

Treasury Advisory
Corporate FX & Structured
Products

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Products

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Highlights

| | |
|--------------------|--|
| Global | <p>After a week of very weak market sentiments and market rout, Friday saw a slight improvement in risk appetite amid a 12% rebound in oil prices and stronger-than-expected US retail sales data. US' retail sales rose 0.2% mom (+3.4% yoy which is the fastest in a year) in Jan, similar to the revised print in Dec, lifted by low gas prices and strong auto sales and suggesting that consumption remained healthy despite the doom and gloom in financial markets, especially equities. This should also help smooth market nerves that 1Q15 GDP growth should rebound from the 4Q15 weakness. This contrasted with Japan's 4Q15 GDP growth which disappointed at -1.4% qoq annualised (-0.4% qoq sa), as weak private consumption (-0.8% qoq) offset higher business spending (+1.4% qoq).</p> <p>With the US markets closed for Presidents' Day holiday, Asia will look to China, whose markets re-open after the Golden Week holidays, for cues on how to trade today. Given PBOC governor Zhou's comments that there is no basis for the CNY to fall further, there will be some attention on how the CNY fixing materialises today. On tap today are China's Jan trade and monetary aggregates data, Thai's 4Q15 GDP growth and S'pore's Dec retail sales. Elsewhere, market speculation is building ahead of the G20 meeting next week that there may be some official jawboning, if not mild hopes of some coordinated action on the FX front given recent volatility. Central bank meetings include BOK (likely unchanged at 1.5% on 16/2) and BI (-25bps to 7% on 17-18/2).</p> |
| US | <p>Retail sales excluding autos rose 0.4% mom, with broad gains across electronics, clothing, general merchandise and miscellaneous retailers, whereas weakness was seen in furniture, department stores and sporting goods. Meanwhile, the University of Michigan sentiments index unexpectedly slid from 92.0 to 90.7 in Feb, as the current conditions gauge fell to its lowest since Nov, albeit the share of households reporting improved financial situation rose to a 6-month high. The expectations gauge also retreated from 82.7 to 81.0, albeit the 1-year and 5-10 year inflation gauges were subdued at 2.5% (unchanged) and 2.4% (down from 2.7% previously) respective. Separately, business inventories rose 0.1% in Dec as expected, up from a revised 0.1% decline in Nov.</p> |
| EZ | <p>Eurozone's advance 4Q15 GDP growth came in at 0.3% qoq sa (+1.5% yoy), driven by Germany (+0.3%) whereas Italy slowed to 0.1% and Greece tipped back into recession (-0.6%). Meanwhile, Dec industrial production also slumped 1% mom in its biggest drop since Aug 2014. Market players are awaiting the 10 Mar ECB meeting for fresh stimulus, with a further 10bp deposit rate cut already priced in, and updated economic forecasts.</p> |
| SG | <p>Dec retail sales, out later today, likely fell 3.8% mom sa (+1.4% yoy) following the Nov print of +1.4% mom sa (+4.7% yoy).</p> |
| Commodities | <p>Some risk-taking after the plummet in oil prices were seen late last week. Crude oil rebounded significantly, likely on short-covering behaviour, after WTI touched its July 2003 low late last week. Elsewhere, base metals also staged a recovery on favourable US labour and mortgage application prints, but more importantly likely in anticipation of strong new Yuan loans and M0 money supply out from China later today.</p> |

