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Highlights

Global	<p>The post-BOJ buzz did not last very long, as global equity markets moved on to focus on the rather mixed economic data cues which included global manufacturing PMI prints out from US and China. Notably, US' manufacturing ISM was unchanged at 48.2 in January, while personal spending flat-lined in Dec, albeit following an upwardly revised +0.5% reading in Nov. Meanwhile, China's official manufacturing PMI slipped more than expected from 49.7 to 49.4 in Jan, whereas the Caixin counterpart actually improved from 48.2 to 48.4 – nevertheless both remained in contraction territory. Across Asia, the Nikkei manufacturing PMI prints were mostly stable to slightly improved for Japan (52.3), Indonesia (48.9), Malaysia (48.6), India (51.1) and Vietnam (51.5), but a tad weaker for Taiwan (50.6 versus 51.7) and South Korea (49.5 versus 50.7). Expect the BOJ effect to continue to dissipate today.</p> <p>Given the relatively light economic data calendar today, market focus will be on the RBA (where no change to the 2% cash rate target is anticipated amid a stronger labor market and softer AUD) and RBI (with possibly a smallish chance of a 25bps cut to the RBI repo rate, albeit the pressures from a softening rupee and the budget are considering factors) policy decisions.</p>
US	<p>Fed's Fisher said "we have seen similar periods of volatility in recent years that have left little permanent imprint on the economy", but "if these developments lead to a persistent tightening of financial conditions, they could signal a slowing in the global economy that could affect growth and inflation in the United States". On what the Fed will do in March, he opined that "we simply do not know" and "the world is an uncertain place". However, he still sounded upbeat on inflation, indicating that "once these oil and import prices stop falling and level out, their effects on inflation will dissipate".</p> <p>Meanwhile, personal income rose 0.3% in Dec, but Americans chose to add to savings instead and boosted the household savings rate to 5.5% (previously 5.3%), even as the disposable income in 2015 rose 3.5% (the most in nine years). The manufacturing ISM data saw 10 of the 18 industries contracting, and while new orders and output gauges improved, there was a pullback in the employment and export orders gauges.</p>
S'pore	<p>Given weaker leads from South Korea and Taiwan's Nikkei manufacturing PMIs, we anticipate that Singapore's manufacturing and electronics PMIs may see a soft print for January, versus 49.5 and 48.9 respectively in Dec15.</p>
China	<p>CNH fell last night after China Foreign Exchange Trading System said China will increase RMB exchange rate's flexibility with reference to basket currency. The USDCNH broke up 6.61 in the offshore market. Meanwhile, China's official PMI fell to 49.4 in January, lowest since August 2012. Both new orders and export orders fell to 49.5 and 46.9 respectively from 50.2 and 47.5. Nevertheless, finished goods inventory fell at the faster pace than new orders. As a result, the difference between new order and inventory rose to one and half year high of 4.9, usually a supportive tone to production.</p>
Commo-dities	<p>Crude oil prices slumped once again on supply concerns, now that the market are eying on another episode of higher US oil inventory, slated to be out tomorrow night. Still, we see some upside signals for oil prices, considering that CFTC net positionings in Nymex Crude have risen for two consecutive weeks, suggesting increasing bullish bets by the market.</p>

