

Highlights

| | |
|--------------------|--|
| Global | <p>Equities from Wall Street to those in Europe got a boost from ECB Draghi's comments, while shrugging off the unexpected rise in US initial jobless claims (293k vs previous revised print of 283k). Mario Draghi's statement had hinted that more stimuli is needed to rein in slow growth and falling inflation. Specifically, the ECB president mentioned that "inflation dynamics... (are) weaker than expected" in the EZ, while the "risk to the euro area growth outlook remain on the downside". The central bank kept its rate unchanged and 0.05% and said that it would revisit its policy again in March. Elsewhere, Bank Negara Malaysia kept its overnight rate unchanged at 3.25% but cut its SRR by 50bps to 3.5% in a bid to ensure liquidity in its financial system.</p> <p>For today, market focus will be on the spew of PMI prints in Europe and US with market expecting sustained growth signals (>50 print). Other important data prints will also include US existing home sales, Canada CPI, and Taiwan industrial production later today.</p> |
| FX | <p>With the bounce in the USD-JPY, our 21 Dec 15 idea to be short the pair (spot ref: 121.15) was closed at the designated profit stop of 117.45 on Thursday for an implied +3.06% gain. We however continue to maintain a structural short from 29 Dec 15 (spot ref: 120.25) targeting 113.45.</p> |
| China | <p>Chinese bank net sold CNY568.3 billion foreign currency on behalf of clients in December, up significantly from CNY276.2 billion in November, signaling the return of pressure for capital outflow. The net sale of foreign currency under the capital account reached a record high of US\$43.3 billion. Interesting to highlight, the sale of long dollar forward contract rebounded again to US\$21.5 billion in December despite the high hedging cost after PBoC imposed 20% margin on all long dollar forward position in September. This also suggests the return of RMB depreciation fear in December.</p> |
| Indonesia | <p>Foreign direct investment went up by 3% in 2015, after a significant pick-up in the last quarter of the year. Overall, Indonesia received USD29.3bn of FDI for the year, after a solid intake of USD7.9bn in Q4. The government has renewed its drive to attract more FDI, with talks about a revision of negative investment list by March, which are likely to include an allowance of full foreign ownership in restaurants, film industry and e-commerce operations.</p> |
| Malaysia | <p>Bank Negara Malaysia kept its policy rate unchanged at 3.25%, as widely expected by the market. It did, however, cut the statutory reserve requirement from 4.0% to 3.5%. The move was done to relieve liquidity pressures, which have picked up due to external outflows.</p> |
| Commodities | <p>Crude oil surprisingly rallied despite the stronger-than-expected rise in US crude oil inventories (+3.98 million barrels vs est 2.2 million barrels), suggesting that short-covering behaviour was present yesterday. Gold remained supported at \$1,100/oz. Note that Barrick Gold Corp, the world's largest producer of the gold had lowered its price assumption for the bullion to \$1,000/oz for 2016.</p> |

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Major Market

- **US:** Wall Street took a break from the sell-offs as stocks took a rose overnight – Dow +0.7%, S&P500 +0.5% and Nasdaq +0.1%. VIX -3.26% to 26.69. UST Bond Yield matched Wall Street's rally as bond prices fell with the recovery in crude oil prices drawing investors out of low risk assets. Draghi's announcement of possible stimulus also helped to bolster 2-yield up to 0.84% whilst the 10-year rose to 2.03%.
- **Singapore:** STI continued its downward trend, losing another -1.06% to close at 2532.7 yesterday. Sembcorp Industries was the top loser, falling -4.78% on closing. Real Estate Management companies Hongkong Land Holdings, Global Logistics Properties and City Development Limited matched Sembcorp's decline to fall by -4.67%, -3.31% and -2.74% respectively. Despite the decline, STI was supported by Noble who showed a 3.7% increase as oil prices improved to come out as yesterday's top performer.
- **China:** Pressure for capital outflows returned in December according to the sale and purchase of FX data by SAFE. The net sale of foreign currency under the capital account reached a record high of US\$43.3 billion in December.
- Chinese central bank continued to inject the liquidity via open market operation and short term monetary tools such as, SLO, SLF and MLF to meet huge liquidity demand ahead of Chinese New Year holiday. Week to date, PBoC has net injected CNY1.3 trillion. However, it is still reluctant to cut RRR due to concerns on the negative impact on currency, which has been the epicenter of recent market volatility.
- **Macau:** Macau CPI inflation slowed for the seventh straight month to a 5-year low of 3.73% in December due to slower price growth of Food & Non-Alcoholic Beverages and Housing & Fuels, reduction in charges for package tours as well as multi-year low oil prices.
- **Hong Kong:** HK headline CPI inflation increased from 2.4% to 2.5% in December due to the uptick in prices of fresh vegetables. For 2015 as a whole, underlying inflation edged down from 3.5% to 2.5%, reflecting easing in inflation for 4 consecutive years. Looking forward, we expect the upside risk of HK inflation to be limited this year given slump in commodity and energy prices as well as a dampened consumption sentiment amid HK economic downturn.

