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Highlights

Global	<p>Robust US economic data prints overnight, especially the non-manufacturing ISM, coupled with more buoyant energy prices, sent both Wall Street and the 2-year US Treasury bond yield higher. Although the ADP employment change softened to 154k (market forecast: 165k) in Sep, the fewest in five months, versus a 3k revision to the Aug data down to 175k, this did not sufficiently deter market expectations for tomorrow's Sep nonfarm payrolls which is currently at +172k (Aug: +151k). The futures probability pricing for the Dec FOMC subsequently rose to 62.1%. Fed's Fischer also warned that "ultra-low interest rates are not necessarily here to stay, especially if the right policies are put in place to address at least some of their root causes" and "policies to boost productivity growth and the longer-run potential of the economy are more likely to be found in effective fiscal and regulatory measures than in central bank actions". The economic data calendar comprises of US' initial jobless claims, Challenger job cuts, German factory orders, and Thai consumer confidence. ECB's Praet is also speaking.</p>
US	<p>The non-manufacturing ISM surged from 51.4 in Aug to a 11-month high of 57.1 in Sep, led by employment, new orders and business activity gauges which climbed to 57.2 (strongest since Oct15), 60 (biggest on-month jump since Apr09) and 60.3 (highest since Oct15), respectively. Meanwhile, factory orders also unexpectedly rose 0.2% in August after a revised 1.4% gain, with factory orders excluding transportation flat after a revised 0.1% dip in July. Separately, the Aug trade deficit widened 3% to US\$40.7b as services imports growth of 1.2% (+US\$1.5b to US\$43b amid charges for IP use that probably reflected the Olympic Games rights fees) overshadowed exports growth of 0.8%. For the ADP data, goods-producing industries added 3k while service providers added 151k.</p>
SG	<p>The Nikkei Singapore PMI also strengthened further from 52.3 in Aug to 52.9 in Sep, the highest since Feb15 and marking the fifth straight month in expansion territory. Underpinning the headline improvement were stronger output (58.2 which is the highest since Nov15) and new orders (highest since Jun14). This improvement is also seen elsewhere in the region such as Hong Kong. This bodes well for Singapore's 4Q16 GDP growth momentum, especially when coupled with the green shoots that we've seen for the recent manufacturing and electronics PMI prints. The pickup in export sales, which rose for the first time since Feb, could be partly seasonal (going into the 4Q festive season), but likely also reflects the still healthy domestic demand within Asia. Nevertheless, the labour market softening is likely to persist. Both the manufacturing and services PMIs' employment gauges remain tepid and suggest that business hiring intentions remain cautious.</p>
Commodities	<p>Gold gave us a scare indeed. Bullion prices crashed below \$1,300/oz, before settling in a flattish fashion at \$1,265.2/oz(-0.09%). We note that the relatively higher implied probability for a rate hike in the FOMC's Nov and Dec meeting, amid higher oil prices, may have hiccupped gold's ascent. Wildcards including Nov's US presidential elections and UK's triggering of Article 50 into 2017 may be uncertainties that may lift gold in the coming months.</p>

