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Highlights

Global	A “risk off” session last Friday saw investors fleeing for the safety of UST bonds, prompting the 10-year bond yield to rally to 2.31% whereas Wall Street eked out a late session gain. Expect Asian markets to kick off the week and trade on the defensive today. Today’s economic data calendar comprises of US’ durable goods, pending home sales and Dallas Fed manufacturing activity, Eurozone’s consumer confidence, and Hong Kong’s trade. For this week, the highlight will be US president Trump’s address to a joint session of Congress tomorrow (which risks disappointing market players if it materialises as lot of big promises, but light on details), as well as Fed chair Yellen who will speak on Wed – note if FOMC is serious about Mar meeting being “live” then now is the time to start prepping the market. On the central bank meeting front, Bank of Canada (likely static at 0.5%) on 1 Mar and BNM (likely on hold at 3%) on 2 Mar. UK’s upper House of Lords will also review a bill authorising PM May to trigger Article 50.
US	New home sales rebounded less than expected by 3.7% mom to an annual pace of 555k in Jan, versus a revised -7.0% mom at 535k in Dec, with the supply of homes holding at 5.7 months. The University of Michigan sentiment index was revised from 98.5 in Jan to 96.3, declining for the first time since Nov. The current conditions gauge rose from 111.3 to 111.5 whereas the expectations gauge fell from 90.3 to 86.5.
EZ	French presidential candidate Macron gained further momentum with his third endorsement in less than a week as Fillon faced an extended judicial probe.
SG	Industrial production rose less than expected by 2.2% yoy (-6.0% mom sa) in Jan, a moderation from Dec’s revised +22.1% yoy (+6.7% mom sa). Despite the electronics recovery (+14.8% yoy), pharmaceuticals output fell 18.3% yoy, and contributed on a softer start to 2017.
TH	Health officials issued an advisory last week after reporting increasing numbers of Hand, Foot, and Mouth Disease (HFMD). Empirically, a total of 7,684 cases from all 77 provinces were reported since the start of the year.
KR	The Bank of Korea reiterates its CPI expectation at 1.8% for 2017, citing that inflation is unlikely to rise much higher given easing avian influenza conditions, stable oil prices and increasing food supplies.
Commodities	Cheers turned to gasps as market-watchers moved on from the lower-than-expected climb in US oil inventories to higher counts in US oil rig counts over the weekend. Elsewhere, Mexico reportedly opened their export ports of Dos Bocas and Coatzacoalcos, where most of its crude oil exports are shipped by tankers from these ports. Elsewhere, gold continue to point north to \$1,256.9/oz (+0.54%).

Major Markets

- **US:** The Dow ended on Friday at 20821.76, after 11 consecutive straight days of record highs. The S&P 500 and Nasdaq also gained 0.15% and 0.17% respectively. The equity rally still appeared to be broad-based, with different sectors rotating to lead the indices higher. VIX remained at low levels, closing at 11.47, down 2.0%. Concerns may be building for VIX, as it has remained calm despite the uncertainties swirling on the sidelines. US Treasury yields continue to shade lower, with the long end taking most of the damage. 10-year yields lost 6 bps to end at 2.31%, while 2-year yields shed 4 bps at 1.14%. The market appeared to be unconvinced by Fed rhetoric that March FOMC will be a 'live' meeting.
- **Singapore:** The STI surrendered 0.65% to close at 3117.03 on Friday and may succumb to further consolidation today amid the sea of red ink sweeping across global bourses, especially Nikkei and Kospi which have gapped lower this morning. STI's support and resistance are tipped at 3080 and 3120. SGS bonds are likely to rally and yields to gap lower today, taking the cue from Friday's UST bond market gains. The \$2.3b 10-year SGS bond re-opening fetched a cut off yield of 2.35% (7bp tail) and a bid-cover ratio of 1.55x, which is within our expectations.
- **Macau:** Macau has been telling its recovery story throughout 2016 with its GDP rebounding further by 7% in 4Q. In 2016, strong improvements in the gaming and tourism sectors in 2H have helped to narrow GDP contraction from -21.5% to -2.1%. Specifically, exports of gaming services grew in tandem with gaming revenue, up by 8.1% yoy in 4Q. On the other hand, continuous increases in overnight visitors have driven exports of other tourism services up by 8.4 yoy in 4Q. Moving forward, policy support and China's stabilization could boost the tourism and gaming sectors. However, a stronger MOP, policy risks faced by the VIP segment and diminishing attractiveness of the new hotels together are likely to constrain the improvement in these two sectors. Elsewhere, the government's plan to increase expenditure by 12.0% for fiscal year 2017 is expected to underpin government expenditure (+0.1% yoy in 4Q) and revive growth in the tepid government investment (-13.7% yoy in 4Q). In contrast, as the boost from lower inflation is thwarted by a stagnant wage growth, private consumption (-0.5% yoy in 4Q) is likely to remain benign. In addition, the rise of protectionism may continue to tame exports of goods (-21.2% yoy in 4Q). All in all, a 3.0 - 5.0% growth is expected for 2017 as we only expect an annual growth of 5% to 7% in gaming revenue over 2017 (gaming sector accounts for around 60% of Macau's GDP).

