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Corporate FX & Structured
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Products

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Highlights

Global	With the US markets closed for holiday yesterday, Asian equity bourses largely rallied with the exception of the SET. The services and composite PMIs printed softer for Japan (back in contraction territory at 49.6 and 49.8 respectively), Hong Kong (49.0 versus 47.2 previously), India (54.7 versus 51.9) and last but not least the UK (52.9 and 53.6 respectively) which suggested that the UK economy was holding up better than expected post-Brexit. Key to watch will be the RBA policy decision with markets primed for a no-move at 1.5%. The economic data calendar for today comprises of US' non-manufacturing ISM, IBD/TIPP economic optimism and Aug labour market conditions index, Eurozone's final 2Q GDP print and German factory orders.
SG	S'pore's whole economy PMI rebounded strongly from 50.7 in Jul to 52.3 in August, and is back to June levels. This suggests that the Jul could have been a kneejerk Brexit blip, as we also saw similar improvements in the domestic manufacturing, especially electronics PMI readings. The upturn in new orders was largely driven by domestic demand rather than external demand as new export business slipped for the sixth straight month. There also does not appear to be a strong seasonal effect in Aug looking at the previous two years' pattern. The S'pore whole economy improvement in August also appears to be in line with those for the services PMIs for China, Hong Kong and India. While this data bodes well for the services momentum providing continued support for the Singapore economy, there are some dark clouds potentially gathering on the horizon. The recent Zika outbreak and relatively rapid local transmission, with attendant near-term anticipated effects on visitor arrivals and possibly even domestic consumption, could weigh in Sept. Moreover, the domestic labour market is also showing signs of softening, and caution may start to re-emerge on the consumer confidence front ahead of any Fed rate hike prospects for the remainder of this year.
CH	China updated rules for RMB qualified foreign institutional investors (RQFII). All eligible RQFII investors will be assigned the base investment quota, no greater than proportion of the asset's size. For any investment above base quota, the investors need to gain approval from the SAFE.
ID	Government is planning to raise as much as IDR20tn from retail bonds, in sales dating from September 29 to October 20. Robert Pakpahan, director-general for budget financing and risk management at Finance Ministry was quoted as saying by local press. Thus far, the government has reportedly raised a net IDR355tn from the start of the year until Aug, comprising 97% of the total planned for the year. The government has been pursuing a strategy of frontloading bond issuance in view of the relative global market calm.
Commodities	Crude oil prices surged by more than \$2/bbl in intraday trading before calming down to WTI at \$45/bbl and Brent at \$47.5/bbl this morning. The gains came on the back of Saudi Arabia's comment for a 'significant' announcement to be made at the G20 meeting, which piqued market expectation for a pre-emptive oil freeze before its informal meeting many weeks later. Disappointingly, Saudi Arabia then commented that there is no need for an oil freeze 'now' but is optimistic that "the Algiers meeting would provide a quorum."

