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Products

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Products

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Highlights

| | |
|--------|---|
| Global | US president Trump continued to shake financial markets on concern over the USD, the latest being his comments that Japan and China were devaluing their currencies ("they play the devaluation market and we sit there like a bunch of dummies"), which coming on the back of recent immigration curbs, prompted Wall Street and the USD to retreat and UST bonds to rally. Given the political drama is likely to play on for Trump's key post nominees including that for the Supreme Court, the Fed is expected to stay sidelined this week with the FOMC statement nuancing of key interest. Expect that the safe haven bids to find support in Asian markets today. The economic data calendar comprises of the slate of global manufacturing PMIs including China, US' manufacturing ISM, construction spending and ADP employment change, Thailand and Indonesia's CPI prints. |
| BOJ | The Bank of Japan kept its policy settings static yesterday but hiked its growth forecasts by 0.2% points for 2017-2018. |
| US | Consumer confidence fell from a 15-year high to 111.8 in Jan, as the improvement in the present situation gauge (from 123.5 to 129.7) was outweighed by the slippage in the expectations gauge (from 106.4 to 99.5) amid the ongoing policy uncertainties from a Trump administration. The Chicago purchasing managers index also fell more than expected from 54.6 in Dec to 50.3 in Jan, the lowest since May, as the post-election euphoria faded. Meanwhile, the employment cost index eased from 0.6% to 0.5% in 4Q16 notwithstanding a tight labour market. |
| EZ | Inflation accelerated from 1.1% in Dec16 to 1.8% yoy in Jan17, posing a potential dilemma to the ECB. Note ECB's Lautenschlaeger and Bundesbank's Weidmann have argued for an exit strategy. |
| SG | Bank loans growth accelerated from 1.1% yoy (+0.4% mom) in Nov to 2.9% yoy (+1.1% mom) in Dec16, the highest since Feb15, and was lifted mainly by the rebound in business loans from -0.2% to +2.8% yoy (+1.7% mom), largely driven by the turnaround in manufacturing (from -6.2% to +0.9% yoy), building/construction (from -0.4% to +1.7% yoy), as well as sustained momentum in financial institutions (+16.9% yoy). Consumer loans also remain healthy at +3.1% yoy (+0.5% mom), up from +3.0% yoy in Nov, as housing/bridging loans accelerated to 4.0% yoy (previously 3.7% yoy) and car loans also improved. The latest quarterly business expectations survey for manufacturers showed a modest improvement with a net 2%, led by electronics whereas the general manufacturing and infocomms & consumer electronics clusters were not upbeat. Meanwhile, a net 14% of services firms tips less favourable business conditions for 1H17, suggesting the outlook is still mixed at best. |
| ID | Former Minister of Finance, Chatib Basri, said in an interview with Bloomberg that protectionist trade policies could dash hopes of Indonesia seeking to emulate China's early development through industrialization. Because of a rise in insular policies pursued by the likes of Donald Trump, he added, emerging markets could no longer depend on trade to boost growth. |

Major Markets

- **US:** Equities pared losses in late afternoon trade as the negative reaction from Trump's executive order continue to reverberate through the markets. Losses in industrials and financials were offset by gains in healthcare and utilities, as the S&P 500 and Nasdaq ended essentially unchanged, while the Dow lost 0.54%. Trump aside, earnings for large corporates has performed decently thus far, with the majority beating profit and revenue estimates. This provided some fundamental basis for the recent upswing, and should continue to persist in line with economic improvement. VIX nudged higher to 11.99 after yesterday's large spike. Meanwhile, US Treasuries rose as equities fell, pushing yields to week-long lows. 2- and 10-year benchmark yields traded lower by 1-4 bps, and closed at 1.20% and 2.45% respectively.
- **Singapore:** The STI slipped 0.59% to close at 3046.80 yesterday, and may consolidate again today on Trump-induced policy uncertainties. STI could see a range of 3020-3050 range given muted CNY volumes, and on weak leads from Wall Street overnight and morning slippage in Nikkei. With the flight to safety in UST bonds overnight, the SGS bond rally may sustain today.
- **Malaysia:** The prices of RON95 and RON97 petroleum grades are reportedly set to go up by 20 sen for the month of February, compared to the month before. RON95 will be priced at RM2.30 per litre and RON97 at RM2.60. The retail price of RON95 is said to be set according to the average monthly prices of fuel in the world market, while taking in the influence of exchange rate, as well.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded downwards yesterday, with swap rates trading 4-5bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corporates rose 1bps to 195bps, while the yield on JACI HY Corporates changed little at 6.88%. 10y UST yield fell 4bps to 2.45%, reaching its lowest level since 24 January. The rally towards safe haven assets began as Trump commented that Japan and China engaged in currency devaluation, which drove down the dollar. The January Chicago Purchasing Managers' Index ("PMI") reported an unexpected drop which added to Treasury strength.
- **New Issues:** Chinese property developer Xinhua Zhongbao Co Ltd has hired banks for a planned USD bond issue of up to USD700mn.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DX | 99.512 | -0.91% | USD-SGD | 1.4098 | -0.80% |
| USD-JPY | 112.800 | -0.85% | EUR-SGD | 1.5224 | 0.16% |
| EUR-USD | 1.0798 | 0.96% | JPY-SGD | 1.2499 | 0.07% |
| AUD-USD | 0.7585 | 0.40% | GBP-SGD | 1.7734 | -0.05% |
| GBP-USD | 1.2579 | 0.74% | AUD-SGD | 1.0694 | -0.38% |
| USD-MYR | 4.4285 | -0.04% | NZD-SGD | 1.0308 | -0.44% |
| USD-CNY | 6.8840 | -- | CHF-SGD | 1.4253 | -0.16% |
| USD-IDR | 13369 | 0.15% | SGD-MYR | 3.1188 | 0.42% |
| USD-VND | 22593 | -- | SGD-CNY | 4.8888 | 1.18% |

