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Highlights

Global	<p>A solid labour market report out from the US on Friday reinforced prevailing Dec rate hike expectations (with futures market pricing in a 76% probability) - nonfarm payrolls rose slightly more subdued 161k in Oct, below market consensus forecast of 173k, but the previous two months data were revised up 44k, with the Sep data now standing at 191k (previously 156k). Private sector payrolls also moderated from 188k in Sep to 142k in Oct. Meanwhile, the overall unemployment rate edged down from 5.0% to 4.9% as anticipated, with the under-employment rate also improving from 9.7% to 9.5% (lowest since Apr08). Average hourly earnings accelerated to 0.4% mom (+2.8% yoy) while the weekly hours worked were steady at 34.4. Household employment fell by 43k and the labor force participation rate dipped marginally to 62.8%. Nevertheless, US presidential election uncertainties continued to dominate, weighing down risk assets even as the FBI backed off on Clinton's email investigation scandal. Expect that Asian markets will remain sidelined ahead of this week's key risk event, namely the close call for the US presidential election and will be busy digesting any potential geopolitical and economic fallout from a tail risk outcome. Today's main economic data focus would be Indonesia's 3Q GDP print, China's FX reserves, Europe's retail sales and Germany factory orders. Central bank policy deliberations include BOT on 9 Nov (likely steady at 1.5%), RBNZ (possible 25bp rate cut to 1.75%) and BSP (likely static) on 10 Nov, and BOK (likely unchanged at 1.25%) on 11 Nov.</p>
US	<p>Fed's Fisher opined that the US economy could "to some extent exceed our employment and inflation targets" and reiterated that "our assessment is that the most recent data have further strengthened the case for increasing the target range for the federal funds rate".</p>
UK	<p>PM Theresa May insisted that "while others seek to tie our negotiating hands, the government will get on with the job of delivering the decision of the British people" and "MPs and peers who regret the referendum result need to accept what the people decided".</p>
ID	<p>Q3 GDP data is due out today. We are likely to see growth of around 5.1% yoy, softer than 5.18% yoy that was clocked in Q2. Withdrawal of liquidity to pay for penalties of the tax amnesty program would have weighed on private consumption in the quarter.</p>
MA	<p>Exports for the month of September declined by 3.0% yoy, more than the 2% decline expected by the market. A drop in exports of crude oil and LNG largely drove the decline. Meanwhile, import shrunk by less than expected, nearly flat at -0.1% yoy, yielding a shrinkage in trade surplus to MYR7.56bn, compared to 8.51bn the month before.</p>
Commodities	<p>OPEC continues to assure the market that an oil deal will go through at its upcoming November OPEC meeting. More details, including a possible individual quota level for each participating member, or more specifically, a reduction of production according to each member's output level, are revealed. The oil deal would also last one year from January 2017, with a review in 6 months. Oil prices continue to remain weak, dipping lower once again on Friday's closing.</p>

