

Treasury Advisory
Corporate FX & Structured
Products

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Interest Rate Derivatives

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Investments & Structured
Products

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Highlights

Global	A softer tone can be felt in market sentiment, as oil price dropped as market awaits a potential drop in US crude stockpiles, with data due to be released tomorrow. Meanwhile, market is also paying attention to news of potential ceasefire in Nigeria, that would free up oil supply from the country. In the absence of key economic data, market also appears to be adopting a wait-and-see attitude, ahead of the Jackson Hole symposium later this week, with Janet Yellen due to speak on Friday.
HK	Headline inflation decreased further from 2.4% to 2.3% in July. The slower print was mainly attributed to various factors, including a retreat in housing rentals and enlarged decrease in clothing price. Underlying CPI inflation registered 2.0%. Food inflation remained low at 2.8% amid warmer weather. On the other hand, housing rental inflation decreased further from 4.4% to four-month low of 4.2%, far lower than the average of 5.1% over the whole 2015. Given clouded market sentiment in the private housing market, some residential property owners might prefer to lease their homes with more concession during the correction period. It is noticed that clothing CPI deflated notably by 4.8%, the worst since 2006. Though contraction in visitor arrivals narrowed in 2Q, visitor expenditure stayed soft and local consumption sentiment was dampened by the worries for job security amid dimmer economic outlook. This propels retailers to slash price to accelerate the sale. For the rest of this year, any upside risk to inflation should be muted by (1) tepid external price pressures, (2) tame local cost pressure amid dampened consumption sentiment and (3) softening residential rentals. As such, headline inflation for the year is likely to average 2.2%.
Macau	CPI slowed for the 5 th straight month to 2.08% in July, the lowest growth print since March 2010. Two most heavily-weighted sections led the slowdown of inflation. Specifically, Food & Non-Alcoholic Beverages price growth moderated to 2.42%, the weakest since Mar 2006. Meanwhile, the growth in Housing & Fuels prices merely printed by 0.12% yoy, the slowest since Apr 2010 amid lower housing rentals. To make things worse, stagnant wage growth, tepid visitor spending (-4.5% yoy in 2Q) and seasonal sale of summer clothing & footwear together pushed the prices of clothing & footwear down (-2.73% yoy) for the 12th consecutive month. Elsewhere, the impact of an uplift of tobacco tax effective since last July has dissipated and resulted in sharp slowdown in price growth (12.6% yoy v.s. June's 47.1%) of alcoholic beverages & tobacco. All in all, overall headline CPI is expected to print below 3.0% this year.
ID	A retreat in Semarang, Central Java, for leaders of Indonesia and Singapore this week has been postponed. This comes after news that PM Lee Hsien Loong of Singapore will be on medical leave for a week. The two countries are supposed to be discussing economic collaborations and to sign a new pact to promote tourism. The leaders were also scheduled to open the new Kendal Industrial Park, a joint venture between Jababeka from Indonesia and Sembcorp from Singapore.

Major Market

- **US:** Equities continued to fluctuate in subdued trading, ending largely static with S&P 500 and Dow inching lower by 0.06% and 0.13%. Nasdaq ended slightly higher by 0.12%. Healthcare and biotech were the main performers, climbing on the back of the Pfizer-Medivation deal. Meanwhile, US Treasuries continued to rally. 2-year and 10-year benchmark yields fell 1-4 bps, closing at 0.74% and 1.54% respectively. Volatility saw a sharp spike, with the VIX gaining 8.20%.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded upwards yesterday. Swap rates traded 5-8bps higher across all tenors as the USD appreciated on rising expectation of interest rate hike this year given hawkish Fed speak on Friday. Implied probability rose to 51%, up from 46% a week earlier. Flows in the SGD corporates were moderate with better buying seen in, SOCGEN 4.3%'26s and mixed interests seen in, GENSSP 5.13%'49s, SANYPH 7%'17s. In the broader dollar space, the spread on JACI IG corporates decreased 2bps to 198bps while the yield on JACI HY corporates was levelled at 6.39%. 10y UST yield decreased 4bps to 1.54% reversing part of the Friday move due to mixed comments by Fischer.
- **New Issues:** Small and Medium Business Corp. has priced a USD500mn 10-year bond at CT10+67.5bps, tightening from its initial guidance at CT10+90bps. The expected issue ratings are "NR/Aa2/AA-". DBS Group has scheduled investor meetings from 24 August onwards for USD AT1 bond issuance. The expected issue ratings are "NR/A3/BBB".
- **Rating Changes:** S&P downgraded its credit rating on Development Bank of Mongolia (DBM) to "B-" from "B" with stable outlook after the sovereign downgrade initiated on 19 August, 2016 (Mongolia rating lowered to "B-" on weakening fiscal and growth performance). Fitch upgraded Modern Land Co. Ltd.'s issuer default rating to "B+" from "B" with stable outlook. The upgrade is supported by Fitch's view that Modern Land can sustain attributable contracted sales of above CNY10bn from 2016. Additionally, the company's strong liquidity and its lower funding costs also supported the rating.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.519	0.01%	USD-SGD	1.3506	0.29%
USD-JPY	100.330	0.11%	EUR-SGD	1.5289	0.26%
EUR-USD	1.1320	-0.04%	JPY-SGD	1.3461	0.20%
AUD-USD	0.7626	-0.01%	GBP-SGD	1.7743	0.77%
GBP-USD	1.3137	0.47%	AUD-SGD	1.0280	0.08%
USD-MYR	4.0280	0.31%	NZD-SGD	0.9818	0.31%
USD-CNY	6.6507	-0.04%	CHF-SGD	1.4035	0.11%
USD-IDR	13226	0.48%	SGD-MYR	2.9813	-0.18%
USD-VND	22300	0.03%	SGD-CNY	4.9227	-0.35%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	0.4156	--
2M	-0.3370	--	1M	0.5211	--
3M	-0.2980	--	2M	0.6468	--
6M	-0.1890	--	3M	0.8171	--
9M	-0.1180	--	6M	1.2146	--
12M	-0.0470	--	12M	1.5232	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.60	-2.10	3.03
Italy	-0.09	-0.70	1.10
Ireland	-0.38	-2.50	0.40
Greece	7.65	--	8.04
Spain	-0.18	-0.10	0.94
Russia	2.07	6.80	3.95

