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Highlights

Global	Global risk appetite was undeterred by Saudi Arabia and Russia's announcement to freeze oil production at January levels, falling short of market expectations for actual cuts and Iran is not expected to participate. China's surge in new loans to CNY1.51tn may be partly due to seasonal front-loading. Today's focus will be on the US FOMC minutes, industrial production, housing starts, building permits and PPI, UK's jobless rates, Taiwan's 4Q15 GDP growth, S'pore's COE premium tender results.
US	NAHB housing market index fell from a revised 61 reading in Jan to a 9-month low of 58 in Feb, as the buyer traffic gauge slid to 39 (lowest since May), dragged down by single-family sales, albeit the 6-month outlook rose from 64 to 65. Empire manufacturing shifted from -19.37 to -16.64 in Feb, suggesting weakness amid a stronger USD and weak global demand, albeit the 6-month ahead new orders and shipments gauges improved. Total net TIC outflows rose from a revised US\$1.1b in Nov to US\$114b in Dec, with net long-term flows reversing from a US\$31.4b inflow to a US\$29.4b outflow as China cut its UST bond holdings by US\$18.4b to a 10-month low of US\$1.25tn and Japan's holdings fell US\$22.4b to US\$1.12tn.
EZ	Eurozone's ZEW survey expectations index fell from 22.7 in Jan to 13.6 in Feb, with the German ZEW expectations gauge diving from 10.2 to 1, albeit the current situation gauge held up better at 52.3 (previously 59.7). The data reinforced the hit to investor confidence amid Chinese uncertainties and low oil prices, as well as increased credit default risks. Note the Bundesbank had cut its German inflation forecast amid the ongoing decline in oil prices.
Singapore	NODX fell more than expected by 9.9% yoy (+0.7% mom sa) amid the weak external demand conditions, especially with the China slowdown story. This is worse than the 7.2% yoy contraction (-0.3% mom sa) reading in Dec and the -7.5% yoy (+3.5% mom sa) we anticipated, albeit the Jan 2015 base was high. Electronics exports also fell 0.6% yoy in Jan, which is a deterioration from the 0.3% decline in Dec15, and petrochemical exports also plunged 18.3%, whereas pharmaceuticals rose 6.9%. Only 2 of the top 10 NODX markets rose in Jan, namely EU28 (+14.3% yoy) and Malaysia (+2.8%), whilst the biggest drags were China (-25.2%), Taiwan (-26.5%) and Indonesia (-11.4%). Looking ahead, the NODX prospects remain tepid in 1H16.
China	The surprisingly strong financial and credit data in January may delay market expectations on further easing of monetary policy. China's new Yuan loans increased by CNY2.5 trillion in January. What's more impressive is that medium and long term loans to corporates increased by CNY1.06 trillion, highest in record. This usually implies reviving economic activities. However, the data might be distorted by a few factors. Furthermore, China's cabinet is discussing to lower the minimum bad loan provision ratios for banks to free up more capital for lending.
Commodities	The Doha talks disappointed with a mere 'production freeze', rather than a production cut which was priced-in in the recent rally in oil prices. Specifically, four oil producers, which includes Saudi Arabia, Russia, Qatar and Venezuela, had agreed to freeze production but in contingent with other producers joining in. The freeze is clearly not sufficient to arrest the falling oil prices, as WTI and Brent plummeted immediately upon the news. Do read our latest <Oil Outlook – Agreeing to what has been agreed (17 Feb)>.