Major Market

- **US:** Election anxiety remained the key theme on Friday, as equities closed lower for the 9th straight day, the longest losing streak since 1980. Investors de-risked ahead of the election on 8 Nov, with S&P 500 down 0.17%, while the Dow and Nasdaq both retreated 0.24%. However, election anxiety seemed to have eased early Monday morning in Asia, following a new FBI statement on Clinton. S&P 500 Dec futures opened the week 1.2% higher. Expect greater volatility heading into Tuesday/Wednesday in New York. VIX edged higher to 22.51. Meanwhile, US Treasuries continue to gain from safe haven flows. Yields declined 1-4 bps across the spectrum, with the 2- and 10-year benchmark yields closing at 0.78% and 1.78% respectively.
- **Singapore:** The STI slipped 0.47% to close at 2788.80 on Friday, finally breaking the 2800 support, but may resurface again if the morning optimism in Nikkei and Kospi sustains. The STI support and resistance are tipped at 2780 and 2800 respectively. The SGS bonds may trade cautiously ahead of tomorrow's US presidential election risk.
- **China:** The Ministry of Finance reiterated last week that except the local government bond, all the debt issued by local government funding vehicles from 2015 will not be guaranteed by the government. "De-leverage" is probably Word of the Year 2016 in China in addition to supply side reform. Most of policy announcements and re-highlights recently focused on containing the leverage. The reiteration from MoF is a good reminder to some local governments who still quietly leverage via their funding vehicles. This also serves as a good reminder to investors and lenders that China is serious about exiting implicit guarantee. The credit risk and probability of default is likely to go higher.
- **Hong Kong:** Total retail sales fell for the 19th straight month by 4.1% yoy in September. The decline narrowed significantly compared with previous month (-10.5% yoy), we believe that this was attributed to the effect of low base as well as a reduced drag from the smaller decline in visitor arrivals and improved market sentiment. Decline of visitor arrival narrowed from 11.3% to 5% in September. Decline in the luxury segment continued to pose a severe drag on retail sales. Value of sales of jewellery and watches contracted for the 24th straight month by 12.3% yoy in September, which was also the 13th consecutive double-digit contraction. Meanwhile, consumer durable goods dipped by 9.3% yoy. In the near term, outlook for retail sales is still subjected to various external uncertainties, depending on the performance of inbound tourism as well as the local consumer sentiments. Gloomy prospect for retail sector will hence translate into more downward pressure on the retail shop property market and decline in rents, price of which printed 3.9% yoy and 10.3% yoy respectively in September. More rental concession by the landlord and higher vacancy rate in core business district could also be expected.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened last Friday, with shorter-term rates trading +/- 1bps while the middle to longer term rates traded mostly 2-5bps higher. Flows in the SGD corporates were moderate with better selling seen in GENSSP 5.13%'49s while mixed interest was seen in SCISP 4.75%'49s. In the broader dollar space, the spread on JACI IG Corporates increased 1bps to 207bps while the yield on JACI HY corporates was unchanged at 6.59%. 10y UST decreased 4bps to 1.78% as US election polls continued to tighten in Trump's favour although last week's nonfarm payroll report showed a supportive case for interest rate hike in December. Better news for Clinton on the email saga may settle markets in the last remaining days ahead of the election.
- **New Issues:** China Nuclear Engineering has priced a CNH1.5bn 3-year bond at 4.3%, tightening

from its initial guidance at 4.6%.

- **Rating Changes:** S&P revised its outlook on AMP Ltd.'s "AA-" corporate credit rating to negative from stable. The outlook revision reflects S&P's concerns over its prospective operating performance and capitalization following the recent announcement of a material reserve strengthening and impairment of goodwill in its wealth protection business. Moody's similarly affirmed its "Aa2" insurance financial strength rating of AMP Life Ltd but revised the rating outlook to negative from stable to reflect the weaker operating environment which has led to weaker performance in AMP Life's life insurance products, which will constrain profitability in 2016 that could possibly continue in 2017. S&P downgraded its corporate credit rating on China Oilfield Services Ltd. to "BBB" from "BBB+" with a stable outlook. The downgrade reflects the company's poor financial performance for this year and S&P expects only a gradual recovery over the next 12 – 24 months. Moody's has placed Caterpillar, Inc. (CAT), Caterpillar Financial services Corp. (CFSC), and various subsidiaries' "A2" credit ratings on review for downgrade. The review's focus is placed on the degree of initiatives undertaken by CAT that could enable the company to strengthen its future operating performance and credit metrics through all phases of the business cycle. CAT's performance is below Moody's expectation given extremely weak business conditions faced by the company. Important considerations include: 1) Pace at which the company's initiatives will strengthen the credit metrics; 2) Degree to which these actions moderate an erosion in performance during future downturns; and 3) CFSC's ability to maintain strong underwriting standards and liquidity.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.065	-0.09%	USD-SGD	1.3833	-0.03%
USD-JPY	103.120	0.14%	EUR-SGD	1.5411	0.29%
EUR-USD	1.1141	0.32%	JPY-SGD	1.3415	-0.16%
AUD-USD	0.7673	-0.12%	GBP-SGD	1.7318	0.44%
GBP-USD	1.2517	0.45%	AUD-SGD	1.0616	-0.12%
USD-MYR	4.1993	0.36%	NZD-SGD	1.0134	-0.20%
USD-CNY	6.7565	-0.13%	CHF-SGD	1.4284	0.53%
USD-IDR	13068	-0.05%	SGD-MYR	3.0303	0.24%
USD-VND	22328	0.01%	SGD-CNY	4.8831	-0.05%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.4351	-0.0017
2M	-0.3390	--	1M	0.5353	0.0028
3M	-0.3120	0.0010	2M	0.6681	0.0017
6M	-0.2130	--	3M	0.8826	0.0017
9M	-0.1300	--	6M	1.2454	-0.0017
12M	-0.0710	--	12M	1.5590	-0.0011

