

Highlights

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|---------------|---|
| Global | Market will be watching out for the nonfarm payrolls data coming out of the US tonight, with consensus penciling in a figure of 175k in December, broadly unchanged compared to 178k of the month before. Market is also expecting a slight uptick in unemployment figure from 4.6% to 4.7%. Any sign of stronger wage increase, in particular, may start to refocus market attention on the idea of further rate hikes by the Federal Reserve again. Meanwhile, attention will be paid to whether the short squeeze on potential speculators in the renminbi market, which brought the overnight rate for yuan deposits in Hong Kong up to levels last seen in January last year, will play out further today. |
| US | Equities ended mixed on Thursday, with the Nasdaq gaining 0.20%, Dow losing 0.21%, and the S&P 500 ending marginally lower. Losses were concentrated in financials and retailers. Retailers have been especially hit hard as sales over the festive period proved weaker than expected. Ahead of non-farm payrolls on Friday, data from ADP showed weaker-than-expected hiring, providing some headwinds to equities. VIX continued to slip, closing at 11.67. Meanwhile, US Treasuries surged as investors reverse the over-extended post-Trump rally. The yield curve flattened as yields slipped 5-10 basis points, with the 2- and 10-year yields closing at 1.16% and 2.34% respectively. |
| CH | The USDCNH tumbled again on the second day due to position squeeze as a result of tight liquidity and ended the day below 6.80. CNY also benefited from the drastic move of CNH with the USDCNY traded below 6.90. The USDCNY may try to catch up with the USDCNH to consolidate the gain. |
| ID | State-owned oil and gas company, Pertamina, raised the prices for non-subsidized fuel by IDR300 per liter, starting from January 5 th , due to rising crude oil prices. For instance, the 92-RON Pertamax gasoline now costs IDR8050 per liter compared to IDR7750 before. The 90-RON gasoline, known as Peralite, is to be sold at IDR7350 per liter compared to IDR7050 before in the more populous islands of Java, Bali and Madura. |
| MA | Deputy Finance Minister I Datuk Othman Aziz said that Ringgit will rebound to a fair value in Q3, due to improving commodity prices and steady economic fundamentals. Meanwhile, Ministry of Finance Secretary-General Tan Sri Dr Mohd Irwan Serigar Abdullah echoed the sentiment, saying that the currency is expected to strengthen in the second half of the year, while reiterating that the government would not resort to capital control. |

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Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates decreasing by 4-6bps across all tenors. In the broader dollar space, the spread on JACI IG Corporates fell roughly 1bps to 196bps while the yield on JACI HY Corporates changed little at 6.87%. 10y UST yields plunged by 9bps overnight to 2.35%, as trends snapped with investors weighing the risk of a lackluster payroll report released later today, and the prospect that trades based on Donald Trump's impending presidency had been overpriced.
- **New Issues:** Societe Generale priced a USD1.25bn two-tranche deal with the USD650mn 5-year bond priced at CT5+145bps, tightening from initial guidance of CT5+155bps; and the USD600mn 10-year bond at CT10+173bps, tightening from initial guidance of CT10+185bps. The expected issue ratings are "BBB+/Baa3/A". Sumitomo Mitsui Financial Group Inc. priced a USD2.25bn three-tranche deal with the USD 750mn bond at CT5+100bps, tightening from initial guidance of CT5+110-115bps; the USD250mn 5-year bond at 3mL+97bps; and the USD1.25bn 10-year bond at CT10+110bps, tightening from initial guidance of CT10+130bps. The expected issue ratings are "A-/A1/NR". Sumitomo Mitsui Banking Corporation (SMBC) priced a USD1.25bn two-tranche deal with the USD750mn 2-year bond priced at CT2+80bps, tightening from initial guidance of CT2+95bps, and a USD500mn 2-year bond priced at 3mL+54bps. The expected issue ratings are "A/A1/NR".
- **Rating Changes:** Fitch affirmed Yingde Gases Group Company Limited's Issuer Default Rating (IDR) at "B+", with a negative outlook. Fitch also removed the company from Rating Watch Negative (placed under watch on 15 Dec 2016). The rating affirmation reflects the company's refinancing of its HKD820mn offshore loan due on 3 January 2017 with a new one-year loan, and no further refinancing risk for both its onshore and offshore loans in the next 6-12 months. The Negative outlook reflects Fitch's view that the ongoing shareholder dispute may have an adverse impact on the company's business and financial profile. In addition, S&P likewise affirmed Yingde Gases' "CCC-" corporate credit rating, with a negative outlook. Moody's affirmed the "Baa3" ratings, with a positive outlook, for India's 3 state-owned oil refining and marketing companies; Indian Oil corporation (IOC), Bharat Petroleum Corporation Limited (BPCL), and Hindustan Petroleum Corporation Ltd. (HPCL). The ratings affirmation reflects the continued improvement in the credit metrics of the three oil refining and marketing companies, as diminished levels of fuel subsidies and moderated working capital requirements from low oil prices have reduced borrowings. Moody's also assigned "Baa3" ratings to the foreign currency senior unsecured bonds to be issued by BPRL International Singapore Pte. Ltd. and guaranteed by BPCL.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 101.520 | -1.15% | USD-SGD | 1.4283 | -0.81% |
| USD-JPY | 115.350 | -1.62% | EUR-SGD | 1.5150 | 0.32% |
| EUR-USD | 1.0607 | 1.12% | JPY-SGD | 1.2381 | 0.86% |
| AUD-USD | 0.7338 | 0.76% | GBP-SGD | 1.7739 | -0.02% |
| GBP-USD | 1.2419 | 0.78% | AUD-SGD | 1.0480 | -0.06% |
| USD-MYR | 4.4858 | -0.26% | NZD-SGD | 1.0033 | 0.02% |
| USD-CNY | 6.8767 | -0.83% | CHF-SGD | 1.4145 | 0.33% |
| USD-IDR | 13367 | -0.54% | SGD-MYR | 3.1292 | 0.63% |
| USD-VND | 22618 | -0.34% | SGD-CNY | 4.8089 | -0.12% |

