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Highlights

Global	With a quiet economic calendar, Wall Street saw some consolidation yesterday, especially for the financials ahead of the key US bank earnings results (which include J.P.Morgan, Bank of America and Wells Fargo later today). As Trump-related market exuberance continued to fade, the USD and UST bond yields also retreated. As such, tonight's US' retail sales, PPI and University of Michigan sentiments data releases will be key. Fed's Yellen and Harker are speaking.
US	Initial jobless claims rose 10k to 247k, while import prices rebounded less than expected by 0.4% mom (+1.8% yoy) in Dec, with oil prices the main contributor again. Excluding petroleum, import prices fell 0.2% mom last month, and non-petroleum import prices were unchanged from a year ago.
Fed	Fed rhetoric also shed some light on their assessment of Trump and his potential policy implications - Evans said fiscal stimulus "might increase growth by a couple of tenths over the next two years" and then "we would need less accommodation or, put it a different way, the current low setting of the funds rate would all of a sudden become that much more accommodative". Similarly, Harker opined that Trump's policies "could cut both ways" and "I want to get a little more data before I make that decision". Separately, Bullard noted that "you can afford to be patient here and see what happens and see how much really transpires...they've got to all materialise, and details matter".
CH	Credit growth surprised the market on the upside in December. Total new Yuan loan increased by CNY 1.04 trillion, mainly supported by loan to corporates. Medium to long term to corporates increased by CNY695.4 billion, signaling the return of private sector confidence. Property tightening measures continued to take effect on credit growth. Medium to long term loan to household sector fell to CNY 421.7 billion, down by CNY 147.5 billion from November level. However, off-balance sheet lending accelerated to CNY730 billion as tightening property measures have diverted loan demand to off-balance sheet.
ID	Government is expecting an extra revenue of IDR1.3tn this year, from an increase in cigarette tax. Effective from January 1 st , the tax has been increased from 8.7% to become 9.1% of sales price.
MA	The Malaysian government is planning to amend the Employment Restriction Act of 1968, to increase the fines on employers who hire illegal foreign workers from MYR50k to become MYR100k. The amendment is reportedly going to be table in March.
Commodities	The commodity complex rose broadly, from energy to precious metals, base metals, softs and grains, as the greenback fell for its second consecutive trading day. Notably, WTI and Brent rose to \$53/bbl and \$56/bbl, respectively. Elsewhere, gold edged above its \$1,200/oz handle on intraday trading, before closing lower at \$1,199.8/oz yesterday. With little cues to explain commodity movement, save for Donald Trump's lack of concrete cues over his fiscal policies, the market will likely focus on China's import data, especially on crude oil and petroleum, to decipher further short-term movement in energy prices.

