

Highlights

Global	<p>With US president-elect Trump's news conference largely focusing on refuting media reports of a dossier of allegations from Kremlin operatives, Separating control of his business to avoid conflicts of interest, and criticism of the drug industry, saw the broad USD and healthcare shares taking a dent, but left market watchers little to chew on in terms of economic policy inclinations. Asian markets should continue to trade on a firm tone today. Today's economic data calendar remains lightweight with only US' initial jobless claims and import prices, India's industrial production and CPI. Fed's Harker, Evans and Lockhart are speaking.</p>
US	<p>President-elect Trump held sway over equities on Wednesday, with the broad market reacting positively as he steered clear of controversial policy remarks. However, biotech stocks retreated on Trump's comments that the industry should be more competitive. Overall, the Dow led the way with a 0.50% rise, while the S&P 500 and Nasdaq followed with gains of 0.28% and 0.21% respectively. With Trump press conference over, attention should move to corporate results in the earnings season. VIX continued its recent retreat, down 2.0% to 11.26. Elsewhere, US Treasuries pared early gains, with yields closing largely unchanged at 1.19% for the 2-year note and 2.37% for the 10-year note. Investors will want to see more concrete plans on the fiscal policy front before pushing yields higher still. Meanwhile, a new 10-year US Treasury auction drew a lower-than-expected yield of 2.342%.</p>
UK	<p>Industrial production rebounded more than expected by 2.0% mom (2.1% yoy) in Nov, led by a surge in oil and gas after a major North Sea field resumed production, after a revised -1.0% mom (-0.5% yoy) in Oct. However, the Office for National Statistics said that sectors other than services remain "erratic and far more subdued". The goods-trade deficit also widened from GBP9.9b to GBP12.2b due to higher imports of transport equipment.</p>
TH	<p>More details on changes to the military-drafted constitution have been released. The Thai King has advised on "three to four provisions" that need to be amended. One of which is the provision that allows the Privy Council to serve as regent pro tempore in the event that the King does not appoint a regent (Section 18).</p>
SG	<p>The STI was unable to make further headway yesterday and closed down 0.17% at 3000.94. Given positive overnight leads from Wall Street and modest morning gains in Kospi, we may see the STI range trade between 3000-3020. The SGS yield curve steepened yesterday, but may reverse direction today given the UST bonds saw the strongest demand since June for its 10-year bond auction.</p>
Commodities	<p>Crude oil prices see-sawed higher likely on short-covering behaviour. Saudi Arabia announced its intention to cut sales to China and other Southern Asian nations (ex-Japan and South Korea) in its effort to curb supplies as part of the OPEC agreement. Meanwhile, while US oil inventories surged 4.1 million barrels in the week ending 6 Jan, market-watchers were optimistic over US refineries' consumption of 17.1 million barrels of crude oil and its significantly higher utilisation rate (+1.6%).</p>

