

Highlights

Global	<p>Global risk appetite stabilised even as market concerns for a Trump victory subsided slightly post-debate and notwithstanding crude oil prices dipped further below the \$45 handle. The first US presidential debate saw a rousing exchange with Clinton calling Trump's proposals "trumped-up" and accused him of racism, sexism and tax dodging while asserting she was preparing to be president. Meanwhile Trump chastised Clinton for spending 30 years thinking about change rather than acting on it, and suggested that he was ready to tear up trade agreements by "hack" politicians. Going by financial market reaction, namely a higher Wall Street (on the back of a tech rally) and a rebound in the Mexican peso, pundits are interpreting that Clinton took the lead in the debate. Elsewhere, WTO has cut its 2016 global trade growth forecast from 2.8% to 1.7%, marking the first time global trade will lag global GDP growth, and also pared its 2017 growth forecast from 3.6% to 1.8-3.1%. This is likely to lend a more cautious tone to Asian markets, especially for exporter-dependent economies. Today's economic data calendar comprises of US' durable goods orders and mortgage applications, as well as German GfK consumer confidence. Speakers include ECB's Draghi, Fed's Bullard and Yellen who is testifying before the House Panel on bank supervision.</p>
US	<p>Consumer confidence unexpectedly surged from a revised 101.8 in Aug to 104.1 in Sept, the highest since Aug'07, driven by greater present conditions optimism (a new cyclical high of 128.5) and stronger future expectations (an 11-month high of 87.8) respectively. In particular, the jobs plentiful index rose from 26.8 to 27.9 (highest since Jul'07), suggesting that the labour market should remain resilient. Meanwhile, the services and composite PMIs both improved to 51.9 and 52.0 respectively for Sept, while the Richmond Fed manufacturing index was -8 (previously -11) as new order volumes rose.</p>
SG	<p>In the latest global economic competitiveness ranking by the World Economic Forum (WEF), Singapore retained its position in the second place for the 6th time, with Switzerland taking first place while US taking third place.</p>
ID	<p>The government sees the economy expanding by 5% this year, and at 5.1% in 2017. Finance Minister Sri Mulyani said that stable inflation should aid household consumption in H2, helping the overall economy in turn. She added that the government has received IDR64tn revenue from tax amnesty program as of Tuesday this week.</p>
TH	<p>The Cabinet has approved a one-time cash handout to farmers who earn less than THB100k (or approximately USD2.9k) per year. Floods especially in the Chao Phraya basin had reportedly destroyed many rice crops.</p>
Commodities	<p>Iran oil minister Zanganeh reiterated his reluctance to freeze production, and highlighted his intent to bring total Iranian crude production to pre-sanction levels of 4.0 million barrels per day. This is in-line with our view that Iran's persistent refusal to agree would give rise to production agreement hiccups. Still, Iran may be able to touch its pre-sanction levels in the official November OPEC meeting. By then, the environment may vastly change in favour for an eventual oil deal. Oil prices fell sharply after these news, with the WTI collapsing to below \$44.5/bbl before rising to touch \$45/bbl. The small increase could well be due to the surprise fall in US oil inventories of 752k barrels as reported by the American Petroleum Institute last night.</p>

