

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.

Treasury Advisory
Corporate FX & Structured
Products

Tel: 6349-1888 / 1881

Interest Rate Derivatives

Tel: 6349-1899

Investments & Structured
Products

Tel: 6349-1886

GT Institutional Sales

Tel: 6349-1810

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%

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	--

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

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

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)

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-Applicant 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

<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 Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W