

Highlights

Global	It feels like one of those days whereby it can be a struggle to say anything definitive about market sentiment. Major US equity indices did close up, but at just 0.1-0.2% rate that betrays a lack of conviction about direction. It appears that, given the lack of major economic data out of US, the sideways movement may still dominate, especially with some anticipation that Janet Yellen's speech on Friday at the Jackson Hole symposium may just offer us some clues about the Fed's next steps.
US	Equities inched higher as investors discount rate hike expectations due to new economic data signalling a slowdown in manufacturing. S&P 500 rose 0.20%, while Dow and Nasdaq ended higher by 0.10% and 0.30% respectively. US Treasuries traded within a narrow range as investors await Yellen's comments on Friday at Jackson Hole. 2-year and 10-year US Treasury yields rose less than 1 bp, ending at 0.74% and 1.55% respectively. A new auction of \$26b worth of 2-year Treasuries drew strong interest from direct bidders, and closed at 0.76%. Meanwhile, VIX ended higher by 0.90% to close at 12.38.
SG	Headline inflation fell -0.7% (OCBC est: -0.5%) while core inflation petered slightly to +1.0% (previous: +1.1%) for the month of July. Overall prices were dragged lower primarily by lower housing & utilities (-4.3%), transport cost (-3.5%) and clothing & footwear (-1.8%) prices, while gains in education (+3.6%), household durables & services (+3.2%) and food (+2.1%) cushioned the fall. We keep our forecast of headline forecast of -0.4% and core at +1.0%. Official forecast for headline inflation is kept at -1.0 – 0.0%, though core inflation expectation is shifted to average around 1.0% from June's expectation of 'at a lower half of the 0.5 – 1.5% forecast range'.
CH	PBoC gauged the market demand for 14-day reverse repo for the first time since Feb. However, China's bonds fell after this news as market read this as the signal that PBoC may want to curb leverage in bond market as funding cost from 14-day reverse repo is higher than from 7-day and overnight reverse repo, which may increase costs for leverage. The recent rally in bond fuelled by leverage on the back of stable short end funding raise the concerns about potential asset bubble risk in China's bond market.
ID	Thomas Lembong, the head of Indonesia's investment coordinating board, said that investment growth in 2016 may clock 12-14% growth, slower than 17.8% seen the year before. Separately, Cabinet Secretary Pramono Anung said that the government is focusing on further easing of regulation to draw in investment, adding that any regulation issued by ministries must be coordinated and approved by relevant coordinating ministers.
TH	The cabinet had approved draft laws pertaining to state enterprises, special economic zones and amendments to boost Thailand's investment competitiveness.
Commodities	Crude oil prices tuned higher but still remain below \$50/bbl as market-watchers digest the growth in US oil stockpiles reported by the American Petroleum Institute. Elsewhere, note that Iraq had seek to boost production ahead of the informal OPEC meeting in Algeria.

