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**Highlights**

<b>Global</b>	Another day, another high, as US equity indices reached new highs overnight. In and of itself, that should help market sentiment globally. Still, the fact that the FOMC meeting would conclude tonight would likely curb any massive position-taking at the moment. With futures market pricing in the Fed rate hike as a certainty, market focus will be primarily on any revision to dot plot by the FOMC members as well as the general outlook provided by Janet Yellen in her press conference.
<b>SG</b>	<p>Layoffs in the first nine months of 2016 clocked its highest level since 2009, printing a total of 13,700, according to the Ministry of Manpower. The bulk of the layoffs came from the services sector, including those of professionals, managers, executives and technicians. However, nearly half of the layoffs managed to secure re-employment, with re-entry rate clocking higher to 49% in 3Q16, from 45% in 2Q16. Overall unemployment remained at 2.1% in 3Q16.</p> <p>STI snapped from its three consecutive trading days of decline, and edged marginally higher (+0.1%) to 2,955.23. Still, the relatively flattish trend seen in the index is unsurprising given anticipation over tonight's FOMC decision. Amongst the gainers, SATS (+2.5%), Genting Singapore (+2.1%) and Starhub (+1.7%) topped the charts, while losses seen in Yangzijiang Shipbuilding (-1.7%) and Hongkong Land Holdings (-1.6%) cushioned overall gains.</p>
<b>CH</b>	November growth data are largely better than expectations. Industrial production grew by 6.2%, up from 6.1% in October. Retail sales accelerated to 10.8% from 10.1% while fixed asset investment growth remained intact at 8.3%. Private investment continued to improve, picking up from 2.9% to 3.1%, signalling the return of confidence in the private sector. However, this growth is still not sufficient to offset the slowdown in property market.
<b>HK</b>	3-month HIBOR rose for the 11th straight trading day on Tuesday to its highest since 2009. USDHKD 3-month forward points also jumped to the positive territory for the first time since Feb. Both indicate increasing pressure of capital outflow on the potential rate hike by the Fed. Adding on the year-end effect, we expect the liquidity to remain tight and drive up HIBOR further in the near term.
<b>ID</b>	President Jokowi has finished his official visit to India, where he met a number of Indian CEOs to boost economic ties between the two countries. He is due to be in Iran next.
<b>MA</b>	The government is reportedly preparing new tax rules that aim to expand tax income from royalties, overseas loans and commodities trading. The new rules will also bring in fines and potential jail terms if companies do not report their global financial data.
<b>Commo- dities</b>	The commodity complex was relatively flat, likely as market-watchers await for tonight's FOMC decision. Another key data worth watching for this evening, is the US crude oil inventories, which is pencilled to fall further amid higher refinery utilisation rates.

