

Treasury Advisory
Corporate FX & Structured
Products

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Interest Rate Derivatives

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Products

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Highlights

Global	<p>After a week of blood-letting in the global equity markets initiated by Chinese circuit break indigestion, Friday ended with an upside surprise for the US' nonfarm payrolls data which surged 292k in Dec (highest print since Oct), above market expectations for +200k, while the Nov data was also revised higher by 41k to +252k. The two-month NFP net revision was +50k and brought the total employment gains in 2015 to 2.65m, of which the private services sector did most of the heavy lifting. The unemployment rate was unchanged at 5% (low since Apr08), even as the Household Survey marked an +485k addition in employment was matched with an +466k in labour force. However, the broader U-6 unemployment rate was also static at 9.9%, suggesting still some slack in the labour market, while average hourly earnings were flat on-month (+2.5% yoy), which could imply that Fed policymakers could still dawdle on the next rate hike, especially with crude oil prices suppressed and inflationary expectations contained. While there is some concern that an unusually warm Dec could have aided the Dec NFP surge, a delayed onset of winter in Jan could see a pullback. Nevertheless, Fed Funds Future pricing suggest only around 40-45% probability of a rate hike in either Mar or Apr.</p> <p>With a quiet economic data calendar for today, of which only Malaysia's Nov industrial production is noteworthy, all eyes will remain on how Chinese equity markets perform today and set the tone for the region. Later this week, we get the BI meeting on Wed (with potentially a 25bp rate cut), BOE and BOK policy meetings on Thur (with both likely static, but any dovish tone from BOE's Carney may weigh on the GBP).</p>
US	<p>This set of NFP marked the best back-to-back jobs growth since 1998-1999. The participation rate also rose to 62.6% suggesting increased confidence for entrants re-entering the labour market. Elsewhere, the wholesale inventories shrank more than expected by 0.3% mom in Nov, suggesting that 4Q15 growth could be constrained. Meanwhile, consumer credit also eased from a revised US\$15.61b in Oct to US\$13.95b in Nov.</p>
EZ	<p>German industrial production unexpectedly fell 0.3% mom (+0.1% yoy) in Nov, dragged down by investment goods and suggesting that weaker EM demand, especially from China, could be weighing on growth in 4Q15.</p>
China	<p>Dec inflation data is close to market expectation with CPI rebounded marginally to 1.6% from 1.5% while PPI (-5.9% yoy) contracted for the 46th straight month. The disinflationary pressure persists given the excessive capacity problem, exacerbated by the sustained fall of commodity prices.</p>
Indonesia	<p>Chief economics minister, Darmin Nasution, said that a tax amnesty bill could be passed as soon as next month. If that pans out, the tax amnesty scheme will offer Indonesians who wish to repatriate their funds from abroad a tax rate of as low as 5%, compared to the 30% and 25% that individuals and companies have to fork out onshore now, respectively. Earlier, Finance Minister Bambang Brodjonegoro estimated that the measure could boost tax revenue by up to IDR10tn.</p>
Commodities	<p>Market-watchers seem to need reasons to call for lower oil prices, and they likely found it in (1) Saudi Aramco's plans for a share sale and (2) falling Chinese producer price index for the 46th month. Elsewhere, the mix of geopolitical concerns and risk aversion led gold prices higher for last week.</p>

Major Market

- **US:** Wall Street stayed cautious despite the better-than-expected NFP data, with the Dow -1.02%, S&P500 -1.08% and Nasdaq -0.98%. VIX +8.08% to 27.01. The UST bond yields initially rose on Friday following the NFP report, but market optimism fizzled out amid Chinese concerns and led the 2- and 10-year bond yields back down to 0.94% and 2.12% respectively. US Q4 earnings season starts with Alcoa tomorrow.
- **Singapore:** The STI rallied 0.78% to close at 2751.23 on Friday, but given lingering China concerns which still weighed on Wall Street last Friday, trading in regional bourses could still remain nervous today. The STI may continue to tread a cautious range of 2720-2780. Expect the SGS bond market to remain supported as risk appetite remains unsettled in the interim.
- **Malaysia:** The government is reportedly seeking to keep its 2016 fiscal deficit target at 3.1% of GDP amid talks of a budget revision due to the ongoing slump in oil prices. Deputy Finance Minister Johari Abdul Ghani said that the country will maintain a GDP growth target of 4-5%, adding that the adjustments to budget expenditures would not have a serious impact on the economy.
- **Thailand:** Rubber farmers in the South reportedly threatened to stage a rally and a hunger strike if their demands for higher rubber prices are not met, including the acceleration of compensation payments.

