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Highlights

Global	<p>Investors chose to continue to dial back expectations of FOMC policy tightening this year, as US' factory orders and durable goods orders fell more than expected and initial jobless claims climbed 8k to 285k. Elsewhere, the BOE's MPC unanimously (with Ian McCafferty abandoning his previously hawkish stance since August) kept steady its 0.5% bank rate and GBP375b asset purchase program, with Carney citing that the UK is "affected by an unforgiving global environment and sustained financial market turbulence". Expect Asian markets to wind down ahead of the Chinese New Year holidays, and positioning is unlikely to be aggressive ahead of tonight's US key labour market data. The US' nonfarm payrolls and unemployment report will take centerstage and market consensus forecast is for +190k (Dec: +292k) and 5.0% (unchanged). Given the dovish sentiments of late, it is likely that an upside surprise will be dismissed as a fluke whereas a downside surprise will continue to reinforce the pricing out of FOMC rate hike expectations for 2016. Other data releases include Indonesia's 4Q GDP growth, German factory orders, Malaysia and Thailand trade.</p>
US	<p>Durable goods orders for Dec plunged 5.0%, while factory orders fell 2.9% (previously -0.7%) amid a stronger USD and factory orders excluding transportation also declined 0.8%, suggesting that capex investments will be weak down the road. The 4-week moving average for initial jobless claims exceeded 280k for a 3rd straight week, whereas the continuing claims fell by 18k to 2.26m. Meanwhile, Q15 preliminary nonfarm productivity slumped 3.0%, the biggest fall since 1Q14, as companies remained reluctant on capital investments, amid the unit labour cost acceleration to +4.5%, up from +1.9% in 3Q15. For the whole of 2015, labour costs rose 2.4%, which is the fastest since 2007.</p>
UK	<p>Notably, the MPC had turned more cautious on both potential growth and inflation – it "revised down its estimate of estimate of the level of potential supply broadly in line with the lower level of demand" and "judges the risks to the central projection to be skewed a little to the downside in the near term, reflecting the possibility of greater persistence of low inflation". However, it retained the caveat that "the MPC judges it more likely than not that Bank Rate will need to increase over the forecast period to ensure inflation remains likely to return to the target in a sustainable fashion". Growth is tipped at 2.2% this year (previously 2.5%), with 2.4% in 2017 and 2.5% in 2018, and inflation at 1.2% in 1Q16 (previously 1.5%) before picking up to 2.1% in 1Q18.</p>
Thailand	<p>The Constitution Drafting Committee will amend the draft charter to conform to the junta's political roadmap, following PM Prayut's comments that a general election is to be held in July 2017.</p>
Commodities	<p>Crude oil dipped marginally lower, with both WTI and Brent printing at their \$33 and \$34/bbl handles, while gold rallied past \$1,150/oz on dollar weakness. Note that the markets are now looking for less than 50% probability for any Fed rate hike this year, seen from the Fed Fund futures curve. Elsewhere, Saudi Aramco, Saudi Arabia's state owned oil company, has lowered March pricing for its Asian oil customers.</p>