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards Friday, with swap rates trading 1-4bps lower across tenors. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 192bps while the yield on JACI HY corporates changed little at 6.69%. 10y UST yields fell 6bps to 2.31%, as traders remain skeptical of a rate hike in March despite several committee members' comments that a March hike is still "on the table".
- **New Issues:** Majid Al Futtaim Holding LLC scheduled investor meetings from 27 February for a potential USD Perp issuance. The expected issue ratings are 'BB+/NR/BB+'. Korea National Oil Corp. engaged banks for a potential USD/EUR bond issuance. China Cinda Asset Management Co. Ltd. engaged banks for a potential USD senior bonds issuance. Grand China Air (Hong Kong) Ltd. scheduled investor meetings for a potential USD bond issuance. The potential bonds will be guaranteed by Grand China Air Co. Ltd. Macquarie Bank Ltd. scheduled investor meetings commencing on 27 February, for a potential USD NC10 AT1 Perp issuance.
- **Rating Changes:** S&P revised the outlook on Mitsubishi Motors Corp.'s 'BB-' corporate credit rating to stable from negative. In addition, S&P affirmed the corporate credit rating on the company. The

rating action reflects S&P's view that the automaker's operating performance and financial standing face a reduced risk of further material deterioration. Moody's affirmed the ratings of five securities firms in China and Hong Kong, following the publication on 22 February of its new securities industry market makers rating methodology. Moody's has changed the outlooks on the following securities firms to stable from negative: CITIC Securities Company Limited, Everbright Securities Company Limited, Guotai Junan Securities Co., Ltd., China International Capital Corporation Ltd., Guotai Junan International Holdings Limited.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	101.090	0.04%	USD-SGD	1.4050	-0.10%
USD-JPY	112.120	-0.44%	EUR-SGD	1.4843	-0.25%
EUR-USD	1.0563	-0.18%	JPY-SGD	1.2539	0.41%
AUD-USD	0.7676	-0.51%	GBP-SGD	1.7514	-0.81%
GBP-USD	1.2462	-0.75%	AUD-SGD	1.0780	-0.65%
USD-MYR	4.4405	-0.21%	NZD-SGD	1.0119	-0.49%
USD-CNY	6.8691	0.04%	CHF-SGD	1.3948	-0.19%
USD-IDR	13331	-0.15%	SGD-MYR	3.1630	0.48%
USD-VND	22816	-0.07%	SGD-CNY	4.8927	0.37%

Equity and Commodity

Index	Value	Net change
DJIA	20,821.76	11.44
S&P	2,367.34	3.53
Nasdaq	5,845.31	9.80
Nikkei 225	19,283.54	-87.92
STI	3,117.03	-20.54
KLCI	1,698.35	-6.13
JCI	5,385.91	13.16
Baltic Dry	875.00	19.00
VIX	11.47	-0.24