Bond Market Updates

- **Market Commentary:** SGD swap rates bear steepened, with the short-end rates trading 2bps-3bps higher while the belly-to-long-end rates traded 6bps-7bps higher last Friday. Flows in the SGD corporate space were light, we saw better sellers in FRESHK 4.25%'17 and FRESHK 4.25%'19. In the broader Asia dollar space, JACI IG corporate spreads were flat at 220.9 while the yield on JACI HY corporates increased by 1.8bp to 7.95%. 10y UST fell by 3bps to 2.12%.
- **New Issues:** Courts Asia has scheduled investor meetings on Jan 12, following the update of its SGD500mn multicurrency issuance program.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.540	0.33%	USD-SGD	1.4428	0.64%
USD-JPY	117.260	-0.35%	EUR-SGD	1.5745	0.46%
EUR-USD	1.0922	-0.09%	JPY-SGD	1.2306	1.02%
AUD-USD	0.6953	-0.84%	GBP-SGD	2.0943	-0.06%
GBP-USD	1.4517	-0.69%	AUD-SGD	1.0032	-0.19%
USD-MYR	4.3920	-0.07%	NZD-SGD	0.9441	-0.60%
USD-CNY	6.5948	0.03%	CHF-SGD	1.4502	0.48%
USD-IDR	13923	-0.03%	SGD-MYR	3.0562	-0.24%
USD-VND	22460	-0.11%	SGD-CNY	4.5712	-0.62%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2180	--	O/N	0.3662	0.0011
2M	-0.1770	-0.0010	1M	0.4238	0.0003
3M	-0.1430	-0.0010	2M	0.5150	0.0038
6M	-0.0510	-0.0010	3M	0.6211	0.0042
9M	-0.0030	--	6M	0.8508	0.0060
12M	0.0510	--	12M	1.1551	0.0080

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.10	-0.30	2.61
Italy	-0.00	-1.30	1.53
Ireland	-0.27	-1.10	1.00
Greece*	9.49	-18.00	8.68
Spain	0.00	0.00	1.71
Russia^	3.84	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	16,346.45	-167.60
S&P	1,922.03	-21.10
Nasdaq	4,643.63	-45.80
Nikkei 225	17,697.96	-69.40
STI	2,751.23	21.30
KLCI	1,657.61	2.50
JCI	4,546.29	15.80
Baltic Dry	429.00	-16.00
VIX	27.01	2.00

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.12 (+0.03)	0.93 (-0.02)
5Y	1.99 (+0.06)	1.56 (-0.04)
10Y	2.51 (+0.07)	2.12 (-0.03)
15Y	2.79 (+0.08)	--
20Y	2.84 (+0.08)	--
30Y	2.91 (+0.08)	2.91 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.81	0.28
EURIBOR-OIS	11.60	-0.20
TED	42.78	0.93

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	33.16	-0.33%	Coffee (per lb)	1.190	0.46%
Brent (per barrel)	33.55	-0.59%	Cotton (per lb)	0.6140	-0.05%
Heating Oil (per gallon)	1.052	-1.27%	Sugar (per lb)	0.1446	-1.97%
Gasoline (per gallon)	1.13	-1.60%	Orange Juice (per lb)	1.3085	-4.94%
Natural Gas (per MMBtu)	2.472	3.78%	Cocoa (per mt)	3,017	1.82%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,485.0	-0.86%	Wheat (per bushel)	4.7850	2.13%
Nickel (per mt)	8,530	0.65%	Soybean (per bushel)	8.795	0.29%
Aluminium (per mt)	1,491.3	1.14%	Corn (per bushel)	3.5700	1.13%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,097.9	-0.89%	Crude Palm Oil (MYR/MT)	2,263.0	0.44%
Silver (per oz)	13.918	-2.97%	Rubber (JPY/KG)	133.8	0.22%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 05 Jan 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Natural Gas	-194,349	-207,741	13,392	Corn	-82,375	-50,912	-31,463
Gold	30,587	23,311	7,276	Soybean	-82,104	-60,670	-21,434
Coffee	-5,076	-12,290	7,214	Wheat	-107,896	-89,630	-18,266
Live Cattle	14,758	7,825	6,933	Cotton	51,168	62,640	-11,472
Lean Hogs	8,314	2,855	5,459	Nymex Crude	218,247	229,522	-11,275
Heating Oil	-1,623	-6,891	5,268	Sugar	212,404	218,929	-6,525
RBOB Gasoline	76,947	75,996	951	Cocoa	55,359	59,382	-4,023
Platinum	24,405	23,534	871	Copper	-31,718	-30,017	-1,701
Silver	20,559	19,872	687	Palladium	6,800	7,989	-1,189

