

Highlights

Global	<p>The highly awaited Sep FOMC minutes revealed mixed views amongst the members, but the essence was that “several” members felt the decision to wait and hold rates was a “close call” and some indicated it would appropriate to hike “relatively soon”. This explained the 7-3 vote for Sep FOMC. Of course the Dec16 or even spilling into 2017 FOMC meetings do qualify as “relatively soon” but the data needs to be supportive. This does not deter markets from an “one and done” story for the Dec rate hike. The Fed fund pricing for Dec currently stood at 67.6% with Nov still at a fairly negligible 17.1%. Key would be Yellen’s speech tomorrow on “Macroeconomic research after the crisis” at the Boston Fed conference. She may reiterate the argument trotted out in the Sep FOMC minutes that “a reasonable argument could be made either for an increase at this meeting or for waiting for some additional information on the labor market and inflation”. The FOMC minutes: http://www.federalreserve.gov/monetarypolicy/fomcminutes20160921.htm. Elsewhere, BOJ is said to be considering cutting its CPI forecast for FY2017 from the current 1.7% to low 1%, according to a Sankei report.</p> <p>Today’s economic data calendar comprises of China’s trade and monetary aggregates, US’ initial jobless claims, continuing claims and import prices, and CPI from India and Germany. BOK is expected to keep its 7-day repo rate unchanged at 1.2% today.</p>
US	<p>JOLTs job openings was lower than expected at 5443 in Aug, versus a revised cyclical high of 5831 reached in Jul, suggesting continued hiring growth and that the US economy is approaching full employment. Meanwhile, the MBA mortgage applications fell 6% in the latest week, after climbing 2.9% previously.</p>
SG	<p>Australia and Singapore will revamp their bilateral trade pact, with industries like education, law, financial and professional services getting greater freedoms and access to doing business.</p>
CH	<p>The RMB fixing weakened further on Wednesday to 6.7258. However the spot ended stronger despite dollar extending its gain in the global market. This demonstrated China's capability to keep the pace of depreciation despite a higher tolerance for higher volatility.</p>
MA	<p>Industrial production for August rose by 4.9%yoy, slightly softer than market expectation of 5.4%. Manufacturing sales fell by 0.6% for the same period.</p>
TH	<p>Ever since concerns of the King’s health emerged, the Stock Exchange of Thailand has fallen by over 10%, the lowest since the start of 2016. The Thai Baht itself, has also depreciated to its weakest since January, while 5-year CDS rose 11bps yesterday to 101bps, the highest since July.</p>
Commodities	<p>Oil had to eventually fall below its \$50/bbl, as seen as of this morning, as the rally seen over the last weeks were supported only by mere words by key producers, rather than fundamentals. The fundamentals on the other hand, are louder than mere words; recent news of record high OPEC production, increasing number of US oil rigs, and as of last night, strong US inventory builds reported by the American Petroleum Institute have finally broken WTI’s \$50/bbl support. We remain sceptical over the effectiveness of an oil deal (should there be any in the first place) in OPEC’s November meeting.</p>

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Major Markets

- US:** Equity markets steadied themselves on Wednesday after the sell-off on Tuesday. Major indices closed barely changed, with the S&P 500 and Dow rising 0.12% and 0.09%, but the Nasdaq retreating 0.15%. Investors took comfort from the Fed minutes, which indicated a steady improvement in the economy and a moderate pace in rate hikes. VIX continued to climb to 15.91, up 3.58%. In the US Treasury markets, a new US\$20b auction of 10-year debt drew a yield of 1.793% amid strong demand. Meanwhile, benchmark rates stood little changed, with the 2-year and 10-year yields at 0.86% and 1.77% respectively. Overall, Treasury yields have largely recovered from the declines after Fed stood pat in the Sep FOMC meeting.
- Singapore:** STI slumped another 1.49% to close at 2813.71 yesterday, and given flattish overnight cues from Wall Street and mixed morning cues from Nikkei and Kospi, the STI may meander again today. Key to watch is if the STI can stabilise and hold the 2800 support. SGS bonds gained yesterday with yields finally lower by between 1-5bps led by bargain hunting in the longer tenors. However, investors may choose to wait and see ahead of the domestic 3Q16 GDP growth flash estimates and the MAS' policy decision due at 8am tomorrow.
- Indonesia:** Finance Minister Sri Mulyani said that the government is preparing incentives, including tax allowance, to stimulate supply side economic growth. She added that the next challenge for the government is to ensure regional budgets are put to work. So far, as of September 30th, Indonesia's budget deficit stood at 1.79% of GDP, amounting to IDR224.3tn.