## Major Market

- **US:** A broad-based rally carried equities higher after a breather yesterday. Energy stocks were one of the leaders as they reacted positively to Tillerson's nomination as Secretary of State. Meanwhile, tech stocks benefited from a catch-up rally as tech executives prepare to meet President-elect Trump on Wednesday. The Dow and Nasdaq both broke records, closing at 19911.2 and 5463.8, up 0.58% and 0.95% respectively, while the S&P 500 ended up 0.65%. VIX closed at 12.72. The US Treasury yield curve bear flattened ahead of FOMC's decision tomorrow, with 2-year benchmark yield gaining 2 bps to 1.16%, while the 10-year yield stood unchanged at 2.47%.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bound yesterday as swap rates traded mostly +/- 1bps across tenors with the exception of shorter tenor (1Y) that traded ~2bps higher. In the broader dollar space, the spread on JACI IG corporates was steady at 200bps while the yield on JACI HY corporates decreased 3bps to 6.91%. 10y UST yield was relatively unchanged at 2.47% as investors remain on the sidelines ahead of the FOMC's meeting held tomorrow.
- **New Issues:** Shandong Ruyi Technology Group Co. Ltd. has priced a USD250mn 3-year bond at 8.2% with expected issue ratings of "B-/B3/NR". L.R. Capital Global Markets has priced a USD150mn 3-year bond at 5%, tightening from its initial guidance at 5.25%.
- **Rating Changes:** S&P revised its rating outlooks on Bank of Communications Co. Ltd. (BOCOM) and its core subsidiary, Bank of Communications Financial Leasing Co. Ltd. (BOCOMFL) to stable from negative. At the same time, the issuer credit ratings were affirmed at "A-". The outlook revision reflects S&P's view that BOCOM's improved capitalization will strengthen the buffer against the negative economic risk trend in China and a potentially weaker capability of the government to provide extraordinary support. S&P assigned a "B+" issue ratings to Casmar (Australia) Pty. Ltd. ,funding vehicle for Baring Asia Private Equity Fund VI (Baring Asia), with stable outlook. The rating assignment follows the 100% acquisition of SAI Global which S&P believes that Casmar will benefit from the well-established leading market position of SAI Global across its suite of risk management & property services and grow its revenue by mid-single digit annually. S&P revised its outlook on Powerlong Real Estate Holding Ltd. to positive from stable. Its corporate credit rating was affirmed at "B". The revision reflects S&P's view that Powerlong will continue to reduce its leverage over the next two years and that the company is likely to improve its earnings stability with growing recurring rental income. Moody's upgraded Sony Corporation's issuer and senior unsecured bond ratings to "Baa3" from "Ba1" and revised its outlook to stable from positive. The upgrade which has reverts Sony's rating to investment grade, reflects primarily that the company's financial profile has been dramatically repaired following the extensive decline of the past several years and subsequent restructuring by the company. Moody's downgraded Caterpillar, Inc.'s credit rating to "A3" from "A2" with stable outlook. The downgrade reflects Moody's view that Caterpillar has been challenged, and is expected to be challenged, with relatively low returns, particularly with respect to EBITDA margins and returns on assets throughout all phases of the business cycle. Moody's assigned "Ba1" corporate family rating with stable outlook to Lifestyle International Holdings Ltd. and has withdrawn the company's "Baa3" issuer rating. Also, Moody's downgraded the senior unsecured ratings on its notes to "Ba2" from "Baa3" with stable outlook. The downgrade reflects the deterioration in the company's credit profile as a result of its new development project in Kai Tak. Fitch affirmed Citigroup Inc.'s issuer default rating at "A" with stable outlook. Additionally, Fitch also affirmed Citibank N.A.'s issuer default rating at "A+" with stable outlook. Citigroup's issuer default rating is driven by its viability rating (VR), which was affirmed at "a". Fitch's affirmation of Citigroup's domestic operating subsidiaries' issuer default ratings at one notch above their VR reflects the expected implementation of total loss absorbing capacity requirements for US Global Systemically Important

Banks and the presence of a substantial debt buffer in the holding company.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	101.070	0.04%	<b>USD-SGD</b>	1.4240	0.04%
<b>USD-JPY</b>	115.190	0.15%	<b>EUR-SGD</b>	1.5131	-0.05%
<b>EUR-USD</b>	1.0626	-0.08%	<b>JPY-SGD</b>	1.2364	-0.09%
<b>AUD-USD</b>	0.7500	0.04%	<b>GBP-SGD</b>	1.8024	-0.12%
<b>GBP-USD</b>	1.2658	-0.17%	<b>AUD-SGD</b>	1.0679	0.06%
<b>USD-MYR</b>	4.4363	0.27%	<b>NZD-SGD</b>	1.0258	0.21%
<b>USD-CNY</b>	6.9023	-0.07%	<b>CHF-SGD</b>	1.4070	0.16%
<b>USD-IDR</b>	13325	-0.05%	<b>SGD-MYR</b>	3.1106	0.66%
<b>USD-VND</b>	22701	0.32%	<b>SGD-CNY</b>	4.8432	0.02%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	0.4370	--
<b>2M</b>	-0.3370	--	<b>1M</b>	0.6947	--
<b>3M</b>	-0.3160	--	<b>2M</b>	0.7750	--
<b>6M</b>	-0.2170	--	<b>3M</b>	0.9587	--
<b>9M</b>	-0.1380	--	<b>6M</b>	1.2988	--
<b>12M</b>	-0.0810	--	<b>12M</b>	1.6546	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread
<b>Portugal</b>	0.27	4.60	3.76	-7.10	3.40
<b>Italy</b>	-0.14	-2.60	1.87	-12.10	1.51
<b>Ireland</b>	-0.48	-0.20	0.93	-5.90	0.57
<b>Greece</b>	7.65	--	6.80	7.60	6.44
<b>Spain</b>	-0.29	-1.10	1.43	-6.80	1.07
<b>Russia</b>	2.50	1.10	4.50	-1.80	4.14