Major Markets

- **US:** Equities snapped a 2-day losing streak on the back on a strengthening crude oil and good economic data. Crude oil closed within touching distance of US\$50 amid declining US stockpiles, while strong PMI readings indicate an improving domestic economy. Led by energy producers and financials, the S&P 500 rose 0.43%, while the Dow and Nasdaq gained 0.62% and 0.50% respectively. VIX retreated 4.7% to close at 12.99. US Treasuries continue to be under pressure as a strong underlying economy heightens the implied probabilities of a Fed rate hike, which currently stands at 64%. US Treasury yields rose for the 4th straight day, with the 2-year and 10-year yields closing at 0.83% and 1.70%.
- **Singapore:** STI retreated 0.10% to close at 2881.79 yesterday, but may attempt higher amid positive cues from Wall Street's overnight rally and morning gains in Kospi. STI support and resistance are tipped at 2860 and 2900 respectively. SGS bond yields rose by a more modest 1-2bps yesterday but the overnight lead from US Treasury bonds are still negative.
- **Indonesia:** The government is planning to launch rights issues for two construction sector SOEs, including Jasa Marga. Separately, President Jokowi is scheduled to visit Natuna Islands, an area of hotspot in South China Sea, again to inspect air force exercise and commemorate the 71st anniversary of Indonesia's military.
- **Malaysia:** Swiss authorities have reportedly said that they are repeating their appeal for cooperation from the Malaysian authorities with regard to their probe into alleged fund misappropriation involving 1MDB.
- **Commodities:** Crude oil remains very strong with Brent printing just below its \$52/bbl handle. Two key drivers were seen overnight, firstly with OPEC's aim to hold another informal producer meeting in Istanbul with non-OPEC members, while secondly, US oil inventories surprisingly fell 2.98 million barrels for the week ended 30 Sept.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened sharply, with the belly and the long end of the curve trading 5 – 7bps higher yesterday. Flows in the SGD corporates were heavy with better buying seen in, TATAIN 4.95%'23s and better selling in, OLAMSP 4.25%'19s and GEMAU 5.5%'19s. Meanwhile we also saw mixed interests in, JTCSP 3.5%'23s, BNP 4.3%'25s, BAERVX 5.9%'49s, SOCGEN 4.3%'26s and BTHSP 5.75%'18s. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 204bps while the yield on JACI HY corporates increased 2bps to 6.50%. 10y UST yield increased 2bps to 1.71% as a September report that showed US services companies expanded at the fastest pace in almost a year further boosted bets that Federal Reserve would raise interest rate by year-end. Market is now pricing in a 62.1% chance of hiking in December meeting.
- **New Issues:** UPL Corp. Ltd. has priced a USD500mn 5-year bond at CT5+200bps, tightening from its initial price guidance at CT5+220bps. The expected issue ratings are "BBB-/Baa3/BBB-". Societe Generale SA has launched a AUD 10-year Tier 2 bond with initial price guidance at 4.9%. The bond may be price this week with expected issue ratings of "BBB/Baa3/A-". Tenaga Nasional Bhd has scheduled investor meetings from 5 October onwards for potential USD bond issue with expected issue ratings of "BBB+/A3/NR". China Aoyuan Property Group Ltd. has scheduled investor meetings from 7 October onwards for potential USD bond issue. Pan Brothers Tbk PT has scheduled investor meeting on 9 November for potential USD200mn bond issue to repay its debt.

- **Rating Changes:** S&P has revised its outlook on China Aoyuan Property Group Ltd.'s (Aoyuan) "B" corporate credit rating to positive from stable. The outlook revision reflects S&P's expectation that the growth in Aoyuan's operating scale will remain stable due to the company's increased saleable resources and robust market conditions. Moody's has placed Hitachi Construction Machinery Co. Ltd.'s "A3" issuer rating on review for downgrade. The rating action follows Hitachi Construction's announcement on 3 October, 2016 to acquire 100% ownership of Bradken and reflects Moody's expectation that the acquisition, if it materializes and is largely debt-funded, would significantly increase Hitachi Construction's financial leverage, which has already been weak for its "A3" rating.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.125	-0.05%	USD-SGD	1.3698	-0.09%
USD-JPY	103.500	0.58%	EUR-SGD	1.5350	-0.06%
EUR-USD	1.1205	0.01%	JPY-SGD	1.3235	-0.65%
AUD-USD	0.7622	0.03%	GBP-SGD	1.7465	0.07%
GBP-USD	1.2749	0.16%	AUD-SGD	1.0443	-0.05%
USD-MYR	4.1432	0.36%	NZD-SGD	0.9826	-0.58%
USD-CNY	6.6718	--	CHF-SGD	1.4062	0.39%
USD-IDR	12998	0.15%	SGD-MYR	3.0210	0.20%
USD-VND	22304	-0.02%	SGD-CNY	4.8709	0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4243	--
2M	-0.3370	--	1M	0.5272	--
3M	-0.3010	--	2M	0.6501	--
6M	-0.2020	--	3M	0.8643	--
9M	-0.1310	--	6M	1.2514	--
12M	-0.0640	--	12M	1.5657	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.40	-1.50	3.46
Italy	-0.10	0.30	1.36
Ireland	-0.45	-2.20	0.50
Greece	7.65	--	8.27
Spain	-0.22	0.90	1.04
Russia	2.06	-1.00	3.82

