

### Highlights

<b>Global</b>	<p>Volatility in the currency market was woken up this week by the forming expectation that global major central banks are going to play catch up in exiting their easing policies and that the policy divergence between the ECB and Fed may start to narrow. The US dollar weakened yesterday as the Euro jumped a cent after the latest ECB meeting minutes showed that the ECB plans to shift their forward guidance gradually. Policy makers in the ECB are more upbeat on the economic outlook. Although policy makers noted that measures of underlying inflation had weakened, they still think “communication would need to evolve gradually, without a change in sequencing, if the economy continued to expand and inflation converged further toward the Governing Council’s aim”. The minutes also showed that the forward guidance could be “revisited early” in 2018. The German economy accelerated to 2.2% yoy in 2017, from 1.9% yoy in 2016. The fastest growth in six years also reinforced the ECB’s optimism about the growth outlook.</p>
<b>US</b>	<p>The US PPI missed the consensus in December and fell by 0.1% mom after 0.4% mom gain. The first drop in more than a year was mainly due to the decline of service cost while goods prices remained unchanged. For tonight, the market will closely monitor the US December CPI. The GOP tax cut started to yield positive outcome. The world’s largest retailer Wal-Mart announced to raise its US starting pay to US\$11 per hour from US\$10 per hour previously as well as one-time cash bonuses. In addition, the outgoing New York Fed President William Dudley warned overheating risk in the US economy, partly fuelled by tax cuts. “if the labor market were to tighten much further, there would be a greater risk that inflation could rise substantially above our objective.” This may force the Fed to raise rates faster.</p> <p>Equities recovered from the decline on Wednesday to mark a big gain on Thursday as a sense of calm returned to the markets. Energy stocks are the biggest winner, rising alongside crude prices. Ever greater spotlight will put on upcoming earnings, to shed light on whether the good run will continue to have legs. Major indices continue to hit records, with S&amp;P 500 gaining 0.70% to 2767.56, while the Dow and Nasdaq Composite both added 0.81%. VIX marginally higher at 9.88, compared to 9.82 previously. Normalcy returned to the Treasury markets after the gyrations on Wednesday. Long-dated Treasuries led advances as the curve flattened again. The 10y benchmark yield slipped 2 bps to 2.537%, while the 2y yield ended marginally higher at 1.979%.</p>
<b>CN</b>	<p>China’s currency regulator denied the media report yesterday that China is considering slowing or even halting the purchase of US Treasuries. The spokesman said the news may quote the wrong sources or may be the fake news. He added that China’s purchase of US Treasuries will depend on the market conditions.</p>
<b>ID</b>	<p>Bank Indonesia will be meeting for the first time next week. We continue to expect that the BI will hold, and retain a neutral stance into the year.</p>

## Major Market

- **Singapore:** The Straits Times Index ended lower yesterday (-0.22%), closing at 3,512.7. Main movers include ComfortDelgro Corp Ltd (+1.01%) and Yangzijiang Shipbuilding Holdings Ltd (+0.64%). Overnight gains in the US last night may provide some positive leads for the STI today.
- **Macau:** Housing transactions increased by 5.2% mom to 936 deals in November 2017, which reflects upbeat sentiment in the primary housing market. Nevertheless, housing transactions dropped on yearly basis for the fourth consecutive month by 27.8% yoy. Approved new mortgage loans (+44.9% mom) also fell for the fourth straight month by 9.8% yoy to MOP4.06 billion. Average housing prices fell by 2.8% YTD in November 2017. Secondary housing market has been cooled down by new property control measures and higher borrowing costs. Therefore, the performance of housing market as a whole in 2H 2017 was weaker than the same period of 2016. Moving forward, we expect more new home projects to be launched in the coming months as housing completions soared by 989% yoy to 4314 units during the first eleven months of 2017. Though we expect housing transactions to remain muted in the secondary market, primary market may remain supported by positive economic outlook, wealth effect from stock market and solid labor market. Therefore, average housing price is likely to stabilize around its current level.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday with the swap curve trading 4-6bps lower across most tenors. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 109bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS fell 4bps to 314bps. 10Y UST yield fell 2bps to 2.54%, led lower after a strong 30Y UST auction.
- **New Issues:** Tencent Holdings Ltd has priced a USD5bn deal across four-tranches, with the USD1bn 5-year tranche priced at CT5+65bps, tightening from its initial guidance of CT5+65-75bps area; the USD 500mn 5-year floating rate note priced at 3mL+60.5bps, in line with guidance; the USD2.5bn 10-year bond priced at CT10+105bps, tightening from its initial guidance of CT10+105-115bps area and the USD1bn 20-year bond priced at CT20+105bps, tightening from its initial guidance of CT30+105-115bps area. The expected issue ratings area 'A+/A2/A+'. Golden Wheel Tiandi Holdings Co Ltd has set final guidance for its USD200mn 3-year bond (guaranteed by certain subsidiaries incorporated outside of PRC) at 7.25%, tightening from its initial guidance of 7.625% area. The expected issue ratings are 'NR/B2/B'. Jiayuan International Group Ltd has set final guidance for its USD250mn 364-day bond (guaranteed by certain subsidiaries incorporated outside of PRC) at 8.25%, tightening from its initial guidance of 8.5% area. Petron Corporation Ltd has set final guidance for its USD500mn PerpNC5 bond at 4.6-4.7%, tightening from its initial guidance of 5% area. Leader Goal International Ltd has set final guidance for its USD500mn Perp NC5 bond (guaranteed by Power Construction Corporation of China) at 4.25-4.30%, tightening from its initial guidance of 4.5% area. The expected issue ratings are 'NR/Baa1/BBB+'. Rosy Delta Investment Ltd has set final guidance for its USD150mn 5-year bond at 4.875-5%, tightening from its initial guidance of 5% area. Yingde Gases Investment Ltd has set final guidance for its USD500mn 5NC3 bond (guaranteed by Yingde Gases Group Company Ltd) at 6.30-6.40%, tightening from its initial guidance of 6.75% area. The expected issue ratings are 'B/Caa1/B+'. Bank of Communications

