

Highlights

Global	<p>Another blockbuster US' nonfarm payrolls (NFP) report for January 2019 may finally help put some of the earlier market recession fears to rest. NFP rose 304k, the largest gain in 11 months and versus consensus forecast of 165k, notwithstanding the partial US government shutdown and with the December data also revised to 222k. Private payrolls also rose 296k, albeit the unemployment rate rose marginally from 3.9% to 4.0%. Average earnings rose 3.2% yoy in line with expectations whilst the previous month's print was revised higher to 3.3% yoy. Meanwhile, the manufacturing ISM printed at 56.6 up from a revised 54.3. Wall Street closed slightly positive amid a better-than-expected NFP report which offset disappointing sales forecast from Amazon. UST bond yields, oil prices and the USD also rose.</p> <p>Asian markets may see muted trading today as S'pore and many Asian markets will be closed for Chinese New Year holidays from tomorrow. Today's economic data calendar is relatively light with only US' factory orders and durable goods, S'pore's manufacturing and electronics PMIs, and Eurozone's Dec PPI. ECB's Mersch is also speaking. For the week ahead, US president Trump will finally deliver his State of the Union address tomorrow, RBA is likely to be static at 1.5% (albeit RBA governor Lowe may signal a slightly more dovish tilt, with refreshed forecasts to follow on Friday's statement on monetary policy) tomorrow, BOT policy decision on Wednesday (likely unchanged at 1.75%), followed by BOE, BSP and RBI policy decisions (all likely unchanged) on Thursday, and Fed chair Powell also hosting a town hall meeting with educators (for his first comments post-FOMC last week). US companies reporting earnings are Alphabet, Twitter and Disney.</p>
US	<p>US president Trump opined that trade talks with China are "doing very well" and expressed optimism about the upcoming second summit with North Korean leader Kim Jong Un while saying there is "good chance" he will declare a national emergency for his wall funding. Trump and Xi are considering meeting on 27-29 February at Da Nang, Vietnam.</p>
PMI	<p>Further slippage in manufacturing PMI prints across Asia foretell dark clouds for the regional growth prospects in 1Q19 – notably Taiwan saw its fourth straight month of contraction at 47.5 (from 47.7 previously), South Korea registered its third month of contraction at 48.3 (from 49.8 respectively), China's Caixin PMI remained in contraction territory for the second month at 48.3 (the lowest since February 2016 and from 49.7 previously), while Indonesia also sank into contraction territory from 51.2 to 49.9 (first contraction since Jan18). However Asean economies seem to fare slightly better with their manufacturing PMIs still above water, namely India (53.9 versus 53.2), Philippines (52.3 versus 53.2), Vietnam (51.9 versus 53.8), Japan (50.3 versus 50.0) and Thailand (50.2 versus 50.3). China's services PMI fell to 53.6 (-0.3) amid policy efforts to offset manufacturing weakness.</p>
SG	<p>The manufacturing PMI may ease from its December 2018 print of 51.1, while the electronics PMI is likely to contract for a third straight month in January.</p>
TH	<p>Bank of Thailand to meet this Wednesday on monetary policy. No change expected for their benchmark interest rates at 1.75% given the halt in rate normalization worldwide and the impending elections.</p>