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 19,899.29 | -42.87 |
| S&P | 2,269.00 | -1.75 |
| Nasdaq | 5,487.94 | 10.93 |
| Nikkei 225 | 19,520.69 | -73.47 |
| STI | 2,954.14 | 32.83 |
| KLCI | 1,659.82 | 12.35 |
| JCI | 5,325.50 | 24.32 |
| Baltic Dry | 983.00 | 14.00 |
| VIX | 11.67 | -0.18 |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3690 | -- | O/N | 0.6904 | -- |
| 2M | -0.3390 | -- | 1M | 0.7656 | -- |
| 3M | -0.3200 | -- | 2M | 0.8228 | -- |
| 6M | -0.2240 | -- | 3M | 1.0051 | -- |
| 9M | -0.1420 | -- | 6M | 1.3216 | -- |
| 12M | -0.0850 | -- | 12M | 1.6890 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.28 (-0.04) | 1.16 (-0.05) |
| 5Y | 1.91 (-0.04) | 1.84 (-0.09) |
| 10Y | 2.50 (-0.06) | 2.34 (-0.09) |
| 15Y | 2.78 (-0.07) | -- |
| 20Y | 2.76 (-0.06) | -- |
| 30Y | 2.74 (-0.06) | 2.94 (-0.1) |

Eurozone & Russia Update

| | 2Y Bond Ylds (bpschg) | 10Y Bond Ylds (bpschg) | 10Y Bund Spread |
|-----------------|-----------------------|------------------------|-----------------|
| Portugal | 0.22 | 17.50 | 4.03 |
| Italy | -0.10 | 6.60 | 1.93 |
| Ireland | -0.50 | 4.00 | 0.92 |
| Greece | 7.65 | -- | 6.80 |
| Spain | -0.26 | 3.50 | 1.48 |
| Russia | 2.69 | -- | 4.46 |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 33.51 | 0.89 |
| EURIBOR-OIS | 2.80 | 0.10 |
| TED | 48.23 | -- |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 53.76 | 0.94% | Coffee (per lb) | 1.438 | 1.38% |
| Brent (per barrel) | 56.89 | 0.76% | Cotton (per lb) | 0.7378 | -0.40% |
| Heating Oil (per gallon) | 1.6942 | 0.07% | Sugar (per lb) | 0.2078 | -0.53% |
| Gasoline (per gallon) | 1.6377 | -0.50% | Orange Juice (per lb) | 1.9090 | -2.63% |
| Natural Gas (per MMBtu) | 3.2730 | 0.18% | Cocoa (per mt) | 2,262 | 1.12% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 5,580.0 | -1.13% | Wheat (per bushel) | 4.2625 | 1.85% |
| Nickel (per mt) | 10,247.5 | 0.73% | Soybean (per bushel) | 10.035 | -0.27% |
| Aluminium (per mt) | 1,703.8 | 0.96% | Corn (per bushel) | 3.6125 | 0.42% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,181.3 | 1.37% | Crude Palm Oil (MYR/MT) | 3,200.0 | -1.05% |
| Silver (per oz) | 16.637 | 0.51% | Rubber (JPY/KG) | 272.1 | 0.26% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

