

Highlights

Global	<p>As market players count down to the 8 November US presidential election polls, the latest news that the FBI had re-opened its probe of Clinton's emails prompted a reassessment of her chances of victory (note bookmaker odds have tightened but Trump is still lagging 3 to 1 to win the White House). Elsewhere, OPEC's inability to agree to production cuts over the weekend saw oil prices fading lower. Expect Asian markets to tread carefully ahead of the slew of central bank meetings ahead this week. Today's economic data calendar comprises of US' Japan's retail sales and factory output and Thai current account data. Indian markets are closed today. This week's focus will be on RBA (likely static at 1.5% after the CPI surprise last week, albeit governor Lowe had still sounded dovish recently) and BOJ (likely unchanged as officials gauge the new yield-curve control framework even though the inflation outlook remains dovish) tomorrow, followed by FOMC (likely static but FOMC statement and rhetoric may point to Dec rate hike), and BOE (also likely unchanged but watch for refreshed growth and inflation forecasts which could suggest a diminished need for immediate policy easing). Last but not least, the week caps with the key US' nonfarm payrolls and unemployment rate data which market consensus is eyeing +175k (Sep: +156k) and 4.9% (Sep: 5.0%) respectively.</p>
US	<p>The stronger than expected upward revision of the US' 3Q16 GDP growth to 2.9% annualised qoq was due to higher inventories and a soybean-related export surge which mitigated the softer consumption (+2.1% after a 4.3% jump in 2Q16). Notably, the after-tax real incomes rose 2.2% annual rate in 2Q16, slightly higher than the 2.1% in 1Q16, whilst the saving rate held at 5.7%. Although the FOMC is meeting on 1-2 Nov, the futures pricing for a Nov rate hike is largely unchanged at only 17% probability, while the Dec pricing has retreated slightly to 69.2%.</p>
EZ	<p>German inflation hit a 2-year high of +0.7% yoy in Oct, which added to speculation that the ECB's policies are paying off. Meanwhile, Spanish leader Rajoy has won lawmakers' backing for a second term, but policy fragmentation remains without an outright parliamentary majority.</p>
UK	<p>BOE governor Carney is said to be ready to serve his full 8-year term despite earlier speculation that he might step down soon, according to the FT.</p>
SG	<p>DBS reported 3Q net income of \$1.07b (+8% yoy), with NPLs up at 1.3% (versus 0.9% yoy) and will buy ANZ retail and wealth business in five Asian countries.</p>
Commodities	<p>With Iraq wanting similar exclusion treatment given to Iran, Libya and Nigeria, eyes were closely on OPEC's technical meeting last Friday. In a nut-shell, it was unspectacular; internal disagreements arose once again, from issues of calculation methods used to compute overall production levels, to finally ending the meeting without a detail plan on reducing oil production by Nov 30. Needless to say, market-watchers were spooked once again by the increasing probability that the prospective oil deal by end November may not even come to fruition, with both Brent and WTI trailing below its \$50/bbl handle. Elsewhere, Gold rose to its highest in four weeks as bets for the Fed to raise rates this week fell.</p>