Major Markets

- **US:** Wall Street ended mixed on Friday, with the S&P500 advancing 0.09%. The DJIA rose 0.26%, while the Nasdaq composite declined 0.25%. Disney and Google shares fell by 0.20% and 0.65% respectively.
- **Singapore:** The STI closed nearly flat (-0.05%) at 3188.68 on Friday, and may trade sideways today ahead of the Chinese New Year festive holidays. The STI range is likely to be 3170-3200 range for today. With UST bond yields selling off by up to 7bps on Friday and the belly of the curve bearing the brunt of the selling pressure, expect SGS bonds to see some adjustments today as well.
- **Macau:** Gross gaming revenue dropped for the first time since July 2016 by 5% yoy to MOP24.9 billion in January 2019, partially attributed to seasonality. On a positive note, in 4Q18, the percentage share of mass-market gaming revenue in gross gaming revenue rose for the fifth consecutive month to the highest since 3Q16 at 41.7%. This reflects that casino operators have gradually diversified the gaming sector from over-reliance on VIP business. As such, the shock from China's slowdown and policy risks may be milder than before while gross gaming revenue may still see positive growth this year. However, the growth is expected to decelerate from 14% in 2018 to 2%-5% in 2019. Specifically, though the latest infrastructure improvement did help to lure more visitors to the gambling hub, it did little to bolster the gaming sector by mainly bringing in low-end same-day tourists. Besides, the faltering global growth and worsening trade outlook may weigh down visitor spending and gaming demand.
- **Malaysia:** Finance Minister Lim Guan Eng has said that inflation for 2019 will average between 1.6% to 2.0% although he also mentioned that the number is still to be finalized.
- **Indonesia:** Headline inflation for January 2019 came in at 2.82% yoy and it was 0.32% MoM. Core inflation came in at 3.06% yoy.
- **Commodities:** Data from DOE for the week ended 25 Jan shows that US crude stockpiles have declined on the week by about 900K barrels, but at 446mil barrels that figure is still higher than the 3M average of 441mil barrels. A similar picture is observed in gasoline inventories, which are still capping gasoline prices and capping any meaningful rally from crude. US estimated crude demand has also been on a downward trend for three weeks now so that negates the effect of dwindling stocks. Despite the shifting fundamentals, the oil market is still very heavily affected by the macro scene, which saw WTI rally +2.8% and Brent up +3.1% on the exceptional US jobs data.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was higher last Friday, with the shorter tenors trading 1bps higher while the longer tenors traded relatively unchanged (with the exception of the 12-year swap rates trading 1bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 149bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 10bps to 513bps. 10Y UST yields rose 4bps to close the trading session at 2.68% on the back of a surging job growth from government data, which came a day after the policy statement by the Federal Reserve to pause its interest rate hiking scheme.

- **New Issues:** There were no new issuances over 1 Feb 2019.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	95.579	0.00%	USD-SGD	1.3500	0.33%
USD-JPY	109.500	0.56%	EUR-SGD	1.5467	0.42%
EUR-USD	1.1456	0.07%	JPY-SGD	1.2331	-0.26%
AUD-USD	0.7250	-0.32%	GBP-SGD	1.7654	0.10%
GBP-USD	1.3079	-0.23%	AUD-SGD	0.9788	0.02%
USD-MYR	4.0953	--	NZD-SGD	0.9310	-0.02%
USD-CNY	6.7454	0.68%	CHF-SGD	1.3561	0.17%
USD-IDR	13945	-0.20%	SGD-MYR	3.0354	-0.14%
USD-VND	23205	0.02%	SGD-CNY	4.9930	0.25%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	-0.0010	O/N	2.3740	-0.0095
2M	-0.3360	--	1M	2.5140	0.0003
3M	-0.3080	--	2M	2.6285	0.0032
6M	-0.2350	0.0010	3M	2.7326	-0.0049
9M	-0.1940	--	6M	2.7900	-0.0095
12M	-0.1100	-0.0010	12M	2.9616	-0.0219

