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Highlights

Global	<p>An exacerbation of GBP woes overnight (GBP touched a 31-year low of US\$1.1841) amid renewed Brexit concerns. Taking center-stage will be the key US' nonfarm payrolls and unemployment data due later tonight, and market consensus is eyeing a resilient +172k and 4.9% respectively (previously +151k and 4.9% in Aug). Should the data surprise on the upside, then market expectations for a Dec rate hike may continue to tilt higher. Overnight, the US Treasury bond market continued to sell off with the 10-year touching 1.74%. Crude oil prices also surfaced above US\$50 per barrel for the first time since 9 June, suggesting that global inflation prints may be bottoming.</p> <p>Apart from the US labour market data, the economic calendar comprises of UK's industrial production and Halifax house prices, German industrial production, and trade data for Malaysia and Taiwan. Speakers include ECB's Praet and Fed's Fischer, while ECB's Draghi and Coeure are also attending the IMF-Wold Bank meetings in Washington. The second presidential debate between Clinton and Trump is also happening this Sunday.</p>
US	<p>Initial jobless claims dipped 5k to 249k, bringing the 4-week average to 254k (the lowest since 1973), while the continuing claims eased to 2.058m (lowest since mid-2000). Coupled with the non-manufacturing ISM employment gauge, this suggests tonight's labour market report could be healthy. Meanwhile, the Challenger job cuts fell 24.7% yoy in Sep, versus -21.8% in Aug.</p>
UK	<p>Sweden is proposing that the European Banking Authority shift its base from London to Stockholm.</p>
EZ	<p>German factory orders surged 1.0% mom (+2.1% yoy) in Aug, while the Jul data was revised higher to +0.3% mom (-0.6% yoy), amid stronger domestic demand. This monthly increase is the strongest since March, and comes in the wake of a strong IFO report.</p>
SG	<p>Foreign reserves data is due today. The 3Q GDP growth revision and MAS policy review release is likely to be scheduled on 14 October.</p>
ID	<p>Bank Indonesia said that it sees fiscal boost to economy weakening in H2 vs H1 due to global weakness and falling state revenue. Junda Agung, executive director of monetary policy at BI, was quoted as saying that GDP is to grow toward 5.1-5.2% next year. He added that monetary policy transmission to loan growth remains weak, even as lending rate is expected to keep falling in the coming months.</p>
Commodities	<p>Gold pointed south once again in its trend overnight. The bullion has fallen to its lowest in almost four months, and breached below its critical 200-day moving average. The fall came on the back of the decrease in US initial jobless claims (249k) which then strengthens the case for a rate hike at end-year. Tonight's US nonfarm payrolls would be interesting to watch as well, where any upside surprises above its 172k handle would further cement higher probability for a rate hike in the upcoming FOMC meetings.</p>

Major Markets

- **US:** Equities ended little changed on Thursday as investors stayed on the sidelines awaiting Friday's payrolls data. Gains in technology and energy sectors were offset by losses in biotech and healthcare. Overall, the S&P 500 notched a small gain of 0.05%, while Dow and Nasdaq saw marginal losses of 0.07% and 0.17%. VIX edged lower by 1.1% to close at 12.84. Elsewhere, the selling-off of US Treasuries entered the fifth day, as investors expect upcoming Fed speak to be hawkish and payrolls data to signal a strong underlying economy. Implied probability of a rate hike by December continues to edge upwards, standing now at 63%. Yields rose 1-4 bps across the board, with the 2- and 10-year Treasuries yielding 0.85% and 1.73% respectively.
- **Singapore:** STI retreated 0.10% to close at 2881.79 yesterday, but may attempt higher amid positive cues from Wall Street's overnight rally and morning gains in Kospi. STI support and resistance are tipped at 2860 and 2900 respectively. SGS bond yields rose by a more modest 1-2bps yesterday but the overnight lead from US Treasury bonds are still negative.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened with the short end rated down 1-2bps while the belly to long end fell 2-5bps. Flows in the SGD corporates were moderate with better buying seen in FCLSP 4.88%'49s, better selling were seen in OLAMSP 6%'22s and mixed interests was seen in SCISP 4.75%'49s. In the broader dollar space, the spread on JACI IG corporates fell 1 bps to 203bps while the yield on JACI HY corporates decreased 2bps to 6.48%. 10y UST yield increased 4bps to 1.74% following a selloff in treasuries ahead of anticipated comments from key Federal Reserve speakers and a key US jobs report.
- **New Issues:** China Construction Bank is planning to issue USD 5Y bonds. Export-Import Bank of Malaysia Bhd has scheduled investor meetings on 11 Oct 2016 for potential USD bond issue.
- **Rating Changes:** S&P has placed Asia Capital Reinsurance's Financial Strength of "A-" on CreditWatch with negative implications. This reflects the concerns over the lack of track record when making overseas reinsurance investments.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.765	0.67%	USD-SGD	1.3725	0.20%
USD-JPY	103.950	0.43%	EUR-SGD	1.5306	-0.29%
EUR-USD	1.1151	-0.48%	JPY-SGD	1.3202	-0.25%
AUD-USD	0.7585	-0.49%	GBP-SGD	1.7317	-0.85%
GBP-USD	1.2616	-1.04%	AUD-SGD	1.0412	-0.30%
USD-MYR	4.1477	0.11%	NZD-SGD	0.9834	0.08%
USD-CNY	6.6718	--	CHF-SGD	1.3995	-0.48%
USD-IDR	12987	-0.08%	SGD-MYR	3.0190	-0.07%
USD-VND	22305	0.00%	SGD-CNY	4.8575	-0.28%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4282	--
2M	-0.3380	--	1M	0.5257	--
3M	-0.3020	--	2M	0.6512	--
6M	-0.2030	--	3M	0.8679	--
9M	-0.1310	--	6M	1.2558	--
12M	-0.0640	--	12M	1.5727	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.39	-1.60	3.51
Italy	-0.10	-0.20	5.60
Ireland	-0.46	-0.50	3.53
Greece	7.65	--	1.34
Spain	-0.22	-0.30	1.34
Russia	2.07	1.00	1.36

