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**Highlights**

<b>Global</b>	<p>Financial markets continued to tread water amid a light economic data calendar and awaited the BOJ and FOMC policy decisions. Overnight, both Wall Street and US Treasury bonds closed a smidgen higher as crude oil prices also rebounded. This morning, Japan reported a August trade deficit of JPY18.7b as both exports and imports slumped 9.6% (negative for the 11<sup>th</sup> straight month) and 17.3% yoy respectively amid the yen strength and weak global demand. This precedes the BOJ policy announcement where heightened expectations are for additional monetary policy stimulus to complement the comprehensive assessment (likely to be affirmative of easing efforts to-date despite the delay in the 2% inflation target), but whether it would take the form of more negative interest rates, an extension or a compositions/duration tweak of the QQE program, or even a less probable “helicopter money” dump. Any surprises will likely engender market volatility. Expect Asian markets to tread lightly ahead of BOJ, followed by FOMC and RBNZ tonight. The FOMC and RBNZ are likely to be static but Yellen’s news conference and the median dots graph will continue to dominate market attention. The economic data releases due today include US’ mortgage applications, Japan’s machine tool orders, Malaysia’s CPI and S’pore’s COE tender results.</p>
<b>US</b>	<p>Housing starts fell more than expected by 5.8% mom to 1.142m annual pace in August, while building permits also unexpectedly shrank 0.4% mom to 1.139m. This suggested that construction had lost some momentum and would provide minimal support to 3Q16 GDP growth.</p>
<b>GE</b>	<p>German PPI fell 0.1% mom (-1.6% yoy) in August, after rising 0.2% mom (-2.0% yoy) in July.</p>
<b>SG</b>	<p>MAS will announce today the issue size of the 5-year SGS bond auction on 28 September. This is the last scheduled SGS bond auction for 2016. The 2017 SGS bond issuance calendar will only be out by October.</p>
<b>CH</b>	<p>In a speech given by Premier Li Keqiang in New York this morning, Li mentioned that China will eliminate outdated production capacity and keep medium-, high-speed growth. He also emphasized the need for more globalization and liberalization of trade.</p> <p>In August, new home prices rose the most in six years. Home prices rose in 64 out of 70 cities tracked by the government, up from 51 the previous month. One reason behind is that people rushed to buy houses before the implementation of new housing cooling measures. Also, this shows that no significant effects have been achieved through those cooling measures in the past six months.</p>
<b>Commodities</b>	<p>Gold is little changed as market watchers await two key central bank meetings concluding later today: there are some expectations for the Bank of Japan to announce additional monetary measures later today, while the FOMC is to happen later tonight. Elsewhere, OPEC is said to be seeking cooperation with other non-OPEC producers to cut supplies by 1 million barrels per day.</p>

## Major Market

- US:** Equities ended effectively unchanged ahead of BOJ and Fed decisions. Healthcare stocks led the way, but the broader market lost gains accumulated in early trade. S&P 500 and the Dow edged higher by 0.03% and 0.05% respectively, while the Nasdaq moved 0.12% higher. Treasury yield curves continue to flatten as longer-term bonds rally. 10-year benchmark yields lost 2 bps to close at 1.69%, while the 2-year note ended largely unchanged at 0.77%. Meanwhile, VIX closed at 15.92 as market volatility picked up.
- Singapore:** STI close +0.09% at 2854.69 yesterday, and may trade sideways amid flattish cues from Wall Street and Kospi this morning. The STI could trade in a 2840-2880 range today ahead of BOJ and FOMC. The SGS bonds saw a slight retracement lower in yields and may still be supported today, but the risk remains for financial markets to be upended should BOJ or FOMC surprise markets.

