

**Treasury Advisory**  
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**Highlights**

<b>Global</b>	<p>US' retail sales contracted 0.1% mom as expected in Dec, but the surprise to market was retail sales excluding autos also unexpectedly shrinking 0.1% mom, which suggests that growth momentum had stalled in 4Q. Notably, gas station sales and motor vehicle sales were understandably soft, but there was also broad-based weakness in store retailers, clothing and apparel which could point to consumers tightening their purse strings despite the holiday season and give policymakers food for thought. This brought retail sales for 2015 to just +2.1%, the smallest since 2009. The risk-off atmosphere was apparent on Friday, with 10-year UST bond yields dipping below the 2% handle for the first time since Oct and prompting market players to pare back the next FOMC rate hike expectations, with the futures pricing of a Mar rate hike at below 30% probability.</p> <p>With US market closed for holiday and a data-light economic calendar, market attention will focus on Japan's tertiary industry cues and India's trade balance. This week, central bank actions to watch include BOC (likely static at 0.5% on Wed but dovishness due to the oil price slump is to be anticipated), BNM (no room to cut interest rates at this juncture with OPR at 3.25%) and ECB (Draghi is clearly under pressure to do more QE amid the oil price drag on inflation) on Thu.</p>
<b>US</b>	<p>Fed's Dudley noted that "in terms of the economic outlook, the situation does not appear to have changed much" since the 15-16 Dec meeting despite "greater turbulence" in global financial markets. On the divergence between the Fed and market, he opined that "projections will adjust as incoming information changes the economic outlook...I would expect convergence over time", albeit "should the economy unexpectedly weaken, then this fall in inflation expectations would become more concerning". Meanwhile, the University of Michigan sentiment index improved more than expected from 92.6 to 93.3 in Jan, as expectations turned more upbeat, whereas industrial production slid more than expected by 0.4% mom in Dec. Separately, PPI also declined 0.2% mom in Dec, with core PPI up a mild 0.1%, whilst the Empire manufacturing slumped from -6.21 to -19.37, the worst since Mar09.</p>
<b>S'pore</b>	<p>NODX fell 7.2% yoy (vs our estimate of -8.1% yoy), dragged primarily by a sharply fall in shipments to China (-18.7%). In the product space, the fall in NODX was led by pharmaceutical (-9.9%), petrochemicals (-17.5%), primary chemicals (-41.8%) and civil engineering equipment parts (-43.5%).</p>
<b>China</b>	<p>December Financial and credit data released last Friday are generally upbeat, which is likely to provide floor to 4Q GDP growth due on Tuesday. Fiscal spending accelerated in December with fiscal deposits fell by more than expected CNY1.46 trillion. Meanwhile, China's PBoC on Sunday announced to impose reserve requirement ratio on offshore RMB interbank deposit in the onshore market. The motivation of the policy, in our view, is to control the capital outflows which taking advantage of interest rate differential as about 16% deposit will be locked in the onshore market subject to RRR.</p>
<b>CMD</b>	<p>The key data that caught everyone's interest would definitely be crude oil prices, as the sticky liquid is now priced below \$30/bbl and markedly below the 2008/9 financial crisis.</p>

