

Highlights

Global	<p>Another strong session for Wall Street, possibly drawing strength from OPEC's cuts and lingering hopes of Trump's "phenomenal" tax plan, whereas the UST bond market was sidelined ahead of Fed chair Yellen's congressional testimony. We basically do not expect Yellen to firm up her hawkish rhetoric on the March meeting yet, but a more upbeat economic assessment on growth and inflationary expectations is likely. Any hint on the evolving discussions on potential tapering of the Fed's balance sheets at a later stage will also be illuminating.</p> <p>Perhaps in the spirit of Valentine's Day, President Trump sounded more friendly to Canadian PM Trudeau with a joint statement advocating "free and fair trade" and a pledge to further "improving" relations as well as affirming their roles as "indispensable allies in the defense of North America and other parts of the world, through NATO and other multilateral efforts". Trump also said he would be "tweaking" trade deals with Canada.</p> <p>Expect that the Asian markets to trade on a firm tone today, awaiting China's CPI/PPI data and Fed Yellen's testimony. Other data to watch include US' PPI and NFIB small business optimism, preliminary 4Q16 GDP prints and ZEW survey for Europe, German and UK CPI.</p> <p>Speakers include BOJ's Kuroda and Fed's Lacker today.</p>
US	<p>Consumers' inflation expectations for three years out rose to a 19-month high of 2.9%, up from 2.8% in Dec, according to a Federal Reserve Bank of New York survey, whilst the expected inflation for one year ahead also jumped from 2.8% to 3.0%.</p>
SG	<p>MAS will allow existing finance companies to offer more uncollateralised loans to businesses, provide current accounts and chequing services as well as joint electronic payment networks.</p>
CH	<p>Head of currency regulator Pan Gongsheng said during the interview published yesterday that regulators will continue to strengthen the supervision on the illegal outflows. However, he also reassured that China will not go back to the old path of capital controls saying that "we will not close windows that are already open".</p>
ID	<p>Tax office has reportedly accelerated a process that will allow it to access bank account data in less than 30 days from about 239 days, starting from March 1st. The office requires permit and order from the Financial Services Authority's board of commissioners in order to access such data. Meanwhile, it has also reminded taxpayers to report all wealth as any holdings unreported by tax amnesty participants will receive a fine worth 200% of the tax liabilities.</p>
MA	<p>Chairman of Petronas, Tan Sri Mohd Sidek Hassan, reportedly said that the state-owned oil and gas company might be able to review the amount of dividend it pays the government following the increase in Brent crude oil prices. It has committed a MYR13bn dividend to the government this year, which is the lowest since 2007.</p>

