

Highlights

Global	It was mixed yesterday on Wall Street as the S&P500 and NASDAQ ended higher but the Dow Jones edged slightly lower. Markets were supported by a rally in semiconductor shares after firms such as Lam Research Corp reported better than expected results whilst those from Texas Instruments appeared optimistic. However, concerns regarding US – Sino trade tensions dampened market sentiment as US 10 year Treasury yields ended the day around 3bps lower and the dollar advanced. US Secretary of Commerce Wilbur Ross said that China and the US are “miles and miles from getting a resolution”. The Commerce Secretary stated that the outcome of the trade war will depend upon whether China will deepen economic reforms and further open up its markets. He also mentioned that he expects negotiators from both sides to release a statement following talks in Washington DC that run from 30 th – 31 st January 2019. Regardless, White House Economic Adviser Lawrence Kudlow said that President Trump is optimistic about trade talks and that the January jobs report will be up by a significant amount. On the European front, the composite purchasing managers index came in weaker whilst the European Central Bank said that the economic outlook had moved to downside, of which he blamed it on protectionism. Overall, central banks wise, the ECB, BNM and BoK were static yesterday. Meanwhile, the US senate rejected two spending bills from the Democrats and Trump respectively as the shutdown continued to persist. Asian markets are likely to open mixed today, in reflection of conditions on Wall Street the day before. Key economic data releases today include Japanese CPI, France Jobs data, Singapore industrial production and Thai foreign reserves.
US	Commerce Secretary Wilbur Ross also cited that they had to deal with issues related to “intellectual property rights” and “forced technology transfers”. He did note that they are making progress on “easier” issues such as how much American products that the Chinese will buy. Regarding the shutdown, Senator Majority Leader Mitch McConnell and Minority Leader Chuck Schumer did meet private with the latter saying, “We’re talking, we’re talking”. However, House Speaker Nancy Pelosi has described the idea of Trump wanting a down payment for the wall as “not a reasonable agreement”. House Democrats however are reportedly planning to offer a proposal on Friday morning to bolster border security but not to fund building a wall.
CH	China’s central bank introduced a new facility, Central Bank Bills Swap (CBS), to provide liquidity support to the issuance of perpetual bond by the Chinese banks. Qualified banks are allowed to swap the perpetual bond they hold with the PBoC bills. The bills are not allowed for trade and repo but can be used as collateral. The swap will be less than 3 years in principle. According to PBoC, the impact of the swap on liquidity is neutral as the facility will not affect the base money creation. The introduction of the new facility will give financial institutions more incentive to hold the perpetual bonds, which will be important tool to boost capital base to support China’s initiative to lend to small and private owned companies.
MY	Bank Negara Malaysia (BNM) held the overnight policy rate (OPR) at 3.25% following their January policy rate meeting although they did highlight downside risks.

