

Highlights

Global	<p>In a reaction reminiscent of the market reaction to poor US economic data in the past where the Fed policymakers are therefore expected to pile on the stimulus, the same phenomenon played out yesterday when China's 4Q15 and full-year GDP growth data of 6.8% and 6.9% (lowest since at least 1990) fuelled expectations of further policy stimulus. Meanwhile, the IEA warned that the "oil market faces the prospect of a third successive year when supply will exceed demand by one million barrels per day, and there will be enormous strain on the ability of the oil system to absorb it efficiently".</p> <p>For today, market focus will be on BOC policy decision (likely pat at 0.5% but dovishness is generally anticipated on weak oil prices), US' CPI and housing starts/building permits, UK' jobless change and ILO unemployment, TW's export orders, MA and NZ's CPI and Singapore's COE tender results.</p>
IMF	<p>The IMF downgraded its global growth forecast by 0.2% points to 3.4% and 3.6% for 2016 and 2017 respectively, largely due to a weaker pickup in emerging markets such as China (now tipped at 6.3% and 6.0% respectively) Brazil, the Middle East, but also due to the US whose recovery is now anticipated to hold steady rather than gather further steam. Notably, global trade growth was also marked down by more than 1.5% points for both years to reflect developments in China and adverse shocks to other markets. The IMF also stressed that risks to the global outlook remain tilted to the downside and relate mainly to the EM slowdown, China's rebalancing, lower commodity prices and the US' policy normalisation, which could derail global growth if not smoothly managed.</p>
US	<p>The NAHB housing market index was unchanged at 60 in Jan, after the Dec data was revised down 1 point to 60, and as prospective buyer traffic slipped to a 6-month low of 44 and the 6-month outlook also eased to 63 (lowest since May). Meanwhile the net long-term TIC flows rebounded from a revised outflow of US\$17.7b in Oct to an inflow of US\$31.4b.</p>
Singapore	<p>In an addendum to the president's address, the MAS said the central bank "will provide an effective anchor for economic and financial stability during a period of global and regional uncertainties", and "our core MAS policies should not change fundamentally" and "recognise that inflation is low today, but is likely to rise over the medium term amidst a tight labour market". MAS will "continue to focus monetary policy on minimising overall economic volatility, while ensuring price stability in the coming years".</p>
China	<p>Chinese economic growth further decelerated to 6.8% in 4Q, largely in line with market expectation. For 2015, China grew by 6.9%, meeting government target of around 7%. Old growth engines such as industrial production and fixed asset investment continued to lose steam, however, it was partially offset by the supportive monetary and fiscal policies as well as steady consumption. 2016 is likely to be another challenging year for China. The economy is expected to slow down further to 6.7% as problem such as excessive capacity is likely to further weigh down growth prospect.</p> <p>China's central bank injected CNY410bn liquidity to banking system via medium lending facility. Meanwhile, it also lowered the funding costs for both 3 month MLF and 1 year MLF to 2.75% and 3.25% respectively from previously 3.25% and 3.75%.</p>

