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Highlights

Global	<p>Two key developments overnight were the deadly blast in Istanbul, Turkey and the brief downside probe by crude oil prices at the US\$30 per barrel support for the first time since 2003. Meanwhile, US' JOLTS job openings rose 82k from a revised 5.349m in Oct to 5.431m in Nov15, exceeding the pace of hiring, which coupled with the increased turnover suggested that labor market slack was decreasing and could eventually spark faster wage growth. Elsewhere, UK's industrial production disappointed market by unexpectedly contracting 0.7% mom (+0.9% yoy) in Nov, marking the largest decline in nearly three years, and flagging the caution BOE is likely to exhibit at tomorrow's policy meeting.</p> <p>For today, key things to watch include China's Dec trade data, BI policy meeting, and Eurozone's industrial production data. Speakers include Fed's Rosengren and President Obama who will deliver his final State of the Union address today and is expected to focus on economic and social opportunities</p>
US	<p>Fed's Kaplan suggested that four 25bp rate hikes this year is not "baked in the cake" and given "this is an unusual start to the year", "there will be information...between now in March" to make a decision. He also opined that "as the unemployment rate moves below 5 percent, I would expect to see the inflation rate gradually increase towards our 2 percent objective in the medium term". He also noted the Chinese slowdown would "create headwinds for GDP growth in the US and other economies" and "2016 will be a challenging year for oil producers".</p>
S'pore	<p>As part of the government's re-organisation, two new statutory boards will be formed - the WDA will be reconstituted into Workforce Singapore, and a new statutory board SkillsFuture Singapore (SSG) under MOE which will take over some of the current WDA functions and absorb the Council for Private Education (CPE).</p>
Indo-nesia	<p>The government said that it will be announcing its 9th economic policy package either this week or next. It is also planning to release new guidance list for foreign investment in the coming weeks.</p>
Malaysia	<p>The government is planning to build a double-track rail line in Pahang, the home state of PM Najib. Star newspaper reports that the project will be fully borne by private sector without the government having to bear operational or financial risk. It added that Chinese companies are interested in taking up the project.</p>
Commodities	<p>Amid the economic indicators floating in the market, the observation of WTI touching below \$30/bbl probably overshadowed all others. The crude oil benchmark fell momentarily below \$30/bbl before edging higher to close \$30.44/bbl. On this, an emergency OPEC meeting is said to happen in early March, according to Nigeria's Emmanuel Kachikwu, 168th OPEC meeting group president, as the low price is hurting producers including Saudi Arabia. Elsewhere, the Energy Information Administration estimated crude oil prices to remain below \$50/bbl on average for 2016 and 2017 on oversupply concerns.</p>

Major Market

- **US:** Wall Street extended gains overnight amid a choppy session, with the Dow +0.72%, S&P500 +0.78% and Nasdaq +1.03%. VIX -7.53% to 22.47. With the returning flight to safety amid the oil price slump, 2- and 10-year UST bond yields were rallied to 0.93% and 2.10% respectively, The US\$234b 3-year note auction fetched a yield of 1.174% (lowest since Oct) with indirect bidding of 62.8%. There are US\$21b of 10-year bonds today, followed by US\$13b of 30-year bonds tomorrow.
- **Singapore:** The STI remained one of the laggards and broke the 2700 support to close down 0.63% at 2691.78 yesterday. Given no fresh catalysts for the STI, it remains doubtful if the STI can regain the 2700 resistance today and may continue to trade on the back foot, notwithstanding positive leads from Wall Street overnight. The STI may see support and resistance at 2680 and 2700 respectively. Expect the SGS bond market to remain better bid today.
- **China:** The CNY-CNH spread was closed at one point yesterday as a result of man-made liquidity crunch in the offshore market. Overnight CNH HIBOR rate surged to more than 60% yesterday while CNH implied yield from FX swap hit more than 120% intraday. The tight liquidity, which boosted the negative carry to an extreme level, led to massive unwind of short CNH position. Nevertheless, RMB denominated assets in the offshore market became the unintended victims with dim sum bonds and CNH CDs were sold off. It may take some time to calm the market sentiment down and rebuild the orders in the offshore RMB market.
- **Macau:** As private housing transactions remained subdued in November, new residential mortgage loan (RML) approvals dropped 28.1% yoy to a nearly three-year low of MOP2.44 billion. Specifically, new RMLs approved for residents plunged for the 7th straight month by 28.3% yoy to MOP 2.37 billion (97.2% of total new RML approvals). Undeniably, subdued market sentiment has been dragging on local demand for mortgage loans. Given the uncertainty about the outlook of the domestic economic, we believe that wage growth will slow across all sectors and hit local property market sentiment. In addition, the starting of Fed's rate hike cycle might sooner or later translate into higher borrowing cost in Macau, as a result suppressing demand for mortgage loan and prompting the lower to medium income households to wait for the completion of public housing this year. Therefore, we expect monthly residential property transaction volume to stay low at around 450 units while new mortgage loans continue to decline in 1Q 2016.
- **Thailand:** Government is said to buy 200,000 metric tons of natural rubber directly from producers at above market prices in attempts to shore up prices. The country is said to have accumulated about 300,000 tons of rubber in stockpiles from state purchases already.

