

### Highlights

|             |   |
|-------------|---|
| Global      | Global equity bourses stabilised slightly and ended mixed yesterday as the selling sentiments eased up in selected markets. Market expectations for the upcoming September FOMC slipped further to 20% probability. Meanwhile, BOT held its policy rate unchanged at 1.5% as expected. Expect Asian markets to tread water today, with some possible modest bargain-hunting emerging as risk appetites stabilise. Key data to watch include US' retail sales, initial jobless claims, PPI, Philadelphia Fed business and industrial production, Indonesian trade, Eurozone CPI, UK and S'pore retail sales. Separately, both BOE and SNB are likely to stay their monetary policy hands today, with the former opting to wait for more data clarity following its August easing and before the November meeting.  |
| NZ          | 2Q GDP growth rose 0.9% qoq (3.6% yoy) amid a construction boom, compared to 1Q's 0.9% qoq (3.0% yoy). Household spending rose 1.9% led by services, while goods exports also surged 7.6% (most in 18 years) amid higher diary and meat exports.  |
| UK          | Jobless claims rose marginally by 2.4k in August after falling a revised 3.6k in July, and leaving the claimant count steady at 2.2%. The ILO unemployment rate was unchanged at an 11-year low of 4.9% in July, as the number of people working rose 174k to 31.8m (record high) and suggesting that Brexit had a limited immediate impact.  |
| SG          | Retail sales may be flat yoy and fall 2.0% mom sa in July, compared to +0.9% yoy (-1.5% mom sa) in June. Consumer sentiments were likely subdued in July post-Brexit and given signs of softening economic momentum both regionally and domestically.   |
| China       | All August financial and credit data also surprised market on the upside. New Yuan loan increased by CNY948.7 billion. Year to date, RMB loan has increased by almost CNY9 trillion, signalling loose credit condition. Demand from household sector remained strong accounting for more than 70% of total increase. Medium to long term loan to corporate fell by CNY8 billion, probably due to debt swap. Off-balance sheet financing also rebounded in August after bill financing showed stabilisation. M2 grew by much stronger than expected 11.4% in August, up from 10.2% in July partially supported by stimulative fiscal policy with fiscal deposit fell by CNY180 billion in August.<br>In sum, the strong financial data together with green shoots in activity data show that Chinese economy may have constructed bottom in the near term. |
| Thailand    | The Bank of Thailand kept its benchmark rate unchanged for the 11th straight meeting yesterday, according to our expectations. The central bank cited that its domestic economy is still 'recovering at a gradual pace' while inflation is to return to its target band later in the year. As always, tourism and public expenditure remained to be key growth drivers, though weakness was seen in manufacturing, trade, and private investment.   |
| Commodities | Just when market-watchers digest the latest IEA oil report citing a possible glut into 2017, news that Libya and Nigeria are to resume reports sent oil prices even lower. Specifically, Libya state oil company had lifted curbs on crude oil sales from three of its ports, while Exxon Mobil Corp and Royal Dutch Shell Plc are to resume shipment and production in Nigeria.  |

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## Major Market

- **Wall Street:** Equities erased gains in early trade to close mixed. Pulled by falling crude prices and the consequent decline in energy stocks, S&P 500 and Dow edged lower by 0.06% and 0.18% respectively. Nasdaq was the outperformer, ending with a 0.36% gain on the back of strong performance from Apple Inc. US Treasuries rose on Wednesday, with yields falling 2-6 bps across the board. 2-year and 10-year US Treasury yields closed at 0.76% and 1.70% respectively. Meanwhile, volatility continued its recent ascent, with VIX higher by 1.62% at 18.14.
- **Singapore:** STI extended declines by another 0.32% to end at 2809.35 yesterday, but may attempt to stabilise today amid still weak cues from Wall Street overnight. The key 2800 support still looks vulnerable and the next support could be 2780, while resistance is at 2820. SGS bond yields rose another 2-5bps yesterday, led by the belly of the yield curve. UST bond yield curve steepening remains the main theme for now.
- **Hong Kong:** Private residential housing starts registered 1,379 units in July. Year-on-year growth in housing starts ticked up to 23.9% compared with -7.19% in previous month. Figure indicated that the construction activities in private sector could be on a solid growth pace over next two to three years. This is also one of the main driving forces for the economy. On the other hand, completion printed 1,311 units. Year-on-year growth in completion also recovered significantly from -2.54% in June to 76.21% in July. We expect the completion could continue to rebound in late 2016 or early 2017 given the robust growth of ground-breaking (18,152 units) in 2015 compared with those in 2013 (10,064 units) and 2014 (6,427 units). Based on the average housing starts figures, average supply of private residential units during 2016 to 2018 could be around 15,530 units, higher than the five-year average of around 11,397 units in 2010 to 2014. The increasing housing supply could add downward pressure to the housing market in the longer term.

## Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded upwards yesterday with swap rates trading 1-6bps higher across all tenors with the exception of shorter term rates (<1Y) which traded ~1bps lower. Flows in the SGD corporates were significantly heavier with better buying seen in STANLN 4.4%'26s and ANZ 3.75%'27s. Better selling were seen in ABNANV 4.75%'26s and MFCCN 3.85%'26s while mixed interests were seen in OCBCSP 4%'49s, FCLSP 5%'49s, SCISP 4.75%'49s and ABNANV 4.7%'22s. In the broader dollar space, the spread on JACI IG corporates increased 2bps to 200bps while the yield on JACI HY corporates increased 6bps to 6.51%. 10y UST yield decreased 3bps to 1.69% as the past week's selloff created a lower cost buying opportunity for investors.
- **New Issues:** State Bank of India has priced a USD300mn Perp-NC5 AT1 bond at 5.5%. The ratings for the issue are "B+/B1/NR". Hon Hai Precision Industry Co. Ltd. has priced a two-tranche deal with the USD600mn 5-year bond priced at CT5+110bps, tightening from its initial guidance at CT5+130bps while the other tranche of USD400mn 10-year bonds was priced at CT10+140bps, tightening from its initial guidance at CT10+160bps. The expected issue ratings are "A-/NR/NR". Goodman Australia has scheduled investor meetings from 19 September, 2016 onwards for potential USD bond issuance. Dongxing Voyage scheduled investor meetings from today onwards for potential USD bond issuance.
- **Rating Changes:** Moody's has placed Shanghai International Port (Group) Co. Ltd.'s (SIPG) "A1" rating on review for downgrade following SIPG's announced investment in Postal Savings Bank of

China Co. Ltd.. The acquisition is expected to be debt-funded, representing a significant investment for SPIG, with consideration amount of around USD2.4bn adding approximately 70% to SIPG's debt load.

## Key Financial Indicators

### Foreign Exchange

|                | Day Close | % Change |                | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| <b>DXY</b>     | 95.327    | -0.32%   | <b>USD-SGD</b> | 1.3635    | -0.21%   |
| <b>USD-JPY</b> | 102.430   | -0.13%   | <b>EUR-SGD</b> | 1.5340    | 0.05%    |
| <b>EUR-USD</b> | 1.1250    | 0.27%    | <b>JPY-SGD</b> | 1.3313    | -0.08%   |
| <b>AUD-USD</b> | 0.7469    | 0.07%    | <b>GBP-SGD</b> | 1.8046    | 0.09%    |
| <b>GBP-USD</b> | 1.3235    | 0.32%    | <b>AUD-SGD</b> | 1.0184    | -0.15%   |
| <b>USD-MYR</b> | 4.1242    | 0.36%    | <b>NZD-SGD</b> | 0.9930    | 0.20%    |
| <b>USD-CNY</b> | 6.6747    | -0.07%   | <b>CHF-SGD</b> | 1.4009    | 0.09%    |
| <b>USD-IDR</b> | 13205     | 0.28%    | <b>SGD-MYR</b> | 3.0198    | -0.08%   |
| <b>USD-VND</b> | 22310     | 0.03%    | <b>SGD-CNY</b> | 4.8967    | 0.10%    |

### Interbank Offer Rates (%)

| Tenor      | EURIBOR | Change | Tenor      | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| <b>1M</b>  | -0.3720 | --     | <b>O/N</b> | 0.4210    | --     |
| <b>2M</b>  | -0.3350 | --     | <b>1M</b>  | 0.5243    | --     |
| <b>3M</b>  | -0.3020 | --     | <b>2M</b>  | 0.6672    | --     |
| <b>6M</b>  | -0.1990 | --     | <b>3M</b>  | 0.8503    | --     |
| <b>9M</b>  | -0.1250 | --     | <b>6M</b>  | 1.2489    | --     |
| <b>12M</b> | -0.0550 | --     | <b>12M</b> | 1.5540    | --     |

