

Highlights

Global	<p>US consumer confidence came in better than expected at 101.1 in August, the highest since September and up from a downwardly revised 96.7 in July, as both present conditions and consumer expectations gauges improved to 123 (highest in 9 years) and 86.4 (highest since October) respectively. In particular, the share of those who said jobs were plentiful was the biggest since August 2007, whilst plans to buy homes (6.4 versus 5.1) and major appliances (50.3 versus 49.3) both rose. This bode well for 2H growth prospects. Meanwhile, Fed's Fischer sounded a tad less hawkish yesterday than last week at Jackson Hole - he indicated that "we can choose the pace, but we choose the pace on the basis of data that's coming in" and "employment is very close to full employment" but the growth "problem is largely about productivity growth, something which is very hard to control by policy makers".</p> <p>Looking ahead, the economic data calendar is chock-a-bloc with US" Chicago PMI, ADP employment change and pending home sales, India's 2Q GDP growth, Eurozone's August CPI and July unemployment, German retail sales, Thai trade and UK Nationwide house prices. Speakers include Fed's Rosengren, Evans and Kashkari, as well as ECB's Villeroy and Praet.</p>
EZ	<p>Consumer confidence in August was -8.5, unchanged from the preliminary reading and suggesting that 3Q momentum is holding up well above the long-term average of -12.3, albeit the economic confidence retreated slightly from 104.5 to 103.5 in August post-Brexit. German inflation also unexpectedly eased from 0.4% yoy to 0.3% in August, dragged down by energy prices.</p>
JP	<p>Industrial production missed market expectations and was flat mom (-3.8% yoy) in July, after growing 2.3% yoy (-1.5% yoy) in June.</p>
SG	<p>URA has released the Marina Bay land site for sale after being triggered from the reserve list when a developer committed to bidding at least \$1.536b at tender.</p>
ID	<p>Finance ministry said that tax amnesty participants have to declare assets owned indirectly through special purpose vehicles (SPV), both onshore and offshore. A ministerial decree, dated Aug 23rd but released yesterday, said that the participants have to transfer ownership of the SPV assets to be under their own names or to an Indonesian entity. If done by the end of 2017, ownership transfer of land, building, or company shares in Indonesia will be free of income tax.</p>
Commodities	<p>In a sudden change of stance, Iraq oil minister Al-Abadi had reportedly commented its support for an output freeze, citing that lower oil prices "is harming Iraq because our revenues are based on oil." Elsewhere, as recent as Aug 26, Iran had remained vocal in its decision to recover market share first before committing to any output freeze, damping hopes for any concrete moves in the OPEC's Sept informal meeting. Oil prices has since edged lower to today's 2-week low, a sign that market-watchers are increasingly doubtful for OPEC to effectively persuade prices higher in the coming month.</p>

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Major Market

- **US:** Equities declined on light trading on Tuesday. Amidst negative moves for Apple Inc and other retailers, S&P 500 fell 0.20%, while the Dow and Nasdaq retreated 0.26% and 0.18% respectively. Financials remained a bright spot, as investors expect them to benefit from a Fed's rate hike. Expect sluggish, range-bound trading up till Friday's non-farm payrolls data. US Treasury yields moved 1-2 bps across the board, with 2-year benchmark yields standing at 0.80%, and the 10-year yields at 1.57%. Meanwhile, VIX ended higher by 1.39%.
- **Singapore:** STI stabilised (-0.04%) to close at 2828.39 yesterday, but may attempt to rebound today given more positive morning cues from the Nikkei and Kospi. The STI' support and resistance are tipped at 2820 and 2860 respectively. SGS bond yields may tread firmer today, notwithstanding flattish overnight UST bond market action, as market players digest DBS' US\$ AT1 perpetual which was priced at 3.6% (swap+239bps).
- **Macau:** Due to a rebound in tourism and gaming sector, exports of gaming services and other tourism services fell at a much slower pace, by 12% yoy and 7.4% yoy respectively, Therefore, the GDP contraction softened from -13.3% yoy in 1Q to -7.1% yoy in 2Q. On the other hand, resilient government expenditure (+4.5% yoy) remained the main contributor to the softened economic contraction. Also, government investment (+41.7% yoy) appeared to buoy the economic recovery amid robust growth in public construction and equipment investment. However, sluggishness in external demand (exports of goods dropped 24.7% yoy), private consumption (-2.2% yoy) and private investment (-18.4% yoy) remained a drag. Moving forward, two mega projects to be opened in 3Q are expected to further bolster the rebound in both gaming and tourism sectors. However, given tighter rules and fewer-than-expected gambling tables being allocated to new casinos, gaming revenue may recover at a slow pace. In addition, though the increased visitors started to loosen their purse strings, Mainland visitors remained reluctant to consume amid the relentless anti-corruption campaign and a stronger MOP against the Yuan. Therefore, any further rebound in exports of gaming services and other tourism services is likely to be moderate. On a positive note, private investment is expected to regain momentum as casino operators are planning to complete a fresh wave of new projects in 2017. All in all, moderate pickup in gaming and tourism sectors, as well as rebound in private investments ahead may not be enough to offset the weakness in external and domestic demand. Therefore, the GDP is expected to contract by around 5% yoy in 2016. However, the economy is likely to retrieve growth next year owing to effect of low base and the boosts from new project openings.
- **Indonesia:** Finance ministry said that tax amnesty participants have to declare assets owned indirectly through special purpose vehicles (SPV), both onshore and offshore. A ministerial decree, dated Aug 23rd but released yesterday, said that the participants have to transfer ownership of the SPV assets to be under their own names or to an Indonesian entity. If done by the end of 2017, ownership transfer of land, building, or company shares in Indonesia will be free of income tax.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve flattened yesterday with the short to middle term rates (<10Y) traded 1-2bps higher while the longer term rates (>10Y) traded 1-3bps lower. Flows in the SGD corporates were heavy with better buying seen in SOCGEN 4.3%'26s and STANLN 4.4%'26s while mixed interests were seen in HYFSP 5.75%'49s and UOBSP 4%'49s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 196bps while the yield on JACI HY corporates increased 1bps to 6.42%. 10y UST yield was levelled at 1.57%.

