

Highlights

Global	<p>ECB surprised market in two ways yesterday. On one hand, it extended the QE program by longer than market expected, that is until the end of 2017 rather than the September 2017 that market anticipated. On the other hand, however, the ECB reduced the amount of asset purchases from the current rate of EUR80bn to EUR60bn in the extended period, from March 2017 onward. Still, overall, market took the decision as one that is supportive with European bourses staging a rally yesterday, that is likely to be supportive of Asian markets today. For the day ahead, market will be paying attention to China's inflation prints, with particular attention to whether producer prices are picking up sharply or not.</p>
US	<p>Equities rallied as investors continued to take on a risk-on appetite. The Dow rose by 0.4% to end the day at 19615, after a 300 points gain the day before. The S&P500 and Nasdaq also rose 0.2% and 0.4% respectively. Similarly, VIX also increased 3.44% to 12.64. US Treasuries declined with 2- and 10-year yields settling at 1.12% and 2.40% respectively.</p>
SG	<p>STI was flat (-0.03%) at 2,958.86 yesterday. Yangzijiang tops the chart as the top gainer (+2.94%) with Jardine C&C (+1.63%) following suit. Still, losses in Genting Singapore (-2.93%) and SPH (-1.1%) pared the gains.</p>
CH	<p>Exports unexpectedly rebounded by 0.1% yoy in dollar term in November while import also grew by 6.7% yoy in dollar. External demand from advanced economy improved notably despite the unexpected outcome of US Presidential election. China's exports to G3 increased by 5.6% yoy, which overshadowed the continuously falling demand from ASEAN. The better than expected demand is probably due to the upcoming Christmas holiday season. The recovery of imports growth is mainly due to a rebound of commodity prices in our view. Imports of oil and iron ore by value rebounded by 16% and 17.4% respectively. China's trade surplus shrank further to US\$44.6 billion from US\$49.06 billion in October as a result of acceleration of import growth.</p>
HK	<p>It is reported that the two-year Dim Sum Bond to be issued by China's Ministry of Finance to retail investors will offer a yield of 3.5%, and the amount will be RMB2 billion. If this is the case, the yield of the new bond will refresh its record high amid sour demand on the RMB's weakness.</p>
MA	<p>Industrial production figure for the month of October is due out today, with market penciling in a slight pickup to 3.4%yoy compared to 3.2% before.</p>
Commodities	<p>Oil prices see-sawed higher back above its \$50/bbl handle as market-watchers await the meeting between OPEC and non-OPEC meeting in Vienna on Saturday. The magic number to wait for tomorrow is a cut of 600,000 barrels a day of cut from non-OPEC countries, with Russia likely to shoulder 300,000 barrels a day of cut as part of its agreement with OPEC earlier in November. Note that OPEC will still implement its stated quota of 32.5mbpd even if Russia is the only non-OPEC member to agree to a cut, according to Nigeria. Other than Russia, Oman and Azerbaijan had publicly agreed to lower supply while Kazakhstan remains undecided.</p>

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

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards lightly as swap rates increased 1-2bps higher across tenors ahead of the European Central Bank's (ECB) meeting. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 200bps while the yield on JACI HY corporates decreased 1bps to 6.88%. 10y UST yield increased 7bps to 2.41% following the ECB's meeting as it extended their asset purchase program until December 2017, but at a slower pace from April onwards.
- **New Issues:** Changde Urban Construction & Investment Group Co. Ltd. has priced a USD250mn 3-year bond at CT3+280bps, tightening from its initial guidance at CT3+290bps. The expected issue ratings are "NR/NR/BBB-". China Grand Automotive Services Co. has priced a USD300mn perpetual, non-callable for 3 years at 9%. The expected issue ratings are "NR/NR/B+". Tewoo Group Finance No 2 Ltd. has priced a USD300mn 3-year bond at CT3+360bps with expected issue ratings of "NR/NR/BBB-".
- **Rating Changes:** S&P assigned AIG Insurance Company China Ltd. (AIG China) counterparty and financial strength ratings of "A" with a stable outlook. The rating reflects S&P's view that AIG China is highly strategic to US-based American International Group's (Rated A+/Stable) core operating subsidiaries and therefore are one notch below the group credit profile. Moody's assigned a first time corporate family rating of "Ba1" to Guangxi Financial Investment Group Co. Ltd. with a stable outlook. The rating combines its baseline assessment (BCA) of "ba3", and a two-notch uplift based on Moody's expectation of strong support for the company from the Guangxi Provincial government. Moody's downgraded Beijing Automotive Group Co. Ltd.'s issuer rating to "Baa1" from "A3" with a negative outlook. The downgrade reflects Moody's expectation that the group's financial leverage will remain elevated over the next 12-18 months, given its high leverage in 2015 and the slower-than-expected deleveraging despite its robust sales performance. Fitch revised its outlook on Caterpillar Inc.'s (CAT) issuer default rating of "A" to negative from stable. The revision reflects the impact of the extended downturn in CAT's machinery markets and an increased risk that the company could face challenges to rebuild its operating and financial performance to levels that support the current ratings.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.100	0.87%	USD-SGD	1.4233	0.46%
USD-JPY	114.040	0.24%	EUR-SGD	1.5109	-0.83%
EUR-USD	1.0615	-1.28%	JPY-SGD	1.2482	0.22%
AUD-USD	0.7463	-0.25%	GBP-SGD	1.7914	0.13%
GBP-USD	1.2586	-0.32%	AUD-SGD	1.0622	0.20%
USD-MYR	4.4222	-0.23%	NZD-SGD	1.0209	0.57%
USD-CNY	6.8910	0.21%	CHF-SGD	1.4004	-0.43%
USD-IDR	13287	-0.35%	SGD-MYR	3.1224	0.17%
USD-VND	22633	-0.23%	SGD-CNY	4.8394	-0.24%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4337	--
2M	-0.3380	--	1M	0.6542	--
3M	-0.3160	--	2M	0.7564	--
6M	-0.2170	--	3M	0.9508	--
9M	-0.1350	--	6M	1.2932	--
12M	-0.0780	--	12M	1.6451	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread
Portugal	0.24	6.00	3.75	23.30	3.36
Italy	-0.06	-4.00	2.00	11.00	1.62
Ireland	-0.51	-5.10	0.90	6.20	0.52
Greece	7.65	--	6.65	-1.70	6.27
Spain	-0.21	-2.40	1.50	8.00	1.12
Russia	2.41	-13.80	4.47	0.50	4.08

