

### Highlights

<b>Global</b>	<p>The FOMC minutes from the 15-16 Dec meeting continued to signal a gradual approach for normalisation. Notably, a number of participants viewed risks to economic growth as weighted to the downside since Sep, but nearly all participants saw PCE price inflation picking up in 2016, rising further in 2017, and reaching in 2018 very close to the 2% objective. In addition, most participants judged that it would be appropriate for the Fed Funds rate to remain below its longer-run normal level from 2016-2018. Wall Street took another nose-dive as US economic data added to the softening market sentiments. For today, equity market sentiments are likely to remain shaky. On the economic data calendar are US' initial jobless claims, Eurozone's retail sales and unemployment rate, EZ/German Markit retail PMI, German factor orders, and Malaysia's trade data. Central bank speakers include BOC's Ploz and Fed's Lacker.</p>
<b>US</b>	<p>US' factory orders declined 0.2% as anticipated in Nov, while the Oct data was also revised down from +1.5% to 1.3%. The trade deficit also narrowed 5% mom from a revised US\$44.58b in Oct to US\$42.37b in Nov, as imports fell to its lowest since Feb 2011 and signalled softening domestic demand. Meanwhile, the non-manufacturing ISM also unexpectedly retreated from 55.9 in Nov to 55.3 in Dec (market consensus forecast: 56.0), as delivery backlogs eased, albeit the ADP data showed employers added 257k workers in Dec versus market expectations of 198k whereas the Nov print was revised down from 217k to 211k.</p>
<b>EZ</b>	<p>Green shoots continued to bloom in the Eurozone, with the services/composite PMIs generally printing optimism. The Eurozone's composite PMI was unexpectedly higher from 54.2 in Nov to 54.3 in Dec. UK's services PMI, however, slid more than expected to a 3-year low of 55.5 (previously 55.9) as Brexit risks weighed on business sentiments.</p>
<b>S'pore</b>	<p>COE premiums slid, with Category A seeing the bulk of the fall. Category A fell by almost \$10k to \$45,002 while the bigger cars under Category B &amp; open category E enjoyed smaller falls to \$54,920 (-\$81) and \$55,089 (-\$2,412) respectively. Only COE belonging to category D (motorcycles) rose \$289 to \$6,889.</p>
<b>China</b>	<p>RMB depreciation accelerated on Wednesday in both onshore and offshore market after PBoC unexpectedly set the USDCNY fixing at 6.5314, much higher than yesterday's 4:30 pm closing of 6.5199. The USDCNH touched a high of 6.7300 yesterday, up by 2.2% week to date, while the USDCNY broke the 6.5500 handle in the onshore market. As a result, the CNY-CNH spread widened to a record high of 1700 at one point since the birth of CNH in 2010. For details, Pls refer to our RMB report.</p>
<b>Commodities</b>	<p>Energy fell once again to new lows since 2008. WTI and Brent plunged to \$33.97 (-5.56%) and \$34.23/bbl (-6.01%) respectively yesterday as market-watchers eye warily on the higher-than-expected increases in US gasoline, distillates and crude oil (Cushing) inventories. Elsewhere, geopolitical tensions amount as Libya asks for help against the seizure of state oil assets by Islamic State. The Islamic State is also reported to have posted anti-Saudi propaganda, according to media reports in the Middle East, accusing the ruling family in siding with US-led coalition.</p>

**Treasury Advisory**  
**Corporate FX & Structured Products**

Tel: 6349-1888 / 1881

**Interest Rate Derivatives**

Tel: 6349-1899

**Investments & Structured Products**

Tel: 6349-1886

**GT Institutional Sales**

Tel: 6349-1810

## Major Market

- **US:** Wall Street resumed its selling streak, with the Dow -1.47%, S&P500 -1.31% and Nasdaq -1.14%. VIX +6.46% to 20.57. The UST bonds extended its rally amid the flight to safety, with the 2- and 10-year bond yields at 0.98% and 2.18% respectively.
- **Singapore:** The STI lost another 1.06% at 2804.27 yesterday and looks set to break below the 2800 support this morning amid Wall Street's overnight slump, the continuous slide in crude oil prices and further morning selling in the Nikkei and Kospi. STI may seek out a bottom below 2800, while resistance is likely limited to 2810. The SGS bond market may remain supported today amid the risk-off atmosphere.
- **Indonesia:** Government is planning to allow financing companies to disburse small loans for investment, as part of another round of policy package to be announced next week, Darmin Nasution, coordinating minister for economic affairs, was quoted as saying. The government has allocated IDR10.5tn to subsidize small loans in a bid to spur investment by small and medium enterprises.