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Major Markets

- **Macau:** As the economy bottomed out, investor sentiments have been picking up. Therefore, housing transaction rose on a broad basis and was up by 164% yoy to 1,296 units in November. Also, housing prices continued to grow by 20.9% yoy in November to MOP 90,428 per square meters. In addition, new residential mortgage loans approved increased significantly by 84.9% yoy to MOP4.5 billion. Given a gradual rebound in the gaming sector and the economy, the housing market is likely to continue stabilizing in 1H. But the market may see renewed downward pressure from higher rates and increasing supply in the second half of the year.
- **Indonesia:** Finance Ministry issued a new regulation yesterday, which requires primary dealers of government bonds to maintain cooperation with government that is based on professionalism, integrity, avoidance of conflict of interest while upholding national interests of Indonesia.
- **Malaysia:** Industrial production data for the month of November came in at 6.2% yoy, better than the 5.5% that market expected and an improvement from 4.2% of the previous month.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded higher across all tenors, with swap rates rising 1-3bps. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 196bps while the yield on JACI HY Corporates fell 1bps to 6.80%. 10y UST yield fell 1bps to 2.37%, although yields fell 5bps to a low of 2.33% backed by strong demand during the 10y U.S. note auction yesterday.
- **New Issues:** Standard Chartered Plc priced a USD1bn NC6 perp at 7.75%, tightening from initial guidance of 8%. The expected issue ratings are 'BB-/Ba1/BB+'. Adani Ports & Special Economic Zone Ltd. priced USD500mn 5-year bonds at CT5+215bps, tightening from initial guidance of CT5+235bps. The expected issue ratings are 'BBB-/Baa3/BBB-'. Taikang Insurance Group Inc. priced USD800mn 5-year bonds at CT5+168bps, tightening from initial guidance of CT5+190bps. The expected issue ratings are 'NR/NR/BBB+'. ORIX Corporation priced a USD500mn 5-year bond at CT5+135bps, tightening from initial guidance of CT5+150bps, and a USD250mn 10-year bond at CT10+160bps, tightening from initial guidance of CT10+170bps. The expected issue ratings are 'A-/NR/A-'.
- **Rating Changes:** S&P placed Takeda Pharmaceutical Co. Ltd.'s 'A+' corporate credit and unsecured debt ratings on CreditWatch with negative implications. The actions follow Takeda's announcement on Monday that it plans to acquire U.S. biotechnology firm Ariad Pharmaceuticals Inc. for US\$5.4 billion. S&P takes the view that "this would substantially hurt its key financial metrics and lead to a slow recovery in those metrics." Moody's assigned Broadcom Cayman Finance Ltd.'s (Broadcom Cayman) new Senior Unsecured Notes a 'Baa2' rating with a stable outlook. The rating reflects the company's considerable scale in revenues as one of the five largest semiconductor companies in the world and Moody's expectation that the company will pursue a more conservative financial policy following the completion of the Brocade acquisition, whereas the stable outlook reflects Moody's expectation that Broadcom will successfully integrate Brocade without material business disruption. Fitch also upgraded Broadcom Cayman's Issuer Default Rating (IDR) to 'BBB' from 'BBB-', with a positive outlook. Fitch downgraded Imperial Pacific International Holdings Limited (IPI) foreign-currency issuer default rating to 'CCC' from 'B'. The downgrade reflects the company's need to fund advances to customers and bear customers' credit risk due to the lack of licensed junket operators in Saipan, on top of the fact that the company has yet to secure sufficient funding for the construction of its casino and resort.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.780	-0.23%	USD-SGD	1.4271	-0.63%
USD-JPY	115.410	-0.31%	EUR-SGD	1.5100	-0.38%
EUR-USD	1.0582	0.27%	JPY-SGD	1.2364	-0.32%
AUD-USD	0.7441	0.99%	GBP-SGD	1.7430	-0.32%
GBP-USD	1.2213	0.30%	AUD-SGD	1.0619	0.36%
USD-MYR	4.4722	-0.07%	NZD-SGD	1.0067	0.29%
USD-CNY	6.9377	0.23%	CHF-SGD	1.4073	-0.34%
USD-IDR	13319	0.08%	SGD-MYR	3.1119	-0.23%
USD-VND	22565	-0.03%	SGD-CNY	4.8152	-0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.6933	--
2M	-0.3410	--	1M	0.7650	--
3M	-0.3240	--	2M	0.8317	--
6M	-0.2320	--	3M	1.0179	--
9M	-0.1490	--	6M	1.3338	--
12M	-0.0900	--	12M	1.7018	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.22	0.20	3.97
Italy	-0.10	-0.90	1.87
Ireland	-0.49	1.10	0.89
Greece	7.65	--	6.90
Spain	-0.29	-1.20	1.41
Russia	2.62	8.40	4.40

Equity and Commodity

Index	Value	Net change
DJIA	19,954.28	98.75
S&P	2,275.32	6.42
Nasdaq	5,563.65	11.83
Nikkei 225	19,364.67	63.23
STI	3,000.94	-5.08
KLCI	1,675.21	3.16
JCI	5,301.24	-8.69
Baltic Dry	894.00	-32.00
VIX	11.26	-0.23