Treasury Advisory
Corporate FX & Structured Products

Tel: 6349-1888 / 1881

Interest Rate Derivatives

Tel: 6349-1899

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Tel: 6349-1810

Major Market

- **US:** Wall Street erased initial losses, as consumer and utility shares overtook softening commodity shares - Dow +0.17%, S&P500 +0.05% and Nasdaq -0.26%. VIX -3.59% to 26.05. On the earnings front, Bank of America slipped even though earnings beat analyst estimates, while Apple's slide also weighed on tech stocks. Netflix, on the other hand, rose in extending trading amid a larger-than-expected rise in online subscriptions. The UST bond market slipped for the first time in a week amid the rebound in most equity markets, with the 2-year at 0.87%, whilst the 10-year was steady at 2.05%.
- **Singapore:** The STI recovered 1.75% to close at 2638.47 yesterday, taking the cue from China's stock market and other Asian bourses in anticipation of fresh policy stimulus. However, Wall Street's performance was less than convincing and Kospi's morning lead is negative, so the STI may choose to consolidate between 2600-2660 today. Expect the SGS bond market to stay supported as global risk appetite for equity may waver once again.
- **EZ:** Eurozone's ZEW survey expectations slumped from 33.9 in Dec to 22.7 in Jan, notwithstanding Germany which saw its current situation climb from 55.0 to 59.7 albeit its survey expectations also pulled back from 16.1 to 10.2. Meanwhile, the region's CPI was flat mom (+0.2%), with core CPI at 0.9% in Dec. Given the +0.2% yoy pickup was largely due to oil prices as services inflation was unchanged, this data is unlikely to let the ECB off the hook tomorrow. As Carney mentioned, "Now is not the time to raise interest rates", we do not expect that the ECB will unveil new easing measures but will acknowledge the downside inflation risks from here.
- **Hong Kong:** HK labor market remained stable in December, with seasonally adjusted unemployment rate holding at 3.3% for the sixth straight month. But unemployment rate in the retail sector remained high at 4.5% amid sagging inbound tourism and fragile tourists spending. On the other hand, job data in trade sector improved slightly with jobless rate falling from 2.6% to 2.4%.
- **Macau:** VIP revenue posted negative annual growth for the seventh straight quarters and was down by 39.9% yoy to MOP127.8 billion in 2015. Share of VIP revenue plunged to 55.4% in 2015 from the average of 68.3% during 2010-2014. On the other hand, due to the shift in focus from the VIP market to mass market, revenue from the mass market fell at a slower pace than VIP revenue, which was down by 26.7% yoy to MOP91.3 billion in 2015. Last year, share of mass-market revenue grew to 39.5% from the 2010-2014 average of 27.5%. We believe that this mass market revenue would constitute a larger share and would help weather some of the impacts of China's anti-corruption campaign in 2016 and governmental reluctance to increase gaming tables.
- However, a strong HKD against major currencies and China's restriction on offshore withdrawal amount in Unionpay cards will add more constraints on the betting budget for the visitors in the mass-market. As a result, the lower profitability of mass-market will make it difficult to buoy a substantial rebound in the gross gaming revenue. In all, we expect gross gaming revenue to recover at a slow pace and to contract around 5% yoy in 2016.
- **Indonesia:** The government is planning to consolidate mobile service industry, from 10 permit-holders currently to just 4 operators by 2019. It said that it would revoke permits of operators which do not meet requirements in investing or building their telecom networks.
- **Malaysia:** Inflation data for the month of December is due out today. We are expecting headline to print 2.8% yoy compared to 2.6% the month before, as effects from higher tobacco taxes work through the system.
- **Thailand:** On top of buying rubber at above market price of THB45/kg, the government will take

efforts to reduce rubber plantations, as well as budgeting money to process raw rubber, stockpiling and management.

- **Commodities:** Once an index breaks a critical support, the said support becomes a resistance', according to the basics of technical analysis. Indeed, with crude oil now trending deeper into the sub-\$30/bbl handle, it seems that the sticky liquid will now see a greater hurdle to lift itself to its former glory. At least, the drivers pertaining to last night's fall remains to be oversupply concerns once again, with market-watchers looking for higher US inventories print out this Friday.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull steepened yesterday, with shorter-end rates trading 3bps-5bps lower. In the broader dollar space, JACI IG corporates spread was flat at 230bps while the yield on the JACI HY corporates increased by 2bps to 8.12%. 10y UST yield increased by 2bps to 2.06%.
- **New Issues:** BOCOM priced a USD500mn 3-year bond at CT3+115bps, tightening from an initial guidance of CT3 +140bps. China Nonferrous Metal Co Ltd plans a USD 3-year bond which may be priced today, with IPT +170bps. Vista Land & Lifescapes Inc. mandated DBS and HSBC for investor meetings for a possible USD bond issue.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.991	0.04%	USD-SGD	1.4368	-0.19%
USD-JPY	117.640	0.27%	EUR-SGD	1.5675	-0.04%
EUR-USD	1.0908	0.15%	JPY-SGD	1.2214	-0.43%
AUD-USD	0.6909	0.63%	GBP-SGD	2.0348	-0.77%
GBP-USD	1.4158	-0.60%	AUD-SGD	0.9927	0.42%
USD-MYR	4.3647	-0.68%	NZD-SGD	0.9212	-0.80%
USD-CNY	6.5786	0.00%	CHF-SGD	1.4320	0.00%
USD-IDR	13852	-0.38%	SGD-MYR	3.0400	-0.47%
USD-VND	22420	0.09%	SGD-CNY	4.5794	0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2220	--	O/N	0.3661	--
2M	-0.1810	--	1M	0.4260	--
3M	-0.1420	--	2M	0.5133	--
6M	-0.0540	--	3M	0.6238	--
9M	-0.0090	--	6M	0.8533	--
12M	0.0490	--	12M	1.1463	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
Portugal	0.12	0.50	2.77	-0.20	2.22
Italy	0.02	0.40	1.56	-0.60	1.01
Ireland	-0.28	0.20	1.12	0.20	0.57
Greece*	11.52	-9.40	9.17	1.70	8.62
Spain	0.01	-0.30	1.70	-3.90	1.16
Russia^	4.26	-16.60	6.27	-12.10	5.72