## Major Market

- **US:** Wall Street remained in the doldrums, with the Dow -2.39%, S&P500 -2.16% and Nasdaq -2.74%. VIX +12.82% to 27.02. Earnings season continues with Bank of America, Morgan Stanley and IBM today, followed by Goldman Sachs and Amex etc for the rest of the week. The UST bond yield curve continued to rally last Friday, with the 2- and 10-year at 0.85% (low since 13 Nov) and 2.04% respectively.
- **Singapore:** Retail sales rose more than expected by 4.7% yoy (+1.4% mom sa) in Nov, up from a revised +2.6% yoy (+1.0% mom sa) in Oct. The key drivers were motor vehicle sales which jumped 59.7% yoy (-0.6% mom sa), medical goods & toiletries which rose 9.6% yoy (-2.1% mom sa) and department stores which rose 1.3% yoy (+3.5% mom sa), likely aided by the shopping ahead of the Christmas season. Retail sales excluding autos also rose 1.9% mom sa (-2.0% yoy) in Nov.
- The STI fell another 0.52% to close at 2630.76 on Friday, and overall cues remain negative for now with Friday's slump in Wall Street. The STI may test key support at 2600, with resistance at 2640. Expect the SGS bond market to stay supported today amid the continued de-risking.
- **China:** The headline RMB loan is weaker than market expectation due to the decline of loan to non-bank financial institutions. Noting that loans to non-bank financial institutions fell by CNY219.6bn in December probably due to partial prepayment from China Security Financial Corporation (CSF) after the stock stability fund started to exit its position gradually. After adjusting for loans to non-bank financial institutions, total new RMB loan under old accounting system increased by CNY817.4bn, stronger than market expectation. Loan structure improved in December. Medium to long term loans to corporates increased by CNY346.4bn, up from CNY131.7bn in November. Meanwhile, medium to long term loans to household also grew strongly by CNY292.4bn, signalling the rising transaction activity in property market.
- Off balance sheet financing such as entrusted loan, trust and undiscounted bankers acceptance rebounded in December probably due to year end window dressing. The rebound of trust, in our view, also signals the easing fiscal policy. The amount of corporate issuance jumped on the back of falling funding costs while equity financing rebounded due to restart of IPOs. Foreign currency loan fell further as corporates continued to unwind their dollar liability in anticipation of weaker RMB.
- Fiscal deposit fell more than expected by CNY1.46 trillion, suggesting the stronger than expected fiscal spending. The strong fiscal support is likely to provide floor to Chinese economy in the coming quarters.
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- **Taiwan:** Taiwan elects its first female president last Saturday with a landslide victory by the opposition Democratic Progressive Party's leader Tsai Ing-wen during a landmark election that might unsettle the current relations with Beijing. This election marked the first time that the pro-China KMT lost control of the island's legislature with 69 of the 113 seats taken by DPP in the parliament, and only 35 by KMT.
- **Indonesia:** Bank Indonesia indicated that it sees room for further monetary easing. Governor Agus Martowardojo said that any further loosening will be contingent on macroeconomic stability. He added that BI will remain vigilant on risks from an economic slowdown in China.
- **Thailand:** A complete first draft of the constitution will reportedly be unveiled to the public on 29 Jan 2016, with the Constitution Drafting Committee (CDC) commenting that it will be a powerful tool

against corruption. Market-watchers will likely eye closely on the release as it is a prerequisite for any democratic elections to take place.

- **Commodities:** Due to crude oil being priced below \$30/bbl, gasoline may also be testing the \$1.00/gallon support (Friday's close at merely \$1.0056/bbl). Elsewhere, with Wall Street and commodities largely ignored, gold flourished as a safe haven, rallying to \$1,090.7/oz.

## Bond Market Updates

- **Market Commentary:** SGD swap rates traded 5bps-6bps lower across the curve last Friday. Flows in the SGD corporate space were heavy, where we saw better sellers of SCISP 4.75%'49 and AREIT 4.75%'49. We also saw better buyers of SINTEC 4.05%'25, DBSSP 3.8%'28, ABNANV 4.7%'22 and mixed interest in OCBSP 3.8%'49, BAERVX 5.9%'49, GGRSP 5.5%'18, GENSSP 5.125%'49 and OLAMSP 7%'49. In the broader dollar space, JACI IG corporates spread widened by 2bps to 230bps while the yield on the JACI HY increased by 2bps to 8.10%. 10y UST yield fell by 5bps to 2.03%.
- **New Issues:** Huaneng Hong Kong Capital Ltd priced a USD500mn perp NC3 at 4.30%, the first call date will be on 25 Jan 2019. The bond will have a rate reset every 3 years to prevailing 3-year UST + 315.9bps + 500bps.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.956	-0.13%	USD-SGD	1.4396	0.19%
USD-JPY	116.980	-0.91%	EUR-SGD	1.5711	0.64%
EUR-USD	1.0916	0.47%	JPY-SGD	1.2308	1.13%
AUD-USD	0.6864	-1.73%	GBP-SGD	2.0523	-0.90%
GBP-USD	1.4258	-1.08%	AUD-SGD	0.9879	-1.56%
USD-MYR	4.3967	0.14%	NZD-SGD	0.9300	-0.01%
USD-CNY	6.5849	-0.08%	CHF-SGD	1.4378	0.57%
USD-IDR	13910	0.02%	SGD-MYR	3.0482	-0.05%
USD-VND	22417	-0.09%	SGD-CNY	4.5726	-0.31%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2210	--	O/N	0.3661	--
2M	-0.1790	0.0020	1M	0.4255	--
3M	-0.1420	0.0010	2M	0.5133	-0.0007
6M	-0.0540	-0.0010	3M	0.6196	-0.0015
9M	-0.0100	-0.0010	6M	0.8491	-0.0082
12M	0.0490	0.0010	12M	1.1451	-0.0135

