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Highlights

Global	Happy New Year! May 2017 be less mischievous than the year of Brexit, Trump, etc. First order of the business for the market this week will be to digest an announcement by China to change its CFETS basket weights to increase the number of foreign currencies from 13 to 24. The weight carried by USD will be reduced from 26.4% to 22.4% starting from today, making the overall basket more resilient to any protracted USD strength. However, with more EM currencies in it now, it could potentially subject the basket to more volatility as well, a reminder that there is no such thing as a free lunch. Meanwhile, market will be taking a note of Singapore's Q4 GDP print. At 1.8% yoy, it came much better than market expectation of 0.3% and should help to soothe sentiment.
SG	Economy grew 1.8% yoy (+9.1% qoqsaar) in 4Q16 based on advanced estimates, bringing its full-year growth to 1.8%, just slightly lower than the 2.0% clip seen in 2015. 4Q16 GDP growth was led by a strong manufacturing growth print (+6.5%), primarily driven by the electronics and biomedical clusters, although the transport engineering and general manufacturing clusters continued to contract. Encouragingly as well, the services sector accelerated 0.6% yoy (from 0.3% in 3Q16), supported by the transportation & storage and business services sectors.
CH	China's currency regulator announced on 31 December 2016 to tighten its supervision on individual's foreign currency purchase ahead of the refill of quota in 2017. The annual US\$50K quota for purchase of foreign currency remains unchanged. However, banks were asked to further standardize their application form for purchase of foreign currency. Individuals are required to report their purpose of purchase as well as estimated time of usage of foreign currency. It is unlikely to affect individuals with genuine needs. However, for individuals who want to game the system are running the risk of being penalized by the regulators. The SAFE has warned to conduct the random check on the application forms and individuals caught for illegitimate purchase of foreign currency will be penalized by cancelling the foreign currency purchase quota for two years and negative mark on personal credit score.
ID	Manufacturing PMI for the month of December, as compiled by Nikkei and Markit, showed that the sector remained challenged. The reading of 49 was lower than 49.7 of November, and marked the third consecutive month of contraction, with weakness seen in the New Orders sub-index, as well.
Commodities	The year 2016 ends on a good note for crude oil, especially seen in Brent which ended above its \$56/bbl handle. The gains came even as US oil inventories gained 614k, beating estimates for a contraction of 1.5 million barrels. Moreover, US oil rig counts gained for its 9th consecutive week to 525 counts, suggesting that the upside bias for oil prices into 2017 may be giving some incentives for US oil producers to gear up production. Elsewhere in the soft commodity space, crude palm oil ended the year at MYR3,218/MT, up from MYR2,290/MT seen in the beginning of 2016, as weather extremities hindered production in both Indonesia and Malaysia.

Major Markets

- **US:** Equities closed the final trading day of 2016 weaker as investors consolidated gains since early November. In the trading days heading into the end, the S&P 500 and Dow pushed against their psychological resistance levels at 2300 and 20000 respectively. Having failed to break them, the indices have since retreated. All eyes will be on whether the markets will mount a fresh challenge at the resistance levels early in 2017. Meanwhile, US Treasuries recovered from recent lows, with yields falling from a high of 1.27% and 2.59% in mid-December for the 2- and 10-year US Treasuries respectively. 2- and 10-year benchmark yields closed the year at 1.19% and 2.44% respectively.
- **Macau:** Gaming revenue rose for the fifth consecutive month, up by 8% yoy which amounted to MOP19.8 billion in December. Over 2016, gaming revenue dropped 3.3% yoy, in line with our expectations. Given tight scrutiny on junket operators and money-laundering, we remain cautiously optimistic about the city's gaming sector this year and expect revenue to grow by 3% to 5% yoy for 2017.
- **Malaysia:** Nikkei Manufacturing PMI printed 47.1 in December, unchanged from the month before, and remained in the contraction territory. New orders and output sub-indices did rise, however.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bound yesterday as the market was closed due to public holiday. In the broader dollar space, the spread on JACI IG Corporates were steady at 197bps. Likewise, the yield on JACI HY Corporates was also unchanged at 6.96%. Similarly, the US market was closed yesterday due to public holiday with the 10y UST yield last closed at 2.44% on Friday December 30th.
- **New Issues:** R&F Properties has priced a USD265mn 5NC3 bond with a 5.75% coupon, at an issue price of 99.146. The expected issue ratings are "NR/NR/BB". China Huarong Asset Management is proposing to issue up to CNY60bn bonds in China's interbank bond market.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	102.210	-0.46%	USD-SGD	1.4468	-0.10%
USD-JPY	116.960	0.36%	EUR-SGD	1.5217	0.17%
EUR-USD	1.0517	0.26%	JPY-SGD	1.2366	-0.50%
AUD-USD	0.7208	-0.15%	GBP-SGD	1.7844	0.47%
GBP-USD	1.2340	0.64%	AUD-SGD	1.0424	-0.30%
USD-MYR	4.4862	0.03%	NZD-SGD	1.0022	-0.61%
USD-CNY	6.9450	-0.16%	CHF-SGD	1.4199	0.30%
USD-IDR	13473	0.01%	SGD-MYR	3.1008	0.15%
USD-VND	22761	-0.04%	SGD-CNY	4.8084	0.33%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	--	O/N	0.6921	0.0039
2M	-0.3380	--	1M	0.7717	0.0006
3M	-0.3190	--	2M	0.8194	--
6M	-0.2210	--	3M	0.9979	--
9M	-0.1390	--	6M	1.3177	--
12M	-0.0820	-0.0010	12M	1.6857	-0.0017

