

Highlights

Global	Market will be watching out for the nonfarm payrolls data coming out of the US tonight, with consensus penciling in a figure of 175k in December, broadly unchanged compared to 178k of the month before. Market is also expecting a slight uptick in unemployment figure from 4.6% to 4.7%. Any sign of stronger wage increase, in particular, may start to refocus market attention on the idea of further rate hikes by the Federal Reserve again. Meanwhile, attention will be paid to whether the short squeeze on potential speculators in the renminbi market, which brought the overnight rate for yuan deposits in Hong Kong up to levels last seen in January last year, will play out further today.
US	Equities ended mixed on Thursday, with the Nasdaq gaining 0.20%, Dow losing 0.21%, and the S&P 500 ending marginally lower. Losses were concentrated in financials and retailers. Retailers have been especially hit hard as sales over the festive period proved weaker than expected. Ahead of non-farm payrolls on Friday, data from ADP showed weaker-than-expected hiring, providing some headwinds to equities. VIX continued to slip, closing at 11.67. Meanwhile, US Treasuries surged as investors reverse the over-extended post-Trump rally. The yield curve flattened as yields slipped 5-10 basis points, with the 2- and 10-year yields closing at 1.16% and 2.34% respectively.
CH	The USDCNH tumbled again on the second day due to position squeeze as a result of tight liquidity and ended the day below 6.80. CNY also benefited from the drastic move of CNH with the USDCNY traded below 6.90. The USDCNY may try to catch up with the USDCNH to consolidate the gain.
ID	State-owned oil and gas company, Pertamina, raised the prices for non-subsidized fuel by IDR300 per liter, starting from January 5 th , due to rising crude oil prices. For instance, the 92-RON Pertamax gasoline now costs IDR8050 per liter compared to IDR7750 before. The 90-RON gasoline, known as Peralite, is to be sold at IDR7350 per liter compared to IDR7050 before in the more populous islands of Java, Bali and Madura.
MA	Deputy Finance Minister I Datuk Othman Aziz said that Ringgit will rebound to a fair value in Q3, due to improving commodity prices and steady economic fundamentals. Meanwhile, Ministry of Finance Secretary-General Tan Sri Dr Mohd Irwan Serigar Abdullah echoed the sentiment, saying that the currency is expected to strengthen in the second half of the year, while reiterating that the government would not resort to capital control.

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Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates decreasing by 4-6bps across all tenors. In the broader dollar space, the spread on JACI IG Corporates fell roughly 1bps to 196bps while the yield on JACI HY Corporates changed little at 6.87%. 10y UST yields plunged by 9bps overnight to 2.35%, as trends snapped with investors weighing the risk of a lackluster payroll report released later today, and the prospect that trades based on Donald Trump's impending presidency had been overpriced.
- **New Issues:** Societe Generale priced a USD1.25bn two-tranche deal with the USD650mn 5-year bond priced at CT5+145bps, tightening from initial guidance of CT5+155bps; and the USD600mn 10-year bond at CT10+173bps, tightening from initial guidance of CT10+185bps. The expected issue ratings are "BBB+/Baa3/A". Sumitomo Mitsui Financial Group Inc. priced a USD2.25bn three-tranche deal with the USD 750mn bond at CT5+100bps, tightening from initial guidance of CT5+110-115bps; the USD250mn 5-year bond at 3mL+97bps; and the USD1.25bn 10-year bond at CT10+110bps, tightening from initial guidance of CT10+130bps. The expected issue ratings are "A-/A1/NR". Sumitomo Mitsui Banking Corporation (SMBC) priced a USD1.25bn two-tranche deal with the USD750mn 2-year bond priced at CT2+80bps, tightening from initial guidance of CT2+95bps, and a USD500mn 2-year bond priced at 3mL+54bps. The expected issue ratings are "A/A1/NR".
- **Rating Changes:** Fitch affirmed Yingde Gases Group Company Limited's Issuer Default Rating (IDR) at "B+", with a negative outlook. Fitch also removed the company from Rating Watch Negative (placed under watch on 15 Dec 2016). The rating affirmation reflects the company's refinancing of its HKD820mn offshore loan due on 3 January 2017 with a new one-year loan, and no further refinancing risk for both its onshore and offshore loans in the next 6-12 months. The Negative outlook reflects Fitch's view that the ongoing shareholder dispute may have an adverse impact on the company's business and financial profile. In addition, S&P likewise affirmed Yingde Gases' "CCC-" corporate credit rating, with a negative outlook. Moody's affirmed the "Baa3" ratings, with a positive outlook, for India's 3 state-owned oil refining and marketing companies; Indian Oil corporation (IOC), Bharat Petroleum Corporation Limited (BPCL), and Hindustan Petroleum Corporation Ltd. (HPCL). The ratings affirmation reflects the continued improvement in the credit metrics of the three oil refining and marketing companies, as diminished levels of fuel subsidies and moderated working capital requirements from low oil prices have reduced borrowings. Moody's also assigned "Baa3" ratings to the foreign currency senior unsecured bonds to be issued by BPRL International Singapore Pte. Ltd. and guaranteed by BPCL.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.520	-1.15%	USD-SGD	1.4283	-0.81%
USD-JPY	115.350	-1.62%	EUR-SGD	1.5150	0.32%
EUR-USD	1.0607	1.12%	JPY-SGD	1.2381	0.86%
AUD-USD	0.7338	0.76%	GBP-SGD	1.7739	-0.02%
GBP-USD	1.2419	0.78%	AUD-SGD	1.0480	-0.06%
USD-MYR	4.4858	-0.26%	NZD-SGD	1.0033	0.02%
USD-CNY	6.8767	-0.83%	CHF-SGD	1.4145	0.33%
USD-IDR	13367	-0.54%	SGD-MYR	3.1292	0.63%
USD-VND	22618	-0.34%	SGD-CNY	4.8089	-0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	0.6904	--
2M	-0.3390	--	1M	0.7656	--
3M	-0.3200	--	2M	0.8228	--
6M	-0.2240	--	3M	1.0051	--
9M	-0.1420	--	6M	1.3216	--
12M	-0.0850	--	12M	1.6890	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.22	17.50	4.03
Italy	-0.10	6.60	1.93
Ireland	-0.50	4.00	0.92
Greece	7.65	--	6.80
Spain	-0.26	3.50	1.48
Russia	2.69	--	4.46