## Bond Market Updates

- **Market Commentary:** SGD swaps were 1-2bps higher at the short-end while the belly-to-long-end traded 1bp lower. Flows in the SGD corporate space were light with selling seen in SINTEC 4.05% 2025. In the broader Asia dollar space, JACI IG corporate spreads widened slightly by 1.5bps to 218bps while the yield on JACI HY corporates fell 5bps to 7.87%. Indonesian HY was notably stronger, up 0.5-2pts on the day. 10-year UST yields fell by 6.6bps to 2.17%.
- **New Issues:** AirAsia Bhd has set up a USD1b Multi-Currency MTN Program and will hold investor meetings in Singapore, Hong Kong and London starting tomorrow. Swire Properties priced USD500m of 10-year bonds at CT10+147.5bps, tightening from initial guidance in the 165bps area. The deal was more than 3 times oversubscribed with orderbook of more than USD1.8bn for the USD500m bonds. Korea Development Bank priced a dual tranche deal with the USD500m 5-year tranche coming in at CT5+82.5bps and the USD1bn 10-year tranche at CT10+87.5bps, tightening from initial price guidance of CT5+100bps and CT10+110bps, respectively. Jiangsu NewHeadLine Development Group Co. priced a USD200m 3-year deal at 6.20%, tightening from an initial price guidance of 6.625%.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	99.181	-0.22%	<b>USD-SGD</b>	1.4362	0.74%
<b>USD-JPY</b>	118.470	-0.50%	<b>EUR-SGD</b>	1.5484	1.06%
<b>EUR-USD</b>	1.0781	0.31%	<b>JPY-SGD</b>	1.2122	1.24%
<b>AUD-USD</b>	0.7072	-1.24%	<b>GBP-SGD</b>	2.1013	0.44%
<b>GBP-USD</b>	1.4630	-0.31%	<b>AUD-SGD</b>	1.0157	-0.50%
<b>USD-MYR</b>	4.4000	1.32%	<b>NZD-SGD</b>	0.9538	-0.22%
<b>USD-CNY</b>	6.5559	0.61%	<b>CHF-SGD</b>	1.4258	0.88%
<b>USD-IDR</b>	13943	0.37%	<b>SGD-MYR</b>	3.0652	0.55%
<b>USD-VND</b>	22468	-0.12%	<b>SGD-CNY</b>	4.5648	-0.12%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.2110	--	<b>O/N</b>	0.3650	--
<b>2M</b>	-0.1700	--	<b>1M</b>	0.4220	--
<b>3M</b>	-0.1330	--	<b>2M</b>	0.5148	--
<b>6M</b>	-0.0410	--	<b>3M</b>	0.6171	--
<b>9M</b>	0.0020	--	<b>6M</b>	0.8512	--
<b>12M</b>	0.0590	--	<b>12M</b>	1.1731	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
<b>Portugal</b>	0.07	0.40	2.52	0.70	2.02
<b>Italy</b>	-0.02	-0.60	1.48	-1.70	0.98
<b>Ireland</b>	-0.27	-1.00	1.02	-2.70	0.51
<b>Greece*</b>	8.83	-7.80	8.53	4.90	8.03
<b>Spain</b>	-0.02	-0.70	1.67	-1.60	1.17
<b>Russia^</b>	3.84	4.50	6.06	1.20	5.56

\* 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
<b>DJIA</b>	16,906.51	-252.20
<b>S&amp;P</b>	1,990.26	-26.50
<b>Nasdaq</b>	4,835.77	-55.70
<b>Nikkei 225</b>	18,191.32	-182.70
<b>STI</b>	2,804.27	-30.00
<b>KLCI</b>	1,667.97	2.30
<b>JCI</b>	4,608.98	51.20
<b>Baltic Dry</b>	467.00	-1.00
<b>VIX</b>	20.59	1.30

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.09 (+0.04)	0.98 (-0.04)
<b>5Y</b>	1.97 (+0.03)	1.64 (-0.07)
<b>10Y</b>	2.53 (-0.02)	2.17 (-0.07)
<b>15Y</b>	2.80 (-0.02)	--
<b>20Y</b>	2.85 (-0.02)	--
<b>30Y</b>	2.91 (-0.02)	2.94 (-0.06)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	23.11	0.39
<b>EURIBOR-OIS</b>	11.55	0.55
<b>TED</b>	42.18	0.30