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 19,864.09 | -107.04 |
| S&P | 2,278.87 | -2.03 |
| Nasdaq | 5,614.79 | 1.07 |
| Nikkei 225 | 19,041.34 | -327.51 |
| STI | 3,046.80 | -18.05 |
| KLCI | 1,671.54 | -14.82 |
| JCI | 5,294.10 | -8.56 |
| Baltic Dry | 800.00 | -16.00 |
| VIX | 11.99 | 0.11 |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3720 | -- | O/N | 0.6917 | -- |
| 2M | -0.3400 | -- | 1M | 0.7800 | -- |
| 3M | -0.3280 | -- | 2M | 0.8411 | -- |
| 6M | -0.2440 | -- | 3M | 1.0340 | -- |
| 9M | -0.1590 | -- | 6M | 1.3566 | -- |
| 12M | -0.1000 | -- | 12M | 1.7248 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.29 (-0.07) | 1.20 (-0.01) |
| 5Y | 1.73 (-0.07) | 1.91 (-0.04) |
| 10Y | 2.30 (-0.08) | 2.45 (-0.04) |
| 15Y | 2.59 (-0.08) | -- |
| 20Y | 2.68 (-0.08) | -- |
| 30Y | 2.70 (-0.08) | 3.06 (-0.02) |

Eurozone & Russia Update

| | 2Y Bond Ylds (bpschg) | 10Y Bond Ylds (bpschg) | 10Y Bund Spread |
|-----------------|-----------------------|------------------------|-----------------|
| Portugal | 0.07 | -2.40 | 4.19 |
| Italy | 0.04 | -4.20 | 2.26 |
| Ireland | -0.44 | -10.50 | 1.18 |
| Greece | 8.86 | 21.20 | 7.82 |
| Spain | -0.25 | -1.70 | 1.60 |
| Russia | 2.39 | -1.30 | 4.32 |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 34.35 | -0.36 |
| EURIBOR-OIS | 2.30 | -0.10 |
| TED | 52.13 | -- |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 52.81 | 0.34% | Coffee (per lb) | 1.496 | -1.06% |
| Brent (per barrel) | 55.70 | 0.85% | Cotton (per lb) | 0.7494 | 1.08% |
| Heating Oil (per gallon) | 1.6117 | 0.31% | Sugar (per lb) | 0.2045 | 0.69% |
| Gasoline (per gallon) | 1.5256 | 1.34% | Orange Juice (per lb) | 1.7290 | -2.78% |
| Natural Gas (per MMBtu) | 3.1170 | -3.56% | Cocoa (per mt) | 2,103 | 1.20% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 5,991.0 | 2.94% | Wheat (per bushel) | 4.2075 | 1.63% |
| Nickel (per mt) | 9,910.5 | 2.86% | Soybean (per bushel) | 10.245 | 0.17% |
| Aluminium (per mt) | 1,807.0 | 0.96% | Corn (per bushel) | 3.5975 | 0.56% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,208.6 | 1.29% | Crude Palm Oil (MYR/MT) | 3,230.0 | -0.40% |
| Silver (per oz) | 17.543 | 2.28% | Rubber (JPY/KG) | 351.6 | -4.20% |

