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Highlights

Global	<p>As global growth and deflationary fears (with crude oil prices dipped below the US\$28 per barrel handle) seeped back to taint market sentiments, we saw another day of blood-letting across the global bourses and driving the flight to safety.</p> <p>Meanwhile, BOC maintained its benchmark interest rate at 0.5% as expected and opined risks to the inflation profile as “roughly balanced” even though oil is a “setback to the Canadian economy” and financial “vulnerabilities” continue to edge higher. Nevertheless, BOC governor Poloz suggested that “the protracted process of reorientation towards non-resource activity is underway, helped by stronger US demand, the lower Canadian dollar, and accommodative monetary and financial conditions”. He is also anticipating fiscal support from the Canada’s budget, albeit the pared 2016 growth forecast of 1.4% (previously 2%) does not factor in a fiscal deficit.</p> <p>For today, market focus will be on BNM and ECB where market is anticipating no change but some potential guidance of future direction given the softening economic fundamentals and oil price slump, especially from ECB’s Draghi. Key data to watch include US’ initial jobless claims and Philadelphia Fed business index, Eurozone’s consumer confidence and Japan’s all industry index for Nov.</p>
US	<p>US’ CPI disappointed at -0.1% mom (+0.7% yoy) in Dec, while core CPI also eased to +0.1% mom (+2.1% yoy). Meanwhile, Dec housing starts also unexpectedly declined 2.5% mom to an annual pace of 1149k, bringing the full-year 2015 starts to 1.11m (+10.8%) which is the strongest year since 2007. Building permits also fell 3.9% mom to 1232k, reflecting a 11.4% slump in multi-family projects.</p>
EZ	<p>UK’ jobless change unexpectedly fell 4.3% in Dec, as the claimant count rate rose 2.3%. While average weekly earnings were a tad softer at 2.0% in Nov, down from +2.4% previously, the ILO unemployment rate also dipped to 5.1% in Nov, contrary to market expectations, amid a 267k increase in the 3M/3M employment.</p>
S’pore	<p>The 5-year SGS bond re-opening will be \$2.1b in issue size (with MAS taking \$300m), which is in line with market expectations. The auction will be close on 27 Jan noon for issue on 1 Feb. Meanwhile, COE tender results saw category B premiums dipping below categories A and E.</p>
Malaysia	<p>Bank Negara is due to announce its monetary policy decision today, whereby we and the market expect it to leave its overnight policy rate unchanged at 3.25%. Part of the reason is that inflation remains relatively sticky. Yesterday’s data showed that headline CPI inflation printed 2.7% yoy in December, compared to 2.6% the month before, as effects from tobacco tax hikes continue to be felt.</p>
Commo- dities	<p>Crude oil prices remained extremely volatile while safe haven assets reigned. WTI fell 6.7% to \$26.55/bbl before erasing the losses this morning with a 7.8% gain as market-watchers eye closely on Friday’s US oil inventory print. Elsewhere, gold rallied past its \$1,100/oz handle on safe haven demand.</p>

