

Highlights

Global	Global risk appetite remained supportive post-FOMC as market players were reassured that the Fed would not pull the rug from under them in the near-term. Over in Asia, BI cut its 7-day reverse repo rate by 25bps to 5%, while BSP was static at 3%. As the implications of a hesitant FOMC and a dovish BOJ sink in, there is little to occupy the economic data calendar today with just the Eurozone's Markit manufacturing, services and composite PMIs and Singapore's August CPI print on tap. Speakers include ECB's Constancio and Weidmann, as well as Fed's Harker, Mester, Lockhart and Kaplan.
US	US' existing home sales unexpectedly fell 0.9% mom in August to a 6-month low of 5.33m annual pace, suggesting that buying momentum is getting tired as the median price rose 5.1% yoy to \$240,200 and the inventory of available properties slumped 10.1% yoy to 2.04m (lowest since March), and may weigh on 3Q GDP growth. Meanwhile, the FHFA house price index accelerated 0.5% mom in July, up from a revised 0.3% gain in June. Separately, initial jobless claims fell 8k to 252k, with continuing claims at 2.113m. The Chicago Fed national activity index dipped from +0.24 in July to -0.55 in Aug, whilst the Kansas city Fed manufacturing activity rebounded from -4 to +6 in Sept.
TA	Taiwan's export orders rebounded more than expected by 8.3% yoy in August, up from a 3.4% fall in July. This marked the first positive reading since March 2015 amid strong demand for handheld devices, computers and handset semiconductors.
SG	Headline and core CPI inflation may come in at -0.1% yoy (+0.6% mom nsa) and +1.2% yoy respectively for August, versus -0.7% yoy (-0.3% mom nsa) and +1.0% yoy in July. This is the last inflation print before MAS' monetary policy review in early/mid-October and may suggest inflationary pressures remain subdued amid asset price disinflation.
ID	Bank Indonesia reduced its 7-day reverse repo policy rate from 5.25% to 5.0% yesterday, largely in line with market expectation. This is the fifth rate cut since the start of the year, and illustrates the central bank's desire to see faster credit growth in particular.
MA	Malaysian Investment Development Authority said that approved direct investments fell by 30% yoy to MYR88.4bn in the first half of this year. It cited high base effect from last year's big petrochemical projects as one of the factors behind.
Commodities	Market-watchers continue to digest the unexpected fall in US oil inventories, which fell to its lowest since February. More recent news however, in which Saudi and Iran ministers met before the informal meeting at Algiers got market wondering if any consensus between the two can be reached by the last week of September. We continue to expect inaction by the OPEC cartel in its September informal meeting, owing firstly to the fact that the meeting is merely for "discussion" purposes, rather than for decision-making, and secondly from Iran's persistent intransigent attitude in regards to capping oil production domestically. Elsewhere, gold shot up to \$1,340/oz yesterday, its second consecutive gain after FOMC kept rates unchanged. The notable rally in the bullion suggests that gold remains to be greatly influenced by the greenback and interest rate expectations.

