

Treasury Advisory
Corporate FX & Structured
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Products

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Highlights

Global	As short-covering interest emerged on Friday amid recent hints by ECB and BOJ that more monetary policy stimulus may be on tap in the near future, both equity and commodity markets staged a rebound. Inclement weather in the US also added to the ascent of crude oil prices. A Xinhua news commentary also suggested huge losses for “radical” speculators who try to short sell the CNY and opined that policymakers have sufficient resources and policy tools to keep the economic situation under control. Key data on tap today include US’ Dallas Fed manufacturing activity index, German IFO business climate and S’pore’s December CPI. For this week, market focus will be on FOMC (likely no change on 28 January but the statement will be carefully parsed for any hints as to the future inclination for the March meeting given the recent crude oil price slump and weaker 4Q GDP advance reading coming up on Friday) and RBNZ (also likely static on 28 January).
US	Existing home sales rose more than expected by 14.7% mom in December to 5.46m, while the leading index slipped 0.2% as expected. Meanwhile, the Markit manufacturing PMI also advanced more than anticipated from 51.2 to 52.7 in January.
JP	The annual trade deficit narrowed nearly 80% from a record as oil import costs and a cheaper JPY fuelled exports, as the Dec printed a surplus of JPY140.2b.
S’pore	Headline CPI and core inflation may print at -0.8% yoy (-0.2% mom nsa) and +0.2% yoy respectively given the softening crude oil prices and domestic asset prices at the end of 2015. This is compared to the November prints of -0.8% yoy (+0.2% mom nsa) and +0.2% yoy.
Hong Kong	As market sentiment improved after Draghi’s dovish statement, Hang Seng Index rebounded markedly from the lowest since mid-2012 by 2.9% to 19080.51. HKD also moved back to the strong side and stabilized around 7.7900 during the afternoon trading session in Hong Kong.
Macau	Macau visitor arrivals rose at the fastest pace since last February by 3.7% yoy to 2,634,098 in December, reinforcing our view that November’s sharp decline was transitory. In 2015, visitor arrivals decreased at a slower pace by 2.6% yoy to 30,714,628. Looking forward, a wave of new hotel openings next year is expected to further improve the appeal of Macau to visitors from all over the world.
Indonesia	The second largest party in Indonesia’s parliament, Golkar, has reportedly said that it will be supporting Jokowi’s government. The party controls around 15% of total seats in the parliament. Its support could potentially offer Jokowi more room to push through legislations.
Commodities	The spew of positive economic indicators from Europe and US PMI (>50) and US better-than-expected existing home sales lifted risk taking appetite and risk-related commodities like energy and copper. Importantly, WTI and Brent saw its biggest two-day rally in seven years, and rose to \$32.19/bbl (+9.0%) and \$32.18/bbl (+10.0%) respectively. Consequently, the relative improvement in risk taking appetite had dragged gold prices lower to \$1,096/oz.

Major Market

- **US:** Wall Street rebounded on Friday, with the Dow +1.33%, S&P500 +2.03% and Nasdaq +2.66%. VIX -16.30% to 22.34. The UST bond market saw a pull-back as safe haven bids ebbed, with the 2- and 10-year bond yields at 0.87% and 2.055% respectively. There are auctions for US\$26b 2-year on 27 Jan, US\$15b 2-year floating rate notes and US\$35b 5-year notes on 28 Jan, and US\$29b 7-year notes on 29 Jan.
- **Singapore:** The STI jumped 1.75% to close at 2577.09 on Friday, taking the cue from the more buoyant Asian bourse. For today, given positive cues from Wall Street on Friday, and morning gains from Kospi. The STI's support and resistance are tipped at 2550 and 2600 respectively today. Expect the SGS bond market to retreat given the uplift in global risk appetite and ahead of the upcoming \$2.1b 5-year SGS bond re-opening on 27 Jan.
- **China:** Shanghai's deputy mayor Yang Xiong said recently that the government will still promote the trial of capital account liberalization, such as QDII2, in Shanghai Free Trade this year despite recent tightening control on capital outflows amid rising RMB volatility.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull steepened last Friday, where the short-end rates traded 2bps-3bps lower while the belly-to-longer-end rates traded 1bp-2bps lower. In the broader dollar space, JACI IG corporates spread tightened by 2bps to 237bps while the yield on the JACI HY corporates decreased by 1bp to 8.27%. 10y UST increased by 2bps to 2.05%.
- **New Issues:** The Housing Development Board of Singapore priced a SGD1bn 7-year bond at 2.5%.
- **Rating Changes:** Moody's reviews Chinese energy companies for downgrade, having placed the ratings of three Chinese Exploration and Production and oilfield services companies on review for downgrade. They are namely, China Oilfield Services Ltd, Hilong Holding Ltd and CITIC Resources Holdings Ltd. Moody's cited their view that oil prices may recover much more slowly over the medium term, and there might still be a risk that prices might fall further following a review of their oil price assumption. This will result in these companies facing a much lower cash flow. Moody's also placed the ratings on seven south and south east Asian upstream and integrated oil and gas companies on review for downgrade for the same reasons with the weaker industry conditions having the potential to lead to rating changes as a result of the review (Moody's, Bloomberg).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.574	0.52%	USD-SGD	1.4299	-0.17%
USD-JPY	118.780	0.92%	EUR-SGD	1.5437	-0.89%
EUR-USD	1.0796	-0.72%	JPY-SGD	1.2038	-1.07%
AUD-USD	0.7002	0.04%	GBP-SGD	2.0397	0.13%
GBP-USD	1.4265	0.31%	AUD-SGD	1.0013	-0.11%
USD-MYR	4.2928	-2.02%	NZD-SGD	0.9280	-0.78%
USD-CNY	6.5788	-0.02%	CHF-SGD	1.4072	-1.01%
USD-IDR	13845	-0.45%	SGD-MYR	3.0103	-1.19%
USD-VND	22395	-0.02%	SGD-CNY	4.6065	0.60%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2310	-0.0010	O/N	0.3659	0.0001
2M	-0.1910	-0.0030	1M	0.4255	-0.0010
3M	-0.1520	-0.0060	2M	0.5185	0.0017
6M	-0.0740	-0.0090	3M	0.6191	0.0005
9M	-0.0240	-0.0100	6M	0.8650	0.0072
12M	0.0320	-0.0100	12M	1.1560	0.0123