Bond Market Updates

- Market Commentary:** The SGD swap curve traded downwards yesterday with swap rates trading 1-4bps lower across all tenors. Flows in the SGD corporates remained light with two-way flow seen in GENSSP 5.13%'49s and SOCGEN 4.3%'26s. In the broader dollar space, the spread on JACI IG corporates increased 1bps to 204bps while the yield on JACI HY corporates increased 3bps to 6.57%. 10y UST yield increased 1bps to 1.77% following the release of the Sept. 21 FOMC minutes that suggested a "close call" for a rate increase and that the central bank could hike "relatively soon" this year.
- New Issues:** Development Bank of Japan priced a USD500mn 5-year bond at MS+85bps, tightening from its initial price guidance at MS+90bps. The expected ratings for the issue are "A/A1/NR". Tenaga Nasional Bhd priced a USD750mn 10-year Sukuk at CT10+145bps, tightening from its initial guidance at CT10+170bps. The expected issue ratings are "BBB+/A3/NR". Abu Dhabi National Energy Co. PSJC has priced a two-tranche deal yesterday with the USD250mn 5-year bond priced at 3.625% while the other USD500mn 10-year tranche was priced at 4.375%. The expected issue ratings are "A-/A3/NR". Commonwealth Bank of Australia priced a USD750mn 10NC5 Tier-2 bond at CT10+210bps. The expected issue ratings are "BBB+/A3/NR". Sumitomo Mitsui Bank has priced a two-tranche deal with the USD500mn 3-year bond priced at CT3+105bps while the other tranche of USD500mn 3-year bond was priced at 3mL+91bps. Zhuzhou City Construction Development Group Co. has priced a USD300mn 3-year bond at CT3+217.5bps with expected issue ratings of "NR/Baa3/BBB-". Tus-Holdings Co. Ltd. has priced a USD500mn 3-year bond at 4.43%, tightening from its initial guidance at 4.75%. PT Alam Sutera Realty Tbk and Tata International Singapore has scheduled investor road shows from 13 October onwards for potential USD bond issue. JBIC has mandated banks for USD 10-year bond issue. Modern Land (China) Co. Ltd is proposing to issue USD green bonds with pricing to be determined through a bookbuilding process.
- Rating Changes:** Moody's has assigned a definitive "Ba3" rating to Yestar International Holdings

Co. Ltd.'s USD200mn 6.9%'21s bond. The rating assignment follows Yestar's completion of its USD bond issuance, the final terms and conditions of which are consistent with Moody's expectations. Fitch has assigned Huai An Traffic Holdings Co. Ltd. (Huai An) "BB+" issuer default ratings with a stable outlook with the rating linked to Fitch's internal assessment of the creditworthiness of Huai'an municipality, 100% owner of Huai An and the company's strategic importance to the municipality.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.966	0.28%	USD-SGD	1.3836	0.30%
USD-JPY	104.210	0.68%	EUR-SGD	1.5231	-0.11%
EUR-USD	1.1007	-0.43%	JPY-SGD	1.3280	-0.36%
AUD-USD	0.7562	0.31%	GBP-SGD	1.6887	0.99%
GBP-USD	1.2204	0.67%	AUD-SGD	1.0463	0.62%
USD-MYR	4.1985	0.50%	NZD-SGD	0.9773	0.41%
USD-CNY	6.7195	-0.04%	CHF-SGD	1.3967	0.11%
USD-IDR	13018	-0.11%	SGD-MYR	3.0376	0.37%
USD-VND	22300	--	SGD-CNY	4.8528	-0.52%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4277	--
2M	-0.3380	--	1M	0.5307	--
3M	-0.3060	--	2M	0.6539	--
6M	-0.2030	--	3M	0.8775	--
9M	-0.1320	--	6M	1.2635	--
12M	-0.0660	--	12M	1.5912	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.30	-0.70	3.40
Italy	-0.09	0.50	1.42
Ireland	-0.45	1.20	0.53
Greece	7.65	--	8.31
Spain	-0.22	0.50	1.06
Russia	2.08	3.40	4.05

Equity and Commodity

Index	Value	Net change
DJIA	18,144.20	15.54
S&P	2,139.18	2.45
Nasdaq	5,239.02	-7.77
Nikkei 225	16,840.00	-184.76
STI	2,813.71	-42.42
KLCI	1,667.03	-1.69
JCI	5,364.61	-17.39
Baltic Dry	906.00	-16.00
VIX	15.91	0.55

