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Highlights

Global	<p>With the start of 2016, news of heightened tensions between Saudi Arabia and Iran, coupled by mixed China manufacturing and services PMI data releases (with services outshining manufacturing), and that Indonesia missed its 2015 GDP growth target were the main developments.</p> <p>Market focus for today includes China's Caixin manufacturing PMI and the slew of Nikkei PMIs across Asia and Europe, US' manufacturing ISM and German CPI. To follow later in the week are the Dec 15 FOMC minutes, Fed speakers ranging from Williams, Lacker and Evans, and US' Dec nonfarm payrolls and unemployment report where market is eyeing +200k and 5.0% respectively.</p>
US	<p>Fed's Fischer suggested that "if asset prices across the economy...are thought to be excessively high, raising the interest rate may be the appropriate step", albeit "macro-prudential tools, rather than adjustments in short-term interest rates, should be the first line of defense". Meanwhile, Mester suggested that a "data-dependent policy making does not mean that policy will react to every short-run change in the data", but a gradual path will help "mitigate any potential for building risks to financial stability".</p>
S'pore	<p>GDP grew an astoundingly strong 2.0% yoy (+5.7% qoqsaar) in 4Q15, lifted by a strong construction (+7.0% qoqsaar) and services (+6.5% qoqsaar) and marking a sweet end to a volatile 2015. On construction, growth was largely supported by a pick-up in public sector construction activities, while the lift in wholesale & retail trade and finance & insurance sectors were key drivers to Singapore's services industry. Still, the manufacturing sector remained in the doldrums, marking its fifth consecutive quarter of contraction to 6.0% in 4Q15, dragged down by electronics, transport engineering and precision engineering industries. For full-year 2015, the 2.1% GDP growth was a moderation from the 2.9% seen in 2014, and the 2016 outlook may remain rangebound at 2-3% yoy in our view vis-à-vis the official growth forecast of 1-3%.</p>
China	<p>Official PMI improved marginally to 49.7 in December from November's 49.6, but in contraction territory. This sub 50 reading suggests that excessive capacity is likely to remain a hurdle for Chinese recovery this year. On a positive note, service PMI rebounded to 54.4 in December from 53.6 in November, signaling that the Chinese transition towards a service driven economy remains on track.</p>
Indo-nesia	<p>The Finance Ministry said that Indonesia is likely to have missed its 2015 growth target due to global slowdown. It had a target of 5.7% in the state budget, but growth expanded by just 4.73% instead. Meanwhile, budget deficit is expected to be at 2.8% of GDP, above the 1.9% target.</p>
Malaysia	<p>The governments of Malaysia and Singapore have reportedly agreed on the alignment of the high-speed railway link between Kuala Lumpur and the city state. It will run one direct service and another with transit stops in between. The direct service is expected to take 90 minutes, while the transit one would require 2 hours.</p>
CMD	<p>Gold stayed flat at \$1,060/oz at the last day of 2015, while the Brent-WTI premium had been effectively erased with WTI trading at a premium to Brent for the last week in the previous year.</p>

Major Market

- **US:** Wall Street sank on the last trading day of 2015, with the Dow -1.02%, S&P500 -0.94% (negative for the full year 2015) and Nasdaq -1.15%. VIX +5.32% to 18.21. The 2- and 10-year UST bond yields were at 1.06% and 2.27% respectively. The Treasury department will auction 3-, 10- and 30-year bonds this week.
- **Singapore:** The STI slipped another 0.10% to close at 2882.73 on 31 Dec, joining other Asian bourses in a negative close, and may start 2016 trading on a soft tone as well given negative clues from Wall Street and morning slippage by Nikkei. The STI may trade in a range of 2840-2900. The SGS bonds may remain range bound in quiet trading today as traders shake off their year-end mood.
- While we anticipate manufacturing to bottom out and register flat to marginally positive growth this year versus the 4.8% decline seen in 2015, the engines of growth is likely to remain the construction and services sectors for now. Given the mild inflationary outlook, policymakers are likely to remain in wait-and-see mode for the time being, given the subdued crude oil prices. Meanwhile, private residential property prices fell for the 9th consecutive quarter by 0.5% qoq in 4Q15, compared to -1.3% in 3Q15, and bringing the full year decline to 3.7% which is a moderation from the 4% contraction seen in 2014, according to URA.