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.04	-3.40	3.76
Italy	-0.18	0.60	1.82
Ireland	-0.55	0.50	0.75
Greece	7.65	--	7.11
Spain	-0.28	1.80	1.38
Russia	2.69	-3.20	4.46

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.72	-0.09%	Coffee (per lb)	1.371	1.18%
Brent (per barrel)	56.82	1.21%	Cotton (per lb)	0.7065	0.21%
Heating Oil (per gallon)	1.704	0.04%	Sugar (per lb)	0.1951	0.10%
Gasoline (per gallon)	1.665	-1.00%	Orange Juice (per lb)	1.9810	1.93%
Natural Gas (per MMBtu)	3.724	-2.05%	Cocoa (per mt)	2,165	-1.80%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,535.5	0.88%	Wheat (per bushel)	4.0800	0.80%
Nickel (per mt)	9,975	-1.01%	Soybean (per bushel)	9.965	-0.67%
Aluminium (per mt)	1,694.0	0.83%	Corn (per bushel)	3.5200	0.64%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,151.7	-0.55%	Crude Palm Oil (MYR/MT)	3,218.0	0.69%
Silver (per oz)	15.989	-1.41%	Rubber (JPY/KG)	262.0	-0.30%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	19,762.60	-57.18
S&P	2,238.83	-10.43
Nasdaq	5,383.12	-48.97
Nikkei 225	19,114.37	-30.77
STI	2,880.76	-8.39
KLCI	1,641.73	3.80
JCI	5,296.71	-5.85
Baltic Dry	961.00	--
VIX	14.04	0.67

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.31 (+0.03)	1.19 (-0.02)
5Y	1.85 (+0.06)	1.93 (-0.03)
10Y	2.47 (+0.07)	2.44 (-0.03)
15Y	2.74 (+0.07)	--
20Y	2.73 (+0.06)	--
30Y	2.71 (+0.05)	3.07 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	33.18	-0.04
EURIBOR-OIS	2.80	--
TED	50.05	-5.59