Financial Leasing Co Ltd has scheduled for investor meetings from 15 Jan for its potential USD bond issuance. Yango Group Co Ltd has hired banks for its potential USD senior bond issuance. Tunas Baru Lampung Tbk PT has scheduled for investor meetings from 12 Jan for its potential USD bond issuance. The expected issue ratings are 'NR/Ba3/BB-'.

- **Rating Changes:** Moody's has assigned Tunas Baru Lampung Tbk International Pte Ltd's (TBLA) senior backed unsecured bond a rating of 'Ba3'. The outlook is stable. The rating action follows its 'Ba3' corporate family rating coupled with its established position as an integrated palm oil producer, with growing exposure to the Indonesia sugar industry. However, Moody's acknowledge that TBLA's rating is constrained by its small scale, exposure to volatile crude palm oil prices and unstable cash from operations resulting from uncertainties across Indonesia's import quotas for raw sugar. Moody's has assigned China Ping An Insurance Overseas Ltd (PAOH) a rating of 'Baa2'. The outlook is stable. The rating actions reflects PAOH's strong parental support and high integration with Ping An Insurance Company Of China Ltd, its good brand recognition and stable business growth supported by the demand for an overseas asset allocation from Ping an Group and its affiliates. Moody's has lowered Charter Hall Retail REIT's outlook to negative, citing that its elevated financial leverage, as a result of its new property acquisition and development expenditures, is above the tolerance level for its 'Baa1' rating.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	91.852	-0.52%	<b>USD-SGD</b>	1.3294	-0.37%
<b>USD-JPY</b>	111.260	-0.16%	<b>EUR-SGD</b>	1.5995	0.34%
<b>EUR-USD</b>	1.2032	0.70%	<b>JPY-SGD</b>	1.1948	-0.21%
<b>AUD-USD</b>	0.7892	0.62%	<b>GBP-SGD</b>	1.7998	-0.14%
<b>GBP-USD</b>	1.3538	0.23%	<b>AUD-SGD</b>	1.0491	0.26%
<b>USD-MYR</b>	3.9875	-0.43%	<b>NZD-SGD</b>	0.9653	0.51%
<b>USD-CNY</b>	6.5063	-0.03%	<b>CHF-SGD</b>	1.3623	-0.12%
<b>USD-IDR</b>	13400	-0.19%	<b>SGD-MYR</b>	2.9913	-0.31%
<b>USD-VND</b>	22700	0.01%	<b>SGD-CNY</b>	4.8908	0.16%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	1.4363	--
<b>2M</b>	-0.3410	--	<b>1M</b>	1.5538	--
<b>3M</b>	-0.3290	--	<b>2M</b>	1.6271	--
<b>6M</b>	-0.2710	--	<b>3M</b>	1.7091	--
<b>9M</b>	-0.2200	--	<b>6M</b>	1.8714	--
<b>12M</b>	-0.1860	--	<b>12M</b>	2.1555	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
01/31/2018	0.3%	0.3%	0.0%	0.0%	0.0%
03/21/2018	82.0%	81.7%	0.3%	0.0%	0.0%
05/02/2018	82.3%	80.6%	1.7%	0.0%	0.0%
06/13/2018	92.9%	43.0%	48.9%	1.0%	0.0%
08/01/2018	93.5%	40.1%	48.4%	4.8%	0.1%
09/26/2018	96.3%	25.7%	44.9%	23.6%	2.1%

