

Treasury Advisory
Corporate FX & Structured
Products

Tel: 6349-1888 / 1881

Interest Rate Derivatives

Tel: 6349-1899

Investments & Structured
Products

Tel: 6349-1886

GT Institutional Sales

Tel: 6349-1810

Highlights

Global	Global risk appetite continued to diverge with Dow Jones eking out further gains to a record close, led by financials amid higher interest rate expectations, whereas the 10-year US Treasury bond yield continuing to spike to 2.14% and pressuring core Eurozone bond yields higher as well. Elsewhere, BSP kept its policy rate unchanged but raised its 2017 inflation forecast to 1.8%. For today, watch for BOK to keep its 7-day repo rate at 1.25%, as well as HK and Malaysia's 3Q16 GDP growth, India's industrial production, German CPI, and US' University of Michigan sentiments. Speakers include Fed's Fischer and RBA's Debelle. Asian markets could see some profit-taking into the weekend after a choppy post-election period.
US	Initial jobless claims fell 11k to 254k, bringing the four-week average to 260k, while continuing claims rose to 2.041m. Meanwhile, Fed's Bullard opined that December was a "reasonable time to implement that single rate increase" and that "there is not a level of global volatility that is troubling". Separately, Lacker noted that the US jobless rate "looks like" full employment and "very substantial progress".
SG	The STI rallied 1.58% to close at 2834.09 yesterday but looks vulnerable to some profit taking today given mixed cues from Wall Street, Nikkei and Kospi. The STI could trade in a 2800-2840 range today. SGS bonds tracked the UST bond sell-off yesterday and may stay under pressure today.
ID	Economy Minister, Darmin Nasution, said that the government sees GDP growth at 5.28% in Q4 this year. For 2017, it has a baseline projection for growth at 5.1% with possibility of reaching 5.3%. It plans to issue rule to simplify permit process for infrastructure industry soon and to develop alternative sources of funding for the build-up.
MA	GDP data for Q3 is due out today, with market and ourselves penciling in growth of 4.0%yoy, same as the previous quarter's data. Given that exports weakness is likely to be a drag, it would come down to whether domestic consumption stayed strong enough to support the headline growth figure.
Commodities	Dollar-denominated commodities from energy to gold and softs fell as the US dollar index (DXY) rose to its highest in the month. WTI in particular, closed below its coveted \$45/bbl handle once again, while gold tapered lower to \$1,266/oz. Notably, the International Energy Agency warned on a "relentless global supply growth" in the next year unless OPEC enacts "significant" output cuts in their upcoming November meeting. Elsewhere, US equities have rallied for its fourth consecutive trading day after Donald J. Trump's victory in the presidential election race, suggesting that risk appetite continues to stay buoyant. Translating this to commodities, it does suggest that market-talks pointing to a huge rise in gold prices (>\$1,400/oz) and a slump in oil prices (=\$40/bbl) has not come to pass given this quick turnaround in risk sentiments.

Major Market

- **US:** Equities markets ended mixed as the Dow surged another 1.17% to hit a record high of 18808, while the Nasdaq declined 0.81%. The S&P 500 was comparatively muted, notching a small gain of 0.20%. Financials and healthcare continued to power the rally, in the hopes that regulations in these sectors will be rolled back under a Trump administration. Technology and utilities were the main losers, with the tech sector worried that Trump policies may not be favourable to Silicon Valley and the high-yielding utilities declining as bond yields surge. VIX rose 2.5% to 14.74. The US Treasury yield curve continued to steepen as inflation expectations re-adjusted. Longer term Treasuries continued to be sold off, with yields rising another 10 bps for the 10-year note, standing at 2.15%. 2-year benchmark yield were higher by 3 bps at 0.92%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday with swap rates trading 2-16bps higher across all tenors. In the broader dollar space, the spread on JACI IG corporates decreased 7bps to 202bps while the yield on JACI HY corporates increased 3bps to 6.67%. 10y UST yield increased 9bps to 2.15% as the market continues to price in Trump's presidential victory.
- **New Issues:** Gansu Provincial Highway Aviation Tourism Investment Group Co. has priced a USD500mn 3-year bond at CT3+195bps, tightening from its initial guidance at CT3+215bps. The expected issue ratings are "BBB-/NR/BBB-". Yancheng Oriental has scheduled investor road shows from 11 November onwards for a USD bond issue with expected issue ratings of "NR/NR/BB+".
- **Rating Changes:** S&P affirmed Mitsubishi Motors Corp.'s corporate credit rating at "BB-" and removed the rating from CreditWatch after reviewing the possible rating impact from Mitsubishi Motor's falsification of fuel-economy data on its operations and financial performance. The outlook is negative as S&P believed that a recovery in profits in the next 6-12 months remains uncertain, given the risk that unit sales could fall further both at home and abroad and that the yen could appreciate further. S&P upgraded PT Japfa Comfeed Indonesia Tbk.'s corporate credit rating to "B+" from "B" with a stable outlook. The upgrade reflects Japfa Comfeed's initiatives to lengthen its debt maturity profile and because its operating and financial performances have surpassed S&P's base-case expectations.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.785	0.29%	USD-SGD	1.4116	0.89%
USD-JPY	106.830	1.10%	EUR-SGD	1.5375	0.73%
EUR-USD	1.0893	-0.16%	JPY-SGD	1.3213	-0.20%
AUD-USD	0.7613	-0.29%	GBP-SGD	1.7721	2.09%
GBP-USD	1.2555	1.20%	AUD-SGD	1.0746	0.59%
USD-MYR	4.2802	1.06%	NZD-SGD	1.0181	-0.02%
USD-CNY	6.8059	0.21%	CHF-SGD	1.4303	0.64%
USD-IDR	13138	0.08%	SGD-MYR	3.0428	0.09%
USD-VND	22326	-0.04%	SGD-CNY	4.8362	-0.59%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.4323	--
2M	-0.3390	--	1M	0.5364	--
3M	-0.3120	--	2M	0.6762	--
6M	-0.2110	--	3M	0.8865	--
9M	-0.1300	--	6M	1.2427	--
12M	-0.0700	--	12M	1.5562	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.35	1.90	3.40
Italy	0.03	4.50	1.90
Ireland	-0.41	1.20	0.86
Greece	7.65	--	7.25
Spain	-0.16	4.50	1.39
Russia	2.26	6.20	4.27