Equity and Commodity

Index	Value	Net change
DJIA	19,899.29	-42.87
S&P	2,269.00	-1.75
Nasdaq	5,487.94	10.93
Nikkei 225	19,520.69	-73.47
STI	2,954.14	32.83
KLCI	1,659.82	12.35
JCI	5,325.50	24.32
Baltic Dry	983.00	14.00
VIX	11.67	-0.18

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.28 (-0.04)	1.16 (-0.05)
5Y	1.91 (-0.04)	1.84 (-0.09)
10Y	2.50 (-0.06)	2.34 (-0.09)
15Y	2.78 (-0.07)	--
20Y	2.76 (-0.06)	--
30Y	2.74 (-0.06)	2.94 (-0.1)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	33.51	0.89
EURIBOR-OIS	2.80	0.10
TED	48.23	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.76	0.94%	Coffee (per lb)	1.438	1.38%
Brent (per barrel)	56.89	0.76%	Cotton (per lb)	0.7378	-0.40%
Heating Oil (per gallon)	1.6942	0.07%	Sugar (per lb)	0.2078	-0.53%
Gasoline (per gallon)	1.6377	-0.50%	Orange Juice (per lb)	1.9090	-2.63%
Natural Gas (per MMBtu)	3.2730	0.18%	Cocoa (per mt)	2,262	1.12%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,580.0	-1.13%	Wheat (per bushel)	4.2625	1.85%
Nickel (per mt)	10,247.5	0.73%	Soybean (per bushel)	10.035	-0.27%
Aluminium (per mt)	1,703.8	0.96%	Corn (per bushel)	3.6125	0.42%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,181.3	1.37%	Crude Palm Oil (MYR/MT)	3,200.0	-1.05%
Silver (per oz)	16.637	0.51%	Rubber (JPY/KG)	272.1	0.26%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	Relevance
01/05/2017 03:00	US	FOMC Meeting Minutes	Dec-14	--	--	--	5.38462
01/05/2017 07:50	JN	Monetary Base YoY	Dec	--	23.10%	21.50%	78.4946
01/05/2017 08:30	TA	CPI YoY	Dec	2.10%	1.70%	1.97%	94.7368
01/05/2017 08:30	JN	Nikkei Japan PMI Services	Dec	--	52.3	51.8	70
01/05/2017 08:30	JN	Nikkei Japan PMI Composite	Dec	--	52.8	52	70
01/05/2017 08:30	HK	Nikkei Hong Kong PMI	Dec	--	50.3	49.5	72.7273
01/05/2017 09:00	PH	CPI YoY	Dec	2.60%	2.60%	2.50%	87.5
01/05/2017 09:45	CH	Caixin China PMI Composite	Dec	--	53.5	52.9	70
01/05/2017 13:00	JN	Vehicle Sales YoY	Dec	--	10.80%	13.90%	66.6667
01/05/2017 16:00	SI	Automobile COE Open Bid Cat B	Jan-05	--	53106	51109	55.1724
01/05/2017 16:00	SI	Automobile COE Open Bid Cat A	Jan-05	--	50101	49751	62.069
01/05/2017 16:30	GE	Markit Germany Construction	Dec	--	54.9	53.9	50
01/05/2017 17:10	GE	Markit Germany Retail PMI	Dec	--	52	49.6	50
01/05/2017 17:10	EC	Markit Eurozone Retail PMI	Dec	--	50.4	48.6	50
01/05/2017 17:10	FR	Markit France Retail PMI	Dec	--	50.4	47.3	50
01/05/2017 17:10	IT	Markit Italy Retail PMI	Dec	--	47.9	48.8	50
01/05/2017 17:30	UK	Markit/CIPS UK Composite PMI	Dec	55	56.7	55.2	55.3 70
01/05/2017 18:00	EC	PPI YoY	Nov	-0.10%	0.10%	-0.40%	45.4545
01/05/2017 21:15	US	ADP Employment Change	Dec	175k	153k	216k	215k 85.3846
01/05/2017 21:30	US	Initial Jobless Claims	Dec-31	260k	235k	265k	263k 98.4615
