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Highlights

Global	<p>Global risk appetite retreated overnight, with the S&P500 slipping from recent highs, led by energy shares which tracked lower oil prices, whilst UST bonds rallied after UK PM May said the UK would need a “new relationship” with the EU “because we won’t be members of the EU any longer” which market participants interpreted as a definitive hard stance ahead of her self-imposed 31 March deadline for triggering Article 50. Expect Asian markets to trade on a slightly more defensive tone today.</p> <p>Today’s economic data calendar comprises of China’s CPI/PPI data (more signs of growing price pressures), US’ wholesale inventories, NFIB small business optimism and JOLTS job openings.</p>
US	<p>Fed members continued to pile up the hawkish rhetoric - Rosengren called for a “somewhat more regular” pace of rate hikes this year and “financial markets are probably going to be finding the interest-rate path is going to be steeper than what they’re currently projecting, but I think it does depend on fiscal policy, on foreign conditions and on other things that are a little uncertain”. He opined that “it may be appropriate to consider the balance sheet as well”. He also noted that “we’re already running the economy a bit hot; we’re at full employment” and “if we get a positive surprise...the risk of undershooting on the unemployment rate, and over time overshooting on the inflation rate, I think, is a reasonable concern”.</p> <p>Equities ended mixed on Monday, with the Dow and S&P 500 taking cues from falling crude prices. Energy shares, together with financials, led losses as the Dow and S&P 500 declined 0.38% and 0.36% respectively. The Nasdaq bucked trend to gain 0.20% as healthcare and technology shares outperformed. VIX closed at 11.56, higher by 2.12%. Comments by UK PM Theresa May on Brexit sparked concerns that UK will lose access to the EU single market. This dynamic resulted in safe haven flows into EGBs and gilts, and subsequently carried US Treasuries higher. 2- and 10-year Treasury yields fell 3-6 bps, closing at 1.18% and 2.36%.</p>
SG	<p>The re-employment age will rise by 2 years to 67 year on 1 July, and the option for employers to cut their workers’ salaries when they turn 60 will be removed.</p> <p>The STI gained another 0.64% to close at 2981.54 yesterday, but with the rally in Wall Street looking tired, it may be susceptible to some consolidation. STI’s resistance and support are tipped at 3000 and 2960 respectively. SGS bonds are likely to firm today, taking the cue from UST bond market gains overnight as well.</p>
TH	<p>The Foreign Exchange Administration of Thailand reportedly plans to allow securities companies to undertake foreign-exchange transactions to increase flexibility of the currency regime. There are plans to also allow retail investors to invest overseas directly instead via onshore intermediaries such as banks or fund managers.</p>
Commo- dities	<p>Crude oil fell sharply on news that Iraq oil exports has touched its record high in December, likely in a bid to cash in profits before the production cut agreement came in force in January 2017. Moreover, US oil rig counts continue to climb to 665n in the week ended 6 Jan 2017. WTI and Brent fell by more than 3% as a result.</p>