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	44.66	-1.35%	Coffee (per lb)	1.619	-4.85%
Brent (per barrel)	45.84	-1.12%	Cotton (per lb)	0.6920	1.33%
Heating Oil (per gallon)	1.4366	-0.31%	Sugar (per lb)	0.2165	-2.08%
Gasoline (per gallon)	1.3377	-1.44%	Orange Juice (per lb)	2.1715	-1.41%
Natural Gas (per MMBtu)	2.6320	-2.16%	Cocoa (per mt)	2,450	-0.97%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,601.0	3.47%	Wheat (per bushel)	4.0475	-0.49%
Nickel (per mt)	11,495.0	-0.32%	Soybean (per bushel)	9.890	0.71%
Aluminium (per mt)	1,769.0	1.00%	Corn (per bushel)	3.4350	0.81%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,266.4	-0.56%	Crude Palm Oil (MYR/MT)	2,892.0	1.23%
Silver (per oz)	18.737	1.95%	Rubber (JPY/KG)	190.4	4.67%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	18,807.88	218.19
S&P	2,167.48	4.22
Nasdaq	5,208.80	-42.28
Nikkei 225	17,344.42	1092.88
STI	2,834.09	44.21
KLCI	1,652.74	5.12
JCI	5,450.31	35.98
Baltic Dry	974.00	20.00
VIX	14.74	0.36