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	19,911.21	114.78
<b>S&amp;P</b>	2,271.72	14.76
<b>Nasdaq</b>	5,463.83	51.29
<b>Nikkei 225</b>	19,250.52	95.49
<b>STI</b>	2,955.23	3.04
<b>KLCI</b>	1,645.28	3.86
<b>JCI</b>	5,293.62	-14.51
<b>Baltic Dry</b>	1,052.00	-17.00
<b>VIX</b>	12.72	0.08

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.29 (+0.02)	1.16 (+0.02)
<b>5Y</b>	1.89 (--)	1.91 (+0.02)
<b>10Y</b>	2.50 (--)	2.47 (--)
<b>15Y</b>	2.83 (--)	--
<b>20Y</b>	2.88 (-0.01)	--
<b>30Y</b>	2.87 (-0.01)	3.13 (-0.02)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	31.37	0.02
<b>EURIBOR-OIS</b>	3.30	-0.10
<b>TED</b>	43.59	--

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.98	0.28%	Coffee (per lb)	1.389	0.62%
Brent (per barrel)	55.72	0.05%	Cotton (per lb)	0.7204	0.49%
Heating Oil (per gallon)	1.6747	0.18%	Sugar (per lb)	0.1860	-3.38%
Gasoline (per gallon)	1.5507	0.50%	Orange Juice (per lb)	2.0220	-1.12%
Natural Gas (per MMBtu)	3.4740	-0.94%	Cocoa (per mt)	2,282	2.19%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,690.0	-1.35%	Wheat (per bushel)	3.9800	-0.81%
Nickel (per mt)	11,342.0	0.79%	Soybean (per bushel)	10.280	-0.29%
Aluminium (per mt)	1,749.3	0.72%	Corn (per bushel)	3.5625	0.49%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,156.7	-0.58%	Crude Palm Oil (MYR/MT)	3,160.0	1.18%
Silver (per oz)	16.911	-1.20%	Rubber (JPY/KG)	254.0	1.40%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
12/13/2016	03:00	US	Monthly Budget Statement	Nov	-\$133.3b	-\$136.7b	-\$64.6b	-\$64.5b
12/13/2016	08:30	AU	NAB Business Conditions	Nov	--	5	6	7
12/13/2016	08:30	AU	NAB Business Confidence	Nov	--	5	4	--
12/13/2016	10:00	CH	Industrial Production YoY	Nov	6.10%	6.20%	6.10%	--
12/13/2016	10:00	CH	Industrial Production YTD YoY	Nov	6.00%	6.00%	6.00%	--
12/13/2016	10:00	CH	Retail Sales YoY	Nov	10.20%	10.80%	10.00%	--
12/13/2016	15:00	GE	CPI MoM	Nov F	0.10%	0.10%	0.10%	--
12/13/2016	15:00	GE	CPI YoY	Nov F	0.80%	0.80%	0.80%	--
12/13/2016	15:00	GE	CPI EU Harmonized MoM	Nov F	0.00%	0.00%	0.00%	--
12/13/2016	15:00	GE	CPI EU Harmonized YoY	Nov F	0.70%	0.70%	0.70%	--
12/13/2016	17:00	IT	Industrial Production MoM	Oct	0.20%	0.00%	-0.80%	--
12/13/2016	17:00	IT	Industrial Production WDA YoY	Oct	1.50%	1.30%	1.80%	1.90%
12/13/2016	17:00	IT	Industrial Production NSA YoY	Oct	--	-1.80%	1.90%	2.00%
12/13/2016	17:30	UK	CPI MoM	Nov	0.20%	0.20%	0.10%	--
12/13/2016	17:30	UK	CPI YoY	Nov	1.10%	1.20%	0.90%	--
12/13/2016	17:30	UK	CPI Core YoY	Nov	1.30%	1.40%	1.20%	--
12/13/2016	17:30	UK	Retail Price Index	Nov	265.4	265.5	264.8	--
12/13/2016	17:30	UK	RPI MoM	Nov	0.20%	0.30%	0.00%	--
12/13/2016	17:30	UK	RPI YoY	Nov	2.10%	2.20%	2.00%	--
