

### Highlights

<b>Global</b>	<p>Global risk appetite improved on news of progress in US-China trade talks (amid market speculation that China has offered to eliminate its trade surplus with US by 2024) and positive US economic data in the form of industrial production which rose 0.3% mom. Trump and Kim are also likely to meet in late February in Vietnam for a second summit. Wall Street rose for the fourth week while UST bonds were ended lower on Friday, with the 10-year yield at 2.79%. Fed's Williams also opined that "the economy is strong, the outlook is healthy, and my number one priority is using monetary policy to keep it that way" and "the approach we need is one of prudence, patience and good judgement" with the motto of "data dependence" more relevant than ever. The next FOMC meeting is on 29 January and markets are primed for no change at this juncture.</p> <p>Asian markets are likely to open with a slightly firmer tone this morning, but investors are awaiting China's 4Q18 GDP growth which market consensus is eyeing a further modest moderation to 6.4% yoy (1.5% qoq sa) from 6.5% yoy (1.6% qoq sa) in 3Q18, apart from the December retail sales, industrial production and fixed asset investments. Elsewhere, watch for German PPI and Taiwan's export orders. Central bank decisions for the week ahead include BOJ (likely on hold) on 23 January, as well as BNM (likely static at 3.25%), ECB (also likely on hold but hints of any turnaround or delay of first hike in summer this year will be closely analysed) and BOK (on hold at 1.75%) on 24 January.</p>
<b>US</b>	<p>US president Trump's offer for a 3-year reprieve for "Dreamers" (basically undocumented individuals in the Deferred Action for Childhood Arrivals or DACA) in return for his wall funding was rebuffed, albeit House Democratic whip Jim Clyburn has focused on a "permanent fix".</p> <p>Meanwhile, the University of Michigan sentiments retreated more than expected from 98.3 in December to 90.7 in January, as both the current conditions and expectations gauges softened to 110.0 and 78.3 (previously 116.1 and 87.0), but the 1-year and 5-10 year inflation expectations gauges were at 2.7% (unchanged) and 2.6% (up from 2.5%) respectively.</p>
<b>UK</b>	<p>UK PM May briefed her Cabinet yesterday that cross-party Brexit talks are unworkable and will seek changes to the Irish backstop section instead. Meanwhile, EU governments are also said to be split over how long the UK can delay Brexit, with some countries looking at up to a year's extension. The European Parliament elections are scheduled for May and may pose a roadblock to any Brexit extension.</p>
<b>MY</b>	<p>The government has announced the three lead arrangers for the issuance of the Samurai bonds, who are Mizuho Bank (Malaysia) Bhd, HSBC Bank Malaysia Bhd as well as Daiwa Capital Markets Ltd in partnership with Affin Hwang Investment Bank. As part of a government-to-government arrangement, the bonds are guaranteed by the Japan Bank of International Cooperation (JBIC). The Finance Minister said that the guarantee will allow the Malaysian government to pay all-inclusive indicative coupon rates of less than 0.65 per cent per annum. The total issuance will reportedly be at 200 billion yen.</p>

## Major Markets

- **US:** Wall Street ended higher on Friday, with the S&P500 advancing 1.32%. The DJIA rose 1.38%, while the Nasdaq composite surged 1.03%.
- Tesla shares fell 13.0% after it announced a cut in jobs.
- VF Corp shares increased 12.4% after Vans and The North Face reported higher than expected earnings and sales.
  
- **Singapore:** The STI slipped 0.45% to close at 3214.44 yesterday amid a weaker-than-expected NODX print. Notwithstanding positive overnight cues from Wall Street and a firmer morning open from Kospi, STI's upside may be capped at 3242 while support is at 3198. Improving risk sentiments and a more upbeat commentary from Fed's Williams sent UST bond yields higher by up to 5bps on Friday with the front to belly of the curve seeing the most damage. This is likely to set a negative tone today for the SGS market which already saw selling pressure on Friday. Note there is a new 5-year SGS bond auction whose issue size will be announced on 22 January.
- Finance Minister Heng Swee Keat said the upcoming budget on 18 February will focus on education, healthcare and security, as well as Singapore's economic transformation.
  
- **Indonesia:** The government has acknowledged that the production of biofuel from sources such as palm oil and sugarcane is prone to delays and vulnerable to fluctuating supplies and prices. The Energy and Mineral Resources Ministry's director general for renewable energy, Rida Mulyana said, "If the price of CPO continues to increase, it would be positive for exporters but not for the domestic market.... So, do we need to impose a DMO like we do for coal and cap the price .....All of these are still being discussed."
  