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Major Market

- **US:** Equities closed lower after a week filled with the release of earnings report. The loss was led by Nasdaq which fell by 0.5%, while S&P500 and Dow declined 0.3% and 0.05%, respectively. VIX nudged higher to close at 16.19. Yields fell, with the 2- and 10-year yields standing at 0.85% and 1.84%, respectively.
- **Singapore:** The STI declined 0.45% to close at 2816.26 on Friday, and a test of the 2800 support may be in sight in the near future given the Friday slippage by Wall Street and morning retreat by Kospi. The STI could trade in a consolidative range of 2800-2830 range today. SGS bond yields rose 2-7bps higher on Friday, led by the belly of the curve and as market players digested the \$600m 30-year mini-auction which fetched a cut-off yield of 2.29%, but may see some reprieve today given the slight risk-off tone prevailing from the weekend.
- **China:** The rating agency Moody's stated that Chinese shadow banking expanded by 19% yoy in 1H and has doubled to CNY58 trillion over the past five months, accounting for nearly 82% of GDP. Though Jun Ma of the PBOC clarified that the off balance sheet wealth management products are not officially included into the MPA of credit growth, he did mention that the central bank is doing the preparation works. Should the government increase scrutiny on banks' off balance sheet wealth management products, the growth of shadow banking may be further constrained.
- **Macau:** Unemployment rate has held static at 1.9% for more than one year in 3Q, indicating resilient labor market. The employment of the gaming sector decreased for the third straight month by 1.3% mom. On a positive note, due to fewer-than-expected gambling tables allocated to new casinos, a cut in jobs may ease labor redundancy and help improve the efficiency. On the other hand, hotel, restaurants and similar sectors (+2.1% mom) added jobs for the 3rd consecutive month amid higher labor demand associated with new hotel openings. Looking ahead, given that median monthly earnings have remained unchanged at MOP15,000 since 1Q 2015, tepid local consumption will add onto the subdued visitor expenditures in hurting the retail sector and shrugging off some growth momentum of its employment (3.5% mom) underpinned by government support. Elsewhere, construction sector (-0.8% mom) will continue to show muted hiring sentiment as there is only one more project scheduled to be completed in 2017. Nevertheless, the overall unemployment rate is likely to remain low around 2% amid tight supply.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards last Friday with swap rates trading 1-7bps higher across all tenors. Notably, the overnight swap rate traded ~11bps higher. Flows in the SGD corporates were light with better selling seen in FCLSP 4.88%'49s while mixed interest was seen in BAERVX 5.75%'49s. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 205bps while the yield on JACI HY corporates remained levelled at 6.63%. Likewise, 10y UST yield remained relatively unchanged at 1.85% with investors staying cautious ahead of Federal Reserve and Bank of Japan meetings this week.
- **New Issues:** Shanxi Road & Bridge Construction Group Co. priced a USD250mn 3-year bond at 4.85%, tightening from its initial guidance at 6.25%. The expected issue ratings are "BB/NR/NR". Suqian Economic Development Co. Ltd. has scheduled investor road shows from 31 October onwards for potential USD bond issue with expected issue ratings of "NR/NR/BB". Beazley PLC has priced a USD250mn 10-year tier 2 bond at CT10+402.5bps. The expected issue ratings are "NR/NR/BBB+".

- **Rating Changes:** S&P has upgraded Mitsui Life Insurance Co. Ltd.'s insurer financial strength and long-term counter party credit ratings to "A" from "A-" with stable outlook. The upgrades reflect S&P revision of Mitsui Life's stand-alone credit profile to "bbb" from "bbb-", which is based on the assessment that its capital and earnings have improved and therefore its financial risk profile is strengthened. S&P upgraded Longfor Properties Co. Ltd.'s corporate credit rating to "BBB-" from "BB+" with a stable outlook. The upgrade reflects S&P's expectation that Longfor's strategy to increase its rental income in the coming years will improve its earnings quality. At the same time, S&P also expects the company to maintain steady operating performance over the period, continuing to be prudent in financial management and maintain its debt leverage at the current level. S&P upgraded Liberty Financial Pty. Ltd's credit ratings to "BBB" from "BBB-" with a negative outlook. The upgrade reflects Liberty's strengthened capital position and S&P's expectation that the company will maintain its very strong capitalization. Moody's withdrew its corporate family rating on IXOM Pty. Ltd. due to business reasons. The rating prior to withdrawal was "B1" with a stable outlook. Moody's withdrew its credit rating on Chemstralia Pty. Ltd. due to business reasons. The rating prior withdrawal was "B1" with a stable outlook. Fitch affirmed Beijing Capital Land Ltd's issuer default ratings of "BB+" with a stable outlook. Fitch has assigned Suqian Economic Development Corp. (SEDC) issuer default ratings of "BB" with a stable outlook. At the same time, Fitch also assigned its proposed senior unsecured USD bond issue with an expected rating of "BB". Fitch assigned John Deere Financial Ltd. An issuer default rating of "A" with a stable outlook.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.348	-0.55%	USD-SGD	1.3919	-0.20%
USD-JPY	104.740	-0.52%	EUR-SGD	1.5294	0.64%
EUR-USD	1.0985	0.81%	JPY-SGD	1.3292	0.34%
AUD-USD	0.7599	0.13%	GBP-SGD	1.6962	-0.01%
GBP-USD	1.2185	0.17%	AUD-SGD	1.0580	-0.03%
USD-MYR	4.2000	0.35%	NZD-SGD	0.9972	0.39%
USD-CNY	6.7789	-0.07%	CHF-SGD	1.4090	0.38%
USD-IDR	13051	0.14%	SGD-MYR	3.0127	0.20%
USD-VND	22328	-0.03%	SGD-CNY	4.8631	-0.01%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	-0.0010	O/N	0.4354	0.0005
2M	-0.3360	0.0020	1M	0.5327	-0.0017
3M	-0.3130	-0.0010	2M	0.6722	-0.0006
6M	-0.2120	0.0010	3M	0.8859	-0.0014
9M	-0.1310	--	6M	1.2582	-0.0006
12M	-0.0690	0.0010	12M	1.5823	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.33	4.90	3.34
Italy	0.00	5.20	1.59
Ireland	-0.41	0.30	0.63
Greece	7.65	--	8.39
Spain	-0.14	4.90	1.23
Russia	2.21	5.70	4.01