12/13/2016	17:30	UK	PPI Output NSA MoM	Nov	0.20%	0.00%	0.60%	0.70%
12/13/2016	17:30	UK	PPI Output NSA YoY	Nov	2.50%	2.30%	2.10%	--
12/13/2016	18:00	GE	ZEW Survey Current Situation	Dec	59	63.5	58.8	--
12/13/2016	18:00	GE	ZEW Survey Expectations	Dec	14	13.8	13.8	--
12/13/2016	18:00	EC	ZEW Survey Expectations	Dec	--	18.1	15.8	--
12/13/2016	19:00	US	NFIB Small Business Optimism	Nov	96.7	98.4	94.9	--
12/13/2016	20:00	IN	CPI YoY	Nov	3.90%	3.63%	4.20%	--
12/13/2016	21:30	US	Import Price Index MoM	Nov	-0.40%	-0.30%	0.50%	0.40%
12/14/2016	07:00	SK	Unemployment rate SA	Nov	3.70%	3.60%	3.70%	--
12/14/2016	07:50	JN	Tankan Large Mfg Index	4Q	10	--	6	--
12/14/2016	07:50	JN	Tankan Large Mfg Outlook	4Q	9	--	6	--
12/14/2016	12:30	JN	Industrial Production MoM	Oct F	--	--	0.10%	--
12/14/2016	12:30	JN	Industrial Production YoY	Oct F	--	--	-1.30%	--
12/14/2016	12:30	JN	Capacity Utilization MoM	Oct	--	--	-2.00%	--
12/14/2016	14:30	IN	Wholesale Prices YoY	Nov	3.10%	--	3.39%	--
12/14/2016	15:45	FR	CPI EU Harmonized MoM	Nov F	0.00%	--	0.00%	--
12/14/2016	15:45	FR	CPI EU Harmonized YoY	Nov F	0.70%	--	0.70%	--
12/14/2016	15:45	FR	CPI MoM	Nov F	0.00%	--	0.00%	--
12/14/2016	15:45	FR	CPI YoY	Nov F	0.50%	--	0.50%	--
12/14/2016	17:00	IT	CPI EU Harmonized YoY	Nov F	0.10%	--	0.10%	--
12/14/2016	17:30	UK	Claimant Count Rate	Nov	2.30%	--	2.30%	--
12/14/2016	17:30	UK	Jobless Claims Change	Nov	6.5k	--	9.8k	--
12/14/2016	17:30	UK	ILO Unemployment Rate 3Mths	Oct	4.80%	--	4.80%	--
12/14/2016	18:00	EC	Industrial Production SA MoM	Oct	0.10%	--	-0.80%	--
12/14/2016	18:00	EC	Industrial Production WDA YoY	Oct	0.80%	--	1.20%	--
12/14/2016	20:00	US	MBA Mortgage Applications	Dec-09	--	--	-0.70%	--
12/14/2016	21:30	US	Retail Sales Advance MoM	Nov	0.30%	--	0.80%	--
12/14/2016	21:30	US	Retail Sales Ex Auto MoM	Nov	0.40%	--	0.80%	--
12/14/2016	21:30	US	Retail Sales Ex Auto and Gas	Nov	0.40%	--	0.60%	--
12/14/2016	21:30	US	PPI Final Demand MoM	Nov	0.10%	--	0.00%	--
12/14/2016	21:30	US	PPI Ex Food and Energy MoM	Nov	0.20%	--	-0.20%	--
12/14/2016	21:30	US	PPI Final Demand YoY	Nov	0.90%	--	0.80%	--
12/14/2016	21:30	US	PPI Ex Food and Energy YoY	Nov	1.30%	--	1.20%	--
12/14/2016	22:15	US	Industrial Production MoM	Nov	-0.30%	--	0.00%	--
12/14/2016	22:15	US	Capacity Utilization	Nov	75.10%	--	75.30%	--
12/13/2016	12/15	CH	New Yuan Loans CNY	Nov	720.0b	--	651.3b	--
12/13/2016	12/15	CH	Money Supply M2 YoY	Nov	11.50%	--	11.60%	--
12/13/2016	12/15	IN	Imports YoY	Nov	--	--	8.10%	--
12/13/2016	12/15	IN	Exports YoY	Nov	--	--	9.60%	--
01/06/2017	12/13	SI	GDP YoY	4Q A	--	--	1.10%	--

Source: Bloomberg

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