- **Thailand:** Thailand to release Dec exports today at 11.30am, and is expected to have fallen -0.2% YoY. A surprise to the downside might be possible given the very weak exports data we have already witnessed in other Asian economies, including Singapore, Indonesia and South Korea.
  
- **South Korea:** Bank of Korea to meet on Thurs, with policy rates expected to remain at 1.75%. South Korea GDP out tomorrow and expected at 2.7% for 4Q YoY.
  
- **Commodities**
- **Energy:** WTI was up +3.3% on Fri and up +4.3% for the week. Gasoline prices have been rising in proportionate tandem with crude, lending strength to the rally. Davos World Economic Forum to be held this week, with many from the oil community including Saudi Arabia, Russia, Chevron and Shell to be present. Their panel discussion dubbed "Great Energy Race", should contain elements of oil producers recommitting to curbing their production as part of their "price stabilisation" goals.
- **Gold:** Gold fell -0.8% on Friday and is expected to continue its trend towards \$1,270 in the very short term (1-2 weeks).

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened last Friday, with swap rates trading 3-4bps higher across most tenors (with the exception of the 12-year swap rate trading 3bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 157bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 572bps. 10Y UST yields rose 4bps to close at a 3-

week-high of 2.78%, as optimism for a conclusion to the US-China trade war continued along with a stronger-than-forecasted output from the US manufacturing sector.

- **New Issues:** Easy Tactic Ltd has priced a USD300mn 3.5NC2 bond (guarantor: R&F Properties HK Co Ltd and certain Non-PRC subsidiaries of Guangzhou R&F Properties Co.) at 9.25% (9.125% at 99.633), tightening from IPT of 9.5% area.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.336	0.28%	<b>USD-SGD</b>	1.3587	0.21%
<b>USD-JPY</b>	109.780	0.48%	<b>EUR-SGD</b>	1.5439	-0.01%
<b>EUR-USD</b>	1.1363	-0.23%	<b>JPY-SGD</b>	1.2375	-0.28%
<b>AUD-USD</b>	0.7168	-0.35%	<b>GBP-SGD</b>	1.7488	-0.68%
<b>GBP-USD</b>	1.2872	-0.88%	<b>AUD-SGD</b>	0.9739	-0.14%
<b>USD-MYR</b>	4.1130	-0.01%	<b>NZD-SGD</b>	0.9157	-0.14%
<b>USD-CNY</b>	6.7778	0.02%	<b>CHF-SGD</b>	1.3647	0.07%
<b>USD-IDR</b>	14178	-0.10%	<b>SGD-MYR</b>	3.0340	0.05%
<b>USD-VND</b>	23193	0.01%	<b>SGD-CNY</b>	4.9939	-0.03%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3680	--	<b>O/N</b>	2.3839	-0.0008
<b>2M</b>	-0.3360	--	<b>1M</b>	2.5060	0.0030
<b>3M</b>	-0.3080	--	<b>2M</b>	2.6296	-0.0035
<b>6M</b>	-0.2350	0.0010	<b>3M</b>	2.7610	-0.0147
<b>9M</b>	-0.1940	--	<b>6M</b>	2.8519	-0.0006
<b>12M</b>	-0.1160	0.0020	<b>12M</b>	3.0301	0.0183

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
01/30/2019	0.5%	0.0%	0.0%	99.5%	0.5%
03/20/2019	1.5%	0.0%	0.0%	98.5%	1.5%
05/01/2019	7.6%	0.0%	0.0%	92.4%	7.5%
06/19/2019	23.1%	0.0%	0.0%	76.9%	21.8%
07/31/2019	26.2%	0.0%	0.0%	73.8%	24.0%
09/18/2019	28.8%	0.0%	0.0%	71.2%	25.7%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.80	3.32%	Coffee (per lb)	1.050	2.49%
Brent (per barrel)	62.70	2.48%	Cotton (per lb)	0.7389	-0.65%
Heating Oil (per gallon)	1.9160	1.68%	Sugar (per lb)	0.1303	1.40%
Gasoline (per gallon)	1.4528	1.59%	Orange Juice (per lb)	1.1985	0.29%
Natural Gas (per MMBtu)	3.4820	2.02%	Cocoa (per mt)	2,307	-1.20%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.1775	--
Nickel (per mt)	11,778.5	2.02%	Soybean (per bushel)	9.168	0.99%
Aluminium (per mt)	1,870.0	0.90%	Corn (per bushel)	3.8175	0.46%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,282.6	-0.75%	Crude Palm Oil (MYR/MT)	2,142.0	0.99%
Silver (per oz)	15.399	-0.88%	Rubber (JPY/KG)	195.0	2.63%

