

Highlights

Global	<p>More green shoots for global PMIs lifted market sentiments overnight – US' Markit manufacturing PMI rose from 51.5 in Sep to 53.2 in Oct, while Eurozone's manufacturing and services PMIs both improved to 53.3 and 53.5 respectively, up from 52.6 and 52.2 previously. The European improvement was led by Germany whose composite PMI rose from 52.8 to 55.1, surpassing the 3Q16 average of 53.8 and points to a growth pickup in 4Q. In addition, South Korea reported better than expected 3Q16 GDP growth of 0.7% qoq (+2.7% yoy), propelled by construction investment which added 0.6% points to growth amid a property boom, whereas net exports subtracted 0.6% points from growth. Today's economic data calendar comprises of US' consumer confidence, Richmond Fed manufacturing index, FHFA house price, S&P house prices, IBD/TIPP economic optimism, and German IFO. ECB's Draghi is also speaking today.</p>
US	<p>Fed's Evans opined that "the most important part of our communications is really around not when is the next increase, but what are the terms of the subsequent increases going to be" and "I think there is room for the economy to continue to grow before we see inflation really pick up".</p>
CA	<p>BOC governor Poloz said that "we have to weigh the risks of waiting longer against what are the costs associated with doing something more immediate" and "our best plan right now, we think, is to wait for the next 18 months or so". He also clarified that the 18 month wait "was in reference to the time frame over which the output gap is expected to close...and not intended as a reference to the Bank's monetary policy".</p>
SG	<p>S'pore's headline CPI fell a more modest 0.2% yoy (flat mon nsa) in Sep, compared to -0.3% yoy in Augm albeit marking its 23rd straight month in negative territory. This brought the headline CPI print for the first 9 months of 2016 to -0.7% yoy. Core inflation also eased from +1.0% yoy in Aug to 0.9% in Sep, in line with market expectations, bringing the core inflation print for the first three quarters to +0.8% yoy. Official inflation rhetoric remains benign. MAS tips the increase in core inflation to be gradual, given the absence of more generalized demand-induced price pressures, even though headline inflation has troughed and is forecast to pick up from around -0.5% this year to 0.5-1.5% next year. The latter largely reflects the rising private road transport cost which is attributable to the expiry of road tax rebate for petrol vehicles, the upward revision of car park fees from 1 December, and higher petrol prices. We have likely seen the trough in global oil prices, even though they may remain volatile in the short-term. At the last MAS professional forecasters' survey in Sep, the 2017 median headline and core inflation forecasts were +1.0% and 1.4% yoy respectively.</p>
ID	<p>Finance Minister Sri Mulyani said that Indonesia's GDP growth in Q3 is likely to be less than what was achieved in Q2, which was 5.18%yoy. Meanwhile, Bank Indonesia's Governor Agus Martowardojo said that he sees monetary policy stance on easing bias. He added that BI will further ease monetary policy if data supports it, echoing what was said in the policy statement last week.</p>

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Major Markets

- **US:** Equities rose as a new round of earnings was released while exceeded market expectations. Tech-heavy Nasdaq led gains with a 1.00% rise while the S&P 500 and Dow were higher by 0.47% and 0.43%, respectively. VIX fell 2.4% to close at 13.02. 2-year benchmark yield closed at 0.84% while the 10-year yield increased to 1.77%.
- **Singapore:** The main drags on headline inflation were in housing & utilities (-4.3% yoy), followed by clothing & footwear (-1.2% yoy), transport (-0.5% yoy) and miscellaneous goods & services (-0.3% yoy). Notably, the decline in private road transport costs moderated from -1.0% yoy to -0.4% yoy due to a smaller decline in petrol prices. Accommodation costs deteriorated by 3.7% yoy in Sep, extending the 3.6% slump seen in Aug, as housing rents continued to soften. Near-term pressures on the housing market are likely to persist with the intact cooling measures and more subdued labour market conditions. Key pricing pressure points were education (+3.3% yoy), household durables & services (+3.1% yoy) and food (+2.2% yoy, driven by non-cooked food costs such as bread & cereals, fruits and meat), but was offset by the lower services inflation. Still, the SGD NEER is pushing lower on the weaker side of its parity band, which reflects the growing anticipation of a potential FOMC rate hike in Dec and the sluggish domestic macro-fundamentals.
- STI gained 0.90% to close at 2856.68 yesterday, and may attempt higher today amid positive leads from Wall Street overnight and Nikkei this morning. The STI's support and resistance are seen at 2840 and 2860 respectively. SGS bond yields fell by 1-5bps yesterday, but may reverse as global risk appetite improves on the back of the global manufacturing PMI prints.
- **Macau:** Visitor arrivals rebounded by 0.5% yoy in September due to the effect of Mid-Autumn Festival and two new hotel openings. Notably, the share of overnight visitors rose to record-high at 54%. As a result, the 11.8% gain in overnight tourists well offset the 10.2% decline in same-day visitors. This also explains the strong 7.4% yoy increase of gaming revenue in September. Besides the increase in visitors from Mainland China, Taiwan and South Korea, what is more noteworthy is that the number of Hong Kong visitors dipped for the second straight month despite two new hotel openings and a series of preferential offers. Looking ahead, as there are 7% more of Mainland tourists to the town as compared to the same period last year during the Golden Week Holiday, this would have been a boost to the gaming sector. However, as the seasonal factor fades, we suspect that the appeal of new projects will be able to last in the medium term, especially given that only one more project is scheduled to be completed next year. With that said, the stabilizing gaming sector may find it hard to gain further traction.
- **Commodities:** More hiccups towards an eventual production cut is seen at latest producer rhetoric. Chiefly, Iraq has called for a similar exclusion from a production cut, an option given to Iran, Nigeria and Libya. Elsewhere, Russia's energy minister Novak remained ambiguous over Russia's involvement in freezing or even cutting output.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday with swap rates trading 2-6bps lower across all tenors. Flows in the SGD corporates were moderate with better buying seen in BAERVX 5.75%'49s while mixed interests were seen in BNP 4.3%'25s and GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 207bps while the yield on JACI HY corporates decreased 2bps to 6.57%. 10y UST yield increased 3bps to 1.76% driven by supply dynamics.
- **New Issues:** MTR Corp. Ltd. has priced a USD600mn 10-year green bond at CT10+80bps, tightening from its initial price guidance at CT10+95bps. The expected issue ratings are

