

Highlights

Global	<p>After an exciting past week dominated by a flash crash in GBP, a somewhat disappointing US' labour market report (nonfarm payrolls printed +156k versus market expectations of +172k) in Sep, and headline chatter from BOJ's Kuroda amongst others, the focus will be a busy week ahead kicking off with the second presidential debate between Clinton and Trump this morning (amid the weekend furore over Trump's 2005 vulgar video remarks about women), Sep FOMC minutes on Wed, and Fed chair Yellen's speech (titled The Elusive "Great" Recovery: Causes and Implications for Future Business Cycle Dynamics) at the Boston Fed conference, as well as earnings season for the US banks. With the US market closed for holiday today but China returning from Golden Week holidays, the light economic calendar comprises of Eurozone's Sentix investor confidence, India's industrial production, and German trade. Alcoa leads the US earnings season with results due tomorrow.</p>
US	<p>While the Sep NFP softened to 156k in Sep, the Aug NFP was revised up from 151k to 167k, and the net two-month revision was +67.2k. Moreover, the unemployment rate edged up to 5.0%, but was attributable to the pick-up in participation rate (65.7%). On the wage front, average hourly earnings accelerated 0.2% mom (+2.6% yoy) in Sep, up from 0.1% mom (+2.4% yoy) in Aug. The household employment added 354k in Sep, up from 97k in Aug, whereas the underemployment rate was unchanged at 9.7%. For the first nine months of this year, NFP averaged 178k. Meanwhile, consumer credit surged from a revised US\$17.779b in Jul to US\$25.873b in Aug, and wholesale inventories dipped 0.2% mom in Aug.</p>
EZ	<p>Deutsche Bank CEO Cryan said it failed to reach an accord with the US DOJ during Friday's meeting, according to a Bild report.</p>
SG	<p>MAS has maintained its US\$4b contingent loan commitment to the IMF until end-2020, as part of the US\$340b committed by 25 IMF countries to safeguard global economic and financial stability.</p>
CH	<p>FX reserve fell to US\$3.166 trillion in September, down from US\$3.185 trillion in August. FX reserve denominated in SDR also fell from 2.284 trillion to 2.268 trillion in September, signaling mild capital outflows. Although RMB has been kept relatively stable against the dollar in September ahead of SDR inclusion, RMB's depreciation in late August may create pressure for capital outflows. Nevertheless, given still tight management of cross border flows by Chinese government, we think China's FX reserve may continue to drift lower at a managed pace.</p>
Commodities	<p>After many sessions of higher oil prices, the rising number of US oil rigs to its 8-month high spooked WTI below \$50/bbl. Moreover, Russia had finally broken its silence over the OPEC oil cut decision, stating that it will not sign a deal to follow suit. We remain unconvinced for an oil output cut to deliver a meaningful and sustained rise in oil prices, given many loopholes in the agreement including (1) absence of non-OPEC involvement, (2) absence of Iran, Libya and Nigeria's involvement and (3) absence of individual country quota measures. Elsewhere, long positions in gold, according to CFTC data, has fallen to its June 2016's lows, suggesting that bullish calls have diminished likely on a stronger probability for a Fed rate hike.</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

Major Market

- **US:** Equities slid on Friday following a slightly weaker than expected September non-farm payrolls, with the S&P 500 leading declines by retreating 0.33%, while the Dow and Nasdaq lost 0.15% and 0.27% respectively. Overall, equity indices fell 0.4-0.7% for the week, the first weekly decline in four, as investors position for a December rate hike. VIX closed higher at 13.48. Meanwhile, US Treasuries recovered some lost ground, with the 2-year and 10-year yields falling 2 bps to 0.83% and 1.72% respectively.
- **Singapore:** STI retreated 0.35% to close at 2875.24 on Friday, but may consolidate within a 2960-2900 range. SGS bond yields may remain under pressure as Dec FOMC rate hike remains in play.
- **Hong Kong:** Some banks cut the mortgage rates further to HIBOR plus 1.35%. With the low housing affordability, the continuous competition in banking, and the expected increase in new mortgage underwriting, Moody's warned that the banking may face higher risks in terms of mortgage loans. However, given that mortgage loan portfolios are full recourse and the loan-to-value ratio remains low, the higher risks of new mortgage loans will do little harm to the banking performance.
- 1-week CNH HIBOR rose to 4.75%, the highest since 20 Sept, probably due to tight liquidity during the Golden Week Holiday.
- IMF adjusted HK 2016 and 2017 GDP forecast downwards to 1.4% and 1.9%, respectively.
- **Indonesia:** Japan and Indonesia agreed to extend a bilateral swap deal valued at USD22.76bn. Meeting on the sidelines of the annual IMF gathering in Washington, finance ministers from the two countries committed to the deal to "guard regional financial security amid uncertain global financial market."
- **Thailand:** King Bhumibol's Adulyadej's condition is in an unstable condition, according to an official statement from the royal palace