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Major Markets

- **US:** Optimism prevailed in the markets as the classic Trump trade movements reasserted themselves. Equities continued its record-breaking rally, with broad-based gains led by financials. The Dow added 0.70%, while the S&P 500 and Nasdaq both gained 0.52% to their respective record highs. This is the third straight session where all three major indices set records simultaneously. VIX nudged higher by 2% to end at 11.07. US Treasury yields are higher for the fourth straight session, with 2- and 10-year benchmark yields trading at 1.20% and 2.44%. Yellen's congressional testimony may be an event risk, with uncertainty over whether she will telegraph the March FOMC as "live". If so unexpectedly, there might be a further leg up in the UST yields.
- **Singapore:** The STI added another 0.36% to rally to 3111.63 yesterday, and overnight cues from Wall Street are still positive so the STI may follow regional bourses higher again today. STI may target 3130, with support at 3100. With market caution emerging in the UST bond market ahead of Yellen's congressional testimony, SGS bonds may remain on the backburner as well.
- **Macau:** Low rates and the launching of new property projects have lured potential homebuyers, driving housing transactions up substantially by 130.6% yoy to 1257 units. The improvement in the gaming sector combined with a stable market has also underpinned investor sentiments. Higher demand and tighter supply pushed housing prices up significantly by 32.2% yoy to MOP103,805/square meter. Given a recovering economy, the housing market appears to have bottomed out. However, the market could face renewed downward risk should the Fed raise rates at a faster pace. As such, any deceleration of growth in housing transactions would also translate into benign demand for new residential mortgage loans, which fell by 16.6% yoy to MOP4.15 billion in last December. Moreover, the increase in home supply ahead is likely to weigh on housing prices. We expect a -5% to 5% annual growth in housing prices over 2017.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded upwards yesterday, with swap rates trading 2-5bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 193bps while the yield on JACI HY Corporates fell 2bps to 6.72%. 10y UST yields rose for the third straight day by 3bps yesterday to 2.43%, reflecting resurgent expectations for inflationary pro-growth policies.
- **New Issues:** RKP Overseas Finance 2016 (A) Ltd. priced a USD300mn PNC5 (guaranteed by Road King Infrastructure Ltd.) at 7.95%, tightening from initial guidance of 8.625%. The expected issue ratings are 'NR/B1/NR'. Industrial & Commercial Bank of China Ltd. (Hong Kong) priced a USD2bn three-tranche deal, with the USD500mn 3-year bond priced at 3mL+75bps, tightening from initial guidance of 3mL+100bps; the USD900mn 5-year bond at CT5+105bps, tightening from initial guidance of CT5+130bps; the USD600mn 5-year bond at 3mL+96.5bps, priced at par. The expected issue ratings are 'A/A1/NR'. BNZ International Funding Limited, priced a USD1.25bn three-tranche deal (guaranteed by Bank of New Zealand), with the USD500mn bond priced at CT3+93bps, tightening from initial guidance of CT3+110bps; the USD250mn 3-year bond at 3mL+70bps; and the USD500mn 5-year bond at CT5+103bps, tightening from initial guidance of CT5+120bps. The expected issue ratings are 'AA-/Aa3/NR'. Bank of Communications Co. Ltd. (Hong Kong) priced a USD850mn 3-year bond at 3mL+77.5bps, tightening from initial guidance of 3mL+100bps. The expected issue ratings are 'A-/A2/A'. Ronshine China Holdings Ltd. is proposing an additional issue of USD senior notes. Huawei Investment & Holdings Co. Ltd. hired banks for a potential USD bond issuance yesterday.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	100.960	0.16%	USD-SGD	1.4240	0.25%
USD-JPY	113.740	0.46%	EUR-SGD	1.5093	-0.15%
EUR-USD	1.0598	-0.42%	JPY-SGD	1.2520	-0.23%
AUD-USD	0.7640	-0.44%	GBP-SGD	1.7837	0.53%
GBP-USD	1.2526	0.28%	AUD-SGD	1.0881	-0.21%
USD-MYR	4.4488	0.11%	NZD-SGD	1.0219	-0.09%
USD-CNY	6.8802	0.02%	CHF-SGD	1.4160	-0.11%
USD-IDR	13326	0.08%	SGD-MYR	3.1302	0.08%
USD-VND	22675	0.13%	SGD-CNY	4.8320	-0.26%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.6878	--
2M	-0.3410	--	1M	0.7711	--
3M	-0.3290	--	2M	0.8456	--
6M	-0.2400	--	3M	1.0362	--
9M	-0.1610	--	6M	1.3382	--
12M	-0.1010	--	12M	1.7026	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.09	1.20	4.01
Italy	-0.01	-0.70	2.23
Ireland	-0.44	-8.60	1.06
Greece	9.28	41.90	7.52
Spain	-0.28	-0.80	1.66
Russia	2.00	-2.60	4.15

Equity and Commodity

Index	Value	Net change
DJIA	20,412.16	142.79
S&P	2,328.25	12.15
Nasdaq	5,763.96	29.83
Nikkei 225	19,459.15	80.22
STI	3,111.63	11.24
KLCI	1,710.24	11.30
JCI	5,409.56	37.89
Baltic Dry	688.00	-14.00
VIX	11.07	0.22