Major Market

- **US:** Wall Street's slump worsened overnight - Dow -1.56%, S&P500 -1.17% (to a 21-month low) and Nasdaq -0.12%. VIX +5.91% to 27.59. The flight to safety came back with a vengeance to lift the UST bond market, pushing the 2-year yield down to 0.83%, whilst the 10-year also dipped its toes below the 2% handle to 1.98%.
- **Singapore:** The STI dumped another 2.98% to close at 2559.77 yesterday, awash in a sea of red in Asian bourses as market confidence ebbed. Given the poor guidance from Wall Street overnight, it remains to be seen if global risk appetite will stabilise and any bargain-hunting interest will emerge. The STI's support and resistance are tipped at 2500 and 2600 respectively today. Expect the SGS bond market to stay well-bid on the de-risking from commodities and equities, especially given the issue size of the upcoming 5-year SGS bond is within market expectations.
- **China:** According to onshore media, China further tightened its control on capital outflows from both individuals and corporates. Individuals who send money abroad by breaking up forex purchase may be penalized. Meanwhile, outbound direct investment of more than US\$50 million by companies in Shanghai Free Trade Zone must be reviewed by SAFE before the purchase of foreign currency, down from previously US\$300 million.
- **Hong Kong:** Pessimism among investors intensified in Hong Kong after data shows that China had its weakest year since 1990. Hang Seng Index closed at 18886.3, the lowest since July 2012. Also, HKD climbed, with USD/HKD hovering around 7.8200, the highest since 2007.
- **Indonesia:** Bank Indonesia appears to continue highlighting the chance of another rate cut. Junda Agung, executive director of monetary policy, was quoted as saying that falling crude price means inflation may ease, which will give more room for the central bank to loosen monetary policy.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, with the short-end rates traded 4bps lower while the belly-to-longer-end rates traded 6 bps lower. Sellers dominated market flows yesterday on weak overall sentiment. In the broader dollar space, JACI IG corporates spread widened by 7bps to 237bps while the yield on the JACI HY corporates increased by 3bps to 8.15%. 10y UST yield fell by 7bps to 1.98%.
- **New Issues:** China Nonferrous Metal Co Ltd priced a USD500mn 3-year bond at CT3+145bps, tightening from an initial guidance of CT3+170bps. KEB Hana Bank provided an initial guidance of CT5+125bps for a USD 5-year bond they are planning to issue.
- **Rating Changes:** Moody's downgraded Wynn Resorts Ltd (WYNN) to "Ba2" from "Ba1", citing demand challenges in Macau's gaming industry. Moody's is of the view that the industry will pressure Wynn's ability to reduce its consolidated leverage to the level required to maintain a Ba1 Corporate Family Rating. The outlook of Wynn Resorts and three of its primary operating subsidiaries, Wynn Macau LLC, Wynn Las Vegas LLC and Wynn America LLC is negative.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.091	0.10%	USD-SGD	1.4378	0.07%
USD-JPY	116.940	-0.60%	EUR-SGD	1.5654	-0.13%
EUR-USD	1.0890	-0.17%	JPY-SGD	1.2293	0.65%
AUD-USD	0.6908	-0.01%	GBP-SGD	2.0403	0.27%
GBP-USD	1.4192	0.24%	AUD-SGD	0.9931	0.04%
USD-MYR	4.3950	0.69%	NZD-SGD	0.9245	0.36%
USD-CNY	6.5784	0.00%	CHF-SGD	1.4318	-0.01%
USD-IDR	13964	0.81%	SGD-MYR	3.0500	0.33%
USD-VND	22421	0.00%	SGD-CNY	4.5724	-0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2220	--	O/N	0.3660	--
2M	-0.1820	--	1M	0.4250	--
3M	-0.1430	--	2M	0.5138	--
6M	-0.0560	--	3M	0.6243	--
9M	-0.0110	--	6M	0.8578	--
12M	0.0480	--	12M	1.1505	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.17	4.80	2.93
Italy	0.05	3.20	1.65
Ireland	-0.29	-0.80	1.10
Greece*	12.99	147.50	10.15
Spain	0.01	0.30	1.79
Russia^	4.32	6.00	6.31

* 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	15,766.74	-249.30
S&P	1,859.33	-22.00
Nasdaq	4,471.69	-5.30
Nikkei 225	16,416.19	-632.20
STI	2,559.77	-78.70
KLCI	1,618.83	-10.40
JCI	4,427.99	-63.80
Baltic Dry	358.00	-5.00
VIX	27.59	1.50

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.14 (+0.01)	0.82 (-0.05)
5Y	1.87 (-0.03)	1.42 (-0.07)
10Y	2.38 (-0.03)	1.98 (-0.07)
15Y	2.71 (-0.02)	--
20Y	2.73 (-0.02)	--
30Y	2.82 (-0.02)	2.75 (-0.07)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.23	-0.65
EURIBOR-OIS	12.90	1.25
TED	36.19	-2.34