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.35	1.40	3.29
Italy	-0.00	--	1.75
Ireland	-0.41	0.50	0.67
Greece	7.65	--	7.76
Spain	-0.21	-0.40	1.27
Russia	2.24	--	4.05

Equity and Commodity

Index	Value	Net change
DJIA	17,888.28	-42.39
S&P	2,085.18	-3.48
Nasdaq	5,046.37	-12.04
Nikkei 225	16,905.36	-229.32
STI	2,788.80	-13.28
KLCI	1,648.24	0.16
JCI	5,362.66	33.16
Baltic Dry	855.00	6.00
VIX	22.51	0.43

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.85 (--)	0.78 (-0.02)
5Y	1.30 (--)	1.23 (-0.03)
10Y	1.93 (+0.01)	1.78 (-0.04)
15Y	2.26 (+0.03)	--
20Y	2.35 (+0.03)	--
30Y	2.35 (+0.03)	2.56 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	38.18	0.17
EURIBOR-OIS	3.80	0.10
TED	51.63	0.17

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	44.07	-1.32%	Coffee (per lb)	1.714	3.44%
Brent (per barrel)	45.58	-1.66%	Cotton (per lb)	0.6853	0.68%
Heating Oil (per gallon)	1.430	-1.91%	Sugar (per lb)	0.2173	1.16%
Gasoline (per gallon)	1.38	-3.22%	Orange Juice (per lb)	2.2770	2.18%
Natural Gas (per MMBtu)	2.767	-0.07%	Cocoa (per mt)	2,581	-4.58%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,991.0	0.63%	Wheat (per bushel)	4.1425	0.55%
Nickel (per mt)	10,421	-0.19%	Soybean (per bushel)	9.815	0.18%
Aluminium (per mt)	1,717.3	-0.68%	Corn (per bushel)	3.4875	0.22%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,304.5	0.09%	Crude Palm Oil (MYR/MT)	2,752.0	-1.40%
Silver (per oz)	18.371	-0.24%	Rubber (JPY/KG)	178.6	0.79%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 01 Nov 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	45,800	-19,184	64,984	Gold	194,895	210,597	-15,702
Wheat	-76,742	-107,570	30,828	Copper	-11,175	4,227	-15,402
Natural Gas	-31,352	-54,608	23,256	Sugar	326,347	338,714	-12,367
Soybean	110,697	93,000	17,697	Platinum	20,382	25,328	-4,946
Cotton	93,303	82,807	10,496	Nymex Crude	454,404	458,776	-4,372
Coffee	48,892	41,006	7,886	Live Cattle	30,279	33,924	-3,645
Cocoa	24,409	22,541	1,868	Silver	61,996	65,537	-3,541
RBOB Gasoline	65,347	64,609	738	Heating Oil	29,656	32,840	-3,184
Lean Hogs	31,202	32,859	-1,657	Palladium	9,536	12,439	-2,903