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	33.97	-5.56%	Coffee (per lb)	1.200	-2.48%
Brent (per barrel)	34.23	-6.01%	Cotton (per lb)	0.6200	-1.08%
Heating Oil (per gallon)	1.081	-3.96%	Sugar (per lb)	0.1442	-1.03%
Gasoline (per gallon)	1.16	-7.55%	Orange Juice (per lb)	1.4305	0.67%
Natural Gas (per MMBtu)	2.267	-2.49%	Cocoa (per mt)	2,981	-2.55%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,620.0	-0.54%	Wheat (per bushel)	4.6275	0.33%
Nickel (per mt)	8,579	1.01%	Soybean (per bushel)	8.758	0.92%
Aluminium (per mt)	1,476.0	0.89%	Corn (per bushel)	3.5325	0.07%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,091.9	1.25%	Crude Palm Oil (MYR/MT)	2,268.0	-0.31%
Silver (per oz)	13.976	0.04%	Rubber (JPY/KG)	134.0	-2.40%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date	Event	Survey	Actual	Prior	Revised	
06/01/2016 05:00	SK Foreign Reserves	Dec	--	\$367.96b	\$368.46b	-- 54.5455
<b>06/01/2016 08:30</b>	<b>TA CPI YoY</b>	<b>Dec</b>	<b>0.45%</b>	<b>0.14%</b>	<b>0.53%</b>	-- <b>95</b>
06/01/2016 09:35	JN Nikkei Japan PMI Services	Dec	--	51.5	51.6	-- 70
06/01/2016 09:35	JN Nikkei Japan PMI Composite	Dec	--	52.2	52.3	-- 70
06/01/2016 09:45	CH Caixin China PMI Services	Dec	--	50.2	51.2	-- 70
06/01/2016 09:45	CH Caixin China PMI Composite	Dec	--	49.4	50.5	-- 70
06/01/2016 10:30	HK Nikkei Hong Kong PMI	Dec	--	46.4	46.6	-- 72.7273
06/01/2016 13:00	IN Nikkei India PMI Services	Dec	--	53.6	50.1	-- 70
06/01/2016 13:00	IN Nikkei India PMI Composite	Dec	--	51.6	50.2	-- 70
<b>06/01/2016 15:45</b>	<b>FR Consumer Confidence</b>	<b>Dec</b>	<b>95</b>	<b>96</b>	<b>96</b>	-- <b>83.3333</b>
06/01/2016 16:00	SI Automobile COE Open Bid Cat A	Jan-06	--	45002	54301	-- 59.2593
06/01/2016 16:45	IT Markit/ADACI Italy Composite PMI	Dec	--	56	54.3	-- 70
06/01/2016 16:45	IT Markit/ADACI Italy Services PMI	Dec	53.6	55.3	53.4	-- 70
06/01/2016 16:50	FR Markit France Services PMI	Dec F	50	49.8	50	-- 70
06/01/2016 16:50	FR Markit France Composite PMI	Dec F	50.3	50.1	50.3	-- 70
06/01/2016 16:55	GE Markit Germany Services PMI	Dec F	55.4	56	55.4	-- 70
06/01/2016 16:55	GE Markit/BME Germany Cpste PMI	Dec F	54.9	55.5	54.9	-- 70
06/01/2016 17:00	EC Markit Eurozone Services PMI	Dec F	53.9	54.2	53.9	-- 70
<b>06/01/2016 17:00</b>	<b>EC Markit Eurozone Composite PMI</b>	<b>Dec F</b>	<b>54</b>	<b>54.3</b>	<b>54</b>	-- <b>76.7442</b>
06/01/2016 17:30	UK Markit/CIPS UK Services PMI	Dec	55.6	55.5	55.9	-- 70
06/01/2016 17:30	UK Markit/CIPS UK Composite PMI	Dec	--	55.3	55.8	55.7 70
06/01/2016 18:00	EC PPI MoM	Nov	-0.20%	-0.20%	-0.30%	-- 51.1628
<b>06/01/2016 20:00</b>	<b>US MBA Mortgage Applications</b>	<b>Jan-01</b>	--	<b>-11.60%</b>	<b>-17.40%</b>	-- <b>92.3077</b>
<b>06/01/2016 21:15</b>	<b>US ADP Employment Change</b>	<b>Dec</b>	<b>198k</b>	<b>257k</b>	<b>217k</b>	<b>211k 83.0645</b>
06/01/2016 21:30	CA Int'l Merchandise Trade	Nov	-2.60b	-1.99b	-2.76b	-2.49b 58.5366
<b>06/01/2016 21:30</b>	<b>US Trade Balance</b>	<b>Nov</b>	<b>-\$44.00b</b>	<b>-\$42.37b</b>	<b>-\$43.89b</b>	<b>-\$44.58b 84.6774</b>
