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**Highlights**

<b>Global</b>	<p>Fed's Bullard (hawk) did an about-turn and gave a dovish lift to risk appetite by suggesting that "with renewed declines in crude oil prices in recent weeks, the associated decline in market-based inflation expectations measures is becoming more worrisome" and "one circumstance where one may be more concerned is when inflation expectations themselves begin to change due to the changes in crude oil prices", which could delay inflation from returning to the central bank's 2% target. He also opined that "generally speaking, the markets and the committee are not thinking in terms of a January move...as far as March, we would want to get more information and see how things play out before we make a judgement".</p> <p>Meanwhile, BI cut interest rates by 25bps as we anticipated notwithstanding a gun-and-suicide bomb attack in Jakarta, whereas BOK and BOE were static. Elsewhere, the IMF said that the CNY SDR "process in fully on track".</p> <p>For today, the key data to watch include US' retail sales, University of Michigan sentiment, industrial production, PPI and Empire manufacturing data; Eurozone and Indonesia's trade data, China's monetary aggregates, and S'pore's retail sales. Fed's Dudley is also speaking today.</p>
<b>US</b>	<p>Adding to the lack of inflation woes was the US' import price index excluding fuels which fell 3.4% in 2015 in its largest annual decline since record-keeping started in 2001. The import price index fell 8.2% yoy (-1.2% mom) in Dec. Meanwhile, initial jobless claims unexpectedly rose 7k last week to 284k, and the continuing claims also edged up to 2.263m.</p>
<b>UK</b>	<p>The BOE's MPC voted 8-1 (with Ian McCafferty as the dissenter calling for a 25bp rate hike) to keep its key rate at a record low of 0.5% citing that this would "best balance the risks" facing the UK economy and they need time to assess the implications from "recent volatility in financial markets" which has "underlined the downside risks to global growth" and recent declines in oil "will depress global inflation in the near term".</p>
<b>S'pore</b>	<p>Retail sales likely shrank 2.1% mom sa (+2.0% yoy) in Nov, after expanding 1.0% mom sa (+2.7% yoy) in Oct, lifted by recent motor vehicle sales. However, retail sales excluding autos may remain weak.</p> <p>The 13th Parliament will convene today, with president Tony Tan delivering his 5-year plan for the new government.</p>
<b>Indonesia</b>	<p>Bank Indonesia decided to cut its policy rate by 25bps yesterday after holding it steady at 7.5% for 11 months. It appears to think that there remains room for further rate cuts, but the utilization of that space will remain dependent on global market sentiment. Yesterday, Jakarta was hit with terrorist acts. The initial knee-jerk reactions were significant but sentiment soon settled down with JCI closing around half a percentage point lower.</p>
<b>Commodities</b>	<p>Is \$30 per barrel a bottom for crude oil? That's what market may be asking given that crude oil rallied a notch above it to \$31/bbl after touching the perceived bottom just two days ago. Still, the upside risk to prices is limited given sustained oversupply concerns, especially as Iranian exports may be lifted as soon as Monday. Elsewhere, the healthier risk appetite seen in Wall Street overnight left gold falling 1.24% to \$1,073.6/oz.</p>

