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Highlights

Global	<p>With the Fed content to keep the steering wheel steady for now amid Trump's policy uncertainties (note that none of the latter's fiscal or infrastructure spending has materialized yet), US financial markets were left largely adrift overnight. The Fed's economic assessment was mostly unchanged ("economic activity has continued to expand at a moderate pace" and "measures of consumer and business sentiment have improved of late"), albeit the language on inflation was a tad stronger ("inflation will rise to 2 percent"), and it was an unanimous 10-0 vote with new voting members being Evans, Harker, Kaplan, Kashkari. The FOMC statement is available here: https://www.federalreserve.gov/newsevents/press/monetary/20170201a.htm.</p> <p>Wall Street ended flattish, UST bonds pared losses and USD's early lift from better than expected ADP and ISM data faded post-FOMC. Given there is no real urgency either on the growth or inflation front to act at the March FOMC meeting, our house view remains that June FOMC will be a better opportunity to do so assuming greater clarity on the anticipated Trump's fiscal stimulus plans and the state of the US as well as global economy.</p> <p>Expect that the Asian markets may be comforted by the static FOMC today and the stronger US' ADP and ISM prints. The economic data calendar comprises of the US' initial jobless claims, BOE policy decision (likely static at 0.25% bank rate) and inflation report, and manufacturing PMIs for S'pore (likely steady around Dec print of 50.6 for overall manufacturing and 51.2 for electronics), Malaysia, Taiwan and Vietnam.</p>
PMI	<p>The global manufacturing PMI prints suggested that momentum remains largely intact – US' manufacturing ISM rose for the fifth straight month from a revised 54.5 to 56.0 in Jan, with new orders, prices paid and employment gauges also stronger. China's official manufacturing moderated less than expectedly from 51.4 to 51.3, while its non-manufacturing PMI strengthened from 54.5 to 54.6 in Jan, painting a resilient picture. Elsewhere in Asia, improvements were seen in India (50.4 vs 49.6), Indonesia (50.4 vs 49.0) and Myanmar (51.7 vs 49.4), flat in Thailand (50.6) and softer in South Korea (49.0 vs 49.4), Philippines (52.7 vs 55.7).</p>
CH	<p>Both production and new orders fell slightly to 53.1 and 52.8 from 53.3 and 53.2 respectively, partly due to the Chinese New Year holiday as factories closed down to celebrate the festival. In addition, some smaller factories were also reported to closes earlier due to squeezed profit margin as a result of surging raw material prices.</p>
SG	<p>MAS' Ravi Menon said that "to the extent that there is any shift of financial activities out of London, it is unlikely that Singapore will be the main beneficiary". He also opined that US-led interest rate hikes "will weigh on the debt servicing capacities of corporates and households in Asia".</p>
Commodities	<p>Crude oil prices nudged higher as investors digested the continued fall in US Cushing oil stocks. Empirically, the WTI and Brent rose by 2% to \$53.88/bbl and \$56.8/bbl, respectively. In a nut-shell, the most important print perhaps, is the strong pick-up in gasoline demand in the US as indicated by the US Department of Energy, which subsequently lifted oil prices. Elsewhere, news of Rex Tillerson's confirmation as the US Secretary of State could have also lifted bullish sentiments, owing to Tillerson's background as the CEO of ExxonMobil.</p>

Major Markets

- **US:** Equities ended marginally higher following a somewhat dovish FOMC statement. Nasdaq led gains overnight with a 0.50% rise, while the Dow trailed with a 0.14% increase and S&P 500 closed essentially unchanged for the second straight session. The main decliners included utilities and energy stocks, and the gainers included technology and healthcare stocks. VIX resumed its decline after two days of gains, closing at 11.81. Elsewhere, US Treasury yields also ended slightly higher, with 2- and 10-year benchmark yields trading at 1.21% and 2.47% respectively. ADP employment saw +246k jobs added in Jan, which is much stronger than the revised 151k in Dec, suggesting strong NFP data on Friday. Construction spending fell 0.2% mom in Dec after a 0.9% jump in Nov.
- **Singapore:** The STI added 0.68% to close at 3067.49 yesterday, in line with most Asian bourses, and may make a run for the 3080 resistance given a static FOMC overnight. STI support is tipped at 3050. SGS bonds eked out small gains yesterday and will likely continue to range trade for now.