Equity and Commodity

Index	Value	Net change
DJIA	19,614.81	65.19
S&P	2,246.19	4.84
Nasdaq	5,417.36	23.59
Nikkei 225	18,765.47	268.78
STI	2,958.86	-0.98
KLCI	1,643.75	11.28
JCI	5,303.73	38.37
Baltic Dry	1,122.00	-40.00
VIX	12.64	0.42

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.16 (-0.01)	1.11 (+0.02)
5Y	1.76 (-0.03)	1.84 (+0.05)
10Y	2.33 (-0.01)	2.41 (+0.07)
15Y	2.66 (-0.02)	--
20Y	2.72 (-0.02)	--
30Y	2.70 (-0.02)	3.11 (+0.08)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	31.48	-0.79
EURIBOR-OIS	3.48	0.08
TED	45.85	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.84	2.15%	Coffee (per lb)	1.376	-0.22%
Brent (per barrel)	53.89	1.68%	Cotton (per lb)	0.7142	-0.96%
Heating Oil (per gallon)	1.6259	0.46%	Sugar (per lb)	0.1945	-0.92%
Gasoline (per gallon)	1.5047	-0.23%	Orange Juice (per lb)	2.1340	-0.35%
Natural Gas (per MMBtu)	3.6950	2.55%	Cocoa (per mt)	2,262	-0.92%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,782.0	-0.05%	Wheat (per bushel)	3.9075	1.17%
Nickel (per mt)	11,061.0	-2.69%	Soybean (per bushel)	10.270	-2.10%
Aluminium (per mt)	1,731.3	1.11%	Corn (per bushel)	3.4650	-1.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,169.8	-0.44%	Crude Palm Oil (MYR/MT)	3,168.0	-1.00%
Silver (per oz)	17.025	-1.03%	Rubber (JPY/KG)	232.1	0.04%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
12/08/2016	07:50	JN BoP Current Account Balance	Oct	¥1545.0b	¥1719.9b	¥1821.0b	--
12/08/2016	07:50	JN Trade Balance BoP Basis	Oct	¥603.0b	¥587.6b	¥642.4b	--
12/08/2016	07:50	JN GDP SA QoQ	3Q F	0.50%	0.30%	0.50%	--
12/08/2016	07:50	JN GDP Annualized SA QoQ	3Q F	2.30%	1.30%	2.20%	--
12/08/2016	07:50	JN GDP Nominal SA QoQ	3Q F	0.20%	0.10%	0.20%	--
12/08/2016	07:50	JN GDP Deflator YoY	3Q F	-0.10%	-0.20%	-0.10%	--
12/08/2016	07:50	JN Japan Buying Foreign Bonds	Dec-02	--	¥887.6b	¥112.3b	¥112.2b
12/08/2016	07:50	JN Foreign Buying Japan Bonds	Dec-02	--	¥658.2b	¥22.0b	¥12.2b
12/08/2016	07:50	JN Foreign Buying Japan Stocks	Dec-02	--	¥400.1b	¥330.5b	--
12/08/2016	08:01	UK RICS House Price Balance	Nov	26%	30%	23%	--
12/08/2016	08:30	AU Trade Balance	Oct	-\$610m	-\$1541m	-\$1227m	-\$1272m
12/08/2016	11:30	TH Consumer Confidence Economic	Nov	--	61.2	62	--
12/08/2016	11:55	CH Trade Balance	Nov	\$46.90b	\$44.61b	\$49.06b	\$48.76b
12/08/2016	11:55	CH Exports YoY	Nov	-5.00%	0.10%	-7.30%	-7.50%
12/08/2016	11:55	CH Imports YoY	Nov	-1.90%	6.70%	-1.40%	--
12/08/2016	13:00	IN Local Car Sales	Nov	--	173606	195036	--
12/08/2016	13:00	JN Eco Watchers Survey Current	Nov	--	48.6	46.2	--