Equity and Commodity

Index	Value	Net change
DJIA	18,268.50	-12.53
S&P	2,160.77	1.04
Nasdaq	5,306.85	-9.17
Nikkei 225	16,899.10	79.86
STI	2,885.22	3.43
KLCI	1,666.73	3.81
JCI	5,409.34	-11.30
Baltic Dry	915.00	46.00
VIX	12.84	-0.15

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.92 (-0.01)	0.85 (+0.02)
5Y	1.38 (-0.01)	1.28 (+0.03)
10Y	1.86 (-0.02)	1.74 (+0.04)
15Y	2.15 (--)	--
20Y	2.25 (-0.01)	--
30Y	2.28 (-0.01)	2.45 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	40.46	-1.07
EURIBOR-OIS	4.80	0.10
TED	54.74	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.44	1.22%	Coffee (per lb)	1.464	-1.21%
Brent (per barrel)	52.51	1.25%	Cotton (per lb)	0.6771	-0.47%
Heating Oil (per gallon)	1.596	0.85%	Sugar (per lb)	0.2311	-2.94%
Gasoline (per gallon)	1.50	0.33%	Orange Juice (per lb)	1.9965	-0.87%
Natural Gas (per MMBtu)	3.049	0.26%	Cocoa (per mt)	2,787	-1.73%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,756.0	-0.91%	Wheat (per bushel)	3.9575	-2.28%
Nickel (per mt)	10,208	1.74%	Soybean (per bushel)	9.585	0.18%
Aluminium (per mt)	1,669.0	0.13%	Corn (per bushel)	3.4050	-2.08%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,249.8	-1.22%	Crude Palm Oil (MYR/MT)	2,690.0	-0.37%
Silver (per oz)	17.345	-1.98%	Rubber (JPY/KG)	172.0	0.06%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
10/06/2016 05:00	SK	Foreign Reserves	Sep	--	\$377.77b	\$375.46b	--
10/06/2016 07:50	JN	Foreign Buying Japan Bonds	Sep-30	--	¥1192.0b	¥2804.9b	¥2805.8b
10/06/2016 07:50	JN	Foreign Buying Japan Stocks	Sep-30	--	¥251.7b	¥211.7b	¥201.5b
10/06/2016 08:30	AU	Trade Balance	Aug	-2300m	-2010m	-2410m	-2121m
10/06/2016 14:00	GE	Factory Orders MoM	Aug	0.30%	1.00%	0.20%	0.30%
10/06/2016 14:00	GE	Factory Orders WDA YoY	Aug	1.60%	2.10%	-0.70%	-0.60%
10/06/2016 15:30	GE	Markit GE Construction PMI	Sep	--	52.4	51.6	--
10/06/2016 16:10	GE	Markit Germany Retail PMI	Sep	--	53	54.1	--
10/06/2016 16:10	EC	Markit Eurozone Retail PMI	Sep	--	49.6	51	--
10/06/2016 16:10	FR	Markit France Retail PMI	Sep	--	49.1	53	--
10/06/2016 16:10	IT	Markit Italy Retail PMI	Sep	--	45	43.2	--
10/06/2016 17:05	ID	Consumer Confidence Index	Sep	--	110	113.3	--
10/06/2016 20:30	CA	Building Permits MoM	Aug	1.00%	10.40%	0.80%	3.40%
10/06/2016 20:30	US	Initial Jobless Claims	Oct-01	256k	249k	254k	--
10/06/2016 20:30	US	Continuing Claims	Sep-24	2081k	2058k	2062k	2064k
10/06/2016 21:45	US	Bloomberg Consumer Comfort	Oct-02	--	41.4	41.6	--
10/07/2016 08:00	JN	Labor Cash Earnings YoY	Aug	0.40%	--	1.40%	1.20%
10/07/2016 12:00	MA	Exports YoY	Aug	-2.30%	--	-5.30%	--