Major Market

- **US:** Markets are closed for Labor Day holiday on Monday. Overall, the S&P 500 has been consolidating within the range of 2150-2190, just below its record closing. Near term support and resistance are at 2130 and 2200 respectively. With toppish valuations, investors seeking value rotated away from the utilities and telecoms into the relatively unloved tech and financials.
- **Eurozone:** Retail sales rebounded 1.1% mom (+2.9% yoy) in July, following a revised -0.1% mom (+1.7% yoy) in June. The Sentix investor confidence index also climbed more than expected from 4.2 to 5.6 in Sep, with the current and expectations gauges both higher at 4.5 and 6.8 respectively.
- **Singapore:** STI added 1.71% to close at 2852.74 yesterday, but could consolidate today amid mixed morning cues from Nikkei and Kospi. The STI's support and resistance are tipped at 2840 and 2880 respectively. SGS bonds rallied yesterday on tepid NFP data, but may range trade awaiting RBA's policy decision later this morning. SIBOR and SOR also remain subdued in the interim.
- **Hong Kong:** Decline of overall residential property price narrowed again from 8.33% yoy to 7.46% in July, the smallest decline on yearly basis since March. This may signal that property price is oscillating in the near term. The growth in the prices of smaller residential units (below 100 sq.m.) contracted 7.57% yoy while those belonging to the larger units (above 100 sq.m.) dipped 4.91% yoy. Residential property transaction volume surged to 5,821 units in August, the highest since March 2015. On a yearly basis, residential property transactions increased significantly by 49%, the first positive growth since April 2015. Though Hong Kong's dimmer economic outlook amid weak inbound tourism continued to cloud the property market and dent investor's sentiment, the slower pace of a rate hike in the US has resulted in the unlikely pick up in borrowing costs this year, leaving room for the property market to see a more gradual correction. By segment, transaction volumes for housing units priced between HKD 3 million and HKD 10 million were mainly responsible for the rebound, which surged from 3,229 units to 4,458 units, up 38% mom. In the longer term, HK government is striving to increase housing supply, which will also depress the housing price. In addition, we believe that the interest rate in HK would climb up progressively amid the tightening cycle of US to maintain the stability of HKD exchange rate, which would also translate to downside risk in HK property market.
- **Indonesia:** Government is planning to raise as much as IDR20tn from retail bonds, in sales dating from September 29 to October 20. Robert Pakpahan, director-general for budget financing and risk management at Finance Ministry was quoted as saying by local press. Thus far, the government has reportedly raised a net IDR355tn from the start of the year until August, comprising 97% of the total planned for the year. The government has been pursuing a strategy of frontloading bond issuance in view of the relative global market calm.
- **Malaysia:** Second Finance Minister Johari Abdul Ghani said that the government may announce measures to help middle-income group make house purchases under Prima program when it tables 2017 Budget. He added that cash handout to the poor will continue and that the government will continue to look at ways to help them.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded downwards yesterday with swap rates falling 1-4bps lower across all tenors. The US market was closed yesterday due to public holiday.
- **New Issues:** Jiayuan International Group Ltd. has scheduled investor road shows on 7 September for a potential USD bond issuance. China Huarong Asset Management Co. Ltd. has also scheduled investor meetings from 6 – 7 September for a potential USD perpetual securities issuance with expected issue ratings of “NR/Baa1/A-“. Korea National Oil has scheduled investor meetings from 6 September onwards for a potential USD bond issuance.
- **Rating Changes:** Moody’s downgraded MNC Investama’s corporate family rating to “Caa1” from “B3”, with the rating on review for further downgrade. The rating action reflects the lack of clarity around the funding arrangement for the first amortization payment under Sky Vision’s USD243mn term loan. Moody’s assigned a first time issuer rating to Guotai Junan International Holdings Ltd. (GTJAI) at “Baa2” with a negative outlook. The assignment reflects GTJAI’s: (1) leading position in the niche market of helping mainland individuals trade offshore securities; (2) high proportion of revenue from brokerage and margin loans with low-risk exposures; (3) relatively low leverage; and (4) relatively strong profitability. Fitch downgraded Emeco Holdings Ltd.’s issuer default rating to “CC” from “B-“ with a negative outlook. The downgrade follows the company’s announcement on 31 August that its plan to address its capital structure may include a restructuring or write-down of current outstanding debt. Fitch considered such an outcome as probable and downgraded Emeco’s Issuer Default Rating to reflect this heightened credit risk.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.844	--	USD-SGD	1.3566	-0.26%
USD-JPY	103.430	-0.47%	EUR-SGD	1.5125	-0.32%
EUR-USD	1.1147	-0.08%	JPY-SGD	1.3118	0.26%
AUD-USD	0.7582	0.12%	GBP-SGD	1.8049	-0.19%
GBP-USD	1.3304	0.08%	AUD-SGD	1.0287	-0.11%
USD-MYR	4.0738	-0.38%	NZD-SGD	0.9914	0.07%
USD-CNY	6.6771	-0.05%	CHF-SGD	1.3846	-0.17%
USD-IDR	13156	-0.69%	SGD-MYR	2.9992	-0.25%
USD-VND	22302	0.08%	SGD-CNY	4.9217	0.24%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.4204	--
2M	-0.3370	--	1M	0.5257	--
3M	-0.3010	--	2M	0.6619	--
6M	-0.1930	--	3M	0.8351	--
9M	-0.1220	--	6M	1.2471	--
12M	-0.0520	--	12M	1.5594	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.52	-0.50	3.05
Italy	-0.08	-0.90	1.16
Ireland	-0.38	-1.30	0.42
Greece	7.65	--	8.13
Spain	-0.16	-1.00	1.01
Russia	2.00	--	3.96