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Major Markets

- **US:** Equities built on gains over the last 2 sessions amid optimism from Fed's decision. Led by commodity producers, all main industry sectors ended higher, with the S&P 500 and Dow rising 0.65% and 0.54% respectively. Another strong showing by tech stocks pushed Nasdaq to a new record high, up 0.84% to 5339.5. VIX continue to fade back towards its lows, ending down 9.6% at 12.02. In the Treasury space, bond investors appear to favour longer tenures in search of yield post-Fed. As a result, yield curves continue to flatten with the 10-year yields falling 3-4 bps to 1.62%, while the 2-year yield remain largely static at 0.77%.
- **Singapore:** STI slipped 0.16% to close at 2846.06 yesterday, unable to sustain post-FOMC gains and could face further disappointment and consolidate within a 2820-2850 range amid mixed leads from Wall Street's overnight gains and the morning performance in Nikkei and Kospi. Longer-dated SGS bonds led the rally yesterday, taking the cue from US Treasuries, and should stay bid today especially if the inflation prints remain very benign.
- **Hong Kong:** Headline inflation surged from 2.3% to 4.3% in August. The acceleration was mainly due to the low base of comparison resulting from the government's payment of public housing rentals in August last year and a jump in housing inflation from 4.2% to 9.5%. Netting out the effects of all government's one-off relief measures, the year-on-year rate of increase in the underlying inflation in August 2016 printed 2.1%, slightly higher than the increase of 2.0% in July. Food inflation remained low at 2.7% amid warmer weather. On the other hand, clothing CPI deflated for the 17th consecutive month by 5%, the worst since 2006. Though contraction in visitor arrivals narrowed, visitor expenditure stayed soft while local consumption sentiment was dampened by the worries for job security amid dimmer economic outlook. This propels retailers to slash price to accelerate the sale. Also, durable goods CPI contracted 5.3%. For the rest of this year, temporary effect mentioned above would not affect the inflation trend. Any upside risk to inflation should be muted by (1) tepid external price pressures, (2) pressure to tame local cost amid dampened consumption sentiment. As such, headline inflation for the year is likely to average 2.5%.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded downward yesterday with swap rates trading 1-9bps lower across all tenors as the US dollar fell following FOMC's decision to hold interest rates steady. Flows in the SGD corporates were heavy with better buying seen in GENSSP 5.13%'49s while mixed interests were seen in SCISP 4.75%'49s, ANZ 3.75%'27s, FCLSP 4.88%'49s and OLAMSP 4.25%'19s. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 201bps while the yield on JACI HY corporates decreased 7bps to 6.43%. 10y UST yield decreased 3bps to 1.62%.
- **New Issues:** Korea Housing Finance has mandated banks for a potential 5-year USD bond issue with expected ratings of "NR/Aa1/NR". China Cinda Asset Management has also hired banks for a planned USD AT1 preference share issue. The issue is expected to be rated "NR/B1/NR".
- **Rating Changes:** S&P revised its outlook on the State of South Australia's "AA" credit rating to positive from stable. The revision reflects S&P view that South Australia may maintain the improvement in its liquidity coverage over the next two-to-three years should it keep to its recently revised financial strategy. At the same time, South Australian Government Financing Authority's (SAFA) "AA" credit rating outlook was also revised to positive from stable, reflecting the expectation that SAFA's role will remain critical and its link integral to the state.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.448	-0.22%	USD-SGD	1.3562	0.21%
USD-JPY	100.760	0.44%	EUR-SGD	1.5200	0.38%
EUR-USD	1.1208	0.17%	JPY-SGD	1.3460	-0.27%
AUD-USD	0.7643	0.25%	GBP-SGD	1.7737	0.56%
GBP-USD	1.3078	0.35%	AUD-SGD	1.0366	0.47%
USD-MYR	4.1095	-0.78%	NZD-SGD	0.9918	-0.36%
USD-CNY	6.6648	-0.06%	CHF-SGD	1.3999	0.73%
USD-IDR	13074	-0.48%	SGD-MYR	3.0346	-0.05%
USD-VND	22308	-0.07%	SGD-CNY	4.9194	0.21%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4221	--
2M	-0.3390	--	1M	0.5463	--
3M	-0.3010	--	2M	0.6772	--
6M	-0.2010	--	3M	0.8633	--
9M	-0.1260	--	6M	1.2588	--
12M	-0.0580	--	12M	1.5708	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.51	1.60	3.37
Italy	-0.12	-2.30	1.19
Ireland	-0.41	-1.50	0.38
Greece	7.65	--	8.42
Spain	-0.21	-1.70	0.92
Russia	1.95	-12.00	3.82

Equity and Commodity

Index	Value	Net change
DJIA	18,392.46	98.76
S&P	2,177.18	14.06
Nasdaq	5,339.52	44.34
Nikkei 225	16,807.62	--
STI	2,846.06	-4.68
KLCI	1,669.66	10.93
JCI	5,380.26	37.67
Baltic Dry	937.00	34.00
VIX	12.02	-1.28