10/07/2016 12:00	MA	Trade Balance MYR	Aug	6.60b	--	1.91b	--
10/07/2016 13:00	JN	Leading Index CI	Aug P	101.6	--	100	--
10/07/2016 14:00	GE	Industrial Production SA MoM	Aug	1.00%	--	-1.50%	--
10/07/2016 14:00	GE	Industrial Production WDA YoY	Aug	0.40%	--	-1.20%	--
10/07/2016 14:45	FR	Trade Balance	Aug	-3850m	--	-4505m	--
10/07/2016 14:45	FR	Industrial Production MoM	Aug	0.60%	--	-0.60%	--
10/07/2016 14:45	FR	Industrial Production YoY	Aug	-1.30%	--	-0.10%	--
10/07/2016 14:45	FR	Manufacturing Production MoM	Aug	0.30%	--	-0.30%	--
10/07/2016 14:45	FR	Manufacturing Production YoY	Aug	-1.40%	--	0.40%	--
10/07/2016 15:00	MA	Foreign Reserves	Sep-30	--	--	\$97.7b	--
10/07/2016 15:30	UK	Halifax House Prices MoM	Sep	0.00%	--	-0.20%	--
10/07/2016 15:30	UK	Halifax House Price 3Mths/Year	Sep	5.90%	--	6.90%	--
10/07/2016 15:30	TH	Foreign Reserves	Sep-30	--	--	\$180.7b	--
10/07/2016 16:00	TA	Trade Balance	Sep	\$3.92b	--	\$3.99b	--
10/07/2016 16:00	TA	Exports YoY	Sep	2.80%	--	1.00%	--
10/07/2016 16:00	TA	Imports YoY	Sep	8.00%	--	-0.80%	--
10/07/2016 16:30	UK	Industrial Production MoM	Aug	0.10%	--	0.10%	--
10/07/2016 16:30	UK	Industrial Production YoY	Aug	1.30%	--	2.10%	--
10/07/2016 16:30	UK	Mfg Production MoM	Aug	0.40%	--	-0.90%	--
10/07/2016 16:30	UK	Manufacturing Production YoY	Aug	0.80%	--	0.80%	--
10/07/2016 16:30	UK	Visible Trade Balance GBP/Mn	Aug	-£ 11,250	--	-£ 11,764	--
10/07/2016 16:30	UK	Trade Balance Non EU GBP/Mn	Aug	-£ 3,700	--	-£ 4,188	--
10/07/2016 16:30	UK	Trade Balance	Aug	-£ 4,000	--	-£ 4,502	--
10/07/2016 17:00	SI	Foreign Reserves	Sep	--	--	\$252.28b	--
10/07/2016 20:30	CA	Unemployment Rate	Sep	7.00%	--	7.00%	--
10/07/2016 20:30	US	Change in Nonfarm Payrolls	Sep	172k	--	151k	--
10/07/2016 20:30	CA	Net Change in Employment	Sep	7.5k	--	26.2k	--
10/07/2016 20:30	US	Change in Manufact. Payrolls	Sep	-4k	--	-14k	--
10/07/2016 20:30	US	Unemployment Rate	Sep	4.90%	--	4.90%	--
10/07/2016 22:00	UK	NIESR GDP Estimate	Sep	--	--	0.30%	--
10/07/2016 22:00	US	Wholesale Inventories MoM	Aug F	-0.10%	--	-0.10%	--
10/07/2016	HK	Foreign Reserves	Sep	--	--	\$362.7b	--
10/07/2016	CH	Foreign Reserves	Sep	\$3180.0b	--	\$3185.2b	--
10/07/2016	ID	Foreign Reserves	Sep	--	--	\$113.54b	--
10/07/2016	PH	Foreign Reserves	Sep	--	--	\$85.9b	--
10/07/2016 10/13	VN	Domestic Vehicle Sales YoY	Sep	--	--	28.40%	--
10/07/2016 10/15	PH	Budget Balance PHP	Aug	--	--	--	--
10/07/2016 10/13	IN	Local Car Sales	Sep	--	--	177829	--

Source: Bloomberg

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