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.22 (--)	1.19 (--)
5Y	1.82 (--)	1.88 (+0.01)
10Y	2.39 (--)	2.37 (--)
15Y	2.73 (+0.02)	--
20Y	2.75 (+0.04)	--
30Y	2.74 (+0.04)	2.96 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	34.36	-0.02
EURIBOR-OIS	2.80	0.20
TED	51.03	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.25	2.81%	Coffee (per lb)	1.490	0.88%
Brent (per barrel)	55.10	2.72%	Cotton (per lb)	0.7314	-0.07%
Heating Oil (per gallon)	1.6524	2.54%	Sugar (per lb)	0.2056	0.39%
Gasoline (per gallon)	1.5929	2.99%	Orange Juice (per lb)	1.8390	0.77%
Natural Gas (per MMBtu)	3.2240	-1.65%	Cocoa (per mt)	2,127	-3.62%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,714.0	-0.76%	Wheat (per bushel)	4.1875	-1.87%
Nickel (per mt)	10,130.0	-4.12%	Soybean (per bushel)	10.030	-0.25%
Aluminium (per mt)	1,759.5	0.46%	Corn (per bushel)	3.5725	-0.28%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,196.6	0.94%	Crude Palm Oil (MYR/MT)	3,261.0	1.27%
Silver (per oz)	16.828	-0.12%	Rubber (JPY/KG)	288.6	4.23%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
01/11/2017	05:00	SK Export Price Index MoM	Dec	--	2.90%	4.10%	3.80%
01/11/2017	05:00	SK Export Price Index YoY	Dec	--	6.30%	3.80%	3.50%
01/11/2017	05:00	SK Import Price Index YoY	Dec	--	9.20%	3.60%	3.60%
01/11/2017	07:00	SK Unemployment rate SA	Dec	3.60%	3.40%	3.60%	--
01/11/2017	07:50	JN Official Reserve Assets	Dec	--	\$1216.9b	\$1219.3b	--
01/11/2017	12:00	MA Industrial Production YoY	Nov	5.50%	6.20%	4.20%	--
01/11/2017	12:44	VN Domestic Vehicle Sales YoY	Dec	--	18.50%	25.70%	25.60%
01/11/2017	13:00	JN Leading Index CI	Nov P	102.6	102.7	100.8	--
01/11/2017	13:00	JN Coincident Index	Nov P	115	115.1	113.5	--
01/11/2017	17:30	UK Visible Trade Balance GBP/Mn	Nov	-£11,150	-£12,163	-£9,711	-£9,885
01/11/2017	17:30	UK Trade Balance Non EU GBP/Mn	Nov	-£3,000	-£3,577	-£1,598	-£2,116
01/11/2017	17:30	UK Trade Balance	Nov	-£3,500	-£4,167	-£1,971	-£1,547
01/11/2017	17:30	UK Industrial Production MoM	Nov	1.00%	2.10%	-1.30%	-1.10%
01/11/2017	17:30	UK Industrial Production YoY	Nov	0.70%	2.00%	-1.10%	-0.90%
01/11/2017	17:30	UK Manufacturing Production MoM	Nov	0.50%	1.30%	-0.90%	-1.00%
01/11/2017	17:30	UK Manufacturing Production YoY	Nov	0.40%	1.20%	-0.40%	-0.50%
01/11/2017	20:00	US MBA Mortgage Applications	Jan-06	--	5.80%	0.10%	--
01/11/2017	23:00	UK NIESR GDP Estimate	Dec	0.50%	0.50%	0.40%	0.50%
01/11/2017	01:15	CH Money Supply M0 YoY	Dec	7.00%	--	7.60%	--
01/11/2017	01:15	CH Money Supply M1 YoY	Dec	22.00%	--	22.70%	--
01/11/2017	01:15	CH Money Supply M2 YoY	Dec	11.40%	--	11.40%	--
01/11/2017	01:15	CH New Yuan Loans CNY	Dec	676.8b	--	794.6b	--
01/12/2017	07:50	JN BoP Current Account Balance	Nov	¥1460.0b	--	¥1719.9b	--
01/12/2017	07:50	JN BoP Current Account Adjusted	Nov	¥1870.4b	--	¥1928.9b	--
01/12/2017	07:50	JN Trade Balance BoP Basis	Nov	¥254.4b	--	¥587.6b	--
01/12/2017	07:50	JN Bank Lending Incl Trusts YoY	Dec	--	--	2.40%	--
01/12/2017	07:50	JN Bank Lending Ex-Trusts YoY	Dec	2.50%	--	2.40%	--
01/12/2017	08:00	NZ ANZ Commodity Price	Dec	--	--	2.70%	--
01/12/2017	15:45	FR CPI EU Harmonized MoM	Dec F	0.30%	--	0.30%	--
01/12/2017	15:45	FR CPI EU Harmonized YoY	Dec F	0.80%	--	0.80%	--
01/12/2017	15:45	FR CPI MoM	Dec F	0.30%	--	0.30%	--
01/12/2017	15:45	FR CPI YoY	Dec F	0.60%	--	0.60%	--
01/12/2017	15:45	FR CPI Ex-Tobacco Index	Dec	100.67	--	100.36	--
01/12/2017	17:00	IT Industrial Production NSA YoY	Nov	--	--	-1.80%	--
01/12/2017	17:00	IT Industrial Production WDA YoY	Nov	1.90%	--	1.30%	--
01/12/2017	17:00	IT Industrial Production MoM	Nov	0.20%	--	0.00%	--
01/12/2017	18:00	EC Industrial Production SA MoM	Nov	0.60%	--	-0.10%	--
01/12/2017	18:00	EC Industrial Production WDA YoY	Nov	1.60%	--	0.60%	--
01/12/2017	20:00	IN CPI YoY	Dec	3.53%	--	3.63%	--
01/12/2017	20:00	IN Industrial Production YoY	Nov	1.50%	--	-1.90%	--
01/12/2017	21:30	CA New Housing Price Index MoM	Nov	0.30%	--	0.40%	--
01/12/2017	21:30	US Import Price Index MoM	Dec	0.70%	--	-0.30%	--
01/12/2017	21:30	US Import Price Index YoY	Dec	1.80%	--	-0.10%	--
01/12/2017	21:30	US Initial Jobless Claims	Jan-07	255k	--	235k	--
01/12/2017	21:30	US Continuing Claims	Dec-31	2087k	--	2112k	--
01/12/2017	22:45	US Bloomberg Consumer Comfort	Jan-08	--	--	45.5	--

Source: Bloomberg

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