

Treasury Advisory
Corporate FX & Structured
Products

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Products

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Highlights

Global	The risk-off selling paused overnight as market players took note of Chinese backstop amid policymakers' efforts to calm the equity market yesterday. However, crude oil prices continued to consolidate, which is reflective of the oversupply environment and may pose an additional conundrum to central banks such as the ECB and BOJ. Of interest today would be whether the recent stabilisation in the equity markets will hold. On the economic front, watch for cues from the FOMC's Dec minutes (with market pricing of rate hikes this year only half of the median dots graph of four hikes), US' durable goods orders, factory orders, trade balance, non-manufacturing ISM and ADP employment change, as well as services/composite PMIs for the rest of Europe and Asia.
EZ	German unemployment fell more than expected by 14k in Dec while the unemployment rate was steady at 6.3% which is the lowest since German reunification. Elsewhere, Eurozone's CPI was unchanged at 0.2% in Dec, even though base effects of oil probably was less of a drag and suggested that domestic services inflation remained very tepid.
JP	BOJ governor Kuroda suggested that Japan is "well able to reach the 2% price stability target with the current policy", but "there are many risks...and if these were to affect the BOJ's promise...of course we would act without hesitation".
China	China related sentiment stabilized slightly yesterday on three factors including stronger than expected CNY fixing, larger than expected PBoC liquidity injection and rumored state intervention in equity market. The USDCNY fixing was set at 6.5169, slightly lower than closing price of 6.5172 at 4:30pm despite broad dollar appreciation overnight, signaling that China wants to slow down the pace of depreciation. Meanwhile, the PBoC injected CNY130bn liquidity to banking system on Tuesday via weekly reverse repo operation, largest injection in four months.
Hong Kong	HK residential property transaction volume rebounded to 4,043 units in November. By segment, the transaction volume for housing units priced between HKD 5 million and HKD 10 million were responsible for the rebound, which climbed up from 847 units to 1,939 units with its share in total transaction volume surging from 30% to 48%. The reason behind the gain is that many property developers provided investors with more discounts and reduced the property price in the primary market to speed up the sales. However, as the retail sector is deteriorating amid weak inbound tourism with the trade sector also facing downward risks due to muted external demand, we believe that the sluggish economic outlook of HK and the fear of lay-offs will continue to side-line home buyers. Therefore, we may need more data to confirm that this is a sustainable pick up in property transaction volume.
Commodities	Crude oil futures fell 2.15% for both WTI and Brent, likely on expected higher US crude oil inventories data to be released later tonight. The oversupply woes will likely be the kingpin for sustained low oil prices, especially as geopolitical concerns had injected negligible implications for prices for the past week.

Major Market

- **US:** Wall Street resurfaced as China market jitters paused, with the Dow +0.06%, S&P500 +0.20% but Nasdaq was still under pressure at -0.24%. Twitter declined whereas Wal-Mart and gun makers rose on anticipated demand ahead of President Obama's tighter gun-control measures. VIX -6.57% to 19.34. The UST bonds extended its rally, with the 2- and 10-year bond yields at 1.02% and 2.24% respectively. IG bond issuance resumed after a three week break, with Walt Disney, Citigroup and Ford Motor Credit tapping markets.
- **Singapore:** The STI closed marginally lower at -0.06% at 2834.23 yesterday, as other Asian bourses took comfort from that the Chinese-related panic was subsiding somewhat. Given Wall Street's overnight improvement (barring tech stocks) but mixed morning cues, the STI may trade in a range of 2800-2850. The SGS bond market may remain supported today amid the positive lead from US Treasury bonds.
- **Indonesia:** The government revised the prices of fuel at the pump yesterday. Price of the formerly subsidized Grade-88 Premium Fuel was reduced by around 4.8%. A heftier price cut was seen for diesel, whereby consumers will be paying 15.6% less. Meanwhile, a proposed scheme of collecting IDR200/lit fuel surcharge for a new Energy Sustainability Fund has been postponed, pending discussions with the parliament.

Bond Market Updates

- **Market Commentary:** SGD swap rates fell by 3-5bps across the curve. In the broader Asia dollar space, JACI IG corporate spreads tightened 1bps while the yield on JACI HY corporates fell 3bps to 7.92%. 10y UST yield fell by 0.71bp to 2.24%. In the SGD corporate space, DBS bought back SGD134.25mn of its 3.3% 2022 LT2 paper at 101 and SGD491.75mn of its 3.10% 2023 LT2 paper at 100.9 while issuing SGD480mn in 2.78% 2020 senior notes. Elsewhere, AusGroup announced a consent solicitation for its SGD110mn 7.45% 2016 paper.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.404	0.54%	USD-SGD	1.4256	0.10%
USD-JPY	119.060	-0.32%	EUR-SGD	1.5322	-0.67%
EUR-USD	1.0748	-0.77%	JPY-SGD	1.1974	0.42%
AUD-USD	0.7161	-0.42%	GBP-SGD	2.0920	-0.19%
GBP-USD	1.4675	-0.28%	AUD-SGD	1.0208	-0.32%
USD-MYR	4.3428	-0.10%	NZD-SGD	0.9559	-0.58%
USD-CNY	6.5159	-0.27%	CHF-SGD	1.4134	-0.55%
USD-IDR	13892	-0.37%	SGD-MYR	3.0483	-0.09%
USD-VND	22495	0.00%	SGD-CNY	4.5704	-0.37%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2100	--	O/N	0.3658	--
2M	-0.1680	--	1M	0.4225	--
3M	-0.1320	--	2M	0.5104	--
6M	-0.0410	--	3M	0.6117	--
9M	0.0020	--	6M	0.8423	--
12M	0.0580	--	12M	1.1693	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.07	-1.90	2.51
Italy	-0.01	-1.30	1.50
Ireland	-0.26	-5.50	1.04
Greece*	8.91	120.60	8.48
Spain	-0.02	0.30	1.69
Russia^	3.81	0.00	6.06

