

**Treasury Advisory**  
**Corporate FX & Structured**  
**Products**

Tel: 6349-1888 / 1881

**Interest Rate Derivatives**

Tel: 6349-1899

**Investments & Structured**  
**Products**

Tel: 6349-1886

**GT Institutional Sales**

Tel: 6349-1810

**Highlights**

Global	<p>US' durable goods orders surged 4.9% in Jan, the most since Mar, after falling 4.6% in Dec15 and providing market with some relief on the manufacturing front after the earlier services disappointment. Notably, capital goods orders rose 3.9% after a 3.7% dip in Dec, suggesting the recovery was broad-based beyond the aircraft. This should alleviate some concerns that 1Q16 GDP growth could be very soft.</p> <p>Market expectations for concrete action from the G20 meeting has been dampened somewhat. For the economic data calendar, key to watch include US' Jan personal income and spending, core PCE and University of Michigan sentiments, Eurozone's consumer confidence, German Feb CPI, France's 4Q15 GDP growth and S'pore's Jan industrial production.</p>
US	<p>Fed's Bullard opined that Brexit is not a risk for the US economy. Meanwhile, initial jobless claims climbed 10k from a 3-month low to 272k, likely attributable to the Presidents' Day holiday, whereas the four-week moving average fell to 272k (lowest since mid-Dec). The number of continuing claims fell 19k to 2.25m. Separately, the FHFA house price index rose less than expected by 0.4% in Dec, down from an upwardly revised +0.6% gain.</p>
EZ	<p>CPI fell 1.4% mom (+0.3% yoy) in Jan, with core CPI unchanged at 1.0%. Coupled with ECB's Weidmann's earlier comments that it is "clear that the current price developments warrant a thorough monetary-policy debate", there will be greater scrutiny of the upcoming ECB meeting in Mar.</p>
UK	<p>4Q15 GDP growth was in line with market expectations at +0.5% qoq (+1.9% yoy), as both private consumption and government spending eased slightly to +0.7% qoq (previously +0.8%) and +0.5% qoq (previously +0.6%) respectively, whilst the drag came from gross fixed capital formation that unexpectedly continued to shrink by 0.1% qoq and this throws the spotlight on the potential Brexit implications on business confidence for 1H16.</p> <p>BOE governor Carney also warned that the global economy "risks becoming trapped in a low growth, low inflation, low interest-rate equilibrium: and while central banks are not out of monetary ammunition, the firepower must be well aimed and G20 needs to urgently implement supply-side policies."</p>
S'pore	<p>The 30-year SGS bond fetched a bid-cover ratio of 1.57x (lower than the 1.7-1.8x average for the last two 30-year bond auctions) with an average yield of 2.64% and a long tail of 23bps. Jan industrial production fell 6.6% yoy (-1.7% mom sa), extending Dec's poor performance of -7.9% yoy (+2.0% mom sa).</p>
China	<p>China's Finance Minister Lou Jiwei denied market speculation that there will be new Plaza Accord to intervene in the currency market by global major powers ahead of G20 meeting today in Shanghai. Meanwhile, a proposal to devalue the RMB is also not on the agenda according to him. Instead, China's deputy Finance Minister Zhu Guangyao said there is still room for China to increase its fiscal deficit this year from 2.3% in 2015. The coordinated fiscal stimulus is likely to be the focus of this G20 meeting. Meanwhile, China's deputy central bank governor Yi Gang reiterated that the RMB will be determined by basket of currencies and not just the dollar.</p>
CMDs	<p>Crude oil rallied further with WTI and Brent closing \$33.07/bbl (+2.9%) and \$35.29/bbl (+2.6%) respectively likely on some risk-taking behaviour following optimistic US durable goods orders and on-expectation labour prints.</p>