Bond Market Updates

- **Market Commentary:** SGD swap rates increased by 2bps-4bps across the curve yesterday. In the broader dollar space, JACI IG corporates spread widened by 3bps to 240bps while the yield on the JACI HY corporates increased by 13bps to 8.28%. 10y UST yield increased by 5bps to 2.03%.
- **New Issues:** KEB Hana Bank priced a USD300mn 5-year bond at CT5+113bps, tightening from a guidance of CT5+125bps. Xinyuan Real Estate is planning a consent solicitation for its USD200mn 18s and 19s.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 99.056 | -0.04% | USD-SGD | 1.4323 | -0.38% |
| USD-JPY | 117.700 | 0.65% | EUR-SGD | 1.5575 | -0.50% |
| EUR-USD | 1.0874 | -0.15% | JPY-SGD | 1.2168 | -1.02% |
| AUD-USD | 0.6999 | 1.32% | GBP-SGD | 2.0370 | -0.16% |
| GBP-USD | 1.4221 | 0.20% | AUD-SGD | 1.0024 | 0.94% |
| USD-MYR | 4.3815 | -0.31% | NZD-SGD | 0.9353 | 1.17% |
| USD-CNY | 6.5800 | 0.02% | CHF-SGD | 1.4215 | -0.72% |
| USD-IDR | 13907 | -0.41% | SGD-MYR | 3.0465 | -0.11% |
| USD-VND | 22400 | -0.09% | SGD-CNY | 4.5789 | 0.14% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.2250 | -- | O/N | 0.3655 | -- |
| 2M | -0.1830 | -- | 1M | 0.4253 | -- |
| 3M | -0.1440 | -- | 2M | 0.5148 | -- |
| 6M | -0.0610 | -- | 3M | 0.6213 | -- |
| 9M | -0.0130 | -- | 6M | 0.8533 | -- |
| 12M | 0.0450 | -- | 12M | 1.1405 | -- |

Eurozone & Russia Update

| | 2Y Bond Ylds (bpschg) | | 10Y Bond Ylds (bpschg) | | 10Y Bund Spread % |
|-----------------|-----------------------|--------|------------------------|--------|-------------------|
| Portugal | 0.38 | 21.40 | 3.10 | 16.90 | 2.64 |
| Italy | 0.02 | -3.80 | 1.56 | -8.70 | 1.11 |
| Ireland | -0.31 | -2.10 | 1.07 | -3.10 | 0.62 |
| Greece* | 15.31 | 232.10 | 10.03 | -11.80 | 9.58 |
| Spain | 0.00 | -0.90 | 1.72 | -6.20 | 1.27 |
| Russia^ | 4.31 | -0.70 | 6.36 | 5.30 | 5.91 |