Major Market

- **US:** Wall Street ended flat to slightly lower yesterday, as lower crude weighed even as consumer and technology shares rose, and the PMI realities set in after the post-BOJ euphoria. Dow -0.10%, S&P500 -0.04% and Nasdaq +0.14%. VIX -1.09% to 19.98. In particular, Alphabet Inc surged in extended trading as earnings beat expectations. The UST bond market gave back some of the post-BOJ gains, with the 2- and 10-year bond yields at 0.805% and 1.95% respectively.
- **Singapore:** The STI -1.02% to close at 2602.41 yesterday, and given weak overnight clues from Wall Street and morning slippage by Nikkei and Kospi, we could see the STI diving below the 2600 handle again today. The STI's support and resistance are tipped at 2560 and 2620 respectively. The SGS bond market may trade sideways to surrendering some post-BOJ ground today.
- **Macau:** Gross gaming revenue fell for the 20th straight month by 21.4% to MOP18.67 billion in January. However, the headline figure posted monthly gains for two consecutive months and was up 1.82% mom last month. A shrinking share of VIP revenue means diminishing impact of China's anti-corruption campaign on gross gaming revenue and explains the narrowing annual decline of the gross revenue for the past two months. On the other side, the mass market's share moved up to 39.5% from 2014's 35.4%. A slew of new hotel openings this year are expected to bring more visitors (+3.7% yoy in December) to try their luck in mass market. However, taken government's reluctance to spur gaming sector, global economic slowdown and low profitability of mass market together, it indicates that gross gaming revenue may still post an annual fall of around 5% this year.
- **Indonesia:** CPI inflation for the month of January was recorded at 4.14% yoy, against our expectation of 4.4%. This is an uptick from 3.35% recorded in the previous month. Volatile food component recorded inflation of as high as 2.4%. Bank Indonesia reckoned that this is on the back of rising prices for chicken meat and shallot.
- **Malaysia:** Singapore announced that it has seized "a large number" of 1MDB-related bank accounts in connection with possible money laundering in the country. A statement from MAS noted that Singapore has been "actively investigation" possible offenses since mid-2015.
- **Thailand:** Negative inflation was observed for its 13th straight month, printing -0.53% yoy (-0.26% mom) in January 2016. Domestic prices were dragged mainly by lower energy prices (-10.5%), which led to lower fares for bus, boats and toll-roads. Still, higher raw food prices (+1.06%) and alcohol were seen, thus cushioning the overall downside. Given the low oil prices, we downgrade our full-year inflation call from 1.4% to 0.6%, with much of the appreciation likely to be concentrated in the second half.
- **Myanmar:** Aung San Suu Kyi's National League for Democracy (NLD) took their place in parliament yesterday after winning almost 60% of the parliamentary seats while the currently in power Union Solidarity Development Party only won 40 seats out of the 664. Moving forward, as Aung San Suu Kyi is disqualified from presidential candidacy, we continue to look for clues in regards to the mystery president. Furthermore, with a new batch of MPs, pressure is mounting for a fresh set of reforms to aid the transformation of Myanmar's economic and social landscape. With the military still holding 25% of the seats in parliament and veto power, the likelihood of success of the reforms also seem shaky.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded 1.5bps-3.5bps lower yesterday. In the broader dollar space, JACI IG corporates spread tightened by 1bp to 235bps while the yield on the JACI HY corporates fell by 1bp to 8.31%. 10y UST yield increased by 3bps to 1.95%.
- **Rating Changes:** S&P downgraded Zhong An Real Estate Ltd to “B-” from “B”, citing high geographical concentration which subjects the company to volatility. Outlook was stable, but S&P subsequently withdrew its rating upon the downgrade. S&P downgraded Shanghai Baosteel Group Corp, Baoshan Iron & Steel Co. Ltd. and Bao-Trans Enterprises Ltd. to “BBB+” from “A-”, as they expect Baoshan’s profitability and cash flow leverage to deteriorate amid challenging trading conditions in China’s steel market. S&P also downgraded Baosteel Resources International Co Ltd, which is a subsidiary of Shanghai Baosteel Group Corp, to “BBB” from “BBB+” for similar reasons. Outlook is stable for the above mentioned rating changes. S&P downgraded China Fishery Group Ltd’s long-term corporate rating to “D” from “SD”, as China Fishery has missed coupon payment of \$14.3mn on its \$300mn guaranteed senior notes due Jan 30.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.009	-0.60%	USD-SGD	1.4226	-0.12%
USD-JPY	120.990	-0.12%	EUR-SGD	1.5489	0.42%
EUR-USD	1.0888	0.53%	JPY-SGD	1.1758	0.01%
AUD-USD	0.7114	0.42%	GBP-SGD	2.0533	1.22%
GBP-USD	1.4433	1.33%	AUD-SGD	1.0120	0.32%
USD-MYR	4.1615	0.33%	NZD-SGD	0.9314	0.87%
USD-CNY	6.5784	0.04%	CHF-SGD	1.3951	0.23%
USD-IDR	13632	-1.06%	SGD-MYR	2.9225	0.30%
USD-VND	22280	0.22%	SGD-CNY	4.6189	0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2290	--	O/N	0.3674	--
2M	-0.1950	--	1M	0.4250	--
3M	-0.1620	--	2M	0.5206	--
6M	-0.0890	--	3M	0.6126	--
9M	-0.0390	--	6M	0.8603	--
12M	0.0150	--	12M	1.1398	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
Portugal	0.39	2.70	2.93	5.30	2.58
Italy	-0.01	0.70	1.47	5.40	1.12
Ireland	-0.32	2.10	0.98	2.70	0.63
Greece*	11.74	-226.00	9.28	-29.80	8.93
Spain	-0.02	-0.60	1.56	5.20	1.21
Russia^	3.65	1.30	6.01	5.30	5.66