Equity and Commodity

Index	Value	Net change
DJIA	18,281.03	112.58
S&P	2,159.73	9.24
Nasdaq	5,316.02	26.36
Nikkei 225	16,819.24	83.59
STI	2,881.79	-2.85
KLCI	1,662.92	1.67
JCI	5,420.65	-51.67
Baltic Dry	869.00	9.00
VIX	12.99	-0.64

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.93 (+0.01)	0.83 (+0.01)
5Y	1.39 (--)	1.24 (+0.02)
10Y	1.88 (+0.02)	1.70 (+0.02)
15Y	2.15 (+0.02)	--
20Y	2.26 (+0.02)	--
30Y	2.29 (+0.02)	2.42 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	41.53	0.01
EURIBOR-OIS	4.80	0.90
TED	53.87	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.83	2.34%	Coffee (per lb)	1.482	0.51%
Brent (per barrel)	51.86	1.95%	Cotton (per lb)	0.6803	-2.65%
Heating Oil (per gallon)	1.582	1.79%	Sugar (per lb)	0.2381	2.36%
Gasoline (per gallon)	1.49	-0.45%	Orange Juice (per lb)	2.0140	-0.40%
Natural Gas (per MMBtu)	3.041	2.60%	Cocoa (per mt)	2,836	0.75%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,799.5	-0.11%	Wheat (per bushel)	4.0500	2.40%
Nickel (per mt)	10,033	0.00%	Soybean (per bushel)	9.568	-0.70%
Aluminium (per mt)	1,666.8	0.36%	Corn (per bushel)	3.4775	-0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,265.2	-0.09%	Crude Palm Oil (MYR/MT)	2,700.0	-1.57%
Silver (per oz)	17.695	-0.45%	Rubber (JPY/KG)	171.9	1.06%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
10/05/2016 07:00	SK	CPI MoM	Sep	0.20%	0.60%	-0.10%	--
10/05/2016 07:00	SK	CPI YoY	Sep	0.70%	1.20%	0.40%	--
10/05/2016 08:00	NZ	ANZ Commodity Price	Sep	--	5.10%	3.20%	--
10/05/2016 08:30	SI	Nikkei Singapore PMI	Sep	--	52.9	52.3	--
10/05/2016 08:30	HK	Nikkei Hong Kong PMI	Sep	--	49.3	49	--
10/05/2016 08:30	JN	Nikkei Japan PMI Services	Sep	--	48.2	49.6	--
10/05/2016 08:30	JN	Nikkei Japan PMI Composite	Sep	--	48.9	49.8	--
10/05/2016 08:30	TA	CPI YoY	Sep	0.40%	0.33%	0.57%	--
10/05/2016 08:30	AU	Retail Sales MoM	Aug	0.20%	0.40%	0.00%	--
10/05/2016 09:00	PH	CPI YoY	Sep	2.10%	2.30%	1.80%	--
10/05/2016 09:00	PH	CPI NSA MoM	Sep	0.00%	0.20%	0.10%	--
10/05/2016 09:00	PH	CPI Core YoY	Sep	2.10%	2.30%	2.00%	--
10/05/2016 13:00	IN	Nikkei India PMI Services	Sep	--	52	54.7	--
10/05/2016 13:00	IN	Nikkei India PMI Composite	Sep	--	52.4	54.6	--
10/05/2016 15:45	IT	Markit/ADACI IT Services PMI	Sep	52	50.7	52.3	--
10/05/2016 15:45	IT	Markit/ADACI IT Composite PMI	Sep	51.5	51.1	51.9	--
10/05/2016 15:50	FR	Markit France Services PMI	Sep F	54.1	53.3	54.1	--
10/05/2016 15:50	FR	Markit France Composite PMI	Sep F	53.3	52.7	53.3	--
10/05/2016 15:55	GE	Markit Germany Services PMI	Sep F	50.6	50.9	50.6	--