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.27 (+0.02)	1.20 (+0.01)
5Y	1.68 (+0.03)	1.91 (+0.03)
10Y	2.29 (+0.04)	2.44 (+0.03)
15Y	2.50 (+0.02)	--
20Y	2.53 (-)	--
30Y	2.57 (-0.01)	3.03 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	34.14	-0.41
EURIBOR-OIS	1.90	0.02
TED	50.32	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.93	-1.73%	Coffee (per lb)	1.443	-1.03%
Brent (per barrel)	55.59	-1.96%	Cotton (per lb)	0.7661	1.04%
Heating Oil (per gallon)	1.6273	-2.32%	Sugar (per lb)	0.2000	-2.06%
Gasoline (per gallon)	1.5446	-2.83%	Orange Juice (per lb)	1.6710	-1.68%
Natural Gas (per MMBtu)	2.9440	-2.97%	Cocoa (per mt)	1,889	-2.58%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,106.0	0.26%	Wheat (per bushel)	4.5225	0.72%
Nickel (per mt)	10,680.0	0.61%	Soybean (per bushel)	10.543	-0.45%
Aluminium (per mt)	1,868.0	0.08%	Corn (per bushel)	3.7550	0.27%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,224.4	-0.81%	Crude Palm Oil (MYR/MT)	3,250.0	-0.55%
Silver (per oz)	17.821	-0.62%	Rubber (JPY/KG)	352.5	4.35%