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	1.9%	0.0%	0.0%	98.1%	1.9%
05/01/2019	1.9%	0.0%	0.0%	98.1%	1.9%
06/19/2019	2.8%	0.0%	0.0%	97.2%	2.8%
07/31/2019	2.8%	0.0%	0.0%	97.2%	2.8%
09/18/2019	2.8%	1.2%	1.2%	96.0%	2.8%
10/30/2019	3.0%	1.2%	1.2%	95.8%	3.0%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	55.26	2.73%	Coffee (per lb)	1.037	-2.08%
Brent (per barrel)	62.75	1.39%	Cotton (per lb)	0.7364	-1.02%
Heating Oil (per gallon)	1.9127	1.80%	Sugar (per lb)	0.1260	-1.02%
Gasoline (per gallon)	1.4369	5.45%	Orange Juice (per lb)	1.2225	1.79%
Natural Gas (per MMBtu)	2.7340	-2.84%	Cocoa (per mt)	2,168	--
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.2425	1.50%
Nickel (per mt)	12,606.5	1.48%	Soybean (per bushel)	9.178	0.27%
Aluminium (per mt)	1,867.3	-1.78%	Corn (per bushel)	3.7825	0.46%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,316.9	-0.21%	Crude Palm Oil (MYR/MT)	2,200.0	--
Silver (per oz)	15.931	-0.88%	Rubber (JPY/KG)	185.7	1.70%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,063.89	64.22
S&P	2,706.53	2.43
Nasdaq	7,263.87	-17.87
Nikkei 225	20,788.39	14.90
STI	3,188.68	-1.49
KLCI	1,683.53	--
JCI	6,538.64	5.67
Baltic Dry	645.00	-23.00
VIX	16.14	-0.43

