

Treasury Advisory
Corporate FX & Structured
Products

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Interest Rate Derivatives

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Investments & Structured
Products

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Highlights

Global	Risk assets were generally weaker as political uncertainty in Europe added into Trump's policy uncertainty. The yield spread between French and Germany widened to 4-year high although the centre-right candidate for the French Presidency Francois Fillon said he will continue to run for the Presidency. US Treasuries rallied on the back of safe haven flows. 10-year US Treasury yield broke below 2.4% this morning.
EZ	ECB President Mario Draghi reiterated that he is ready for more monetary stimulus if necessary and said withdrawal from quantitative easing is still premature. Euro fell on dovish comments as well as political uncertainty.
US	Equities appeared in consolidative mood near record highs as investors re-assessed Trump's policy direction. The S&P 500 led losses with a 0.21% decline, while the Dow and Nasdaq moved less than 0.1% in the negative direction. Of note is the consistent slide in consumer discretionary stocks, which have seen retreats in seven consecutive sessions. VIX ended at 11.37, up 3.6%. Meanwhile, US Treasuries rose on haven flows alongside EGBs on election risk in France and the Netherlands. Benchmark yields spiked 5-6 bps across the curve, with the 2- and 10-year notes trading at 1.15% and 2.41%.
SG	Singapore's next Presidential Elections will be held in September this year. The election is said to be reserved to Malay candidates. The STI rose 0.49% to 3,056.91, led by gains in property names including Global Logistic Properties (+4.6%), City Developments (+2.4%) and CapitaLand (+1.8%), while losses in Starhub (-6.7%) and Sembcorp Industries (-2.2%) limited the losses.
CH	European Trade Commissioner reiterated that they will continue to commit to open trade with China despite rising protectionism tone from US.
Commodities	The rally seen from signing of executive order to rollback the 2010 Dodd-Frank act in the crude oil market was effectively negated by fresh production cues by the US Energy Information Administration (EIA). The EIA commented that US oil production would continue to rise into 9.3 million barrels per day (bpd) in 2018, up from 8.9 million bpd in 2016. On top of that, investors would likely take increasing concerns over the constantly higher US oil rig count. WTI and Brent fell between 1.5% - 2.0% last night. Still, in our opinion, the view for US oil production to rise by 0.4 million bpd into the next year also suggests that the upside in US oil production is grossly miniscule compared to the production cut agreement of about 1.8 million bpd made late last year by both OPEC and major non-OPEC producing nations. We continue to eye on the rebalancing story into 2H17 to bring crude oil prices to our year-end outlook of \$65/bbl.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve bull-flattened yesterday, with swap rates trading 2-5bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corporates rose 1bps to 197bps while the yield on JACI HY Corporates fell 3bps to 6.81%. 10y UST yield fell 6bps to 2.41% to the lowest in about two weeks, as investors stay cautious and await clarification on the timing and scope of promised pro-growth policies from Trump administration.
- **New Issues:** ReNew Power Ventures Pvt Ltd. priced a USD475mn 5NC3 bond at 6%, tightening from initial guidance of 6.375%. The expected issue ratings are 'NR/Baa3/B+'. PT Bukit Makmur Mandiri Utama priced a USD350mn 5NC3 at 8%, tightening from initial guidance of 8.375%. The expected issue ratings are 'NR/Baa3/BB-'. Shanghai Pudong Development Bank Co. Ltd. priced a USD500mn 3-year bond at CT3+107.5bps, tightening from initial guidance of CT3+135bps. The expected issue ratings are 'NR/Baa2/NR'. China Singyes Solar Technologies Holdings Ltd. scheduled investor roadshows on 7 February for potential USD bond issuance. Pakuwon Jati Tbk PT also scheduled investor roadshows from 6 February for potential USD bond issuance.
- **Rating Changes:** Moody's upgraded the issuer and senior unsecured ratings of SK Innovation Co. Ltd. (SKI) and SK Global Chemical Co. Ltd (SKG) to 'Baa1' from 'Baa2'. The outlook was changed to stable from positive. The rating action reflects Moody's expectation that SKI's improved financial profile will be maintained over the next 1-2 years due to lower debt and solid operating cash flow which should mitigate against potentially higher investments. The rating action on SKG reflects the rating action on SKI given SKG is fully owned by SKI. S&P affirmed Hanesbrands Inc.'s (Hanesbrands) 'BB' corporate credit rating and issue rating on each tranche of the company's unsecured debt obligations. In addition, S&P also affirmed the 'BBB-' issue ratings on Hanesbrands' first-lien facilities, and revised its outlook on Hanesbrands Inc. to stable from negative. The rating changes stem from S&P's forecast that Hanesbrands' financial leverage will strengthen to comfortably below 4x in 2017 following a temporary spike in debt in 2016.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.907	0.04%	USD-SGD	1.4092	-0.05%
USD-JPY	111.740	-0.77%	EUR-SGD	1.5148	-0.41%
EUR-USD	1.0750	-0.31%	JPY-SGD	1.2604	0.67%
AUD-USD	0.7660	-0.26%	GBP-SGD	1.7571	-0.19%
GBP-USD	1.2469	-0.12%	AUD-SGD	1.0795	-0.36%
USD-MYR	4.4265	-0.03%	NZD-SGD	1.0313	0.01%
USD-CNY	6.8630	-0.06%	CHF-SGD	1.4217	0.08%
USD-IDR	13320	-0.17%	SGD-MYR	3.1406	0.30%
USD-VND	22590	-0.15%	SGD-CNY	4.8606	-0.46%