Source: CFTC

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
11/04/2016	07:50	JN Foreign Buying Japan Bonds	Oct-28	--	-¥267.8b	-¥752.5b	--
11/04/2016	07:50	JN Foreign Buying Japan Stocks	Oct-28	--	¥108.9b	¥85.3b	¥85.2b
11/04/2016	08:30	JN Nikkei Japan PMI Services	Oct	--	50.5	48.2	--
11/04/2016	08:30	JN Nikkei Japan PMI Composite	Oct	--	51.3	48.9	--
11/04/2016	08:30	AU Retail Sales MoM	Sep	0.40%	0.60%	0.40%	0.50%
11/04/2016	09:00	PH CPI YoY	Oct	2.30%	2.30%	2.30%	--
11/04/2016	12:00	MA Exports YoY	Sep	-2.00%	-3.00%	1.50%	--
11/04/2016	12:00	MA Imports YoY	Sep	-1.60%	-0.10%	4.90%	--
11/04/2016	12:00	MA Trade Balance MYR	Sep	8.90b	7.56b	8.51b	--
11/04/2016	15:30	TH Foreign Reserves	Oct-28	--	\$180.1b	\$179.7b	--
11/04/2016	16:45	IT Markit/ADACI Italy Services PMI	Oct	51.5	51	50.7	--
11/04/2016	16:50	FR Markit France Services PMI	Oct F	52.1	51.4	52.1	--
11/04/2016	16:50	FR Markit France Composite PMI	Oct F	52.2	51.6	52.2	--
11/04/2016	16:55	GE Markit Germany Services PMI	Oct F	54.1	54.2	54.1	--
11/04/2016	17:00	EC Markit Eurozone Services PMI	Oct F	53.5	52.8	53.5	--
11/04/2016	17:00	EC Markit Eurozone Composite PMI	Oct F	53.7	53.3	53.7	--
11/04/2016	18:00	EC PPI MoM	Sep	0.00%	0.10%	-0.20%	--
11/04/2016	20:30	US Trade Balance	Sep	-\$38.0b	-\$36.4b	-\$40.7b	-\$40.5b
11/04/2016	20:30	CA Unemployment Rate	Oct	7.00%	7.00%	7.00%	--
11/04/2016	20:30	US Change in Nonfarm Payrolls	Oct	173k	161k	156k	191k
11/04/2016	20:30	CA Net Change in Employment	Oct	-15.0k	43.9k	67.2k	--
11/04/2016	20:30	US Change in Manufact. Payrolls	Oct	-4k	-9k	-13k	-8k
11/04/2016	20:30	US Unemployment Rate	Oct	4.90%	4.90%	5.00%	--
11/07/2016	08:00	JN Labor Cash Earnings YoY	Sep	0.20%	--	-0.10%	0.00%
11/07/2016	15:00	GE Factory Orders MoM	Sep	0.20%	--	1.00%	--
11/07/2016	15:00	GE Factory Orders WDA YoY	Sep	3.50%	--	2.10%	--
11/07/2016	15:00	MA Foreign Reserves	Oct-31	--	--	-\$97.8b	--
11/07/2016	16:00	TA Exports YoY	Oct	2.20%	--	-1.80%	--
11/07/2016	16:00	TA Imports YoY	Oct	5.40%	--	0.70%	--
11/07/2016	16:30	UK Halifax House Prices MoM	Oct	0.20%	--	0.10%	--
11/07/2016	17:00	SI Foreign Reserves	Oct	--	--	\$253.41b	--
11/07/2016	17:10	GE Markit Germany Retail PMI	Oct	--	--	53	--
11/07/2016	17:10	EC Markit Eurozone Retail PMI	Oct	--	--	49.6	--
11/07/2016	17:10	FR Markit France Retail PMI	Oct	--	--	49.1	--
11/07/2016	17:10	IT Markit Italy Retail PMI	Oct	--	--	45	--
11/07/2016	18:00	EC Retail Sales MoM	Sep	-0.30%	--	-0.10%	--
11/07/2016		HK Foreign Reserves	Oct	--	--	\$362.5b	--
11/07/2016		CH Foreign Reserves	Oct	\$3132.5b	--	\$3166.4b	--
11/07/2016		ID Foreign Reserves	Oct	--	--	\$115.67b	--
11/07/2016		ID GDP YoY	3Q	5.08%	--	5.18%	--
11/07/2016	11/13	VN Domestic Vehicle Sales YoY	Oct	--	--	25.30%	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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