### Eurozone & Russia Update

|                 | 2Y Bond Ylds (bpschg) | 10Y Bond Ylds (bpschg) | 10Y Bund Spread |
|-----------------|-----------------------|------------------------|-----------------|
| <b>Portugal</b> | 0.45                  | -2.50                  | 3.27            |
| <b>Italy</b>    | -0.05                 | -0.90                  | 1.29            |
| <b>Ireland</b>  | -0.36                 | -2.40                  | 0.49            |
| <b>Greece</b>   | 7.65                  | --                     | 8.47            |
| <b>Spain</b>    | -0.15                 | -3.80                  | 1.07            |
| <b>Russia</b>   | 2.02                  | -4.50                  | 3.97            |

### Equity and Commodity

| Index             | Value     | Net change |
|-------------------|-----------|------------|
| <b>DJIA</b>       | 18,034.77 | -31.98     |
| <b>S&amp;P</b>    | 2,125.77  | -1.25      |
| <b>Nasdaq</b>     | 5,173.77  | 18.52      |
| <b>Nikkei 225</b> | 16,614.24 | -114.80    |
| <b>STI</b>        | 2,809.35  | -9.03      |
| <b>KLCI</b>       | 1,661.39  | -15.79     |
| <b>JCI</b>        | 5,146.04  | -69.53     |
| <b>Baltic Dry</b> | 756.00    | -40.00     |
| <b>VIX</b>        | 18.14     | 0.29       |

### Government Bond Yields (%)

| Tenor      | SGS (chg)    | UST (chg)    |
|------------|--------------|--------------|
| <b>2Y</b>  | 0.85 (+0.02) | 0.76 (-0.04) |
| <b>5Y</b>  | 1.33 (+0.02) | 1.21 (-0.04) |
| <b>10Y</b> | 1.86 (+0.04) | 1.70 (-0.03) |
| <b>15Y</b> | 2.16 (+0.04) | --           |
| <b>20Y</b> | 2.23 (+0.04) | --           |
| <b>30Y</b> | 2.25 (+0.03) | 2.45 (-0.01) |

### Financial Spread (bps)

|                    | Value | Change |
|--------------------|-------|--------|
| <b>LIBOR-OIS</b>   | 41.27 | -1.01  |
| <b>EURIBOR-OIS</b> | 4.30  | 0.50   |
| <b>TED</b>         | 50.53 | --     |

### Commodities Futures

| Energy                   | Futures | % chg  | Soft Commodities        | Futures | % chg  |
|--------------------------|---------|--------|-------------------------|---------|--------|
| WTI (per barrel)         | 43.58   | -2.94% | Coffee (per lb)         | 1.478   | 0.31%  |
| Brent (per barrel)       | 45.85   | -2.65% | Cotton (per lb)         | 0.6808  | 1.31%  |
| Heating Oil (per gallon) | 1.382   | -2.90% | Sugar (per lb)          | 0.2013  | -1.47% |
| Gasoline (per gallon)    | 1.36    | -1.09% | Orange Juice (per lb)   | 1.9550  | -0.86% |
| Natural Gas (per MMBtu)  | 2.889   | -0.69% | Cocoa (per mt)          | 2,849   | 0.96%  |
| Base Metals              | Futures | % chg  | Grains                  | Futures | % chg  |
| Copper (per mt)          | 4,771.5 | 2.61%  | Wheat (per bushel)      | 3.7675  | 0.53%  |
| Nickel (per mt)          | 9,790   | -0.22% | Soybean (per bushel)    | 9.720   | 0.39%  |
| Aluminium (per mt)       | 1,567.8 | 1.32%  | Corn (per bushel)       | 3.2225  | 0.94%  |
| Precious Metals          | Futures | % chg  | Asian Commodities       | Futures | % chg  |
| Gold (per oz)            | 1,322.0 | 0.18%  | Crude Palm Oil (MYR/MT) | 2,833.0 | -0.67% |
| Silver (per oz)          | 18.982  | 0.49%  | Rubber (JPY/KG)         | 169.8   | 1.37%  |

