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Highlights

Global	With another see-saw day for global equity markets, the trading range should still hold as market players await the FOMC statement and the RBNZ policy decision due tomorrow morning. Assuming no surprises as both central banks are anticipated to be on hold, but the nuancing of the statements could be critical to assessing the future policy intentions, especially in light of softening economic momentum and lower crude oil prices. Key data on tap today include US' new home sales, UK' Nationwide house price and China's Dec industrial profits. ECB speakers today include Coeure, Lane and Mersch, who could shed some light as to whether more monetary stimulus is impending at the 10 March ECB meeting.
US	The Markit services and composite PMIs both softened more than expected to 53.7 in Jan, down from 54.3 and 54.0 previously. The Richmond Fed index slipped from 6 to 2 in Jan as new order volume and shipments slowed. However, consumer confidence improved from 96.3 in Dec to a 3-month high of 98.1 in Jan, as Americans became more upbeat about the job market, low inflation and buying intentions for motor vehicles and major appliances. Meanwhile, the S&P/CaseShiller house prices rose 5.8% yoy in Dec, which is the strongest advance since Jul 2014. The FHFA house prices also rose a steady 0.5% mom in Nov.
Singapore	Industrial production fell for the 11th straight month by 7.9% yoy (+2.0% mom sa) in Dec15, in its worst decline since April 2015. Meanwhile the Nov15 print was also revised down to -6.4% yoy (-3.9% mom sa), suggesting that the 4Q15 GDP growth flash estimates could be at risk of a downgrade from +2.0% yoy (+5.7% qoq saar) to 1.8% yoy (5.1% qoq saar) as the manufacturing growth also is likely to be revised down from -6.0% yoy to -6.7%. However, this may not be consequential enough to detract from the full year GDP growth of 2.1% yoy for 2015. Looking ahead, it will be key to watch if the rebound in biomedical output, due to the snapback in pharmaceuticals in Dec, can sustain into 1Q16. Today's \$2.1b 5-year SGS bond re-opening should be well-absorbed. The last \$2.8b offering of the 5-year SGS bond in Jul 2015 fetched a cut-off yield of 2.03% with a bid-cover ratio of 1.42x. With the current 5-year maturing 1Jun21 currently yielding around 2%, we think today's auction should not deviate too far and the bid-cover should still be capped at 2x.
Thailand	A general election will take place in 2017 even if voters reject a new constitution, dispelling expectations for another possible delay in election date should disagreements arise. Note that the new draft, which is still in the drafting stage, will likely be presented by the end of January, and should it be approved, be subjected to a referendum in July this year.
Commodities	Crude oil rebounded in the later part of the trading day yesterday. The upward move is likely to be of short-covering behaviour, although downside risk to prices may once again present itself given the strong US inventory print (+11.4 million barrels) for the week ended 22 Jan according to the American Petroleum Institute. Note that crude inventories may continue to rise in the weeks ahead given the US refinery maintenance season.

Major Market

- **US:** Wall Street rebounded again overnight, aided by an oil price rally and stronger earnings reports from Johnson & Johnson and 3M Co, with the Dow +1.78%, S&P500 +1.41% and Nasdaq +1.09%. VIX -6.83% to 22.50. On the earnings front, Apple Inc slipped in after-hours trading amid slowing iPhone sales. The UST bond market remained supported ahead of the FOMC statement, with the 2- and 10-year bond yields at 0.85% and 2.0% respectively. The US\$26b 2-year auction fetched indirect bidding of 57.9% (highest since June 09) with a high yield of 0.86% and a bid-cover ratio of 2.9x. There is a sale of US\$15b 2-year floating rate notes and US\$35b 5-year notes today, with US\$29b 7-year notes to follow tomorrow.
- **Singapore:** The main drags to the Dec industrial output came from electronics output which declined 12.4% yoy in Dec15 (2015 full year: -6.8% yoy), followed by transport engineering which dipped 26.4% yoy in Dec15 (2015: -13.5%), precision engineering which dipped 6.8% yoy (2015: -4.1%), and general manufacturing industries which slipped 3.7% yoy (2015: -2.0%). The outperformer was biochemical which rebounded 16.2% yoy (2015: -2.6%) and chemicals which dipped 0.3% yoy (2015: +3.9%). Excluding biomedical, manufacturing would have shrunk a worse 13.0% yoy in Dec and fallen 5.8% for the full year in 2015.
- The STI slumped 1.43% to close at 2545.61 yesterday, choosing to track the Shanghai composite which fell to a 13-month low. Although Wall Street firmed overnight, there is no guarantee that the STI can capitalise to rebound today, albeit we anticipate some stabilisation as bottom-picking interest emerges. The STI's support and resistance remain at 2500 and 2580 respectively. Expect the SGS bond market to be supported but likely quiet ahead of the 5-year SGS bond re-opening tender.
- **Hong Kong:** Decline in HK exports and imports narrowed to 1.1% yoy and 4.6% yoy respectively in December. Exports to major markets remained weak though it registered a slight improvement. Looking forward, we expect trade growth to remain flagging in the coming months due to global economic headwinds, monetary policy divergence between Fed and other major central banks as well as the heightened geopolitical tensions.
- **China:** President Xi Jinping said yesterday that China must cut excessive capacity while expanding aggregate demand, hinting higher tolerance for slower growth despite rising financial volatility.
- **Indonesia:** A plenary meeting of the parliament has agreed on the 40 bills that will be prioritized in discussion with the government in the 2016 session. These bills would include tax amnesty, anti-terror law revision as well as a financial system safety bill that will regulate bailout mechanism.
- **Malaysia:** Attorney General Apandi Ali reportedly said that Malaysian investigators have established that no criminal offense has been committed, with regard to the case surrounding a USD681mn donation to PM Najib Razak. He added that the donation was a personal contribution from the Saudi Arabian royal family, and that USD620mn had been returned unused.