Equity and Commodity

Index	Value	Net change
DJIA	20,052.42	-19.04
S&P	2,292.56	-4.86
Nasdaq	5,663.55	-3.21
Nikkei 225	18,976.71	58.51
STI	3,056.91	14.97
KLCI	1,691.24	6.23
JCI	5,396.00	35.23
Baltic Dry	735.00	-17.00
VIX	11.37	0.40

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.6928	--
2M	-0.3410	--	1M	0.7756	--
3M	-0.3280	--	2M	0.8411	--
6M	-0.2440	--	3M	1.0340	--
9M	-0.1590	--	6M	1.3499	--
12M	-0.1010	--	12M	1.7134	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.20 (-0.04)	1.15 (-0.05)
5Y	1.62 (-0.07)	1.85 (-0.06)
10Y	2.26 (-0.04)	2.41 (-0.06)
15Y	2.54 (-0.04)	--
20Y	2.63 (-0.04)	--
30Y	2.67 (-0.03)	3.05 (-0.04)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.08	0.80	4.24
Italy	0.05	3.80	2.38
Ireland	-0.46	-0.40	1.23
Greece	8.93	53.70	7.66
Spain	-0.25	2.20	1.79
Russia	2.26	-3.10	4.29

Financial Spread (bps)

	Value	Change
LIBOR-OIS	35.04	0.59
EURIBOR-OIS	2.00	0.20
TED	53.66	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.01	-1.52%	Coffee (per lb)	1.442	-1.40%
Brent (per barrel)	55.72	-1.92%	Cotton (per lb)	0.7563	-1.02%
Heating Oil (per gallon)	1.6352	-1.80%	Sugar (per lb)	0.2118	0.33%
Gasoline (per gallon)	1.5103	-2.79%	Orange Juice (per lb)	1.6550	-0.90%
Natural Gas (per MMBtu)	3.0500	-0.42%	Cocoa (per mt)	2,047	-1.21%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,846.0	1.28%	Wheat (per bushel)	4.2250	-1.80%
Nickel (per mt)	10,403.5	2.20%	Soybean (per bushel)	10.360	0.88%
Aluminium (per mt)	1,819.0	-0.04%	Corn (per bushel)	3.6375	-0.41%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,230.0	0.94%	Crude Palm Oil (MYR/MT)	3,262.0	0.37%
Silver (per oz)	17.693	1.22%	Rubber (JPY/KG)	320.3	0.09%