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Major Market

- **Singapore:** The STI gained 0.33% at closing, led by Hutchison Port Holdings Trust (+2.3%) and Golden Agri-Resources (+1.4%), though losses seen in Genting Singapore (-1.3%) and CapitaLand Commercial Trust (-1.28%) limited the gains. With STI at 2,850 last night (highest in the last four days), the index may well break this resistance given stronger crude oil prices seen amid higher Wall Street overnight.
- **Macau:** The number of visitor arrivals ticked up further by 5.5% yoy in July, due to one year of consecutive increases in overnight visitors (+12.4% yoy). Also, the share of overnight visitors rose slightly from 52% to 52.1%, refreshing its record high and underpinning the rebound in tourism activities. Specifically, visitors from five main sources, including Mainland China, all registered annual growth, the first time since last December. A raft of rosy data reinforce that the city's tourism activities keep gaining momentum amid latest hotel openings, the effect of summer holiday and the signs of stabilization in China's growth. On a more positive note, two mega hotel projects to be opened in 3Q are expected to help sustain the gains in overnight visitors and leisure gamblers. Adding a fresh wave of new hotels and casinos to be completed in coming 1-2 years, the city's tourism and gaming sectors are embracing for a gradual recovery. However, it remains a concern that the marginal benefit of the new projects will fade in a longer term due to the absence of diversified entertainment facilities and natural wonders.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded lower yesterday with swap rates trading 2-4bps lower across all tenors. Flows in the SGD corporates were heavy with better buying seen in, SOCGEN 4.3%'26s and better selling seen in, ABNAV 4.7%'22s. Meanwhile, we also saw mixed interests in GENSSP 5.13%'49s, UOBSP 4%'49s, GEMAU 5.5%'19s and SCISP 4.75%'49s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 199bps while the yield on JACI HY corporates decreased 1bps to 6.37%. 10y UST yield remained levelled at 1.54%. All eyes are on Jackson Hole, awaiting Yellen's speech later this week.
- **New Issues:** China Orient Asset Management (Intl) Holdings Ltd. has priced a USD650mn 5-year bond at CT5+138bps, tightening from its initial guidance at CT5+170bps. The expected issue ratings are "NR/Baa1/A". Hyundai Capital Services priced a USD400mn 3-year bond at CT3+82.5bps, tightening from its initial guidance at CT3+105bps. The expected issue ratings are "A-/Baa1/NR". Chongqing Western has scheduled investor meetings from today onwards for potential USD bond issuance. The expected ratings for the issue are "NR/NR/BBB".
- **Rating Changes:** Moody's has upgraded Fortescue Metals Group Ltd.'s corporate family rating to "Ba2" from "Ba3". At the same time, Moody's also upgraded FMG Resources Pty. Ltd.'s senior secured and unsecured rating to "B1" and "Ba1" from "B2" and "Ba2" respectively. All ratings' outlook are stable. The upgrade reflects the considerable progress that the company has made in reducing its debt levels in FY2016 and Moody's expectation that it will continue to reduce debt further in FY2017.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.539	0.02%	USD-SGD	1.3514	0.06%
USD-JPY	100.240	-0.09%	EUR-SGD	1.5279	-0.07%
EUR-USD	1.1305	-0.13%	JPY-SGD	1.3483	0.16%
AUD-USD	0.7615	-0.14%	GBP-SGD	1.7835	0.52%
GBP-USD	1.3198	0.46%	AUD-SGD	1.0291	0.11%
USD-MYR	4.0325	0.11%	NZD-SGD	0.9854	0.37%
USD-CNY	6.6409	-0.15%	CHF-SGD	1.4029	-0.04%
USD-IDR	13222	-0.03%	SGD-MYR	2.9838	0.08%
USD-VND	22299	0.00%	SGD-CNY	4.9186	-0.08%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	0.4167	--
2M	-0.3380	--	1M	0.5222	--
3M	-0.2990	--	2M	0.6473	--
6M	-0.1900	--	3M	0.8254	--
9M	-0.1180	--	6M	1.2290	--
12M	-0.0460	--	12M	1.5329	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.51	-9.00	3.01
Italy	-0.10	-0.60	1.12
Ireland	-0.37	1.10	0.42
Greece	7.65	--	8.05
Spain	-0.19	-0.90	0.94
Russia	2.17	10.40	3.92

Equity and Commodity

Index	Value	Net change
DJIA	18,547.30	17.88
S&P	2,186.90	4.26
Nasdaq	5,260.08	15.48
Nikkei 225	16,497.36	-100.83
STI	2,850.43	9.24
KLCI	1,683.07	-8.00
JCI	5,417.14	-10.03
Baltic Dry	692.00	5.00
VIX	12.38	0.11

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.82 (-0.03)	0.74 (--)
5Y	1.32 (-0.02)	1.13 (--)
10Y	1.78 (-0.02)	1.55 (--)
15Y	2.07 (-0.02)	--
20Y	2.15 (-0.02)	--
30Y	2.21 (-0.02)	2.23 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.47	0.02
EURIBOR-OIS	5.40	--
TED	54.64	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.10	2.23%	Coffee (per lb)	1.453	0.83%
Brent (per barrel)	49.96	1.63%	Cotton (per lb)	0.6812	0.29%
Heating Oil (per gallon)	1.502	1.04%	Sugar (per lb)	0.2073	1.52%
Gasoline (per gallon)	1.50	0.98%	Orange Juice (per lb)	1.8710	4.50%
Natural Gas (per MMBtu)	2.761	3.06%	Cocoa (per mt)	3,039	1.88%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,710.0	-0.81%	Wheat (per bushel)	4.0775	-1.81%
Nickel (per mt)	10,231	0.00%	Soybean (per bushel)	10.343	-0.10%
Aluminium (per mt)	1,660.8	0.09%	Corn (per bushel)	3.2850	-1.43%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,340.6	0.22%	Crude Palm Oil (MY R/MT)	2,833.0	0.46%
Silver (per oz)	18.922	0.33%	Rubber (JPY/KG)	169.2	-2.87%