## Major Market

- **US:** Wall Street rebounded from 3-month lows yesterday as energy stocks like Exxon Mobil and Chevron staged a comeback and healthcare stocks also rallied. The Dow +1.41%, S&P500 +1.67% and Nasdaq +1.97% (aided by pharmaceuticals). VIX -5.04% to 23.95. On the earnings front, JPMorgan reported earnings that beat analysts' estimates on a surprisingly lower capital surcharge as a globally systemically important bank. However, Intel fell in after-hours trading after warning that 1Q sales could fall short due to PC demand weakness. Citigroup and Wells Fargo are reporting results today. The front-end of the UST bond yield curve continued to rally, with the 2-year at 0.89%, whilst the 10-year was steady at 2.09%. The US\$13b 30-year bond auction saw softer demand to fetch a yield of 2.905% and bid-cover of 2.29x (previously 2.42x), with indirect bidding of 56.5% (previously 63.9%).
- **Singapore:** The STI slumped another 1.93% to close at 2644.57 yesterday, and it remains to be seen if it can capitalise on the overnight Wall Street rebound and morning gains by Nikkei and Kospi to stabilise today. The STI may see support and resistance at 2620 and 2660 respectively. Expect the SGS bond market to range trade today. Note Singapore's annual container throughput fell 8.7% last year from the 2014 record level, reflecting the sluggish demand and overcapacity problems.
- **Japan:** Finance minister Aso noted that FX special accounts are not a permanent revenue source to make up for reduced tax rates, and there has been no talk from South Korea on a FX swap line with Japan. The most recent \$10b swap line had expired in Feb 15.
- **China:** IMF said the process for RMB to join SDR is fully on track in its regular press briefing but noted the widening of offshore-onshore Yuan spread and will discuss with Chinese government.
- **Hong Kong:** Private residential housing completions for the first 11 months of 2015 reached 11,358 units. The figure indicates that full year completion could still be 6.8% (or 900 units) lower than the full year forecast of 13,290 units given by Rating and Valuation Department. On the other hand, HK private residential housing starts remained robust in November, posting 1,805 units. For the first 11 months of 2015, housing starts recorded 16,916 units, 185% higher than that of same period last year. Based on the average housing starts figures, average supply of private residential units during 2017 to 2018 could be around 12,440 units, higher than the five-year average of around 11,380 units in 2010 to 2014. Figures indicate that the housing supply in private sector could be on a solid growth pace, thus adding more downward pressure to HK housing prices.
- **Thailand:** The Finance Ministry has approved to extend THB4.5bn of interest free loans to buy 100,000 tonnes of rubber at above market price of THB45/kg in aim to shore up prices. Public Warehouse Organization is said to borrow the loan from two banks named the Government Savings Bank (GSB) and the Bank for Agriculture and Agricultural Cooperatives (BAAC).

## Bond Market Updates

- **Market Commentary:** The SGD swap rates bull-flattened yesterday, with the short-end rates trading 2bps-5bps lower while the belly-to-long-end rates traded 6bps-10bps lower. In the broader dollar space, JACI IG corporates spread widened by 4bps to 228bps while the yield on the JACI HY corporates increased by 6bps to 8.08%. 10y UST yield was flat at 2.09%. Elsewhere, China Shanshui Cement offers to buy back USD500m 7.5%'20 and USD400m 8.5%'16 at cash price \$1,010 for each \$1,000.
- **New Issues:** Singapore Technologies Telemedia Pte Ltd plans to tap the market with a SGD300m 10-year bond, IPT of 4.05% at price 100.25. Hsin Chong priced a USD150m 3-year bond at 8.5%, in

line with the initial price guidance. Hong Kong Airlines priced a USD180m 3-year bond at 7.25%, tightening from an initial guidance of 7.5%. Khazanah Nasional Bhd plans for a USD Sukuk, and has scheduled investor meetings on 17 Jan. Mongolia plans to issue USD senior unsecured bond under the country's USD5b GMTN Program, and has scheduled investor meetings to start on 18 Jan.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	99.089	0.16%	<b>USD-SGD</b>	1.4368	0.01%
<b>USD-JPY</b>	118.060	0.32%	<b>EUR-SGD</b>	1.5611	-0.10%
<b>EUR-USD</b>	1.0865	-0.11%	<b>JPY-SGD</b>	1.2170	-0.35%
<b>AUD-USD</b>	0.6985	0.43%	<b>GBP-SGD</b>	2.0709	0.05%
<b>GBP-USD</b>	1.4413	0.04%	<b>AUD-SGD</b>	1.0036	0.43%
<b>USD-MYR</b>	4.3905	0.30%	<b>NZD-SGD</b>	0.9301	-0.63%
<b>USD-CNY</b>	6.5900	0.22%	<b>CHF-SGD</b>	1.4297	0.09%
<b>USD-IDR</b>	13907	0.52%	<b>SGD-MYR</b>	3.0496	-0.18%
<b>USD-VND</b>	22438	0.09%	<b>SGD-CNY</b>	4.5866	0.25%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.2200	--	<b>O/N</b>	0.3663	--
<b>2M</b>	-0.1780	--	<b>1M</b>	0.4255	--
<b>3M</b>	-0.1440	--	<b>2M</b>	0.5125	--
<b>6M</b>	-0.0540	--	<b>3M</b>	0.6220	--
<b>9M</b>	-0.0070	--	<b>6M</b>	0.8597	--
<b>12M</b>	0.0490	--	<b>12M</b>	1.1631	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
<b>Portugal</b>	0.11	1.10	2.69	2.10	2.12
<b>Italy</b>	0.02	1.40	1.58	1.90	1.00
<b>Ireland</b>	-0.28	1.40	1.15	14.40	0.57
<b>Greece*</b>	9.50	57.20	8.61	9.30	8.03
<b>Spain</b>	0.02	0.60	1.78	0.60	1.21
<b>Russia^</b>	4.28	9.70	6.32	1.70	5.75