01/05/2017 21:30	US	Continuing Claims	Dec-24	2045k	2112k	2102k	2096k 68.9231
01/05/2017 21:30	CA	Industrial Product Price MoM	Nov	0.50%	0.30%	0.70%	61.9048
01/05/2017 21:30	CA	Raw Materials Price Index MoM	Nov	-1.80%	-2.00%	3.30%	54.7619
01/05/2017 22:45	US	Markit US Services PMI	Dec F	53.4	53.9	53.4	70
01/05/2017 22:45	US	Markit US Composite PMI	Dec F	--	54.1	53.7	70
01/05/2017 22:45	US	Bloomberg Consumer Comfort	Jan-01	--	45.5	46	68.4615
01/05/2017 23:00	US	ISM Non-Manf. Composite	Dec	56.8	57.2	57.2	78.4615
01/06/2017 07:50	JN	Foreign Buying Japan Bonds	Dec-30	--	--	--	46.2366
01/06/2017 07:50	JN	Foreign Buying Japan Stocks	Dec-30	--	--	--	51.6129
01/06/2017 08:00	JN	Labor Cash Earnings YoY	Nov	0.20%	--	0.10%	59.1398
01/06/2017 08:30	AU	Trade Balance	Nov	-A\$550m	--	-A\$1541m	86.7647
01/06/2017 12:00	MA	Trade Balance MYR	Nov	10.25b	--	9.76b	57.1429
01/06/2017 15:00	GE	Retail Sales MoM	Nov	-0.90%	--	2.40%	2.50% 66.1017
01/06/2017 15:00	GE	Retail Sales YoY	Nov	1.20%	--	-1.00%	64.4068
01/06/2017 15:00	GE	Factory Orders MoM	Nov	-2.40%	--	4.90%	91.5254
01/06/2017 15:00	GE	Factory Orders WDA YoY	Nov	3.60%	--	6.30%	62.7119
01/06/2017 15:30	TH	Foreign Reserves	Dec-30	--	--	\$172.3b	80.7692
01/06/2017 15:45	FR	Trade Balance	Nov	-4800m	--	-5202m	61.1111
01/06/2017 18:00	EC	Economic Confidence	Dec	106.8	--	106.5	52.2727
01/06/2017 18:00	EC	Consumer Confidence	Dec F	-5.1	--	-5.1	81.8182
01/06/2017 18:00	EC	Retail Sales MoM	Nov	-0.40%	--	1.10%	59.0909
01/06/2017 18:00	EC	Retail Sales YoY	Nov	1.90%	--	2.40%	56.8182
01/06/2017 21:30	US	Trade Balance	Nov	-\$45.4b	--	-\$42.6b	84.6154
01/06/2017 21:30	CA	Int'l Merchandise Trade	Nov	-1.60b	--	-1.13b	59.5238
01/06/2017 21:30	CA	Unemployment Rate	Dec	6.90%	--	6.80%	90.4762
01/06/2017 21:30	US	Change in Nonfarm Payrolls	Dec	175k	--	178k	99.2308
01/06/2017 21:30	CA	Net Change in Employment	Dec	-2.5k	--	10.7k	85.7143
01/06/2017 21:30	US	Change in Manufact. Payrolls	Dec	0k	--	-4k	69.4615
01/06/2017 21:30	US	Unemployment Rate	Dec	4.70%	--	4.60%	89.3077
01/06/2017 23:00	US	Factory Orders	Nov	-2.30%	--	2.70%	87.6923
01/06/2017 23:00	US	Durable Goods Orders	Nov F	-4.60%	--	-4.60%	93.0769
01/06/2017 23:00	US	Durables Ex Transportation	Nov F	0.20%	--	0.50%	74.4615
01/06/2017 23:00	US	Cap Goods Orders Nondef Ex Air	Nov F	--	--	0.90%	60.7692
01/06/2017 23:00	US	Cap Goods Ship Nondef Ex Air	Nov F	--	--	0.20%	60
01/06/2017	HK	Foreign Reserves	Dec	--	--	\$385.0b	68.1818
01/06/2017	VN	Domestic Vehicle Sales YoY	Dec	--	--	25.70%	77.7778
01/06/2017	MA	Foreign Reserves	Dec-30	--	--	\$96.4b	64.2857
01/06/2017	PH	Foreign Reserves	Dec	--	--	\$82.7b	54.1667

Source: Bloomberg

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