* 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 | 15,882.68 | 115.90 |
| S&P | 1,868.99 | 9.70 |
| Nasdaq | 4,472.06 | 0.40 |
| Nikkei 225 | 16,017.26 | -398.90 |
| STI | 2,532.70 | -27.10 |
| KLCI | 1,600.92 | -17.90 |
| JCI | 4,414.13 | -13.90 |
| Baltic Dry | 355.00 | -3.00 |
| VIX | 26.69 | -0.90 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.12 (-0.02) | 0.83 (+0.01) |
| 5Y | 1.82 (-0.04) | 1.44 (+0.03) |
| 10Y | 2.34 (-0.04) | 2.03 (+0.05) |
| 15Y | 2.69 (-0.02) | -- |
| 20Y | 2.71 (-0.02) | -- |
| 30Y | 2.80 (-0.02) | 2.81 (+0.06) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 24.33 | 0.10 |
| EURIBOR-OIS | 14.20 | 1.40 |
| TED | 33.88 | -2.31 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 29.53 | 11.22% | Coffee (per lb) | 1.144 | 2.51% |
| Brent (per barrel) | 29.25 | 4.91% | Cotton (per lb) | 0.6209 | 0.19% |
| Heating Oil (per gallon) | 0.898 | 3.67% | Sugar (per lb) | 0.1445 | 1.90% |
| Gasoline (per gallon) | 1.03 | 1.33% | Orange Juice (per lb) | 1.2070 | 0.54% |
| Natural Gas (per MMBtu) | 2.138 | 0.94% | Cocoa (per mt) | 2,855 | 1.60% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 4,430.0 | 1.63% | Wheat (per bushel) | 4.7500 | 0.74% |
| Nickel (per mt) | 8,724 | 2.24% | Soybean (per bushel) | 8.785 | 0.51% |
| Aluminium (per mt) | 1,486.0 | 1.19% | Corn (per bushel) | 3.6700 | -0.47% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,098.2 | -0.72% | Crude Palm Oil (MYR/MT) | 2,349.0 | -0.38% |
| Silver (per oz) | 14.094 | -0.47% | Rubber (JPY/KG) | 146.3 | 0.00% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