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards last Friday with swap rates trading 1-5bps higher across all tenors. Flows in the SGD corporates space were light on Friday. The Itraxx Asia ex-Japan IG index opened at 115bps this morning, little unchanged from last Friday's close. 10y UST yield decreased 2bps to 1.72% after a report showed the US added fewer jobs than forecast in September, leading market to trim bets that the Federal Reserve will raise interest rates in November.
- **New Issues:** ITC Properties Group Ltd. has priced a USD200mn 5-year bond at 4.75% (to yield 5%), tightening from its initial guidance at 5.125%. Delta Dunia Makmur Tbk PT has scheduled an extra-ordinary shareholder's meeting on 15 November for a potential USD500mn bond issue.
- **Rating Changes:** Moody's assigned a first time "Baa2" issuer rating to WH Group Ltd. with a stable outlook. The rating reflects WH Group's large and geographically diversified operating scale, which encompasses all key segments of the hog production, fresh pork and packaged meat industry, contributing in turn to steady cash flow growth and a solid financial profile.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.632	-0.14%	USD-SGD	1.3732	0.05%
USD-JPY	102.980	-0.93%	EUR-SGD	1.5381	0.49%
EUR-USD	1.1201	0.45%	JPY-SGD	1.3337	1.02%
AUD-USD	0.7582	-0.04%	GBP-SGD	1.7074	-1.40%
GBP-USD	1.2434	-1.44%	AUD-SGD	1.0411	-0.01%
USD-MYR	4.1572	0.23%	NZD-SGD	0.9841	0.07%
USD-CNY	6.6718	--	CHF-SGD	1.4049	0.39%
USD-IDR	12989	0.02%	SGD-MYR	3.0235	0.15%
USD-VND	22305	--	SGD-CNY	4.8554	-0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4266	-0.0022
2M	-0.3370	0.0010	1M	0.5290	-0.0006
3M	-0.3040	--	2M	0.6559	--
6M	-0.2030	-0.0010	3M	0.8761	0.0045
9M	-0.1310	0.0010	6M	1.2622	-0.0002
12M	-0.0630	0.0010	12M	1.5871	0.0059

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.40	1.60	3.58
Italy	-0.09	1.20	1.38
Ireland	-0.46	--	0.49
Greece	7.65	--	8.32
Spain	-0.21	1.20	1.02
Russia	2.05	-2.50	3.84

Equity and Commodity

Index	Value	Net change
DJIA	18,240.49	-28.01
S&P	2,153.74	-7.03
Nasdaq	5,292.41	-14.45
Nikkei 225	16,860.09	-39.01
STI	2,875.24	-9.98
KLCI	1,665.38	-1.35
JCI	5,377.15	-32.19
Baltic Dry	921.00	6.00
VIX	13.48	0.64

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.93 (+0.01)	0.83 (-0.02)
5Y	1.39 (+0.02)	1.26 (-0.02)
10Y	1.88 (+0.02)	1.72 (-0.02)
15Y	2.17 (+0.02)	--
20Y	2.27 (+0.02)	--
30Y	2.30 (+0.02)	2.45 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	42.76	0.51
EURIBOR-OIS	4.50	-0.10
TED	56.07	0.96

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.81	-1.25%	Coffee (per lb)	1.480	1.09%
Brent (per barrel)	51.93	-1.10%	Cotton (per lb)	0.6719	-0.77%
Heating Oil (per gallon)	1.579	-1.03%	Sugar (per lb)	0.2342	1.34%
Gasoline (per gallon)	1.48	-1.07%	Orange Juice (per lb)	1.9810	-0.78%
Natural Gas (per MMBtu)	3.193	4.72%	Cocoa (per mt)	2,785	-0.07%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,778.0	0.46%	Wheat (per bushel)	3.9475	-0.25%
Nickel (per mt)	10,153	-0.54%	Soybean (per bushel)	9.568	-0.18%
Aluminium (per mt)	1,667.3	-0.10%	Corn (per bushel)	3.3975	-0.22%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,248.9	-0.07%	Crude Palm Oil (MYR/MT)	2,650.0	-1.49%
Silver (per oz)	17.380	0.20%	Rubber (JPY/KG)	173.1	0.64%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 04 Oct 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	402,010	330,111	71,899	Gold	261,646	311,122	-49,476
Corn	-47,889	-73,059	25,170	Wheat	-125,571	-104,935	-20,636
Soybean	82,217	72,783	9,434	Natural Gas	-68,551	-48,362	-20,189
Heating Oil	30,984	22,394	8,590	Silver	78,601	87,948	-9,347
Copper	786	-2,216	3,002	Cotton	89,842	96,640	-6,798
Lean Hogs	36,731	35,660	1,071	Coffee	41,707	47,331	-5,624
Palladium	13,863	13,404	459	Platinum	32,315	36,915	-4,600
RBOB Gasoline	63,424	63,819	-395	Live Cattle	35,255	36,096	-841
Cocoa	22,798	23,436	-638	Sugar	350,691	351,383	-692