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.10	-1.20	2.74
Italy	0.02	-0.10	1.57
Ireland	-0.28	0.00	1.12
Greece*	9.93	43.10	8.90
Spain	0.01	-0.90	1.75
Russia^	4.42	13.90	6.39

\* 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	15,988.08	-391.00
S&P	1,880.33	-41.50
Nasdaq	4,488.42	-126.60
Nikkei 225	17,147.11	-93.80
STI	2,630.76	-13.80
KLCI	1,628.55	-4.90
JCI	4,523.98	10.80
Baltic Dry	373.00	-10.00
VIX	27.02	3.10

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.11 (-0.02)	0.85 (-0.04)
5Y	1.93 (-0.05)	1.45 (-0.05)
10Y	2.42 (-0.06)	2.03 (-0.05)
15Y	2.72 (-0.04)	--
20Y	2.75 (-0.04)	--
30Y	2.82 (-0.04)	2.81 (-0.07)

### Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.46	0.21
EURIBOR-OIS	11.60	0.60
TED	39.07	1.37

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	29.42	-5.71%	Coffee (per lb)	1.149	-0.86%
Brent (per barrel)	28.94	-6.74%	Cotton (per lb)	0.6141	-0.79%
Heating Oil (per gallon)	0.934	-4.74%	Sugar (per lb)	0.1492	0.27%
Gasoline (per gallon)	1.02	-4.42%	Orange Juice (per lb)	1.2720	-2.34%
Natural Gas (per MMBtu)	2.1	-1.82%	Cocoa (per mt)	2,905	1.68%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,331.0	-1.91%	Wheat (per bushel)	4.7375	1.07%
Nickel (per mt)	8,359	-2.15%	Soybean (per bushel)	8.790	-1.90%
Aluminium (per mt)	1,476.0	-0.97%	Corn (per bushel)	3.6325	1.47%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,090.7	1.59%	Crude Palm Oil (MYR/MT)	2,200.0	-2.74%
Silver (per oz)	13.896	1.08%	Rubber (JPY/KG)	145.6	0.83%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### CFTC Commodities Futures and Options

For the week ended: 12 Jan 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Soybean	-61,606	-82,104	20,498	Sugar	180,571	212,404	-31,833
Wheat	-88,765	-107,896	19,131	Corn	-112,275	-82,375	-29,900
Gold	48,247	30,587	17,660	Nymex Crude	195,086	218,247	-23,161
Natural Gas	-181,284	-194,349	13,065	Cotton	30,060	51,168	-21,108
Heating Oil	5,588	-1,623	7,211	Cocoa	35,137	55,359	-20,222
Live Cattle	19,566	14,758	4,808	Coffee	-18,749	-5,076	-13,673
Lean Hogs	12,362	8,314	4,048	Copper	-41,856	-31,718	-10,138
Silver	21,451	20,559	892	RBOB Gasoline	70,567	76,947	-6,380
Platinum	22,875	24,405	-1,530	Palladium	3,924	6,800	-2,876

