

Highlights

Global	<p>US' 3Q earnings season started with a whimper rather than a roar, as Alcoa (which fell 10% in its steepest decline since Aug11) and Illumina (which slid 25% after slashing revenue guidance) reinforced expectations that S&P500 companies could see earnings slide for the sixth consecutive quarter. Separately, Deutsche Bank AG had tapped another US\$1.5b in a private debt sale after selling \$3b last week. Asian markets are likely to tread cautiously amid concerns of weak US corporate earnings, and heightened risks for the US presidential elections and a potential Fed rate hike scenario playing out in Dec, as well as a sustained GBP slump due to Brexit negotiation risks (note BOE's Saunders opined he would not be surprised if the GBP fell further). Taking center-stage will be the FOMC minutes which may help investors gauge the level of conviction for a Dec rate hike. The economic data calendar comprises of US' JOLTs job openings, Eurozone and Malaysia's industrial production, and Japan's machine tool orders. Speakers include Fed's Dudley and George, and ECB's Coeure.</p>
US	<p>NFIB small business optimism unexpectedly retreated from 94.4 in Aug to 94.1 in Sep (consensus forecast: 95.0), but the labor market conditions index fell from a revised -1.3 to -2.2, suggesting a softening. Meanwhile, presidential candidate Trump has lashed out at "disloyal" senior Republicans</p>
UK	<p>Parliament will debate today on a motion from the opposition Labour Party calling for a "full and transparent debate on the government's plan for leaving the EU" and for Parliament to be able to "properly scrutinize that plan" before beginning formal talks.</p>
EZ	<p>ZEW survey expectations jumped from 5.4 in Sep to 12.3 in Oct. German investor confidence also improved more than expected in Oct, with the 6-months ahead gauge rising from 0.5 to 6.2 (highest since June), while the current situations also rose from 55.1 to 59.5.</p>
JP	<p>Eco Watchers survey of current conditions slid from 45.6 to 44.8 in Sep, but the outlook gauge rose from 47.4 to 48.5. Meanwhile, core machine orders fell less than tipped by 2.2% mom (+11.6% yoy) in Aug, suggesting that future capital spending</p>
SG	<p>MAS has stripped Falcon Private Bank of its license, the second Swiss bank to be removed from Singapore for being involved with 1MDB-related fund flows. MAS will also impose penalties on DBS Bank and UBS AG, Singapore Branch for AML breaches, according to BT.</p>
Commodities	<p>OPEC is said to meet again today, in a bid to discuss oil production details with non-OPEC producers including Russia. However, investors are not convinced on higher oil prices on many fronts: (1) OPEC oil production had risen in September to another record month, according to IEA data. Moreover, (2) IEA sees higher US shale oil production if crude oil prices tune higher, while (3) Igor Sechin, Russia's head of state-owned energy firm Rosneft, commented that his company (which accounts for 40% of Russia's crude oil production) will not agree to any production cuts. Notwithstanding the OPEC talks later today, prices had fallen by more than 1.0% overnight.</p>