Equity and Commodity

Index	Value	Net change
DJIA	18,161.19	-8.49
S&P	2,126.41	-6.63
Nasdaq	5,190.10	-25.87
Nikkei 225	17,446.41	109.99
STI	2,816.26	-12.68
KLCI	1,670.27	1.24
JCI	5,410.27	-6.57
Baltic Dry	834.00	36.00
VIX	16.19	0.83

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.88 (+0.01)	0.85 (-0.03)
5Y	1.37 (+0.05)	1.32 (-0.02)
10Y	1.93 (+0.07)	1.85 (-0.01)
15Y	2.23 (+0.06)	--
20Y	2.32 (+0.04)	--
30Y	2.32 (+0.02)	2.62 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	38.89	-0.52
EURIBOR-OIS	3.80	--
TED	60.69	0.88

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.70	-2.05%	Coffee (per lb)	1.655	0.42%
Brent (per barrel)	49.71	-1.51%	Cotton (per lb)	0.7082	1.52%
Heating Oil (per gallon)	1.542	-1.78%	Sugar (per lb)	0.2216	-1.90%
Gasoline (per gallon)	1.47	-1.21%	Orange Juice (per lb)	2.1630	0.56%
Natural Gas (per MMBtu)	3.105	12.34%	Cocoa (per mt)	2,756	0.88%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,843.0	1.11%	Wheat (per bushel)	4.0850	-1.45%
Nickel (per mt)	10,395	0.66%	Soybean (per bushel)	10.013	-1.28%
Aluminium (per mt)	1,718.8	1.25%	Corn (per bushel)	3.5500	-0.70%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,276.8	0.70%	Crude Palm Oil (MYR/MT)	2,790.0	--
Silver (per oz)	17.796	0.89%	Rubber (JPY/KG)	180.6	1.01%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 25 Oct 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	45,800	-19,184	64,984	Gold	194,895	210,597	-15,702
Wheat	-76,742	-107,570	30,828	Copper	-11,175	4,227	-15,402
Natural Gas	-31,352	-54,608	23,256	Sugar	326,347	338,714	-12,367
Soybean	110,697	93,000	17,697	Platinum	20,382	25,328	-4,946
Cotton	93,303	82,807	10,496	Nymex Crude	454,404	458,776	-4,372
Coffee	48,892	41,006	7,886	Live Cattle	30,279	33,924	-3,645
Cocoa	24,409	22,541	1,868	Silver	61,996	65,537	-3,541
RBOB Gasoline	65,347	64,609	738	Heating Oil	29,656	32,840	-3,184
Lean Hogs	31,202	32,859	-1,657	Palladium	9,536	12,439	-2,903