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

Index	Value	Net change
DJIA	16,449.18	-17.10
S&P	1,939.38	-0.90
Nasdaq	4,620.37	6.40
Nikkei 225	17,865.23	346.90
STI	2,602.41	-26.70
KLCI	1,667.80	--
JCI	4,624.64	9.50
Baltic Dry	314.00	-3.00
VIX	19.98	-0.20

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.06 (-0.04)	0.80 (+0.02)
5Y	1.87 (-0.02)	1.36 (+0.04)
10Y	2.22 (-0.04)	1.95 (+0.03)
15Y	2.58 (-0.03)	--
20Y	2.63 (-0.03)	--
30Y	2.72 (-0.02)	2.76 (+0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.16	0.05
EURIBOR-OIS	13.20	-0.70
TED	31.85	1.62

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	31.62	-5.95%	Coffee (per lb)	1.178	1.20%
Brent (per barrel)	34.24	-1.44%	Cotton (per lb)	0.6179	1.08%
Heating Oil (per gallon)	1.037	-1.76%	Sugar (per lb)	0.1283	-2.36%
Gasoline (per gallon)	1.08	-1.82%	Orange Juice (per lb)	1.3420	1.36%
Natural Gas (per MMBtu)	2.152	-6.35%	Cocoa (per mt)	2,868	3.88%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,560.0	-0.02%	Wheat (per bushel)	4.7525	-0.83%
Nickel (per mt)	8,428	-1.91%	Soybean (per bushel)	8.808	-0.17%
Aluminium (per mt)	1,524.3	0.23%	Corn (per bushel)	3.7125	-0.20%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,127.9	1.03%	Crude Palm Oil (MYR/MT)	2,349.0	--
Silver (per oz)	14.343	0.70%	Rubber (JPY/KG)	153.6	1.65%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
02/01/2016 06:30	AU AiG Perf of Mfg Index	Jan	--	51.5	51.9
02/01/2016 07:00	SK BoP Current Account Balance	Dec	--	\$7459.5m	\$9404.4m
02/01/2016 07:30	AU TD Securities Inflation MoM	Jan	--	0.40%	0.20%
02/01/2016 08:00	SK Exports YoY	Jan	-10.30%	-18.50%	-13.80%
02/01/2016 08:00	SK Imports YoY	Jan	-15.00%	-20.10%	-19.20%
02/01/2016 09:00	CH Manufacturing PMI	Jan	49.6	49.4	49.7
02/01/2016 09:00	CH Non-manufacturing PMI	Jan	--	53.5	54.4
02/01/2016 09:30	SK Nikkei South Korea PMI Mfg	Jan	--	49.5	50.7
02/01/2016 09:45	CH Caixin China PMI Mfg	Jan	48.1	48.4	48.2
02/01/2016 10:00	JN Nikkei Japan PMI Mfg	Jan F	--	52.3	52.4
02/01/2016 10:30	TA Nikkei Taiwan PMI Mfg	Jan	--	50.6	51.7
02/01/2016 11:00	ID Nikkei Indonesia PMI Mfg	Jan	--	48.9	47.8
02/01/2016 11:00	TH CPI YoY	Jan	-0.41%	-0.53%	-0.85%
02/01/2016 12:00	VN Nikkei Vietnam PMI Mfg	Jan	--	51.5	51.3
02/01/2016 12:05	ID CPI YoY	Jan	4.26%	4.14%	3.35%
02/01/2016 12:05	ID CPI NSA MoM	Jan	0.66%	0.51%	0.96%
