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Products

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Highlights

| | |
|--------------|--|
| Global | <p>Disappointing US durable goods orders reinforced the dovish tone in yesterday's FOMC statement and underpinned market speculation that the Fed is in wait-and-see mode at this juncture. US durable goods orders fell 5.1% in Dec, the most in 10 months, as companies trimmed capex. Bookings for non-military capital goods excluding aircraft also slumped 4.3% in Dec after a 1.1% slide in Nov. This points to a broad-based pullback for capital spending and could buttress market expectations for a softer US growth momentum in 1H16. The other key market development was the bounce in crude oil prices on rumours of production cuts.</p> <p>Market focus will be on the BOJ policy decision due later today, with market expectations mixed on whether they will deliver additional stimulus at this juncture, given the weak inflation prints and softening economic growth momentum, or desist till the March meeting or later. Key data on tap today include US' University of Michigan sentiment, Chicago PMI, actual 4Q15 GDP and employment cost index, and Milwaukee ISM, Eurozone's Jan CPI and France's 4Q GDP data, Thai trade data, and S'pore's Dec bank loans.</p> |
| Singapore | <p>The unemployment rate unexpectedly dipped from 2.0% in 3Q15 to 1.9% in 4Q15, as 31,800 jobs were added last year (+0.9% yoy which is the slowest pace since 2003). Foreign employment rose 22,600 (+2% excluding domestic workers), but local employment growth slowed to 100 amid a tight labour market and a slowing domestic economy. Redundancies also rose for the 5th straight year by 14,400 layoffs, but real wage growth climbed by 7% to \$3,798 in June 2015 amid deflation. Looking ahead, MOM expects wage-cost pressures to be muted by a subdued economic growth environment.</p> <p>Dec bank loans growth could fall on-year for the third straight month amid the cautious business sentiments and slowing economy, potentially marking the longest decline since 4Q02. Bank loans shrank 0.7% in Nov and 0.4% in Oct.</p> |
| China | <p>Premier Li Keqiang reiterated that there is no basis for continuous RMB depreciation and China has the capability to maintain RMB stable against its basket currency during his call with IMF Chief Laggard. PBoC has plans to temporarily increase its frequency of open market operation to every working day from today to 19 Feb to provide liquidity support to meet rising festival liquidity demand. Meanwhile, PBoC will also expand its scope of bond qualified for SLO collateral and give seven more banks to access to SLO. China's preference of open market operation to reserve requirement ratio cut suggests China's intention is to alleviate depreciation pressure on RMB.</p> |
| Thailand | <p>The Finance Ministry cut its 2016 economic growth outlook to 3.7% from 3.8%. It also cut its export growth estimate sharply to +0.1% from a forecast range of between -0.4% to +0.6% made previously, on expectations that prices would remain low, although volume is expected to pick up. Elsewhere, the first constitution draft is expected to be released later today, including manufacturing and external trade data later today.</p> |
| Commo-dities | <p>Crude oil surged to its 3-week highs on Russian oil minister's comment that a 5% cut in oil production will be discussed in an emergency OPEC meeting in February. However, the comments were quickly squashed by anonymous OPEC delegates stating that no talks were scheduled between Russia and OPEC, resulting in oil prices paring off some of the previous gains.</p> |