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

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	24,706.35	336.25
<b>S&amp;P</b>	2,670.71	34.75
<b>Nasdaq</b>	7,157.23	72.77
<b>Nikkei 225</b>	20,666.07	263.80
<b>STI</b>	3,224.34	9.90
<b>KLCI</b>	1,692.22	9.25
<b>JCI</b>	6,448.16	24.38
<b>Baltic Dry</b>	1,112.00	35.00
<b>VIX</b>	17.80	-0.26

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.98 (+0.04)	2.61 (+0.05)
<b>5Y</b>	2.04 (+0.05)	2.62 (+0.05)
<b>10Y</b>	2.20 (+0.04)	2.78 (+0.03)
<b>15Y</b>	2.45 (+0.04)	--
<b>20Y</b>	2.50 (+0.04)	--
<b>30Y</b>	2.61 (+0.05)	3.10 (+0.02)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.33	1.13
<b>TED</b>	37.90	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
<b>01/18/2019 05:30</b>	<b>NZ BusinessNZ Manufacturing PMI</b>	<b>Dec</b>	<b>--</b>	<b>55.1</b>	<b>53.5</b>	<b>53.7</b>
<b>01/18/2019 07:30</b>	<b>JN Natl CPI YoY</b>	<b>Dec</b>	<b>0.30%</b>	<b>0.30%</b>	<b>0.80%</b>	<b>--</b>
01/18/2019 07:30	JN Natl CPI Ex Fresh Food YoY	Dec	0.80%	0.70%	0.90%	--
01/18/2019 07:30	JN Natl CPI Ex Fresh Food, Energy YoY	Dec	0.30%	0.30%	0.30%	--
01/18/2019 07:50	JN Japan Buying Foreign Bonds	Jan-11	--	¥2209.9b	¥1004.3b	¥1003.3b
01/18/2019 07:50	JN Japan Buying Foreign Stocks	Jan-11	--	¥172.5b	¥24.6b	--
01/18/2019 07:50	JN Foreign Buying Japan Bonds	Jan-11	--	¥711.7b	¥72.4b	--
01/18/2019 07:50	JN Foreign Buying Japan Stocks	Jan-11	--	¥428.2b	¥248.5b	--
01/18/2019 10:00	NZ Non Resident Bond Holdings	Dec	--	54.60%	56.20%	--
<b>01/18/2019 12:30</b>	<b>JN Industrial Production MoM</b>	<b>Nov F</b>	<b>--</b>	<b>-1.00%</b>	<b>-1.10%</b>	<b>--</b>
01/18/2019 12:30	JN Industrial Production YoY	Nov F	--	1.50%	1.40%	--
01/18/2019 12:30	JN Capacity Utilization MoM	Nov	--	1.00%	4.00%	--
01/18/2019 12:49	PH BoP Overall	Dec	--	\$2442m	\$847m	--
<b>01/18/2019 15:30</b>	<b>TH Foreign Reserves</b>	<b>Jan-11</b>	<b>--</b>	<b>\$207.3b</b>	<b>\$205.7b</b>	<b>--</b>
01/18/2019 15:30	TH Forward Contracts	Jan-11	--	\$32.7b	\$33.5b	--
01/18/2019 16:32	CH FX Net Settlement - Clients CNY	Dec	--	-56.0b	-139.4b	--
01/18/2019 17:00	EC ECB Current Account SA	Nov	--	20.3b	23.0b	26.8b
01/18/2019 17:18	IT Current Account Balance	Nov	--	4806m	6081m	6043m
<b>01/18/2019 17:30</b>	<b>UK Retail Sales Ex Auto Fuel MoM</b>	<b>Dec</b>	<b>-0.80%</b>	<b>-1.30%</b>	<b>1.20%</b>	<b>1.00%</b>
01/18/2019 17:30	UK Retail Sales Ex Auto Fuel YoY	Dec	3.80%	2.60%	3.80%	3.50%
<b>01/18/2019 17:30</b>	<b>UK Retail Sales Inc Auto Fuel MoM</b>	<b>Dec</b>	<b>-0.80%</b>	<b>-0.90%</b>	<b>1.40%</b>	<b>1.30%</b>
01/18/2019 17:30	UK Retail Sales Inc Auto Fuel YoY	Dec	3.60%	3.00%	3.60%	3.40%
01/18/2019 21:30	CA Int'l Securities Transactions	Nov	--	9.45b	3.98b	3.97b