- **New Issues:** DBS Group Holdings has priced a USD750mn Perp-NC5 AT1 bond at 3.6%, tightening from its initial guidance at 4%. The expected issue ratings are “NR/A3/BBB”. Chongqing Western Modern Logistics Industry Zone Development Construction Co. Ltd. has priced a USD500mn 5-year bond at CT5+220bps, tightening from its initial guidance at CT5+250bps. The expected issue ratings are “NR/NR/BBB”. Road King Infrastructure Ltd. has priced a USD500mn 5-year bond at 4.7%, tightening from its initial guidance at 5%. The expected issue ratings are “BB-/B1/NR”. Mitsubishi UFJ Lease & Finance Co. Ltd. has priced a USD500mn 5-year bond at 2.25%. The expected ratings for the issue are “A/A3/NR”. BNP Paribas has priced a AUD250mn 10.5-year Tier 2 bond at 4.75%, tightening from its initial guidance at 4.8%. The expected issue ratings are “BBB+/Baa2/A”. Haikou Meilan International Airport Co. Ltd. has set its final price guidance for its USD 3-year bond at 5.3%.
- **Rating Changes:** S&P downgraded its corporate credit rating on China Automation Group Ltd. (CAG) to “CCC” from “B-“ with a negative outlook. The downgrade reflects the company’s heightened refinancing and liquidity risk over the next 12 months due to its large short-term debt maturities, arising from CAG’s deteriorating operating cash flows and an unexpected delay in its refinancing plan. S&P has assigned Japan Post Insurance Co. Ltd. a “A+” financial strength and counterparty credit rating with a stable outlook. The rating reflects S&P’s business risk assessment which is built on the strong competitive position of the company and the financial risk assessment which is underpinned by the company’s very strong capital and earnings. Moody’s revised its outlook on Geely Automobile Holdings Ltd.’s “Ba2” corporate family rating to positive from stable. The revision reflects an expectation that Geely’s profitability and credit profile will continue to improve over the next 12-18 months. Moody’s revised its outlook on Agile Group Holdings Ltd.’s “Ba3” corporate family rating to stable from negative. The revision reflects Moody’s consideration that Agile’s refinancing risk has fallen due to its improved level of pre-sales and demonstrated access to both onshore and offshore debt markets. The revision also reflects the improvement in the company’s debt leverage level. Fitch has assigned a “BBB/Stable” rating to Xi’an Municipal Infrastructure Construction Investment Group Co Ltd.

Key Financial Indicators

Foreign Exchange						Equity and Commodity		
	Day Close	% Change		Day Close	% Change	Index	Value	Net change
DXY	96.054	0.50%	USD-SGD	1.3647	0.31%	DJIA	18,454.30	-48.69
USD-JPY	102.960	1.02%	EUR-SGD	1.5208	-0.09%	S&P	2,176.12	-4.26
EUR-USD	1.1143	-0.41%	JPY-SGD	1.3254	-0.69%	Nasdaq	5,222.99	-9.34
AUD-USD	0.7509	-0.79%	GBP-SGD	1.7850	0.12%	Nikkei 225	16,725.36	-12.13
GBP-USD	1.3080	-0.20%	AUD-SGD	1.0249	-0.47%	STI	2,828.39	-1.04
USD-MYR	4.0522	0.17%	NZD-SGD	0.9852	-0.12%	KLCI	1,678.06	-3.54
USD-CNY	6.6807	-0.03%	CHF-SGD	1.3871	-0.26%	JCI	5,362.32	-8.45
USD-IDR	13268	0.01%	SGD-MYR	2.9757	0.16%	Baltic Dry	715.00	-5.00
USD-VND	22310	--	SGD-CNY	4.8969	-0.30%	VIX	13.12	0.18