Major Markets

- **US:** Wall Street ended mixed on Thursday, with the S&P500 advancing 0.14%. The DJIA fell 0.09%, while the Nasdaq composite increased 0.68%.
 - Apple shares skidded 0.79% after it laid off workers from Project Titan, Apple's Self-Driving car plan.
- **United Kingdom:** Chancellor of the Exchequer Philip Hammond has said that a no-deal Brexit would be a betrayal of voters who were promised a "more prosperous future" if the UK left the European Union.
- **Indonesia:** Bank Indonesia (BI) has revised rules on external debt for banks by requiring them to report details of so-called "risk-participant transaction". According to Yanti Setiawan, Director of Financial System Surveillance Department at BI, the central bank wants to keep track of lenders seeking cover overseas for corporate loans extended locally.
- **Commodities:** The ongoing crisis in Venezuela has caused the Brent-WTI spread to narrow. Having traded near \$9/bbl at the end of last week, the spread sunk to \$8 yesterday on concerns that the US will impose oil sanctions on Venezuela. Such a move will result in Venezuela oil flowing more to Asia and less to the US, which in turns increases the supply in Asia and decreases the supply in the US. Demand/supply dynamics suggest that such trade flows will result in higher WTI prices and lower Brent prices. WTI rose 51c/bbl yesterday while Brent fell about 5c/bbl. The Venezuela crisis is expected to decrease overall global crude supply but the bullishness is negated by weak macroeconomic variables. There is still no clear solution in sight to the US government shutdown and Brexit, while the US and China are supposedly "miles and miles" away from any kind of resolution. We maintain our 1H2019 forecasts of \$53/bbl for WTI and \$60/bbl for Brent.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates trading 1bps lower across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 154bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 10bps to 553bps. 10Y UST yields fell 2bps to close the trading session at 2.71%, hitting a one-week low as fears regarding slowing global growth and the US-China trade tensions continued from the latter half of Wednesday's trading session.
- **New Issues:** Sino-Ocean Land Treasure IV Ltd has priced a USD500mn 3.25-year bond (guarantor: Sino-Ocean Group Holding Ltd) at CT+287.5bps, tightening from IPT of CT+330bps area. Celestial Miles Ltd has priced a USD800mn NC5-perpetual bond (guarantor: NWS Holdings Ltd) at 5.75%, tightening from IPT of 6.3% area. ESR Cayman Ltd has priced a SGD150mn 3-year bond at 6.75%, in line with IPT. Hainan Airlines held a non-deal roadshow with investors for its potential USD bond issuance. CMO Capital Ltd has scheduled investor meetings from 24 Jan for its potential USD bond issuance (guarantor: China Molybdenum Co Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.601	0.50%	USD-SGD	1.3610	0.16%
USD-JPY	109.640	0.04%	EUR-SGD	1.5386	-0.52%
EUR-USD	1.1304	-0.68%	JPY-SGD	1.2412	0.12%
AUD-USD	0.7094	-0.67%	GBP-SGD	1.7781	0.12%
GBP-USD	1.3066	-0.02%	AUD-SGD	0.9655	-0.50%
USD-MYR	4.1453	0.18%	NZD-SGD	0.9203	-0.23%
USD-CNY	6.7885	-0.05%	CHF-SGD	1.3661	0.02%
USD-IDR	14170	-0.13%	SGD-MYR	3.0452	0.05%
USD-VND	23197	-0.01%	SGD-CNY	4.9962	0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	--	O/N	2.3841	--
2M	-0.3360	--	1M	2.5100	--
3M	-0.3080	--	2M	2.6270	--
6M	-0.2370	--	3M	2.7706	--
9M	-0.1940	--	6M	2.8536	--
12M	-0.1160	--	12M	3.0350	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2.25-2.5%	2.5-2.75%	2.75-3%
01/30/2019	0.5%	0.0%	99.5%	0.5%	0.0%
03/20/2019	3.3%	0.0%	96.7%	3.3%	0.0%
05/01/2019	7.3%	0.0%	92.7%	7.2%	0.2%
06/19/2019	17.2%	0.0%	82.8%	16.3%	0.9%
07/31/2019	18.2%	0.0%	81.8%	17.1%	1.1%
09/18/2019	21.1%	0.0%	78.9%	19.4%	1.6%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.13	0.97%	Coffee (per lb)	1.053	1.84%
Brent (per barrel)	61.09	-0.08%	Cotton (per lb)	0.7314	-0.52%
Heating Oil (per gallon)	1.8856	-0.16%	Sugar (per lb)	0.1298	0.08%
Gasoline (per gallon)	1.3876	0.14%	Orange Juice (per lb)	1.1915	1.06%
Natural Gas (per MMBtu)	3.0990	3.99%	Cocoa (per mt)	2,256	0.49%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.2150	-0.86%
Nickel (per mt)	11,650.0	--	Soybean (per bushel)	9.160	0.11%
Aluminium (per mt)	1,907.3	--	Corn (per bushel)	3.7700	-0.46%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,279.8	-0.33%	Crude Palm Oil (MYR/MT)	2,200.0	0.41%
Silver (per oz)	15.300	-0.52%	Rubber (JPY/KG)	191.0	-5.45%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,553.24	-22.38
S&P	2,642.33	3.63
Nasdaq	7,073.46	47.69
Nikkei 225	20,574.63	-19.09
STI	3,190.73	19.62
KLCI	1,693.59	5.45
JCI	6,466.66	15.48
Baltic Dry	982.00	--
VIX	18.89	-0.63