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

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
02/13/2017 07:50	JN	GDP SA QoQ	4Q P	0.30%	0.20%	0.30%	--
02/13/2017 07:50	JN	GDP Annualized SA QoQ	4Q P	1.10%	1.00%	1.30%	1.40%
02/13/2017 07:50	JN	GDP Nominal SA QoQ	4Q P	0.50%	0.30%	0.10%	0.20%
02/13/2017 07:50	JN	GDP Deflator YoY	4Q P	-0.20%	-0.10%	-0.20%	-0.10%
02/13/2017 20:00	IN	CPI YoY	Jan	3.24%	3.17%	3.41%	--
02/14/2017 04:30	NZ	REINZ House Sales YoY	Jan	--	-14.70%	-10.70%	--
02/14/2017 05:00	SK	Export Price Index MoM	Jan	--	1.10%	2.90%	3.10%
02/14/2017 05:00	SK	Export Price Index YoY	Jan	--	7.40%	6.30%	6.60%
02/14/2017 05:00	SK	Import Price Index YoY	Jan	--	13.20%	9.20%	9.20%
02/14/2017 05:45	NZ	Food Prices MoM	Jan	--	2.80%	-0.80%	--
02/14/2017 06:56	VN	Domestic Vehicle Sales YoY	Jan	--	-10.50%	18.50%	--
02/14/2017 08:30	AU	NAB Business Conditions	Jan	--	--	11	--
02/14/2017 08:30	AU	NAB Business Confidence	Jan	--	--	6	--
02/14/2017 09:30	CH	CPI YoY	Jan	2.40%	--	2.10%	--
02/14/2017 09:30	CH	PPI YoY	Jan	6.50%	--	5.50%	--
02/14/2017 12:00	JN	Tokyo Condominium Sales YoY	Jan	--	--	13.20%	--
02/14/2017 12:30	JN	Industrial Production MoM	Dec F	--	--	0.50%	--
02/14/2017 12:30	JN	Industrial Production YoY	Dec F	--	--	3.00%	--
02/14/2017 12:30	JN	Capacity Utilization MoM	Dec	--	--	3.00%	--
02/14/2017 14:30	IN	Wholesale Prices YoY	Jan	4.35%	--	3.39%	--
02/14/2017 15:00	GE	GDP SA QoQ	4Q P	0.50%	--	0.20%	--
02/14/2017 15:00	GE	GDP NSA YoY	4Q P	1.40%	--	1.50%	--
02/14/2017 15:00	GE	CPI YoY	Jan F	1.90%	--	1.90%	--
02/14/2017 15:00	GE	CPI MoM	Jan F	-0.60%	--	-0.60%	--
02/14/2017 15:00	GE	CPI EU Harmonized MoM	Jan F	-0.80%	--	-0.80%	--
02/14/2017 15:00	GE	CPI EU Harmonized YoY	Jan F	1.90%	--	1.90%	--
02/14/2017 17:00	IT	GDP WDA QoQ	4Q P	0.30%	--	0.30%	--
02/14/2017 17:00	IT	GDP WDA YoY	4Q P	1.00%	--	1.00%	--
02/14/2017 17:30	UK	CPI MoM	Jan	-0.50%	--	0.50%	--
02/14/2017 17:30	UK	CPI YoY	Jan	1.90%	--	1.60%	--
02/14/2017 17:30	UK	CPI Core YoY	Jan	1.70%	--	1.60%	--
02/14/2017 17:30	UK	Retail Price Index	Jan	266.2	--	267.1	--
02/14/2017 17:30	UK	RPI MoM	Jan	-0.40%	--	0.60%	--
02/14/2017 17:30	UK	RPI YoY	Jan	2.80%	--	2.50%	--
02/14/2017 17:30	UK	RPI Ex Mort Int.Payments (YoY)	Jan	3.10%	--	2.70%	--
02/14/2017 17:30	UK	PPI Input NSA MoM	Jan	1.00%	--	1.80%	--
02/14/2017 17:30	UK	PPI Input NSA YoY	Jan	18.50%	--	15.80%	--
02/14/2017 17:30	UK	PPI Output NSA MoM	Jan	0.30%	--	0.10%	--
02/14/2017 17:30	UK	PPI Output NSA YoY	Jan	3.20%	--	2.70%	--
02/14/2017 17:30	UK	PPI Output Core NSA YoY	Jan	2.20%	--	2.10%	--
02/14/2017 18:00	EC	Industrial Production SA MoM	Dec	-1.50%	--	1.50%	--
02/14/2017 18:00	EC	Industrial Production WDA YoY	Dec	1.70%	--	3.20%	--
02/14/2017 18:00	CC	GDP NSA YoY	4Q P	--	--	2.90%	--
02/14/2017 18:00	GE	ZEW Survey Current Situation	Feb	77	--	77.3	--
02/14/2017 18:00	EC	ZEW Survey Expectations	Feb	--	--	23.2	--
02/14/2017 18:00	GE	ZEW Survey Expectations	Feb	15	--	16.6	--
02/14/2017 18:00	EC	GDP SA QoQ	4Q P	0.50%	--	0.50%	--
02/14/2017 18:00	EC	GDP SA YoY	4Q P	1.80%	--	1.80%	--
02/14/2017 19:00	US	NFIB Small Business Optimism	Jan	105	--	105.8	--
02/14/2017 21:30	US	PPI Final Demand MoM	Jan	0.30%	--	0.30%	0.20%
02/14/2017 21:30	US	PPI Ex Food and Energy MoM	Jan	0.20%	--	0.20%	0.10%
02/14/2017 21:30	US	PPI Final Demand YoY	Jan	1.50%	--	1.60%	--
02/14/2017 21:30	US	PPI Ex Food and Energy YoY	Jan	1.10%	--	1.60%	--
02/14/2017 02/15	CH	Money Supply M2 YoY	Jan	11.30%	--	11.30%	--
02/14/2017 02/15	CH	Money Supply M1 YoY	Jan	20.20%	--	21.40%	--
02/14/2017 02/15	CH	Money Supply M0 YoY	Jan	8.90%	--	8.10%	--
02/14/2017 02/15	CH	New Yuan Loans CNY	Jan	2440.0b	--	1040.0b	--
02/14/2017 02/15	IN	Exports YoY	Jan	--	--	5.70%	--
02/14/2017 02/15	IN	Imports YoY	Jan	--	--	0.50%	--

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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