06/01/2016 22:45	US Markit US Services PMI	Dec F	54	54.3	53.7	-- 70
06/01/2016 22:45	US Markit US Composite PMI	Dec F	--	54	53.5	-- 70
<b>06/01/2016 23:00</b>	<b>US ISM Non-Manf. Composite</b>	<b>Dec</b>	<b>56</b>	<b>55.3</b>	<b>55.9</b>	-- <b>76.6129</b>
<b>06/01/2016 23:00</b>	<b>US Factory Orders</b>	<b>Nov</b>	<b>-0.20%</b>	<b>-0.20%</b>	<b>1.50%</b>	<b>1.30% 87.0968</b>
<b>06/01/2016 23:00</b>	<b>US Durable Goods Orders</b>	<b>Nov F</b>	--	<b>0.00%</b>	<b>0.00%</b>	-- <b>92.7419</b>
06/01/2016 23:00	US Durables Ex Transportation	Nov F	--	0.00%	-0.10%	-- 74.1935
06/01/2016 23:00	US Cap Goods Orders Nondef Ex Air	Nov F	--	-0.30%	-0.40%	-- 59.6774
06/01/2016 23:00	US Cap Goods Ship Nondef Ex Air	Nov F	--	-0.60%	-0.50%	-- 58.871
<b>07/01/2016 08:30</b>	<b>AU Trade Balance</b>	<b>Nov</b>	<b>-2985m</b>	--	<b>-3305m</b>	-- <b>88.4058</b>
<b>07/01/2016 08:30</b>	<b>AU Building Approvals MoM</b>	<b>Nov</b>	<b>-3.00%</b>	--	<b>3.90%</b>	-- <b>94.2029</b>
07/01/2016 08:30	AU Building Approvals YoY	Nov	3.90%	--	12.30%	-- 69.5652
07/01/2016 12:00	MA Trade Balance MYR	Nov	12.00b	--	12.16b	-- 57.1429
07/01/2016 15:00	GE Retail Sales MoM	Nov	0.50%	--	-0.40%	-0.10% 66.1017
07/01/2016 15:00	GE Retail Sales YoY	Nov	3.70%	--	2.10%	-- 64.4068
<b>07/01/2016 15:00</b>	<b>GE Factory Orders MoM</b>	<b>Nov</b>	<b>0.10%</b>	--	<b>1.80%</b>	-- <b>91.5254</b>
07/01/2016 15:00	GE Factory Orders WDA YoY	Nov	1.10%	--	-1.40%	-- 62.7119
<b>07/01/2016 16:00</b>	<b>UK Halifax House Prices MoM</b>	<b>Dec</b>	<b>0.50%</b>	--	<b>-0.20%</b>	-- <b>76.1905</b>
07/01/2016 16:00	UK Halifax House Price 3Mths/Year	Dec	9.00%	--	9.00%	-- 69.0476
07/01/2016 18:00	EC Economic Confidence	Dec	106	--	106.1	-- 53.4884
<b>07/01/2016 18:00</b>	<b>EC Consumer Confidence</b>	<b>Dec F</b>	<b>-5.7</b>	--	<b>-5.7</b>	-- <b>86.0465</b>
07/01/2016 18:00	EC Unemployment Rate	Nov	10.70%	--	10.70%	-- 74.4186
07/01/2016 18:00	EC Retail Sales MoM	Nov	0.20%	--	-0.10%	-- 60.4651
07/01/2016 18:00	EC Retail Sales YoY	Nov	2.00%	--	2.50%	-- 55.814
07/01/2016 18:00	MA Foreign Reserves	Dec-31	--	--	\$94.9b	-- 64.2857
<b>07/01/2016 21:30</b>	<b>US Initial Jobless Claims</b>	<b>Jan-02</b>	<b>275k</b>	--	<b>287k</b>	-- <b>98.3871</b>
07/01/2016 21:30	US Continuing Claims	Dec-26	2200k	--	2198k	-- 68.871
07/01/2016 22:45	US Bloomberg Consumer Comfort	Jan-03	--	--	43.6	-- 66.129
07/01/2016	HK Foreign Reserves	Dec	--	--	\$355.8b	-- 68.1818
07/01/2016	CH Foreign Reserves	Dec	\$3415.0b	--	\$3438.3b	-- 51.3514
<b>07/01/2016 13/01</b>	<b>VN Domestic Vehicle Sales YoY</b>	<b>Dec</b>	--	--	<b>52.80%</b>	-- <b>77.7778</b>

Source: Bloomberg

<b><u>OCBC Treasury Research</u></b>		
<b><u>Macro Research</u></b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Wellian Wiranto</b> WellianWiranto@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com	<b><u>Credit Research</u></b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Koh Jun Ming, Nicholas</b> NicholasKoh@ocbc.com	<b><u>Wing Hang</u></b> <b>Kam Liu</b> kamyliu@ocbcwh.com <b>Carie Li</b> carierli@ocbcwh.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W