

Highlights

Global	Trump and Abe's meeting on Friday reaffirmed a commitment to continued accommodative monetary policy as part of Japan's three-pronged program, but sidestepped the trade issues by delegating it to their deputies Pence and Aso who will front a new economic dialogue focusing on monetary policy, cooperative projects and trade. Separately, China's trade data also surprised on the upside for Jan, while North Korea's ballistic missile test on Sunday drew a joint rebuke from Trump and Abe. This morning, Japan reported that its 4Q16 GDP growth rose for the fourth straight quarter by 1.0% annualised qoq (consensus forecast: +1.1%), led by business spending and exports whereas private consumption stagnated, but marked a slowdown from +1.3% in 3Q16. Expect the Asian markets to trade sideways today given a very light economic data calendar that simply comprises of India's Jan inflation and European Commission's economic forecasts. Market focus this week will be on Yellen's congressional testimony tomorrow and Wednesday (which could swing market expectations for a March hike that is currently discounted at this juncture), with Fed speakers including Lacker (14 Feb), Kaplan and Lockhart (15 Feb), Rosengren and Harker (16 Feb) and BI rate decision on 16 Feb.
US	US' University of Michigan sentiment fell more than expected from a 13-year high of 98.5 in Jan to a 3-month low of 95.7 in Feb, as the current conditions stabilised around 111.2 (previously 111.3), but the expectations index slumped from 90.3 to 85.7 as 6 in 10 consumers surveyed mentioned government policy, and 3 out of 4 consumers tipped interest rates to rise. The expected inflation rate next year is 2.8% (previously 2.6%) and 2.5% for the next 5-10 years (previously 2.6%).
IMF	IMF's Lagarde tips global economic activity to pick up in 2017-2018 across both DM and EM, but since oil prices are unlikely to return to high pre-2014 levels, oil exports need to diversify their revenue sources.
EZ	Switzerland has rejected corporate tax reform referendum by a 59-41% vote, which may hurt its appeal as a place for MNCs.
SG	OCBC will announce 4Q earnings tomorrow, followed by DBS on 16 Feb and UOB on 17 Feb.
CH	Both China's export and import in dollar terms beat market expectations, up by 7.9% yoy and 16.7% yoy respectively in January. Trade surplus widened to US\$51.35 billion from US\$40.8 billion in December. The stronger than expected export was mainly attributable to three factors including a low base, the Chinese New Year effect as well as an improving growth outlook. Chinese exporters tend to front load their exports ahead of Chinese New Year festive. Given that the Chinese New Year holiday was at the end of January this year, exporters may have front loaded in the beginning of January. Overall, the single month data during the Chinese New Year holiday may not give a complete picture. As such, we try not to jump into conclusions too early without having February data on hand.
ID	Economics Minister Darmin Nasution said that the government seeks to boost economic growth above the 5.1% baseline estimate set out in the state budget, potentially to as much as 5.4-5.7% this year. He added that the government seeks to ensure that inflation would remain below 4% in 2017.

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Major Markets

- **US:** Equities rallied to yet another record in anticipation of tax cut and fiscal spending plans in Trump's upcoming "phenomenal" tax plan announcement. Improving crude and commodity prices boosted energy and material stocks as gains were seen in all industry sectors bar consumer staples. Overall, the S&P 500 reached 2316.1, up 0.36%, the Dow ended the week at 20269.37, up 0.48% and Nasdaq last traded at 5734.13, up 0.33%. VIX ended essentially unchanged at 10.85. US Treasury yields were higher by around 2 bps across the board, with the 2- and 10-year benchmark yields standing at 1.21% and 2.43% respectively.
- **Malaysia:** Industrial production for the month of December rose by 4.7% yoy, compared to median market estimate of 4%.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded upwards last Friday, with swap rates trading 5-7bps higher. In the broader dollar space, the spread on JACI IG Corporates fell 2bps to 194bps while the yield on JACI HY Corporates rose 1bps to 6.74%. 10y UST yields rose 2bps to 2.41% last Friday after Trump's affirmation of the One-China policy curbed global demand for safe-haven assets.
- **New Issues:** Bank of Communications Co. Ltd. (Hong Kong) hired banks for potential USD floating rate notes issuance. Fosun International Ltd. is planning for a potential USD bond issuance. Road King Infrastructure Ltd. is also planning for a potential USD perpetuals issuance.
- **Rating Changes:** S&P placed Pactera Technology International Ltd.'s (Pactera) 'B' corporate credit rating and issue rating on the US\$275mn senior unsecured notes guaranteed by the company on CreditWatch with developing implications. The rating action reflects the uncertain impact of HNA Group's change of control offer on Pactera's leverage and liquidity. On February 2, HNA Group completed the acquisition of all outstanding shares of Pactera's parent company. Fitch withdrew all ratings on Telstra Corporation Limited last Friday for commercial reasons. Prior to the withdrawal, Fitch affirmed Telstra Corporation Limited's Issuer Default Rating (IDR) and senior unsecured rating at 'A'. The outlook on the IDR is stable.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	100.800	0.15%	USD-SGD	1.4205	--
USD-JPY	113.220	-0.03%	EUR-SGD	1.5116	-0.13%
EUR-USD	1.0643	-0.11%	JPY-SGD	1.2549	0.04%
AUD-USD	0.7674	0.64%	GBP-SGD	1.7743	-0.05%
GBP-USD	1.2491	-0.05%	AUD-SGD	1.0904	0.67%
USD-MYR	4.4440	0.10%	NZD-SGD	1.0228	0.20%
USD-CNY	6.8785	0.14%	CHF-SGD	1.4176	-0.04%
USD-IDR	13312	0.13%	SGD-MYR	3.1277	-0.27%
USD-VND	22645	-0.11%	SGD-CNY	4.8447	0.06%