Bond Market Updates

- **Market Commentary:** SGD swap rates traded higher yesterday, with short-end rates trading 1bp-2bps higher while belly-to-long-end rates traded 3bps-4bps higher. In the broader Asia dollar space, JACI IG corporate spreads widened 2bps to 225bps while the yield on the JACI HY corporates increased 6bps to 8.04%. 10y UST yields fell 7bps to 2.10%.
- **New Issues:** Ping An Life Insurance Co. of China Ltd came to market with a dual tranche deal with the USD700m 3-year tranche pricing at CT3+125bps, tightening from initial guidance of CT3+150bps, and the USD500m 5-year tranche at CT5+150bps, tightening from initial guidance in the CT5+165bps area. Standard Chartered PLC priced USD1bn of 5-year senior bonds at CT5+158bps, tightening from initial guidance of CT5+162.5bps. China Energy Reserve and Chemicals Group Overseas Co. Ltd priced a USD400m 3-year bond issue at 6.125%, tightening from IPT of 6.25%. Woori Bank priced a USD500m 5.5-year bond issue at CT5+112.5bps, tightening

from IPT of CT5+130bps. Macquarie Bank priced a 4-part bond offering as follows: USD600m 3-year bond at CT3+120bps, tightening from IPT of CT3+125bps; USD800m 5-year bond at CT5+135bps, tightening from IPT of CT5+140bps; USD700m 10-year bond at CT10+180bps, tightening from IPT of 190bps. Kookmin Bank is planning for a USD covered bond issue, as investor meetings ended yesterday for the bond issue. No further details were provided.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.974	0.25%	USD-SGD	1.4381	0.25%
USD-JPY	117.650	-0.09%	EUR-SGD	1.5616	0.25%
EUR-USD	1.0858	-0.01%	JPY-SGD	1.2225	0.39%
AUD-USD	0.6986	-0.13%	GBP-SGD	2.0779	-0.40%
GBP-USD	1.4448	-0.65%	AUD-SGD	1.0047	0.13%
USD-MYR	4.4140	0.65%	NZD-SGD	0.9403	-0.07%
USD-CNY	6.5729	0.03%	CHF-SGD	1.4350	0.17%
USD-IDR	13910	0.35%	SGD-MYR	3.0642	0.34%
USD-VND	22430	-0.09%	SGD-CNY	4.5704	-0.23%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2190	--	O/N	0.3661	--
2M	-0.1780	--	1M	0.4240	--
3M	-0.1430	--	2M	0.5146	--
6M	-0.0520	--	3M	0.6221	--
9M	-0.0040	--	6M	0.8513	--
12M	0.0500	--	12M	1.1536	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
Portugal	0.11	0.20	2.68	3.70	2.15
Italy	0.01	-0.30	1.61	2.80	1.08
Ireland	-0.28	-0.30	1.03	1.00	0.50
Greece*	8.82	3.30	8.51	0.10	7.98
Spain	0.01	0.00	1.83	3.20	1.30
Russia^	4.16	3.50	6.28	5.70	5.74

* 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	16,516.22	117.70
S&P	1,938.68	15.00
Nasdaq	4,685.92	47.90
Nikkei 225	17,218.96	-479.00
STI	2,691.78	-17.10
KLCI	1,641.37	3.80
JCI	4,512.53	47.00
Baltic Dry	402.00	-13.00
VIX	22.47	-1.80

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.17 (+0.03)	0.92 (-0.01)
5Y	2.07 (+0.03)	1.54 (-0.05)
10Y	2.58 (+0.04)	2.10 (-0.07)
15Y	2.87 (+0.04)	--
20Y	2.89 (+0.03)	--
30Y	2.96 (+0.02)	2.88 (-0.09)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.41	-0.40
EURIBOR-OIS	11.73	-0.62
TED	41.51	-1.88