Major Market

- **US:** Wall Street rallied yesterday after re-opening from Monday's Presidents Day holiday, with the Dow +1.39%, S&P500 +1.65% and Nasdaq +2.27%. VIX -5.08% to 24.11. The UST bond market sold off amid the improvement in risk appetite and a US\$12b "green" debt sale by Apple, with the 2- and 10-year bond yields higher at 0.73% and 1.77% respectively. Fed's Harker said there would be a "high hurdle" to imposing negative interest rates as the US economy remains "fundamentally strong", and "I am approaching near-term policy a bit more cautiously than I did a few months ago...that is part of being data dependent".
- **Singapore:** The STI extended gains by another 1.41% to close at 2644.58 yesterday, as optimism among the global bourses continued to spread. Give Wall Street's positive overnight lead, but mixed morning performances by Nikkei and Kospi, expect the STI to attempt to climb higher today, but gains may be capped. The STI's support and resistance are 2620 and 2680 respectively. The SGS bonds are come under some pressure given the continued sell-off in UST bonds.
- **China:** The surprisingly strong financial and credit data in January may delay market expectations on further easing of monetary policy. China's new Yuan loans increased by CNY2.5 trillion in January. What's more impressive is that medium and long term loans to corporates increased by CNY1.06 trillion, highest in record. This usually implies reviving economic activities. However, the data might be distorted by a few factors. First, banks may rush to distribute loans to support infrastructure projects in the beginning of the year. Second, Chinese corporates may replace their foreign currency liability with local currency liability due to expectations on RMB depreciation. Third, some bills may be replaced by loans after January's bill scandal. As such, the strong loan data may not be sustainable and is expected to fall in the coming months. In addition, M1 grew by 18.6%, continuing to outpace 14% M2 growth. Although it might be attributable to fiscal support, the stronger than expected M1 suggests an improving economic outlook on the back of easing monetary and fiscal policies. Overall speaking, we think the data is positive but may not be sustainable. As such, we need to wait for more details to paint a complete picture.
- **Indonesia:** The Financial Services Authority, known locally by its acronym OJK, is preparing a new policy to regulate interest rates in the banking industry, as reported by Jakarta Post. The report did not offer further details on what those regulations will be, but suggested that OJK is aiming to push down lending rates. So far, OJK has capped the special rates offered by larger banks to big depositors at 200-225bps above BI rate.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the short-end rates trading 2bps-3bps lower, while the long-end rates traded 6bps lower. In the broader dollar space, JACI IG corporates tightened 5bps to 250bps, while the yield on the JACI HY corporates decreased by 5bps to 8.38%. 10y UST yield increased by 2bps to 1.77%.
- **Rating Changes:** S&P affirmed its Korea Western Power Co Ltd long-term corporate credit and debt ratings at "AA-". S&P subsequently withdrew its rating for Korea Western Power Co Ltd. Outlook is stable. S&P placed Indian Overseas Bank's LT Foreign Issuer ratings of BB+ on negative credit watch. This action was driven by S&P's expectations that the issuer's mounting credit losses have strained its capitalization, making it more difficult for the issuer to meet its regulatory capital requirements by March 2016. S&P indicated that they intend to resolve the credit watch within the next four months, when more clarity regarding any government capital infusion plans is provided.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.868	0.97%	USD-SGD	1.4056	0.36%
USD-JPY	114.070	-0.46%	EUR-SGD	1.5669	0.28%
EUR-USD	1.1144	-0.11%	JPY-SGD	1.2316	0.79%
AUD-USD	0.7111	-0.39%	GBP-SGD	2.0116	-0.51%
GBP-USD	1.4306	-0.89%	AUD-SGD	1.0000	0.01%
USD-MYR	4.1543	0.56%	NZD-SGD	0.9250	-0.64%
USD-CNY	6.5169	0.32%	CHF-SGD	1.4218	0.21%
USD-IDR	13395	0.12%	SGD-MYR	2.9645	0.37%
USD-VND	22373	0.01%	SGD-CNY	4.6384	0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2410	--	O/N	0.3708	--
2M	-0.2210	--	1M	0.4293	--
3M	-0.1830	--	2M	0.5158	--
6M	-0.1160	--	3M	0.6182	--
9M	-0.0630	--	6M	0.8636	--
12M	-0.0080	--	12M	1.1283	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	1.20	10.50	3.54
Italy	0.06	0.20	1.62
Ireland	-0.24	0.20	1.03
Greece*	13.33	-119.50	11.10
Spain	0.05	0.90	1.75
Russia^	3.67	1.00	5.97

