	1,662.3	0.41%	Corn (per bushel)	3.2925	--
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,321.7	0.17%	Crude Palm Oil (MYR/MT)	2,761.0	0.51%
Silver (per oz)	19.188	0.76%	Rubber (JPY/KG)	171.9	1.12%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
09/29/2016 07:50	JN Retail Trade YoY	Aug	-1.70%	-2.10%	-0.20%	--
09/29/2016 10:00	VN Exports YTD YoY	Sep	5.90%	6.70%	5.50%	--
09/29/2016 10:00	VN GDP YTD YoY	3Q	5.83%	5.93%	5.52%	--
09/29/2016 15:55	GE Unemployment Change (000's)	Sep	-5k	1k	-7k	-6k
09/29/2016 15:55	GE Unemployment Claims Rate SA	Sep	6.10%	6.10%	6.10%	--
09/29/2016 16:21	TA CBC Benchmark Interest Rate	Sep-21	1.38%	1.38%	1.38%	--
09/29/2016 16:30	UK Mortgage Approvals	Aug	60.2k	60.1k	60.9k	--
09/29/2016 17:00	EC Economic Confidence	Sep	103.5	104.9	103.5	--
09/29/2016 17:00	EC Consumer Confidence	Sep F	-8.2	-8.2	-8.2	--
09/29/2016 20:00	GE CPI MoM	Sep P	0.00%	0.10%	0.00%	--
09/29/2016 20:00	GE CPI YoY	Sep P	0.60%	0.70%	0.40%	--
09/29/2016 20:00	GE CPI EU Harmonized YoY	Sep P	0.50%	0.50%	0.30%	--
09/29/2016 20:30	US Wholesale Inventories MoM	Aug P	0.00%	-0.10%	0.00%	-0.10%
09/29/2016 20:30	US GDP Annualized QoQ	2Q T	1.30%	1.40%	1.10%	--
09/29/2016 20:30	US GDP Price Index	2Q T	2.30%	2.30%	2.30%	--
09/29/2016 20:30	US Core PCE QoQ	2Q T	1.80%	1.80%	1.80%	--
09/29/2016 20:30	US Initial Jobless Claims	Sep-24	260k	254k	252k	251k
09/29/2016 22:00	US Pending Home Sales MoM	Aug	0.00%	-2.40%	1.30%	1.20%
09/30/2016 05:00	SK Business Survey Manufacturing	Oct	--	75	74	--
09/30/2016 05:45	NZ Building Permits MoM	Aug	--	-1.00%	-10.50%	-8.10%
09/30/2016 07:00	SK Industrial Production YoY	Aug	1.60%	2.30%	1.60%	--
09/30/2016 07:30	JN Jobless Rate	Aug	3.00%	3.10%	3.00%	--
09/30/2016 07:30	JN Job-To-Applicant Ratio	Aug	1.37	1.37	1.37	--
09/30/2016 07:30	JN Natl CPI YoY	Aug	-0.50%	-0.50%	-0.40%	--
09/30/2016 07:30	JN Natl CPI Ex Fresh Food YoY	Aug	-0.40%	-0.50%	-0.50%	--
09/30/2016 07:30	JN Tokyo CPI YoY	Sep	-0.50%	-0.50%	-0.50%	--
09/30/2016 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Sep	-0.40%	-0.50%	-0.40%	--
09/30/2016 07:30	JN Tokyo CPI Ex Food, Energy YoY	Sep	0.10%	-0.10%	0.10%	--
09/30/2016 07:50	JN Industrial Production MoM	Aug P	0.50%	1.50%	-0.40%	--
09/30/2016 08:00	NZ ANZ Business Confidence	Sep	--	--	15.5	--
09/30/2016 08:30	SK Nikkei South Korea PMI Mfg	Sep	--	--	48.6	--
09/30/2016 09:30	AU Private Sector Credit MoM	Aug	0.50%	--	0.40%	--
09/30/2016 09:45	CH Caixin China PMI Mfg	Sep	50.1	--	50	--
09/30/2016 14:00	GE Retail Sales MoM	Aug	-0.20%	--	1.70%	0.60%
09/30/2016 14:00	UK Nationwide House PX MoM	Sep	0.30%	--	0.60%	--
09/30/2016 14:45	FR PPI YoY	Aug	--	--	-2.90%	--
09/30/2016 14:45	FR CPI EU Harmonized YoY	Sep P	0.50%	--	0.40%	--
09/30/2016 14:45	FR CPI MoM	Sep P	-0.20%	--	0.30%	--
09/30/2016 14:45	FR CPI YoY	Sep P	0.40%	--	0.20%	--
09/30/2016 15:30	TH Foreign Reserves	Sep-23	--	--	\$180.0b	--
09/30/2016 15:30	TH Exports YoY	Aug	--	--	-4.50%	--
09/30/2016 15:30	TH Trade Balance	Aug	--	--	\$3195m	--
09/30/2016 15:30	TH BoP Current Account Balance	Aug	\$3218m	--	\$3667m	--
09/30/2016 16:30	HK Retail Sales Value YoY	Aug	-6.90%	--	-7.70%	--
09/30/2016 16:30	UK GDP QoQ	2Q F	0.60%	--	0.60%	--
09/30/2016 16:30	UK GDP YoY	2Q F	2.20%	--	2.20%	--
09/30/2016 17:00	EC Unemployment Rate	Aug	10.00%	--	10.10%	--
09/30/2016 17:00	EC CPI Estimate YoY	Sep	0.40%	--	--	--
09/30/2016 17:00	EC CPI Core YoY	Sep A	0.90%	--	0.80%	--
09/30/2016 17:00	IT CPI NIC incl. tobacco MoM	Sep P	-0.20%	--	0.20%	--
09/30/2016 17:00	IT CPI EU Harmonized MoM	Sep P	1.90%	--	0.00%	0.00%
09/30/2016 17:00	IT CPI EU Harmonized YoY	Sep P	0.10%	--	-0.10%	--
09/30/2016 18:00	IT PPI MoM	Aug	--	--	0.50%	--
09/30/2016 20:30	US Personal Income	Aug	0.20%	--	0.40%	--
09/30/2016 20:30	CA GDP MoM	Jul	0.30%	--	0.60%	--
09/30/2016 20:30	US Personal Spending	Aug	0.10%	--	0.30%	--
09/30/2016 21:45	US Chicago Purchasing Manager	Sep	52	--	51.5	--
09/30/2016 22:00	US U. of Mich. Sentiment	Sep F	90	--	89.8	--
09/30/2016	MU Hotel Occupancy Rate	Aug	--	--	86.8	--

Source: Bloomberg

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