Major Market

- **US:** Wall Street rebounded overnight in a volatile trading session, aided by the oil price rally, with Dow +0.79%, S&P500 +0.55% and Nasdaq +0.86%. VIX -2.99% to 22.42. On the earnings front, Facebook Inc reported more upbeat earnings, whereas Amazon.com fell 12% in extended trade after earnings trailed estimates. The UST bond market rose, with the 2- and 10-year bond yields at 0.81% and 1.978% respectively. The US\$29b 7-year note auction saw a high yield of 1.759% with bid-cover of 2.63x (previously 2.34x) and indirect bidding of 69.4% (previous 47.1%), which is the highest in data going back to 2009.
- Initial jobless claims fell 16k to 278k, with the 4-week average also lower by 2.25k to 283k, explaining why the FOMC statement was still relatively upbeat on labor market improvements. Meanwhile, pending home sales rose 0.1% in Dec, following a 1.1% dip in Nov, likely aided by warm weather in the Northeast. The Kansas city Fed manufacturing index was steady at -9 in Jan
- **EZ:** Mixed signals could confound the ECB - consumer confidence was steady at -6.3 in Jan, whilst economic confidence slid slightly from 106.7 to a 5-month low of 105.0 and the economic sentiment indicator also deteriorated.
- **Singapore:** The STI edged up 0.64% to 2562.45 yesterday, but may resume its southbound track today given negative overnight cues from Wall Street amid a slightly more cautious FOMC. The STI's support and resistance remain at 2500 and 2580 respectively. As the 5-year SGS bond re-opening auction results were within our expectations, expect the SGS bond market to continue to ride on the cautious market sentiment into the month-end.
- **UK:** 4Q15 GDP growth picked up to 0.5% qoq (+1.9% yoy) in line with market forecasts, as services mitigated the construction and manufacturing drags.
- **Japan:** The jobless rate was unchanged at 3.3% in Dec, while the national CPI fell to +0.2% yoy, with the core CPI excluding food and energy +0.8% yoy. Industrial production slumped more than expected by 1.4% mom (-1.6% yoy) in Dec, following a -0.9% mom (+1.7% yoy) print in Nov.
- **Philippines:** The economy expanded less than expected by 2.0% qoq in 4Q15, up from an upwardly revised 1.4% in 3Q15, with 2015 growth at 5.8% yoy.
- **Malaysia:** The government has tabled a revision to its 2016 budget. It slashed its oil price assumption from USD48/barrel to USD 30-35, and foresees a MYR7-9bn drop in oil-related revenue. It is banking on the hope that a MYR9bn reduction in expenditure will allow it to still keep the budget deficit to 3.1% of GDP as originally targeted. Meanwhile, growth forecast has also been shifted down from 4.0-5.0% to a lower range of 4.0-4.5% this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with the short-end rates traded 1bp-2bps higher, while the belly-to-long-end rates traded 3bps-5bps higher. In the broader dollar space, JACI IG corporates spread widened by 2bps to 241bps, while the yield on the JACI HY fell by 2bps to 8.32%. 10y UST yield fell by 2bps to 1.98%, likely on the release of weak durable goods order data out of the US with demand for US manufactured goods falling 5.1% m/m in December and 3.5% for all of 2015.
- **New Issues:** Vista Land & Lifescapes Inc., a Philippine home builder, re-tapped their USD 7.375%'22s at the 102 area. They received >USD200mn orders for a USD125mn issue. Kookmin Bank priced a 5-year USD500mn covered bond issue at MS+95bps, tighter than IPT of MS+100bps.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|---------|-----------|----------|---------|-----------|----------|
| DXY | 98.510 | -0.40% | USD-SGD | 1.4279 | -0.31% |
| USD-JPY | 118.820 | 0.12% | EUR-SGD | 1.5622 | 0.12% |
| EUR-USD | 1.0940 | 0.43% | JPY-SGD | 1.2017 | -0.44% |
| AUD-USD | 0.7084 | 0.81% | GBP-SGD | 2.0508 | 0.58% |
| GBP-USD | 1.4362 | 0.90% | AUD-SGD | 1.0115 | 0.52% |
| USD-MYR | 4.2055 | -1.11% | NZD-SGD | 0.9253 | 0.43% |
| USD-CNY | 6.5753 | -0.04% | CHF-SGD | 1.4085 | -0.18% |
| USD-IDR | 13873 | -0.02% | SGD-MYR | 2.9471 | -1.04% |
| USD-VND | 22240 | -0.29% | SGD-CNY | 4.6087 | 0.13% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|-------|---------|--------|-------|-----------|--------|
| 1M | -0.2310 | -- | O/N | 0.3659 | -- |
| 2M | -0.1920 | -- | 1M | 0.4280 | -- |
| 3M | -0.1590 | -- | 2M | 0.5215 | -- |
| 6M | -0.0820 | -- | 3M | 0.6181 | -- |
| 9M | -0.0320 | -- | 6M | 0.8650 | -- |
| 12M | 0.0220 | -- | 12M | 1.1505 | -- |

Eurozone & Russia Update

| | 2Y Bond Ylds (bpschg) | 10Y Bond Ylds (bpschg) | 10Y Bund Spread % |
|----------|-----------------------|------------------------|-------------------|
| Portugal | 0.42 | 0.50 | 2.98 |
| Italy | 0.01 | 1.20 | 1.51 |
| Ireland | -0.31 | 0.20 | 1.05 |
| Greece* | 14.54 | 32.30 | 9.59 |
| Spain | 0.01 | 0.90 | 1.62 |
| Russia^ | 3.60 | -10.10 | 5.96 |