\* 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>	16,379.05	227.60
<b>S&amp;P</b>	1,921.84	31.60
<b>Nasdaq</b>	4,615.00	88.90
<b>Nikkei 225</b>	17,240.95	-474.70
<b>STI</b>	2,644.57	-51.90
<b>KLCI</b>	1,633.44	-9.10
<b>JCI</b>	4,513.18	-24.00
<b>Baltic Dry</b>	383.00	-11.00
<b>VIX</b>	23.95	-1.30

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.14 (-0.02)	0.89 (-0.02)
<b>5Y</b>	1.97 (-0.05)	1.51 (-0.02)
<b>10Y</b>	2.48 (-0.05)	2.09 (-0.01)
<b>15Y</b>	2.76 (-0.05)	--
<b>20Y</b>	2.79 (-0.05)	--
<b>30Y</b>	2.86 (-0.05)	2.89 (--)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	23.50	-0.26
<b>EURIBOR-OIS</b>	10.90	-0.20
<b>TED</b>	37.70	-2.63

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	31.20	2.36%	Coffee (per lb)	1.159	0.96%
Brent (per barrel)	31.03	2.38%	Cotton (per lb)	0.6190	-0.39%
Heating Oil (per gallon)	0.981	1.18%	Sugar (per lb)	0.1488	2.83%
Gasoline (per gallon)	1.07	1.48%	Orange Juice (per lb)	1.3025	-0.84%
Natural Gas (per MMBtu)	2.139	-5.73%	Cocoa (per mt)	2,857	-1.21%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,415.5	0.54%	Wheat (per bushel)	4.6875	-1.94%
Nickel (per mt)	8,543	2.21%	Soybean (per bushel)	8.960	-0.33%
Aluminium (per mt)	1,490.5	1.43%	Corn (per bushel)	3.5800	--
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,073.6	-1.24%	Crude Palm Oil (MYR/MT)	2,262.0	0.09%
Silver (per oz)	13.748	-2.88%	Rubber (JPY/KG)	144.4	3.96%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
01/14/2016 03:00	US Monthly Budget Statement	Dec	-\$10.0b	-\$14.4b	\$1.9b	--
01/14/2016 07:50	JN Machine Orders MoM	Nov	-7.30%	-14.40%	10.70%	--
01/14/2016 07:50	JN Machine Orders YoY	Nov	6.30%	1.20%	10.30%	--
01/14/2016 07:50	JN PPI MoM	Dec	-0.40%	-0.30%	-0.10%	--
01/14/2016 07:50	JN PPI YoY	Dec	-3.50%	-3.40%	-3.60%	--
01/14/2016 08:30	AU Employment Change	Dec	-10.0k	-1.0k	71.4k	74.9k
01/14/2016 08:30	AU Unemployment Rate	Dec	5.90%	5.80%	5.80%	--
01/14/2016 08:30	AU Full Time Employment Change	Dec	--	17.6k	41.6k	47.3k
01/14/2016 08:30	AU Participation Rate	Dec	65.20%	65.10%	65.30%	--
01/14/2016 08:59	SK BoK 7-Day Repo Rate	Jan-14	1.50%	1.50%	1.50%	--
	Bloomberg Jan. Japan Economic Survey (Table)					
01/14/2016 09:00	JN					
01/14/2016 14:00	JN Machine Tool Orders YoY	Dec P	--	-25.80%	-17.70%	--
01/14/2016 14:30	IN Wholesale Prices YoY	Dec	-1.15%	-0.73%	-1.99%	--
01/14/2016 14:59	ID Bank Indonesia Reference Rate	Jan-14	7.25%	7.25%	7.50%	--
01/14/2016 17:00	IT Industrial Production MoM	Nov	0.20%	-0.50%	0.50%	--
01/14/2016 17:00	IT Industrial Production WDA YoY	Nov	2.50%	0.90%	2.90%	3.00%
