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## Highlights

<b>Global</b>	<p>Fed's Beige Book suggested that "modest growth" with "slight" inflation as labor market conditions are still tight in most districts and moderate upward wage pressures rose further. However, consumer spending was little changed in most districts and credit demand was expanding at a moderate pace. That said, election worries were cited as a source of concern seven times in the latest Beige Book, up from three times in July, suggesting "economic uncertainty surrounding the November elections" and "impact on consumers and consumer confidence". Meanwhile, both BNM and BOC kept their policy settings static yesterday, but the latter signalled that "on balance, risks to the profile for inflation have tilted somewhat to the downside since July" and "while the strength in exports during July was encouraging, the ground lost over previous months raises the possibility that the profile for economic activity will be somewhat lower than anticipated in July". Still a quick rate cut could exacerbate the housing boom in Vancouver and Toronto where "financial vulnerabilities associated with household imbalances remain elevated and continue to rise".</p> <p>The market focus for today is on the ECB meeting, where president Draghi will outline growth and inflation forecast updates, but it remains to be seen if fresh policy stimulus, which could be an extension of the QE program, will be unveiled today as well. The economic data calendar for today comprises of US' initial jobless claims, China trade data and Japan's Eco Watchers survey. Expect Asian markets to trade with a tinge of caution given China's larger than expected decline in FX reserves (refuelling capital outflow concerns) and ahead of ECB's policy decision later today.</p>
<b>US</b>	JOLTs job openings rose from a revised 5643 in June to 5871 in July, the most in six months, and suggesting that labor market conditions remain resilient. Fed's Lacker opined that the rate hike case remains strong.
<b>AU</b>	2Q16 GDP growth rose 3.3% yoy (+0.5% qoq sa) in line with expectations. This marked the fastest since 2012 and also an acceleration for the fourth straight quarter versus the revised 3.0% yoy (+1.0% qoq sa) in 1Q16. Notably stronger government investments (+13.9% yoy) offset softer household spending (+2.9% yoy) and a contraction in investments (+4.5% yoy).
<b>JP</b>	2Q revised GDP growth rose an annual 0.7% qoq, beating initial estimates, as business spending fell less than expected by 0.1% qoq. Market speculation is that the comprehensive review of monetary policy at the September BOJ meeting could potentially lead to further policy easing.
<b>SG</b>	MAS' professional forecasters survey tipped 2016 growth of 1.8% (unchanged from three months ago), with 3Q likely at 1.7% and 4Q at 1.5%, but pared the 2017 growth forecast to 1.8%. The street's expectation for headline and core inflation are -0.5% (previously -0.4%) and +1.0% (previously +0.8%) respectively for 2016, and +1.0% and +1.4% for 2017.
<b>MA</b>	Bank Negara opted to keep its rate unchanged at 3.0%, in line with our expectation and that of most market observers. Meanwhile, trade data for the month of July was released hours before central bank decision. While market expected exports to grow by 1.9%yoy, the actual data show that shipments actually shrank by as much as 5.3%.

## Major Market

- **US:** Equity markets continued to trade sideways on Wednesday as gains in tech and energy stocks were offset by declines in consumer staples. S&P 500 and the Dow were essentially unchanged, while the tech-heavy Nasdaq notched a 0.2% gain on top of yesterday's record closing. CFTC data shows hedge funds are piling up on long positions in equities. In the Treasury space, 2-year and 10-year benchmark yields rose less than 1 bp to close at 0.73% and 1.54% respectively. Meanwhile, volatility remains at depressed levels, with VIX closing at 11.94, down 0.67%. Notably, hedge funds continued to add to short positions in VIX despite volatility trading near record lows.
- **Singapore:** STI edged down 0.1% to end at 2893.65 yesterday, and the 2900 resistance remains elusive as we expected. Given weak cues from Wall Street overnight and mixed morning cues from Nikkei and Kospi, the STI could consolidate in a 2860-2900 range. The belly of the SGS bond yield curve benefited the most yesterday and may hold steady today.
- **China:** FX reserve fell below US\$3.2 trillion to US\$3.185 trillion in August, lowest since December 2011. FX reserve denominated in SDR fell to 2.28 trillion, the first decline in five months. This signals the renewed pressure for capital outflow albeit at a manageable pace. The informal administrative measures implemented by China's various regulators in the past one year have managed to slow the pace of outflows. However, it did not eliminate the pressure. Instead, those admin measures may have prolonged the outflows. As such, we expect China's FX reserve to continue to drift lower at a manageable pace in the coming months. Nevertheless, given the sizable FX reserve number, we expect limited impact on RMB.
- **Indonesia:** Government is reportedly considering to lower a tax on income generated by all of its bonds, in a bid to reduce borrowing costs. The plan is said to be possibly taking effect as early as next year and will cover government debt denominated in both Rupiah and foreign currencies. In June, the government has already effectively scrapped withholding tax on interest payments for its global bonds. Previous scheme set such taxes at 15% for local investors and 20% for foreign holders.
- **Commodities:** It is yet again that the lower US crude oil inventories cited by the American Petroleum Institute lifted crude oil prices overnight. Specifically, API reported that crude inventories had fallen by 12.1 million barrels last week, fuelling expectations that official US crude data slated to be out tonight to print lower likewise. In the palm oil space, CPO has remained relatively elevated above its MYR2,850/MT, as market-watchers await official Malaysian palm oil inventories on 13 Sept.

## Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded sharply lower yesterday with swap rates trading 4-8bps lower across all tenors as recent weaker-than-expected US economic data continued to weigh on the US dollar. Flows in the SGD corporates were heavy with better buying seen in, GENSSP 5.125%'49s and better selling in, BNP 4.3%'25s. Meanwhile, we also saw mixed interest in NAB 4.15%'28s and GEMAU 5.5%'19s. In the broader dollar space, the spread on JACI IG corporates increased by 2bps to 197bps while the yield on JACI HY corporates decreased 4bps to 6.37%. 10y UST yield was relatively unchanged at 1.53%. Goldman Sachs revised its view on the probability of a rate hike in September, lowering it from 55% to 40% given the recent soft NFP numbers, reversing its stance from a week back.
- **New Issues:** Cikarang Listrindo Tbk PT has priced a USD550mn 10NC5 bond at 4.95% yesterday, tightening from its initial guidance of 5%. The expected issue ratings are "BB/Ba2/NR". NongHyup

Bank has priced a USD500mn 5-year bond at CT5+85bps, tightening from its initial guidance at CT5+100bps. The expected issue ratings are “A+/A1/NR”.

- **Rating Changes:** Moody’s has assigned a “Ba3” rating to Yestar International Holdings Co. Ltd.’s proposed senior notes with stable outlook. The rating assignment reflects Moody’s expectation that the company’s level of secured and subsidiary debt will stay low relative to its total assets over the next 12 months. Fitch has assigned a “BBB” rating to Xi’an Municipal Infrastructure Construction Investment Group Corp, Ltd.’s USD500mn 2.8%’19s bond. The rating assignment was mainly driven by the linkage with Xi’an Municipality and its credit worthiness. Fitch has also assigned a “BBB” rating to Chongqing Western Modern Logistics Industry Zone Development Construction Co. Ltd.’s USD500mn 3.25%’21s bond. Similarly, the rating assignment was driven by the linkage with Chongqing Municipality and its strong credit worthiness.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	94.956	0.14%	<b>USD-SGD</b>	1.3469	0.02%
<b>USD-JPY</b>	101.740	-0.27%	<b>EUR-SGD</b>	1.5136	-0.14%
<b>EUR-USD</b>	1.1239	-0.14%	<b>JPY-SGD</b>	1.3237	0.27%
<b>AUD-USD</b>	0.7673	-0.18%	<b>GBP-SGD</b>	1.7969	-0.71%
<b>GBP-USD</b>	1.3341	-0.74%	<b>AUD-SGD</b>	1.0334	-0.17%
<b>USD-MYR</b>	4.0603	-0.52%	<b>NZD-SGD</b>	1.0033	0.45%
<b>USD-CNY</b>	6.6625	-0.11%	<b>CHF-SGD</b>	1.3887	--
<b>USD-IDR</b>	13085	-0.32%	<b>SGD-MYR</b>	3.0177	0.34%
<b>USD-VND</b>	22300	0.00%	<b>SGD-CNY</b>	4.9504	0.09%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3720	--	<b>O/N</b>	0.4204	--
<b>2M</b>	-0.3380	--	<b>1M</b>	0.5166	--
<b>3M</b>	-0.3030	--	<b>2M</b>	0.6630	--
<b>6M</b>	-0.1970	--	<b>3M</b>	0.8407	--
<b>9M</b>	-0.1230	--	<b>6M</b>	1.2501	--
<b>12M</b>	-0.0540	--	<b>12M</b>	1.5613	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
<b>Portugal</b>	0.46	-1.60	2.98
<b>Italy</b>	-0.12	-0.40	1.08
<b>Ireland</b>	-0.38	0.20	0.36
<b>Greece</b>	7.65	--	8.23
<b>Spain</b>	-0.18	1.20	0.93
<b>Russia</b>	1.91	-5.40	3.85