Equity and Commodity

Index	Value	Net change
DJIA	20,269.37	96.97
S&P	2,316.10	8.23
Nasdaq	5,734.13	18.95
Nikkei 225	19,378.93	471.26
STI	3,100.39	20.43
KLCI	1,698.94	10.44
JCI	5,371.67	-0.41
Baltic Dry	702.00	-5.00
VIX	10.85	--

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.6878	0.0011
2M	-0.3410	0.0010	1M	0.7711	0.0005
3M	-0.3290	-0.0010	2M	0.8456	0.0056
6M	-0.2400	0.0010	3M	1.0362	0.0025
9M	-0.1610	--	6M	1.3382	0.0033
12M	-0.1010	--	12M	1.7026	0.0086

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.25 (+0.04)	1.19 (+0.01)
5Y	1.65 (+0.03)	1.89 (+0.02)
10Y	2.25 (+0.03)	2.41 (+0.01)
15Y	2.48 (+0.02)	--
20Y	2.53 (+0.01)	--
30Y	2.58 (+0.02)	3.01 (--)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.08	1.10	4.12
Italy	-0.01	3.30	2.27
Ireland	-0.36	5.20	1.09
Greece	8.87	-116.60	7.39
Spain	-0.27	1.30	1.70
Russia	2.03	-8.00	4.21

Financial Spread (bps)

	Value	Change
LIBOR-OIS	34.14	-0.68
EURIBOR-OIS	1.88	-0.12
TED	50.32	0.25

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.86	1.62%	Coffee (per lb)	1.458	0.38%
Brent (per barrel)	56.70	1.92%	Cotton (per lb)	0.7582	0.32%
Heating Oil (per gallon)	1.6659	1.49%	Sugar (per lb)	0.2042	-1.11%
Gasoline (per gallon)	1.5896	1.24%	Orange Juice (per lb)	1.6995	-2.33%
Natural Gas (per MMBtu)	3.0340	-3.41%	Cocoa (per mt)	1,939	-1.77%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,090.0	4.60%	Wheat (per bushel)	4.4900	1.24%
Nickel (per mt)	10,615.5	3.73%	Soybean (per bushel)	10.590	0.81%
Aluminium (per mt)	1,866.5	1.69%	Corn (per bushel)	3.7450	1.35%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,234.4	-0.06%	Crude Palm Oil (MYR/MT)	3,268.0	-1.00%
Silver (per oz)	17.933	1.08%	Rubber (JPY/KG)	337.8	1.93%

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

CFTC Commodities Futures and Options

For the week ended: 07 Feb 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	144,010	112,942	31,068	Nymex Crude	527,866	543,830	-15,964
Sugar	213,702	199,740	13,962	Natural Gas	-43,510	-28,628	-14,882
Wheat	-49,246	-62,566	13,320	RBOB Gasoline	70,999	81,763	-10,764
Cotton	127,317	121,427	5,890	Live Cattle	118,119	124,030	-5,911
Gold	121,369	119,093	2,276	Coffee	28,974	34,546	-5,572
Silver	77,172	75,246	1,926	Copper	51,516	56,942	-5,426
Platinum	40,494	38,951	1,543	Soybean	176,402	181,101	-4,699
Lean Hogs	64,054	63,470	584	Heating Oil	45,219	48,618	-3,399
Palladium	15,934	15,761	173	Cocoa	-18,553	-16,303	-2,250