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	63.80	0.36%	Copper (per mt)	7,127.5	-0.08%
Brent (per barrel)	69.26	0.09%	Nickel (per mt)	12,570.0	-2.40%
Heating Oil (per gallon)	2.0767	-0.19%	Aluminium (per mt)	2,165.3	-0.24%
Gasoline (per gallon)	1.8370	0.23%			
Natural Gas (per MMBtu)	3.0840	6.13%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,567.0	-2.10%
			Rubber (JPY/KG)	206.9	-0.24%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,322.5	0.24%			
Silver (per oz)	16.966	-0.41%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,574.73	205.60
<b>S&amp;P</b>	2,767.56	19.33
<b>Nasdaq</b>	7,211.78	58.20
<b>Nikkei 225</b>	23,710.43	-77.77
<b>STI</b>	3,512.68	-7.77
<b>KLCI</b>	1,816.88	-6.04
<b>JCI</b>	6,386.34	15.17
<b>Baltic Dry</b>	1,366.00	--
<b>VIX</b>	9.88	0.06

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.45 (-0.05)	1.98 (+0.01)
<b>5Y</b>	1.70 (-0.04)	2.33 (--)
<b>10Y</b>	2.10 (-0.04)	2.54 (-0.02)
<b>15Y</b>	2.38 (-0.04)	--
<b>20Y</b>	2.45 (-0.04)	--
<b>30Y</b>	2.57 (-0.03)	2.87 (-0.03)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	23.82	-0.40
<b>EURIBOR-OIS</b>	1.10	-0.89
<b>TED</b>	30.50	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
01/11/2018 00:00	NZ QV House Prices YoY	Dec	--	6.60%	6.40%	--
01/11/2018 07:50	JN Official Reserve Assets	Dec	--	\$1264.3b	\$1261.2b	--
<b>01/11/2018 08:30</b>	<b>AU Retail Sales MoM</b>	<b>Nov</b>	<b>0.40%</b>	<b>1.20%</b>	<b>0.50%</b>	--
01/11/2018 12:00	MA Industrial Production YoY	Nov	4.60%	5.00%	3.40%	--
01/11/2018 13:00	JN Leading Index CI	Nov P	108.6	108.6	106.5	--
01/11/2018 13:00	JN Coincident Index	Nov P	117.9	118.1	116.4	--
01/11/2018 15:30	FR Bank of France Ind. Sentiment	Dec	107	110	106	--
<b>01/11/2018 17:02</b>	<b>IT Retail Sales MoM</b>	<b>Nov</b>	<b>1.00%</b>	<b>1.10%</b>	<b>-1.00%</b>	--
01/11/2018 18:00	EC Industrial Production SA MoM	Nov	0.80%	1.00%	0.20%	0.40%
01/11/2018 21:30	CA New Housing Price Index MoM	Nov	0.20%	0.10%	0.10%	--
<b>01/11/2018 21:30</b>	<b>US PPI Final Demand MoM</b>	<b>Dec</b>	<b>0.20%</b>	<b>-0.10%</b>	<b>0.40%</b>	--
01/11/2018 21:30	US PPI Ex Food and Energy MoM	Dec	0.20%	-0.10%	0.30%	--
<b>01/11/2018 21:30</b>	<b>US Initial Jobless Claims</b>	<b>Jan-06</b>	<b>245k</b>	<b>261k</b>	<b>250k</b>	--
01/11/2018 21:30	US Continuing Claims	Dec-30	1920k	1867k	1914k	1902k
01/11/2018 22:45	US Bloomberg Consumer Comfort	Jan-07	--	53.5	51.8	--
<b>01/12/2018 03:00</b>	<b>US Monthly Budget Statement</b>	<b>Dec</b>	<b>-\$26.0b</b>	<b>-\$23.2b</b>	<b>-\$27.3b</b>	--
<b>01/12/2018 05:45</b>	<b>NZ Building Permits MoM</b>	<b>Nov</b>	<b>--</b>	<b>10.80%</b>	<b>-9.60%</b>	<b>-10.40%</b>
