

Highlights

Global	<p>Market optimism overnight was lifted by a WSJ report that US Treasury Secretary Mnuchin was amenable to rolling back some tariffs on China to calm markets, albeit this was quickly disputed by the Treasury Department. Wall Street closed higher (notwithstanding Netflix's earnings disappointment) whilst the 10-year UST bond yield rose to 2.75%. Meanwhile, US president Trump has also cancelled the US delegation's visit to the World Economic Forum (WEF) in Davos next week. UK PM May is also not attending the WEF to focus on Brexit talks with opposition parties to end the impasse and has told Labour leader Corbyn that it was impossible to rule out a no-deal Brexit, but promised pro-Brexit Tories not to keep Britain in a customs union with the EU. The Commons vote on May's Plan B will be on 29 Jan after the PM presents the plan on 21 Jan. In Asia, BI also kept its policy benchmark rate unchanged at 6% as widely anticipated.</p> <p>Asian markets are likely to tread water today, awaiting today's economic data releases which includes US' University of Michigan sentiments and Dec industrial production, Japan's industrial production and UK retail sales. Fed's Williams and Harker are also speaking.</p>
US	<p>Initial jobless claims fell 3k to 213k, but the Philadelphia Fed business index surprised by improving to a 3-month high of 17.0 in Jan even though its shipments and pace of hiring gauges eased. Fed's Evans (voter) opined that "we're just at a good point for sort of pausing", but "I wouldn't be surprised if at the end of the year we have a funds rate that's a little bit higher than where we are now". On the other hand, Quarles noted that "clearly markets are more attuned currently to the downside risks, but the core base case remains very strong" and "the data on the real economy is very strong and continues to look strong".</p>
ID	<p>Bank Indonesia (BI) held the benchmark rate at 6.0% yesterday as expected. The central bank however did highlight that it expects global growth to moderate whilst they see "robust national economic growth is projected in Indonesia on the back of solid domestic demand". The Energy and Mineral Resources Minister has announced an ambitious program to expand the gas network for households. He said the policy would help reduce the consumption of liquid petroleum gas (LPG) and that if households switch to natural gas that is in abundance in the country, this for sure will help reduce state spending on LPG imports.</p>
CMD	<p>Energy: WTI fell -0.4% and looks to have stabilised around 50-52.50 in the near term. Without further progress on US-China trade talks, it is unlikely that crude can rally significantly from here and should continue trading in a broad range of 50-55. 1:1 crack spreads on current contracts show that there is some stabilisation in refinery margins, in line with the reluctance by speculators to push crude out of its current range.</p> <p>Gold: Gold was flat yesterday and traded in a narrow intra-day range, similar to crude. In the absence of any major developments the precious metal continues to be held supported by the triple uncertainty of trade tensions, US government shutdown and the Brexit deadlock.</p>