Source: CFTC

### Key Economic Indicators

Date Time		Event		Survey	Actual	Prior	Revised
01/15/2016 05:45	NZ	Food Prices MoM	Dec	--	-0.80%	-0.20%	--
01/15/2016 07:50	JN	Foreign Buying Japan Stocks	Jan-08	--	¥746.5b	¥135.7b	--
01/15/2016 08:30	AU	Home Loans MoM	Nov	-0.50%	1.80%	-0.50%	-0.30%
01/15/2016 08:30	AU	Owner-Occupier Loan Value MoM	Nov	--	2.40%	0.40%	0.60%
01/15/2016 10:00	CH	Money Supply M2 YoY	Dec	13.60%	13.30%	13.70%	--
01/15/2016 10:01	CH	Money Supply M1 YoY	Dec	15.50%	15.20%	15.70%	--
01/15/2016 10:01	CH	New Yuan Loans CNY	Dec	700.0b	597.8b	708.9b	--
01/15/2016 10:22	ID	Exports YoY	Dec	-19.00%	-17.66%	-17.58%	-17.97%
01/15/2016 10:22	ID	Trade Balance	Dec	\$100m	-\$236m	-\$346m	-\$408m
01/15/2016 13:00	SI	Retail Sales SA MoM	Nov	0.30%	1.40%	1.00%	--
01/15/2016 13:00	SI	Retail Sales YoY	Nov	3.40%	4.70%	2.70%	2.60%
01/15/2016 14:08	PH	Overseas Workers Remittances	Nov	--	\$2190m	\$2232m	--
01/15/2016 14:08	PH	Overseas Remittances YoY	Nov	3.50%	3.20%	0.20%	--
01/15/2016 15:00	EC	EU27 New Car Registrations	Dec	--	16.60%	13.70%	--
01/15/2016 15:30	TH	Foreign Reserves	Jan-08	--	\$157.5b	\$156.5b	--
01/15/2016 15:30	TH	Forward Contracts	Jan-08	--	\$10.9b	\$11.7b	--
01/15/2016 17:00	IT	CPI EU Harmonized YoY	Dec F	0.10%	0.10%	0.10%	--
01/15/2016 17:15	ID	Local Auto Sales	Dec	--	73264	86979	86938
01/15/2016 21:30	US	Retail Sales Advance MoM	Dec	-0.10%	-0.10%	0.20%	0.40%
01/15/2016 21:30	US	Retail Sales Ex Auto MoM	Dec	0.20%	-0.10%	0.40%	0.30%
01/15/2016 21:30	US	Retail Sales Ex Auto and Gas	Dec	0.40%	0.00%	0.50%	--
01/15/2016 21:30	US	PPI Final Demand MoM	Dec	-0.20%	-0.20%	0.30%	--
01/15/2016 21:30	US	PPI Ex Food and Energy MoM	Dec	0.10%	0.10%	0.30%	--
01/15/2016 21:30	US	PPI Final Demand YoY	Dec	-1.00%	-1.00%	-1.10%	--
01/15/2016 21:30	US	PPI Ex Food and Energy YoY	Dec	0.30%	0.30%	0.50%	--
01/15/2016 21:30	US	Empire Manufacturing	Jan	-4	-19.37	-4.59	-6.21
01/15/2016 22:15	US	Industrial Production MoM	Dec	-0.20%	-0.40%	-0.60%	-0.90%
01/15/2016 22:15	US	Capacity Utilization	Dec	76.80%	76.50%	77.00%	76.90%
01/15/2016 23:00	US	U. of Mich. Sentiment	Jan P	92.9	93.3	92.6	--
01/18/2016 07:30	AU	TD Securities Inflation MoM	Dec	--	0.20%	0.10%	--
01/18/2016 08:01	UK	Rightmove House Prices MoM	Jan	--	--	-1.10%	--
01/18/2016 08:01	UK	Rightmove House Prices YoY	Jan	--	--	7.40%	--
01/18/2016 08:30	AU	New Motor Vehicle Sales MoM	Dec	--	--	1.00%	--
01/18/2016 08:30	AU	New Motor Vehicle Sales YoY	Dec	--	--	6.00%	--
01/18/2016 08:30	SI	Non-oil Domestic Exports YoY	Dec	-4.40%	--	-3.30%	--
01/18/2016 08:30	SI	Non-oil Domestic Exports SA MoM	Dec	0.50%	--	-3.80%	--
01/18/2016 10:00	NZ	Non Resident Bond Holdings	Dec	--	--	67.90%	--
01/18/2016 12:30	JN	Industrial Production MoM	Nov F	--	--	-1.00%	--
01/18/2016 12:30	JN	Industrial Production YoY	Nov F	--	--	1.60%	--
01/18/2016 12:30	JN	Capacity Utilization MoM	Nov	--	--	1.30%	--
01/18/2016 12:30	JN	Tertiary Industry Index MoM	Nov	-0.70%	--	0.90%	--
01/18/2016 17:00	IT	Trade Balance Total	Nov	--	--	4812m	--
01/18/2016 01/19	IN	Exports YoY	Dec	--	--	-24.40%	--
01/18/2016 01/19	IN	Imports YoY	Dec	--	--	-30.30%	--

Source: Bloomberg

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