- **China:** Input price index eased to 64.5 in Jan from the peak of 69.6 in Dec. However, PPI is expected to increase further to test above 7% in January from 5.5% in December due to base effect. The widening gap between PPI and CPI is likely to continue to press on profit margin. External demand improved slightly with the new export order increased to 50.3 from 50.1. The difference between new orders and finished goods remained high at 7.8 after it reached the six-year high of 8.8 in December 2016, suggesting room for restock. As such, we expect the economy to remain stable in the first quarter and 1Q GDP is likely to go higher to around 6.9% due to base effect.
- **Macau:** Despite strong hotel bookings during the Chinese New Year Holiday, gross gaming revenue was up by merely 3.1% yoy to MOP19.26 billion in January, missing expectations. A stronger HKD might have trimmed some upward pressure on the mass-market segment as casual gamblers were reluctant to increase their battling amount. On the other hand, the VIP segment which has benefited from the return of high-rollers could be hit again by the lingering policy risks. Therefore, we only expect a single-digit annual growth in gaming revenue over 2017.
- **Indonesia:** Inflation for the month of January picked up more than expected, bolstering our sense that Bank Indonesia is unlikely to pursue further rate cuts in the near term. Headline inflation printed 3.49%, higher than 3.2% that market expected and an uptick from 3.02% of the previous month. Meanwhile, core inflation came in at 3.35%, compared to 3.07% of the previous month.
- **Thailand:** Thailand, or known by some as the Land of Smiles, received a record 32.59 million foreign visitors in 2016, clocking a tourism revenue of THB2.52 trillion (+11% yoy). The strong growth in tourism arrivals suggests that tourism remains as a key driver for Thailand's economic growth, and may see even stronger tourism growth as a result from US President Trump's travel ban on people from seven Muslim-majority countries, according to the Tourism Authority of Thailand.
- **South Korea:** Inflation printed higher-than-expected at 2.0% yoy (vs market expectation of 1.5%) in January, up from 1.3% in the previous month. Higher prices were largely seen in Food and Transport categories, suggesting that higher food and oil prices seen globally are already felt in Korea. Elsewhere, note better-than-expected key economic prints from Korea, including industrial production (+4.3% vs 2.2%) in December and trade (exports +11.2%, imports +18.6%) in January, which gave Korea a healthy trade surplus of \$3.2 billion.
- **Commodities:** Gold whipsawed to below \$1,200/oz handle on the onset of the FOMC meeting last night, before quickly bouncing back up to close \$1,205.6/oz yesterday, suggesting that investors highlighted the FOMC's preference to stay data-dependent despite the moderate expansion of economic activity.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve bull-flattened yesterday, with swap rates trading 1-2bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corporates rose 1bps to 196bps, while the yield on JACI HY Corporates fell 1bps to 6.87%. 10y UST yield rose 2bps to 2.47%, with treasuries paring initial losses after Federal Open Market Committee's ("FOMC") more-dovish-than-anticipated statements. Yields had risen as much as 5-7 basis points in trading on stronger-than-expected U.S. employment and manufacturing data.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.641	0.13%	USD-SGD	1.4128	0.21%