## Major Market

- **US:** Wall Street extended gains yesterday, leveraging on the oil price rally, with the Dow +1.29%, S&P500 +1.13% and Nasdaq +0.87%. VIX -7.77% to 19.11. Notwithstanding better risk appetite for stocks, the UST bond market still rose with the 2- and 10-year bond yields at 0.73% and 1.71% respectively, as a delayed US\$28b 7-year auction close due to technical issues prompted short-covering.
- **Singapore:** The STI sustained losses by 0.63% to close at 2603.40 yesterday. Given the overnight bounce in Wall Street but mixed morning cues from Nikkei and Kospi, the STI could consolidate between the 3600 support and the 2650 resistance today. SGS bonds are likely to be side-lined ahead of the \$2b. Moody's said that oil and gas exposures of the three Singapore banks are credit negative as they represent a significant 13-25% of Tier 1 capital equity. Moody's noted that "all three banks reported higher nonperforming loans in 2015 as the rout in oil prices has negatively affected domestic loans, while regional macroeconomic headwinds, particularly in Indonesia and Greater China, have hurt foreign loans.
- **Japan:** Finance minister Aso has said that the current economic fundamentals are not so bad as to justify discussing extra fiscal stimulus.
- **Hong Kong:** Export value continued to contract to -3.8% yoy in January as compared to December's -1.1% print amid a global economic slowdown. However, as the trade data was distorted by the Lunar New Year, February's figure would be a more telling indicator if we are to judge the condition of HK's trade. Meanwhile, import value dipped by 9% yoy in January to HK\$ 317.4 billion, falling for the twelfth consecutive month. Exports to major markets continued to remain weak with the value of exports to China dropping by 7.9% yoy. However, China's import from HK skyrocketed by 108.5% yoy after jumping 64.5% yoy in the previous month. This mismatch reinforces market views that capital flew out of China due to the leveraging of fake invoicing activities last month amid market's angst over the depreciating RMB. Meanwhile, exports to other major trade partners continue to remain muted with exports to US and Germany plunging 1.1% yoy and 1.0% yoy respectively. Looking forward, we expect trade growth to lag in the coming months due to the global economic slowdown.
- **Macau:** Visitor arrivals dropped by 0.8% yoy to 2,445,876 in January. Notably, after several new hotels opened since late last May, adding hotel rate cuts amid fiercer competition, Macau's tourism sector has witnessed gradual structural changes with overnight visitors increasing for the sixth straight month, up by 5.3% yoy in January. Also, share of overnight inbound tourists averaged at 48% in 2H 2015, up from the average of 44.9% in 1H 2015. This trend is expected to sustain through 2016, especially after the completion of a fresh wave of hotel projects.
- **Indonesia:** Parliament has reportedly dropped a request for an investigative audit of Bank Indonesia. There were talks about how the parliament was looking into a potential audit of the central bank, for the decline in foreign reserves in defending the Rupiah.
- **Thailand:** The contraction in custom exports deepened significantly in January to its lowest since Nov 2011. Exports fell 8.91% y/y, dragged by falling oil prices and low agricultural and food prices. By destination, exports to Japan fell the most (-10.1%), following US (-8.5%) and China (-6.1%).