Major Markets

- **US:** Wall Street ended higher on Thursday, with the S&P500 advancing 0.76%. The DJIA rose 0.67%, while the Nasdaq composite surged 0.71%.
- Amazon shares rose 0.56% after Consumer Intelligence Research Partners reported that Amazon Prime membership reached 101 million members.
- Signet Jewelers shares skidded 24.7% after it reduced guidance for fourth quarter and 2019 due to its holiday performance.
- **Singapore:** The STI slipped 0.45% to close at 3214.44 yesterday amid a weaker-than-expected NODX print. Notwithstanding positive overnight cues from Wall Street and a firmer morning open from Kospi, STI's upside may be capped at 3242 while support is at 3198. The UST bond yield curve bear flattened amid a choppy session on the WSJ report and the subsequent denial that the US would ease tariffs on China. The belly of the SGS bond market bore the brunt of the sell-off yesterday, with yields higher by around 3-4bps, ahead of the new 5-year bond auction whose issue size will be announced on 22 Jan.
- **Malaysia:** The Ministry of Economic Affairs has announced that 32 agencies would be under the ministry including the 13 state economic development corporations, EKUINAS, FELDA, FELDA Global Ventures Holdings Berhad (FGV), FELCRA, TERAJU, MyHSR Corporation Sdn. Bhd., Department of Statistics Malaysia, Bank Pembangunan Malaysia Berhad and etc. The ministry is also working with the Ministry of Finance to rebuild Tabung Haji and completing a parliamentary white paper on the FELDA turnaround plan.
- **Thailand:** Thai Deputy PM says that the most suitable date for the upcoming general election is 24 Mar, a one month postponement from the original 24 Feb date. Prime Minister has neither confirmed nor denied this report, instead insisting that the elections will be held by 9 May.
- **South Korea:** Fitch forecasts South Korea's property prices to decline 0.5% annually in 2019 and 2020 due to regulatory restrictions and tight lending restrictions.
- **Hong Kong:** Unemployment rate stayed static at an over two-decade low of 2.8% in 4Q 2018. Zooming in, the jobless rates of trade sector, retail sector and financial sector (three major industries) all remained unchanged and printed 2.2%, 3.6% and 1.9% respectively. It suggests that the labor market has remained resilient. Nonetheless, we expect the job market to weaken in the coming months. Firstly, as the trade sector started to feel the pain from trade war, its employment will likely take a hit. Secondly, the uncertainty from trade war and China's slowdown may weigh on HK's retail sector and its financial market, in turn denting the overall hiring sentiments. In conclusion, we expect the overall unemployment rate will climb to 2.9% in the near term.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors trading 1-3bps higher while the longer tenors traded within 1bps lower (with the exception of the 12-year swap rate trading 1bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS remained unchanged at 159bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 5bps to 576bps. 10Y UST yields rose 4bps to close at 2.75%, reaching near three-week highs, on the back of

stronger-than-expected economic data on unemployment filings. New-found optimism regarding the US-China trade talks also weighed in positively on improved risk appetite..

- **New Issues:** : Country Garden Holdings Co Ltd has priced a USD550mn 3.25NC2 bond at 7.125% (tightening from IPT of 7.5% area) and a USD450mn re-tap of its existing COGARD 8.0%'24s at 8.25% (tightening from IPT of 8.5% area). CMB Wing Lung Bank Ltd has priced a USD400mn perpetual NC5 AT1 at 6.5%, tightening from IPT of 6.85% area. BOC Aviation Ltd has priced a USD500mn 5-year bond at CT+155bps, tightening from IPT of CT+180bps area. Bharat Petroleum Corporation Ltd has priced a USD500mn 3-year bond at CT+187.5bps, tightening from IPT of CT+220bps area. Mercatus Co-operative Limited has priced a SGD100mn 6-year bond at 3.28%, tightening from IPT of 3.32% area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.065	0.01%	USD-SGD	1.3559	0.05%
USD-JPY	109.260	0.16%	EUR-SGD	1.5441	0.02%
EUR-USD	1.1389	-0.03%	JPY-SGD	1.2410	-0.11%
AUD-USD	0.7193	0.35%	GBP-SGD	1.7607	0.84%
GBP-USD	1.2986	0.78%	AUD-SGD	0.9753	0.40%
USD-MYR	4.1135	0.11%	NZD-SGD	0.9170	-0.15%
USD-CNY	6.7764	0.29%	CHF-SGD	1.3638	-0.34%
USD-IDR	14192	0.45%	SGD-MYR	3.0326	-0.06%
USD-VND	23190	-0.02%	SGD-CNY	4.9953	0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.3849	--
2M	-0.3360	--	1M	2.5133	--
3M	-0.3080	--	2M	2.6423	--
6M	-0.2360	--	3M	2.7803	--
9M	-0.1940	--	6M	2.8616	--
12M	-0.1170	--	12M	3.0301	--