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	45.50	1.49%	Coffee (per lb)	1.539	0.92%
Brent (per barrel)	47.98	1.52%	Cotton (per lb)	0.6953	0.68%
Heating Oil (per gallon)	1.427	1.28%	Sugar (per lb)	0.2029	0.35%
Gasoline (per gallon)	1.35	2.28%	Orange Juice (per lb)	1.9120	-0.31%
Natural Gas (per MMBtu)	2.676	-1.51%	Cocoa (per mt)	2,934	-0.47%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,650.0	0.65%	Wheat (per bushel)	3.7525	1.15%
Nickel (per mt)	10,165	1.00%	Soybean (per bushel)	9.918	1.80%
Aluminium (per mt)	1,577.5	0.21%	Corn (per bushel)	3.2100	1.34%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,345.3	-0.38%	Crude Palm Oil (MYR/MT)	2,867.0	-0.45%
Silver (per oz)	19.759	-1.45%	Rubber (JPY/KG)	166.4	0.24%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	18,526.14	-11.98
<b>S&amp;P</b>	2,186.16	-0.32
<b>Nasdaq</b>	5,283.93	8.02
<b>Nikkei 225</b>	17,012.44	-69.54
<b>STI</b>	2,893.65	-2.90
<b>KLCI</b>	1,689.57	-0.35
<b>JCI</b>	5,381.35	9.26
<b>Baltic Dry</b>	773.00	28.00
<b>VIX</b>	11.94	-0.08

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	0.76 (-0.02)	0.73 (+0.01)
<b>5Y</b>	1.18 (-0.06)	1.12 (+0.01)
<b>10Y</b>	1.68 (-0.04)	1.54 (+0.01)
<b>15Y</b>	1.97 (-0.04)	--
<b>20Y</b>	2.05 (-0.04)	--
<b>30Y</b>	2.10 (-0.04)	2.23 (+0.01)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	40.37	2.96
<b>EURIBOR-OIS</b>	3.70	--
<b>TED</b>	51.00	--