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.81 (-0.03)	0.77 (--)
5Y	1.26 (-0.04)	1.16 (-0.02)
10Y	1.78 (-0.07)	1.62 (-0.03)
15Y	2.09 (-0.08)	--
20Y	2.16 (-0.08)	--
30Y	2.17 (-0.07)	2.34 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	43.30	2.01
EURIBOR-OIS	3.90	-0.70
TED	66.04	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	46.32	2.16%	Coffee (per lb)	1.553	-0.83%
Brent (per barrel)	47.65	1.75%	Cotton (per lb)	0.7117	-0.89%
Heating Oil (per gallon)	1.454	1.76%	Sugar (per lb)	0.2217	-0.14%
Gasoline (per gallon)	1.40	0.20%	Orange Juice (per lb)	2.0405	2.26%
Natural Gas (per MMBtu)	2.99	-2.19%	Cocoa (per mt)	2,920	1.49%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,853.0	1.89%	Wheat (per bushel)	4.0550	-0.55%
Nickel (per mt)	10,628	3.02%	Soybean (per bushel)	9.765	0.10%
Aluminium (per mt)	1,627.8	3.30%	Corn (per bushel)	3.3675	-0.96%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,340.7	1.02%	Crude Palm Oil (MYR/MT)	2,909.0	1.25%
Silver (per oz)	20.020	1.70%	Rubber (JPY/KG)	174.4	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
09/22/2016 02:00	US FOMC Rate Decision	Sep-21	0.50%	0.50%	0.50%	--
09/22/2016 05:00	NZ RBNZ Official Cash Rate	Sep-22	2.00%	2.00%	2.00%	--
09/22/2016 08:30	TA Unemployment Rate	Aug	3.99%	3.95%	3.96%	--
09/22/2016 14:45	FR Manufacturing Confidence	Sep	101	103	101	--
09/22/2016 15:00	MA Foreign Reserves	Sep-15	--	\$97.7b	\$97.5b	--
09/22/2016 16:00	PH Rate	Sep-22	3.00%	3.00%	3.00%	--
09/22/2016 16:00	TA Export Orders YoY	Aug	0.50%	8.30%	-3.40%	--
09/22/2016 16:28	ID BI 7D Reverse Repo	Sep-22	5.00%	5.00%	5.25%	--
09/22/2016 20:30	US Chicago Fed Nat Activity Index	Aug	0.15	-0.55	0.27	0.24
09/22/2016 20:30	US Initial Jobless Claims	Sep-17	261k	252k	260k	--
09/22/2016 20:30	US Continuing Claims	Sep-10	2140k	2113k	2143k	2149k
09/22/2016 21:00	US FHFA House Price Index MoM	Jul	0.30%	0.50%	0.20%	0.30%
09/22/2016 21:45	US Bloomberg Consumer Comfort	Sep-18	--	41.3	42.2	--
09/22/2016 22:00	EC Consumer Confidence	Sep A	-8.2	-8.2	-8.5	--
09/22/2016 22:00	US Existing Home Sales	Aug	5.45m	5.33m	5.39m	5.38m
09/22/2016 22:00	US Existing Home Sales MoM	Aug	1.10%	-0.90%	-3.20%	-3.40%
09/22/2016 22:00	US Leading Index	Aug	0.00%	-0.20%	0.40%	0.50%
09/23/2016 08:30	JN Nikkei Japan PMI Mfg	Sep P	--	--	49.5	--
09/23/2016 12:30	JN All Industry Activity Ind MoM	Jul	0.20%	--	1.00%	--
09/23/2016 13:00	SI CPI YoY	Aug	-0.40%	--	-0.70%	--
09/23/2016 13:00	SI CPI NSA MoM	Aug	0.40%	--	-0.30%	--
09/23/2016 14:45	FR GDP QoQ	2Q F	0.00%	--	0.00%	--
09/23/2016 14:45	FR GDP YoY	2Q F	1.40%	--	1.40%	--
09/23/2016 15:00	FR Markit FR Manufacturing PMI	Sep P	48.5	--	48.3	--
09/23/2016 15:00	FR Markit France Services PMI	Sep P	52	--	52.3	--
09/23/2016 15:00	FR Markit France Composite PMI	Sep P	51.8	--	51.9	--
09/23/2016 15:30	GE Markit/BME GE Mfg PMI	Sep P	53.1	--	53.6	--
09/23/2016 15:30	TH Foreign Reserves	Sep-16	--	--	\$180.7b	--
09/23/2016 15:30	GE Markit Germany Services PMI	Sep P	52.1	--	51.7	--
09/23/2016 15:30	GE Markit/BME GE Composite PMI	Sep P	53.6	--	53.3	--
09/23/2016 16:00	EC Markit EC Manufacturing PMI	Sep P	51.5	--	51.7	--
09/23/2016 16:00	EC Markit Eurozone Services PMI	Sep P	52.8	--	52.8	--
09/23/2016 16:00	EC Markit EC Composite PMI	Sep P	52.8	--	52.9	--
09/23/2016 20:30	CA Retail Sales MoM	Jul	0.10%	--	-0.10%	--
09/23/2016 20:30	CA Retail Sales Ex Auto MoM	Jul	0.50%	--	-0.80%	--
09/23/2016 20:30	CA CPI NSA MoM	Aug	0.10%	--	-0.20%	--
09/23/2016 20:30	CA CPI YoY	Aug	1.40%	--	1.30%	--
09/23/2016 20:30	CA CPI Core MoM	Aug	0.20%	--	0.00%	--
09/23/2016 20:30	CA CPI Core YoY	Aug	2.00%	--	2.10%	--
09/23/2016 21:45	US Markit US Manufacturing PMI	Sep P	52	--	52	--
09/23/2016	MU Visitor Arrivals	Aug	--	--	2795t	--

Source: Bloomberg

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