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	2.6%	0.0%	0.0%	97.4%	2.6%
06/19/2019	17.7%	0.0%	0.0%	82.3%	17.3%
07/31/2019	17.3%	2.2%	2.2%	80.6%	16.9%
09/18/2019	20.1%	2.1%	2.1%	77.8%	19.1%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.07	-0.46%	Coffee (per lb)	1.024	--
Brent (per barrel)	61.18	-0.23%	Cotton (per lb)	0.7437	1.50%
Heating Oil (per gallon)	1.8843	-0.54%	Sugar (per lb)	0.1285	-2.43%
Gasoline (per gallon)	1.4300	1.00%	Orange Juice (per lb)	1.1950	-1.16%
Natural Gas (per MMBtu)	3.4130	0.86%	Cocoa (per mt)	2,335	0.56%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.1775	1.02%
Nickel (per mt)	11,585.5	--	Soybean (per bushel)	9.078	1.48%
Aluminium (per mt)	1,852.3	--	Corn (per bushel)	3.8000	1.60%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,292.3	-0.12%	Crude Palm Oil (MYR/MT)	2,121.0	1.48%
Silver (per oz)	15.536	-0.65%	Rubber (JPY/KG)	190.0	-0.94%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,370.10	162.94
S&P	2,635.96	19.86
Nasdaq	7,084.46	49.77
Nikkei 225	20,402.27	-40.48
STI	3,214.44	-14.67
KLCI	1,682.97	9.89
JCI	6,423.78	10.42
Baltic Dry	1,055.00	--
VIX	18.06	-0.98