USD-JPY	113.250	0.40%	EUR-SGD	1.5215	-0.06%
EUR-USD	1.0769	-0.27%	JPY-SGD	1.2475	-0.19%
AUD-USD	0.7586	0.01%	GBP-SGD	1.7884	0.85%
GBP-USD	1.2659	0.64%	AUD-SGD	1.0717	0.22%
USD-MYR	4.4285	--	NZD-SGD	1.0284	-0.23%
USD-CNY	6.8840	--	CHF-SGD	1.4226	-0.19%
USD-IDR	13368	-0.01%	SGD-MYR	3.1348	0.51%
USD-VND	22593	--	SGD-CNY	4.8600	-0.59%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.6900	--
2M	-0.3400	--	1M	0.7794	--
3M	-0.3270	--	2M	0.8394	--
6M	-0.2430	--	3M	1.0346	--
9M	-0.1590	--	6M	1.3474	--
12M	-0.1010	--	12M	1.7134	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.08	1.70	4.21
Italy	0.04	0.70	2.31
Ireland	-0.45	-0.20	1.21
Greece	8.50	-36.20	7.64
Spain	-0.25	--	1.68
Russia	2.39	-0.40	4.36

Equity and Commodity

Index	Value	Net change
DJIA	19,890.94	26.85
S&P	2,279.55	0.68
Nasdaq	5,642.65	27.86
Nikkei 225	19,148.08	106.74
STI	3,067.49	20.69
KLCI	1,671.54	--
JCI	5,327.16	33.06
Baltic Dry	786.00	-14.00
VIX	11.81	-0.18

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.29 (-0.01)	1.21 (+0.01)
5Y	1.73 (-0.01)	1.93 (+0.02)
10Y	2.30 (-)	2.47 (+0.02)
15Y	2.58 (-0.01)	--
20Y	2.66 (-0.02)	--
30Y	2.69 (-0.01)	3.08 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	34.09	-0.26
EURIBOR-OIS	2.30	-0.10
TED	52.19	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.88	2.03%	Coffee (per lb)	1.502	0.40%
Brent (per barrel)	56.80	1.97%	Cotton (per lb)	0.7644	2.00%
Heating Oil (per gallon)	1.6740	3.87%	Sugar (per lb)	0.2084	1.91%
Gasoline (per gallon)	1.5791	3.51%	Orange Juice (per lb)	1.7135	-0.90%
Natural Gas (per MMBtu)	3.1680	1.64%	Cocoa (per mt)	2,109	0.29%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,945.0	-0.77%	Wheat (per bushel)	4.3375	3.09%
Nickel (per mt)	10,203.3	2.95%	Soybean (per bushel)	10.368	1.20%
Aluminium (per mt)	1,806.0	-0.06%	Corn (per bushel)	3.6825	2.36%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,205.6	-0.25%	Crude Palm Oil (MYR/MT)	3,230.0	--
Silver (per oz)	17.450	-0.53%	Rubber (JPY/KG)	334.0	-5.01%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
02/01/2017 00:00		NZ QV House Prices YoY	Jan	--	13.50%	12.50%	--
02/01/2017 05:45		NZ Unemployment Rate	4Q	4.80%	5.20%	4.90%	--
02/01/2017 05:45		NZ Employment Change YoY	4Q	6.10%	5.80%	6.10%	--
02/01/2017 06:30		AU AiG Perf of Mfg Index	Jan	--	51.2	55.4	--
02/01/2017 07:00		SK Industrial Production YoY	Dec	2.20%	4.30%	4.80%	5.30%
02/01/2017 08:00		SK Exports YoY	Jan	9.00%	11.20%	6.40%	--
02/01/2017 08:00		SK Imports YoY	Jan	10.10%	18.60%	7.30%	8.00%
02/01/2017 08:00		SK Trade Balance	Jan	\$5310m	\$3196m	\$7003m	\$6789m
02/01/2017 08:30		ID Nikkei Indonesia PMI Mfg	Jan	--	50.4	49	--
02/01/2017 08:30		PH Nikkei Philippines PMI Mfg	Jan	--	52.7	55.7	--
02/01/2017 08:30		TH Nikkei Thailand PMI Mfg	Jan	--	50.6	50.6	--
02/01/2017 08:30		JN Nikkei Japan PMI Mfg	Jan F	--	52.7	52.8	--