## Bond Market Updates

- Market Commentary:** The SGD dollar swap curve traded lower yesterday with swap rates trading 1-4bps lower across all tenors. Flows in the SGD corporates were heavy with better selling seen in GENSSP 5.13%'49s, FCLSP 5%'49s and FCLSP 4.88%'49s while mixed interests were seen in SCISP 4.75%'49s, MFCCN 3.85%'26s and GALVSP 7%'18s. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 202bps while the yield on JACI HY corporates also decreased 1bps to 6.49%. 10y UST yield decreased 2bps to 1.69%.
- New Issues:** Lippo Mall Trust priced a SGD140mn Perpetual bond, non-callable for 5 years at 7%. The expected issue ratings are "NR/Baa3/NR". Country Garden Holdings Co. Ltd. priced a USD650mn 7-year, non-callable for 4 years bond at 5% (4.75% coupon with a re-offer price of 98.539). The expected issue ratings are "NR/Ba1/BB+". Woori Bank priced a USD500mn AT1 Perpetual bond, non-callable for 5 years AT1 bond at 4.5%. The expected issue ratings are "BB+/Ba3/NR". Dongxing Securities has set final guidance for a USD300mn 3-year bond at CT3+145bps. The expected issue ratings are "NR/NR/A-". Jinan West City Investment and Development Group Co. has scheduled investor road shows from 22 September onwards for potential USD bond issuance with expected issue ratings of "BBB-/NR/NR".
- Rating Changes:** S&P has downgraded the credit ratings on insurance entities of the Australian Major Banks to "A+" from "AA-". The six insurance operating entities of the three major Australian Banks are: (1) The Colonial Mutual Life Assurance Society Ltd.; (2) The Colonial Mutual Life Assurance Society Ltd. (New Zealand Branch); (3) OnePath Life Ltd.; (4) OnePath Life (New Zealand) Ltd.; (5) Westpac Life Insurance Services Ltd.; and (6) Westpac Life-NZ- Ltd.. At the same time, the long-term ratings on the intermediate holding companies, Colonial Holding Co. Ltd. and ANZ Wealth Australia Ltd. has been downgraded to "A" from "A+". The downgrade reflect S&P's view that the strategic link of the affected insurance companies and their intermediate holding companies to the parent groups is weaker than what was previously considered. S&P revised its outlook on BlueScope Steel Ltd.'s "BB" corporate credit and issue ratings to positive from stable. The outlook revision reflects S&P's expectation that BlueScope will continue to cut costs and deleverage. S&P assigned Jinan West City Investment and Development Group Co. Ltd (JNWC) a "BBB-" corporate credit rating with a stable outlook. The rating reflects the creditworthiness of the company's sole owner, the Jinan municipal government, and an extremely high likelihood of timely and sufficient extraordinary government support to JNWC if the company comes under financial distress. Moody's has assigned a definitive "Baa3" rating to EUR400mn 1.625%'19s bond issued by Bright Food Singapore Holdings Pte. Ltd.. The rating outlook is negative.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.019	0.19%	<b>USD-SGD</b>	1.3619	0.01%
<b>USD-JPY</b>	101.700	-0.23%	<b>EUR-SGD</b>	1.5185	-0.22%
<b>EUR-USD</b>	1.1151	-0.21%	<b>JPY-SGD</b>	1.3388	0.20%
<b>AUD-USD</b>	0.7556	0.29%	<b>GBP-SGD</b>	1.7689	-0.32%
<b>GBP-USD</b>	1.2988	-0.32%	<b>AUD-SGD</b>	1.0291	0.31%
<b>USD-MYR</b>	4.1390	0.02%	<b>NZD-SGD</b>	0.9962	0.31%
<b>USD-CNY</b>	6.6720	0.05%	<b>CHF-SGD</b>	1.3907	0.09%
<b>USD-IDR</b>	13145	-0.05%	<b>SGD-MYR</b>	3.0406	0.19%
<b>USD-VND</b>	22324	0.06%	<b>SGD-CNY</b>	4.8983	0.00%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	0.4216	--
<b>2M</b>	-0.3380	--	<b>1M</b>	0.5362	--
<b>3M</b>	-0.3010	--	<b>2M</b>	0.6707	--
<b>6M</b>	-0.2020	--	<b>3M</b>	0.8607	--
<b>9M</b>	-0.1280	--	<b>6M</b>	1.2566	--
<b>12M</b>	-0.0560	--	<b>12M</b>	1.5558	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
<b>Portugal</b>	0.51	-7.40	3.31
<b>Italy</b>	-0.09	-1.90	1.25
<b>Ireland</b>	-0.39	-2.20	0.43
<b>Greece</b>	7.65	--	8.51
<b>Spain</b>	-0.20	-0.40	0.98
<b>Russia</b>	2.05	-8.50	3.95

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	18,129.96	9.79
<b>S&amp;P</b>	2,139.76	0.64
<b>Nasdaq</b>	5,241.35	6.32
<b>Nikkei 225</b>	16,492.15	-27.14
<b>STI</b>	2,854.69	2.55
<b>KLCI</b>	1,655.78	4.07
<b>JCI</b>	5,302.49	-19.35
<b>Baltic Dry</b>	865.00	29.00
<b>VIX</b>	15.92	0.39