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
09/07/2016 09:30	AU GDP SA QoQ	2Q	0.60%	0.50%	1.10%	1.00%
09/07/2016 09:30	AU GDP YoY	2Q	3.30%	3.30%	3.10%	3.00%
09/07/2016 12:00	MA Exports YoY	Jul	1.90%	-5.30%	3.40%	--
09/07/2016 12:00	MA Trade Balance MYR	Jul	4.25b	1.91b	5.52b	--
09/07/2016 13:00	JN Leading Index CI	Jul P	98.6	100	99.2	--
09/07/2016 13:30	PH Foreign Reserves	Aug	--	\$85.9b	\$85.5b	--
09/07/2016 14:00	GE Industrial Production SA MoM	Jul	0.10%	-1.50%	0.80%	1.10%
09/07/2016 14:00	GE Industrial Production WDA YoY	Jul	0.20%	-1.20%	0.50%	0.90%
09/07/2016 14:30	AU Foreign Reserves	Aug	--	A\$63.0b	A\$66.0b	--
09/07/2016 14:45	FR Trade Balance	Jul	-3600m	-4505m	-3440m	-3451m
09/07/2016 15:00	MA BNM Overnight Policy Rate	Sep-07	3.00%	3.00%	3.00%	--
09/07/2016 15:30	UK Halifax House Prices MoM	Aug	-0.10%	-0.20%	-1.00%	-1.10%
09/07/2016 15:30	UK Halifax House Price 3Mths/Year	Aug	7.00%	6.90%	8.40%	--
09/07/2016 15:58	CH Foreign Reserves	Aug	\$3190.0b	\$3185.2b	\$3201.1b	--
09/07/2016 16:00	TA Trade Balance	Aug	\$4.13b	\$3.99b	\$3.61b	--
09/07/2016 16:00	TA Imports YoY	Aug	-4.30%	-0.80%	-0.20%	--
09/07/2016 16:00	TA Exports YoY	Aug	0.30%	1.00%	1.20%	--
09/07/2016 16:00	SI Automobile COE Open Bid Cat A	Sep-07	--	51506	53334	--
09/07/2016 16:00	SI Automobile COE Open Bid Cat B	Sep-07	--	57002	56500	--
09/07/2016 16:30	UK Industrial Production MoM	Jul	-0.20%	0.10%	0.10%	0.00%
09/07/2016 16:30	UK Industrial Production YoY	Jul	1.90%	2.10%	1.60%	1.40%
09/07/2016 16:30	UK Mfg Production MoM	Jul	-0.30%	-0.90%	-0.30%	-0.20%
09/07/2016 16:30	UK Manufacturing Production YoY	Jul	1.70%	0.80%	0.90%	0.60%
09/07/2016 16:31	HK Foreign Reserves	Aug	--	\$362.7b	\$362.9b	\$363.0b
09/07/2016 17:00	SI Foreign Reserves	Aug	--	\$252.28b	\$251.43b	--
09/07/2016 17:36	ID Foreign Reserves	Aug	--	\$113.54b	\$111.41b	--
09/07/2016 19:00	US MBA Mortgage Applications	Sep-02	--	0.90%	2.80%	--
09/07/2016 22:00	CA Bank of Canada Rate Decision	Sep-07	0.50%	0.50%	0.50%	--
09/07/2016 22:00	UK NIESR GDP Estimate	Aug	--	0.30%	0.30%	0.40%
09/08/2016 07:01	UK RICS House Price Balance	Aug	2%	12%	5%	--
09/08/2016 07:50	JN BoP Current Account Balance	Jul	¥2073.3b	¥1938.2b	¥974.4b	--
09/08/2016 07:50	JN Trade Balance BoP Basis	Jul	¥571.2b	¥613.9b	¥763.6b	--
09/08/2016 07:50	JN GDP SA QoQ	2Q F	0.00%	0.20%	0.00%	--
09/08/2016 07:50	JN GDP Annualized SA QoQ	2Q F	0.20%	0.70%	0.20%	--
09/08/2016 07:50	JN GDP Nominal SA QoQ	2Q F	0.20%	0.30%	0.20%	--
09/08/2016 07:50	JN GDP Deflator YoY	2Q F	0.80%	0.70%	0.80%	--
09/08/2016 07:50	JN Foreign Buying Japan Bonds	Sep-02	--	¥666.9b	¥268.7b	--
09/08/2016 07:50	JN Foreign Buying Japan Stocks	Sep-02	--	¥1.9b	¥6.8b	¥15.5b
09/08/2016 09:30	AU Trade Balance	Jul	-2700m	--	-3195m	--
09/08/2016 13:00	JN Eco Watchers Survey Current	Aug	45.5	--	45.1	--
09/08/2016 13:00	JN Eco Watchers Survey Outlook	Aug	46.4	--	47.1	--
09/08/2016 13:30	FR Non-Farm Payrolls QoQ	2Q F	0.20%	--	0.20%	--
09/08/2016 14:30	FR Bank of France Bus. Sentiment	Aug	98	--	98	--
09/08/2016 19:45	EC ECB Main Refinancing Rate	Sep-08	0.00%	--	0.00%	--
09/08/2016 19:45	EC ECB Deposit Facility Rate	Sep-08	-0.40%	--	-0.40%	--
09/08/2016 19:45	EC ECB Marginal Lending Facility	Sep-08	0.25%	--	0.25%	--
09/08/2016 20:30	CA Capacity Utilization Rate	2Q	79.60%	--	81.40%	--
09/08/2016 20:30	CA New Housing Price Index MoM	Jul	0.10%	--	0.10%	--
09/08/2016 20:30	US Initial Jobless Claims	Sep-03	265k	--	263k	--
09/08/2016 20:30	US Continuing Claims	Aug-27	2151k	--	2159k	--
09/08/2016 20:30	CA Building Permits MoM	Jul	2.90%	--	-5.50%	--
09/08/2016 21:45	US Bloomberg Consumer Comfort	Sep-04	--	--	43.4	--
09/08/2016	CH Trade Balance	Aug	\$58.85b	--	\$52.31b	--
09/08/2016	CH Exports YoY	Aug	-4.00%	--	-4.40%	--
09/08/2016	CH Imports YoY	Aug	-5.40%	--	-12.50%	--
09/08/2016 09/13	VN Domestic Vehicle Sales YoY	Aug	--	--	36.60%	--

Source: Bloomberg

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