Major Market

- **US:** Wall Street recovered on Friday, as bargain hunting emerged in the badly beaten down commodity and banking stocks. The Dow +2.0%, S&P500 +1.95% and Nasdaq +1.66%. VIX -9.74% to 25.40. The UST bond market saw some position unwinding as risk appetite improved, with the 2- and 10-year bond yields higher across the board at 0.71% and 1.75% respectively, in its biggest one-day drop since December. Fed's Dudley said negative rates is "an extraordinarily premature conversation to be having" and "there are a lot of things that we would do long before we would really think about moving to negative interest rates". On the US, he opined that the central bank was "definitely aware of what's going on internationally" and "inflation is probably going to take a little bit longer to get back to our 2 percent objective, everything equal, than maybe what you thought a few months ago", which reinforced market speculation that a rate hike was off the table for March.
- **Singapore:** The STI ended nearly flat at 2539.95 (+0.07%) on Friday, and may continue to stabilise today, given the bounce in Wall Street on Friday and morning rallies in Kospi and Nikkei. The STI's support and resistance are 2500 and 2580 respectively. The SGS bonds are likely to track the UST bonds lower today, but it would be interesting to see if the improved risk sentiments sustain.
- **Indonesia:** Trade numbers for January are due to be published today. Market is expecting exports to continue contracting, but at a milder pace of -15.2%yoy compared to -17.7% the month before. Trade balance is expected to stay in a slight deficit of around USD240mn.
- **Thailand:** GDP growth for 4Q15 and full-year 2015 is slated to be out later this morning, where we expect 4Q15 growth to print 2.1% y/y, bringing full-year growth to a respectable 2.7%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened last Friday, with the shorter-end rates trading 8bps-10bps higher while the longer-end rates trading 12-15bps higher. In the broader dollar space, JACI IG corporates tightened 5bps to 255bps, while the yield on the JACI HY corporates widened 8bps to 8.43%. 10y UST yield increased by 9bps to 1.75%.
- **Rating Changes:** S&P downgraded Baiduri Bank Berhad long term issuer credit rating to "BBB" from "BBB+", reflecting S&P's belief that the Brunei government's ability to support Baiduri Bank has weakened. This is due to Brunei's high dependence on oil and gas, coupled with lower energy prices, which contributed to the sharp increase in Brunei's fiscal deficit in 2015. Outlook is stable. Fitch upgraded Panasonic Corp to "BBB" from "BBB-", reflecting Fitch's expectations of better credit profile due to improved margins and reduced debt. Panasonic's strength in its core product and low exposure to the volatile consumer electronics businesses, lower gross leverage and net cash position have made it more resilient to deteriorating macro conditions. Outlook is stable.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|---------|-----------|----------|---------|-----------|----------|
| DXY | 95.940 | 0.40% | USD-SGD | 1.3980 | 0.60% |
| USD-JPY | 113.250 | 0.74% | EUR-SGD | 1.5735 | -0.01% |
| EUR-USD | 1.1256 | -0.59% | JPY-SGD | 1.2346 | -0.14% |
| AUD-USD | 0.7112 | 0.04% | GBP-SGD | 2.0274 | 0.77% |
| GBP-USD | 1.4503 | 0.18% | AUD-SGD | 0.9940 | 0.61% |
| USD-MYR | 4.1640 | 0.45% | NZD-SGD | 0.9263 | -0.76% |
| USD-CNY | 6.5743 | 0.00% | CHF-SGD | 1.4309 | 0.14% |
| USD-IDR | 13490 | 0.20% | SGD-MYR | 2.9833 | 0.05% |
| USD-VND | 22317 | 0.05% | SGD-CNY | 4.7036 | -0.53% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|-------|---------|---------|-------|-----------|---------|
| 1M | -0.2400 | -0.0010 | O/N | 0.3708 | -0.0007 |
| 2M | -0.2210 | -0.0020 | 1M | 0.4305 | 0.0035 |
| 3M | -0.1830 | -0.0040 | 2M | 0.5161 | 0.0032 |
| 6M | -0.1160 | -0.0040 | 3M | 0.6182 | 0.0010 |
| 9M | -0.0640 | -0.0030 | 6M | 0.8579 | -0.0005 |
| 12M | -0.0090 | -0.0030 | 12M | 1.1156 | -0.0014 |

Eurozone & Russia Update

| | 2Y Bond Ylds (bpschg) | 10Y Bond Ylds (bpschg) | 10Y Bund Spread % |
|----------|-----------------------|------------------------|-------------------|
| Portugal | 1.20 | -1.30 | 3.73 |
| Italy | 0.08 | -4.50 | 1.65 |
| Ireland | -0.24 | 4.30 | 1.04 |
| Greece* | 15.18 | -78.00 | 11.52 |
| Spain | 0.05 | -1.30 | 1.74 |
| Russia^ | 3.72 | -5.70 | 6.02 |

* 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 | 15,973.84 | 313.70 |
| S&P | 1,864.78 | 35.70 |
| Nasdaq | 4,337.51 | 70.70 |
| Nikkei 225 | 14,952.61 | -760.80 |
| STI | 2,539.95 | 1.70 |
| KLCI | 1,643.74 | -0.20 |
| JCI | 4,714.39 | -61.50 |
| Baltic Dry | 291.00 | 1.00 |
| VIX | 25.40 | -2.70 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|-------|--------------|--------------|
| 2Y | 1.00 (+0.03) | 0.71 (+0.06) |
| 5Y | 1.76 (+0.07) | 1.21 (+0.08) |
| 10Y | 2.07 (+0.1) | 1.75 (+0.09) |
| 15Y | 2.46 (+0.09) | -- |
| 20Y | 2.51 (+0.1) | -- |
| 30Y | 2.61 (+0.09) | 2.60 (+0.11) |