Major Markets

- **Indonesia:** Foreign reserves rose to USD116.4bn in December, compared to USD111.5bn in November. According to Bank Indonesia, this is partly due to global bond issuance and that the figure is equivalent to 8.8 months imports or 8.4 months imports and payments of government external debt.
- **Malaysia:** PM Najib Razak said that he believed ringgit will stabilize due to measures that have been taken by Bank Negara. He added that there are three uncontrollable factors that have influenced ringgit's value, which are "excessive speculation in the offshore market", the fall in oil prices and rise in US interest rates.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded lower across all tenors yesterday, with swap rates falling by 1-3bps with a more pronounced decrease seen in the shorter to medium tenors. In the broader dollar space, the spread on the JACI IG Corporates decreased 1bps to 197bps, while the yield on JACI HY Corporates held steady at 6.82%. 10y UST yield fell 5bps to 2.37%, as haven assets rallied yesterday.
- **New Issues:** FWD Ltd. scheduled investor meetings from January 10 for possible USD bond issuance, with expected issue ratings of 'NR/Ba1/BB+'. Chang Development International Ltd. (guaranteed by Changchun Urban Development & Investment Holdings (Group) Co.) scheduled investor road shows from 10 January for possible USD Bonds issue, with expected issue rating of "NR/Baa1/NR". New World China Land Ltd. (guaranteed by New World Development Company Ltd.) scheduled investor meetings, Gome Electrical Appliances Holdings Ltd. scheduled investor meetings from 11 – 12 January, and SEA Holdings Ltd. scheduled investor road shows from 10 January, all for potential USD bond issues.
- **Rating Changes:** Moody's assigned a Ba1(hyb) rating to FWD Limited's subordinated perpetual capital securities. The Ba1 (hyb) rating is positioned two notches below FWD Limited's issuer rating (currently Baa2 with a negative outlook), to reflect the fact that these securities will rank behind senior and subordinated debt obligations, and is in line with the standard notching guidance for preference shares. Fitch has also assigned an expected rating of 'BB+' to FWD Limited's perpetual capital securities. Fitch revised the outlook on the Issuer Default Ratings (IDR) of Indonesian state-owned entities Lembaga Pembiayaan Ekspor Indonesia (Indoexim), PT Bank Mandiri (Persero) Tbk (Mandiri), PT Bank Rakyat Indonesia (Persero) Tbk (BRI) and PT Bank Negara Indonesia (Persero) Tbk (BNI) to Positive from Stable. The rating changes reflect the high probability that they would continue to receive state support in times of need and it follows Fitch's revision of the Outlook on Indonesia's sovereign rating to Positive from Stable on 21 December 2016. Fitch downgraded China-based department store operator Parkson Retail Group Limited's (Parkson) IDR and senior unsecured rating to 'B-' from 'B', with a negative outlook. The downgrade reflects the company's weaker operating performance, while the negative outlook reflects uncertainty over its ability to refinance or repay its USD500mn bonds maturing in May 2018.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.930	-0.28%	USD-SGD	1.4363	-0.19%
USD-JPY	116.030	-0.85%	EUR-SGD	1.5188	0.22%
EUR-USD	1.0574	0.40%	JPY-SGD	1.2376	0.63%
AUD-USD	0.7354	0.73%	GBP-SGD	1.7470	-1.20%
GBP-USD	1.2163	-1.01%	AUD-SGD	1.0562	0.66%
USD-MYR	4.4770	0.10%	NZD-SGD	1.0078	0.62%
USD-CNY	6.9375	0.19%	CHF-SGD	1.4148	0.11%
USD-IDR	13362	-0.07%	SGD-MYR	3.1069	-0.38%
USD-VND	22581	0.11%	SGD-CNY	4.8255	0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	0.6910	--
2M	-0.3400	--	1M	0.7633	--
3M	-0.3210	--	2M	0.8278	--
6M	-0.2290	--	3M	1.0101	--
9M	-0.1460	--	6M	1.3243	--
12M	-0.0870	--	12M	1.6846	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.22	0.30	3.98
Italy	-0.09	-2.00	1.89
Ireland	-0.50	-0.50	0.93
Greece	7.65	--	6.89
Spain	-0.28	-2.40	1.47
Russia	2.53	-15.90	4.30

Equity and Commodity

Index	Value	Net change
DJIA	19,887.38	-76.42
S&P	2,268.90	-8.08
Nasdaq	5,531.82	10.76
Nikkei 225	19,454.33	--
STI	2,981.54	18.91
KLCI	1,667.90	-7.59
JCI	5,316.36	-30.66
Baltic Dry	949.00	-14.00
VIX	11.56	0.24