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.93 (--)	0.86 (-0.01)
5Y	1.41 (-0.02)	1.29 (--)
10Y	1.91 (-0.03)	1.77 (+0.01)
15Y	2.22 (-0.03)	--
20Y	2.31 (-0.04)	--
30Y	2.35 (-0.04)	2.50 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	41.15	-0.64
EURIBOR-OIS	3.40	-0.93
TED	52.74	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.18	-1.20%	Coffee (per lb)	1.521	0.86%
Brent (per barrel)	51.81	-1.14%	Cotton (per lb)	0.6897	2.73%
Heating Oil (per gallon)	1.567	-1.29%	Sugar (per lb)	0.2315	-0.60%
Gasoline (per gallon)	1.46	-1.42%	Orange Juice (per lb)	1.9875	-0.65%
Natural Gas (per MMBtu)	3.21	-0.83%	Cocoa (per mt)	2,643	-0.83%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,814.0	0.04%	Wheat (per bushel)	3.9675	-2.58%
Nickel (per mt)	10,522	1.37%	Soybean (per bushel)	9.455	-0.92%
Aluminium (per mt)	1,678.3	0.40%	Corn (per bushel)	3.3700	-2.46%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,251.1	-0.15%	Crude Palm Oil (MYR/MT)	2,670.0	0.75%
Silver (per oz)	17.505	-0.02%	Rubber (JPY/KG)	175.1	-0.96%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
10/12/2016 07:00	SK	Unemployment rate SA	Sep	3.80%	4.00%	3.80%	--
10/12/2016 07:50	JN	Machine Orders MoM	Aug	-4.70%	-2.20%	4.90%	--
10/12/2016 07:50	JN	Machine Orders YoY	Aug	7.90%	11.60%	5.20%	--
10/12/2016 12:00	MA	Industrial Production YoY	Aug	5.40%	4.90%	4.10%	--
10/12/2016 14:00	JN	Machine Tool Orders YoY	Sep P	--	-6.30%	-8.40%	--
10/12/2016 14:45	FR	CPI EU Harmonized MoM	Sep F	-0.20%	-0.20%	-0.20%	--
10/12/2016 14:45	FR	CPI EU Harmonized YoY	Sep F	0.50%	0.50%	0.50%	--
10/12/2016 14:45	FR	CPI MoM	Sep F	-0.20%	-0.20%	-0.20%	--
10/12/2016 14:45	FR	CPI YoY	Sep F	0.40%	0.40%	0.40%	--
10/12/2016 17:00	EC	Industrial Production SA MoM	Aug	1.50%	1.60%	-1.10%	-0.70%
10/12/2016 17:00	EC	Industrial Production WDA YoY	Aug	1.50%	1.80%	-0.50%	--
10/12/2016 19:00	US	MBA Mortgage Applications	Oct-07	--	-6.00%	2.90%	--
10/13/2016 03:30	NZ	REINZ House Sales YoY	Sep	--	-9.50%	-3.10%	--
10/13/2016 05:30	NZ	BusinessNZ Mfg PMI	Sep	--	57.7	55.1	55.2
10/13/2016 05:45	NZ	Food Prices MoM	Sep	--	-0.90%	1.30%	--
10/13/2016 07:01	UK	RICS House Price Balance	Sep	14%	17%	12%	13%
10/13/2016 12:30	JN	Tertiary Industry Index MoM	Aug	-0.20%	--	0.30%	--
10/13/2016 14:00	GE	CPI MoM	Sep F	0.10%	--	0.10%	--
10/13/2016 14:00	GE	CPI YoY	Sep F	0.70%	--	0.70%	--
10/13/2016 14:00	GE	CPI EU Harmonized MoM	Sep F	0.00%	--	0.00%	--
10/13/2016 14:00	GE	CPI EU Harmonized YoY	Sep F	0.50%	--	0.50%	--
10/13/2016 20:00	IN	CPI YoY	Sep	4.60%	--	5.05%	--
10/13/2016 20:30	CA	New Housing Price Index MoM	Aug	0.30%	--	0.40%	--
10/13/2016 20:30	US	Import Price Index MoM	Sep	0.20%	--	-0.20%	--
10/13/2016 20:30	US	Initial Jobless Claims	Oct-08	253k	--	249k	--
10/13/2016 20:30	US	Continuing Claims	Oct-01	2050k	--	2058k	--
10/13/2016 21:45	US	Bloomberg Consumer Comfort	Oct-09	--	--	41.4	--
10/13/2016	SK	BoK 7-Day Repo Rate	Oct-13	1.25%	--	1.25%	--
10/13/2016	CH	Trade Balance	Sep	\$53.00b	--	\$52.05b	--
10/13/2016	CH	Exports YoY	Sep	-3.30%	--	-2.80%	--
10/13/2016	CH	Imports YoY	Sep	0.60%	--	1.50%	--
10/13/2016 10/15	CH	New Yuan Loans CNY	Sep	1000.0b	--	948.7b	--
10/13/2016 10/15	CH	Money Supply M1 YoY	Sep	24.50%	--	25.30%	--
10/13/2016 10/15	CH	Money Supply M2 YoY	Sep	11.60%	--	11.40%	--
10/13/2016 10/15	PH	Budget Balance PHP	Aug	--	--	--	--
10/13/2016 10/17	IN	Imports YoY	Sep	--	--	-14.10%	--
10/13/2016 10/17	IN	Exports YoY	Sep	--	--	-0.30%	--

Source: Bloomberg

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