

Highlights

Global	<p>Friday's nonfarm payrolls (NFP) surged more than expected for a second month by 255k in July, beating market expectations for +180k, whilst the 2-month net revision was +18k with the June NFP now at +292k. While the unemployment rate was unchanged at 4.9% (forecast: 4.8%), average hourly earnings jumped 0.3% mom (+2.6% yoy), the most since April, even as the labor force participation rate improved to 62.8%. The pick-up was broad-based, with employment climbing in every major industry except mining and information services. However, the underemployment rate edged higher 0.1% point to 9.7% and the number of part-timers rose to 5.94m. With this data-set, the fed funds future pricing has risen to 26% probability of a 25bp rate hike for the 21 September meeting, and 47% for the 14 December meeting. With the stronger USD, higher S&P500 and Treasury bond yields on Friday post-NFP, expect Asian risk appetite to be supported to kick off this week. Today's economic data calendar includes China's trade, Eurozone's Sentix investor confidence, German industrial production, and Japan's Eco Watchers survey. Looking ahead, watch for RBNZ (likely to cut 25bps to 2%), BSP (likely unchanged at 3%) and BOK (likely unchanged at 1.25%) on 11 Aug. Elsewhere, Thai voters voted for the referendum by a 61.4% vote versus 38.6% against with 94% of votes counted over the weekend.</p>
China	<p>Foreign exchange reserve fell by US\$4.1 billion in July to US\$3.2 trillion after rising by US\$13.4 billion in June. The marginal decline in July is partially due to valuation effect as a result of dollar appreciation in July following the unexpected Brexit event. We think the flow has been more balanced due to still tight control on outflows as well as return of inflows to China's bond market. We expect China to continue its current tight control on outflows for the rest of year. As such, the FX reserve is expected to remain largely stable.</p>
ID	<p>Q2 GDP data surprised on the upside, at 5.18% against market expectation of 5.0%. It also marks a faster growth compared to Q1's 4.92%. Private consumption provided a stabilizing ballast while government spending proved to be a key contributor.</p>
MA	<p>Exports data for June shows an unexpected positive growth of 3.4% against market expectation of a 3.7% contraction yoy. Shipment to key trading partners, including Singapore, US, and China all showed a month-on-month pick up. Imports ballooned as well, growing by 8.3%yoy versus market expectation of 0.4%yoy contraction.</p>
TH	<p>The Election Commission commented that with 94% of the votes counted for the referendum, 61.4% of the votes had voted a 'yes' vote, signalling that the military-drafted constitution is most likely to pass when the final results are out in the next few days.</p>
Commo-dities	<p>More news coming out from the OPEC region could have triggered further sell-off in the crude oil space. Firstly, Iranian media Seda Weekly wrote that Iran has not recovered to its pre-sanction levels, and would continue to increase production. Elsewhere, Iraq continued to sell its light crude at a discount vs regional benchmarks to Asia, Europe and Americas.</p>

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Major Market

- **US:** Consumer credit eased from a revised US\$17.913b in May to US\$12.32b in June. Elsewhere, equity markets got the positive cue it was looking for on Friday, as a better-than-expected payrolls data signalled the underlying strength of the US economy. The S&P 500 and Nasdaq both closed above their all-time highs, rising 0.86% and 1.06% respectively. The Dow also marked a 1.04% gain. Implied probability for a Fed rate hike increased to 48%, versus 39% on Thursday. Treasury yields rose alongside the rate hike expectations, with 2-year and 10-year yields closing at 0.72% and 1.59%, marking a 8-9 basis points increase. Meanwhile, VIX retreated towards its lows again, declining 8.29%.
- **Singapore:** DBS reports 2Q profit fell 6% to \$1.05b. Elsewhere, the STI slipped 0.13% on Friday to close at 2828.17 but may climb today given the better-than-expected NFP data and gains from Wall Street as well Kospi this morning. The STI's support is tipped at 2820 with resistance at 2860. The SGS bonds rallied on Friday with yields lower by 6bps for the longer-dated tenors, but may reverse direction today with the UST bond sell-off post-NFP.
- **Eurozone:** German factor orders unexpectedly slumped 0.4% mom (-3.1% yoy) in June.
- **China:** The central bank wrote in its second quarter monetary policy report that the high frequency of reserve requirement ratio cut may reinforce easing expectation, which in turn may create depreciation pressure on currency. The PBoC monetary policy report reiterated the prudent monetary policy, shadowing the easing expectation amid global easing. This, together with the NDRC research paper saga earlier last week, shows that China is still comfortable with current unconventional monetary policy tools. The near term RRR cut is likely to remain low, in particular after the FX reserve has stabilized recently.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve flattened last Friday. The short-end rates traded 1-3bps lower while the middle-to-long-end rates traded 3-5bps lower. Flows in the SGD corporates were muted ahead of the non-farm payroll report with only mixed interests seen in PILLSP 5.9%'17s. In the broader dollar space, the spread on JACI IG corporates were 217bps while the yield on JACI HY corporates were 6.5% as of 4 August, 2016. 10y UST yield increased 9bps to 1.59% last Friday following the release of the US non-farm payroll (255,000) that exceeded the forecasted figures (180,000), putting at least 1 rate hike this year very well on the table.
- **New Issues:** Small and Medium Business Corp. has scheduled investor road shows from today onwards for potential USD bond issuance.
- **Rating Changes:** Fitch has affirmed QBE Insurance Group Ltd.'s (QBE) issuer financial strength at "A+" with stable outlook. The ratings were subsequently withdrew following commercial reasons. Prior the withdrawal, the affirmation reflects QBE's solid capital ratios, adequate financial leverage ratios, historically strong underwriting performance and a comprehensive reinsurance programme, along with a low-risk investment portfolio.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.194	0.46%	USD-SGD	1.3469	0.37%
USD-JPY	101.820	0.59%	EUR-SGD	1.4934	-0.01%
EUR-USD	1.1132	0.00%	JPY-SGD	1.3223	-0.27%
AUD-USD	0.7619	-0.12%	GBP-SGD	1.7609	0.09%
GBP-USD	1.3073	-0.26%	AUD-SGD	1.0273	0.34%
USD-MYR	4.0295	-0.52%	NZD-SGD	0.9616	-0.10%
USD-CNY	6.6603	0.28%	CHF-SGD	1.3733	-0.33%
USD-IDR	13117	-0.20%	SGD-MYR	3.0048	-0.31%
USD-VND	22303	0.04%	SGD-CNY	4.9430	-0.08%