Bond Market Updates

- **Market Commentary:** The SGD swap rates bear-steepened, with the curve trading 2bps-8bps higher. The short-end-rates ended 2bps-5bps higher while the increase is more significant around the belly to long-end-rates at 6bps-8bps higher. This move was consistent with what we saw since 18/12/15, with the curve bear steepening (shorter end up 8bps–10bps, longer end higher more than 15bps) post the Fed hike. In the broader Asia dollar space, JACI IG corporates dropped 2bps to 214.9bps (18/12/15: 216.8bps) while JACI HY corporates dipped 8bps to 8.02% (18/12/15: 8.09%).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.631	0.37%	USD-SGD	1.4185	0.30%
USD-JPY	120.220	-0.25%	EUR-SGD	1.5412	-0.32%
EUR-USD	1.0862	-0.65%	JPY-SGD	1.1798	0.53%
AUD-USD	0.7286	-0.01%	GBP-SGD	2.0902	-0.28%
GBP-USD	1.4736	-0.54%	AUD-SGD	1.0333	0.25%
USD-MYR	4.2943	0.07%	NZD-SGD	0.9688	0.10%
USD-CNY	6.4937	0.06%	CHF-SGD	1.4215	-0.64%
USD-IDR	13788	0.00%	SGD-MYR	3.0401	0.12%
USD-VND	22485	0.18%	SGD-CNY	4.5969	0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2050	0.0010	O/N	0.2745	-0.0916
2M	-0.1650	--	1M	0.4295	0.0020
3M	-0.1310	0.0010	2M	0.5149	--
6M	-0.0400	0.0010	3M	0.6127	0.0005
9M	0.0040	0.0010	6M	0.8462	0.0017
12M	0.0600	0.0010	12M	1.1780	0.0032

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
Portugal	0.11	0.00	2.52	0.00	1.89
Italy	-0.03	0.00	1.60	0.00	0.97
Ireland	-0.20	-0.80	1.15	-0.10	0.52
Greece*	7.54	0.00	8.29	0.00	7.66
Spain	0.01	0.00	1.77	0.00	1.14
Russia^	3.74	0.00	6.06	0.00	5.43

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

Index	Value	Net change
DJIA	17,425.03	-178.80
S&P	2,043.94	-19.40
Nasdaq	5,007.41	-58.40
Nikkei 225	19,033.71	--
STI	2,882.73	-2.80
KLCI	1,692.51	-0.60
JCI	4,593.01	--
Baltic Dry	478.00	--
VIX	18.21	0.90

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.07 (--)	1.05 (-0.02)
5Y	1.90 (+0.01)	1.76 (-0.03)
10Y	2.60 (+0.03)	2.27 (-0.02)
15Y	2.90 (+0.04)	--
20Y	2.94 (+0.04)	--
30Y	3.01 (+0.04)	3.02 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.07	0.35
EURIBOR-OIS	10.40	0.20
TED	45.00	-1.98

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	37.04	1.20%	Coffee (per lb)	1.267	2.47%
Brent (per barrel)	37.28	2.25%	Cotton (per lb)	0.6328	-1.08%
Heating Oil (per gallon)	1.101	2.00%	Sugar (per lb)	0.1524	0.59%
Gasoline (per gallon)	1.27	3.02%	Orange Juice (per lb)	1.4000	1.08%
Natural Gas (per MMBtu)	2.337	5.56%	Cocoa (per mt)	3,211	-0.56%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,705.0	-0.63%	Wheat (per bushel)	4.7000	0.05%
Nickel (per mt)	8,788	1.39%	Soybean (per bushel)	8.713	-0.49%
Aluminium (per mt)	1,505.5	-1.25%	Corn (per bushel)	3.5875	-0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,060.2	0.04%	Crude Palm Oil (MYR/MT)	2,398.0	4.62%
Silver (per oz)	13.803	-0.28%	Rubber (JPY/KG)	147.3	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 22 Dec 2015

	Current	Previous	Net Chg		Current	Previous	Net Chg
Sugar	228,394	215,511	12,883	Corn	3,719	44,140	-40,421
Gold	32,184	20,313	11,871	Nymex Crude	224,952	243,670	-18,718
Silver	22,332	14,268	8,064	Wheat	-77,159	-59,970	-17,189
Copper	-30,176	-32,396	2,220	Cocoa	62,164	68,750	-6,586
Platinum	23,100	21,395	1,705	Cotton	63,723	70,134	-6,411
Palladium	7,971	7,332	639	Coffee	-13,269	-7,346	-5,923
Heating Oil	-12,726	-12,732	6	RBOB Gasoline	67,806	69,564	-1,758
Soybean	-31,603	-31,071	-532	Lean Hogs	-436	790	-1,226
Natural Gas	-203,095	-202,534	-561	Live Cattle	7,649	8,680	-1,031