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.6828	-0.0005
2M	-0.3410	-0.0010	1M	0.7806	0.0022
3M	-0.3290	--	2M	0.8517	-0.0005
6M	-0.2380	--	3M	1.0540	0.0017
9M	-0.1710	-0.0010	6M	1.3607	-0.0017
12M	-0.1130	-0.0020	12M	1.7396	-0.0047

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.23 (--)	1.14 (-0.04)
5Y	1.59 (--)	1.80 (-0.05)
10Y	2.34 (+0.11)	2.31 (-0.06)
15Y	2.47 (-0.01)	--
20Y	2.46 (-0.02)	--
30Y	2.48 (-0.02)	2.95 (-0.06)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	-0.00	-1.90	3.94
Italy	0.04	-1.40	2.20
Ireland	-0.43	0.10	0.94
Greece	7.99	-38.60	7.17
Spain	-0.10	13.30	1.70
Russia	1.84	--	4.13

Financial Spread (bps)

	Value	Change
LIBOR-OIS	31.00	-0.55
EURIBOR-OIS	2.40	--
TED	55.15	0.68

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.99	-0.84%	Coffee (per lb)	1.444	-2.33%
Brent (per barrel)	55.99	-1.04%	Cotton (per lb)	0.7542	0.53%
Heating Oil (per gallon)	1.6404	-0.98%	Sugar (per lb)	0.1980	-1.79%
Gasoline (per gallon)	1.5148	-0.90%	Orange Juice (per lb)	1.7205	-2.13%
Natural Gas (per MMBtu)	2.6270	0.38%	Cocoa (per mt)	2,028	-1.89%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,928.0	1.18%	Wheat (per bushel)	4.3125	-1.54%
Nickel (per mt)	10,818.5	2.66%	Soybean (per bushel)	10.135	0.20%
Aluminium (per mt)	1,884.8	1.22%	Corn (per bushel)	3.6400	-0.41%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,256.9	0.54%	Crude Palm Oil (MYR/MT)	2,977.0	1.09%
Silver (per oz)	18.339	1.23%	Rubber (JPY/KG)	302.1	-0.17%

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

CFTC Commodities Futures and Options

For the week ended: 21 Feb 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	586,229	557,570	28,659	Natural Gas	-51,352	-35,381	-15,971
Gold	129,253	110,437	18,816	Soybean	182,000	195,921	-13,921
Wheat	2,109	-14,365	16,474	RBOB Gasoline	58,938	70,178	-11,240
Sugar	205,353	197,326	8,027	Cotton	121,990	131,179	-9,189
Corn	210,841	205,809	5,032	Copper	42,406	44,855	-2,449
Coffee	31,011	27,025	3,986	Live Cattle	109,939	111,845	-1,906
Silver	86,783	83,864	2,919	Lean Hogs	62,231	64,018	-1,787
Cocoa	-19,838	-20,408	570	Heating Oil	37,691	38,024	-333
Platinum	39,752	39,646	106	Palladium	16,673	16,732	-59