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	30.44	-3.09%	Coffee (per lb)	1.144	-0.09%
Brent (per barrel)	30.86	-2.19%	Cotton (per lb)	0.6159	0.15%
Heating Oil (per gallon)	0.990	-2.44%	Sugar (per lb)	0.1405	-0.71%
Gasoline (per gallon)	1.08	-2.53%	Orange Juice (per lb)	1.3200	-0.68%
Natural Gas (per MMBtu)	2.257	-5.80%	Cocoa (per mt)	2,860	-1.45%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,352.0	-0.80%	Wheat (per bushel)	4.8125	2.61%
Nickel (per mt)	8,204	-0.41%	Soybean (per bushel)	8.908	1.11%
Aluminium (per mt)	1,451.5	-0.50%	Corn (per bushel)	3.5675	1.42%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,085.2	-1.00%	Crude Palm Oil (MYR/MT)	2,224.0	-0.67%
Silver (per oz)	13.751	-0.83%	Rubber (JPY/KG)	132.1	-1.27%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
01/12/2016 07:50	JN BoP Current Account Balance	Nov	¥895.0b	¥1143.5b	¥1458.4b	--
01/12/2016 07:50	JN Trade Balance BoP Basis	Nov	-¥158.7b	-¥271.5b	¥200.2b	--
01/12/2016 08:00	NZ ANZ Commodity Price	Dec	--	-1.80%	-5.60%	--
01/12/2016 09:00	PH Exports YoY	Nov	-15.00%	-1.10%	-10.80%	--
01/12/2016 14:00	JN Eco Watchers Survey Current	Dec	46.6	48.7	46.1	--
01/12/2016 14:00	JN Eco Watchers Survey Outlook	Dec	48	48.2	48.2	--
01/12/2016 15:30	FR Bank of France Bus. Sentiment	Dec	99	99	98	--
01/12/2016 17:30	UK Industrial Production MoM	Nov	0.00%	-0.70%	0.10%	0.00%
01/12/2016 17:30	UK Industrial Production YoY	Nov	1.70%	0.90%	1.70%	--
01/12/2016 17:30	UK Manufacturing Production MoM	Nov	0.10%	-0.40%	-0.40%	--
01/12/2016 17:30	UK Manufacturing Production YoY	Nov	-0.80%	-1.20%	-0.10%	-0.20%
01/12/2016 19:00	US NFIB Small Business Optimism	Dec	95	95.2	94.8	--
01/12/2016 20:00	IN CPI YoY	Dec	5.53%	5.61%	5.41%	--
01/12/2016 20:00	IN Industrial Production YoY	Nov	2.00%	-3.20%	9.80%	9.90%
01/12/2016 23:00	UK NIESR GDP Estimate	Dec	--	0.60%	0.60%	--
01/12/2016 23:00	US JOLTS Job Openings	Nov	5450	5431	5383	5349
01/13/2016 07:00	NZ QV House Prices YoY	Dec	--	14.20%	15.00%	--
01/13/2016 07:00	SK Unemployment rate SA	Dec	3.50%	3.40%	3.40%	--
01/13/2016 07:50	JN Money Stock M2 YoY	Dec	3.30%	--	3.30%	--
01/13/2016 07:50	JN Money Stock M3 YoY	Dec	2.70%	--	2.70%	--
01/13/2016 08:30	AU Job vacancies	Nov	--	--	2.70%	--
01/13/2016 10:00	CH Trade Balance	Dec	\$51.30b	--	\$54.10b	--
01/13/2016 10:00	CH Exports YoY	Dec	-8.00%	--	-6.80%	--
01/13/2016 10:00	CH Imports YoY	Dec	-11.00%	--	-8.70%	--
01/13/2016 15:45	FR CPI EU Harmonized MoM	Dec	0.10%	--	-0.20%	--
01/13/2016 15:45	FR CPI EU Harmonized YoY	Dec	0.20%	--	0.10%	--
01/13/2016 15:45	FR CPI MoM	Dec	0.10%	--	-0.20%	--
01/13/2016 15:45	FR CPI YoY	Dec	0.10%	--	0.00%	--
01/13/2016 15:45	FR CPI Ex-Tobacco Index	Dec	125.9	--	125.75	--
01/13/2016 18:00	EC Industrial Production SA MoM	Nov	-0.30%	--	0.60%	--
01/13/2016 18:00	EC Industrial Production WDA YoY	Nov	1.30%	--	1.90%	--
01/13/2016 20:00	US MBA Mortgage Applications	Jan-08	--	--	-11.60%	--
01/12/2016 01/20	ID Local Auto Sales	Dec	--	--	86979	--
01/13/2016 01/14	ID Bank Indonesia Reference Rate	Jan-13	7.38%	--	7.50%	--
01/12/2016 01/15	CH New Yuan Loans CNY	Dec	700.0b	--	708.9b	--
01/12/2016 01/15	CH Money Supply M2 YoY	Dec	13.60%	--	13.70%	--
01/12/2016 01/15	CH Money Supply M1 YoY	Dec	15.50%	--	15.70%	--

Source: Bloomberg

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