10/05/2016 15:55	GE	Markit/BME GE Composite PMI	Sep F	52.7	52.8	52.7	--
10/05/2016 16:00	EC	Markit Eurozone Services PMI	Sep F	52.1	52.2	52.1	--
10/05/2016 16:00	EC	Markit EC Composite PMI	Sep F	52.6	52.6	52.6	--
10/05/2016 16:30	UK	Markit/CIPS UK Services PMI	Sep	52.2	52.6	52.9	--
10/05/2016 16:30	UK	Markit/CIPS UK Composite PMI	Sep	52.3	53.9	53.6	--
10/05/2016 17:00	EC	Retail Sales MoM	Aug	-0.30%	-0.10%	1.10%	0.30%
10/05/2016 17:00	EC	Retail Sales YoY	Aug	1.50%	0.60%	2.90%	1.80%
10/05/2016 19:00	US	MBA Mortgage Applications	Sep-30	--	2.90%	-0.70%	--
10/05/2016 20:15	US	ADP Employment Change	Sep	165k	154k	177k	175k
10/05/2016 20:30	US	Trade Balance	Aug	-\$39.2b	-\$40.7b	-\$39.5b	--
10/05/2016 20:30	CA	Int'l Merchandise Trade	Aug	-2.45b	-1.94b	-2.49b	-2.19b
10/05/2016 21:45	US	Markit US Services PMI	Sep F	51.9	52.3	51.9	--
10/05/2016 21:45	US	Markit US Composite PMI	Sep F	--	52.3	52	--
10/05/2016 22:00	US	ISM Non-Manf. Composite	Sep	53	57.1	51.4	--
10/05/2016 22:00	US	Factory Orders	Aug	-0.20%	0.20%	1.90%	1.40%
10/05/2016 22:00	US	Durable Goods Orders	Aug F	0.00%	0.10%	0.00%	--
10/05/2016 22:00	US	Durables Ex Transportation	Aug F	--	-0.20%	-0.40%	--
10/05/2016 22:00	US	Cap Goods Orders Nondef Ex Air	Aug F	--	0.90%	0.60%	--
10/05/2016 22:00	US	Cap Goods Ship Nondef Ex Air	Aug F	--	-0.10%	-0.40%	--
10/06/2016 05:00	SK	Foreign Reserves	Sep	--	\$377.77b	\$375.46b	--
10/06/2016 07:50	JN	Foreign Buying Japan Bonds	Sep-30	--	--	¥2804.9b	--
10/06/2016 07:50	JN	Foreign Buying Japan Stocks	Sep-30	--	--	¥211.7b	--
10/06/2016 08:30	AU	Trade Balance	Aug	-2300m	--	-2410m	--
10/06/2016 14:00	GE	Factory Orders MoM	Aug	0.30%	--	0.20%	--
10/06/2016 14:00	GE	Factory Orders WDA YoY	Aug	1.60%	--	-0.70%	--
10/06/2016 15:30	GE	Markit GE Construction PMI	Sep	--	--	51.6	--
10/06/2016 16:10	GE	Markit GE Retail PMI	Sep	--	--	54.1	--
10/06/2016 16:10	EC	Markit Eurozone Retail PMI	Sep	--	--	51	--
10/06/2016 16:10	FR	Markit France Retail PMI	Sep	--	--	53	--
10/06/2016 16:10	IT	Markit Italy Retail PMI	Sep	--	--	43.2	--
10/06/2016 20:30	CA	Building Permits MoM	Aug	1.00%	--	0.80%	--
10/06/2016 20:30	US	Initial Jobless Claims	Oct-01	256k	--	254k	--
10/06/2016 20:30	US	Continuing Claims	Sep-24	2081k	--	2062k	--
10/06/2016 21:45	US	Bloomberg Consumer Comfort	Oct-02	--	--	41.6	--
10/06/2016	ID	Consumer Confidence Index	Sep	--	--	113.3	--
10/06/2016 10/13	VN	Domestic Vehicle Sales YoY	Sep	--	--	28.40%	--

Source: Bloomberg

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