Interbank Offer Rates (%)						Government Bond Yields (%)		
Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change	Tenor	SGS (chg)	UST (chg)
1M	-0.3710	--	O/N	0.4183	--	2Y	0.88 (-)	0.80 (-0.01)
2M	-0.3370	--	1M	0.5244	--	5Y	1.35 (-)	1.18 (+0.01)
3M	-0.2970	--	2M	0.6537	--	10Y	1.81 (+0.01)	1.57 (+0.01)
6M	-0.1930	--	3M	0.8334	--	15Y	2.09 (+0.01)	--
9M	-0.1210	--	6M	1.2315	--	20Y	2.16 (+0.01)	--
12M	-0.0500	--	12M	1.5366	--	30Y	2.21 (-)	2.23 (+0.02)

Eurozone & Russia Update						Financial Spread (bps)		
	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread		Value	Change
Portugal	0.51	1.80	3.03	-0.70	3.12	LIBOR-OIS	37.54	0.65
Italy	-0.09	0.50	1.11	-1.40	1.20	EURIBOR-OIS	5.60	0.35
Ireland	-0.39	-0.40	0.40	-1.20	0.49	TED	51.38	--
Greece	7.65	--	8.09	5.20	8.18			
Spain	-0.19	0.80	0.95	1.40	1.04			
Russia	2.15	-6.80	3.94	-5.90	4.03			

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	46.35	-1.34%	Coffee (per lb)	1.448	0.52%
Brent (per barrel)	48.37	-1.81%	Cotton (per lb)	0.6597	-1.08%
Heating Oil (per gallon)	1.471	-1.02%	Sugar (per lb)	0.2052	-0.73%
Gasoline (per gallon)	1.45	-1.27%	Orange Juice (per lb)	1.8885	-1.62%
Natural Gas (per MMBtu)	2.827	-0.91%	Cocoa (per mt)	2,913	-1.09%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,607.0	-0.17%	Wheat (per bushel)	3.6325	-1.96%
Nickel (per mt)	9,789	0.17%	Soybean (per bushel)	9.655	-1.81%
Aluminium (per mt)	1,618.0	-0.89%	Corn (per bushel)	3.0400	-2.49%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,313.0	-0.75%	Crude Palm Oil (MYR/MT)	2,789.0	-0.04%
Silver (per oz)	18.577	-1.02%	Rubber (JPY/KG)	157.5	0.96%