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
Portugal	0.39	0.50	3.04	-6.00	2.55
Italy	0.00	-1.10	1.57	1.10	1.09
Ireland	-0.31	0.00	1.07	0.10	0.58
Greece*	13.65	-166.50	9.22	-81.50	8.73
Spain	-0.01	-0.60	1.73	0.80	1.25
Russia^	4.01	-30.30	6.07	-29.50	5.58

* 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	16,093.51	210.80
S&P	1,906.90	37.90
Nasdaq	4,591.18	119.10
Nikkei 225	16,958.53	941.30
STI	2,577.09	44.40
KLCI	1,625.21	24.30
JCI	4,456.74	42.60
Baltic Dry	354.00	-1.00
VIX	22.34	-4.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.12 (--)	0.87 (+0.04)
5Y	1.83 (--)	1.48 (+0.04)
10Y	2.36 (+0.02)	2.05 (+0.02)
15Y	2.70 (+0.01)	--
20Y	2.72 (+0.01)	--
30Y	2.81 (+0.01)	2.82 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.91	-0.47
EURIBOR-OIS	13.10	-0.90
TED	32.41	-1.47

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	32.19	9.01%	Coffee (per lb)	1.160	1.40%
Brent (per barrel)	32.18	10.02%	Cotton (per lb)	0.6245	0.58%
Heating Oil (per gallon)	0.996	10.94%	Sugar (per lb)	0.1442	-0.21%
Gasoline (per gallon)	1.08	5.10%	Orange Juice (per lb)	1.2165	0.79%
Natural Gas (per MMBtu)	2.139	0.05%	Cocoa (per mt)	2,872	0.60%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,443.0	0.29%	Wheat (per bushel)	4.7550	0.11%
Nickel (per mt)	8,686	-0.44%	Soybean (per bushel)	8.765	-0.23%
Aluminium (per mt)	1,484.8	-0.08%	Corn (per bushel)	3.7025	0.89%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,096.3	-0.17%	Crude Palm Oil (MYR/MT)	2,382.0	1.40%
Silver (per oz)	14.057	-0.26%	Rubber (JPY/KG)	150.1	2.60%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 19 Jan 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	229,835	195,086	34,749	Heating Oil	-279	5,588	-5,867
Soybean	-29,003	-61,606	32,603	Cocoa	30,723	35,137	-4,414
Corn	-83,121	-112,275	29,154	Coffee	-22,661	-18,749	-3,912
Sugar	205,946	180,571	25,375	Platinum	20,564	22,875	-2,311
Silver	27,878	21,451	6,427	Copper	-43,303	-41,856	-1,447
Cotton	35,360	30,060	5,300	Gold	47,072	48,247	-1,175
RBOB Gasoline	75,563	70,567	4,996	Live Cattle	18,703	19,566	-863
Natural Gas	-177,943	-181,284	3,341	Palladium	5,200	3,924	1,276
Lean Hogs	15,663	12,362	3,301	Wheat	-87,189	-88,765	1,576