* 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	16,016.02	27.90
S&P	1,881.33	1.00
Nasdaq	4,476.95	-11.50
Nikkei 225	17,048.37	92.80
STI	2,638.47	45.50
KLCI	1,629.22	6.60
JCI	4,491.74	10.50
Baltic Dry	363.00	-6.00
VIX	26.05	-1.00

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.13 (-0.02)	0.87 (+0.02)
5Y	1.89 (-0.05)	1.49 (+0.03)
10Y	2.42 (-0.04)	2.06 (+0.02)
15Y	2.73 (-0.02)	--
20Y	2.76 (-0.02)	--
30Y	2.84 (-0.02)	2.83 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.88	0.42
EURIBOR-OIS	11.75	0.25
TED	38.53	-0.96

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	28.46	-3.26%	Coffee (per lb)	1.157	0.65%
Brent (per barrel)	28.76	0.74%	Cotton (per lb)	0.6247	1.73%
Heating Oil (per gallon)	0.909	-2.74%	Sugar (per lb)	0.1475	-1.14%
Gasoline (per gallon)	1.03	0.49%	Orange Juice (per lb)	1.2505	-1.69%
Natural Gas (per MMBtu)	2.091	-0.43%	Cocoa (per mt)	2,934	1.00%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,408.0	0.71%	Wheat (per bushel)	4.7450	0.16%
Nickel (per mt)	8,576	0.21%	Soybean (per bushel)	8.835	0.51%
Aluminium (per mt)	1,481.3	-0.54%	Corn (per bushel)	3.6775	1.24%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,089.1	-0.15%	Crude Palm Oil (MYR/MT)	2,372.0	0.89%
Silver (per oz)	14.121	1.62%	Rubber (JPY/KG)	147.6	1.58%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
01/19/2016 05:00	SK PPI YoY	Dec	--	-3.90%	-4.60%	-4.70%
01/19/2016 10:00	CH Industrial Production YTD YoY	Dec	6.10%	6.10%	6.10%	--
01/19/2016 10:00	CH Industrial Production YoY	Dec	6.00%	5.90%	6.20%	--
01/19/2016 10:00	CH Retail Sales YoY	Dec	11.30%	11.10%	11.20%	--
01/19/2016 10:00	CH Retail Sales YTD YoY	Dec	10.70%	10.70%	10.60%	--
01/19/2016 10:00	CH Fixed Assets Ex Rural YTD YoY	Dec	10.20%	10.00%	10.20%	--
01/19/2016 10:00	CH GDP YTD YoY	4Q	6.90%	6.90%	6.90%	--
01/19/2016 10:00	CH GDP YoY	4Q	6.90%	6.80%	6.90%	--
01/19/2016 14:00	JN Machine Tool Orders YoY	Dec F	--	-25.70%	-25.80%	--
01/19/2016 14:30	JN Tokyo Condominium Sales YoY	Dec	--	-34.10%	4.80%	--
01/19/2016 15:00	GE CPI MoM	Dec F	-0.10%	-0.10%	-0.10%	--
01/19/2016 15:00	GE CPI YoY	Dec F	0.30%	0.30%	0.30%	--
01/19/2016 15:00	GE CPI EU Harmonized MoM	Dec F	0.00%	0.00%	0.00%	--
01/19/2016 15:00	GE CPI EU Harmonized YoY	Dec F	0.20%	0.20%	0.20%	--
01/19/2016 15:19	PH BoP Overall	Dec	--	\$481m	-\$141m	--
01/19/2016 16:29	HK Composite Interest Rate	Dec	--	0.26%	0.25%	--
01/19/2016 16:30	HK Unemployment Rate SA	Dec	3.30%	3.30%	3.30%	--
01/19/2016 17:30	UK CPI MoM	Dec	0.00%	0.10%	0.00%	--
01/19/2016 17:30	UK CPI YoY	Dec	0.20%	0.20%	0.10%	--
01/19/2016 17:30	UK CPI Core YoY	Dec	1.20%	1.40%	1.20%	--