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

### Key Economic Indicators

| Date Time        | Event                           | Survey | Actual    | Prior     | Revised   |         |
|------------------|---------------------------------|--------|-----------|-----------|-----------|---------|
| 09/14/2016 02:00 | US Monthly Budget Statement     | Aug    | -\$108.0b | -\$107.1b | -\$64.4b  | --      |
| 09/14/2016 05:30 | NZ REINZ House Sales YoY        | Aug    | --        | -3.10%    | -10.10%   | --      |
| 09/14/2016 06:45 | NZ BoP Current Account Balance  | 2Q     | -0.295b   | -0.945b   | 1.306b    | 1.184b  |
| 09/14/2016 08:30 | AU Westpac Cons Conf SA MoM     | Sep    | --        | 0.30%     | 2.00%     | --      |
| 09/14/2016 10:00 | JN Tokyo Condominium Sales YoY  | Aug    | --        | -24.70%   | -30.70%   | --      |
| 09/14/2016 12:30 | JN Industrial Production MoM    | Jul F  | --        | -0.40%    | 0.00%     | --      |
| 09/14/2016 12:30 | JN Capacity Utilization MoM     | Jul    | --        | 0.60%     | 1.50%     | --      |
| 09/14/2016 14:30 | IN Wholesale Prices YoY         | Aug    | 4.00%     | 3.74%     | 3.55%     | --      |
| 09/14/2016 14:45 | FR CPI EU Harmonized YoY        | Aug F  | 0.40%     | 0.40%     | 0.40%     | --      |
| 09/14/2016 14:45 | FR CPI YoY                      | Aug F  | 0.20%     | 0.20%     | 0.20%     | --      |
| 09/14/2016 15:00 | TH BoT Benchmark Interest Rate  | Sep-14 | 1.50%     | 1.50%     | 1.50%     | --      |
| 09/14/2016 16:00 | IT CPI EU Harmonized YoY        | Aug F  | 0.00%     | -0.10%    | 0.00%     | --      |
| 09/14/2016 16:01 | CH New Yuan Loans CNY           | Aug    | 750.0b    | 948.7b    | 463.6b    | --      |
| 09/14/2016 16:01 | CH Money Supply M2 YoY          | Aug    | 10.50%    | 11.40%    | 10.20%    | --      |
| 09/14/2016 16:30 | UK Claimant Count Rate          | Aug    | 2.20%     | 2.20%     | 2.20%     | --      |
| 09/14/2016 16:30 | UK Jobless Claims Change        | Aug    | 1.8k      | 2.4k      | -8.6k     | -3.6k   |
| 09/14/2016 16:30 | UK ILO Unemploy. Rate 3Mths     | Jul    | 4.90%     | 4.90%     | 4.90%     | --      |
| 09/14/2016 17:00 | EC Industrial Production SA MoM | Jul    | -1.00%    | -1.10%    | 0.60%     | 0.80%   |
| 09/14/2016 19:00 | US MBA Mortgage Applications    | Sep-09 | --        | 4.20%     | 0.90%     | --      |
| 09/14/2016 20:30 | US Import Price Index MoM       | Aug    | -0.10%    | -0.20%    | 0.10%     | --      |
| 09/15/2016 06:30 | NZ BizNZ Manufacturing PMI      | Aug    | --        | 55.1      | 55.8      | 55.5    |
| 09/15/2016 06:45 | NZ GDP SA QoQ                   | 2Q     | 1.10%     | 0.90%     | 0.70%     | 0.90%   |
| 09/15/2016 06:45 | NZ GDP YoY                      | 2Q     | 3.60%     | 3.60%     | 2.80%     | 3.00%   |
| 09/15/2016 07:50 | JN Foreign Buying Japan Bonds   | Sep-09 | --        | ¥1065.2b  | ¥666.9b   | ¥707.3b |
| 09/15/2016 07:50 | JN Foreign Buying Japan Stocks  | Sep-09 | --        | ¥479.0b   | ¥1.9b     | --      |
| 09/15/2016 09:30 | AU Employment Change            | Aug    | 15.0k     | --        | 26.2k     | 25.3k   |
| 09/15/2016 09:30 | AU Unemployment Rate            | Aug    | 5.70%     | --        | 5.70%     | --      |
| 09/15/2016 09:30 | AU Full Time Employment Change  | Aug    | --        | --        | -45.4k    | -46.1k  |
| 09/15/2016 09:30 | AU Participation Rate           | Aug    | 64.90%    | --        | 64.90%    | --      |