Major Market

- **US:** Wall Street ended in modestly positive territory yesterday, notwithstanding a weaker oil price, with Dow +0.49%, S&P500 +0.15% and Nasdaq +0.12%. LinkedIn Corp fell in extended trading after swinging to a 4Q loss and tipping below-estimate revenue forecast. Meanwhile, ConocoPhillips cut its dividend and capital spending after a \$3.45b loss. VIX +0.88% to 21.84. Caution prevailed ahead of tonight's NFP report and the UST bond market gained overnight with the 2- and 10-year bond yields at 0.71% (low since Oct) and 1.85% respectively.
- **Singapore:** The STI added 0.30% to close at 2558.49 yesterday, and may be rangebound between 2520-2580 today ahead of the key US' NFP report. The SGS bond yield curve gained across the board yesterday as globally dovish expectations prevailed and investors are unlikely to budge ahead of the US' key NFP report.
- **China:** Currency regulator SAFE said yesterday that about 33% of the US\$512.7 billion decline of FX reserve in 2015 was due to mark to market valuation adjustment as a result of rising financial volatility while about US\$342.3 billion was due to the change of balance of payment flows. Market's concern about China's capital outflow risk may be exaggerated by the misunderstanding of data. The increasing communication between China's regulator and market will help stop speculation.
- RMB has depreciated against its basket currency despite stronger RMB fixing. The CFETS RMB index broke down below 100 for the first time since the birth of index at the end of 2014 despite a higher RMB fixing. The index opened at 99.60, down 1% from Wednesday's 100.63 as a result of weak broad dollar.
- **Indonesia:** The government is planning to require domestic pension funds and insurers to hold at least 20% of their portfolios in government bonds this year. Financial Services Authority's Deputy Commissioner Dumoli Pardede added that the minimum threshold will rise to 30% in 2017.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened yesterday, with the shorter-end rates decreasing by 2bps-3bps and the longer-end rates unchanged. In the broader dollar space, JACI IG corporates widened by 1bp to 240bps while the yield on the JACI HY corporates decreased by 1bp to 8.32%. 10y UST yield decreased by 5bp to 1.83%.
- **Rating Changes:** Fitch downgraded Zoomlion Heavy Industry to "B+" from "BB". This was due to a poorer financial profile in 2015, coupled with no signs of recovery in 2016. Outlook is negative. S&P lowered Glencore PLC's long and short term corporate credit ratings to "BBB-"/"A3" from "BBB"/"A2" respectively. This is due to lower price assumptions for copper and other metals, reflecting the challenging market outlook and the increased uncertainty about demand.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.474	-0.84%	USD-SGD	1.3974	-1.15%
USD-JPY	116.780	-0.95%	EUR-SGD	1.5663	-0.23%
EUR-USD	1.1209	0.94%	JPY-SGD	1.1967	-0.21%
AUD-USD	0.7201	0.45%	GBP-SGD	2.0387	-1.25%
GBP-USD	1.4589	-0.10%	AUD-SGD	1.0061	-0.72%
USD-MYR	4.1452	-1.74%	NZD-SGD	0.9395	-0.30%
USD-CNY	6.5695	-0.11%	CHF-SGD	1.4056	-0.15%
USD-IDR	13640	-0.94%	SGD-MYR	2.9403	-0.34%
USD-VND	22289	0.01%	SGD-CNY	4.7058	2.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2320	--	O/N	0.3686	--
2M	-0.2000	--	1M	0.4285	--
3M	-0.1620	--	2M	0.5209	--
6M	-0.0960	--	3M	0.6206	--
9M	-0.0470	--	6M	0.8627	--
12M	0.0080	--	12M	1.1304	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.36	0.20	3.03
Italy	-0.01	1.70	1.53
Ireland	-0.33	1.50	0.99
Greece*	11.33	48.60	9.47
Spain	-0.03	0.30	1.65
Russia^	3.62	-6.80	5.95

* 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	16,416.58	79.90
S&P	1,915.45	2.90
Nasdaq	4,509.56	5.30
Nikkei 225	17,044.99	-146.30
STI	2,558.49	7.80
KLCI	1,656.77	23.50
JCI	4,665.82	69.70
Baltic Dry	298.00	-5.00
VIX	21.84	0.20

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.08 (-)	0.70 (-0.02)
5Y	1.87 (+0.02)	1.23 (-0.05)
10Y	2.19 (+0.01)	1.84 (-0.05)
15Y	2.59 (+0.03)	--
20Y	2.64 (+0.03)	--
30Y	2.73 (+0.02)	2.68 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.81	-0.71
EURIBOR-OIS	14.50	0.50
TED	33.02	4.03