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened slightly yesterday, with the short-end rates trading 0.5bp-1bp lower while the long-end rates traded 1bp-2bps higher. In the broader dollar space, spread on JACI IG corporates was level at 252bps, while the yield on the JACI HY corporates increased by 3bps to 8.32%. The 10y UST yield fell by 3bps to 1.72%.
- **New Issues:** CapitalLand Mall Trust issued SGD100mn in 10-year debt at 3.50% while Mapletree Industrial Trust sold SGD60mn in 10-year notes at 3.79%.
- **Rating Changes:** S&P upgraded Hyundai Steel Co to “BBB” from “BBB-”, as the agency expects Hyundai Steel to maintain its much improved competitive position given the completion of its major investments in the upstream and downstream steel segments. Outlook is stable. Moody’s downgraded Parkson Retail Group to “B2” from “Ba3”, as Parkson has failed to arrest the decline in revenues and profitability, which has in turn weakened Parkson’s financial profile to a level that matches its single-B rated peers. Outlook is negative. Moody’s downgraded Golden Eagle Retail Group to “Ba3” from “Ba1”. The downgrade and outlook change reflects Golden Eagle’s increase in debt leverage as it takes on property development projects from its acquisition of the Nanjing Global Era Group. Outlook is negative. Moody’s withdrew rating for Frontier Real Estate Investment Corp. Frontier previous was awarded an issuer rating of “A2” by Moody’s. Moody’s placed the government of Papua New Guinea’s local currency and foreign currency issuer rating on review for downgrade. The review is driven by the impact of the further fall in oil prices on government revenue, fiscal deficits and rising debt; and a likely structural shift to lower economic growth given the increasingly uncertain outlook for commodity-related investments.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.287	-0.18%	USD-SGD	1.4019	-0.25%
USD-JPY	113.000	0.73%	EUR-SGD	1.5447	-0.21%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2408	-0.97%
AUD-USD	0.7236	0.56%	GBP-SGD	1.9573	-0.01%
GBP-USD	1.3962	0.25%	AUD-SGD	1.0146	0.32%
USD-MYR	4.2245	0.01%	NZD-SGD	0.9424	0.71%
USD-CNY	6.5335	0.03%	CHF-SGD	1.4156	-0.41%
USD-IDR	13413	0.01%	SGD-MYR	3.0090	0.39%
USD-VND	22325	-0.22%	SGD-CNY	4.6575	0.37%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2620	--	O/N	0.3715	--
2M	-0.2320	--	1M	0.4338	--
3M	-0.2010	--	2M	0.5206	--
6M	-0.1280	--	3M	0.6346	--
9M	-0.0720	--	6M	0.8783	--
12M	-0.0150	--	12M	1.1548	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.91	-1.60	3.33
Italy	0.03	-0.60	1.51
Ireland	-0.22	-1.80	0.91
Greece*	12.08	-44.30	10.65
Spain	0.08	-0.80	1.61
Russia^	3.60	-2.30	5.81

\* 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	16,697.29	212.30
S&P	1,951.70	21.90
Nasdaq	4,582.21	39.60
Nikkei 225	16,140.34	224.50
STI	2,603.40	-16.60
KLCI	1,658.16	-6.00
JCI	4,658.32	0.60
Baltic Dry	325.00	3.00
VIX	19.11	-1.60

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.06 (+0.01)	0.73 (-0.03)
5Y	1.87 (+0.06)	1.17 (-0.05)
10Y	2.27 (+0.08)	1.72 (-0.03)
15Y	2.67 (+0.12)	--
20Y	2.72 (+0.12)	--
30Y	2.86 (+0.18)	2.59 (-0.01)

### Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.76	0.75
EURIBOR-OIS	14.70	1.30
TED	31.51	1.12

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	33.07	2.86%	Coffee (per lb)	1.147	-0.35%
Brent (per barrel)	35.29	2.56%	Cotton (per lb)	0.5816	0.80%
Heating Oil (per gallon)	1.070	1.00%	Sugar (per lb)	0.1424	1.93%
Gasoline (per gallon)	1.06	4.51%	Orange Juice (per lb)	1.2705	1.24%
Natural Gas (per MMBtu)	1.711	-3.77%	Cocoa (per mt)	2,939	0.48%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,601.0	-0.88%	Wheat (per bushel)	4.4525	0.56%
Nickel (per mt)	8,322	-2.11%	Soybean (per bushel)	8.590	-0.98%
Aluminium (per mt)	1,556.8	-0.65%	Corn (per bushel)	3.5550	-1.18%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,238.2	-0.04%	Crude Palm Oil (MYR/MT)	2,471.0	0.41%
Silver (per oz)	15.170	-0.83%	Rubber (JPY/KG)	147.4	2.01%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### FX Trade Ideas