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.94 (+0.03)	2.56 (+0.02)
5Y	1.99 (--)	2.57 (+0.03)
10Y	2.16 (-0.02)	2.75 (+0.03)
15Y	2.41 (-0.02)	--
20Y	2.45 (-0.03)	--
30Y	2.55 (-0.03)	3.07 (--)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	4.20	--
TED	37.32	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
01/17/2019 04:00	NZ REINZ House Sales YoY	Dec	--	-12.90%	2.60%	--
01/17/2019 08:01	UK RICS House Price Balance	Dec	-13%	-19%	-11%	--
01/17/2019 08:30	AU Home Loans MoM	Nov	-1.50%	-0.90%	2.20%	2.10%
01/17/2019 08:30	AU Investment Lending	Nov	--	-4.50%	0.60%	0.50%
01/17/2019 08:30	AU Owner-Occupier Loan Value MoM	Nov	--	-1.40%	3.50%	3.60%
01/17/2019 08:30	SI Non-oil Domestic Exports SA MoM	Dec	3.00%	-5.70%	-4.20%	-4.30%
01/17/2019 08:30	AU RBA FX Transactions Market	Dec	--	A\$1622m	A\$560m	--
01/17/2019 08:30	AU RBA FX Transactions Other	Dec	--	A\$1611m	A\$3513m	--
01/17/2019 08:30	SI Non-oil Domestic Exports YoY	Dec	2.00%	-8.50%	-2.60%	-2.80%
01/17/2019 08:30	SI Electronic Exports YoY	Dec	--	-11.20%	4.50%	4.30%
01/17/2019 15:18	ID Bank Indonesia 7D Reverse Repo	Jan-17	6.00%	6.00%	6.00%	--
01/17/2019 16:30	HK Unemployment Rate SA	Dec	2.80%	2.80%	2.80%	--
01/17/2019 16:34	HK Composite Interest Rate	Dec	--	0.89%	0.78%	--
01/17/2019 17:00	IT Trade Balance Total	Nov	--	3843m	3784m	3818m
01/17/2019 17:00	IT Trade Balance EU	Nov	--	513m	744m	778m
01/17/2019 18:00	EC Construction Output MoM	Nov	--	-0.10%	-1.60%	--
01/17/2019 18:00	EC Construction Output YoY	Nov	--	0.90%	1.80%	0.60%
01/17/2019 18:00	EC CPI Core YoY	Dec F	1.00%	1.00%	1.00%	--
01/17/2019 18:00	EC CPI MoM	Dec	0.00%	0.00%	-0.20%	-0.20%
01/17/2019 18:00	EC CPI YoY	Dec F	1.60%	1.60%	1.60%	--
01/17/2019 21:30	US Philadelphia Fed Business Outlook	Jan	9	17	9.4	9.1
01/17/2019 21:30	US Initial Jobless Claims	Jan-12	220k	213k	216k	--
01/17/2019 21:30	US Continuing Claims	Jan-05	1734k	1737k	1722k	1719k
01/17/2019 22:45	US Bloomberg Consumer Comfort	Jan-13	--	58.1	58.5	--
01/17/2019 22:45	US Bloomberg Economic Expectations	Jan	--	44.5	50	--
01/18/2019 05:30	NZ BusinessNZ Manufacturing PMI	Dec	--	55.1	53.5	53.7
01/18/2019 07:30	JN Natl CPI YoY	Dec	0.30%	0.30%	0.80%	--
01/18/2019 07:30	JN Natl CPI Ex Fresh Food YoY	Dec	0.80%	0.70%	0.90%	--
01/18/2019 07:50	JN Japan Buying Foreign Bonds	Jan-11	--	--	¥1004.3b	--
01/18/2019 07:50	JN Japan Buying Foreign Stocks	Jan-11	--	--	¥24.6b	--
01/18/2019 07:50	JN Foreign Buying Japan Bonds	Jan-11	--	--	¥72.4b	--
01/18/2019 07:50	JN Foreign Buying Japan Stocks	Jan-11	--	--	¥248.5b	--
01/18/2019 10:00	NZ Non Resident Bond Holdings	Dec	--	--	56.20%	--
01/18/2019 12:30	JN Capacity Utilization MoM	Nov	--	--	4.00%	--
01/18/2019 12:30	JN Industrial Production MoM	Nov F	--	--	-1.10%	--
01/18/2019 12:30	JN Industrial Production YoY	Nov F	--	--	1.40%	--
01/18/2019 15:30	TH Foreign Reserves	Jan-11	--	--	\$205.7b	--
01/18/2019 15:30	TH Forward Contracts	Jan-11	--	--	\$33.5b	--
01/18/2019 17:00	EC ECB Current Account SA	Nov	--	--	23.0b	--
01/18/2019 17:00	IT Current Account Balance	Nov	--	--	6081m	--
01/18/2019 17:30	UK Retail Sales Ex Auto Fuel MoM	Dec	-0.80%	--	1.20%	--
01/18/2019 17:30	UK Retail Sales Ex Auto Fuel YoY	Dec	3.80%	--	3.80%	--
01/18/2019 17:30	UK Retail Sales Inc Auto Fuel MoM	Dec	-0.80%	--	1.40%	--
01/18/2019 17:30	UK Retail Sales Inc Auto Fuel YoY	Dec	3.60%	--	3.60%	--
01/18/2019 21:30	CA Int'l Securities Transactions	Nov	--	--	3.98b	--
01/18/2019 21:30	CA CPI NSA MoM	Dec	-0.40%	--	-0.40%	--
01/18/2019 21:30	CA CPI YoY	Dec	1.70%	--	1.70%	--
01/18/2019 21:30	CA Consumer Price Index	Dec	133	--	133.5	--
01/18/2019 21:30	CA CPI Core- Common YoY%	Dec	1.90%	--	1.90%	--
01/18/2019 22:15	US Industrial Production MoM	Dec	0.20%	--	0.60%	--
01/18/2019 22:15	US Capacity Utilization	Dec	78.50%	--	78.50%	--
01/18/2019 22:15	US Manufacturing (SIC) Production	Dec	0.30%	--	0.00%	--
01/18/2019 23:00	US U. of Mich. Sentiment	Jan P	96.8	--	98.3	--
01/18/2019 23:00	US U. of Mich. Current Conditions	Jan P	116	--	116.1	--
01/18/2019 23:00	US U. of Mich. 1 Yr Inflation	Jan P	--	--	2.70%	--
01/18/2019 23:00	US U. of Mich. 5-10 Yr Inflation	Jan P	--	--	2.50%	--
01/18/2019	PH BoP Overall	Dec	--	--	\$847m	--

Source: Bloomberg

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