

Highlights

Global	<p>This week begins with the US government shutdown now at its longest ever as it hits 24 days today. It seems uncertain at this point when it will come to an end as both sides don't show any signs of backing down with Trump continuing to insist for border wall funding. On the Brexit front, UK Prime Minister Theresa May has warned that parliament will kill Brexit if her deal is voted down. This comes as her agreement looks quite certain to face defeat in tomorrow's vote in the House of Commons. Labour leader Jeremy Corbyn has strongly indicated that his party will call a vote of no-confidence should May fail to carry her a Brexit deal through parliament. The EU meanwhile is expecting a request from the UK to possibly extend the Brexit deadline past the 29th March 2019. They are looking to prepare for a delay up until July even. Regarding oil, WTI was down 1.9% despite Saudi Arabia reaffirming their commitment to reduce supply if required. Asian markets are likely to start mixed today as they await earnings and trade data from China, following a strong last week. Some key economic releases this week includes as mentioned China trade data, Bank Indonesia rate decision, Eurozone industrial production, India CPI and trade data, South Korean trade data, European CPI data (Eurozone, French, UK, Germany, etc), German GDP and budget data, US PPI data, US jobs data and Philippines remittance data.</p>
CH	<p>RMB recorded the best weekly performance against the dollar since 2005. In addition, RMB also outperformed its major trading partners. RMB's rebound was initially driven by weaker dollar due to the re-pricing of Fed rate hike expectation. The move was exaggerated by the positioning adjustment as a result of positive headline from the US-China trade talk. Although we don't believe there will be any Shanghai Accord to force RMB to appreciate, the expectation on positive development of US-China trade talk may continue to support RMB in the near term with the USDCNY may possibly test 6.70 should more corporates join the trend to sell the dollar. However, we think the current fundamental does not support the sustainable rally of RMB.</p>
ID	<p>The Finance Ministry announced that it will offer government debt papers (SUN) Tuesday (15th January) with the indicative and maximum target of Rp 15 trillion (US\$1.07 billion) and Rp 30 trillion respectively to finance the 2019 state budget.</p>
KR	<p>Bond fund outflows by foreigners from South Korea have totalled -\$911mil in the first 11 days of January. Since 2006, on a monthly basis, the worst ever bond fund outflows fuelled by foreigners totalled just -\$644mil – that was in Nov 2016. Prolonged US-China trade tensions have led many foreign investors in pulling out funds from the export-oriented South Korean economy.</p>
CMD	<p>Energy: WTI down -1.9%, the first loss in two weeks, presumably on profit taking after the benchmark has risen 21.3% since Christmas eve. The loss comes even as Saudi Arabia reaffirms their commitment to cut more supply if needed. Data on 11 Jan by Baker Hughes also shows the number of oil rigs declining to 873, the lowest since 19 Oct.</p> <p>Gold: Gold rose +0.3% on dollar weakness and presumably short-covering. The Brexit drama continues this week, with PM Theresa May's deal highly likely to be rejected by her parliament. Hard Brexit risks and a less hawkish Fed should keep gold elevated above \$1,250 in the short term.</p>

Major Markets

- **US:** Wall Street ended lower on Friday, with the S&P500 declining 0.01%. The DJIA fell by 0.02%, while the Nasdaq composite decreased by 0.21%.
- General Motors shares rose 7.1% after it announced that it expects 2018 earnings to exceed expectations.
- Chico's FAS shares increased by 4.2% after it announced its expansion into the digital network.
- **Singapore:** The STI advanced 0.48% to 3,198.65. DBS Group Holdings Ltd (+0.34%) and Jardine Cycle & Carriage Ltd (+0.29%) led gains, while Jardine Matheson Holdings Ltd (-0.59%) and Jardine Strategic Holdings Ltd (-0.08%) registered losses.
- **Malaysia:** The November industrial production index growth slowed to 2.5% yoy (Oct 2018: 4.2% yoy) whilst manufacturing sales also expanded at a slower rate of 7.7% yoy (Oct 2018: 10.2% yoy).
- **Indonesia:** BI believes that the trade deficit will persist in December given that pressures for imports will continue. They also mentioned that the imports in December mostly consisted of capital goods. The trade data will come out on 15th January 2019.
- On other items, the government is lowering its investment target for the electricity sector this year to US\$12.04 billion, 1.3 percent less than last year's target of \$12.2 billion, after taking into account a recent slowdown in electricity consumption.
- **Macau:** Housing transaction volume dropped for the third consecutive month by 37.2% yoy to 588 deals while approved new mortgage loans retreated by 11.6% yoy to MOP3.59 billion in November. During the same month, average housing price (+12.2% YTD) dropped by 6% mom to MOP108,924/square meter. The tepid data reinforces our view that October's rebound was short-lived amid several unfavorable factors. First, housing control measures from early last year effectively dented speculative demand. Second, investor sentiments have softened gradually from last June amid higher borrowing costs and US-China trade war. Third, wealth effect subsided with HK stock market correction. Fourth, HK's housing market slowdown might have had some spill-over effect on Macau's market. In conclusion, we expect housing transaction to remain subdued despite the abating concerns about a hawkish Fed and US-China trade war escalation. The expected deceleration of Macau's gaming growth and economic growth would also continue to weigh on housing demand. Nevertheless, with unemployment rate falling to the lowest level since 2015 and housing measures continuing to support first-home buyers, average housing price may hold up well and oscillate around MOP100,000/square meter. Also, limited future housing supply would cap the downside for housing prices.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with the shorter tenors trading within 1bps higher (with the exception of the 6-month swap rate trading 3bps higher) while the longer tenors traded within 1bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 162bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 596bps. 10Y UST yields fell 3bps to close at 2.70% on the back of safe haven demand from weakening stock prices. The additional USD78bn in new US Treasury notes also weighed in on the drop in yields.