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.98 (-)	2.50 (+0.04)
5Y	1.98 (+0.01)	2.50 (+0.07)
10Y	2.15 (-)	2.68 (+0.05)
15Y	2.40 (-0.01)	--
20Y	2.46 (-0.01)	--
30Y	2.59 (-)	3.03 (+0.03)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.40	--
TED	35.36	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/01/2019 08:30	TA Nikkei Taiwan PMI Mfg	Jan	--	47.5	47.7	--
02/01/2019 08:30	JN Nikkei Japan PMI Mfg	Jan F	--	50.3	50	--
02/01/2019 08:30	SK Nikkei South Korea PMI Mfg	Jan	--	48.3	49.8	--
02/01/2019 08:30	ID Nikkei Indonesia PMI Mfg	Jan	--	49.9	51.2	--
02/01/2019 08:30	VN Nikkei Vietnam PMI Mfg	Jan	--	51.9	53.8	--
02/01/2019 09:45	CH Caixin China PMI Mfg	Jan	49.6	48.3	49.7	--
02/01/2019 10:03	ID CPI Core YoY	Jan	3.05%	3.06%	3.07%	--
02/01/2019 10:03	ID CPI NSA MoM	Jan	0.50%	0.32%	0.62%	--
02/01/2019 10:03	ID CPI YoY	Jan	3.00%	2.82%	3.13%	--
02/01/2019 12:00	TH CPI YoY	Jan	0.26%	0.27%	0.36%	--
02/01/2019 12:00	TH CPI Core YoY	Jan	0.69%	0.69%	0.68%	--
02/01/2019 12:00	TH CPI NSA MoM	Jan	0.00%	-0.02%	-0.65%	--
02/01/2019 13:00	IN Nikkei India PMI Mfg	Jan	--	53.9	53.2	--
02/01/2019 13:00	JN Vehicle Sales YoY	Jan	--	2.30%	-4.40%	--
02/01/2019 13:30	AU Commodity Index SDR YoY	Jan	--	6.90%	10.50%	10.80%
02/01/2019 13:30	AU Commodity Index AUD	Jan	--	124.5	121.2	121.6
02/01/2019 15:30	TH Foreign Reserves	Jan-25	--	\$208.3b	\$207.3b	--
02/01/2019 16:45	IT Markit/ADACI Italy Manufacturing PMI	Jan	48.8	47.8	49.2	--
02/01/2019 16:50	FR Markit France Manufacturing PMI	Jan F	51.2	51.2	51.2	--
02/01/2019 16:55	GE Markit/BME Germany Manufacturing PMI	Jan F	49.9	49.7	49.9	--
02/01/2019 17:00	EC Markit Eurozone Manufacturing PMI	Jan F	50.5	50.5	50.5	--
02/01/2019 17:30	UK Markit UK PMI Manufacturing SA	Jan	53.5	52.8	54.2	--
02/01/2019 18:00	EC CPI Core YoY	Jan A	1.00%	1.10%	1.00%	--
02/01/2019 18:00	EC CPI Estimate YoY	Jan	1.40%	1.40%	1.60%	--
02/01/2019 20:05	KZ CPI MoM	Jan	--	0.50%	0.70%	--
02/01/2019 20:06	KZ CPI YoY	Jan	--	5.20%	5.30%	6.00%
02/01/2019 21:30	US Change in Nonfarm Payrolls	Jan	165k	304k	312k	222k
02/01/2019 21:30	US Change in Manufact. Payrolls	Jan	19k	13k	32k	20k
02/01/2019 21:30	US Unemployment Rate	Jan	3.90%	4.00%	3.90%	--
02/01/2019 22:23	PK CPI YoY	Jan	6.97%	7.19%	6.17%	--
02/01/2019 22:30	CA Markit Canada Manufacturing PMI	Jan	--	53	53.6	--
02/01/2019 22:45	US Markit US Manufacturing PMI	Jan F	54.9	54.9	54.9	--
02/01/2019 23:00	US ISM Manufacturing	Jan	54	56.6	54.1	54.3
02/01/2019 23:00	US ISM Prices Paid	Jan	54.3	49.6	54.9	--
02/01/2019 23:00	US U. of Mich. Sentiment	Jan F	90.7	91.2	90.7	--
02/01/2019 23:00	US Construction Spending MoM	Nov	0.20%	0.80%	-0.10%	0.10%
02/01/2019 23:00	US Wholesale Inventories MoM	Nov	0.50%	0.30%	0.80%	0.90%
02/03/2019 09:45	CH Caixin China PMI Composite	Jan	--	50.9	52.2	--
02/03/2019 09:45	CH Caixin China PMI Services	Jan	53.4	53.6	53.9	--
02/04/2019 05:45	NZ Building Permits MoM	Dec	--	5.10%	-2.00%	-1.90%
02/04/2019 07:50	JN Monetary Base YoY	Jan	4.60%	--	4.80%	--
02/04/2019 08:00	AU Melbourne Institute Inflation MoM	Jan	--	--	0.40%	--
02/04/2019 08:30	AU Building Approvals MoM	Dec	2.00%	--	-9.10%	--
02/04/2019 08:30	AU Building Approvals YoY	Dec	-10.90%	--	-32.80%	--
02/04/2019 08:30	AU ANZ Job Advertisements MoM	Jan	--	--	0.00%	--
02/04/2019 17:30	UK Markit/CIPS UK Construction PMI	Jan	52.5	--	52.8	--
02/04/2019 18:00	IT CPI EU Harmonized MoM	Jan P	-1.90%	--	-0.10%	--
02/04/2019 18:00	IT CPI NIC incl. tobacco MoM	Jan P	0.10%	--	-0.10%	--
02/04/2019 18:00	IT CPI NIC incl. tobacco YoY	Jan P	0.90%	--	1.10%	--
02/04/2019 18:00	IT CPI EU Harmonized YoY	Jan P	0.80%	--	1.20%	--
02/04/2019 21:00	SI Purchasing Managers Index	Jan	--	--	51.1	--
02/04/2019 23:00	US Factory Orders	Nov	0.30%	--	-2.10%	--
02/04/2019 23:00	US Durable Goods Orders	Nov F	1.50%	--	0.80%	--
02/04/2019 23:00	US Durables Ex Transportation	Nov F	0.10%	--	-0.30%	--
02/04/2019 23:00	US Cap Goods Orders Nondef Ex Air	Nov F	0.10%	--	-0.60%	--
02/04/2019 23:00	US Cap Goods Ship Nondef Ex Air	Nov F	0.10%	--	-0.10%	--

Source: Bloomberg

OCBC Treasury Research	
<p>Macro Research</p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Howie Lee HowieLee@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p>	<p>Credit Research</p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p>

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).