02/01/2017 08:30		SK Nikkei South Korea PMI Mfg	Jan	--	49	49.4	--
02/01/2017 09:00		CH Non-Mfg PMI	Jan	--	54.6	54.5	--
02/01/2017 09:00		CH Mfg PMI	Jan	51.2	51.3	51.4	--
02/01/2017 10:30		TH CPI YoY	Jan	1.50%	1.55%	1.13%	--
02/01/2017 12:04		ID CPI YoY	Jan	3.20%	3.49%	3.02%	--
02/01/2017 13:00		IN Nikkei India PMI Mfg	Jan	--	50.4	49.6	--
02/01/2017 13:00		JN Vehicle Sales YoY	Jan	--	8.60%	10.80%	--
02/01/2017 13:30		AU Commodity Index AUD	Jan	--	120.9	116.8	116.1
02/01/2017 15:00		UK Nationwide House Px NSA YoY	Jan	4.30%	4.30%	4.50%	--
02/01/2017 16:45		IT Markit/ADACI Italy Mfg PMI	Jan	53.3	53	53.2	--
02/01/2017 16:50		FR Markit France Mfg PMI	Jan F	53.4	53.6	53.4	--
02/01/2017 16:55		GE Markit/BME Germany Mfg PMI	Jan F	56.5	56.4	56.5	--
02/01/2017 17:00		EC Markit Eurozone Mfg PMI	Jan F	55.1	55.2	55.1	--
02/01/2017 17:30		UK Markit UK PMI Mfg SA	Jan	55.9	55.9	56.1	--
02/01/2017 20:00		US MBA Mortgage Applications	Jan-27	--	-3.20%	4.00%	--
02/01/2017 21:15		US ADP Employment Change	Jan	168k	246k	153k	151k
02/01/2017 22:30		CA Markit Canada Mfg PMI	Jan	--	53.5	51.8	--
02/01/2017 22:45		US Markit US Mfg PMI	Jan F	55.1	55	55.1	--
02/01/2017 23:00		US ISM Manufacturing	Jan	55	56	54.7	54.5
02/01/2017 23:00		US ISM Prices Paid	Jan	65.5	69	65.5	--
02/01/2017 23:00		US Construction Spending MoM	Dec	0.20%	-0.20%	0.90%	--
02/02/2017 03:00		US FOMC Rate (Upper Bound)	Feb-01	0.75%	0.75%	0.75%	--
02/02/2017 03:00		US FOMC Rate (Lower Bound)	Feb-01	0.50%	0.50%	0.50%	--
02/02/2017 07:00		SK CPI MoM	Jan	0.30%	0.90%	0.10%	--
02/02/2017 07:00		SK CPI YoY	Jan	1.50%	2.00%	1.30%	--
02/02/2017 07:50		JN Monetary Base YoY	Jan	--	--	23.10%	--
02/02/2017 07:50		JN Japan Buying Foreign Bonds	Jan-27	--	--	-¥539.0b	--
02/02/2017 07:50		JN Foreign Buying Japan Bonds	Jan-27	--	--	-¥168.5b	--
02/02/2017 07:50		JN Foreign Buying Japan Stocks	Jan-27	--	--	-¥376.1b	--
02/02/2017 08:30		AU Trade Balance	Dec	A\$2000m	--	A\$1243m	--
02/02/2017 08:30		AU Building Approvals YoY	Dec	-10.80%	--	-4.80%	--
02/02/2017 08:30		MA Nikkei Malaysia PMI	Jan	--	--	47.1	--
02/02/2017 08:30		VN Nikkei Vietnam PMI Mfg	Jan	--	--	52.4	--
02/02/2017 08:30		TA Nikkei Taiwan PMI Mfg	Jan	--	--	56.2	--
02/02/2017 17:00		EC ECB Publishes Economic Bulletin					
02/02/2017 17:30		UK Markit/CIPS UK Construction PMI	Jan	53.8	--	54.2	--
02/02/2017 18:00		EC PPI YoY	Dec	1.20%	--	0.10%	--
02/02/2017 20:00		UK Bank of England Bank Rate	Feb-02	0.25%	--	0.25%	--
02/02/2017 20:00		UK BOE Asset Purchase Target	Feb	435b	--	435b	--
02/02/2017 20:00		UK Bank of England Inflation Report					
02/02/2017 21:00		SI Purchasing Managers Index	Jan	50.5	--	50.6	--
02/02/2017 21:30		US Nonfarm Productivity	4Q P	1.00%	--	3.10%	--
02/02/2017 21:30		US Initial Jobless Claims	Jan-28	250k	--	259k	--
02/02/2017 21:30		US Continuing Claims	Jan-21	2063k	--	2100k	--
02/02/2017 22:45		US Bloomberg Consumer Comfort	Jan-29	--	--	45.2	--
02/02/2017		VN CPI YoY	Jan	5.00%	--	4.74%	--
02/02/2017		VN Exports YTD YoY	Jan	17.00%	--	8.60%	--
02/02/2017		VN Industrial Production YoY	Jan	--	--	8.30%	--
02/02/2017 02/10		PH Budget Balance PHP	Dec	--	--	-19.1b	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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