* 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	17,158.66	9.70
S&P	2,016.71	4.00
Nasdaq	4,891.43	-11.70
Nikkei 225	18,374.00	-77.00
STI	2,834.23	-1.70
KLCI	1,665.70	12.30
JCI	4,557.82	31.90
Baltic Dry	468.00	-5.00
VIX	19.34	-1.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.05 (--)	1.01 (-0.02)
5Y	1.94 (+0.02)	1.71 (-0.02)
10Y	2.55 (-0.02)	2.24 (-0.01)
15Y	2.83 (-0.04)	--
20Y	2.86 (-0.04)	--
30Y	2.93 (-0.04)	3.00 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.72	0.30
EURIBOR-OIS	11.10	0.30
TED	41.88	-3.02

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	35.97	-2.15%	Coffee (per lb)	1.230	-0.73%
Brent (per barrel)	36.42	-2.15%	Cotton (per lb)	0.6268	0.11%
Heating Oil (per gallon)	1.125	-0.10%	Sugar (per lb)	0.1457	-2.67%
Gasoline (per gallon)	1.26	-2.63%	Orange Juice (per lb)	1.4210	-1.04%
Natural Gas (per MMBtu)	2.325	-0.39%	Cocoa (per mt)	3,059	-2.08%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,645.0	0.77%	Wheat (per bushel)	4.6125	0.65%
Nickel (per mt)	8,493	0.23%	Soybean (per bushel)	8.678	0.38%
Aluminium (per mt)	1,463.0	-0.65%	Corn (per bushel)	3.5300	0.43%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,078.4	0.30%	Crude Palm Oil (MYR/MT)	2,275.0	-0.66%
Silver (per oz)	13.971	0.94%	Rubber (JPY/KG)	137.3	-1.93%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Event	Survey	Actual	Prior	Revised	
05/01/2016 01:00	IT New Car Registrations YoY	Dec	--	18.70%	23.47%	-- 47.3684
05/01/2016 01:16	IT Budget Balance	Dec	--	2.5b	-6.5b	-- 44.7368
05/01/2016 07:00	SK BoP Current Account Balance	Nov	--	\$9404.4m	\$8961.6m	\$9120.4m 72.7273
05/01/2016 07:50	JN Monetary Base YoY	Dec	--	29.50%	32.50%	-- 78.8889
05/01/2016 09:00	PH CPI YoY	Dec	1.40%	1.50%	1.10%	-- 86.3636
05/01/2016 09:00	PH CPI NSA MoM	Dec	--	0.20%	0.50%	-- 45.4545
05/01/2016 13:00	JN Vehicle Sales YoY	Dec	--	3.10%	0.30%	-- 66.6667
05/01/2016 16:20	TA Foreign Reserves	Dec	--	\$426.03b	\$424.61b	-- 45
05/01/2016 16:55	GE Unemployment Change (000's)	Dec	-8k	-14k	-13k	-14k 89.8305
05/01/2016 16:55	GE Unemployment Claims Rate SA	Dec	6.30%	6.30%	6.30%	-- 77.9661
05/01/2016 17:00	GE CPI Brandenburg MoM	Dec	--	0.00%	0.00%	-- 44.0678
05/01/2016 17:30	UK Markit/CIPS UK Construction PMI	Dec	56	57.8	55.3	-- 72.619
05/01/2016 18:00	EC CPI Estimate YoY	Dec	0.30%	0.20%	0.20%	-- 83.7209
05/01/2016 18:00	EC CPI Core YoY	Dec A	1.00%	0.90%	0.90%	-- 62.7907
05/01/2016 18:00	IT CPI NIC incl. tobacco MoM	Dec P	0.10%	0.00%	-0.40%	-- 78.9474
05/01/2016 18:00	IT CPI NIC incl. tobacco YoY	Dec P	0.20%	0.10%	0.10%	-- 65.7895
05/01/2016 18:00	IT CPI EU Harmonized MoM	Dec P	0.20%	-0.10%	-0.50%	-0.40% 84.2105
05/01/2016 18:00	IT CPI EU Harmonized YoY	Dec P	0.40%	0.10%	0.20%	-- 94.7368
05/01/2016 21:30	CA Industrial Product Price MoM	Nov	0.10%	-0.20%	-0.50%	-- 63.4146
05/01/2016 21:30	CA Raw Materials Price Index MoM	Nov	-2.50%	-4.00%	0.40%	0.00% 53.6585
05/01/2016 06/01	US Wards Total Vehicle Sales	Dec	18.00m	17.22m	18.05m	-- 42.7419