“AAA/Aa1/NR”. Lippo Karawaci has priced a USD425mn 10NC5 bond at 6.75%, tightening from its initial price guidance at 7%. The expected issue ratings are “B+/Ba3/BB-“. Standard Chartered PLC is set to price a 1-year Special Drawing Rights (SDR) bond of 100mn units tomorrow, to be settled the day after. Guangxi Communications Investment Group Corporation. Ltd. has scheduled investor meetings on Oct 25-26 in Hong Kong for a potential USD bond with expected ratings of “NR/Baa3/BBB”.

- **Rating Changes:** S&P downgraded PT Sri Rejeki Isman Tbk. (Sritex)’s corporate credit rating to “B+” from “BB-“ with a stable outlook. The rating action reflects S&P’s belief that the debt-funded expansion at its sister company PT Rayon Utama Makmur could translate into rising event risk at Sritex, amid rising operational linkages. S&P has placed China United SME Guarantee Corp.’s “BB+” insurer financial strength and issuer credit ratings on CreditWatch with negative implications. The CreditWatch placement reflects S&P’s view that Sino Guarantee’s increasing investments in high-risk asset classes could weaken its capitalization. Moody’s has assigned a “Baa3” issuer rating to Guangxi Communications Investment Group Corp. Ltd. (GXCI) with a stable outlook. GXCI’s “Baa3” issue rating combines its baseline credit assessment (BCA) of “b1”, and a four-notch uplift based on Moody’s expectation of high support for the company from Guangxi Provincial government under Moody’s joint-default analysis approach for government-related issuers. Fitch has also assigned Guangxi Communications Investment Group Corporation. Ltd. (GXCI) issue default ratings of “BBB” with stable outlook.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.756	0.06%	USD-SGD	1.3932	-0.06%
USD-JPY	104.180	0.37%	EUR-SGD	1.5160	-0.09%
EUR-USD	1.0882	-0.02%	JPY-SGD	1.3373	-0.42%
AUD-USD	0.7611	0.04%	GBP-SGD	1.7052	0.01%
GBP-USD	1.2238	0.03%	AUD-SGD	1.0604	-0.02%
USD-MYR	4.1733	-0.14%	NZD-SGD	0.9946	-0.41%
USD-CNY	6.7752	0.12%	CHF-SGD	1.4023	-0.05%
USD-IDR	13012	-0.23%	SGD-MYR	2.9990	-0.14%
USD-VND	22311	-0.01%	SGD-CNY	4.8602	0.24%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4332	--
2M	-0.3390	--	1M	0.5340	--
3M	-0.3120	--	2M	0.6672	--
6M	-0.2110	--	3M	0.8818	--
9M	-0.1330	--	6M	1.2571	--
12M	-0.0740	--	12M	1.5718	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.26	0.50	3.15
Italy	-0.08	-1.00	1.39
Ireland	-0.45	0.30	0.48
Greece	7.65	--	8.42
Spain	-0.21	--	1.11
Russia	2.05	-4.20	3.93

Equity and Commodity

Index	Value	Net change
DJIA	18,223.03	77.32
S&P	2,151.33	10.17
Nasdaq	5,309.83	52.43
Nikkei 225	17,234.42	49.83
STI	2,856.68	25.62
KLCI	1,677.76	7.78
JCI	5,421.00	11.75
Baltic Dry	831.00	-11.00
VIX	13.02	-0.32