FX Trade Ideas									
	Inception		B/S	Currency	Spot	Target	Stop/Trailing stop	Rationale	
1	19-Feb-16		S	USD-JPY	112.8400	109.3000	114.6500	Iffy FOMC & background risk aversion	
	STRUCTURAL								
2	03-Feb-16		S	GBP-USD	1.4401	1.3700	1.4755	Policy dichotomy, Brexit concerns, and space for further NEER depreciation	
3	18-Feb-16		B	EUR-USD	1.1137	1.1825	1.0790	Growing suspicion that the Fed will hesitate	
4	18-Feb-16		S	USD-SGD	1.4034	1.3435	1.4335	USD vulnerability, stabilization in RMB, equities/commodities	
	RECENTLY CLOSED								
	Inception	Close	B/S	Currency	Spot		Close	Rationale	P/L (%)
1	04-Jan-16	01-Feb-16	B	USD-SGD	1.4229		1.4240	Asian FX weakness, RMB jitters	+0.01
2	21-Dec-15	02-Feb-16	S	GBP-USD	1.4917		1.4409	Negative chatter surrounding BREXIT and sustained dissipation towards BOE hawkishness	+3.56
3	05-Feb-16	08-Feb-16	B	AUD-USD	0.7188		0.7060	Dollar in retreat, consolidating commodities	-1.81
4	04-Feb-16	08-Feb-16	S	USD-CAD	1.3760		1.3950	Dollar on the defensive, stabilizing crude	-1.36
5	29-Dec-15	10-Feb-16	S	USD-JPY	120.25		113.45	Japanese macro and flow fundamentals may continue to argue for a flat to softer USD-JPY	+5.86
6	10-Feb-16	11-Feb-16	S	USD-JPY	114.50		112.62	Risk aversion + weakened dollar narrative	+1.67
7	04-Feb-16	16-Feb-16	S	USD-SGD	1.4158		1.4035	Dollar may stumble further post-Dudley	+0.85
8	08-Jan-16	22-Feb-16	B	EUR-USD	1.0888		1.1045	Risk of Fed/dollar "disappointment"	+1.42
9	18-Feb-16	24-Feb-16	S	USD-CAD	1.3655		1.3855	Potential for crude to consolidate higher	-1.45