06/01/2016 05:00	SK Foreign Reserves	Dec	--	\$367.96b	\$368.46b	-- 54.5455
06/01/2016 06:30	AU AiG Perf of Services Index	Dec	--	46.3	48.2	-- 40.5797
06/01/2016 08:30	TA CPI YoY	Dec	0.45%	--	0.53%	-- 95
06/01/2016 09:35	JN Nikkei Japan PMI Services	Dec	--	--	51.6	-- 70
06/01/2016 09:35	JN Nikkei Japan PMI Composite	Dec	--	--	52.3	-- 70
06/01/2016 09:45	CH Caixin China PMI Services	Dec	--	--	51.2	-- 70
06/01/2016 09:45	CH Caixin China PMI Composite	Dec	--	--	50.5	-- 70
06/01/2016 10:30	HK Nikkei Hong Kong PMI	Dec	--	--	46.6	-- 72.7273
06/01/2016 13:00	IN Nikkei India PMI Services	Dec	--	--	50.1	-- 70
06/01/2016 13:00	IN Nikkei India PMI Composite	Dec	--	--	50.2	-- 70
06/01/2016 15:45	FR Consumer Confidence	Dec	95	--	96	-- 83.3333
06/01/2016 16:00	SI Automobile COE Open Bid Cat A	Jan-06	--	--	54301	-- 59.2593
06/01/2016 16:00	SI Automobile COE Open Bid Cat B	Jan-06	--	--	55001	-- 44.4444
06/01/2016 16:45	IT Markit/ADACI Italy Composite PMI	Dec	--	--	54.3	-- 70
06/01/2016 16:45	IT Markit/ADACI Italy Services PMI	Dec	53.6	--	53.4	-- 70
06/01/2016 16:50	FR Markit France Services PMI	Dec F	50	--	50	-- 70
06/01/2016 16:50	FR Markit France Composite PMI	Dec F	50.3	--	50.3	-- 70
06/01/2016 16:55	GE Markit Germany Services PMI	Dec F	55.4	--	55.4	-- 70
06/01/2016 16:55	GE Markit/BME Germany Cpste PMI	Dec F	54.9	--	54.9	-- 70
06/01/2016 17:00	EC Markit Eurozone Services PMI	Dec F	53.9	--	53.9	-- 70
06/01/2016 17:00	EC Markit Eurozone Composite PMI	Dec F	54	--	54	-- 76.7442
06/01/2016 17:30	UK Official Reserves Changes	Dec	--	--	-\$1394m	-- 40.4762
06/01/2016 17:30	UK Markit/CIPS UK Services PMI	Dec	55.6	--	55.9	-- 70
06/01/2016 17:30	UK Markit/CIPS UK Composite PMI	Dec	--	--	55.8	-- 70
06/01/2016 18:00	EC PPI MoM	Nov	-0.20%	--	-0.30%	-- 51.1628
06/01/2016 18:00	EC PPI YoY	Nov	-3.20%	--	-3.10%	-- 48.8372
06/01/2016 20:00	US MBA Mortgage Applications	Jan-01	--	--	--	-- 92.3077
06/01/2016 21:15	US ADP Employment Change	Dec	198k	--	217k	-- 83.0645
06/01/2016 21:30	CA Int'l Merchandise Trade	Nov	-2.60b	--	-2.76b	-- 58.5366
06/01/2016 21:30	US Trade Balance	Nov	-\$44.00b	--	-\$43.89b	-- 84.6774
06/01/2016 22:45	US Markit US Services PMI	Dec F	54	--	53.7	-- 70
06/01/2016 22:45	US Markit US Composite PMI	Dec F	--	--	53.5	-- 70
06/01/2016 23:00	US ISM Non-Manf. Composite	Dec	56	--	55.9	-- 76.6129
06/01/2016 23:00	US Factory Orders	Nov	-0.20%	--	1.50%	-- 87.0968
06/01/2016 23:00	US Durable Goods Orders	Nov F	--	--	0.00%	-- 92.7419
06/01/2016 23:00	US Durables Ex Transportation	Nov F	--	--	-0.10%	-- 74.1935
06/01/2016 23:00	US Cap Goods Orders Nondef Ex Air	Nov F	--	--	-0.40%	-- 59.6774
06/01/2016 23:00	US Cap Goods Ship Nondef Ex Air	Nov F	--	--	-0.50%	-- 58.871
06/01/2016 10/01	UK Halifax House Prices MoM	Dec	0.50%	--	-0.20%	-- 76.1905
06/01/2016 10/01	UK Halifax House Price 3Mths/Year	Dec	9.00%	--	9.00%	-- 69.0476
06/01/2016 13/01	VN Domestic Vehicle Sales YoY	Dec	--	--	52.80%	-- 77.7778

Source: Bloomberg

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