Major Markets

- **US:** Led by financials and tech stocks, equities ended weaker on Thursday. Financials declined amid falling US Treasury yields, while tech took a breather after a recent upswing that led to a record-breaking run in the Nasdaq. Overall, the S&P 500 fell 0.21%, while the Dow and Nasdaq lost 0.32% and 0.29% respectively. VIX saw an upturn, closing at 11.54, up 2.5%. Meanwhile, US Treasury yields continued to slip as investors lost interest in the fiscal spending-led reflationary theme. 2- and 10-year benchmark yields ended 1 bp lower at 1.17% and 2.36% respectively.
- **Singapore:** The STI saw a second day of consolidation, closing down 0.26% at 2993.00 yesterday, and may see further profit-taking today amid weak cues from overnight Wall Street declines. The STI may trade between 2980-3000. The SGS bonds saw strong buying interest yesterday, with yields lower by 4-10bps and may see sustained interest for now as UST bond yields also treaded lower.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates falling 4-6bps across all tenors. In the broader dollar space, the spread on JACI IG Corporates rose 2bps to 198bps, while the yield on JACI HY Corporates fell 2bps to 6.78%. 10y UST yield changed little, falling 1bps to close at 2.36% yesterday. 10y UST will be headed for its first four-week advance since July as investors lose confidence that President-elect Trump's first priorities will include fiscal stimulus aimed at spurring economic growth.
- **New Issues:** The Republic of Korea priced a USD1bn 10-year bond at CT10+55bps, tightening from initial guidance of CT10+70bps. The expected issue ratings are 'AA/Aa2/AA-'. New Rose Investments Ltd. (guaranteed by SEA Holdings Ltd) priced a USD200mn 3-year bond at 4.5%, tightening from initial guidance of 4.875%. R&F Properties has launched a retap of its \$265mn 5.75% 5NC3 notes seeking to sell an additional USD460mn to be issued on 13 January. Changchun Urban International Ltd. launched a new USD 3-year bond deal, with initial guidance of CT3+240bps. The expected issue ratings are 'NR/Baa1/NR'. Mapletree Investments Pte set final guidance for its SGD Perpetual NC5 issue at 4.5%, tighter than initial guidance of 4.7%.
- **Rating Changes:** S&P upgraded Atlas Iron Ltd.'s corporate credit and issue ratings to 'B-' from 'CCC-'. The upgrade reflects the turnaround in Atlas Iron's financial position since early last year, as they were able to benefit from rising iron ore prices. Atlas Iron's earnings and cash flows have increased materially during the first half of the year ending June 30, 2017, enabling the company to partially prepay some of its debt. Moody's downgraded Imperial Pacific International Holdings Ltd.'s (Imperial Pacific) corporate family rating to 'B3' from 'B2', and assigned a 'B2' senior secured rating to the proposed USD bonds to be issued by Imperial Pacific International (CNMI), LLC and guaranteed by Imperial Pacific. The downgrade reflects the increased uncertainty over the company's ability to secure sufficient funding to complete its Grand Marina project in view of the delay in the opening of the casino to March 2017. The outlook is negative. Moody's assigned a 'B1' corporate family rating to Reward Science and Technology Industry Group Co., Ltd. (Reward) with a stable outlook. In addition, Moody's assigned a provisional 'B1' rating to the proposed senior notes to be issued by Reward International Investment Limited, which will be guaranteed by Reward. The rating action reflects its vertically integrated dairy supply chain which helps to ensure product safety, the increasing level of national penetration for its cleaning products, steady operating cash flow generation, and its improving financial structure. Moody's upgraded SME Development Bank of Thailand's (SME Bank) standalone baseline credit assessment to 'B3' from 'Caa1'. In addition, Moody's affirmed SME Bank's foreign currency deposit rating at 'Baa2'. The upgrade of SME Bank's BCA to 'B3' from 'Caa1' reflects the bank's weak but improving solvency profile, following the recent capital increases and reduction in gross nonperforming loans (NPLs).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.350	-0.42%	USD-SGD	1.4273	0.01%
USD-JPY	114.720	-0.60%	EUR-SGD	1.5147	0.31%
EUR-USD	1.0613	0.29%	JPY-SGD	1.2442	0.63%
AUD-USD	0.7484	0.58%	GBP-SGD	1.7360	-0.40%
GBP-USD	1.2162	-0.42%	AUD-SGD	1.0681	0.58%
USD-MYR	4.4587	-0.30%	NZD-SGD	1.0128	0.61%
USD-CNY	6.8941	-0.63%	CHF-SGD	1.4119	0.33%
USD-IDR	13281	-0.29%	SGD-MYR	3.1282	0.52%
USD-VND	22565	--	SGD-CNY	4.8420	0.56%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.6928	--
2M	-0.3410	--	1M	0.7672	--
3M	-0.3260	--	2M	0.8333	--
6M	-0.2330	--	3M	1.0218	--
9M	-0.1500	--	6M	1.3346	--
12M	-0.0910	--	12M	1.7029	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.25	3.10	3.91
Italy	-0.08	1.50	1.89
Ireland	-0.46	2.60	0.88
Greece	7.11	-53.70	6.93
Spain	-0.29	--	1.40
Russia	2.56	-5.90	4.31