| Date | Time | Event | Survey | Actual | Prior | Revised | Relevance |
|------------|-------|-----------------------------------|--------|----------|--------|-----------|-----------|
| 01/05/2017 | 03:00 | US FOMC Meeting Minutes | Dec-14 | -- | -- | -- | 5.38462 |
| 01/05/2017 | 07:50 | JN Monetary Base YoY | Dec | -- | 23.10% | 21.50% | 78.4946 |
| 01/05/2017 | 08:30 | TA CPI YoY | Dec | 2.10% | 1.70% | 1.97% | 94.7368 |
| 01/05/2017 | 08:30 | JN Nikkei Japan PMI Services | Dec | -- | 52.3 | 51.8 | 70 |
| 01/05/2017 | 08:30 | JN Nikkei Japan PMI Composite | Dec | -- | 52.8 | 52 | 70 |
| 01/05/2017 | 08:30 | HK Nikkei Hong Kong PMI | Dec | -- | 50.3 | 49.5 | 72.7273 |
| 01/05/2017 | 09:00 | PH CPI YoY | Dec | 2.60% | 2.60% | 2.50% | 87.5 |
| 01/05/2017 | 09:45 | CH Caixin China PMI Composite | Dec | -- | 53.5 | 52.9 | 70 |
| 01/05/2017 | 13:00 | JN Vehicle Sales YoY | Dec | -- | 10.80% | 13.90% | 66.6667 |
| 01/05/2017 | 16:00 | SI Automobile COE Open Bid Cat B | Jan-05 | -- | 53106 | 51109 | 55.1724 |
| 01/05/2017 | 16:00 | SI Automobile COE Open Bid Cat A | Jan-05 | -- | 50101 | 49751 | 62.069 |
| 01/05/2017 | 16:30 | GE Markit Germany Construction | Dec | -- | 54.9 | 53.9 | 50 |
| 01/05/2017 | 17:10 | GE Markit Germany Retail PMI | Dec | -- | 52 | 49.6 | 50 |
| 01/05/2017 | 17:10 | EC Markit Eurozone Retail PMI | Dec | -- | 50.4 | 48.6 | 50 |
| 01/05/2017 | 17:10 | FR Markit France Retail PMI | Dec | -- | 50.4 | 47.3 | 50 |
| 01/05/2017 | 17:10 | IT Markit Italy Retail PMI | Dec | -- | 47.9 | 48.8 | 50 |
| 01/05/2017 | 17:30 | UK Markit/CIPS UK Composite PMI | Dec | 55 | 56.7 | 55.2 | 55.3 |
| 01/05/2017 | 18:00 | EC PPI YoY | Nov | -0.10% | 0.10% | -0.40% | 45.4545 |
| 01/05/2017 | 21:15 | US ADP Employment Change | Dec | 175k | 153k | 216k | 215k |
| 01/05/2017 | 21:30 | US Initial Jobless Claims | Dec-31 | 260k | 235k | 265k | 263k |
| 01/05/2017 | 21:30 | US Continuing Claims | Dec-24 | 2045k | 2112k | 2102k | 2096k |
| 01/05/2017 | 21:30 | CA Industrial Product Price MoM | Nov | 0.50% | 0.30% | 0.70% | 61.9048 |
| 01/05/2017 | 21:30 | CA Raw Materials Price Index MoM | Nov | -1.80% | -2.00% | 3.30% | 54.7619 |
| 01/05/2017 | 22:45 | US Markit US Services PMI | Dec F | 53.4 | 53.9 | 53.4 | 70 |
| 01/05/2017 | 22:45 | US Markit US Composite PMI | Dec F | -- | 54.1 | 53.7 | 70 |
| 01/05/2017 | 22:45 | US Bloomberg Consumer Comfort | Jan-01 | -- | 45.5 | 46 | 68.4615 |
| 01/05/2017 | 23:00 | US ISM Non-Manf. Composite | Dec | 56.8 | 57.2 | 57.2 | 78.4615 |