Source: CFTC

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
01/22/2016 08:30	TA Unemployment Rate	Dec 3.85%	3.88%	3.84%	--
01/22/2016 10:00	JN Nikkei Japan PMI Mfg	Jan P 52.8	52.4	52.6	--
01/22/2016 12:42	MU Visitor Arrivals	Dec --	2634t	2589t	--
01/22/2016 15:30	TH Foreign Reserves	Jan-15 --	\$158.0b	\$157.5b	--
01/22/2016 16:00	TA Industrial Production YoY	Dec -5.60%	-6.17%	-4.94%	-4.85%
01/22/2016 16:00	FR Markit France Manufacturing PMI	Jan P 51.3	50	51.4	--
01/22/2016 16:00	FR Markit France Services PMI	Jan P 50.1	50.6	49.8	--
01/22/2016 16:00	FR Markit France Composite PMI	Jan P 50.3	50.5	50.1	--
	Markit/BME Germany				
01/22/2016 16:30	GE Manufacturing PMI	Jan P 53	52.1	53.2	--
01/22/2016 16:30	GE Markit Germany Services PMI	Jan P 55.5	55.4	56	--
01/22/2016 16:30	GE Markit/BME Germany Composite PMI	Jan P 55.1	54.5	55.5	--
	Markit Eurozone Manufacturing				
01/22/2016 17:00	EC PMI	Jan P 53	52.3	53.2	--
01/22/2016 17:00	EC Markit Eurozone Services PMI	Jan P 54.2	53.6	54.2	--
01/22/2016 17:00	EC Markit Eurozone Composite PMI	Jan P 54.1	53.5	54.3	--
01/22/2016 17:30	UK Retail Sales Ex Auto Fuel YoY	Dec 3.50%	2.10%	3.90%	3.40%
01/22/2016 17:30	UK Retail Sales Inc Auto Fuel YoY	Dec 4.40%	2.60%	5.00%	4.50%
01/22/2016 17:30	UK PSNB ex Banking Groups	Dec 10.5b	7.5b	14.2b	13.5b
01/22/2016 18:00	MA Foreign Reserves	Jan-15 --	\$95.1b	\$95.3b	--
01/22/2016 21:30	US Chicago Fed Nat Activity Index	Dec -0.15	-0.22	-0.3	-0.36
01/22/2016 21:30	CA Retail Sales MoM	Nov 0.20%	1.70%	0.10%	--
01/22/2016 21:30	CA Retail Sales Ex Auto MoM	Nov 0.40%	1.10%	0.00%	--
01/22/2016 21:30	CA CPI YoY	Dec 1.70%	1.60%	1.40%	--
01/22/2016 21:30	CA CPI Core MoM	Dec -0.30%	-0.40%	-0.30%	--
01/22/2016 21:30	CA CPI Core YoY	Dec 2.00%	1.90%	2.00%	--
01/22/2016 22:45	US Markit US Manufacturing PMI	Jan P 51	52.7	51.2	--
01/22/2016 23:00	US Existing Home Sales	Dec 5.20m	5.46m	4.76m	--
01/22/2016 23:00	US Leading Index	Dec -0.20%	-0.20%	0.40%	0.50%
01/24/2016 10:19	VN CPI YoY	Jan 0.80%	0.80%	0.60%	--
01/25/2016 07:50	JN Trade Balance	Dec ¥117.0b	--	¥379.7b	¥381.3b
01/25/2016 07:50	JN Trade Balance Adjusted	Dec ¥84.2b	--	¥3.3b	--
01/25/2016 08:30	AU NAB Business Conditions	Dec --	--	10	--
01/25/2016 08:30	AU NAB Business Confidence	Dec --	--	5	--
01/25/2016 13:00	SI CPI NSA MoM	Dec -0.20%	--	0.20%	--
01/25/2016 13:00	SI CPI YoY	Dec -0.70%	--	-0.80%	--
01/25/2016 13:00	JN Leading Index CI	Nov F --	--	103.9	--
01/25/2016 17:00	GE IFO Business Climate	Jan 108.4	--	108.7	--
01/25/2016 17:00	GE IFO Current Assessment	Jan 112.6	--	112.8	--
01/25/2016 17:00	GE IFO Expectations	Jan 104.1	--	104.7	--
01/25/2016 17:00	IT Industrial Orders MoM	Nov --	--	4.60%	--
01/25/2016 18:00	IT Retail Sales YoY	Nov --	--	1.80%	--
01/25/2016 18:00	IT Retail Sales MoM	Nov 0.50%	--	-0.30%	--

Source: Bloomberg

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