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Major Markets

- **US:** Equities ended higher amidst a stronger-than-expected print in US consumer confidence data. Tech stocks led gains, pushing the Nasdaq up 0.92%. The S&P 500 and Dow gained 0.64% and 0.74% respectively, as financials recovered from negative sentiments emanating from Deutsche Bank. VIX ended lower at 13.1, down -9.7%. In the Treasury space, global search for yield and duration continue to attract inflow to US longer dated notes, with the 10-year yield falling 3 bps to 1.56%. Shorter maturities underperformed as a \$34b auction of 5-year notes attracted modest demand, and the 2-year yield closed higher by 1 bp at 0.74%.
- **Singapore:** STI recovered to add 0.36% to close at 2860.23 yesterday, but may meander within a 2840-2880 range. Whilst Wall Street was higher overnight, morning cues from Nikkei and Kospi are mixed. SGS bond yields rose around 2-3bps yesterday, but may range trade today.
- Singapore can do more to address money-laundering risks posed by its status as a global financial center, according to the FATF.
- **Hong Kong:** Export growth in value terms increased for the first time in the past 16 months, printing 0.8% yoy in August (vs July's -5.1% yoy). Meanwhile, import value rose by 2.8% yoy in August to HK\$ 341.8 billion. Though exports reverted to a slight year-on-year increase in August, export performance will still depend on global demand conditions. Region-wise, exports to Asia as a whole grew by 3.8% yoy, led by exports to India, Taiwan and China, which increased 27.4% yoy, 20.8% yoy and 4.3% yoy respectively. On the flipside, China reported its import growth from Hong Kong to have decelerated notably to 14.3% yoy in August (vs +122.7% in July). However, this looked more likely to be seasonal factor rather than the ease of capital outflow from Mainland given the still high volatility and depreciation pressure of RMB in recent months. Elsewhere, exports to other main trading partners showed some weaknesses, in particular exports to UK (-8.3%), Germany (-8.5%) and the US (-8.7%). This may reflect a looming negative effect following Brexit. In the coming months, we expect trade growth to remain soft given sluggish external demand amid the uncertainty in the aftermath of Brexit, monetary policy divergence among major central banks as well as heightened geopolitical tensions in certain regions.
- **Macau:** Strength in labor market remains intact with jobless rate stabilizing at 1.9% in three months through August. Specifically, employment in the gaming sector fell by 0.2% mom on lower labor demand amid fewer-than-expected gambling tables allocated to new casinos as well as labor redundancy. In contrast, hotel, restaurants and similar sectors added jobs by 1.2% mom (3.2% yoy) to prepare for the new hotel openings in 3Q. Also, the retail and wholesale sector increased employment (+0.3% mom) given further rebound in the tourism activities. According to Macau's five-year plan, the city's population employed by the retail sector is expected to increase to 10% by 2020 from 8.5% in 2015. As such, government support may offset the persistent weakness in retail sales and underpin a moderate growth in the retail sector's employment. Elsewhere, completions of new projects this year and fewer new project openings next year together hindered employment growth (-3% mom) in the constructin sector. Looking ahead, with fresh wave of new projects to be opened ahead and government support, the unemployment rate is likely to remain low around 2% on tight supply.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded upwards yesterday with swap rates traded 1-2bps higher across all tenors. Flows in the SGD corporates were heavy with better buying seen in UOBSP 4%'49s and FCLSP 4.88%'49s. Mixed interests were seen in ABNAV 4.75%'26s, SCISP 4.75%'49s, OLAMSP 6%'22s and GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates increased 1bps to 204bps while the yield on JACI HY corporates decreased

1bps to 6.41%. 10y UST yield decreased 3bps to 1.56% following the US presidential debate that points towards a Clinton victory.

- **New Issues:** China Construction Bank HK has priced a USD600mn 3-year bond at CT3+92.5bps, tightening from its initial guidance at CT3+110bps. The expected ratings for the issue are “NR/A1/NR”. Jinan West City has priced a USD300mn 5-year bond at CT5+220bps, tightening from its initial guidance at CT5+245bps. The expected ratings for the issue are “BBB-/NR/NR”. Fantasia Holdings Group Co. Ltd. has priced a USD400mn 5NC3 bond at 7.375% with expected issue ratings of “B/B3/NR”. Bumi Serpong has mandated banks for 7-year USD bond issuance with expected issue ratings of “NR/Ba3/BB-“. New World Development may price a USD Perpetual, non-callable for 5-years bond today.
- **Rating Changes:** S&P affirmed its corporate credit rating on Weichai Power Co. Ltd. at “BBB” with a negative outlook, with the rating removed from CreditWatch. The rating affirmation was in view of S&P’s expectation that Weichai’s leverage will gradually improve 12 months after it completes the acquisition of DH Services Luxembourg Holding s.a.r.l (Dematic). The negative outlook reflects S&P’s view that Weichai will face some execution and market risks in its plan to deleverage. S&P downgraded Hua Han Health Industry Holdings Ltd. to “B+” from “BB-“. The rating continues to be placed on CreditWatch with negative implications. The downgrade was in view that the company’s risk management has weakened and higher risk in its internal controls. S&P has revised its outlook on Agricultural Bank of China Ltd.’s (ABC) “A” issuer credit ratings to stable from negative. The outlook revision reflects S&P’s view that ABC’s stand-alone credit profile has improved and provides the bank more buffer to mitigate the negative economic risk trend in China and a potentially weaker capability of the government to provide extraordinary support. S&P has withdrawn its issuer credit ratings on Chemstralia Pty. Ltd.. The rating prior withdrawal was “B+”.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.435	0.14%	USD-SGD	1.3597	-0.05%
USD-JPY	100.430	0.10%	EUR-SGD	1.5248	-0.40%
EUR-USD	1.1215	-0.35%	JPY-SGD	1.3538	-0.15%
AUD-USD	0.7667	0.41%	GBP-SGD	1.7709	0.33%
GBP-USD	1.3023	0.37%	AUD-SGD	1.0426	0.38%
USD-MYR	4.1255	-0.18%	NZD-SGD	0.9926	0.29%
USD-CNY	6.6701	0.02%	CHF-SGD	1.4004	-0.23%
USD-IDR	12955	-0.66%	SGD-MYR	3.0353	-0.09%
USD-VND	22310	-0.01%	SGD-CNY	4.8998	-0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4243	--
2M	-0.3380	--	1M	0.5244	--
3M	-0.3030	--	2M	0.6501	--
6M	-0.1990	--	3M	0.8529	--
9M	-0.1280	--	6M	1.2444	--
12M	-0.0600	--	12M	1.5552	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.45	-1.40	3.41
Italy	-0.11	0.20	2.80
Ireland	-0.43	--	1.21
Greece	7.65	--	0.35
Spain	-0.20	0.60	-0.70
Russia	2.15	-2.00	3.42
			1.70
			8.56
			2.40
			0.90
			-2.00
			1.04
			3.79
			-5.50
			3.93