<b>01/18/2019 21:30</b>	<b>CA CPI NSA MoM</b>	<b>Dec</b>	<b>-0.40%</b>	<b>-0.10%</b>	<b>-0.40%</b>	<b>--</b>
<b>01/18/2019 21:30</b>	<b>CA CPI YoY</b>	<b>Dec</b>	<b>1.70%</b>	<b>2.00%</b>	<b>1.70%</b>	<b>--</b>
01/18/2019 21:30	CA Consumer Price Index	Dec	133	133.4	133.5	--
01/18/2019 21:30	CA CPI Core- Common YoY%	Dec	1.90%	1.90%	1.90%	--
01/18/2019 21:30	CA CPI Core- Median YoY%	Dec	1.90%	1.80%	1.90%	1.80%
01/18/2019 21:30	CA CPI Core- Trim YoY%	Dec	1.90%	1.90%	1.90%	--
<b>01/18/2019 22:15</b>	<b>US Industrial Production MoM</b>	<b>Dec</b>	<b>0.20%</b>	<b>0.30%</b>	<b>0.60%</b>	<b>0.40%</b>
01/18/2019 22:15	US Capacity Utilization	Dec	78.50%	78.70%	78.50%	78.60%
01/18/2019 22:15	US Manufacturing (SIC) Production	Dec	0.30%	1.10%	0.00%	0.10%
<b>01/18/2019 23:00</b>	<b>US U. of Mich. Sentiment</b>	<b>Jan P</b>	<b>96.8</b>	<b>90.7</b>	<b>98.3</b>	<b>--</b>
01/18/2019 23:00	US U. of Mich. Current Conditions	Jan P	116	110	116.1	--
01/18/2019 23:00	US U. of Mich. Expectations	Jan P	86.5	78.3	87	--
01/18/2019 23:00	US U. of Mich. 1 Yr Inflation	Jan P	--	2.70%	2.70%	--
01/18/2019 23:00	US U. of Mich. 5-10 Yr Inflation	Jan P	--	2.60%	2.50%	--
01/21/2019 08:01	UK Rightmove House Prices MoM	Jan	--	--	-1.50%	--
01/21/2019 08:01	UK Rightmove House Prices YoY	Jan	--	--	0.70%	--
<b>01/21/2019 10:00</b>	<b>CH Retail Sales YoY</b>	<b>Dec</b>	<b>8.10%</b>	<b>--</b>	<b>8.10%</b>	<b>--</b>
01/21/2019 10:00	CH Retail Sales YTD YoY	Dec	9.00%	--	9.10%	--
<b>01/21/2019 10:00</b>	<b>CH Industrial Production YoY</b>	<b>Dec</b>	<b>5.30%</b>	<b>--</b>	<b>5.40%</b>	<b>--</b>
01/21/2019 10:00	CH Industrial Production YTD YoY	Dec	6.20%	--	6.30%	--
01/21/2019 10:00	CH Fixed Assets Ex Rural YTD YoY	Dec	6.00%	--	5.90%	--
01/21/2019 10:00	CH Surveyed Jobless Rate	Dec	--	--	4.80%	--
<b>01/21/2019 10:00</b>	<b>CH GDP YoY</b>	<b>4Q</b>	<b>6.40%</b>	<b>--</b>	<b>6.50%</b>	<b>--</b>
01/21/2019 10:00	CH GDP SA QoQ	4Q	1.50%	--	1.60%	--
01/21/2019 10:00	CH GDP YTD YoY	4Q	6.60%	--	6.70%	--
<b>01/21/2019 11:30</b>	<b>TH Customs Exports YoY</b>	<b>Dec</b>	<b>-0.20%</b>	<b>--</b>	<b>-0.95%</b>	<b>--</b>
01/21/2019 11:30	TH Customs Imports YoY	Dec	4.30%	--	14.66%	--
01/21/2019 11:30	TH Customs Trade Balance	Dec	-\$991m	--	-\$1180m	-\$1178m
01/21/2019 15:00	JN Convenience Store Sales YoY	Dec	--	--	0.60%	--
01/21/2019 15:00	GE PPI MoM	Dec	-0.10%	--	0.10%	--
01/21/2019 15:00	GE PPI YoY	Dec	2.90%	--	3.30%	--
<b>01/21/2019 16:00</b>	<b>TA Export Orders YoY</b>	<b>Dec</b>	<b>-3.50%</b>	<b>--</b>	<b>-2.10%</b>	<b>--</b>
01/21/2019 23:00	CA Bloomberg Nanos Confidence	Jan-18	--	--	54.5	--
01/21/2019	SK Exports 20 Days YoY	Jan	--	--	1.00%	--
01/19/2019 01/24	TH Car Sales	Dec	--	--	94643	--

Source: Bloomberg

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