* 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 | 16,069.64 | 125.20 |
| S&P | 1,893.36 | 10.40 |
| Nasdaq | 4,506.68 | 38.50 |
| Nikkei 225 | 17,041.45 | -122.50 |
| STI | 2,562.45 | 16.30 |
| KLCI | 1,634.53 | 3.00 |
| JCI | 4,602.83 | 19.20 |
| Baltic Dry | 325.00 | -12.00 |
| VIX | 22.42 | -0.70 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|-------|--------------|--------------|
| 2Y | 1.17 (+0.04) | 0.82 (-0.02) |
| 5Y | 2.01 (--) | 1.40 (-0.01) |
| 10Y | 2.37 (+0.01) | 1.98 (-0.02) |
| 15Y | 2.72 (+0.03) | -- |
| 20Y | 2.76 (+0.04) | -- |
| 30Y | 2.84 (+0.04) | 2.79 (-0.02) |

Financial Spread (bps)

| | Value | Change |
|-------------|-------|--------|
| LIBOR-OIS | 22.81 | -0.30 |
| EURIBOR-OIS | 12.90 | -0.20 |
| TED | 29.00 | -1.27 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|--------|-------------------------|---------|--------|
| WTI (per barrel) | 33.22 | 2.85% | Coffee (per lb) | 1.192 | 0.80% |
| Brent (per barrel) | 33.89 | 2.39% | Cotton (per lb) | 0.6136 | 0.82% |
| Heating Oil (per gallon) | 1.031 | 0.56% | Sugar (per lb) | 0.1325 | -2.43% |
| Gasoline (per gallon) | 1.08 | 3.18% | Orange Juice (per lb) | 1.3305 | 7.08% |
| Natural Gas (per MMBtu) | 2.182 | -0.32% | Cocoa (per mt) | 2,791 | 0.98% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 4,530.0 | -1.31% | Wheat (per bushel) | 4.7225 | -0.89% |
| Nickel (per mt) | 8,562 | -0.81% | Soybean (per bushel) | 8.678 | -1.73% |
| Aluminium (per mt) | 1,516.5 | -0.85% | Corn (per bushel) | 3.6550 | -1.02% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,115.6 | -0.02% | Crude Palm Oil (MYR/MT) | 2,387.0 | -1.04% |
| Silver (per oz) | 14.232 | -1.57% | Rubber (JPY/KG) | 149.5 | -0.47% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