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.02 (--)	2.56 (-0.02)
5Y	2.07 (-0.01)	2.55 (-0.03)
10Y	2.20 (-0.02)	2.72 (-0.03)
15Y	2.48 (-0.01)	--
20Y	2.53 (-0.01)	--
30Y	2.66 (--)	3.03 (-0.03)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.37	0.07
TED	37.37	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
01/24/2019 07:50	JN Japan Buying Foreign Bonds	Jan-18	--	¥822.9b	¥2209.9b	¥2216.1b
01/24/2019 07:50	JN Japan Buying Foreign Stocks	Jan-18	--	¥280.3b	¥172.5b	¥171.3b
01/24/2019 07:50	JN Foreign Buying Japan Bonds	Jan-18	--	¥26.6b	¥711.7b	¥879.7b
01/24/2019 07:50	JN Foreign Buying Japan Stocks	Jan-18	--	¥66.7b	¥428.2b	¥427.9b
01/24/2019 08:30	JN Nikkei Japan PMI Mfg	Jan P	--	50	52.6	--
01/24/2019 08:30	AU Employment Change	Dec	18.0k	21.6k	37.0k	39.0k
01/24/2019 08:30	AU Unemployment Rate	Dec	5.10%	5.00%	5.10%	--
01/24/2019 08:30	AU Full Time Employment Change	Dec	--	-3.0k	-6.4k	-7.3k
01/24/2019 08:30	AU Part Time Employment Change	Dec	--	24.6k	43.4k	46.3k
01/24/2019 08:30	AU Participation Rate	Dec	65.70%	65.60%	65.70%	--
01/24/2019 08:51	SK BoK 7-Day Repo Rate	Jan-24	1.75%	1.75%	1.75%	--
01/24/2019 10:00	NZ Credit Card Spending YoY	Dec	--	4.50%	6.10%	--
01/24/2019 10:00	PH GDP YoY	4Q	6.30%	6.10%	6.10%	6.00%
01/24/2019 10:00	PH GDP SA QoQ	4Q	1.50%	1.60%	1.40%	1.50%
01/24/2019 10:00	PH GDP Annual YoY	2018	6.30%	6.20%	6.70%	--
01/24/2019 12:00	MA CPI YoY	Dec	0.30%	0.20%	0.20%	--
01/24/2019 13:00	JN Leading Index CI	Nov F	--	99.1	99.3	--
01/24/2019 13:00	JN Coincident Index	Nov F	--	102.9	103	--
01/24/2019 15:00	MA BNM Overnight Policy Rate	Jan-24	3.25%	3.25%	3.25%	--
01/24/2019 16:15	FR Markit France Manufacturing PMI	Jan P	50	51.2	49.7	--
01/24/2019 16:15	FR Markit France Services PMI	Jan P	50.5	47.5	49	--
01/24/2019 16:15	FR Markit France Composite PMI	Jan P	51	47.9	48.7	--
01/24/2019 16:20	TA Money Supply M2 Daily Avg YoY	Dec	--	3.07%	3.09%	--
01/24/2019 16:20	TA Money Supply M1B Daily Avg YoY	Dec	--	5.69%	5.09%	--
01/24/2019 16:30	GE Markit/BME Germany Manufacturing PMI	Jan P	51.5	49.9	51.5	--
01/24/2019 16:30	GE Markit Germany Services PMI	Jan P	52.1	53.1	51.8	--
01/24/2019 16:30	GE Markit/BME Germany Composite PMI	Jan P	51.9	52.1	51.6	--
01/24/2019 17:00	EC Markit Eurozone Manufacturing PMI	Jan P	51.4	50.5	51.4	--
01/24/2019 17:00	EC Markit Eurozone Services PMI	Jan P	51.5	50.8	51.2	--
01/24/2019 17:00	EC Markit Eurozone Composite PMI	Jan P	51.4	50.7	51.1	--
01/24/2019 20:45	EC ECB Main Refinancing Rate	Jan-24	0.00%	0.00%	0.00%	--
01/24/2019 20:45	EC ECB Marginal Lending Facility	Jan-24	0.25%	0.25%	0.25%	--
01/24/2019 20:45	EC ECB Deposit Facility Rate	Jan-24	-0.40%	-0.40%	-0.40%	--
01/24/2019 21:30	US Initial Jobless Claims	Jan-19	218k	199k	213k	212k
01/24/2019 21:30	US Continuing Claims	Jan-12	1730k	1713k	1737k	--
01/24/2019 22:45	US Bloomberg Consumer Comfort	Jan-20	--	57.4	58.1	--
01/24/2019 22:45	US Markit US Manufacturing PMI	Jan P	53.5	54.9	53.8	--
01/24/2019 22:45	US Markit US Services PMI	Jan P	54	54.2	54.4	--
01/24/2019 22:45	US Markit US Composite PMI	Jan P	--	54.5	54.4	--
01/24/2019 23:00	US Leading Index	Dec	-0.10%	-0.10%	0.20%	--
01/25/2019 00:00	US Kansas City Fed Manf. Activity	Jan	3	5	3	6
01/25/2019 05:00	SK Consumer Confidence	Jan	--	97.5	97.2	96.9
01/25/2019 07:30	JN Tokyo CPI YoY	Jan	0.20%	0.40%	0.30%	0.40%
01/25/2019 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Jan	0.90%	1.10%	0.90%	--
01/25/2019 13:00	SI Industrial Production SA MoM	Dec	-4.90%	--	2.80%	--
01/25/2019 13:00	SI Industrial Production YoY	Dec	4.00%	--	7.60%	--
01/25/2019 15:30	TH Foreign Reserves	Jan-18	--	--	\$207.3b	--
01/25/2019 15:30	TH Forward Contracts	Jan-18	--	--	\$32.7b	--
01/25/2019 17:00	GE IFO Business Climate	Jan	100.7	--	101	--
01/25/2019 17:00	GE IFO Expectations	Jan	97.1	--	97.3	--
01/25/2019 17:00	GE IFO Current Assessment	Jan	104.2	--	104.7	--
01/25/2019 17:30	UK UK Finance Loans for Housing	Dec	38800	--	39403	--
01/25/2019 19:00	UK CBI Retailing Reported Sales	Jan	3	--	-13	--
01/25/2019	KZ Money Supply M3 MoM	Dec	--	--	0.80%	0.80%
01/25/2019 01/31	VN Industrial Production YoY	Jan	--	--	11.40%	--
01/25/2019 01/31	VN Retail Sales YTD YoY	Jan	--	--	11.70%	--
01/25/2019 01/31	VN Exports YTD YoY	Jan	--	--	13.80%	--
01/25/2019 01/31	VN Imports YTD YoY	Jan	--	--	11.50%	--
01/25/2019 01/31	VN CPI YoY	Jan	--	--	2.98%	--

Source: Bloomberg

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