Source: CFTC

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
12/31/2015 07:00	SK CPI YoY	Dec	1.10%	1.30%	1.00%	--
12/31/2015 08:30	AU Private Sector Credit MoM	Nov	0.60%	0.40%	0.70%	--
12/31/2015 10:49	MU Unemployment Rate	Nov	--	1.90%	1.90%	--
12/31/2015 10:50	MU Hotel Occupancy Rate	Nov	--	84.6	77.6	--
12/31/2015 16:36	HK Money Supply M2 HKD YoY	Nov	--	10.90%	10.20%	--
12/31/2015 21:30	US Initial Jobless Claims	Dec-26	270k	287k	267k	--
12/31/2015 21:30	US Continuing Claims	Dec-19	2190k	2198k	2195k	--
12/31/2015 22:00	US ISM Milwaukee	Dec	48.5	48.53	45.34	--
12/31/2015 22:45	US Chicago Purchasing Manager	Dec	50	42.9	48.7	--
12/31/2015 22:45	US Bloomberg Consumer Comfort	Dec-27	--	43.6	42.2	--
01/01/2016 08:00	SK Exports YoY	Dec	-11.70%	-13.80%	-4.70%	-4.80%
01/01/2016 08:00	SK Imports YoY	Dec	-18.00%	-19.20%	-17.60%	--
01/01/2016 08:00	SK Trade Balance	Dec	\$8735m	\$7162m	\$10361m	\$10324m
01/01/2016 09:00	CH Manufacturing PMI	Dec	49.8	49.7	49.6	--
01/01/2016 09:00	CH Non-manufacturing PMI	Dec	--	54.4	53.6	--
01/04/2016 06:30	AU AiG Perf of Mfg Index	Dec	--	51.9	52.5	--
01/04/2016 08:00	SI GDP SAAR QoQ	4Q A	1.00%	5.70%	1.90%	1.70%
01/04/2016 08:00	SI GDP YoY	4Q A	1.20%	2.00%	1.90%	1.80%
01/04/2016 09:35	JN Nikkei Japan PMI Mfg	Dec F	--	--	52.5	--
01/04/2016 09:40	SK Nikkei South Korea PMI Mfg	Dec	--	--	49.1	--
01/04/2016 09:45	CH Caixin China PMI Mfg	Dec	48.9	--	48.6	--
01/04/2016 09:50	TA Nikkei Taiwan PMI Mfg	Dec	--	--	49.5	--
01/04/2016 10:00	VN Nikkei Vietnam PMI Mfg	Dec	--	--	49.4	--
01/04/2016 11:00	ID Nikkei Indonesia PMI Mfg	Dec	--	--	46.9	--
01/04/2016 11:30	TH CPI Core YoY	Dec	0.76%	--	0.88%	--
01/04/2016 11:30	TH CPI NSA MoM	Dec	-0.34%	--	-0.32%	--
01/04/2016 11:30	TH CPI YoY	Dec	-0.80%	--	-0.97%	--
01/04/2016 13:00	IN Nikkei India PMI Mfg	Dec	--	--	50.3	--
01/04/2016 13:30	AU Commodity Index AUD	Dec	--	--	75.6	--
01/04/2016 13:30	AU Commodity Index YoY	Dec	--	--	-22.00%	--
01/04/2016 16:30	HK Retail Sales Value YoY	Nov	-6.40%	--	-3.00%	--
01/04/2016 16:30	HK Retail Sales Volume YoY	Nov	-2.90%	--	1.20%	--
01/04/2016 16:45	IT Markit/ADACI Italy Manufacturing PMI	Dec	54.9	--	54.9	--
01/04/2016 16:50	FR Markit France Manufacturing PMI	Dec F	51.6	--	51.6	--
01/04/2016 16:55	GE Markit/BME Germany Manufacturing PMI	Dec F	53	--	53	--
01/04/2016 17:00	EC Markit Eurozone Manufacturing PMI	Dec F	53.1	--	53.1	--
01/04/2016 17:30	UK Net Lending Sec. on Dwellings	Nov	3.6b	--	3.6b	--
01/04/2016 17:30	UK Mortgage Approvals	Nov	69.8k	--	69.6k	--
01/04/2016 17:30	UK Money Supply M4 MoM	Nov	--	--	0.60%	--
01/04/2016 17:30	UK M4 Money Supply YoY	Nov	--	--	0.20%	--
01/04/2016 17:30	UK Markit UK PMI Manufacturing SA	Dec	52.8	--	52.7	--
01/04/2016 21:00	GE CPI MoM	Dec P	0.20%	--	0.10%	--
01/04/2016 21:00	GE CPI YoY	Dec P	0.60%	--	0.40%	--
01/04/2016 21:00	GE CPI EU Harmonized YoY	Dec P	0.40%	--	0.30%	--
01/04/2016 21:00	SI Purchasing Managers Index	Dec	--	--	49.2	--
01/04/2016 21:00	SI Electronics Sector Index	Dec	--	--	49	--
01/04/2016 22:30	CA RBC Canadian Manufacturing PMI	Dec	--	--	48.6	--
01/04/2016 22:45	US Markit US Manufacturing PMI	Dec F	51.1	--	51.3	--
01/04/2016 23:00	US Construction Spending MoM	Nov	0.70%	--	1.00%	--
01/04/2016 23:00	US ISM Manufacturing	Dec	49	--	48.6	--
01/04/2016 23:00	US ISM Prices Paid	Dec	36	--	35.5	--
01/04/2016	IT Budget Balance	Dec	--	--	-6.5b	--
01/04/2016	ID CPI YoY	Dec	--	--	4.89%	--
01/04/2016	ID CPI Core YoY	Dec	--	--	4.77%	--
01/04/2016 01/15	ID Consumer Confidence Index	Dec	--	--	103.7	--
01/04/2016 01/05	GE Retail Sales MoM	Nov	0.50%	--	-0.40%	-0.10%

Source: Bloomberg

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