01/19/2016 17:30	UK Retail Price Index	Dec	260.3	260.6	259.8	--
01/19/2016 17:30	UK RPI MoM	Dec	0.20%	0.30%	0.10%	--
01/19/2016 17:30	UK RPI YoY	Dec	1.10%	1.20%	1.10%	--
01/19/2016 17:30	UK RPI Ex Mort Int.Payments (YoY)	Dec	1.10%	1.30%	1.10%	--
01/19/2016 17:30	UK PPI Output NSA MoM	Dec	-0.20%	-0.20%	-0.20%	--
01/19/2016 17:30	UK PPI Output NSA YoY	Dec	-1.20%	-1.20%	-1.50%	--
01/19/2016 17:30	UK ONS House Price YoY	Nov	--	7.70%	7.00%	--
01/19/2016 18:00	EC CPI MoM	Dec	0.00%	0.00%	-0.10%	--
01/19/2016 18:00	EC CPI YoY	Dec F	0.20%	0.20%	0.20%	--
01/19/2016 18:00	EC CPI Core YoY	Dec F	0.90%	0.90%	0.90%	--
01/19/2016 18:00	GE ZEW Survey Current Situation	Jan	53.1	59.7	55	--
01/19/2016 18:00	GE ZEW Survey Expectations	Jan	8	10.2	16.1	--
01/19/2016 18:00	EC ZEW Survey Expectations	Jan	--	22.7	33.9	--
01/19/2016 21:30	CA Int'l Securities Transactions	Nov	--	2.58b	22.08b	19.08b
01/20/2016 05:00	US Total Net TIC Flows	Nov	--	-\$3.2b	\$68.9b	\$61.0b
01/20/2016 05:00	US Net Long-term TIC Flows	Nov	--	\$31.4b	-\$16.6b	-\$17.7b
01/20/2016 05:45	NZ CPI QoQ	4Q	-0.20%	-0.50%	0.30%	--
01/20/2016 05:45	NZ CPI YoY	4Q	0.30%	0.10%	0.40%	--
01/20/2016 06:05	NZ REINZ House Sales YoY	Dec	--	3.50%	8.50%	--
01/20/2016 07:30	AU Westpac Consumer Conf SA MoM	Jan	--	-3.50%	-0.80%	--
01/20/2016 12:00	MA CPI YoY	Dec	2.70%	--	2.60%	--
01/20/2016 15:00	GE PPI MoM	Dec	-0.40%	--	-0.20%	--
01/20/2016 15:00	GE PPI YoY	Dec	-2.20%	--	-2.50%	--
01/20/2016 16:00	TA Export Orders YoY	Dec	-7.00%	--	-6.30%	--
01/20/2016 16:00	SI Automobile COE Open Bid Cat A	Jan-20	--	--	45002	--
01/20/2016 16:00	SI Automobile COE Open Bid Cat B	Jan-20	--	--	54920	--
01/20/2016 17:30	UK Claimant Count Rate	Dec	2.30%	--	2.30%	--
01/20/2016 17:30	UK Jobless Claims Change	Dec	2.8k	--	3.9k	--
01/20/2016 17:30	UK ILO Unemployment Rate 3Mths	Nov	5.20%	--	5.20%	--
01/20/2016 20:00	US MBA Mortgage Applications	Jan-15	--	--	21.30%	--
01/20/2016 21:30	CA Wholesale Trade Sales MoM	Nov	0.40%	--	-0.60%	--
01/20/2016 21:30	CA Manufacturing Sales MoM	Nov	0.50%	--	-1.10%	--
01/20/2016 21:30	US Housing Starts	Dec	1200k	--	1173k	--
01/20/2016 21:30	US Building Permits	Dec	1200k	--	1289k	1282k
01/20/2016 21:30	US CPI MoM	Dec	0.00%	--	0.00%	--
01/20/2016 21:30	US CPI Ex Food and Energy MoM	Dec	0.20%	--	0.20%	--
01/20/2016 21:30	US CPI YoY	Dec	0.80%	--	0.50%	--
01/20/2016 21:30	US CPI Ex Food and Energy YoY	Dec	2.10%	--	2.00%	--
01/20/2016 23:00	CA Bank of Canada Rate Decision	Jan-20	0.50%	--	0.50%	--

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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