02/01/2016 13:00	IN Nikkei India PMI Mfg	Jan	--	51.1	49.1
02/01/2016 13:00	JN Vehicle Sales YoY	Jan	--	0.20%	3.10%
02/01/2016 13:30	AU Commodity Index YoY	Jan	--	-25.80%	-23.30%
	Markit/ADACI Italy Manufacturing PMI	Jan	54.8	53.2	55.6
02/01/2016 16:45	IT PMI	Jan	54.8	53.2	55.6
02/01/2016 16:50	FR Markit France Manufacturing PMI	Jan F	50	50	50
	Markit/BME Germany Manufacturing PMI	Jan F	52.1	52.3	52.1
02/01/2016 16:55	GE Manufacturing PMI	Jan F	52.1	52.3	52.1
02/01/2016 17:00	EC PMI	Jan F	52.3	52.3	52.3
02/01/2016 17:30	UK Mortgage Approvals	Dec	69.6k	70.8k	70.4k
02/01/2016 17:30	UK Money Supply M4 MoM	Dec	--	-0.20%	0.40%
02/01/2016 17:30	UK M4 Money Supply YoY	Dec	--	0.20%	0.50%
02/01/2016 17:30	UK Markit UK PMI Manufacturing SA	Jan	51.6	52.9	51.9
02/01/2016 21:30	US Personal Income	Dec	0.20%	0.30%	0.30%
02/01/2016 21:30	US Personal Spending	Dec	0.10%	0.00%	0.30%
02/01/2016 21:30	US PCE Core MoM	Dec	0.10%	0.00%	0.10%
02/01/2016 22:30	CA RBC Canadian Manufacturing PMI	Jan	--	49.3	47.5
02/01/2016 22:45	US Markit US Manufacturing PMI	Jan F	52.6	52.4	52.7
02/01/2016 23:00	US ISM Manufacturing	Jan	48.4	48.2	48.2
02/01/2016 23:00	US ISM Prices Paid	Jan	35	33.5	33.5
02/01/2016 23:00	US Construction Spending MoM	Dec	0.60%	0.10%	-0.40%
					-0.60%
02/02/2016 07:00	SK CPI MoM	Jan	0.40%	0.00%	0.30%
02/02/2016 07:00	SK CPI YoY	Jan	1.10%	0.80%	1.30%
02/02/2016 07:50	JN Monetary Base YoY	Jan	--	--	29.50%
02/02/2016 08:00	NZ ANZ Commodity Price	Jan	--	--	-1.80%
02/02/2016 11:30	AU RBA Cash Rate Target	Feb-02	2.00%	--	2.00%
02/02/2016 13:30	IN RBI Cash Reserve Ratio	Feb-02	4.00%	--	4.00%
02/02/2016 13:30	IN RBI Repurchase Rate	Feb-02	6.75%	--	6.75%
02/02/2016 13:30	IN RBI Reverse Repo Rate	Feb-02	5.75%	--	5.75%
02/02/2016 16:30	HK Retail Sales Value YoY	Dec	-4.30%	--	-7.80%
02/02/2016 16:30	HK Retail Sales Volume YoY	Dec	-2.50%	--	-6.00%
02/02/2016 16:55	GE Unemployment Change (000's)	Jan	-8k	--	-14k
02/02/2016 16:55	GE Unemployment Claims Rate SA	Jan	6.30%	--	6.30%
02/02/2016 17:30	UK Markit/CIPS UK Construction PMI	Jan	57.5	--	57.8
02/02/2016 18:00	EC PPI MoM	Dec	-0.60%	--	-0.20%
02/02/2016 18:00	EC Unemployment Rate	Dec	10.50%	--	10.50%
02/02/2016 21:00	SI Purchasing Managers Index	Jan	49.7	--	49.5

Source: Bloomberg

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