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	44.67	-2.74%	Coffee (per lb)	1.537	0.10%
Brent (per barrel)	45.97	-2.91%	Cotton (per lb)	0.6939	0.33%
Heating Oil (per gallon)	1.410	-2.70%	Sugar (per lb)	0.2302	2.13%
Gasoline (per gallon)	1.39	-0.62%	Orange Juice (per lb)	2.0930	2.42%
Natural Gas (per MMBtu)	2.996	-0.03%	Cocoa (per mt)	2,868	0.81%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,787.0	-1.12%	Wheat (per bushel)	4.0400	2.02%
Nickel (per mt)	10,594	0.95%	Soybean (per bushel)	9.525	0.77%
Aluminium (per mt)	1,641.5	-0.61%	Corn (per bushel)	3.3175	0.84%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,326.0	-1.03%	Crude Palm Oil (MYR/MT)	2,849.0	-1.76%
Silver (per oz)	19.087	-2.20%	Rubber (JPY/KG)	170.0	-3.13%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	18,228.30	133.47
S&P	2,159.93	13.83
Nasdaq	5,305.71	48.22
Nikkei 225	16,683.93	139.37
STI	2,860.23	10.29
KLCI	1,664.72	-4.78
JCI	5,419.60	67.47
Baltic Dry	930.00	-4.00
VIX	13.10	-1.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.83 (+0.02)	0.74 (+0.01)
5Y	1.26 (+0.03)	1.11 (-0.01)
10Y	1.78 (+0.03)	1.56 (-0.03)
15Y	2.06 (+0.03)	--
20Y	2.14 (+0.03)	--
30Y	2.16 (+0.03)	2.28 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	42.75	0.22
EURIBOR-OIS	3.70	--
TED	61.96	--

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
09/27/2016 11:31	MU Unemployment Rate	Aug	--	1.90%	1.90%	--
09/27/2016 14:00	GE Import Price Index MoM	Aug	-0.10%	-0.20%	0.10%	--
09/27/2016 14:00	GE Import Price Index YoY	Aug	-2.50%	-2.60%	-3.80%	--
09/27/2016 16:00	EC M3 Money Supply YoY	Aug	4.90%	5.10%	4.80%	4.90%
09/27/2016 16:00	TA Industrial Production YoY	Aug	4.00%	7.74%	-0.31%	-0.36%
09/27/2016 16:00	IT Industrial Orders MoM	Jul	--	-10.80%	-2.80%	--
09/27/2016 16:00	IT Industrial Orders NSA YoY	Jul	--	-11.80%	-4.20%	--
09/27/2016 16:30	HK Exports YoY	Aug	-2.00%	0.80%	-5.10%	--
09/27/2016 16:30	HK Imports YoY	Aug	-1.00%	2.80%	-3.30%	--
09/27/2016 16:30	HK Trade Balance	Aug	-30.0b	-32.1b	-33.3b	--
09/27/2016 21:45	US Markit US Services PMI	Sep P	51.2	51.9	51	--
09/27/2016 21:45	US Markit US Composite PMI	Sep P	--	52	51.5	--
09/27/2016 22:00	US Consumer Confidence Index	Sep	99	104.1	101.1	101.8
09/27/2016 22:00	US Richmond Fed Manufact. Index	Sep	-2	-8	-11	--
09/28/2016 13:00	JN Small Business Confidence	Sep	46.9	--	46.3	--
09/28/2016 14:00	GE GfK Consumer Confidence	Oct	10.2	--	10.2	--
09/28/2016 14:45	FR Consumer Confidence	Sep	97	--	97	--
09/28/2016 16:00	IT Consumer Confidence Index	Sep	109	--	109.2	--
09/28/2016 16:00	IT Manufacturing Confidence	Sep	100.9	--	101.1	--
09/28/2016 16:00	IT Economic Sentiment	Sep	--	--	99.4	--
09/28/2016 19:00	US MBA Mortgage Applications	Sep-23	--	--	-7.30%	--
09/28/2016 20:30	US Durable Goods Orders	Aug P	-1.50%	--	4.40%	--
09/28/2016 20:30	US Durables Ex Transportation	Aug P	-0.50%	--	1.30%	--
09/28/2016 20:30	US Cap Goods Orders Nondef Ex Air	Aug P	-0.10%	--	1.50%	--
09/28/2016 20:30	US Cap Goods Ship Nondef Ex Air	Aug P	0.10%	--	-0.50%	--

Source: Bloomberg

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