Financial Spread (bps)

| | Value | Change |
|-------------|-------|--------|
| LIBOR-OIS | 24.52 | 0.41 |
| EURIBOR-OIS | 13.70 | -0.70 |
| TED | 33.84 | 0.10 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 29.44 | 12.32% | Coffee (per lb) | 1.156 | 2.26% |
| Brent (per barrel) | 33.36 | 10.98% | Cotton (per lb) | 0.5890 | 0.82% |
| Heating Oil (per gallon) | 1.069 | 9.21% | Sugar (per lb) | 0.1315 | 0.61% |
| Gasoline (per gallon) | 1.04 | 10.78% | Orange Juice (per lb) | 1.2980 | -0.12% |
| Natural Gas (per MMBtu) | 1.966 | -1.40% | Cocoa (per mt) | 2,827 | 2.21% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 4,500.0 | 1.24% | Wheat (per bushel) | 4.5750 | -0.16% |
| Nickel (per mt) | 7,790 | 3.02% | Soybean (per bushel) | 8.728 | -0.09% |
| Aluminium (per mt) | 1,498.5 | 1.11% | Corn (per bushel) | 3.5875 | -0.42% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,239.1 | -0.71% | Crude Palm Oil (MYR/MT) | 2,548.0 | 2.33% |
| Silver (per oz) | 15.790 | -0.03% | Rubber (JPY/KG) | 140.0 | -1.55% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 09 Feb 2016

| | Current | Previous | Net Chg | | Current | Previous | Net Chg |
|-------------|----------------|-----------------|----------------|---------------|----------------|-----------------|----------------|
| Gold | 125,386 | 83,865 | 41,521 | Corn | -37,158 | 13,153 | -50,311 |
| Silver | 50,081 | 37,448 | 12,633 | Soybean | -73,254 | -28,517 | -44,737 |
| Copper | -26,852 | -35,470 | 8,618 | Wheat | -96,890 | -66,771 | -30,119 |
| Natural Gas | -189,075 | -196,442 | 7,367 | Cotton | -528 | 27,296 | -27,824 |
| Platinum | 28,924 | 22,230 | 6,694 | Sugar | 84,621 | 104,276 | -19,655 |
| Live Cattle | 20,237 | 14,194 | 6,043 | Nymex Crude | 253,994 | 257,397 | -3,403 |
| Lean Hogs | 37,085 | 31,344 | 5,741 | Cocoa | 21,706 | 22,876 | -1,170 |
| Coffee | -5,773 | -9,333 | 3,560 | Heating Oil | 6,195 | 5,370 | 825 |
| Palladium | 5,563 | 4,058 | 1,505 | RBOB Gasoline | 77,482 | 76,102 | 1,380 |