* 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	16,196.41	222.60
S&P	1,895.58	30.80
Nasdaq	4,435.96	98.40
Nikkei 225	16,054.43	31.90
STI	2,644.58	36.70
KLCI	1,664.99	15.00
JCI	4,745.00	4.30
Baltic Dry	301.00	6.00
VIX	24.11	-1.30

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.06 (+0.01)	0.72 (+0.01)
5Y	1.87 (+0.02)	1.22 (--)
10Y	2.24 (+0.05)	1.77 (+0.02)
15Y	2.61 (+0.04)	--
20Y	2.66 (+0.04)	--
30Y	2.76 (+0.04)	2.64 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.42	-0.10
EURIBOR-OIS	14.40	0.30
TED	33.84	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	29.04	-1.36%	Coffee (per lb)	1.149	-0.56%
Brent (per barrel)	32.18	-3.62%	Cotton (per lb)	0.5985	1.61%
Heating Oil (per gallon)	1.027	-3.96%	Sugar (per lb)	0.1322	0.53%
Gasoline (per gallon)	0.97	-6.93%	Orange Juice (per lb)	1.3610	4.85%
Natural Gas (per MMBtu)	1.903	-3.20%	Cocoa (per mt)	2,793	-1.20%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,557.0	-0.11%	Wheat (per bushel)	4.6425	1.48%
Nickel (per mt)	8,322	0.92%	Soybean (per bushel)	8.798	0.80%
Aluminium (per mt)	1,517.0	0.20%	Corn (per bushel)	3.6300	1.18%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,207.9	-2.52%	Crude Palm Oil (MYR/MT)	2,526.0	0.64%
Silver (per oz)	15.334	-2.89%	Rubber (JPY/KG)	142.3	0.49%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
02/16/2016 05:45	NZ Retail Sales Ex Inflation QoQ	4Q	1.50%	1.20%	1.60%	1.50%
02/16/2016 09:01	SK BoK 7-Day Repo Rate	Feb-16	1.50%	1.50%	1.50%	--
02/16/2016 10:00	NZ 2Yr Inflation Expectation	1Q	--	1.63%	1.85%	--
02/16/2016 10:00	CH New Yuan Loans CNY	Jan	1900.0b	2510.0b	597.8b	--
02/16/2016 10:00	CH Money Supply M2 YoY	Jan	13.50%	14.00%	13.30%	--
02/16/2016 10:00	CH Money Supply M1 YoY	Jan	14.70%	18.60%	15.20%	--
02/16/2016 12:00	JN Tokyo Condominium Sales YoY	Jan	--	-11.00%	-34.10%	--
02/16/2016 15:00	EC EU27 New Car Registrations	Jan	--	6.20%	16.60%	--
02/16/2016 16:00	TA Trade Balance	Jan	\$4.32b	\$3.51b	\$4.17b	\$4.13b
02/16/2016 16:00	TA Exports YoY	Jan	-14.50%	-13.00%	-13.90%	-13.70%
02/16/2016 16:00	TA Imports YoY	Jan	-14.40%	-11.70%	-15.60%	-14.80%
02/16/2016 17:00	IT Trade Balance Total	Dec	--	6022m	4409m	4404m
02/16/2016 17:30	UK CPI MoM	Jan	-0.70%	-0.80%	0.10%	--
02/16/2016 17:30	UK CPI YoY	Jan	0.30%	0.30%	0.20%	--
02/16/2016 17:30	UK CPI Core YoY	Jan	1.30%	1.20%	1.40%	--
02/16/2016 17:30	UK Retail Price Index	Jan	259	258.8	260.6	--
02/16/2016 17:30	UK RPI MoM	Jan	-0.60%	-0.70%	0.30%	--