| Date Time | Event | Survey | Actual | Prior | Revised |
|------------------|---|--------|---------|--------|----------|
| | FOMC Rate Decision (Upper Bound) | | | | |
| 01/28/2016 03:00 | US | Jan-27 | 0.50% | 0.50% | 0.50% |
| 01/28/2016 04:00 | NZ | Jan-28 | 2.50% | 2.50% | 2.50% |
| 01/28/2016 05:45 | NZ | Dec | -131m | -53m | -779m |
| 01/28/2016 05:45 | NZ | Dec | 4.38b | 4.43b | 4.08b |
| 01/28/2016 05:45 | NZ | Dec | 4.48b | 4.48b | 4.86b |
| 01/28/2016 07:50 | JN | Dec | 0.20% | -1.10% | -1.00% |
| 01/28/2016 10:00 | PH | 4Q | 5.90% | 6.30% | 6.00% |
| 01/28/2016 10:30 | SI | 4Q | 2.00% | 1.90% | 2.00% |
| 01/28/2016 17:30 | UK | 4Q A | 0.50% | 0.50% | 0.40% |
| 01/28/2016 17:30 | UK | 4Q A | 1.90% | 1.90% | 2.10% |
| 01/28/2016 17:55 | MU | Dec | -- | 82.8 | 84.6 |
| 01/28/2016 18:00 | EC | Jan F | -6.3 | -6.3 | -6.3 |
| 01/28/2016 21:00 | GE | Jan P | -0.80% | -0.80% | -0.10% |
| 01/28/2016 21:00 | GE | Jan P | 0.40% | 0.50% | 0.30% |
| 01/28/2016 21:00 | GE | Jan P | -1.00% | -0.90% | 0.00% |
| 01/28/2016 21:00 | GE | Jan P | 0.40% | 0.40% | 0.20% |
| 01/28/2016 21:30 | US | Jan-23 | 281k | 278k | 293k |
| 01/28/2016 21:30 | US | Jan-16 | 2218k | 2268k | 2208k |
| 01/28/2016 21:30 | US | Dec P | -0.70% | -5.10% | 0.00% |
| 01/28/2016 21:30 | US | Dec P | -0.10% | -1.20% | 0.00% |
| 01/28/2016 22:45 | US | Jan-24 | -- | 44.6 | 44 |
| 01/28/2016 23:00 | US | Dec | 0.90% | 0.10% | -0.90% |
| 01/29/2016 05:00 | SK | Feb | -- | 66 | 68 |
| 01/29/2016 05:45 | NZ | Dec | -- | 2.30% | 1.80% |
| 01/29/2016 07:00 | SK | Dec | -0.30% | 1.30% | -2.10% |
| 01/29/2016 07:00 | SK | Dec | -3.30% | -1.90% | -0.30% |
| 01/29/2016 07:30 | JN | Dec | 3.30% | 3.30% | 3.30% |
| 01/29/2016 07:30 | JN | Dec | -2.50% | -4.40% | -2.90% |
| 01/29/2016 07:30 | JN | Dec | 0.20% | 0.20% | 0.30% |
| 01/29/2016 07:30 | JN | Dec | 0.10% | 0.10% | 0.10% |
| 01/29/2016 07:30 | JN | Jan | 0.00% | -0.30% | 0.00% |
| 01/29/2016 07:30 | JN | Jan | 0.10% | -0.10% | 0.10% |
| 01/29/2016 07:50 | JN | Dec P | -0.30% | -- | -0.90% |
| 01/29/2016 07:50 | JN | Dec P | -0.60% | -- | 1.70% |
| 01/29/2016 08:05 | UK | Jan | 1 | -- | 2 |
| 01/29/2016 08:30 | TA | 4Q | -0.60% | -- | -0.63% |
| 01/29/2016 08:30 | AU | 4Q | -- | -- | 0.90% |
| 01/29/2016 08:30 | AU | 4Q | -- | -- | 1.70% |
| 01/29/2016 08:30 | AU | Dec | 0.60% | -- | 0.40% |
| 01/29/2016 13:00 | JN | Dec | 0.50% | -- | 1.70% |
| 01/29/2016 14:30 | FR | 4Q A | 0.20% | -- | 0.30% |
| 01/29/2016 14:30 | FR | 4Q A | 1.20% | -- | 1.10% |
| 01/29/2016 15:00 | GE | Dec | 0.40% | -- | 0.20% |
| 01/29/2016 15:30 | TH | Dec | \$4719m | -- | \$2997m |
| 01/29/2016 15:30 | TH | Dec | -- | -- | -6.60% |
| 01/29/2016 15:30 | TH | Jan-22 | -- | -- | \$158.0b |
| 01/29/2016 15:45 | FR | Jan P | 0.40% | -- | 0.30% |
| 01/29/2016 15:45 | FR | Jan P | -0.90% | -- | 0.20% |
| 01/29/2016 15:45 | FR | Jan P | 0.30% | -- | 0.20% |
| 01/29/2016 17:00 | EC | Dec | 5.20% | -- | 5.10% |
| 01/29/2016 17:00 | IT | Dec | -- | -- | -0.60% |
| 01/29/2016 18:00 | EC | Jan | 0.40% | -- | 0.20% |
| 01/29/2016 18:00 | EC | Jan A | 0.90% | -- | 0.90% |
| 01/29/2016 21:30 | US | 4Q | 0.60% | -- | 0.60% |
| 01/29/2016 21:30 | US | 4Q A | 0.80% | -- | 2.00% |
| 01/29/2016 21:30 | CA | Dec | -0.40% | -- | -0.20% |
| 01/29/2016 21:30 | US | 4Q A | 1.80% | -- | 3.00% |
| 01/29/2016 21:30 | US | 4Q A | 0.80% | -- | 1.30% |
| 01/29/2016 21:30 | US | 4Q A | 1.20% | -- | 1.40% |
| 01/29/2016 22:45 | US | Jan | 45.3 | -- | 42.9 |
| 01/29/2016 23:00 | US | Jan F | 93 | -- | 93.3 |

Source: Bloomberg

| <u>OCBC Treasury Research</u> | | |
|--|---|--|
| <u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com | <u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Koh Jun Ming, Nicholas NicholasKoh@ocbc.com | <u>Wing Hang</u> Kam Liu kamyyliu@ocbcwh.com Carie Li carierli@ocbcwh.com |

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