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

Key Economic Indicators

| Date | Time | Event | Survey | Actual | Prior | Revised | |
|------------------|------|--------------------------------|--------|---------|---------|---------|--------|
| 01/31/2017 07:30 | JN | Jobless Rate | Dec | 3.10% | 3.10% | 3.10% | -- |
| 01/31/2017 07:30 | JN | Job-To-Applciant Ratio | Dec | 1.42 | 1.43 | 1.41 | -- |
| 01/31/2017 07:30 | JN | Overall Household Spending YoY | Dec | -0.90% | -0.30% | -1.50% | -- |
| 01/31/2017 07:50 | JN | Industrial Production YoY | Dec P | 3.00% | 3.00% | 4.60% | -- |
| 01/31/2017 08:01 | UK | GfK Consumer Confidence | Jan | -8 | -5 | -7 | -- |
| 01/31/2017 08:30 | AU | NAB Business Confidence | Dec | -- | 6 | 5 | 6 |
| 01/31/2017 08:30 | AU | Private Sector Credit YoY | Dec | 5.40% | 5.60% | 5.40% | -- |
| 01/31/2017 10:56 | JN | BOJ Short-Term Policy Rate | Jan-31 | -0.10% | -0.10% | -0.10% | -- |
| 01/31/2017 10:56 | JN | BOJ Long-Term Policy Rate | Jan-31 | 0.00% | 0.00% | 0.00% | -- |
| 01/31/2017 13:00 | JN | Housing Starts YoY | Dec | 8.30% | 3.90% | 6.70% | -- |
| 01/31/2017 14:30 | FR | GDP YoY | 4Q A | 1.10% | 1.10% | 1.00% | 0.90% |
| 01/31/2017 15:00 | GE | Retail Sales YoY | Dec | 0.50% | -1.10% | 3.20% | 3.50% |
| 01/31/2017 15:21 | PH | Bank Lending YoY | Dec | -- | 16.00% | 17.40% | -- |
| 01/31/2017 15:30 | TH | Exports YoY | Dec | -- | 5.60% | 10.10% | -- |
| 01/31/2017 15:30 | TH | Trade Balance | Dec | -- | \$2047m | \$2791m | -- |
| 01/31/2017 15:30 | TH | BoP Current Account Balance | Dec | \$3093m | \$3719m | \$3195m | -- |
| 01/31/2017 15:45 | FR | PPI YoY | Dec | -- | 1.70% | -0.20% | -0.50% |
| 01/31/2017 15:45 | FR | CPI EU Harmonized YoY | Jan P | 1.20% | 1.60% | 0.80% | -- |
| 01/31/2017 15:45 | FR | CPI YoY | Jan P | 1.10% | 1.40% | 0.60% | -- |
| 01/31/2017 16:55 | GE | Unemployment Change (000's) | Jan | -5k | -26k | -17k | -20k |
| 01/31/2017 16:55 | GE | Unemployment Claims Rate SA | Jan | 6.00% | 5.90% | 6.00% | -- |
| 01/31/2017 17:30 | UK | Mortgage Approvals | Dec | 69.2k | 67.9k | 67.5k | -- |
| 01/31/2017 17:30 | UK | Money Supply M4 MoM | Dec | -- | -0.50% | 0.40% | -- |
| 01/31/2017 18:00 | EC | Unemployment Rate | Dec | 9.80% | 9.60% | 9.80% | 9.70% |
| 01/31/2017 18:00 | EC | GDP SA YoY | 4Q A | 1.70% | 1.80% | 1.70% | 1.80% |
| 01/31/2017 18:00 | EC | CPI Estimate YoY | Jan | 1.50% | 1.80% | 1.10% | -- |
| 01/31/2017 18:00 | EC | CPI Core YoY | Jan A | 0.90% | 0.90% | 0.90% | -- |
| 01/31/2017 18:00 | IT | PPI MoM | Dec | -- | 0.60% | -0.20% | -- |
| 01/31/2017 21:30 | US | Employment Cost Index | 4Q | 0.60% | 0.50% | 0.60% | -- |
| 01/31/2017 21:30 | CA | GDP MoM | Nov | 0.30% | 0.40% | -0.30% | -0.20% |
| 01/31/2017 21:30 | CA | Industrial Product Price MoM | Dec | 0.50% | 0.40% | 0.30% | 0.40% |