Source: CFTC

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
10/07/2016	08:00	JN Labor Cash Earnings YoY	Aug	0.40%	-0.10%	1.40%	1.20%
10/07/2016	09:31	CH Foreign Reserves	Sep	\$3180.0b	\$3166.4b	\$3185.2b	--
10/07/2016	12:00	MA Trade Balance MYR	Aug	6.60b	8.51b	1.91b	--
10/07/2016	14:00	GE Industrial Production SA MoM	Aug	1.00%	2.50%	-1.50%	--
10/07/2016	14:00	GE Industrial Production WDA YoY	Aug	0.40%	1.90%	-1.20%	-1.30%
10/07/2016	14:45	FR Trade Balance	Aug	-3850m	-4255m	-4505m	-4261m
10/07/2016	14:45	FR Current Account Balance	Aug	--	-2.1b	-2.6b	-2.9b
10/07/2016	14:45	FR Industrial Production MoM	Aug	0.60%	2.10%	-0.60%	-0.50%
10/07/2016	14:45	FR Industrial Production YoY	Aug	-1.30%	0.50%	-0.10%	--
10/07/2016	14:45	FR Manufacturing Production MoM	Aug	0.30%	2.20%	-0.30%	-0.20%
10/07/2016	15:00	MA Foreign Reserves	Sep-30	--	\$97.7b	\$97.7b	--
10/07/2016	15:30	UK Halifax House Prices MoM	Sep	0.00%	0.10%	-0.20%	-0.30%
10/07/2016	15:30	TH Foreign Reserves	Sep-30	--	\$180.5b	\$180.7b	--
10/07/2016	16:00	TA Trade Balance	Sep	\$3.92b	\$4.37b	\$3.99b	--
10/07/2016	16:00	TA Exports YoY	Sep	2.80%	-1.80%	1.00%	--
10/07/2016	16:30	UK Industrial Production MoM	Aug	0.10%	-0.40%	0.10%	--
10/07/2016	16:30	UK Industrial Production YoY	Aug	1.30%	0.70%	2.10%	--
10/07/2016	16:30	UK Mfg Production MoM	Aug	0.40%	0.20%	-0.90%	--
10/07/2016	16:30	UK Manufacturing Production YoY	Aug	0.80%	0.50%	0.80%	0.70%
10/07/2016	16:30	UK Trade Balance	Aug	£4,000	£4,733	£4,502	£2,203
10/07/2016	16:59	ID Foreign Reserves	Sep	--	\$115.67b	\$113.54b	--
10/07/2016	17:26	HK Foreign Reserves	Sep	--	\$362.5b	\$362.7b	--
10/07/2016	20:30	CA Unemployment Rate	Sep	7.00%	7.00%	7.00%	--
10/07/2016	20:30	US Change in Nonfarm Payrolls	Sep	172k	156k	151k	167k
10/07/2016	20:30	CA Net Change in Employment	Sep	7.5k	67.2k	26.2k	--
10/07/2016	20:30	US Change in Manufact. Payrolls	Sep	-4k	-13k	-14k	-16k
10/07/2016	20:30	US Unemployment Rate	Sep	4.90%	5.00%	4.90%	--
10/07/2016	22:00	US Wholesale Inventories MoM	Aug F	-0.10%	-0.20%	-0.10%	--
10/08/2016	09:45	CH Caixin China PMI Services	Sep	--	52	52.1	--
10/08/2016	09:45	CH Caixin China PMI Composite	Sep	--	51.4	51.8	--
10/10/2016	14:00	GE Trade Balance	Aug	19.5b	--	19.5b	--
10/10/2016	14:00	GE Current Account Balance	Aug	15.0b	--	18.6b	--
10/10/2016	14:00	GE Exports SA MoM	Aug	2.20%	--	-2.60%	--
10/10/2016	16:00	IT Industrial Production MoM	Aug	-0.10%	--	0.40%	--
10/10/2016	16:00	IT Industrial Production WDA YoY	Aug	-0.30%	--	-0.30%	--
10/10/2016	20:00	IN Industrial Production YoY	Aug	-0.30%	--	-2.40%	--
10/10/2016	10/13	VN Domestic Vehicle Sales YoY	Sep	--	--	28.40%	--
10/10/2016	10/15	CH New Yuan Loans CNY	Sep	1000.0b	--	948.7b	--
10/10/2016	10/15	CH Money Supply M2 YoY	Sep	11.60%	--	11.40%	--

Source: Bloomberg

OCBC Treasury Research	
Macro Research 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	Credit Research Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com

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