- **New Issues:** DBS Group Holdings Ltd has priced a USD100mn 2-year floating rate bond at 3-month US LIBOR +41bps. Industrial & Commercial Bank of China Ltd of Hong Kong has priced a USD200mn 1-year floating rate bond at 3-month US LIBOR +65bps and a USD100mn 2-year floating rate bond at 3-month US LIBOR +70bps. Easy Tactic Ltd has priced a USD200mn re-tap of its GZRFPR 8.75%'21s. Singapore Technologies Telemedia Pte Ltd has priced a SGD300mn perpetual at 5%. Mongolian Mortgage Corporation HFC LLC has mandated Credit Suisse to schedule investor meetings from 14 Jan for its potential USD bond issuance. Bharat Petroleum Corporation Ltd has scheduled investor meetings from 14 Jan for its potential USD bond issuance. Kookmin Bank has mandated banks to schedule investor meetings from 17 Jan for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.670	0.14%	USD-SGD	1.3534	0.06%
USD-JPY	108.480	0.05%	EUR-SGD	1.5521	-0.22%
EUR-USD	1.1469	-0.27%	JPY-SGD	1.2466	-0.07%
AUD-USD	0.7215	0.42%	GBP-SGD	1.7381	0.81%
GBP-USD	1.2844	0.76%	AUD-SGD	0.9763	0.44%
USD-MYR	4.0950	-0.10%	NZD-SGD	0.9248	0.84%
USD-CNY	6.7630	-0.38%	CHF-SGD	1.3762	0.17%
USD-IDR	14048	-0.04%	SGD-MYR	3.0324	0.10%
USD-VND	23187	0.01%	SGD-CNY	4.9978	-0.44%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3650	-0.0010	O/N	2.3894	-0.0048
2M	-0.3360	--	1M	2.5089	-0.0053
3M	-0.3080	--	2M	2.6480	-0.0048
6M	-0.2360	--	3M	2.7873	-0.0096
9M	-0.1940	--	6M	2.8646	0.0042
12M	-0.1170	0.0010	12M	3.0187	-0.0003

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
01/30/2019	0.5%	0.0%	0.0%	99.5%	0.5%
03/20/2019	0.5%	0.0%	0.0%	99.5%	0.5%
05/01/2019	10.8%	0.0%	0.0%	89.2%	10.7%
06/19/2019	19.1%	0.0%	0.0%	80.9%	18.1%
07/31/2019	19.0%	0.5%	0.5%	80.5%	18.0%
09/18/2019	18.8%	1.3%	1.3%	79.9%	17.8%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.59	-1.90%	Coffee (per lb)	1.039	-0.38%
Brent (per barrel)	60.48	-1.95%	Cotton (per lb)	0.7249	-0.49%
Heating Oil (per gallon)	1.8797	-1.39%	Sugar (per lb)	0.1278	0.87%
Gasoline (per gallon)	1.4007	-2.10%	Orange Juice (per lb)	1.2100	0.25%
Natural Gas (per MMBtu)	3.0990	4.38%	Cocoa (per mt)	2,356	-0.55%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.1950	1.12%
Nickel (per mt)	11,413.0	1.97%	Soybean (per bushel)	8.993	0.42%
Aluminium (per mt)	1,813.5	-1.48%	Corn (per bushel)	3.7825	0.53%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,289.5	0.16%	Crude Palm Oil (MYR/MT)	2,093.0	0.29%
Silver (per oz)	15.656	0.08%	Rubber (JPY/KG)	187.8	2.45%