Bond Market Updates

- **Market Commentary:** SGD swap rates were down 2bps-5bps across the curve with the exception of the 1 year rate which traded up 2bps. Spread on JACI IG corporates widened by 2bps to 239bps, while the yield on the JACI HY corporates was flat at 8.34%. 10y UST yields decreased by 1bp to 1.99%, ahead of the release of the FOMC statement tomorrow morning.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.360	--	USD-SGD	1.4266	-0.25%
USD-JPY	118.420	0.10%	EUR-SGD	1.5507	-0.06%
EUR-USD	1.0870	0.19%	JPY-SGD	1.2047	-0.35%
AUD-USD	0.7005	0.72%	GBP-SGD	2.0471	0.45%
GBP-USD	1.4350	0.71%	AUD-SGD	0.9992	0.45%
USD-MYR	4.2933	0.56%	NZD-SGD	0.9271	0.46%
USD-CNY	6.5826	0.05%	CHF-SGD	1.4030	-0.64%
USD-IDR	13886	0.17%	SGD-MYR	3.0006	0.58%
USD-VND	22333	-0.10%	SGD-CNY	4.6127	0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2310	--	O/N	0.3660	--
2M	-0.1910	--	1M	0.4306	--
3M	-0.1550	--	2M	0.5223	--
6M	-0.0770	--	3M	0.6213	--
9M	-0.0270	--	6M	0.8657	--
12M	0.0280	--	12M	1.1529	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.39	0.40	2.99
Italy	-0.00	0.40	1.51
Ireland	-0.32	-0.60	1.03
Greece*	14.15	30.30	9.70
Spain	-0.01	0.00	1.64
Russia^	3.83	-13.70	6.03

* 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	16,167.23	282.00
S&P	1,903.63	26.60
Nasdaq	4,567.67	49.20
Nikkei 225	16,708.90	-402.00
STI	2,545.61	-37.00
KLCI	1,626.66	1.50
JCI	4,510.47	4.70
Baltic Dry	345.00	-9.00
VIX	22.50	-1.70

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.12 (-0.01)	0.84 (-0.02)
5Y	1.83 (-0.02)	1.43 (-0.01)
10Y	2.35 (-0.04)	1.99 (-0.01)
15Y	2.68 (-0.05)	--
20Y	2.69 (-0.05)	--
30Y	2.78 (-0.05)	2.78 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.03	0.12
EURIBOR-OIS	13.70	0.40
TED	31.08	-2.56