| 09/15/2016 09:30 | AU New Motor Vehicle Sales YoY  | Aug    | --        | --        | 1.60%     | --      |
| 09/15/2016 09:30 | AU RBA FX Transactions Market   | Aug    | --        | --        | 444m      | --      |
| 09/15/2016 13:00 | SI Retail Sales YoY             | Jul    | 1.40%     | --        | 0.90%     | --      |
| 09/15/2016 14:00 | EC EU27 New Car Registrations   | Aug    | --        | --        | 6.90%     | --      |
| 09/15/2016 16:30 | UK Retail Ex Auto Fuel MoM      | Aug    | -0.70%    | --        | 1.50%     | --      |
| 09/15/2016 16:30 | UK Retail Inc Auto Fuel MoM     | Aug    | -0.40%    | --        | 1.40%     | --      |
| 09/15/2016 17:00 | EC CPI YoY                      | Aug F  | 0.20%     | --        | --        | 0.20%   |
| 09/15/2016 17:00 | EC CPI Core YoY                 | Aug F  | 0.80%     | --        | 0.80%     | --      |
| 09/15/2016 19:00 | UK Bank of England Bank Rate    | Sep-15 | 0.25%     | --        | 0.25%     | --      |
| 09/15/2016 19:00 | UK BOE Asset Purchase Target    | Sep    | 435b      | --        | 435b      | --      |
| 09/15/2016 20:30 | US Empire Manufacturing         | Sep    | -1        | --        | -4.21     | --      |
| 09/15/2016 20:30 | US Current Account Balance      | 2Q     | -\$121.0b | --        | -\$124.7b | --      |
| 09/15/2016 20:30 | US Retail Sales Advance MoM     | Aug    | -0.10%    | --        | 0.00%     | --      |
| 09/15/2016 20:30 | US Retail Sales Ex Auto MoM     | Aug    | 0.20%     | --        | -0.30%    | --      |
| 09/15/2016 20:30 | US Retail Sales Ex Auto and Gas | Aug    | 0.30%     | --        | -0.10%    | --      |
| 09/15/2016 20:30 | US Initial Jobless Claims       | Sep-10 | 265k      | --        | 259k      | --      |
| 09/15/2016 20:30 | US Continuing Claims            | Sep-03 | 2150k     | --        | 2144k     | --      |
| 09/15/2016 20:30 | US PPI Final Demand MoM         | Aug    | 0.10%     | --        | -0.40%    | --      |
| 09/15/2016 20:30 | US PPI Ex Food and Energy MoM   | Aug    | 0.10%     | --        | -0.30%    | --      |
| 09/15/2016 20:30 | US PPI Final Demand YoY         | Aug    | 0.10%     | --        | -0.20%    | --      |
| 09/15/2016 20:30 | US PPI Ex Food and Energy YoY   | Aug    | 1.00%     | --        | 0.70%     | --      |
| 09/15/2016 20:30 | US Philadelphia Fed Biz Outlook | Sep    | 1         | --        | 2         | --      |
| 09/15/2016 21:15 | US Industrial Production MoM    | Aug    | -0.20%    | --        | 0.70%     | --      |
| 09/15/2016 21:15 | US Capacity Utilization         | Aug    | 75.70%    | --        | 75.90%    | --      |
| 09/15/2016 21:45 | US Bloomberg Consumer Comfort   | Sep-11 | --        | --        | 44        | --      |
| 09/15/2016       | ID Trade Balance                | Aug    | \$500m    | --        | \$598m    | --      |
| 09/15/2016       | ID Exports YoY                  | Aug    | -10.60%   | --        | -17.02%   | --      |
| 09/15/2016       | ID Imports YoY                  | Aug    | -11.65%   | --        | -11.56%   | --      |
| 09/15/2016       | PH Overseas Remittances YoY     | Jul    | 4.80%     | --        | 4.80%     | --      |
| 09/14/2016 09/16 | IN Imports YoY                  | Aug    | --        | --        | -19.00%   | --      |
| 09/14/2016 09/16 | IN Exports YoY                  | Aug    | --        | --        | -6.80%    | --      |

Source: Bloomberg

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