Equity and Commodity

Index	Value	Net change
DJIA	19,891.00	-63.28
S&P	2,270.44	-4.88
Nasdaq	5,547.49	-16.16
Nikkei 225	19,134.70	-229.97
STI	2,993.00	-7.94
KLCI	1,677.76	2.55
JCI	5,292.75	-8.49
Baltic Dry	892.00	-2.00
VIX	11.54	0.28

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.17 (-0.05)	1.17 (-0.01)
5Y	1.74 (-0.07)	1.87 (-0.02)
10Y	2.30 (-0.09)	2.36 (-0.01)
15Y	2.64 (-0.09)	--
20Y	2.69 (-0.06)	--
30Y	2.68 (-0.05)	2.96 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	34.87	0.51
EURIBOR-OIS	2.50	-0.10
TED	51.42	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.01	1.45%	Coffee (per lb)	1.496	0.40%
Brent (per barrel)	56.01	1.65%	Cotton (per lb)	0.7234	-1.09%
Heating Oil (per gallon)	1.6756	1.40%	Sugar (per lb)	0.2076	0.97%
Gasoline (per gallon)	1.6108	1.12%	Orange Juice (per lb)	1.8450	0.33%
Natural Gas (per MMBtu)	3.3860	5.02%	Cocoa (per mt)	2,230	4.84%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,842.0	2.24%	Wheat (per bushel)	4.2625	1.79%
Nickel (per mt)	10,224.8	0.94%	Soybean (per bushel)	10.320	2.89%
Aluminium (per mt)	1,789.0	1.68%	Corn (per bushel)	3.5825	0.28%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,199.8	0.27%	Crude Palm Oil (MYR/MT)	3,255.0	-0.18%
Silver (per oz)	16.825	-0.02%	Rubber (JPY/KG)	299.5	3.78%