<b>01/12/2018 07:50</b>	<b>JN BoP Current Account Balance</b>	<b>Nov</b>	<b>¥1836.1b</b>	<b>--</b>	<b>¥2176.4b</b>	--
01/12/2018 07:50	JN Trade Balance BoP Basis	Nov	¥310.6b	--	¥430.2b	--
01/12/2018 07:50	JN Japan Buying Foreign Bonds	Jan-05	--	--	--	--
01/12/2018 07:50	JN Japan Buying Foreign Stocks	Jan-05	--	--	--	--
01/12/2018 07:50	JN Foreign Buying Japan Bonds	Jan-05	--	--	--	--
01/12/2018 07:50	JN Foreign Buying Japan Stocks	Jan-05	--	--	--	--
01/12/2018 07:50	JN Bank Lending Incl Trusts YoY	Dec	--	--	2.70%	--
01/12/2018 07:50	JN Bank Lending Ex-Trusts YoY	Dec	--	--	2.70%	--
<b>01/12/2018 13:00</b>	<b>SI Retail Sales YoY</b>	<b>Nov</b>	<b>1.10%</b>	<b>--</b>	<b>-0.10%</b>	--
<b>01/12/2018 15:30</b>	<b>TH Foreign Reserves</b>	<b>Jan-05</b>	<b>--</b>	<b>--</b>	<b>\$202.6b</b>	--
<b>01/12/2018 15:45</b>	<b>FR CPI EU Harmonized YoY</b>	<b>Dec F</b>	<b>1.30%</b>	<b>--</b>	<b>1.30%</b>	--
<b>01/12/2018 15:45</b>	<b>FR CPI YoY</b>	<b>Dec F</b>	<b>1.20%</b>	<b>--</b>	<b>1.20%</b>	--
<b>01/12/2018 17:00</b>	<b>IT Industrial Production MoM</b>	<b>Nov</b>	<b>0.60%</b>	<b>--</b>	<b>0.50%</b>	--
01/12/2018 20:00	IN CPI YoY	Dec	5.10%	--	4.88%	--
<b>01/12/2018 20:00</b>	<b>IN Industrial Production YoY</b>	<b>Nov</b>	<b>4.40%</b>	<b>--</b>	<b>2.20%</b>	--
<b>01/12/2018 21:30</b>	<b>US CPI MoM</b>	<b>Dec</b>	<b>0.10%</b>	<b>--</b>	<b>0.40%</b>	--
<b>01/12/2018 21:30</b>	<b>US CPI Ex Food and Energy MoM</b>	<b>Dec</b>	<b>0.20%</b>	<b>--</b>	<b>0.10%</b>	--
<b>01/12/2018 21:30</b>	<b>US Retail Sales Advance MoM</b>	<b>Dec</b>	<b>0.50%</b>	<b>--</b>	<b>0.80%</b>	--
01/12/2018 21:30	US Retail Sales Ex Auto MoM	Dec	0.30%	--	1.00%	--
01/12/2018 21:30	US Retail Sales Ex Auto and Gas	Dec	0.40%	--	0.80%	--
01/12/2018 23:00	US Business Inventories	Nov	0.40%	--	-0.10%	--
<b>01/12/2018</b>	<b>CH Trade Balance</b>	<b>Dec</b>	<b>\$37.00b</b>	<b>--</b>	<b>\$40.21b</b>	--
01/12/2018	CH Exports YoY	Dec	10.80%	--	12.30%	--
01/12/2018	CH Imports YoY	Dec	15.10%	--	17.70%	--
01/12/2018	CH Trade Balance CNY	Dec	235.20b	--	263.60b	--
01/12/2018	CH Exports YoY CNY	Dec	6.70%	--	10.30%	--
01/12/2018	CH Imports YoY CNY	Dec	11.80%	--	15.60%	--
01/12/2018 01/18	CH Foreign Direct Investment YoY CNY	Dec	--	--	90.70%	--
01/12/2018 01/15	CH Money Supply M1 YoY	Dec	12.60%	--	12.70%	--
<b>01/12/2018 01/15</b>	<b>CH Money Supply M2 YoY</b>	<b>Dec</b>	<b>9.20%</b>	<b>--</b>	<b>9.10%</b>	--
01/12/2018 01/15	CH Aggregate Financing CNY	Dec	1500.0b	--	1600.0b	1598.2b
01/12/2018 01/15	CH New Yuan Loans CNY	Dec	1000.0b	--	1120.0b	--
01/12/2018 01/15	CH Money Supply M0 YoY	Dec	5.90%	--	5.70%	--

Source: Bloomberg

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