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
02/25/2016 08:30	TA Unemployment Rate	Jan 3.90%	3.91%	3.88%	--
02/25/2016 08:30	AU Private Capital Expenditure	4Q -3.00%	0.80%	-9.20%	-8.40%
02/25/2016 11:30	TH Customs Exports YoY	Jan -6.45%	-8.91%	-8.73%	--
02/25/2016 11:30	TH Customs Imports YoY	Jan -8.50%	-12.37%	-9.23%	--
02/25/2016 15:00	GE GfK Consumer Confidence	Mar 9.3	9.5	9.4	--
02/25/2016 15:07	GE CPI EU Harmonized YoY	Jan F --	0.40%	0.40%	--
02/25/2016 15:08	GE CPI EU Harmonized MoM	Jan F --	-1.00%	-1.00%	--
02/25/2016 15:08	MU Visitor Arrivals	Jan --	2446t	2634t	--
02/25/2016 16:30	HK Exports YoY	Jan -3.20%	-3.80%	-1.10%	--
02/25/2016 16:30	HK Imports YoY	Jan -6.30%	-9.00%	-4.60%	--
02/25/2016 17:00	EC M3 Money Supply YoY	Jan 4.70%	5.00%	4.70%	--
02/25/2016 17:00	IT Consumer Confidence Index	Feb 118	114.5	118.9	118.6
02/25/2016 17:00	IT Business Confidence	Feb 102.7	102	103.2	103
02/25/2016 17:30	UK GDP QoQ	4Q P 0.50%	0.50%	0.50%	--
02/25/2016 17:30	UK GDP YoY	4Q P 1.90%	1.90%	1.90%	--
02/25/2016 18:00	EC CPI MoM	Jan -1.40%	-1.40%	0.00%	--
02/25/2016 18:00	EC CPI YoY	Jan F 0.40%	0.30%	0.40%	--
02/25/2016 18:00	EC CPI Core YoY	Jan F 1.00%	1.00%	1.00%	--
02/25/2016 18:00	IT Retail Sales YoY	Dec --	0.60%	-0.10%	-0.20%
02/25/2016 18:00	IT Retail Sales MoM	Dec 0.10%	-0.10%	0.30%	0.20%
02/25/2016 21:30	US Initial Jobless Claims	Feb-20 270k	272k	262k	--
02/25/2016 21:30	US Continuing Claims	Feb-13 2253k	2253k	2273k	2272k
02/25/2016 21:30	US Durable Goods Orders	Jan P 2.90%	4.90%	-5.00%	-4.60%
02/25/2016 21:30	US Durables Ex Transportation	Jan P 0.30%	1.80%	-1.00%	-0.70%
02/25/2016 21:30	US Cap Goods Ship Nondef Ex Air	Jan P -0.50%	-0.40%	0.20%	0.90%
02/25/2016 22:00	US FHFA House Price Index MoM	Dec 0.50%	0.40%	0.50%	0.60%
02/25/2016 22:45	US Bloomberg Consumer Comfort	Feb-21 --	44.2	44.3	--
02/26/2016 05:45	NZ Trade Balance	Jan -271m	8m	-53m	-38m
02/26/2016 05:45	NZ Exports	Jan 3.71b	3.90b	4.43b	--
02/26/2016 05:45	NZ Imports	Jan 3.95b	3.89b	4.48b	4.46b
02/26/2016 07:30	JN Natl CPI YoY	Jan 0.00%	0.00%	0.20%	--
02/26/2016 07:30	JN Natl CPI Ex Fresh Food YoY	Jan 0.00%	0.00%	0.10%	--
02/26/2016 07:30	JN Tokyo CPI YoY	Feb -0.30%	0.10%	-0.30%	--
02/26/2016 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Feb -0.20%	-0.10%	-0.10%	--
02/26/2016 07:30	JN Tokyo CPI Ex Food, Energy YoY	Feb 0.40%	0.50%	0.40%	--
02/26/2016 08:05	UK GfK Consumer Confidence	Feb 3	--	4	--
02/26/2016 13:00	SI Industrial Production SA MoM	Jan -2.20%	--	2.00%	--
02/26/2016 13:00	SI Industrial Production YoY	Jan -5.10%	--	-7.90%	--
02/26/2016 15:30	TH Foreign Reserves	Feb-19 --	--	\$165.6b	--
02/26/2016 15:45	FR CPI EU Harmonized MoM	Feb P 0.40%	--	-1.10%	--
02/26/2016 15:45	FR CPI EU Harmonized YoY	Feb P 0.10%	--	0.30%	--
02/26/2016 15:45	FR CPI MoM	Feb P 0.40%	--	-1.00%	--
02/26/2016 15:45	FR CPI YoY	Feb P 0.00%	--	0.20%	--
02/26/2016 15:45	FR GDP QoQ	4Q P 0.20%	--	0.20%	--
02/26/2016 15:45	FR GDP YoY	4Q P 1.30%	--	1.30%	--
02/26/2016 16:00	TA Industrial Production YoY	Jan -6.05%	--	-6.17%	--
02/26/2016 18:00	EC Consumer Confidence	Feb F --	--	-8.8	--
02/26/2016 21:00	GE CPI MoM	Feb P 0.50%	--	-0.80%	--
02/26/2016 21:00	GE CPI YoY	Feb P 0.10%	--	0.50%	--
02/26/2016 21:00	GE CPI EU Harmonized MoM	Feb P 0.60%	--	-1.00%	--
02/26/2016 21:00	GE CPI EU Harmonized YoY	Feb P 0.00%	--	0.40%	--
02/26/2016 21:30	US GDP Annualized QoQ	4Q S 0.40%	--	0.70%	--
02/26/2016 21:30	US Personal Consumption	4Q S 2.20%	--	2.20%	--
02/26/2016 21:30	US GDP Price Index	4Q S 0.80%	--	0.80%	--
02/26/2016 21:30	US Core PCE QoQ	4Q S 1.20%	--	1.20%	--
02/26/2016 23:00	US Personal Income	Jan 0.40%	--	0.30%	--
02/26/2016 23:00	US Personal Spending	Jan 0.30%	--	0.00%	--
02/26/2016 23:00	US PCE Core MoM	Jan 0.20%	--	0.00%	--
02/26/2016 23:00	US U. of Mich. Sentiment	Feb F 91	--	90.7	--
02/26/2016	MU Unemployment Rate	Jan --	--	1.90%	--
02/25/2016 02/29	VN Exports YTD YoY	Feb 5.60%	--	2.20%	--

Source: Bloomberg

<b>OCBC Treasury Research</b>		
<b><u>Macro Research</u></b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Wellian Wiranto</b> WellianWiranto@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com	<b><u>Credit Research</u></b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Koh Jun Ming, Nicholas</b> NicholasKoh@ocbc.com	<b><u>Wing Hang</u></b> <b>Kam Liu</b> kamyyliu@ocbcwh.com <b>Carie Li</b> carierli@ocbcwh.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W