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Major Markets

- **US:** Equities marked a weak start to the earnings season, as the Nasdaq led losses with a 1.54% fall, while the S&P 500 and Dow declined 1.24% and 1.09% respectively. Disappointing earnings from Alcoa Inc. renewed concerns over the health of corporate sector. Biotech and healthcare stocks were the other main losers. VIX spiked 14.80% to close at 15.36. Meanwhile, the US Treasury market reopened on Tuesday with losses after being closed on Monday. Yields rose 4-5 bps across the board, with the 2- and 10-year notes yielding 0.87% and 1.76% respectively. Investors will be looking to the release of the FOMC minutes on Wednesday to shed more light on the possibility of a rate hike.
- **Singapore:** STI sustained further losses by declining 0.49% to close at 2856.13 yesterday, and may test support of 2820 today given overnight slippage by Wall Street and morning declines in KOSPI amid a weak US earnings outlook. SGS bond yields pulled higher yesterday, amid concerns about a more buoyant inflation outlook due to crude oil prices, and this scenario may continue to play out further. Given that market consensus is for MAS to be static at Friday's monetary policy review, should there be an unexpected easing (likely to be a re-centering of the midpoint lower), this could lit a fire beneath the current short-term interest rates and SGS bond yields.
- **Indonesia:** Domestic car sales for the month of September fell by 0.5%yoy to about 92,000 units. Indonesia's automotive association, or Gaikindo, mentioned the figure to domestic press yesterday. The association expects car sales to reach 1.05mn units this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday with swap rates trading 4-7bps higher across all tenors. Flows in the SGD corporate were light with two-way flow seen in GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates increased 1bps to 203bps while the yield on JACI HY corporates increased 2bps to 6.53%. 10y UST yield increased 5bps to 1.76% with market re-pricing in a post-holiday trade amid a risk-asset rally spurred by a stronger recovery in oil prices earlier this week.
- **New Issues:** Bumi Serpong Damai Tbk PT. has priced a USD200mn 7NC4 bond at 5.75% with expected issue ratings of "NR/Ba3/BB-". Keb Hana Bank has priced a 2-tranche deal with the USD350mn 3-year bond priced at CT3+85bps while the other USD300mn 5-year tranche was priced at CT5+95bps. The expected issue ratings are "A/A1/NR". Sumitomo Mitsui Financial Group Inc. has priced a 3-tranche deal with the USD1.5bn 5-year bond priced at CT5+115bps, the USD500mn 5-year bond priced at 3mL+114bps and the USD1.5bn 10-year bond priced at CT10+125bps. The expected issue ratings are "A-/A1/NR". Sumitomo Mitsui Banking Corporation also priced a 2-tranche deal with the USD500mn 2-year bond priced at CT2+90bps while the other USD500mn 2-year tranche was priced at 3mL+67bps. Development Bank of Japan has launched a USD500mn 5-year bond with initial price guidance at MS+90bps that may be priced today. The expected ratings for the issue are "A/A1/NR". Jiangsu Zhongguancun has scheduled investor road shows on 12 October for potential USD bond issue. Huai'An Traffic Holding Co. has scheduled investor road shows from 13 October for potential USD bond issue with expected issue ratings of "NR/NR/BB+". Finally, Commonwealth Bank of Australia has hired managers for a potential USD 10NC5 Tier 2 bond with expected ratings of "BBB+/A3/NR".
- **Rating Changes:** S&P assigned a "BBB" corporate credit rating to WH Group Ltd. with a stable outlook. The rating reflects S&P's expectation that the company will maintain its market leadership in pork products in China and good geographic diversity with strong operating cash flow over the next 24 months. Moody's has assigned a first time "Baa3" issuer rating to Zhuzhou City Construction

Development Group Co. Ltd. (ZCCD) with a negative outlook. The rating reflects ZCCD's close linkage to Zhuzhou government given its integral role in executing public infrastructure projects and providing a broad range of public services. The negative outlook reflects the consideration that ZCCD's ratings, which incorporates government support and uplift, could be impacted by potentially weaker support from the Zhuzhou and Hunan government in the future, given the negative outlook on China's "Aa3" sovereign rating. Similarly, Fitch has assigned ZCCD a "BBB-" issuer default ratings with a stable outlook. Moody's has revised its outlook for Sydney Water Corp.'s "Aa3" issuer rating to stable from negative. The revision reflects Moody's belief that Sydney Water's shareholder, the New South Wales state government, will implement countermeasures to maintain the company's metrics within its rating tolerance level. Fitch revised its outlook on Sime Darby Bhd's "BBB+" issuer default ratings to stable from negative. The revision follows the company's announcement of a successful share placement, the proceeds of which will help the company lower its leverage. Additionally, the outlook for the palm oil plantation business has improved significantly following a recovery in crude palm oil prices this year.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.690	0.79%	USD-SGD	1.3795	0.34%
USD-JPY	103.510	-0.10%	EUR-SGD	1.5248	-0.43%
EUR-USD	1.1054	-0.76%	JPY-SGD	1.3328	0.44%
AUD-USD	0.7539	-0.89%	GBP-SGD	1.6721	-1.61%
GBP-USD	1.2123	-1.93%	AUD-SGD	1.0399	-0.57%
USD-MYR	4.1778	0.75%	NZD-SGD	0.9733	-0.81%
USD-CNY	6.7220	0.22%	CHF-SGD	1.3952	-0.29%
USD-IDR	13032	0.42%	SGD-MYR	3.0265	0.24%
USD-VND	22300	0.01%	SGD-CNY	4.8784	0.01%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4266	--
2M	-0.3380	--	1M	0.5296	--
3M	-0.3050	--	2M	0.6528	--
6M	-0.2030	--	3M	0.8739	--
9M	-0.1320	--	6M	1.2603	--
12M	-0.0640	--	12M	1.5862	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.31	-5.40	3.37
Italy	-0.09	-0.60	1.38
Ireland	-0.47	-0.90	0.49
Greece	7.65	--	8.27
Spain	-0.22	-1.70	1.02
Russia	2.05	1.70	3.97