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

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
01/12/2017 07:50	JN	BoP Current Account Balance	Nov	¥1460.0b	¥1415.5b	¥1719.9b	--
01/12/2017 07:50	JN	BoP Current Account Adjusted	Nov	¥1870.4b	¥1799.6b	¥1928.9b	--
01/12/2017 07:50	JN	Trade Balance BoP Basis	Nov	¥254.4b	¥313.4b	¥587.6b	--
01/12/2017 07:50	JN	Bank Lending Incl Trusts YoY	Dec	--	2.60%	2.40%	--
01/12/2017 07:50	JN	Bank Lending Ex-Trusts YoY	Dec	2.50%	2.60%	2.40%	--
01/12/2017 08:00	NZ	ANZ Commodity Price	Dec	--	0.70%	2.70%	3.20%
01/12/2017 15:45	FR	CPI EU Harmonized MoM	Dec F	0.30%	0.30%	0.30%	--
01/12/2017 15:45	FR	CPI EU Harmonized YoY	Dec F	0.80%	0.80%	0.80%	--
01/12/2017 15:45	FR	CPI MoM	Dec F	0.30%	0.30%	0.30%	--
01/12/2017 15:45	FR	CPI YoY	Dec F	0.60%	0.60%	0.60%	--
01/12/2017 15:45	FR	CPI Ex-Tobacco Index	Dec	100.67	100.66	100.36	--
01/12/2017 17:00	IT	Industrial Production NSA YoY	Nov	--	3.20%	-1.80%	--
01/12/2017 17:00	IT	Industrial Production WDA YoY	Nov	1.90%	3.20%	1.30%	--
01/12/2017 17:00	IT	Industrial Production MoM	Nov	0.20%	0.70%	0.00%	0.10%
01/12/2017 17:01	CH	Money Supply M0 YoY	Dec	7.00%	8.10%	7.60%	--
01/12/2017 17:01	CH	Money Supply M1 YoY	Dec	22.00%	21.40%	22.70%	--
01/12/2017 17:01	CH	Money Supply M2 YoY	Dec	11.40%	11.30%	11.40%	--
01/12/2017 17:01	CH	New Yuan Loans CNY	Dec	676.8b	1040.0b	794.6b	--
01/12/2017 18:00	EC	Industrial Production SA MoM	Nov	0.60%	1.50%	-0.10%	0.10%
01/12/2017 18:00	EC	Industrial Production WDA YoY	Nov	1.60%	3.20%	0.60%	0.80%
01/12/2017 20:00	IN	CPI YoY	Dec	3.51%	3.41%	3.63%	--
01/12/2017 20:00	IN	Industrial Production YoY	Nov	1.50%	5.70%	-1.90%	-1.80%
01/12/2017 21:30	CA	New Housing Price Index MoM	Nov	0.30%	0.20%	0.40%	--
01/12/2017 21:30	US	Import Price Index MoM	Dec	0.70%	0.40%	-0.30%	-0.20%
01/12/2017 21:30	US	Import Price Index YoY	Dec	1.80%	1.80%	-0.10%	0.10%
01/12/2017 21:30	US	Initial Jobless Claims	Jan-07	255k	247k	235k	237k
01/12/2017 21:30	US	Continuing Claims	Dec-31	2087k	2087k	2112k	2116k
01/12/2017 22:45	US	Bloomberg Consumer Comfort	Jan-08	--	45.1	45.5	--
01/13/2017 03:00	US	Monthly Budget Statement	Dec	-\$26.0b	-\$27.5b	-\$136.7b	--
01/13/2017 07:50	JN	Money Stock M2 YoY	Dec	4.10%	--	4.00%	--
01/13/2017 07:50	JN	Money Stock M3 YoY	Dec	3.50%	--	3.40%	--
01/13/2017 07:50	JN	Foreign Buying Japan Stocks	Jan-06	--	--	¥58.5b	--
01/13/2017 07:50	JN	Japan Buying Foreign Stocks	Jan-06	--	--	-¥9.5b	--
01/13/2017 07:50	JN	Japan Buying Foreign Bonds	Jan-06	--	--	-¥501.4b	--
01/13/2017 07:50	JN	Foreign Buying Japan Bonds	Jan-06	--	--	¥828.1b	--
01/13/2017 13:00	SI	Retail Sales SA MoM	Nov	0.20%	--	1.70%	--
01/13/2017 13:00	SI	Retail Sales YoY	Nov	1.70%	--	2.20%	--
01/13/2017 13:30	JN	Bankruptcies YoY	Dec	--	--	-2.53%	--
01/13/2017 15:30	TH	Foreign Reserves	Jan-06	--	--	\$171.9b	--
01/13/2017 21:30	US	PPI Final Demand MoM	Dec	0.30%	--	0.40%	--
01/13/2017 21:30	US	PPI Ex Food and Energy MoM	Dec	0.10%	--	0.40%	--
01/13/2017 21:30	US	PPI Final Demand YoY	Dec	1.60%	--	1.30%	--
01/13/2017 21:30	US	PPI Ex Food and Energy YoY	Dec	1.50%	--	1.60%	--
01/13/2017 21:30	US	Retail Sales Advance MoM	Dec	0.70%	--	0.10%	--
01/13/2017 21:30	US	Retail Sales Ex Auto MoM	Dec	0.50%	--	0.20%	--
01/13/2017 21:30	US	Retail Sales Ex Auto and Gas	Dec	0.40%	--	0.20%	--
01/13/2017 23:00	US	Business Inventories	Nov	0.60%	--	-0.20%	--
01/13/2017 23:00	US	U. of Mich. Sentiment	Jan P	98.5	--	98.2	--
01/13/2017	CH	Trade Balance	Dec	\$47.55b	--	\$44.61b	\$44.23b
01/13/2017	CH	Exports YoY	Dec	-4.00%	--	0.10%	-1.60%
01/13/2017	CH	Imports YoY	Dec	3.00%	--	6.70%	4.70%
01/13/2017	CH	Exports YoY CNY	Dec	-0.10%	--	5.90%	--
01/13/2017	SK	BoK 7-Day Repo Rate	Jan-13	1.25%	--	1.25%	--
01/13/2017 01/16	IN	Exports YoY	Dec	--	--	2.30%	--
01/13/2017 01/16	IN	Imports YoY	Dec	--	--	10.40%	--

Source: Bloomberg

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