Equity and Commodity

Index	Value	Net change
DJIA	18,491.96	--
S&P	2,179.98	--
Nasdaq	5,249.90	--
Nikkei 225	17,037.63	111.95
STI	2,851.74	47.82
KLCI	1,678.08	6.29
JCI	5,356.95	3.49
Baltic Dry	724.00	4.00
VIX	11.98	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.79 (-0.02)	0.79 (--)
5Y	1.28 (-0.02)	1.19 (--)
10Y	1.74 (-0.02)	1.60 (--)
15Y	2.03 (-0.02)	--
20Y	2.11 (-0.02)	--
30Y	2.16 (-0.02)	2.28 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	38.31	0.62
EURIBOR-OIS	3.90	-1.10
TED	51.55	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	44.44	--	Coffee (per lb)	1.501	--
Brent (per barrel)	47.63	1.71%	Cotton (per lb)	0.6751	--
Heating Oil (per gallon)	1.410	--	Sugar (per lb)	0.2018	--
Gasoline (per gallon)	1.30	--	Orange Juice (per lb)	1.8645	--
Natural Gas (per MMBtu)	2.792	--	Cocoa (per mt)	2,923	--
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,626.0	-0.02%	Wheat (per bushel)	3.7325	--
Nickel (per mt)	10,023	0.09%	Soybean (per bushel)	9.685	--
Aluminium (per mt)	1,565.3	-0.89%	Corn (per bushel)	3.1650	--
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,323.2	--	Crude Palm Oil (MYR/MT)	2,890.0	2.16%
Silver (per oz)	19.276	--	Rubber (JPY/KG)	165.2	0.73%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
09/05/2016 05:00	SK Foreign Reserves	Aug --	\$375.46b	\$371.38b	--
09/05/2016 08:00	JN Labor Cash Earnings YoY	Jul 0.40%	1.40%	1.30%	1.40%
09/05/2016 08:30	JN Nikkei Japan PMI Services	Aug --	49.6	50.4	--
09/05/2016 08:30	JN Nikkei Japan PMI Composite	Aug --	49.8	50.1	--
09/05/2016 09:00	AU Melbourne Insti Inflation MoM	Aug --	0.20%	-0.30%	--
09/05/2016 09:00	NZ ANZ Commodity Price	Aug --	3.20%	2.00%	2.10%
09/05/2016 09:30	AU ANZ Job Advertisements MoM	Aug --	1.80%	-0.80%	--
09/05/2016 09:45	CH Caixin China PMI Services	Aug --	52.1	51.7	--
09/05/2016 09:45	CH Caixin China PMI Composite	Aug --	51.8	51.9	--
09/05/2016 10:30	HK Nikkei Hong Kong PMI	Aug --	49	47.2	--
09/05/2016 13:00	IN Nikkei India PMI Services	Aug --	54.7	51.9	--
09/05/2016 13:00	IN Nikkei India PMI Composite	Aug --	54.6	52.4	--
09/05/2016 15:45	IT Markit/ADACI Italy Services PMI	Aug 51.8	52.3	52	--
09/05/2016 15:45	IT Markit/ADACI Italy Comp PMI	Aug 52	51.9	52.2	--
09/05/2016 15:50	FR Markit France Services PMI	Aug F 52	52.3	52	--
09/05/2016 15:50	FR Markit France Composite PMI	Aug F 51.6	51.9	51.6	--
09/05/2016 15:55	GE Markit Germany Services PMI	Aug F 53.3	51.7	53.3	--
09/05/2016 15:55	GE Markit/BME Germany Comp PMI	Aug F 54.4	53.3	54.4	--
09/05/2016 16:00	EC Markit Eurozone Services PMI	Aug F 53.1	52.8	53.1	--
09/05/2016 16:00	EC Markit Eurozone Comp PMI	Aug F 53.3	52.9	53.3	--
09/05/2016 16:30	UK Markit/CIPS UK Services PMI	Aug 50	52.9	47.4	--
09/05/2016 16:30	UK Markit/CIPS UK Composite PMI	Aug 50.8	53.6	47.5	47.6
09/05/2016 17:00	EC Retail Sales MoM	Jul 0.50%	1.10%	0.00%	-0.10%
09/05/2016 17:00	EC Retail Sales YoY	Jul 1.80%	2.90%	1.60%	1.70%
09/05/2016 17:22	ID Consumer Confidence Index	Aug --	113.3	114.2	--
09/06/2016 08:00	NZ QV House Prices YoY	Aug --	--	14.10%	--
09/06/2016 08:30	TA CPI YoY	Aug 1.00%	--	1.23%	--
09/06/2016 09:00	PH CPI YoY	Aug 2.00%	--	1.90%	--
09/06/2016 09:00	PH CPI NSA MoM	Aug 0.20%	--	0.10%	--
09/06/2016 09:30	AU BoP Current Account Balance	2Q -20.0b	--	-20.8b	--
09/06/2016 12:30	AU RBA Cash Rate Target	Sep-06 1.50%	--	1.50%	--
09/06/2016 14:00	GE Factory Orders MoM	Jul 0.50%	--	-0.40%	--
09/06/2016 14:00	GE Factory Orders WDA YoY	Jul -0.20%	--	-3.10%	--
09/06/2016 15:00	MA Foreign Reserves	Aug-30 --	--	\$97.5b	--
09/06/2016 15:30	GE Markit GE Construction PMI	Aug --	--	51.6	--
09/06/2016 16:10	GE Markit Germany Retail PMI	Aug --	--	52	--
09/06/2016 16:10	EC Markit Eurozone Retail PMI	Aug --	--	48.9	--
09/06/2016 16:10	FR Markit France Retail PMI	Aug --	--	51.6	--
09/06/2016 16:10	IT Markit Italy Retail PMI	Aug --	--	40.3	--
09/06/2016 17:00	EC GDP SA QoQ	2Q F 0.30%	--	0.30%	--
09/06/2016 17:00	EC GDP SA YoY	2Q F 1.60%	--	1.60%	--
09/06/2016 17:00	EC Household Cons QoQ	2Q 0.30%	--	0.60%	--
09/06/2016 22:00	US ISM Non-Manf. Composite	Aug 55	--	55.5	--
09/06/2016 09/13	VN Domestic Vehicle Sales YoY	Aug --	--	36.60%	--

Source: Bloomberg

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