Source: CFTC

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
10/28/2016	05:00	SK Business Survey Manufacturing	Nov	--	72	75	--
10/28/2016	07:30	JN Jobless Rate	Sep	3.10%	3.00%	3.10%	--
10/28/2016	07:30	JN Job-To-Applicant Ratio	Sep	1.38	1.38	1.37	--
10/28/2016	07:30	JN Natl CPI YoY	Sep	-0.50%	-0.50%	-0.50%	--
10/28/2016	07:30	JN Natl CPI Ex Fresh Food YoY	Sep	-0.50%	-0.50%	-0.50%	--
10/28/2016	07:30	JN Tokyo CPI YoY	Oct	-0.40%	0.10%	-0.50%	--
10/28/2016	07:30	JN Tokyo CPI Ex-Fresh Food YoY	Oct	-0.50%	-0.40%	-0.50%	--
10/28/2016	08:30	AU PPI YoY	3Q	--	0.50%	1.00%	--
10/28/2016	08:30	TA GDP YoY	3Q P	1.80%	2.06%	0.70%	--
10/28/2016	12:30	VN CPI YoY	Oct	3.52%	4.09%	3.34%	--
10/28/2016	13:30	FR GDP QoQ	3Q A	0.30%	0.20%	-0.10%	--
10/28/2016	14:45	FR CPI EU Harmonized YoY	Oct P	0.60%	0.50%	0.50%	--
10/28/2016	14:45	FR CPI YoY	Oct P	0.50%	0.40%	0.40%	--
10/28/2016	15:30	TH Foreign Reserves	Oct-21	--	\$179.7b	\$179.6b	--
10/28/2016	17:00	EC Consumer Confidence	Oct F	-8	-8	-8	--
10/28/2016	20:00	GE CPI YoY	Oct P	0.80%	0.80%	0.70%	--
10/28/2016	20:00	GE CPI EU Harmonized YoY	Oct P	0.70%	0.70%	0.50%	--
10/28/2016	20:30	US Employment Cost Index	3Q	0.60%	0.60%	0.60%	--
10/28/2016	20:30	US GDP Annualized QoQ	3Q A	2.60%	2.90%	1.40%	--
10/28/2016	20:30	US Personal Consumption	3Q A	2.60%	2.10%	4.30%	--
10/28/2016	20:30	US GDP Price Index	3Q A	1.40%	1.50%	2.30%	--
10/28/2016	22:00	US U. of Mich. Sentiment	Oct F	88.2	87.2	87.9	--
10/31/2016	05:45	NZ Building Permits MoM	Sep	--	0.20%	-1.00%	-1.50%
10/31/2016	07:00	SK Industrial Production YoY	Sep	-1.10%	-2.00%	2.30%	2.20%
10/31/2016	07:50	JN Industrial Production MoM	Sep P	0.90%	--	1.30%	--
10/31/2016	07:50	JN Industrial Production YoY	Sep P	1.90%	--	4.50%	--
10/31/2016	07:50	JN Retail Trade YoY	Sep	-1.80%	--	-2.10%	-2.20%
10/31/2016	08:00	AU Melbourne Insti Inflation MoM	Oct	--	--	0.40%	--
10/31/2016	08:00	NZ ANZ Business Confidence	Oct	--	--	27.9	--
10/31/2016	15:30	TH Exports YoY	Sep	--	--	2.70%	--
10/31/2016	15:30	TH BoP Current Account Balance	Sep	\$2500m	--	\$3805m	--
10/31/2016	17:30	UK Mortgage Approvals	Sep	61.5k	--	60.1k	--
10/31/2016	18:00	EC CPI Estimate YoY	Oct	0.50%	--	0.40%	--
10/31/2016	18:00	EC GDP SA QoQ	3Q A	0.30%	--	0.30%	--
10/31/2016	18:00	EC GDP SA YoY	3Q A	1.60%	--	1.60%	--
10/31/2016	18:00	IT CPI NIC incl. tobacco MoM	Oct P	0.20%	--	-0.20%	--
10/31/2016	18:00	IT CPI EU Harmonized MoM	Oct P	0.40%	--	1.90%	--
10/31/2016	18:00	IT CPI EU Harmonized YoY	Oct P	0.10%	--	0.10%	--
10/31/2016	20:30	US Personal Income	Sep	0.40%	--	0.20%	--
10/31/2016	20:30	US Personal Spending	Sep	0.40%	--	0.00%	--
10/31/2016	21:45	US Chicago Purchasing Manager	Oct	54	--	54.2	--
10/31/2016		MU Hotel Occupancy Rate	Sep	--	--	90.3	--

Source: Bloomberg

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