Equity and Commodity

Index	Value	Net change
DJIA	18,543.53	191.50
S&P	2,182.87	18.60
Nasdaq	5,221.12	54.90
Nikkei 225	16,254.45	-0.40
STI	2,828.17	-3.80
KLCI	1,664.04	8.80
JCI	5,420.25	46.40
Baltic Dry	636.00	--
VIX	11.39	-1.00

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	--	O/N	0.4189	0.0010
2M	-0.3340	-0.0010	1M	0.5039	0.0055
3M	-0.2980	--	2M	0.6148	0.0025
6M	-0.1850	-0.0020	3M	0.7924	0.0048
9M	-0.1180	-0.0020	6M	1.1607	0.0025
12M	-0.0470	-0.0020	12M	1.4751	-0.0015

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.90 (-0.03)	0.72 (+0.08)
5Y	1.38 (-0.06)	1.14 (+0.11)
10Y	1.81 (-0.05)	1.59 (+0.09)
15Y	2.09 (-0.05)	--
20Y	2.21 (-0.05)	--
30Y	2.28 (-0.06)	2.31 (+0.06)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.42	-0.60	2.87
Italy	-0.07	0.00	1.14
Ireland	-0.42	-0.40	0.43
Greece*	7.65	0.00	8.32
Spain	-0.17	0.50	1.02
Russia^	2.54	-3.40	4.29

Financial Spread (bps)

	Value	Change
LIBOR-OIS	37.24	0.89
EURIBOR-OIS	5.25	0.05
TED	53.37	0.48

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	41.80	-0.31%	Coffee (per lb)	1.425	0.28%
Brent (per barrel)	44.27	-0.05%	Cotton (per lb)	0.7664	1.03%
Heating Oil (per gallon)	1.317	-0.67%	Sugar (per lb)	0.2035	3.30%
Gasoline (per gallon)	1.38	0.61%	Orange Juice (per lb)	1.8340	4.71%
Natural Gas (per MMBtu)	2.772	-2.19%	Cocoa (per mt)	3,021	1.00%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,789.0	-0.87%	Wheat (per bushel)	4.1600	3.16%
Nickel (per mt)	10,679	1.04%	Soybean (per bushel)	10.038	1.34%
Aluminium (per mt)	1,633.0	1.38%	Corn (per bushel)	3.2425	1.09%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,336.4	-1.65%	Crude Palm Oil (MYR/MT)	2,505.0	-0.16%
Silver (per oz)	19.817	-3.06%	Rubber (JPY/KG)	176.9	-0.39%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 02 Aug 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Natural Gas	-103,850	-126,439	22,589	Corn	21,288	60,402	-39,114
Gold	326,264	305,505	20,759	Soybean	138,491	156,375	-17,884
Live Cattle	47,999	36,472	11,527	Nymex Crude	294,109	309,451	-15,342
Cotton	98,911	93,745	5,166	Lean Hogs	53,694	60,987	-7,293
Wheat	-110,924	-114,228	3,304	Cocoa	18,840	25,502	-6,662
Platinum	54,829	51,525	3,304	Sugar	306,340	309,138	-2,798
RBOB Gasoline	45,950	43,215	2,735	Coffee	39,938	42,280	-2,342
Palladium	15,976	14,207	1,769	Copper	2,759	4,871	-2,112
Heating Oil	15,020	14,546	474	Silver	96,782	98,802	-2,020