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.79	-1.09%	Coffee (per lb)	1.508	-1.34%
Brent (per barrel)	52.41	-1.37%	Cotton (per lb)	0.6714	-0.33%
Heating Oil (per gallon)	1.587	-1.42%	Sugar (per lb)	0.2329	0.69%
Gasoline (per gallon)	1.48	-0.96%	Orange Juice (per lb)	2.0005	-0.84%
Natural Gas (per MMBtu)	3.237	-1.16%	Cocoa (per mt)	2,665	0.30%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,812.0	-0.75%	Wheat (per bushel)	4.0725	0.87%
Nickel (per mt)	10,380	-0.91%	Soybean (per bushel)	9.543	-0.03%
Aluminium (per mt)	1,671.5	-0.65%	Corn (per bushel)	3.4550	0.66%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,253.0	-0.36%	Crude Palm Oil (MYR/MT)	2,650.0	2.51%
Silver (per oz)	17.509	-0.85%	Rubber (JPY/KG)	176.8	2.14%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	18,128.66	-200.38
S&P	2,136.73	-26.93
Nasdaq	5,246.79	-81.89
Nikkei 225	17,024.76	164.67
STI	2,856.13	-14.11
KLCI	1,668.72	3.40
JCI	5,382.00	21.17
Baltic Dry	922.00	--
VIX	15.36	1.98

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.93 (+0.03)	0.87 (+0.04)
5Y	1.43 (+0.06)	1.29 (+0.04)
10Y	1.94 (+0.08)	1.76 (+0.05)
15Y	2.25 (+0.09)	--
20Y	2.35 (+0.09)	--
30Y	2.39 (+0.09)	2.50 (+0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	41.79	-0.97
EURIBOR-OIS	4.43	0.93
TED	55.85	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
10/11/2016 07:50	JN	BoP Current Account Balance	Aug	¥1502.7b	¥2000.8b	¥1938.2b	--
10/11/2016 07:50	JN	Trade Balance BoP Basis	Aug	¥116.5b	¥243.2b	¥613.9b	--
10/11/2016 08:30	AU	NAB Business Conditions	Sep	--	8	7	--
10/11/2016 08:30	AU	NAB Business Confidence	Sep	--	6	6	--
10/11/2016 08:30	AU	Home Loans MoM	Aug	-1.50%	-3.00%	-4.20%	-4.50%
10/11/2016 09:00	PH	Exports YoY	Aug	-8.30%	-4.40%	-13.00%	--
10/11/2016 09:00	PH	Imports YoY	Aug	10.00%	12.20%	-1.70%	--
10/11/2016 09:00	PH	Trade Balance	Aug	-\$2014m	-\$2023m	-\$2053m	-\$2058m
10/11/2016 13:00	JN	Eco Watchers Survey Current	Sep	45.8	44.8	45.6	--
10/11/2016 13:00	JN	Eco Watchers Survey Outlook	Sep	48	48.5	47.4	--
10/11/2016 17:00	GE	ZEW Survey Current Situation	Oct	55.5	59.5	55.1	--
10/11/2016 17:00	GE	ZEW Survey Expectations	Oct	4	6.2	0.5	--
10/11/2016 17:00	EC	ZEW Survey Expectations	Oct	--	12.3	5.4	--
10/11/2016 18:00	US	NFIB Small Business Optimism	Sep	95	94.1	94.4	--
10/11/2016 20:15	CA	Housing Starts	Sep	190.0k	220.6k	182.7k	184.2k
10/12/2016 07:00	SK	Unemployment rate SA	Sep	3.80%	4.00%	3.80%	--
10/12/2016 07:50	JN	Machine Orders MoM	Aug	-4.70%	--	4.90%	--
10/12/2016 07:50	JN	Machine Orders YoY	Aug	7.90%	--	5.20%	--
10/12/2016 12:00	MA	Industrial Production YoY	Aug	5.40%	--	4.10%	--
10/12/2016 14:00	JN	Machine Tool Orders YoY	Sep P	--	--	-8.40%	--
10/12/2016 14:45	FR	CPI EU Harmonized MoM	Sep F	-0.20%	--	-0.20%	--
10/12/2016 14:45	FR	CPI EU Harmonized YoY	Sep F	0.50%	--	0.50%	--
10/12/2016 14:45	FR	CPI MoM	Sep F	-0.20%	--	-0.20%	--
10/12/2016 14:45	FR	CPI YoY	Sep F	0.40%	--	0.40%	--
10/12/2016 17:00	EC	Industrial Production SA MoM	Aug	1.50%	--	-1.10%	--
10/12/2016 17:00	EC	Industrial Production WDA YoY	Aug	1.50%	--	-0.50%	--
10/12/2016 19:00	US	MBA Mortgage Applications	Oct-07	--	--	2.90%	--
10/11/2016 10/15	CH	New Yuan Loans CNY	Sep	1000.0b	--	948.7b	--
10/11/2016 10/15	CH	Money Supply M1 YoY	Sep	24.50%	--	25.30%	--
10/11/2016 10/15	CH	Money Supply M2 YoY	Sep	11.60%	--	11.40%	--
10/12/2016 10/15	PH	Budget Balance PHP	Aug	--	--	--	--

Source: Bloomberg

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