| 01/31/2017 22:45 | US | Chicago Purchasing Manager | Jan | 55 | 50.3 | 54.6 | 53.9 |
| 01/31/2017 23:00 | US | Conf. Board Consumer | Jan | 112.8 | 111.8 | 113.7 | 113.3 |
| 02/01/2017 00:00 | NZ | QV House Prices YoY | Jan | -- | 13.50% | 12.50% | -- |
| 02/01/2017 05:45 | NZ | Unemployment Rate | 4Q | 4.80% | 5.20% | 4.90% | -- |
| 02/01/2017 05:45 | NZ | Employment Change YoY | 4Q | 6.10% | 5.80% | 6.10% | -- |
| 02/01/2017 06:30 | AU | AiG Perf of Mfg Index | Jan | -- | 51.2 | 55.4 | -- |
| 02/01/2017 07:00 | SK | Industrial Production YoY | Dec | 2.20% | 4.30% | 4.80% | 5.30% |
| 02/01/2017 08:00 | SK | Exports YoY | Jan | 9.00% | -- | 6.40% | -- |
| 02/01/2017 08:00 | SK | Imports YoY | Jan | 10.10% | -- | 7.30% | -- |
| 02/01/2017 08:00 | SK | Trade Balance | Jan | \$5310m | -- | \$7003m | -- |
| 02/01/2017 08:30 | ID | Nikkei Indonesia PMI Mfg | Jan | -- | -- | 49 | -- |
| 02/01/2017 08:30 | JN | Nikkei Japan PMI Mfg | Jan F | -- | -- | 52.8 | -- |
| 02/01/2017 08:30 | SK | Nikkei South Korea PMI Mfg | Jan | -- | -- | 49.4 | -- |
| 02/01/2017 09:00 | CH | Non-Mfg PMI | Jan | -- | -- | 54.5 | -- |
| 02/01/2017 09:00 | CH | Mfg PMI | Jan | 51.2 | -- | 51.4 | -- |
| 02/01/2017 10:30 | TH | CPI YoY | Jan | 1.50% | -- | 1.13% | -- |
| 02/01/2017 13:00 | IN | Nikkei India PMI Mfg | Jan | -- | -- | 49.6 | -- |
| 02/01/2017 13:00 | JN | Vehicle Sales YoY | Jan | -- | -- | 10.80% | -- |
| 02/01/2017 13:30 | AU | Commodity Index AUD | Jan | -- | -- | 116.8 | -- |
| 02/01/2017 13:30 | AU | Commodity Index SDR YoY | Jan | -- | -- | 45.50% | -- |
| 02/01/2017 15:00 | UK | Nationwide House PX MoM | Jan | 0.00% | -- | 0.80% | -- |
| 02/01/2017 15:00 | UK | Nationwide House Px NSA YoY | Jan | 4.30% | -- | 4.50% | -- |
| 02/01/2017 16:45 | IT | Markit/ADACI Italy Mfg PMI | Jan | 53.3 | -- | 53.2 | -- |
| 02/01/2017 16:50 | FR | Markit France Mfg PMI | Jan F | 53.4 | -- | 53.4 | -- |
| 02/01/2017 16:55 | GE | Markit/BME Germany Mfg PMI | Jan F | 56.5 | -- | 56.5 | -- |
| 02/01/2017 17:00 | EC | Markit Eurozone Mfg PMI | Jan F | 55.1 | -- | 55.1 | -- |
| 02/01/2017 17:30 | UK | Markit UK PMI Mfg SA | Jan | 55.9 | -- | 56.1 | -- |
| 02/01/2017 20:00 | US | MBA Mortgage Applications | Jan-27 | -- | -- | 4.00% | -- |
| 02/01/2017 21:15 | US | ADP Employment Change | Jan | 168k | -- | 153k | -- |
| 02/01/2017 22:30 | CA | Markit Canada Mfg PMI | Jan | -- | -- | 51.8 | -- |
| 02/01/2017 22:45 | US | Markit US Mfg PMI | Jan F | 55.1 | -- | 55.1 | -- |
| 02/01/2017 23:00 | US | ISM Manufacturing | Jan | 55 | -- | 54.7 | 54.5 |
| 02/01/2017 23:00 | US | ISM Prices Paid | Jan | 65.5 | -- | 65.5 | -- |
| 02/01/2017 23:00 | US | Construction Spending MoM | Dec | 0.20% | -- | 0.90% | -- |
| 02/01/2017 | ID | CPI YoY | Jan | 3.20% | -- | 3.02% | -- |

Source: Bloomberg

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