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
02/24/2017 05:00	SK	Consumer Confidence	Feb	--	94.4	93.3	--
02/24/2017 08:30	TA	Unemployment Rate	Jan	3.80%	3.84%	3.82%	3.83%
02/24/2017 11:21	MU	GDP YoY	4Q	--	7.00%	4.00%	4.40%
02/24/2017 13:00	SI	Industrial Production YoY	Jan	9.50%	2.20%	21.30%	22.10%
02/24/2017 13:00	SI	Industrial Production SA MoM	Jan	-2.50%	-6.00%	6.40%	6.70%
02/24/2017 15:30	TH	Foreign Reserves	Feb-17	--	\$180.9b	\$180.3b	--
02/24/2017 15:45	FR	Consumer Confidence	Feb	100	100	100	--
02/24/2017 16:00	SI	Automobile COE Open Bid Cat B	Feb-24	--	50621	48209	--
02/24/2017 16:00	SI	Automobile COE Open Bid Cat A	Feb-24	--	49430	48401	--
02/24/2017 16:00	SI	Automobile COE Open Bid Cat E	Feb-24	--	51000	48556	--
02/24/2017 17:00	IT	Industrial Orders MoM	Dec	--	2.80%	1.50%	1.70%
02/24/2017 17:00	IT	Industrial Orders NSA YoY	Dec	-0.80%	-0.90%	0.10%	--
02/24/2017 17:00	IT	Industrial Sales MoM	Dec	--	2.60%	2.40%	--
02/24/2017 17:30	UK	BBA Loans for House Purchase	Jan	42600	44657	43228	43581
02/24/2017 18:00	IT	Economic Sentiment	Feb	--	104	102.5	103.3
02/24/2017 18:00	IT	Manufacturing Confidence	Feb	104.6	106.3	104.8	105
02/24/2017 18:00	IT	Consumer Confidence Index	Feb	108.8	106.6	108.8	108.6
02/24/2017 21:30	CA	CPI NSA MoM	Jan	0.40%	0.90%	-0.20%	--
02/24/2017 21:30	CA	CPI YoY	Jan	1.60%	2.10%	1.50%	--
02/24/2017 23:00	US	New Home Sales	Jan	571k	555k	536k	535k
02/24/2017 23:00	US	New Home Sales MoM	Jan	6.40%	3.70%	-10.40%	-7.00%
02/24/2017 23:00	US	U. of Mich. Sentiment	Feb F	96	96.3	95.7	--
02/27/2017 10:00	SK	Department Store Sales YoY	Jan	--	--	3.30%	--
02/27/2017 12:00	TH	Customs Exports YoY	Jan	8.75%	--	6.20%	--
02/27/2017 12:00	TH	Customs Imports YoY	Jan	12.35%	--	10.30%	--
02/27/2017 12:00	TH	Customs Trade Balance	Jan	\$11m	--	\$938m	--
02/27/2017 16:30	HK	Trade Balance HKD	Jan	-20.8b	--	-45.5b	--
02/27/2017 16:30	HK	Exports YoY	Jan	8.40%	--	10.10%	--
02/27/2017 16:30	HK	Imports YoY	Jan	8.80%	--	8.70%	--
02/27/2017 17:00	EC	M3 Money Supply YoY	Jan	4.80%	--	5.00%	--
02/27/2017 18:00	EC	Economic Confidence	Feb	108.1	--	107.9	--
02/27/2017 18:00	EC	Business Climate Indicator	Feb	0.79	--	0.77	--
02/27/2017 18:00	EC	Industrial Confidence	Feb	1	--	0.8	--
02/27/2017 18:00	EC	Consumer Confidence	Feb F	-6.2	--	-6.2	--
02/27/2017 21:30	US	Durable Goods Orders	Jan P	1.70%	--	-0.50%	--
02/27/2017 21:30	US	Durables Ex Transportation	Jan P	0.50%	--	0.50%	--
02/27/2017 21:30	US	Cap Goods Orders Nondef Ex Air	Jan P	0.50%	--	0.70%	--
02/27/2017 21:30	US	Cap Goods Ship Nondef Ex Air	Jan P	0.20%	--	1.00%	--
02/27/2017 23:00	US	Pending Home Sales MoM	Jan	1.00%	--	1.60%	--
02/27/2017 23:00	US	Pending Home Sales NSA YoY	Jan	--	--	-2.00%	--
02/27/2017 23:30	US	Dallas Fed Manf. Activity	Feb	19.4	--	22.1	--
02/27/2017	MU	Unemployment Rate	Jan	--	--	1.90%	--
02/27/2017 03/03	VN	CPI YoY	Feb	5.50%	--	5.22%	--
02/27/2017 03/03	VN	Retail Sales YTD YoY	Feb	--	--	9.90%	--
02/27/2017 03/03	VN	Imports YTD YoY	Feb	--	--	15.80%	--
02/27/2017 03/03	VN	Exports YTD YoY	Feb	--	--	7.60%	--
02/27/2017 03/09	PH	Budget Balance PHP	Dec	--	--	-19.1b	--

Source: Bloomberg

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