Source: CFTC

Key Economic Indicators

Date Time	Event		Survey	Actual	Prior	Revised
08/05/2016 08:00	JN Labor Cash Earnings YoY	Jun	0.30%	1.30%	-0.20%	-0.10%
08/05/2016 08:30	TA CPI YoY	Jul	1.01%	1.23%	0.90%	0.91%
08/05/2016 09:00	PH CPI YoY	Jul	2.10%	1.90%	1.90%	--
08/05/2016 10:15	ID GDP YoY	2Q	5.00%	5.18%	4.92%	4.91%
08/05/2016 12:00	MA Trade Balance MYR	Jun	6.00b	5.52b	3.26b	3.28b
08/05/2016 13:00	JN Leading Index CI	Jun P	99.7	98.4	99.7	--
08/05/2016 14:00	GE Factory Orders WDA YoY	Jun	-1.50%	-3.10%	-0.20%	0.00%
08/05/2016 14:04	PH Foreign Reserves	Jul	--	\$85.5b	\$84.0b	--
08/05/2016 14:45	FR Trade Balance	Jun	-3900m	-3440m	-2840m	-2717m
08/05/2016 15:00	MA Foreign Reserves	Jul-29	--	\$97.3b	\$97.3b	--
08/05/2016 15:30	UK Halifax House Prices MoM	Jul	-0.20%	-1.00%	1.30%	1.20%
08/05/2016 15:30	TH Foreign Reserves	Jul-29	--	\$180.2b	\$178.7b	--
08/05/2016 16:00	IT Industrial Production MoM	Jun	0.30%	-0.40%	-0.60%	--
08/05/2016 16:30	HK Foreign Reserves	Jul	--	\$362.9b	\$360.6b	\$360.7b
08/05/2016 18:10	ID Foreign Reserves	Jul	--	\$111.41b	\$109.79b	--
08/05/2016 20:30	US Trade Balance	Jun	-\$43.0b	-\$44.5b	-\$41.1b	-\$41.0b
08/05/2016 20:30	CA Int'l Merchandise Trade	Jun	-2.84b	-3.63b	-3.28b	-3.50b
08/05/2016 20:30	CA Unemployment Rate	Jul	6.90%	6.90%	6.80%	--
08/05/2016 20:30	US Change in Nonfarm Payrolls	Jul	180k	255k	287k	292k
08/05/2016 20:30	CA Net Change in Employment	Jul	10.0k	-31.2k	-0.7k	--
08/05/2016 20:30	US Change in Manufact. Payrolls	Jul	4k	9k	14k	15k
08/05/2016 20:30	US Unemployment Rate	Jul	4.80%	4.90%	4.90%	--
08/07/2016	CH Foreign Reserves	Jul	\$3200.0b	\$3201.1b	\$3205.2b	--
08/08/2016 07:50	JN BoP Current Account Balance	Jun	¥1103.5b	--	¥1809.1b	--
08/08/2016 07:50	JN Trade Balance BoP Basis	Jun	¥773.3b	--	¥39.9b	--
08/08/2016 09:30	AU ANZ Job Advertisements MoM	Jul	--	--	0.50%	--
08/08/2016 13:00	JN Eco Watchers Survey Current	Jul	42.5	--	41.2	--
08/08/2016 13:00	JN Eco Watchers Survey Outlook	Jul	42	--	41.5	--
08/08/2016 14:00	GE Industrial Production SA MoM	Jun	0.70%	--	-1.30%	--
08/08/2016 14:00	GE Industrial Production WDA YoY	Jun	0.50%	--	-0.40%	--
08/08/2016 14:30	FR Bank of France Bus. Sentiment	Jul	97	--	97	--
08/08/2016 14:30	AU Foreign Reserves	Jul	--	--	A\$69.6b	--
08/08/2016 16:00	TA Trade Balance	Jul	\$3.81b	--	\$3.58b	--
08/08/2016 16:00	TA Imports YoY	Jul	-5.00%	--	-10.00%	--
08/08/2016 16:00	TA Exports YoY	Jul	-2.00%	--	-2.10%	--
08/08/2016 17:00	SI Foreign Reserves	Jul	--	--	\$248.86b	--
08/08/2016 20:30	CA Building Permits MoM	Jun	1.50%	--	-1.90%	--
08/08/2016	ID Consumer Confidence Index	Jul	--	--	113.7	--
08/08/2016	CH Trade Balance	Jul	\$47.30b	--	\$48.11b	--
08/08/2016	CH Exports YoY	Jul	-3.50%	--	-4.80%	--
08/08/2016	CH Imports YoY	Jul	-7.00%	--	-8.40%	--
08/06/2016 08/13	VN Domestic Vehicle Sales YoY	Jul	--	--	26.50%	--

Source: Bloomberg

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