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.92 (+0.07)	0.92 (+0.03)
5Y	1.39 (+0.11)	1.56 (+0.08)
10Y	2.03 (+0.09)	2.15 (+0.09)
15Y	2.40 (+0.09)	--
20Y	2.51 (+0.09)	--
30Y	2.52 (+0.09)	2.95 (+0.11)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	36.15	-5.68
EURIBOR-OIS	3.80	--
TED	45.51	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
11/10/2016	04:00	NZ RBNZ Official Cash Rate	Nov-10	1.75%	1.75%	2.00%	--
11/10/2016	07:50	JN Machine Orders MoM	Sep	-1.50%	-3.30%	-2.20%	--
11/10/2016	07:50	JN Machine Orders YoY	Sep	4.10%	4.30%	11.60%	--
11/10/2016	07:50	JN Foreign Buying Japan Bonds	Nov-04	--	¥6.2b	¥267.8b	--
11/10/2016	07:50	JN Foreign Buying Japan Stocks	Nov-04	--	¥106.4b	¥108.9b	--
11/10/2016	07:50	JN Money Stock M2 YoY	Oct	3.60%	3.70%	3.60%	3.50%
11/10/2016	07:50	JN Money Stock M3 YoY	Oct	3.10%	3.20%	3.10%	3.00%
11/10/2016	08:01	UK RICS House Price Balance	Oct	18%	23%	17%	18%
11/10/2016	08:30	AU Home Loans MoM	Sep	-1.60%	1.60%	-3.00%	-2.70%
11/10/2016	08:30	AU Owner-Occupier Loan Value MoM	Sep	--	0.90%	-1.60%	-1.00%
11/10/2016	09:00	PH Exports YoY	Sep	0.00%	5.10%	-4.40%	-3.00%
11/10/2016	09:00	PH Exports	Sep	--	\$5210.7m	\$4904.0m	--
11/10/2016	09:00	PH Imports YoY	Sep	10.00%	13.50%	12.20%	--
11/10/2016	09:00	PH Trade Balance	Sep	-\$1942m	-\$1890m	-\$2023m	-\$1952m
11/10/2016	13:07	IN Local Car Sales	Oct	--	195036	195259	--
11/10/2016	14:00	JN Machine Tool Orders YoY	Oct P	--	-8.90%	-6.30%	--
11/10/2016	15:45	FR Non-Farm Payrolls QoQ	3Q P	0.10%	0.30%	0.20%	--
11/10/2016	15:45	FR Industrial Production MoM	Sep	-0.30%	-1.10%	2.10%	2.30%
11/10/2016	15:45	FR Industrial Production YoY	Sep	0.40%	-1.10%	0.50%	0.40%
11/10/2016	15:45	FR Manufacturing Production MoM	Sep	-0.10%	-1.10%	2.20%	2.40%
11/10/2016	15:45	FR Manufacturing Production YoY	Sep	0.40%	-0.90%	0.70%	0.60%
11/10/2016	16:00	PH BSP Overnight Borrowing Rate	Nov-10	3.00%	3.00%	3.00%	--
11/10/2016	17:00	IT Industrial Production MoM	Sep	-1.00%	-0.80%	1.70%	1.80%
11/10/2016	17:00	IT Industrial Production WDA YoY	Sep	2.20%	1.80%	4.10%	4.40%
11/10/2016	17:00	IT Industrial Production NSA YoY	Sep	--	1.90%	7.40%	7.70%
11/10/2016	21:30	CA New Housing Price Index MoM	Sep	0.20%	0.20%	0.20%	--
11/10/2016	21:30	US Initial Jobless Claims	Nov-05	260k	254k	265k	--
11/10/2016	21:30	US Continuing Claims	Oct-29	2025k	2041k	2026k	2023k
11/10/2016	22:45	US Bloomberg Consumer Comfort	Nov-06	--	45.1	44.6	--
11/11/2016	03:00	US Monthly Budget Statement	Oct	-\$70.0b	-\$44.2b	-\$136.6b	--
11/11/2016	05:30	NZ BusinessNZ Manufacturing PMI	Oct	--	55.2	57.7	57.5
11/11/2016	05:45	NZ Food Prices MoM	Oct	--	-0.80%	-0.90%	--
11/11/2016	07:50	JN PPI MoM	Oct	0.00%	-0.10%	0.00%	--
11/11/2016	07:50	JN PPI YoY	Oct	-2.60%	-2.70%	-3.20%	--
11/11/2016	12:00	MA GDP SA QoQ	3Q	1.00%	--	0.70%	--
11/11/2016	12:00	MA GDP YoY	3Q	4.00%	--	4.00%	--
11/11/2016	12:00	MA Industrial Production YoY	Sep	4.00%	--	4.90%	--
11/11/2016	12:00	MA Manufacturing Sales Value YoY	Sep	--	--	-0.60%	--
11/11/2016	12:30	JN Tertiary Industry Index MoM	Sep	-0.20%	--	0.00%	--
11/11/2016	15:00	GE CPI MoM	Oct F	0.20%	--	0.20%	--
11/11/2016	15:00	GE CPI YoY	Oct F	0.80%	--	0.80%	--
11/11/2016	15:00	GE CPI EU Harmonized MoM	Oct F	0.20%	--	0.20%	--
11/11/2016	15:00	GE CPI EU Harmonized YoY	Oct F	0.70%	--	0.70%	--
11/11/2016	15:30	TH Foreign Reserves	Nov-04	--	--	\$180.1b	--
11/11/2016	16:30	HK GDP SA QoQ	3Q	0.30%	--	1.60%	--
11/11/2016	16:30	HK GDP YoY	3Q	1.50%	--	1.70%	--
11/11/2016	20:00	IN Industrial Production YoY	Sep	0.50%	--	-0.70%	--
11/11/2016	23:00	US U. of Mich. Sentiment	Nov P	87.9	--	87.2	--
11/11/2016		SK BoK 7-Day Repo Rate	Nov-11	1.25%	--	1.25%	--
11/11/2016		ID BoP Current Account Balance	3Q	-\$4535m	--	-\$4700m	-\$4679m
11/11/2016	11/15	CH New Yuan Loans CNY	Oct	672.0b	--	1220.0b	--
11/11/2016	11/15	CH Money Supply M2 YoY	Oct	11.40%	--	11.50%	--

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

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W