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

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
08/30/2016 06:45	NZ Building Permits MoM	Jul	--	-10.50%	16.30%	21.90%
08/30/2016 07:30	JN Jobless Rate	Jul	3.10%	3.00%	3.10%	--
08/30/2016 07:30	JN Job-To-Applicant Ratio	Jul	1.38	1.37	1.37	--
08/30/2016 07:30	JN Overall Household Spending YoY	Jul	-1.50%	-0.50%	-2.20%	-2.30%
08/30/2016 07:50	JN Retail Trade YoY	Jul	-0.90%	-0.20%	-1.40%	-1.30%
08/30/2016 09:30	AU Building Approvals MoM	Jul	1.10%	11.30%	-2.90%	-4.70%
08/30/2016 09:30	AU Building Approvals YoY	Jul	-8.30%	3.10%	-5.90%	-5.70%
08/30/2016 10:00	SK Department Store Sales YoY	Jul	--	7.00%	11.80%	--
08/30/2016 12:10	PH Budget Balance PHP	Jul	--	-50.7b	-45.2b	--
08/30/2016 12:25	MU Hotel Occupancy Rate	Jul	--	86.8	82	--
08/30/2016 14:00	GE Import Price Index MoM	Jul	-0.10%	0.10%	0.50%	--
08/30/2016 16:00	IT Retail Sales MoM	Jun	-0.20%	0.20%	0.30%	--
08/30/2016 16:00	IT Retail Sales YoY	Jun	0.10%	0.80%	-1.30%	-1.50%
08/30/2016 16:30	UK Mortgage Approvals	Jul	61.9k	60.9k	64.8k	64.2k
08/30/2016 16:30	UK Money Supply M4 MoM	Jul	JJ	1.20%	1.10%	1.20%
08/30/2016 17:00	EC Economic Confidence	Aug	104.1	103.5	104.6	104.5
08/30/2016 17:00	EC Consumer Confidence	Aug F	-8.5	-8.5	-8.5	--
08/30/2016 17:08	MU GDP YoY	2Q	--	-7.10%	-13.30%	--
08/30/2016 20:00	GE CPI MoM	Aug P	0.10%	0.00%	0.30%	--
08/30/2016 20:00	GE CPI YoY	Aug P	0.50%	0.40%	0.40%	--
08/30/2016 20:00	GE CPI EU Harmonized YoY	Aug P	0.50%	0.30%	0.40%	--
08/30/2016 20:30	CA Current Account Balance	2Q	-\$20.20b	-\$19.86b	-\$16.77b	-\$16.59b
08/30/2016 20:30	CA Industrial Product Price MoM	Jul	-0.30%	0.20%	0.60%	0.70%
08/30/2016 20:30	CA Raw Materials Price Index MoM	Jul	-1.20%	-2.70%	1.80%	2.00%
08/30/2016 22:00	US Consumer Confidence Index	Aug	97	101.1	97.3	96.7
08/31/2016 05:00	SK Business Survey Manufacturing	Sep	--	74	71	--
08/31/2016 07:00	SK Industrial Production SA MoM	Jul	-0.60%	1.40%	-0.20%	-0.40%
08/31/2016 07:00	SK Industrial Production YoY	Jul	0.40%	1.60%	0.80%	--
08/31/2016 07:01	UK GfK Consumer Confidence	Aug	-8	-7	-12	--
08/31/2016 07:50	JN Industrial Production MoM	Jul P	0.80%	--	2.30%	--
08/31/2016 07:50	JN Industrial Production YoY	Jul P	-3.00%	--	-1.50%	--
08/31/2016 09:00	NZ ANZ Business Confidence	Aug	--	--	16	--
08/31/2016 09:30	AU Private Sector Credit MoM	Jul	0.40%	--	0.20%	--
08/31/2016 13:00	JN Housing Starts YoY	Jul	7.30%	--	-2.50%	--
08/31/2016 14:00	GE Retail Sales MoM	Jul	0.50%	--	-0.10%	--
08/31/2016 14:00	UK Nationwide House PX MoM	Aug	-0.20%	--	0.50%	--
08/31/2016 14:45	FR PPI MoM	Jul	--	--	0.40%	--
08/31/2016 14:45	FR CPI EU Harmonized MoM	Aug P	0.40%	--	-0.40%	--
08/31/2016 14:45	FR CPI EU Harmonized YoY	Aug P	0.40%	--	0.40%	--
08/31/2016 14:45	FR CPI MoM	Aug P	0.40%	--	-0.40%	--
08/31/2016 14:45	FR CPI YoY	Aug P	0.30%	--	0.20%	--
08/31/2016 15:30	TH Exports YoY	Jul	--	--	1.90%	--
08/31/2016 15:30	TH Trade Balance	Jul	--	--	\$3791m	--
08/31/2016 15:30	TH BoP Current Account Balance	Jul	\$2761m	--	\$2978m	--
08/31/2016 15:55	GE Unemployment Change (000's)	Aug	-4k	--	-7k	--
08/31/2016 15:55	GE Unemployment Claims Rate SA	Aug	6.10%	--	6.10%	--
08/31/2016 17:00	EC Unemployment Rate	Jul	10.00%	--	10.10%	--
08/31/2016 17:00	EC CPI Estimate YoY	Aug	0.30%	--	0.20%	--
08/31/2016 17:00	EC CPI Core YoY	Aug A	0.90%	--	0.90%	--
08/31/2016 17:00	IT CPI NIC incl. tobacco MoM	Aug P	0.30%	--	0.20%	--
08/31/2016 17:00	IT CPI EU Harmonized MoM	Aug P	-0.10%	--	-1.80%	-1.90%
08/31/2016 17:00	IT CPI EU Harmonized YoY	Aug P	-0.10%	--	-0.20%	--
08/31/2016 19:00	US MBA Mortgage Applications	Aug-26	--	--	-2.10%	--
08/31/2016 20:15	US ADP Employment Change	Aug	175k	--	179k	--
08/31/2016 20:30	CA GDP MoM	Jun	0.40%	--	-0.60%	--
08/31/2016 20:30	CA Quarterly GDP Annualized	2Q	-1.50%	--	2.40%	--
08/31/2016 21:45	US Chicago Purchasing Manager	Aug	54	--	55.8	--
08/31/2016 22:00	US Pending Home Sales MoM	Jul	0.70%	--	0.20%	--
08/31/2016	PH Bank Lending YoY	Jul	--	--	16.60%	--

Source: Bloomberg

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