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.88 (-0.03)	0.84 (+0.02)
5Y	1.32 (-0.03)	1.27 (+0.03)
10Y	1.83 (-0.04)	1.76 (+0.03)
15Y	2.14 (-0.03)	--
20Y	2.26 (-0.03)	--
30Y	2.32 (-0.02)	2.52 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.68	-0.26
EURIBOR-OIS	4.00	0.20
TED	55.71	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.52	-0.65%	Coffee (per lb)	1.579	1.15%
Brent (per barrel)	51.46	-0.62%	Cotton (per lb)	0.6877	-0.43%
Heating Oil (per gallon)	1.580	0.37%	Sugar (per lb)	0.2320	2.16%
Gasoline (per gallon)	1.50	-1.80%	Orange Juice (per lb)	2.0600	2.74%
Natural Gas (per MMBtu)	2.831	-5.41%	Cocoa (per mt)	2,705	-0.73%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,638.0	0.06%	Wheat (per bushel)	4.0250	-2.90%
Nickel (per mt)	10,071	1.47%	Soybean (per bushel)	9.920	0.92%
Aluminium (per mt)	1,624.8	0.31%	Corn (per bushel)	3.4825	-1.21%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,262.0	-0.31%	Crude Palm Oil (MYR/MT)	2,821.0	2.25%
Silver (per oz)	17.604	0.63%	Rubber (JPY/KG)	170.0	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
10/24/2016 07:50	JN	Trade Balance	Sep	¥366.1b	¥498.3b	-¥18.7b	-¥19.2b
10/24/2016 07:50	JN	Trade Balance Adjusted	Sep	¥211.0b	¥349.0b	¥408.4b	¥364.4b
10/24/2016 08:30	JN	Nikkei Japan PMI Mfg	Oct P	--	51.7	50.4	--
10/24/2016 08:30	TA	Unemployment Rate	Sep	3.96%	3.93%	3.95%	--
10/24/2016 13:00	SI	CPI YoY	Sep	-0.20%	-0.20%	-0.30%	--
10/24/2016 13:00	SI	CPI NSA MoM	Sep	0.10%	0.00%	0.50%	--
10/24/2016 13:00	JN	Leading Index Cl	Aug F	--	100.9	101.2	--
10/24/2016 15:00	FR	Markit FR Manufacturing PMI	Oct P	50	51.3	49.7	--
10/24/2016 15:00	FR	Markit France Services PMI	Oct P	53	52.1	53.3	--
10/24/2016 15:00	FR	Markit France Composite PMI	Oct P	52.8	52.2	52.7	--
10/24/2016 15:30	GE	Markit/BME GE Mfg PMI	Oct P	54.4	55.1	54.3	--
10/24/2016 15:30	GE	Markit Germany Services PMI	Oct P	51.5	54.1	50.9	--
10/24/2016 15:30	GE	Markit/BME GE Composite PMI	Oct P	53.3	55.1	52.8	--
10/24/2016 16:00	TA	Industrial Production YoY	Sep	5.20%	5.02%	7.74%	7.78%
10/24/2016 16:00	EC	Markit EC Manufacturing PMI	Oct P	52.7	53.3	52.6	--
10/24/2016 16:00	EC	Markit Eurozone Services PMI	Oct P	52.4	53.5	52.2	--
10/24/2016 16:00	EC	Markit Eurozone Composite PMI	Oct P	52.8	53.7	52.6	--
10/24/2016 16:57	MU	Visitor Arrivals	Sep	--	2427t	2883t	--
10/24/2016 20:30	US	Chicago Fed Nat Activity Index	Sep	-0.13	-0.14	-0.55	-0.72
10/24/2016 20:30	CA	Wholesale Trade Sales MoM	Aug	0.60%	0.80%	0.30%	0.10%
10/24/2016 21:45	US	Markit US Manufacturing PMI	Oct P	51.5	53.2	51.5	--
10/25/2016 07:00	SK	GDP YoY	3Q P	2.60%	2.70%	3.30%	--
10/25/2016 07:00	SK	GDP SA QoQ	3Q P	0.60%	0.70%	0.80%	--
10/25/2016 14:45	FR	Manufacturing Confidence	Oct	103	--	103	--
10/25/2016 16:00	GE	IFO Business Climate	Oct	109.6	--	109.5	--
10/25/2016 16:00	GE	IFO Current Assessment	Oct	114.9	--	114.7	--
10/25/2016 16:00	GE	IFO Expectations	Oct	104.5	--	104.5	--
10/25/2016 16:00	IT	Industrial Orders MoM	Aug	--	--	-10.80%	--
10/25/2016 16:00	IT	Industrial Orders NSA YoY	Aug	--	--	-11.80%	--
10/25/2016 21:00	US	FHFA House Price Index MoM	Aug	0.40%	--	0.50%	--
10/25/2016 22:00	US	Consumer Confidence Index	Oct	101.5	--	104.1	--
10/25/2016 22:00	US	Richmond Fed Manufact. Index	Oct	-4	--	-8	--

Source: Bloomberg

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