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

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
08/23/2016 10:00	JN Nikkei Japan PMI Mfg	Aug P	--	49.6	49.3	--
08/23/2016 13:00	SI CPI YoY	Jul	-0.50%	-0.70%	-0.70%	--
08/23/2016 13:00	SI CPI NSA MoM	Jul	0.10%	-0.30%	0.70%	--
08/23/2016 13:04	MU Visitor Arrivals	Jul	--	2795t	2358t	--
08/23/2016 15:00	FR PMI	Aug P	48.8	48.5	48.6	--
08/23/2016 15:00	FR Markit France Services PMI	Aug P	50.5	52	50.5	--
08/23/2016 15:00	FR Markit France Composite PMI	Aug P	50.4	51.6	50.1	--
08/23/2016 15:30	GE Markit/BME Germany Mfg PMI	Aug P	53.6	53.6	53.8	--
08/23/2016 15:30	GE Markit Germany Services PMI	Aug P	54.4	53.3	54.4	--
08/23/2016 15:30	GE Markit/BME Germany Comp PMI	Aug P	55.1	54.4	55.3	--
08/23/2016 16:00	TA Industrial Production YoY	Jul	1.70%	-0.31%	0.88%	1.14%
08/23/2016 16:00	EC Markit Eurozone MfgPMI	Aug P	52	51.8	52	--
08/23/2016 16:00	EC Markit Eurozone Services PMI	Aug P	52.8	53.1	52.9	--
08/23/2016 16:00	EC Markit Eurozone Comp PMI	Aug P	53.1	53.3	53.2	--
08/23/2016 21:45	US Markit US Manufacturing PMI	Aug P	52.6	52.1	52.9	--
08/23/2016 22:00	US Richmond Fed Manufact. Index	Aug	6	-11	10	--
08/23/2016 22:00	EC Consumer Confidence	Aug A	-7.7	-8.5	-7.9	--
08/23/2016 22:00	US New Home Sales	Jul	580k	654k	592k	582k
08/23/2016 22:00	US New Home Sales MoM	Jul	-2.00%	12.40%	3.50%	1.70%
08/24/2016 06:45	NZ Trade Balance	Jul	-325m	-433m	127m	110m
08/24/2016 06:45	NZ Exports	Jul	4.07b	3.96b	4.26b	4.25b
08/24/2016 06:45	NZ Imports	Jul	4.45b	4.40b	4.13b	4.14b
08/24/2016 12:00	MA CPI YoY	Jul	1.10%	--	1.60%	--
08/24/2016 13:00	JN Leading Index CI	Jun F	--	--	98.4	--
08/24/2016 14:00	GE GDP SA QoQ	2Q F	0.40%	--	0.40%	--
08/24/2016 14:00	GE GDP WDA YoY	2Q F	1.80%	--	1.80%	--
08/24/2016 14:00	GE GDP NSA YoY	2Q F	3.10%	--	3.10%	--
08/24/2016 16:30	UK BBA Loans for House Purchase	Jul	38000	--	40103	--
08/24/2016 19:00	US MBA Mortgage Applications	Aug-19	--	--	-4.00%	--
08/24/2016 21:00	US FHFA House Price Index MoM	Jun	0.30%	--	0.20%	--
08/24/2016 22:00	US Existing Home Sales	Jul	5.51m	--	5.57m	--
08/24/2016 22:00	US Existing Home Sales MoM	Jul	-1.10%	--	1.10%	--
08/24/2016	VN CPI YoY	Aug	2.63%	--	2.39%	--

Source: Bloomberg

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