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	31.72	-1.73%	Coffee (per lb)	1.232	1.36%
Brent (per barrel)	34.46	-1.66%	Cotton (per lb)	0.6023	-2.76%
Heating Oil (per gallon)	1.081	0.18%	Sugar (per lb)	0.1289	--
Gasoline (per gallon)	1.03	1.45%	Orange Juice (per lb)	1.3665	0.74%
Natural Gas (per MMBtu)	1.972	-3.24%	Cocoa (per mt)	2,764	-2.57%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,687.0	1.12%	Wheat (per bushel)	4.7275	-1.51%
Nickel (per mt)	8,514	0.29%	Soybean (per bushel)	8.745	-0.26%
Aluminium (per mt)	1,535.0	0.56%	Corn (per bushel)	3.6850	-0.67%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,157.6	1.43%	Crude Palm Oil (MYR/MT)	2,453.0	-0.04%
Silver (per oz)	14.850	0.79%	Rubber (JPY/KG)	152.0	2.22%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
02/04/2016 07:50	JN Foreign Buying Japan Stocks	Jan-29	--	-¥364.1b	-¥189.2b	-¥190.4b
02/04/2016 08:30	AU NAB Business Confidence	4Q	--	4	0	1
02/04/2016 16:30	UK Halifax House Prices MoM	Jan	0.10%	1.70%	1.70%	2.00%
02/04/2016 16:30	UK Halifax House Price 3Mths/Year	Jan	9.00%	9.70%	9.50%	--
02/04/2016 16:30	GE Markit Germany Construction PMI	Jan	--	57.9	55.5	--
02/04/2016 17:00	UK New Car Registrations YoY	Jan	--	2.90%	8.40%	--
02/04/2016 17:10	GE Markit Germany Retail PMI	Jan	--	49.5	50.5	--
02/04/2016 17:10	EC Markit Eurozone Retail PMI	Jan	--	48.9	49	--
02/04/2016 17:10	FR Markit France Retail PMI	Jan	--	48.9	46.6	--
02/04/2016 17:10	IT Markit Italy Retail PMI	Jan	--	47.9	50.2	--
02/04/2016 20:00	UK Bank of England Bank Rate	Feb-04	0.50%	0.50%	0.50%	--
02/04/2016 20:00	UK BOE Asset Purchase Target	Feb	375b	375b	375b	--
02/04/2016 20:00	UK Bank of England Inflation Report					
02/04/2016 21:30	US Initial Jobless Claims	Jan-30	278k	285k	278k	277k
02/04/2016 21:30	US Continuing Claims	Jan-23	2240k	2255k	2268k	2273k
02/04/2016 22:45	US Bloomberg Consumer Comfort	Jan-31	--	44.2	44.6	--
02/04/2016 23:00	US Factory Orders	Dec	-2.80%	-2.90%	-0.20%	-0.70%
02/04/2016 23:00	US Durable Goods Orders	Dec F	-4.50%	-5.00%	-5.10%	--
02/04/2016 23:00	US Durables Ex Transportation	Dec F	--	-1.00%	-1.20%	--
02/04/2016 23:00	US Cap Goods Orders Nondef Ex Air	Dec F	--	-4.30%	-4.30%	--
02/04/2016 23:00	US Cap Goods Ship Nondef Ex Air	Dec F	--	0.20%	-0.20%	--
02/05/2016 08:30	TA CPI YoY	Jan	0.75%	--	0.14%	--
02/05/2016 08:30	AU Retail Sales MoM	Dec	0.40%	--	0.40%	--
02/05/2016 08:30	AU Retail Sales Ex Inflation QoQ	4Q	0.90%	--	0.60%	--
02/05/2016 09:00	PH CPI YoY	Jan	1.30%	--	1.50%	--
02/05/2016 09:00	PH CPI NSA MoM	Jan	0.20%	--	0.20%	--
02/05/2016 10:00	ID GDP QoQ	4Q	-1.94%	--	3.21%	--
02/05/2016 10:00	ID GDP YoY	4Q	4.80%	--	4.73%	--
02/05/2016 10:00	MA Exports YoY	Dec	4.90%	--	6.30%	--
02/05/2016 10:00	MA Trade Balance MYR	Dec	10.00b	--	10.24b	--
02/05/2016 13:00	JN Leading Index CI	Dec P	102.7	--	103.5	--
02/05/2016 15:00	GE Factory Orders MoM	Dec	-0.50%	--	1.50%	--
02/05/2016 15:00	GE Factory Orders WDA YoY	Dec	-1.40%	--	2.10%	--
02/05/2016 15:30	TH Foreign Reserves	Jan-29	--	--	\$158.4b	--
02/05/2016 15:45	FR Trade Balance	Dec	-4400m	--	-4630m	--
02/05/2016 17:00	SI Foreign Reserves	Jan	--	--	\$247.75b	--
02/05/2016 18:00	MA Foreign Reserves	Jan-29	--	--	\$95.1b	--
02/05/2016 21:30	CA Int'l Merchandise Trade	Dec	-2.20b	--	-1.99b	--
02/05/2016 21:30	US Trade Balance	Dec	-\$43.20b	--	-\$42.37b	--
02/05/2016 21:30	CA Unemployment Rate	Jan	7.10%	--	7.10%	--
02/05/2016 21:30	CA Net Change in Employment	Jan	6.0k	--	22.8k	--
02/05/2016 21:30	US Change in Nonfarm Payrolls	Jan	190k	--	292k	--
02/05/2016 21:30	US Change in Manufact. Payrolls	Jan	-2k	--	8k	--
02/05/2016 21:30	US Unemployment Rate	Jan	5.00%	--	5.00%	--
02/05/2016	HK Foreign Reserves	Jan	--	--	\$358.8b	--
02/05/2016	ID Foreign Reserves	Jan	--	--	\$105.93b	\$105.93b
02/05/2016	PH Foreign Reserves	Jan	--	--	\$80.6b	\$80.7b

Source: Bloomberg

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