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
02/02/2017 02:10	PH	Budget Balance PHP	Dec	--	--	-19.1b	--
02/10/2017 07:50	JN	PPI YoY	Jan	0.00%	0.50%	-1.20%	--
02/10/2017 08:30	AU	Home Loans MoM	Dec	1.00%	0.40%	0.90%	1.30%
02/10/2017 08:30	AU	Owner-Occupier Loan Value MoM	Dec	--	1.30%	0.40%	--
02/10/2017 09:00	PH	Imports YoY	Dec	10.70%	19.10%	19.70%	--
02/10/2017 09:00	PH	Exports YoY	Dec	2.90%	4.50%	-7.50%	--
02/10/2017 09:00	PH	Trade Balance	Dec	-\$2200m	-\$2564m	-\$2566m	--
02/10/2017 11:23	CH	Imports YoY	Jan	10.00%	16.70%	3.10%	--
02/10/2017 11:23	CH	Exports YoY	Jan	3.20%	7.90%	-6.10%	-6.20%
02/10/2017 11:23	CH	Trade Balance	Jan	\$48.50b	\$51.35b	\$40.82b	\$40.71b
02/10/2017 12:00	MA	Industrial Production YoY	Dec	4.00%	4.70%	6.20%	--
02/10/2017 12:30	JN	Tertiary Industry Index MoM	Dec	-0.20%	-0.40%	0.20%	0.30%
02/10/2017 15:30	TH	Foreign Reserves	Feb-03	--	\$180.4b	\$177.6b	--
02/10/2017 15:45	FR	Industrial Production YoY	Dec	1.40%	1.30%	1.80%	1.90%
02/10/2017 15:45	FR	Manufacturing Production YoY	Dec	0.60%	0.60%	1.40%	1.50%
02/10/2017 15:45	FR	Non-Farm Payrolls QoQ	4Q P	0.30%	0.40%	0.30%	--
02/10/2017 17:00	IT	Industrial Production WDA YoY	Dec	3.20%	6.60%	3.20%	3.30%
02/10/2017 17:00	IT	Industrial Production MoM	Dec	-0.10%	1.40%	0.70%	0.80%
02/10/2017 17:30	UK	Visible Trade Balance GBP/Mn	Dec	£11,450	£10,890	£12,163	£11,555
02/10/2017 17:30	UK	Trade Balance Non EU GBP/Mn	Dec	£3,300	£2,114	£3,577	£2,975
02/10/2017 17:30	UK	Trade Balance	Dec	£3,500	£3,304	£4,167	£3,559
02/10/2017 17:30	UK	Industrial Production YoY	Dec	3.20%	4.30%	2.00%	2.20%
02/10/2017 17:30	UK	Manufacturing Production YoY	Dec	1.70%	4.00%	1.20%	1.70%
02/10/2017 19:27	ID	BoP Current Account Balance	4Q	-\$2900m	-\$1800m	-\$4493m	--
02/10/2017 20:00	IN	Industrial Production YoY	Dec	1.20%	-0.40%	5.70%	--
02/10/2017 21:30	CA	Unemployment Rate	Jan	6.90%	6.80%	6.90%	--
02/10/2017 21:30	US	Import Price Index MoM	Jan	0.30%	0.40%	0.40%	0.50%
02/10/2017 21:30	CA	Net Change in Employment	Jan	-10.0k	48.3k	53.7k	46.1k
02/10/2017 21:30	CA	Participation Rate	Jan	65.8	65.9	65.8	--
02/10/2017 23:00	UK	NIESR GDP Estimate	Jan	--	0.70%	0.50%	--
02/10/2017 23:00	US	U. of Mich. Sentiment	Feb P	98	95.7	98.5	--
02/10/2017 02:15	CH	Money Supply M2 YoY	Jan	11.30%	--	11.30%	--
02/10/2017 02:15	CH	Money Supply M1 YoY	Jan	20.20%	--	21.40%	--
02/10/2017 02:15	CH	Money Supply M0 YoY	Jan	8.90%	--	8.10%	--
02/10/2017 02:15	CH	New Yuan Loans CNY	Jan	2440.0b	--	1040.0b	--
02/11/2017 03:00	US	Monthly Budget Statement	Jan	\$45.0b	\$51.3b	\$55.2b	--
02/13/2017 07:50	JN	GDP SA QoQ	4Q P	0.30%	--	0.30%	--
02/13/2017 07:50	JN	GDP Annualized SA QoQ	4Q P	1.10%	--	1.30%	--
02/13/2017 07:50	JN	GDP Deflator YoY	4Q P	-0.20%	--	-0.20%	--
02/13/2017 07:50	JN	GDP Private Consumption QoQ	4Q P	0.00%	--	0.30%	--
02/13/2017 07:50	JN	GDP Business Spending QoQ	4Q P	1.20%	--	-0.40%	--
02/13/2017 15:00	GE	Wholesale Price Index YoY	Jan	--	--	2.80%	--
02/13/2017 18:00	EC	EU Comm ECO Forecasts					
02/13/2017 20:00	IN	CPI YoY	Jan	3.24%	--	3.41%	--
02/13/2017 02:15	IN	Exports YoY	Jan	--	--	5.70%	--

Source: Bloomberg

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