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	0.85 (-0.01)	0.77 (--)
<b>5Y</b>	1.31 (-0.01)	1.20 (-0.02)
<b>10Y</b>	1.85 (-0.02)	1.69 (-0.02)
<b>15Y</b>	2.16 (-0.01)	--
<b>20Y</b>	2.24 (-0.01)	--
<b>30Y</b>	2.25 (-0.01)	2.43 (-0.02)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	41.57	0.06
<b>EURIBOR-OIS</b>	3.90	-0.63
<b>TED</b>	58.17	--

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	43.44	0.32%	Coffee (per lb)	1.555	2.64%
Brent (per barrel)	45.88	-0.15%	Cotton (per lb)	0.7082	2.67%
Heating Oil (per gallon)	1.405	0.76%	Sugar (per lb)	0.2213	0.14%
Gasoline (per gallon)	1.36	-3.96%	Orange Juice (per lb)	2.0440	2.77%
Natural Gas (per MMBtu)	3.047	3.85%	Cocoa (per mt)	2,866	-0.21%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,793.0	0.36%	Wheat (per bushel)	4.0600	0.50%
Nickel (per mt)	10,277	1.74%	Soybean (per bushel)	9.898	1.77%
Aluminium (per mt)	1,567.5	-0.06%	Corn (per bushel)	3.4050	0.96%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,314.0	0.02%	Crude Palm Oil (MYR/MT)	2,887.0	1.98%
Silver (per oz)	19.195	-0.06%	Rubber (JPY/KG)	174.0	2.17%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
09/20/2016 14:00	GE PPI MoM	Aug	0.00%	-0.10%	0.20%	--
09/20/2016 14:00	GE PPI YoY	Aug	-1.60%	-1.60%	-2.00%	--
09/20/2016 16:26	HK Composite Interest Rate	Aug	--	0.25%	0.26%	--
<b>09/20/2016 20:30</b>	<b>US Housing Starts</b>	<b>Aug</b>	<b>1190k</b>	<b>1142k</b>	<b>1211k</b>	<b>1212k</b>
09/20/2016 20:30	US Building Permits	Aug	1165k	1139k	1152k	1144k
09/21/2016 05:00	SK PPI YoY	Aug	--	-1.70%	-2.40%	-2.50%
09/21/2016 07:50	JN Trade Balance	Aug	¥191.0b	--	¥513.5b	¥513.6b
09/21/2016 07:50	JN Trade Balance Adjusted	Aug	¥494.0b	--	¥317.6b	--
<b>09/21/2016 08:30</b>	<b>AU Westpac Leading Index MoM</b>	<b>Aug</b>	<b>--</b>	<b>--</b>	<b>0.05%</b>	<b>--</b>
09/21/2016 11:00	NZ Credit Card Spending YoY	Aug	--	--	5.60%	--
<b>09/21/2016 12:00</b>	<b>MA CPI YoY</b>	<b>Aug</b>	<b>1.30%</b>	<b>--</b>	<b>1.10%</b>	<b>--</b>
09/21/2016 14:00	JN Machine Tool Orders YoY	Aug F	--	--	-8.40%	--
09/21/2016 14:00	JN Nationwide Dept Sales YoY	Aug	--	--	-0.10%	--
09/21/2016 16:00	SI Automobile COE Open Bid Cat A Sep-21	--	--	51506	--	--
09/21/2016 16:00	SI Automobile COE Open Bid Cat B Sep-21	--	--	57002	--	--
09/21/2016 16:30	UK Public Finances (PSNCR)	Aug	--	--	-2.1b	--
09/21/2016 16:30	UK Public Sector Net Borrowing	Aug	10.3b	--	-1.5b	--
09/21/2016 16:30	UK PSNB ex Banking Groups	Aug	10.2b	--	-1.0b	--
<b>09/21/2016 19:00</b>	<b>US MBA Mortgage Applications Sep-16</b>	<b>Sep-16</b>	<b>--</b>	<b>--</b>	<b>4.20%</b>	<b>--</b>
09/21/2016 20:30	CA Wholesale Trade Sales MoM	Jul	0.30%	--	0.70%	--
09/21/2016	JN BOJ Monetary Policy Statement					
09/21/2016	JN BOJ Policy Rate	Sep-21	-0.10%	--	-0.10%	--
09/21/2016	MU CPI Composite YoY	Aug	--	--	2.08%	--
09/21/2016	JN BOJ Basic Balance Rate	Sep-21	--	--	0.10%	--

Source: Bloomberg

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