Equity and Commodity

Index	Value	Net change
DJIA	18,529.42	-23.15
S&P	2,182.64	-1.23
Nasdaq	5,244.60	6.23
Nikkei 225	16,598.19	52.37
STI	2,841.19	-2.83
KLCI	1,691.07	3.39
JCI	5,427.18	11.14
Baltic Dry	687.00	4.00
VIX	12.27	0.93

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.85 (--)	0.74 (-0.01)
5Y	1.34 (+0.04)	1.13 (-0.03)
10Y	1.80 (+0.05)	1.54 (-0.04)
15Y	2.09 (+0.05)	--
20Y	2.17 (+0.05)	--
30Y	2.23 (+0.05)	2.24 (-0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.45	0.15
EURIBOR-OIS	5.50	--
TED	51.78	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.05	-3.03%	Coffee (per lb)	1.441	3.82%
Brent (per barrel)	49.16	-3.38%	Cotton (per lb)	0.6792	0.52%
Heating Oil (per gallon)	1.486	-2.18%	Sugar (per lb)	0.2042	3.29%
Gasoline (per gallon)	1.48	-1.90%	Orange Juice (per lb)	1.7905	-0.47%
Natural Gas (per MMBtu)	2.679	3.68%	Cocoa (per mt)	2,983	-3.62%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,748.5	-1.03%	Wheat (per bushel)	4.1525	-2.75%
Nickel (per mt)	10,232	-0.90%	Soybean (per bushel)	10.353	0.80%
Aluminium (per mt)	1,659.3	--	Corn (per bushel)	3.3325	-0.30%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,337.7	-0.20%	Crude Palm Oil (MYR/MT)	2,820.0	-1.12%
Silver (per oz)	18.859	-2.37%	Rubber (JPY/KG)	174.2	-1.80%

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

Key Economic Indicators

Date Time		Event		Survey	Actual	Prior	Revised
08/22/2016 08:30	TA	Unemployment Rate	Jul	3.97%	3.96%	3.96%	--
08/22/2016 13:01	MU	CPI Composite YoY	Jul	--	2.08%	2.26%	--
08/22/2016 15:00	MA	Foreign Reserves	Aug-15	--	\$97.5b	\$97.3b	--
08/22/2016 15:00	JN	Convenience Store Sales YoY	Jul	--	0.30%	0.80%	--
08/22/2016 16:00	TA	Export Orders YoY	Jul	-0.90%	-3.40%	-2.40%	--
08/22/2016 16:30	HK	CPI Composite YoY	Jul	2.30%	2.30%	2.40%	--
08/22/2016 20:30	US	Chicaogo Fed Nat Activity Index	Jul	0.2	0.27	0.16	0.05
08/22/2016 20:30	CA	Wholesale Trade Sales MoM	Jun	0.10%	0.70%	1.80%	1.90%
08/23/2016 10:00	JN	Nikkei Japan PMI Mfg	Aug P	--	--	49.3	--
08/23/2016 13:00	SI	CPI YoY	Jul	-0.50%	--	-0.70%	--
08/23/2016 13:00	SI	CPI NSA MoM	Jul	0.10%	--	0.70%	--
08/23/2016 15:00	FR	Markit France Mfg PMI	Aug P	48.8	--	48.6	--
08/23/2016 15:00	FR	Markit France Services PMI	Aug P	50.5	--	50.5	--
08/23/2016 15:00	FR	Markit France Composite PMI	Aug P	50.4	--	50.1	--
08/23/2016 15:30	GE	Markit/BME Germany Mfg PMI	Aug P	53.6	--	53.8	--
08/23/2016 15:30	GE	Markit Germany Services PMI	Aug P	54.4	--	54.4	--
08/23/2016 15:30	GE	Markit/BME GE Composite PMI	Aug P	55.1	--	55.3	--
08/23/2016 16:00	TA	Industrial Production YoY	Jul	1.70%	--	0.88%	--
08/23/2016 16:00	EC	Markit Eurozone Mfg PMI	Aug P	52	--	52	--
08/23/2016 16:00	EC	Markit Eurozone Services PMI	Aug P	52.8	--	52.9	--
08/23/2016 16:00	EC	Markit Eurozone Comp PMI	Aug P	53.1	--	53.2	--
08/23/2016 21:45	US	Markit US Manufacturing PMI	Aug P	52.6	--	52.9	--
08/23/2016 22:00	US	Richmond Fed Manufact. Index	Aug	6	--	10	--
08/23/2016 22:00	EC	Consumer Confidence	Aug A	-7.7	--	-7.9	--
08/23/2016 22:00	US	New Home Sales	Jul	580k	--	592k	--
08/23/2016 22:00	US	New Home Sales MoM	Jul	-2.00%	--	3.50%	--
08/23/2016	MU	Visitor Arrivals	Jul	--	--	2358t	--

Source: Bloomberg

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