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	31.45	3.66%	Coffee (per lb)	1.167	0.21%
Brent (per barrel)	31.80	4.26%	Cotton (per lb)	0.6141	-0.31%
Heating Oil (per gallon)	0.968	3.46%	Sugar (per lb)	0.1402	-0.57%
Gasoline (per gallon)	1.05	1.67%	Orange Juice (per lb)	1.2420	0.20%
Natural Gas (per MMBtu)	2.18	1.02%	Cocoa (per mt)	2,829	0.35%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,539.0	2.76%	Wheat (per bushel)	4.8475	0.67%
Nickel (per mt)	8,648	1.37%	Soybean (per bushel)	8.765	-0.45%
Aluminium (per mt)	1,497.5	1.27%	Corn (per bushel)	3.6925	-0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,120.2	1.35%	Crude Palm Oil (MYR/MT)	2,387.0	0.21%
Silver (per oz)	14.564	2.17%	Rubber (JPY/KG)	150.7	-2.02%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time		Event		Survey	Actual	Prior	Revised
01/26/2016 07:00	SK	GDP SA QoQ	4Q P	0.60%	0.60%	1.30%	--
01/26/2016 07:00	SK	GDP YoY	4Q P	3.00%	3.00%	2.70%	--
01/26/2016 09:00	PH	Trade Balance	Nov	-\$1310m	-\$977m	-\$1937m	-\$1944m
01/26/2016 10:00	NZ	Credit Card Spending MoM	Dec	--	-0.80%	0.70%	0.60%
01/26/2016 10:00	NZ	Credit Card Spending YoY	Dec	--	7.40%	8.50%	8.40%
01/26/2016 11:30	TH	Customs Trade Balance	Dec	\$1214m	\$1487m	\$299m	--
01/26/2016 11:30	TH	Customs Imports YoY	Dec	-5.80%	-9.23%	-9.53%	--
01/26/2016 11:30	TH	Customs Exports YoY	Dec	-6.87%	-8.73%	-7.42%	--
01/26/2016 13:00	SI	Industrial Production SA MoM	Dec	1.40%	2.00%	-3.60%	-3.90%
01/26/2016 13:00	SI	Industrial Production YoY	Dec	-7.20%	-7.90%	-5.50%	-6.40%
01/26/2016 16:30	HK	Exports YoY	Dec	-2.90%	-1.10%	-3.50%	--
01/26/2016 16:30	HK	Imports YoY	Dec	-7.50%	-4.60%	-8.10%	--
01/26/2016 16:30	HK	Trade Balance	Dec	-40.7b	-45.7b	-33.1b	--
01/26/2016 22:00	US	FHFA House Price Index MoM	Nov	0.50%	0.50%	0.50%	--
01/26/2016 22:00	US	S&P/CaseShiller 20-City Index NSA	Nov	183.09	182.86	182.83	182.75
01/26/2016 22:00	US	S&P/CS 20 City MoM SA	Nov	0.80%	0.94%	0.84%	0.78%
01/26/2016 22:00	US	S&P/CS Composite-20 YoY	Nov	5.69%	5.83%	5.54%	5.50%
01/26/2016 22:00	US	S&P/Case-Shiller US HPI NSA	Nov	--	175.71	175.65	175.48
01/26/2016 22:45	US	Markit US Services PMI	Jan P	54	53.7	54.3	--
01/26/2016 22:45	US	Markit US Composite PMI	Jan P	--	53.7	54	--
01/26/2016 23:00	US	Consumer Confidence Index	Jan	96.5	98.1	96.5	96.3
01/26/2016 23:00	US	Richmond Fed Manufact. Index	Jan	2	2	6	--
01/27/2016 07:30	AU	Westpac Leading Index MoM	Dec	--	-0.30%	-0.20%	-0.30%
01/27/2016 08:30	AU	CPI QoQ	4Q	0.30%	--	0.50%	--
01/27/2016 08:30	AU	CPI YoY	4Q	1.60%	--	1.50%	--
01/27/2016 08:30	AU	CPI Trimmed Mean QoQ	4Q	0.50%	--	0.30%	--
01/27/2016 08:30	AU	CPI Trimmed Mean YoY	4Q	2.10%	--	2.10%	--
01/27/2016 10:00	SK	Discount Store Sales YoY	Dec	--	--	-3.70%	--
01/27/2016 10:00	SK	Department Store Sales YoY	Dec	--	--	1.00%	--
01/27/2016 13:00	JN	Small Business Confidence	Jan	48.5	--	48.3	--
01/27/2016 15:00	UK	Nationwide House Px NSA YoY	Jan	4.70%	--	4.50%	--
01/27/2016 15:00	UK	Nationwide House PX MoM	Jan	0.60%	--	0.80%	--
01/27/2016 15:00	GE	GfK Consumer Confidence	Feb	9.3	--	9.4	--
01/27/2016 15:45	FR	Consumer Confidence	Jan	96	--	96	--
01/27/2016 17:00	IT	Consumer Confidence Index	Jan	117	--	117.6	--
01/27/2016 17:00	IT	Business Confidence	Jan	103.8	--	104.1	--
01/27/2016 17:30	UK	BBA Loans for House Purchase	Dec	45500	--	44960	--
01/27/2016 20:00	US	MBA Mortgage Applications	Jan-22	--	--	9.00%	--
01/27/2016 23:00	US	New Home Sales	Dec	500k	--	490k	--
01/27/2016 23:00	US	New Home Sales MoM	Dec	2.00%	--	4.30%	--
01/27/2016	MU	Unemployment Rate	Dec	--	--	1.90%	--
01/27/2016 01/31	VN	Exports YTD YoY	Jan	8.60%	--	8.10%	--

Source: Bloomberg

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Co.Reg.no.:193200032W