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	26.55	-6.71%	Coffee (per lb)	1.116	-3.50%
Brent (per barrel)	27.88	-3.06%	Cotton (per lb)	0.6197	-0.80%
Heating Oil (per gallon)	0.866	-4.73%	Sugar (per lb)	0.1418	-3.86%
Gasoline (per gallon)	1.02	-0.83%	Orange Juice (per lb)	1.2005	-4.00%
Natural Gas (per MMBtu)	2.118	1.29%	Cocoa (per mt)	2,810	-4.23%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,359.0	-1.11%	Wheat (per bushel)	4.7150	-0.63%
Nickel (per mt)	8,533	-0.50%	Soybean (per bushel)	8.740	-1.08%
Aluminium (per mt)	1,468.5	-0.86%	Corn (per bushel)	3.6875	0.27%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,106.2	1.57%	Crude Palm Oil (MYR/MT)	2,358.0	-0.59%
Silver (per oz)	14.160	0.28%	Rubber (JPY/KG)	146.3	-0.88%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
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 10:00	CH Foreign Direct Investment YoY CNY	Dec	3.10%	-5.80%	1.90%	--
01/20/2016 12:00	MA CPI YoY	Dec	2.70%	2.70%	2.60%	--
01/20/2016 15:00	GE PPI MoM	Dec	-0.40%	-0.50%	-0.20%	--
01/20/2016 15:00	GE PPI YoY	Dec	-2.20%	-2.30%	-2.50%	--
01/20/2016 16:00	TA Export Orders YoY	Dec	-7.00%	-12.30%	-6.30%	--
01/20/2016 16:00	SI Automobile COE Open Bid Cat A	Jan-20	--	51301	45002	--
01/20/2016 16:00	SI Automobile COE Open Bid Cat B	Jan-20	--	50089	54920	--
01/20/2016 17:30	UK Claimant Count Rate	Dec	2.30%	2.30%	2.30%	--
01/20/2016 17:30	UK Jobless Claims Change	Dec	2.8k	-4.3k	3.9k	-2.2k
01/20/2016 17:30	UK ILO Unemployment Rate 3Mths	Nov	5.20%	5.10%	5.20%	--
01/20/2016 20:00	US MBA Mortgage Applications	Jan-15	--	9.00%	21.30%	--
01/20/2016 21:30	CA Wholesale Trade Sales MoM	Nov	0.40%	1.80%	-0.60%	-0.50%
01/20/2016 21:30	CA Manufacturing Sales MoM	Nov	0.50%	1.00%	-1.10%	-1.30%
01/20/2016 21:30	US Housing Starts	Dec	1200k	1149k	1173k	1179k
01/20/2016 21:30	US Building Permits	Dec	1200k	1232k	1289k	1282k
01/20/2016 21:30	US CPI MoM	Dec	0.00%	-0.10%	0.00%	--
01/20/2016 21:30	US CPI Ex Food and Energy MoM	Dec	0.20%	0.10%	0.20%	--
01/20/2016 21:30	US CPI YoY	Dec	0.80%	0.70%	0.50%	--
01/20/2016 21:30	US CPI Ex Food and Energy YoY	Dec	2.10%	2.10%	2.00%	--
01/20/2016 23:00	CA Bank of Canada Rate Decision	Jan-20	0.50%	0.50%	0.50%	--
01/21/2016 05:30	NZ BusinessNZ Manufacturing PMI	Dec	--	56.7	54.7	54.9
01/21/2016 07:50	JN Foreign Buying Japan Stocks	Jan-15	--	--	¥746.5b	--
01/21/2016 08:00	AU HIA New Home Sales MoM	Nov	--	--	-3.00%	--
01/21/2016 08:01	UK RICS House Price Balance	Dec	50%	--	49%	--
01/21/2016 08:30	AU RBA FX Transactions Market	Dec	--	--	485m	--
01/21/2016 12:30	JN All Industry Activity Index MoM	Nov	-0.70%	--	1.00%	--
01/21/2016 15:45	FR Manufacturing Confidence	Jan	103	--	103	--
01/21/2016 16:30	HK CPI Composite YoY	Dec	2.40%	--	2.40%	--
01/21/2016 18:00	MA BNM Overnight Policy Rate	Jan-21	3.25%	--	3.25%	--
01/21/2016 20:45	EC ECB Main Refinancing Rate	Jan-21	0.05%	--	0.05%	--
01/21/2016 20:45	EC ECB Deposit Facility Rate	Jan-21	-0.30%	--	-0.30%	--
01/21/2016 20:45	EC ECB Marginal Lending Facility	Jan-21	0.30%	--	0.30%	--
01/21/2016 21:30	US Philadelphia Fed Business Outlook	Jan	-5.9	--	-5.9	-10.2
01/21/2016 21:30	US Initial Jobless Claims	Jan-16	278k	--	284k	--
01/21/2016 21:30	US Continuing Claims	Jan-09	2250k	--	2263k	--
01/21/2016 22:45	US Bloomberg Economic Expectations	Jan	--	--	43.5	--
01/21/2016 22:45	US Bloomberg Consumer Comfort	Jan-17	--	--	44.4	--
01/21/2016 23:00	EC Consumer Confidence	Jan A	-5.7	--	-5.7	--
01/21/2016	MU CPI Composite YoY	Dec	--	--	3.77%	--

Source: Bloomberg

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Co.Reg.no.:193200032W