01/14/2016 17:00	IT Industrial Production NSA YoY	Nov	--	4.20%	-0.30%	-0.20%
01/14/2016 20:00	UK Bank of England Bank Rate	Jan-14	0.50%	0.50%	0.50%	--
01/14/2016 20:00	UK BOE Asset Purchase Target	Jan	375b	375b	375b	--
01/14/2016 21:30	US Import Price Index MoM	Dec	-1.30%	-1.20%	-0.40%	-0.50%
01/14/2016 21:30	US Initial Jobless Claims	Jan-09	275k	284k	277k	--
01/14/2016 21:30	CA New Housing Price Index MoM	Nov	0.20%	0.20%	0.30%	--
01/14/2016 21:30	US Continuing Claims	Jan-02	2210k	2263k	2230k	2234k
01/14/2016 22:45	US Bloomberg Consumer Comfort	Jan-10	--	44.4	44.2	--
01/15/2016 05:45	NZ Food Prices MoM	Dec	--	-0.80%	-0.20%	--
01/15/2016 07:50	JN Foreign Buying Japan Stocks	Jan-08	--	--	¥135.7b	--
01/15/2016 08:30	AU Home Loans MoM	Nov	-0.50%	--	-0.50%	--
01/15/2016 08:30	AU Owner-Occupier Loan Value MoM	Nov	--	--	0.40%	--
01/15/2016 13:00	SI Retail Sales SA MoM	Nov	0.30%	--	1.00%	--
01/15/2016 13:00	SI Retail Sales YoY	Nov	3.40%	--	2.70%	--
01/15/2016 15:00	EC EU27 New Car Registrations	Dec	--	--	13.70%	--
01/15/2016 15:30	TH Foreign Reserves	Jan-08	--	--	\$156.5b	--
01/15/2016 17:00	IT CPI EU Harmonized YoY	Dec F	0.10%	--	0.10%	--
01/15/2016 21:30	US Retail Sales Advance MoM	Dec	-0.10%	--	0.20%	--
01/15/2016 21:30	US Retail Sales Ex Auto MoM	Dec	0.20%	--	0.40%	--
01/15/2016 21:30	US Retail Sales Ex Auto and Gas	Dec	0.40%	--	0.50%	--
01/15/2016 21:30	US PPI Final Demand MoM	Dec	-0.20%	--	0.30%	--
01/15/2016 21:30	US PPI Ex Food and Energy MoM	Dec	0.10%	--	0.30%	--
01/15/2016 21:30	US PPI Final Demand YoY	Dec	-1.00%	--	-1.10%	--
01/15/2016 21:30	US PPI Ex Food and Energy YoY	Dec	0.30%	--	0.50%	--
01/15/2016 21:30	US Empire Manufacturing	Jan	-4	--	-4.59	--
01/15/2016 22:15	US Industrial Production MoM	Dec	-0.20%	--	-0.60%	--
01/15/2016 22:15	US Capacity Utilization	Dec	76.80%	--	77.00%	--
01/15/2016 23:00	US U. of Mich. Sentiment	Jan P	92.9	--	92.6	--
01/15/2016	ID Exports YoY	Dec	-19.00%	--	-17.58%	--
01/15/2016	ID Trade Balance	Dec	\$100m	--	-\$346m	--
01/15/2016	PH Overseas Workers Remittances	Nov	--	--	\$2232m	--
01/15/2016	PH Overseas Remittances YoY	Nov	3.50%	--	0.20%	--
01/14/2016 01/15	CH New Yuan Loans CNY	Dec	700.0b	--	708.9b	--
01/14/2016 01/15	CH Money Supply M2 YoY	Dec	13.60%	--	13.70%	--
01/14/2016 01/15	CH Money Supply M1 YoY	Dec	15.50%	--	15.70%	--
01/14/2016 01/19	IN Exports YoY	Dec	--	--	-24.40%	--
01/14/2016 01/19	IN Imports YoY	Dec	--	--	-30.30%	--
01/14/2016 01/20	ID Local Auto Sales	Dec	--	--	86979	--

Source: Bloomberg

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