02/16/2016 17:30	UK RPI YoY	Jan	1.40%	1.30%	1.20%	--
02/16/2016 17:30	UK RPI Ex Mort Int.Payments (YoY)	Jan	1.40%	1.40%	1.30%	--
02/16/2016 17:30	UK PPI Output NSA MoM	Jan	-0.20%	-0.10%	-0.20%	-0.30%
02/16/2016 17:30	UK PPI Output NSA YoY	Jan	-0.90%	-1.00%	-1.20%	-1.40%
02/16/2016 17:30	UK ONS House Price YoY	Dec	--	6.70%	7.70%	--
02/16/2016 18:00	GE ZEW Survey Current Situation	Feb	55	52.3	59.7	--
02/16/2016 18:00	GE ZEW Survey Expectations	Feb	0	1	10.2	--
02/16/2016 18:00	EC ZEW Survey Expectations	Feb	--	13.6	22.7	--
02/16/2016 21:30	CA Manufacturing Sales MoM	Dec	0.50%	1.20%	1.00%	1.20%
02/16/2016 21:30	US Empire Manufacturing	Feb	-10	-16.64	-19.37	--
02/17/2016 05:00	US Total Net TIC Flows	Dec	--	-\$114.0b	-\$3.2b	-\$1.1b
02/17/2016 05:00	US Net Long-term TIC Flows	Dec	--	-\$29.4b	\$31.4b	--
02/17/2016 07:00	SK Unemployment rate SA	Jan	3.40%	3.50%	3.40%	3.50%
02/17/2016 07:30	AU Westpac Leading Index MoM	Jan	--	-0.04%	-0.30%	--
02/17/2016 07:50	JN Machine Orders MoM	Dec	4.40%	4.20%	-14.40%	--
02/17/2016 07:50	JN Machine Orders YoY	Dec	-2.80%	-3.60%	1.20%	--
02/17/2016 08:30	SI Non-oil Domestic Exports YoY	Jan	-7.60%	--	-7.20%	--
02/17/2016 08:30	SI Non-oil Domestic Exports SA MoM	Jan	2.90%	--	-3.10%	--
02/17/2016 14:00	JN Machine Tool Orders YoY	Jan F	--	--	-17.20%	--
02/17/2016 16:00	TA GDP YoY	4Q	-0.30%	--	-0.28%	--
02/17/2016 16:00	SI Automobile COE Open Bid Cat A	Feb-17	--	--	46651	--
02/17/2016 16:00	SI Automobile COE Open Bid Cat B	Feb-17	--	--	38610	--
02/17/2016 17:30	UK Claimant Count Rate	Jan	2.30%	--	2.30%	--
02/17/2016 17:30	UK Jobless Claims Change	Jan	-3.0k	--	-4.3k	--
02/17/2016 17:30	UK ILO Unemployment Rate 3Mths	Dec	5.00%	--	5.10%	--
02/17/2016 20:00	US MBA Mortgage Applications	Feb-12	--	--	9.30%	--
02/17/2016 21:30	US Housing Starts	Jan	1173k	--	1149k	--
02/17/2016 21:30	US Building Permits	Jan	1200k	--	1232k	1204k
02/17/2016 21:30	US PPI Final Demand MoM	Jan	-0.20%	--	-0.20%	--
02/17/2016 21:30	US PPI Ex Food and Energy MoM	Jan	0.10%	--	0.10%	0.20%
02/17/2016 21:30	US PPI Final Demand YoY	Jan	-0.60%	--	-1.00%	--
02/17/2016 21:30	US PPI Ex Food and Energy YoY	Jan	0.40%	--	0.30%	--
02/17/2016 21:30	CA Int'l Securities Transactions	Dec	--	--	2.58b	--
02/17/2016 22:15	US Industrial Production MoM	Jan	0.40%	--	-0.40%	--
02/17/2016 22:15	US Capacity Utilization	Jan	76.70%	--	76.50%	--
02/16/2016 02/18	VN Domestic Vehicle Sales YoY	Jan	--	--	44.90%	--

Source: Bloomberg

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