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
12/30/2016 07:00	SK	CPI MoM	Dec	0.20%	0.10%	-0.10%	--
12/30/2016 07:00	SK	CPI YoY	Dec	1.30%	1.30%	1.30%	1.50%
12/30/2016 08:30	AU	Private Sector Credit MoM	Nov	0.005	0.005	0.005	--
12/30/2016 11:43	MU	Trade Balance	Nov	--	-6027m	-5326m	-5272m
12/30/2016 15:30	TH	Foreign Reserves	45261	--	\$172.3b	\$172.6b	--
12/30/2016 15:30	TH	Exports YoY	Nov	--	10.10%	-4.30%	--
12/30/2016 15:30	TH	Imports YoY	Nov	--	2.50%	7.40%	--
12/30/2016 15:30	TH	Trade Balance	Nov	--	\$2791m	\$1794m	--
12/30/2016 15:30	TH	BoP Current Account Balance	Nov	\$2600m	\$3195m	\$2875m	--
12/30/2016 16:30	HK	Money Supply M2 HKD YoY	Nov	--	8.70%	8.10%	--
12/30/2016 17:00	IT	PPI YoY	Nov	--	-0.30%	-0.70%	-0.60%
12/30/2016 22:45	US	Chicago Purchasing Manager	Dec	56.8	54.6	57.6	--
01/01/2017 08:00	SK	Exports YoY	Dec	4.60%	6.40%	2.70%	0.025
01/01/2017 08:00	SK	Imports YoY	Dec	5.40%	7.30%	10.10%	0.093
01/01/2017 08:00	SK	Trade Balance	Dec	\$7050m	\$7003m	\$8003m	\$8199m
01/01/2017 09:00	CH	Manufacturing PMI	Dec	5150.00%	5140.00%	5170.00%	--
01/01/2017 09:00	CH	Non-manufacturing PMI	Dec	--	5450.00%	5470.00%	--
01/02/2017 08:30	SK	Nikkei South Korea PMI Mfg	Dec	--	4940.00%	4800.00%	--
01/02/2017 13:00	IN	Nikkei India PMI Mfg	Dec	--	4960.00%	5230.00%	--
01/02/2017 16:45	IT	Markit/Italy PMI Mfg	Dec	5230.00%	5320.00%	5220.00%	--
01/02/2017 16:50	FR	Markit France Mfg PMI	Dec F	5350.00%	5350.00%	5350.00%	--
01/02/2017 16:55	GE	Markit/BME Germany PMI Mfg	Dec F	5550.00%	5560.00%	5550.00%	--
01/02/2017 17:00	EC	Markit Eurozone PMI Mfg	Dec F	5490.00%	5490.00%	5490.00%	--
01/03/2017 06:30	AU	AiG Perf of Mfg Index	Dec	--	5540.00%	5420.00%	--
01/03/2017 08:00	SI	GDP YoY	4Q A	0.003	0.018	0.011	0.012
01/03/2017 08:00	SI	GDP SAAR QoQ	4Q A	4.00%	9.10%	-2.00%	-1.90%
01/03/2017 08:30	ID	Nikkei Indonesia PMI Mfg	Dec	--	--	4970.00%	--
01/03/2017 08:30	VN	Nikkei Vietnam PMI Mfg	Dec	--	--	5400.00%	--
01/03/2017 08:30	TA	Nikkei Taiwan PMI Mfg	Dec	--	--	5470.00%	--
01/03/2017 09:45	CH	Caixin China PMI Mfg	Dec	5090.00%	--	5090.00%	--
01/03/2017 13:30	AU	Commodity Index SDR YoY	Dec	--	--	32.10%	--
01/03/2017 13:30	AU	Commodity Index AUD	Dec	--	--	10970.00%	--
01/03/2017 15:45	FR	CPI EU Harmonized YoY	Dec P	0.90%	--	0.70%	--
01/03/2017 15:45	FR	CPI YoY	Dec P	0.008	--	0.005	--
01/03/2017 16:00	GE	CPI Saxony YoY	Dec	--	--	0.80%	--
01/03/2017 16:30	HK	Retail Sales Volume YoY	Nov	-3.00%	--	-2.70%	--
01/03/2017 16:30	HK	Retail Sales Value YoY	Nov	-3.20%	--	-2.90%	--
01/03/2017 16:55	GE	Unemployment Change (000's)	Dec	-5k	--	-5k	--
01/03/2017 16:55	GE	Unemployment Claims Rate SA	Dec	6.00%	--	6.00%	--
01/03/2017 17:00	GE	CPI Brandenburg MoM	Dec	--	--	0.001	--
01/03/2017 17:00	GE	CPI Bavaria MoM	Dec	--	--	0	--
01/03/2017 17:00	GE	CPI Bavaria YoY	Dec	--	--	0.008	--
01/03/2017 17:30	GE	CPI North Rhine Westphalia MoM	Dec	--	--	0	--
01/03/2017 17:30	UK	Markit UK PMI Manufacturing SA	Dec	53.3	--	53.4	--
01/03/2017 21:00	GE	CPI YoY	Dec P	0.014	--	0.008	--
01/03/2017 21:00	GE	CPI MoM	Dec P	0.006	--	0.001	--
01/03/2017 21:00	GE	CPI EU Harmonized MoM	Dec P	0.006	--	0	--
01/03/2017 21:00	GE	CPI EU Harmonized YoY	Dec P	0.013	--	0.007	--
01/03/2017 21:00	SI	Purchasing Managers Index	Dec	50.1	--	50.2	--
01/03/2017 22:30	CA	RBC Canadian Manufacturing PI	Dec	--	--	51.5	--
01/03/2017 22:45	US	Markit US Manufacturing PMI	Dec F	54.2	--	54.2	--
01/03/2017 23:00	US	ISM Manufacturing	Dec	53.7	--	53.2	--
01/03/2017 23:00	US	ISM Prices Paid	Dec	55.5	--	54.5	--
01/03/2017 23:00	US	Construction Spending MoM	Nov	0.005	--	0.005	--
01/03/2017	ID	CPI Core YoY	Dec	0.0311	--	0.0307	--
01/03/2017	ID	CPI YoY	Dec	0.0305	--	0.0358	--
01/03/2017	ID	CPI NSA MoM	Dec	0.0045	--	0.0047	--
01/03/2017 01/10	ID	Consumer Confidence Index	Dec	--	--	115.9	--

Source: Bloomberg

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