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.24 (-0.02)	1.18 (-0.03)
5Y	1.82 (-0.04)	1.87 (-0.05)
10Y	2.41 (-0.04)	2.36 (-0.05)
15Y	2.73 (-0.02)	--
20Y	2.72 (-0.02)	--
30Y	2.70 (-0.02)	2.96 (-0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	33.62	-0.22
EURIBOR-OIS	2.90	0.10
TED	49.75	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.96	-3.76%	Coffee (per lb)	1.442	0.95%
Brent (per barrel)	54.94	-3.78%	Cotton (per lb)	0.7299	-1.35%
Heating Oil (per gallon)	1.6376	-3.85%	Sugar (per lb)	0.2042	-1.59%
Gasoline (per gallon)	1.5707	-3.87%	Orange Juice (per lb)	1.8190	-1.97%
Natural Gas (per MMBtu)	3.1030	-5.54%	Cocoa (per mt)	2,184	-3.41%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,591.0	0.02%	Wheat (per bushel)	4.2725	0.95%
Nickel (per mt)	10,339.8	1.40%	Soybean (per bushel)	9.965	1.06%
Aluminium (per mt)	1,728.8	0.80%	Corn (per bushel)	3.6000	0.56%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,184.9	0.98%	Crude Palm Oil (MYR/MT)	3,231.0	0.97%
Silver (per oz)	16.683	0.99%	Rubber (JPY/KG)	271.0	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	Relevance	
01/09/2017 08:30	AU	Building Approvals MoM	Nov	4.50%	7.00%	-12.60%	-11.80%	92.6471
01/09/2017 08:30	AU	Building Approvals YoY	Nov	-5.70%	-4.80%	-24.90%	-24.00%	66.1765
01/09/2017 08:30	AU	ANZ Job Advertisements MoM	Dec	--	-1.90%	1.70%	1.60%	60.2941
01/09/2017 13:30	AU	Foreign Reserves	Dec	--	A\$76.1b	A\$69.9b	--	47.0588
01/09/2017 15:00	GE	Industrial Production SA MoM	Nov	0.60%	0.40%	0.30%	0.50%	93.2203
01/09/2017 15:00	GE	Industrial Production WDA YoY	Nov	1.90%	2.20%	1.20%	1.60%	67.7966
01/09/2017 15:00	GE	Trade Balance	Nov	20.3b	22.6b	19.3b	19.4b	61.0169
01/09/2017 15:00	GE	Current Account Balance	Nov	22.1b	24.6b	18.4b	19.4b	50.8475
01/09/2017 15:00	GE	Exports SA MoM	Nov	0.50%	3.90%	0.50%	--	57.6271
01/09/2017 15:00	GE	Imports SA MoM	Nov	1.10%	3.50%	1.30%	1.20%	49.1525
01/09/2017 15:30	FR	Bank of France Bus. Sentiment	Dec	101	102	101	--	52.7778
01/09/2017 16:00	TA	Trade Balance	Dec	\$4.37b	\$4.86b	\$4.27b	--	52.6316
01/09/2017 16:00	TA	Exports YoY	Dec	10.40%	14.00%	12.10%	--	73.6842
01/09/2017 16:00	TA	Imports YoY	Dec	10.00%	13.20%	3.00%	--	47.3684
01/09/2017 16:30	UK	Halifax House Prices MoM	Dec	0.30%	1.70%	0.20%	0.60%	76.4706
01/09/2017 16:30	UK	Halifax House Price 3Mths/Year	Dec	5.80%	6.50%	6.00%	--	67.0588
01/09/2017 17:00	SI	Foreign Reserves	Dec	--	\$246.58b	\$247.78b	--	48.2759
01/09/2017 17:00	IT	Unemployment Rate	Nov P	11.60%	11.90%	11.60%	11.80%	39.4737
01/09/2017 17:20	ID	Foreign Reserves	Dec	--	\$116.36b	\$111.47b	--	82.6087
01/09/2017 18:00	IT	Bank of Italy Report on Balance-						0
01/09/2017 18:00	EC	Unemployment Rate	Nov	9.80%	9.80%	9.80%	--	70.4545
01/09/2017 23:30	CA	Business Outlook Future Sales	4Q	--	26	12	--	42.8571
01/09/2017 23:30	CA	BoC Senior Loan Officer Survey	4Q	--	-2.6	3.3	--	40.4762
01/10/2017 04:00	US	Consumer Credit	Nov	\$18.400b	\$24.532b	\$16.018b	\$16.174b	44.2748
01/10/2017 08:30	AU	Retail Sales MoM	Nov	0.40%	0.20%	0.50%	--	89.7059
01/10/2017 09:00	PH	Exports YoY	Nov	-8.00%	--	3.70%	--	79.1667
01/10/2017 09:00	PH	Imports YoY	Nov	11.00%	--	5.90%	--	50
01/10/2017 09:00	PH	Trade Balance	Nov	-\$2180m	--	-\$2163m	--	66.6667
01/10/2017 09:30	CH	CPI YoY	Dec	2.20%	--	2.30%	--	97.2222
01/10/2017 09:30	CH	PPI YoY	Dec	4.60%	--	3.30%	--	91.6667
01/10/2017 13:00	IN	Local Car Sales	Dec	--	--	173606	--	55
01/10/2017 15:45	FR	Industrial Production MoM	Nov	0.60%	--	-0.20%	--	97.2222
01/10/2017 15:45	FR	Industrial Production YoY	Nov	-0.20%	--	-1.80%	--	91.6667
01/10/2017 15:45	FR	Manufacturing Production MoM	Nov	0.70%	--	-0.60%	--	66.6667
01/10/2017 15:45	FR	Manufacturing Production YoY	Nov	-0.20%	--	-1.50%	--	63.8889
01/10/2017 19:00	US	NFIB Small Business Optimism	Dec	99.5	--	98.4	--	63.3588
01/10/2017 21:15	CA	Housing Starts	Dec	190.0k	--	184.0k	--	80.9524
01/10/2017 21:30	CA	Building Permits MoM	Nov	-6.00%	--	8.70%	--	71.4286
01/10/2017 23:00	US	Wholesale Inventories MoM	Nov F	0.90%	--	0.90%	--	81.6794
01/10/2017 01/15	CH	Money Supply M0 YoY	Dec	7.00%	--	7.60%	--	41.6667
01/10/2017 01/15	CH	Money Supply M1 YoY	Dec	22.00%	--	22.70%	--	44.4444
01/10/2017 01/15	CH	Money Supply M2 YoY	Dec	11.40%	--	11.40%	--	83.3333
01/10/2017 01/15	CH	New Yuan Loans CNY	Dec	676.8b	--	794.6b	--	66.6667
01/10/2017 01/20	ID	Motorcycle Sales	Dec	--	--	570923	--	30.4348
01/10/2017 01/20	ID	Local Auto Sales	Dec	--	--	99935	--	39.1304

Source: Bloomberg

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