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

Equity and Commodity

Index	Value	Net change
DJIA	23,995.95	-5.97
S&P	2,596.26	-0.38
Nasdaq	6,971.48	-14.59
Nikkei 225	20,359.70	195.90
STI	3,198.65	15.14
KLCI	1,683.22	4.34
JCI	6,361.47	32.75
Baltic Dry	1,169.00	-20.00
VIX	18.19	-1.31

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.90 (-)	2.54 (-0.03)
5Y	1.97 (-0.02)	2.53 (-0.04)
10Y	2.19 (-0.04)	2.70 (-0.04)
15Y	2.42 (-0.05)	--
20Y	2.48 (-0.05)	--
30Y	2.59 (-0.07)	3.03 (-0.03)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.13	0.93
TED	37.45	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
01/14/2019 07:27	VN Domestic Vehicle Sales YoY	Dec	--	35.50%	35.50%	--
01/14/2019 08:00	AU Melbourne Institute Inflation MoM	Dec	--	--	0.00%	--
01/14/2019 08:00	AU Melbourne Institute Inflation YoY	Dec	--	--	1.60%	--
01/14/2019 14:30	IN Wholesale Prices YoY	Dec	4.58%	--	4.64%	--
01/14/2019 15:00	GE Wholesale Price Index YoY	Dec	--	--	3.50%	--
01/14/2019 15:00	GE Wholesale Price Index MoM	Dec	--	--	0.20%	--
	Bloomberg Jan. Eurozone Economic					
01/14/2019 15:30	EC Survey					
	Bloomberg Jan. Germany Economic					
01/14/2019 15:35	GE Survey					
01/14/2019 15:40	FR Bloomberg Jan. France Economic Survey					
01/14/2019 15:45	IT Bloomberg Jan. Italy Economic Survey					
01/14/2019 18:00	EC Industrial Production SA MoM	Nov	-1.50%	--	0.20%	--
01/14/2019 18:00	EC Industrial Production WDA YoY	Nov	-2.10%	--	1.20%	--
01/14/2019 19:00	KZ Key Rate	Jan-14	9.38%	--	9.25%	--
01/14/2019 20:00	IN CPI YoY	Dec	2.17%	--	2.33%	--
01/14/2019 21:30	CA Teranet/National Bank HPI MoM	Dec	--	--	-0.30%	--
01/14/2019 21:30	CA Teranet/National Bank HPI YoY	Dec	--	--	3.10%	--
01/14/2019 21:30	CA Teranet/National Bank HP Index	Dec	--	--	224.74	--
01/14/2019 23:00	CA Bloomberg Nanos Confidence	Jan-11	--	--	55.5	--
01/14/2019	KZ International Reserves	Dec	--	--	30.2b	30.1b
01/14/2019	CH Trade Balance CNY	Dec	345.00b	--	306.04b	--
01/14/2019	CH Exports YoY CNY	Dec	6.60%	--	10.20%	--
01/14/2019	CH Imports YoY CNY	Dec	12.00%	--	7.80%	--
01/14/2019	CH Trade Balance	Dec	\$51.60b	--	\$44.74b	\$44.71b
01/14/2019	CH Exports YoY	Dec	2.00%	--	5.40%	--
01/14/2019	CH Imports YoY	Dec	4.50%	--	3.00%	--
01/11/2019 01/18	CH Foreign Direct Investment YoY CNY	Dec	--	--	-26.30%	--
01/11/2019 01/15	CH Aggregate Financing CNY	Dec	1300.0b	--	1519.1b	15191.0b
01/14/2019 01/16	KZ Unemployment Rate	Dec	--	--	4.90%	--
01/14/2019 01/15	KZ Industrial Production YoY	Dec	--	--	2.30%	--
01/11/2019 01/15	CH Money Supply M2 YoY	Dec	8.10%	--	8.00%	--
01/11/2019 01/15	CH Money Supply M1 YoY	Dec	1.60%	--	1.50%	--
01/11/2019 01/15	CH Money Supply M0 YoY	Dec	3.00%	--	2.80%	--
01/11/2019 01/15	CH New Yuan Loans CNY	Dec	850.0b	--	1250.0b	--

Source: Bloomberg

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