Source: CFTC

Key Economic Indicators

| Date Time | | Event | | Survey | Actual | Prior | Revised |
|------------------|----|-------------------------------|--------|----------|----------|----------|---------|
| 02/12/2016 05:45 | NZ | Food Prices MoM | Jan | -- | 2.00% | -0.80% | -- |
| 02/12/2016 08:30 | AU | Home Loans MoM | Dec | 3.00% | 2.60% | 1.80% | 1.90% |
| 02/12/2016 08:30 | AU | Owner-Occupier Loan Value MoM | Dec | -- | 0.90% | 2.40% | 2.20% |
| 02/12/2016 13:00 | IN | Local Car Sales | Jan | -- | 168303 | 172671 | -- |
| 02/12/2016 15:00 | GE | CPI MoM | Jan F | -0.80% | -0.80% | -0.80% | -- |
| 02/12/2016 15:00 | GE | CPI YoY | Jan F | 0.50% | 0.50% | 0.50% | -- |
| 02/12/2016 15:00 | GE | GDP SA QoQ | 4Q P | 0.30% | 0.30% | 0.30% | -- |
| 02/12/2016 15:00 | GE | GDP WDA YoY | 4Q P | 1.40% | 1.30% | 1.70% | -- |
| 02/12/2016 15:00 | GE | GDP NSA YoY | 4Q P | 1.70% | 2.10% | 1.80% | 1.70% |
| 02/12/2016 15:30 | TH | Foreign Reserves | Feb-05 | -- | \$163.8b | \$160.1b | -- |
| 02/12/2016 15:45 | FR | Non-Farm Payrolls QoQ | 4Q P | 0.00% | 0.20% | 0.00% | -- |
| 02/12/2016 17:00 | IT | GDP WDA QoQ | 4Q P | 0.30% | 0.10% | 0.20% | -- |
| 02/12/2016 17:00 | IT | GDP WDA YoY | 4Q P | 1.20% | 1.00% | 0.80% | -- |
| 02/12/2016 18:00 | EC | Industrial Production SA MoM | Dec | 0.30% | -1.00% | -0.70% | -0.50% |
| 02/12/2016 18:00 | EC | Industrial Production WDA YoY | Dec | 0.70% | -1.30% | 1.10% | 1.40% |
| 02/12/2016 18:00 | EC | GDP SA QoQ | 4Q A | 0.30% | 0.30% | 0.30% | -- |
| 02/12/2016 18:00 | EC | GDP SA YoY | 4Q A | 1.50% | 1.50% | 1.60% | -- |
| 02/12/2016 20:00 | IN | Industrial Production YoY | Dec | -0.20% | -1.30% | -3.20% | -3.40% |
| 02/12/2016 20:00 | IN | CPI YoY | Jan | 5.40% | 5.69% | 5.61% | -- |
| 02/12/2016 21:30 | US | Import Price Index MoM | Jan | -1.50% | -1.10% | -1.20% | -1.10% |
| 02/12/2016 21:30 | US | Retail Sales Advance MoM | Jan | 0.10% | 0.20% | -0.10% | 0.20% |
| 02/12/2016 21:30 | US | Retail Sales Ex Auto MoM | Jan | 0.00% | 0.10% | -0.10% | 0.10% |
| 02/12/2016 21:30 | US | Retail Sales Ex Auto and Gas | Jan | 0.30% | 0.40% | 0.00% | 0.10% |
| 02/12/2016 23:00 | US | U. of Mich. Sentiment | Feb P | 92.3 | 90.7 | 92 | -- |
| 02/15/2016 07:50 | JN | GDP SA QoQ | 4Q P | -0.20% | -- | 0.30% | -- |
| 02/15/2016 07:50 | JN | GDP Annualized SA QoQ | 4Q P | -0.80% | -- | 1.00% | -- |
| 02/15/2016 07:50 | JN | GDP Nominal SA QoQ | 4Q P | -0.10% | -- | 0.40% | -- |
| 02/15/2016 07:50 | JN | GDP Deflator YoY | 4Q P | 1.60% | -- | 1.80% | -- |
| 02/15/2016 08:01 | UK | Rightmove House Prices MoM | Feb | -- | -- | 0.50% | -- |
| 02/15/2016 08:01 | UK | Rightmove House Prices YoY | Feb | -- | -- | 6.50% | -- |
| 02/15/2016 08:30 | AU | New Motor Vehicle Sales MoM | Jan | -- | -- | -0.50% | -- |
| 02/15/2016 08:30 | AU | New Motor Vehicle Sales YoY | Jan | -- | -- | 2.20% | -- |
| 02/15/2016 10:30 | TH | GDP SA QoQ | 4Q | 0.70% | -- | 1.00% | -- |
| 02/15/2016 10:30 | TH | GDP YoY | 4Q | 2.60% | -- | 2.90% | -- |
| 02/15/2016 12:30 | JN | Industrial Production MoM | Dec F | -- | -- | -1.40% | -- |
| 02/15/2016 12:30 | JN | Industrial Production YoY | Dec F | -- | -- | -1.60% | -- |
| 02/15/2016 12:30 | JN | Capacity Utilization MoM | Dec | -- | -- | -0.10% | -- |
| 02/15/2016 12:30 | JN | Tertiary Industry Index MoM | Dec | -0.10% | -- | -0.80% | -- |
| 02/15/2016 13:00 | SI | Retail Sales SA MoM | Dec | -2.40% | -- | 1.40% | -- |
| 02/15/2016 13:00 | SI | Retail Sales YoY | Dec | 3.50% | -- | 4.70% | -- |
| 02/15/2016 14:30 | IN | Wholesale Prices YoY | Jan | -0.13% | -- | -0.73% | -- |
| 02/15/2016 | CH | Trade Balance | Jan | \$60.60b | -- | \$60.09b | -- |
| 02/15/2016 | CH | Exports YoY | Jan | -1.80% | -- | -1.40% | -- |
| 02/15/2016 | CH | Imports YoY | Jan | -3.60% | -- | -7.60% | -- |
| 02/15/2016 | ID | Trade Balance | Jan | -\$241m | -- | -\$236m | -- |
| 02/15/2016 | ID | Exports YoY | Jan | -15.20% | -- | -17.66% | -- |
| 02/15/2016 | PH | Overseas Remittances YoY | Dec | -0.30% | -- | 3.20% | -- |
| 02/15/2016 | PH | Overseas Workers Remittances | Dec | -- | -- | \$2190m | -- |
| 02/12/2016 02/15 | VN | Domestic Vehicle Sales YoY | Jan | -- | -- | 44.90% | -- |
| 02/12/2016 02/15 | CH | New Yuan Loans CNY | Jan | 1900.0b | -- | 597.8b | -- |
| 02/12/2016 02/15 | CH | Money Supply M2 YoY | Jan | 13.50% | -- | 13.30% | -- |
| 02/12/2016 02/15 | IN | Imports YoY | Jan | -- | -- | -3.90% | -- |
| 02/12/2016 02/15 | IN | Exports YoY | Jan | -- | -- | -14.70% | -- |

Source: Bloomberg

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