Source: CFTC

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
01/08/2016 08:22	ID Foreign Reserves	Dec --	\$105.93b	\$100.24b	--
01/08/2016 08:30	AU Retail Sales MoM	Nov	0.40%	0.40%	0.50%
01/08/2016 09:30	JN Labor Cash Earnings YoY	Nov	0.70%	0.00%	0.70%
01/08/2016 13:00	JN Leading Index Cl	Nov P	103.9	103.9	104.2
01/08/2016 13:30	AU Foreign Reserves	Dec --	A\$67.4b	A\$68.2b	--
01/08/2016 15:00	GE Industrial Production SA MoM	Nov	0.50%	-0.30%	0.20%
01/08/2016 15:00	GE Industrial Production WDA YoY	Nov	0.50%	0.10%	0.00%
01/08/2016 15:00	GE Trade Balance	Nov	20.2b	20.6b	22.5b
01/08/2016 15:00	GE Current Account Balance	Nov	21.0b	24.7b	23.0b
01/08/2016 15:00	GE Exports SA MoM	Nov	0.50%	0.40%	-1.20%
01/08/2016 15:00	GE Imports SA MoM	Nov	1.00%	1.60%	-3.40%
01/08/2016 15:30	TH Foreign Reserves	Dec-30 --	\$156.5b	\$157.4b	--
01/08/2016 15:45	FR Trade Balance	Nov	-3947m	-4630m	-4582m
01/08/2016 15:45	FR Industrial Production MoM	Nov	-0.30%	-0.90%	0.50%
01/08/2016 15:45	FR Industrial Production YoY	Nov	3.00%	2.80%	3.60%
01/08/2016 15:45	FR Manufacturing Production MoM	Nov	0.10%	0.40%	-0.50%
01/08/2016 15:45	FR Manufacturing Production YoY	Nov	--	2.80%	1.50%
01/08/2016 16:00	TA Trade Balance	Dec	\$3.30b	\$4.17b	\$2.75b
01/08/2016 16:00	TA Exports YoY	Dec	-13.00%	-13.90%	-16.90%
01/08/2016 16:00	TA Imports YoY	Dec	-12.50%	-15.60%	-13.70%
01/08/2016 17:30	UK Visible Trade Balance GBP/Mn	Nov	-£10,500	-£10,642	-£11,827
01/08/2016 17:30	UK Trade Balance Non EU GBP/Mn	Nov	-£3,250	-£2,450	-£3,729
01/08/2016 17:30	UK Trade Balance	Nov	-£2,700	-£3,170	-£4,140
01/08/2016 21:30	CA Building Permits MoM	Nov	-2.90%	-19.60%	9.10%
01/08/2016 21:30	CA Unemployment Rate	Dec	7.10%	7.10%	7.10%
01/08/2016 21:30	CA Net Change in Employment	Dec	10.0k	22.8k	-35.7k
01/08/2016 21:30	US Change in Nonfarm Payrolls	Dec	200k	292k	211k
01/08/2016 21:30	US Change in Manufact. Payrolls	Dec	-2k	8k	-1k
01/08/2016 21:30	US Unemployment Rate	Dec	5.00%	5.00%	5.00%
01/08/2016 23:00	US Wholesale Inventories MoM	Nov	-0.10%	-0.30%	-0.10%
01/09/2016 09:30	CH CPI YoY	Dec	1.60%	1.60%	1.50%
01/09/2016 09:30	CH PPI YoY	Dec	-5.80%	-5.90%	-5.90%
01/11/2016 05:45	NZ Building Permits MoM	Nov	--	1.80%	5.10%
01/11/2016 08:30	AU ANZ Job Advertisements MoM	Dec	--	--	1.30%
01/11/2016 12:00	MA Industrial Production YoY	Nov	4.00%	--	4.20%
01/11/2016 21:15	CA Housing Starts	Dec	200.0k	--	211.9k
01/11/2016 01/15	CH New Yuan Loans CNY	Dec	700.0b	--	708.9b
01/11/2016 01/15	CH Money Supply M2 YoY	Dec	13.60%	--	13.70%
01/11/2016 01/15	CH Money Supply M1 YoY	Dec	15.50%	--	15.70%
01/08/2016 01/12	IN Local Car Sales	Dec	--	--	173111
01/11/2016 01/15	IN Exports YoY	Dec	--	--	-24.40%
01/11/2016 01/15	IN Imports YoY	Dec	--	--	-30.30%
01/11/2016 01/13	VN Domestic Vehicle Sales YoY	Dec	--	--	52.80%
01/11/2016 01/15	NZ REINZ House Sales YoY	Dec	--	--	8.50%
01/10/2016 01/20	ID Local Auto Sales	Dec	--	--	86979

Source: Bloomberg

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