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

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
02/06/2017 08:00	JN	Labor Cash Earnings YoY	Dec	0.40%	0.10%	0.20%	0.50%
02/06/2017 08:00	AU	Melbourne Institute Infln MoM	Jan	--	0.60%	0.50%	--
02/06/2017 08:00	AU	Melbourne Institute Inflation YoY	Jan	--	2.10%	1.80%	--
02/06/2017 08:30	AU	Retail Sales MoM	Dec	0.30%	-0.10%	0.20%	0.10%
02/06/2017 08:30	AU	ANZ Job Advertisements MoM	Jan	--	4.00%	-1.90%	-2.20%
02/06/2017 09:45	CH	Caixin China PMI Composite	Jan	--	52.2	53.5	--
02/06/2017 09:45	CH	Caixin China PMI Services	Jan	--	53.1	53.4	--
02/06/2017 12:11	ID	GDP Annual YoY	2016	5.02%	5.02%	4.79%	4.88%
02/06/2017 12:11	ID	GDP QoQ	4Q	-1.80%	-1.77%	3.20%	3.13%
02/06/2017 12:11	ID	GDP YoY	4Q	5.00%	4.94%	5.02%	5.01%
02/06/2017 15:00	GE	Factory Orders MoM	Dec	0.70%	5.20%	-2.50%	-3.60%
02/06/2017 15:00	GE	Factory Orders WDA YoY	Dec	4.20%	8.10%	3.00%	2.00%
02/06/2017 16:20	TA	Foreign Reserves	Jan	--	\$436.59b	\$434.20b	--
02/06/2017 16:30	GE	Markit Germany Construction PMI	Jan	--	52	54.9	--
02/06/2017 17:10	GE	Markit Germany Retail PMI	Jan	--	50.3	52	--
02/06/2017 17:10	EC	Markit Eurozone Retail PMI	Jan	--	50.1	50.4	--
02/06/2017 17:10	FR	Markit France Retail PMI	Jan	--	53.1	50.4	--
02/06/2017 17:10	IT	Markit Italy Retail PMI	Jan	--	45.6	47.9	--
02/06/2017 17:23	ID	Consumer Confidence Index	Jan	--	115.3	115.4	--
02/06/2017 02/09	VN	Domestic Vehicle Sales YoY	Jan	--	--	18.50%	--
02/07/2017 06:30	AU	AiG Perf of Construction Index	Jan	--	47.7	47	--
02/07/2017 07:50	JN	Official Reserve Assets	Jan	--	--	\$1216.9b	--
02/07/2017 09:00	PH	CPI NSA MoM	Jan	0.40%	--	0.30%	--
02/07/2017 09:00	PH	CPI YoY	Jan	2.80%	--	2.60%	--
02/07/2017 10:00	NZ	2Yr Inflation Expectation	1Q	--	--	1.68%	--
02/07/2017 11:30	AU	RBA Cash Rate Target	Feb-07	1.50%	--	1.50%	--
02/07/2017 13:00	JN	Leading Index CI	Dec P	105.5	--	102.8	--
02/07/2017 13:00	JN	Coincident Index	Dec P	115.1	--	115	--
02/07/2017 13:30	AU	Foreign Reserves	Jan	--	--	A\$76.1b	--
02/07/2017 15:00	GE	Industrial Production SA MoM	Dec	0.30%	--	0.40%	--
02/07/2017 15:00	GE	Industrial Production WDA YoY	Dec	2.50%	--	2.20%	--
02/07/2017 15:00	MA	Foreign Reserves	Jan-31	--	--	\$94.3b	--
02/07/2017 15:45	FR	Trade Balance	Dec	-3500m	--	-4377m	--
02/07/2017 15:45	FR	Budget Balance YTD	Dec	--	--	-93.3b	--
02/07/2017 16:00	TA	Trade Balance	Jan	\$3.67b	--	\$4.86b	--
02/07/2017 16:00	TA	Exports YoY	Jan	8.00%	--	14.00%	--
02/07/2017 16:00	TA	Imports YoY	Jan	10.40%	--	13.20%	--
02/07/2017 16:30	UK	Halifax House Prices MoM	Jan	0.00%	--	1.70%	--
02/07/2017 16:30	UK	Halifax House Price 3Mths/Year	Jan	6.00%	--	6.50%	--
02/07/2017 17:00	SI	Foreign Reserves	Jan	--	--	\$246.58b	--
02/07/2017 21:30	US	Trade Balance	Dec	-\$45.0b	--	-\$45.2b	--
02/07/2017 21:30	CA	Int'l Merchandise Trade	Dec	0.20b	--	0.53b	--
02/07/2017 21:30	CA	Building Permits MoM	Dec	-3.50%	--	-0.10%	--
02/07/2017 23:00	CA	Ivey PMI SA	Jan	--	--	60.8	--
02/07/2017	HK	Foreign Reserves	Jan	--	--	\$386.2b	--
02/07/2017	PH	Foreign Reserves	Jan	--	--	\$81.1b	\$80.7b
02/07/2017	CH	Foreign Reserves	Jan	\$3003.5b	--	\$3010.5b	--
02/07/2017	ID	Foreign Reserves	Jan	--	--	\$116.36b	--
02/02/2017 02/10	PH	Budget Balance PHP	Dec	--	--	-19.1b	--

Source: Bloomberg

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