12/08/2016	13:00	JN Eco Watchers Survey Outlook	Nov	--	49.1	49	--
12/08/2016	14:30	FR Non-Farm Payrolls QoQ	3Q F	0.30%	0.30%	0.30%	--
12/08/2016	15:30	FR Bank of France Bus. Sentiment	Nov	100	101	99	--
12/08/2016	20:45	EC ECB Main Refinancing Rate	Dec-08	0.00%	0.00%	0.00%	--
12/08/2016	20:45	EC ECB Deposit Facility Rate	Dec-08	-0.40%	-0.40%	-0.40%	--
12/08/2016	20:45	EC ECB Marginal Lending Facility	Dec-08	0.25%	0.25%	0.25%	--
12/08/2016	21:15	CA Housing Starts	Nov	191.0k	184.0k	192.9k	192.3k
12/08/2016	21:30	CA New Housing Price Index MoM	Oct	0.20%	0.40%	0.20%	--
12/08/2016	21:30	CA Building Permits MoM	Oct	1.50%	8.70%	-7.00%	-4.60%
12/08/2016	21:30	US Initial Jobless Claims	Dec-03	255k	258k	268k	--
12/08/2016	21:30	US Continuing Claims	Nov-26	2048k	2005k	2081k	2084k
12/09/2016	07:50	JN Money Stock M2 YoY	Nov	3.70%	--	3.70%	--
12/09/2016	07:50	JN Money Stock M3 YoY	Nov	3.20%	--	3.20%	--
12/09/2016	08:30	AU Home Loans MoM	Oct	-1.00%	--	1.60%	--
12/09/2016	08:30	AU Owner-Occupier Loan Value MoM	Oct	--	--	0.90%	--
12/09/2016	09:00	PH Exports YoY	Oct	7.90%	--	5.10%	--
12/09/2016	09:00	PH Trade Balance	Oct	-\$2050m	--	-\$1890m	--
12/09/2016	09:30	CH CPI YoY	Nov	2.20%	--	2.10%	--
12/09/2016	09:30	CH PPI YoY	Nov	2.30%	--	1.20%	--
12/09/2016	12:00	MA Industrial Production YoY	Oct	3.40%	--	3.20%	--
12/09/2016	15:00	GE Trade Balance	Oct	22.0b	--	24.4b	24.2b
12/09/2016	15:00	GE Current Account Balance	Oct	22.0b	--	24.2b	--
12/09/2016	15:00	GE Exports SA MoM	Oct	0.90%	--	-0.70%	-1.20%
12/09/2016	15:30	TH Foreign Reserves	Dec-02	--	--	\$175.7b	--
12/09/2016	15:45	FR Industrial Production MoM	Oct	0.60%	--	-1.10%	--
12/09/2016	15:45	FR Industrial Production YoY	Oct	-0.60%	--	-1.10%	--
12/09/2016	15:45	FR Manufacturing Production MoM	Oct	0.70%	--	-1.10%	--
12/09/2016	15:45	FR Manufacturing Production YoY	Oct	0.10%	--	-0.90%	--
12/09/2016	17:30	UK Visible Trade Balance GBP/Mn	Oct	£11,800	--	£12,698	--
12/09/2016	17:30	UK Trade Balance Non EU GBP/Mn	Oct	£3,450	--	£3,969	--
12/09/2016	17:30	UK Trade Balance	Oct	£4,300	--	£5,221	--
12/09/2016	20:00	IN Industrial Production YoY	Oct	--	--	0.70%	--
12/09/2016	23:00	US Wholesale Inventories MoM	Oct F	-0.40%	--	-0.40%	--
12/09/2016	23:00	US U. of Mich. Sentiment	Dec P	94.5	--	93.8	--
12/09/2016	12/13	VN Domestic Vehicle Sales YoY	Nov	--	--	27.30%	--
12/09/2016	12/15	IN Imports YoY	Nov	--	--	8.10%	--
12/09/2016	12/15	IN Exports YoY	Nov	--	--	9.60%	--

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