| Date Time | Event | Survey | Actual | Prior | Revised | |
|-------------------------|---|---------------|---------------|---------------|-----------------|--------------|
| 01/21/2016 05:30 | NZ BusinessNZ Manufacturing PMI | Dec | -- | 56.7 | 54.7 | 54.9 |
| 01/21/2016 07:50 | JN Japan Buying Foreign Stocks | Jan-15 | -- | ¥215.3b | ¥198.9b | -- |
| 01/21/2016 07:50 | JN Foreign Buying Japan Stocks | Jan-15 | -- | -¥358.3b | -¥746.5b | -¥746.4b |
| 01/21/2016 08:00 | AU Consumer Inflation Expectation | Jan | -- | 3.60% | 4.00% | -- |
| 01/21/2016 08:00 | AU HIA New Home Sales MoM | Nov | -- | -2.70% | -3.00% | -- |
| 01/21/2016 08:01 | UK RICS House Price Balance | Dec | 50% | 50% | 49% | -- |
| 01/21/2016 08:30 | AU RBA FX Transactions Market | Dec | -- | 1175m | 485m | -- |
| 01/21/2016 12:30 | JN All Industry Activity Index MoM | Nov | -0.70% | -1.00% | 1.00% | 0.90% |
| 01/21/2016 15:45 | FR Manufacturing Confidence | Jan | 103 | 102 | 103 | 102 |
| 01/21/2016 16:30 | HK CPI Composite YoY | Dec | 2.40% | 2.50% | 2.40% | -- |
| 01/21/2016 18:00 | MA BNM Overnight Policy Rate | Jan-21 | 3.25% | 3.25% | 3.25% | -- |
| 01/21/2016 18:23 | MU CPI Composite YoY | Dec | -- | 3.73% | 3.77% | -- |
| 01/21/2016 20:45 | EC ECB Main Refinancing Rate | Jan-21 | 0.05% | 0.05% | 0.05% | -- |
| 01/21/2016 20:45 | EC ECB Deposit Facility Rate | Jan-21 | -0.30% | -0.30% | -0.30% | -- |
| 01/21/2016 20:45 | EC ECB Marginal Lending Facility | Jan-21 | 0.30% | 0.30% | 0.30% | -- |
| 01/21/2016 21:30 | US Philadelphia Fed Business Outlook | Jan | -5.9 | -3.5 | -5.9 | -10.2 |
| 01/21/2016 21:30 | US Initial Jobless Claims | Jan-16 | 278k | 293k | 284k | 283k |
| 01/21/2016 21:30 | US Continuing Claims | Jan-09 | 2247k | 2208k | 2263k | 2264k |
| 01/21/2016 22:45 | US Bloomberg Economic Expectations | Jan | -- | 47 | 43.5 | -- |
| 01/21/2016 22:45 | US Bloomberg Consumer Comfort | Jan-17 | -- | 44 | 44.4 | -- |
| 01/21/2016 23:00 | EC Consumer Confidence | Jan A | -5.7 | -6.3 | -5.7 | -- |
| 01/22/2016 08:30 | TA Unemployment Rate | Dec | 3.85% | -- | 3.84% | -- |
| 01/22/2016 10:00 | JN Nikkei Japan PMI Mfg | Jan P | 52.8 | -- | 52.6 | -- |
| 01/22/2016 15:30 | TH Foreign Reserves | Jan-15 | -- | -- | \$157.5b | -- |
| 01/22/2016 16:00 | TA Industrial Production YoY | Dec | -5.60% | -- | -4.94% | -- |
| 01/22/2016 16:00 | FR Markit France Manufacturing PMI | Jan P | 51.3 | -- | 51.4 | -- |
| 01/22/2016 16:00 | FR Markit France Services PMI | Jan P | 50.1 | -- | 49.8 | -- |
| 01/22/2016 16:00 | FR Markit France Composite PMI | Jan P | 50.3 | -- | 50.1 | -- |
| 01/22/2016 16:30 | GE Manufacturing PMI | Jan P | 53 | -- | 53.2 | -- |
| 01/22/2016 16:30 | GE Markit Germany Services PMI | Jan P | 55.5 | -- | 56 | -- |
| 01/22/2016 16:30 | GE Markit/BME Germany Composite PMI | Jan P | 55.1 | -- | 55.5 | -- |
| 01/22/2016 16:30 | Markit Eurozone Manufacturing PMI | Jan P | 53 | -- | 53.2 | -- |
| 01/22/2016 17:00 | EC Markit Eurozone Services PMI | Jan P | 54.2 | -- | 54.2 | -- |
| 01/22/2016 17:00 | EC Markit Eurozone Composite PMI | Jan P | 54.1 | -- | 54.3 | -- |
| 01/22/2016 17:30 | UK Retail Sales Ex Auto Fuel MoM | Dec | -0.30% | -- | 1.70% | -- |
| 01/22/2016 17:30 | UK Retail Sales Ex Auto Fuel YoY | Dec | 3.50% | -- | 3.90% | -- |
| 01/22/2016 17:30 | UK Retail Sales Inc Auto Fuel MoM | Dec | -0.30% | -- | 1.70% | -- |
| 01/22/2016 17:30 | UK Retail Sales Inc Auto Fuel YoY | Dec | 4.40% | -- | 5.00% | -- |
| 01/22/2016 17:30 | UK Public Finances (PSNCR) | Dec | -- | -- | 5.4b | -- |
| 01/22/2016 17:30 | UK Public Sector Net Borrowing | Dec | 10.0b | -- | 13.6b | -- |
| 01/22/2016 17:30 | UK PSNB ex Banking Groups | Dec | 10.5b | -- | 14.2b | -- |
| 01/22/2016 18:00 | MA Foreign Reserves | Jan-15 | -- | -- | \$95.3b | -- |
| 01/22/2016 21:30 | US Chicago Fed Nat Activity Index | Dec | -0.15 | -- | -0.3 | -- |
| 01/22/2016 21:30 | CA Retail Sales MoM | Nov | 0.20% | -- | 0.10% | -- |
| 01/22/2016 21:30 | CA Retail Sales Ex Auto MoM | Nov | 0.40% | -- | 0.00% | -- |
| 01/22/2016 21:30 | CA CPI NSA MoM | Dec | -0.40% | -- | -0.10% | -- |
| 01/22/2016 21:30 | CA CPI YoY | Dec | 1.70% | -- | 1.40% | -- |
| 01/22/2016 21:30 | CA CPI Core MoM | Dec | -0.30% | -- | -0.30% | -- |
| 01/22/2016 21:30 | CA CPI Core YoY | Dec | 2.00% | -- | 2.00% | -- |
| 01/22/2016 22:45 | US Markit US Manufacturing PMI | Jan P | 51 | -- | 51.2 | -- |
| 01/22/2016 23:00 | US Existing Home Sales | Dec | 5.20m | -- | 4.76m | -- |
| 01/22/2016 23:00 | US Existing Home Sales MoM | Dec | 9.20% | -- | -10.50% | -- |
| 01/22/2016 23:00 | US Leading Index | Dec | -0.20% | -- | 0.40% | -- |
| 01/22/2016 | MU Visitor Arrivals | Dec | -- | -- | 2589t | -- |

Source: Bloomberg

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