| 01/06/2017 | 07:50 | JN Foreign Buying Japan Bonds | Dec-30 | -- | -- | -- | 46.2366 |
| 01/06/2017 | 07:50 | JN Foreign Buying Japan Stocks | Dec-30 | -- | -- | -- | 51.6129 |
| 01/06/2017 | 08:00 | JN Labor Cash Earnings YoY | Nov | 0.20% | -- | 0.10% | 59.1398 |
| 01/06/2017 | 08:30 | AU Trade Balance | Nov | -A\$550m | -- | -A\$1541m | 86.7647 |
| 01/06/2017 | 12:00 | MA Trade Balance MYR | Nov | 10.25b | -- | 9.76b | 57.1429 |
| 01/06/2017 | 15:00 | GE Retail Sales MoM | Nov | -0.90% | -- | 2.40% | 2.50% |
| 01/06/2017 | 15:00 | GE Retail Sales YoY | Nov | 1.20% | -- | -1.00% | 64.4068 |
| 01/06/2017 | 15:00 | GE Factory Orders MoM | Nov | -2.40% | -- | 4.90% | 91.5254 |
| 01/06/2017 | 15:00 | GE Factory Orders WDA YoY | Nov | 3.60% | -- | 6.30% | 62.7119 |
| 01/06/2017 | 15:30 | TH Foreign Reserves | Dec-30 | -- | -- | \$172.3b | 80.7692 |
| 01/06/2017 | 15:45 | FR Trade Balance | Nov | -4800m | -- | -5202m | 61.1111 |
| 01/06/2017 | 18:00 | EC Economic Confidence | Dec | 106.8 | -- | 106.5 | 52.2727 |
| 01/06/2017 | 18:00 | EC Consumer Confidence | Dec F | -5.1 | -- | -5.1 | 81.8182 |
| 01/06/2017 | 18:00 | EC Retail Sales MoM | Nov | -0.40% | -- | 1.10% | 59.0909 |
| 01/06/2017 | 18:00 | EC Retail Sales YoY | Nov | 1.90% | -- | 2.40% | 56.8182 |
| 01/06/2017 | 21:30 | US Trade Balance | Nov | -\$45.4b | -- | -\$42.6b | 84.6154 |
| 01/06/2017 | 21:30 | CA Int'l Merchandise Trade | Nov | -1.60b | -- | -1.13b | 59.5238 |
| 01/06/2017 | 21:30 | CA Unemployment Rate | Dec | 6.90% | -- | 6.80% | 90.4762 |
| 01/06/2017 | 21:30 | US Change in Nonfarm Payrolls | Dec | 175k | -- | 178k | 99.2308 |
| 01/06/2017 | 21:30 | CA Net Change in Employment | Dec | -2.5k | -- | 10.7k | 85.7143 |
| 01/06/2017 | 21:30 | US Change in Manufact. Payrolls | Dec | 0k | -- | -4k | 69.4615 |
| 01/06/2017 | 21:30 | US Unemployment Rate | Dec | 4.70% | -- | 4.60% | 89.3077 |
| 01/06/2017 | 23:00 | US Factory Orders | Nov | -2.30% | -- | 2.70% | 87.6923 |
| 01/06/2017 | 23:00 | US Durable Goods Orders | Nov F | -4.60% | -- | -4.60% | 93.0769 |
| 01/06/2017 | 23:00 | US Durables Ex Transportation | Nov F | 0.20% | -- | 0.50% | 74.4615 |
| 01/06/2017 | 23:00 | US Cap Goods Orders Nondef Ex Air | Nov F | -- | -- | 0.90% | 60.7692 |
| 01/06/2017 | 23:00 | US Cap Goods Ship Nondef Ex Air | Nov F | -- | -- | 0.20% | 60 |
| 01/06/2017 | | HK Foreign Reserves | Dec | -- | -- | \$385.0b | 68.1818 |
| 01/06/2017 | | VN Domestic Vehicle Sales YoY | Dec | -- | -- | 25.70% | 77.7778 |
| 01/06/2017 | | MA Foreign Reserves | Dec-30 | -- | -- | \$96.4b | 64.2857 |
| 01/06/2017 | | PH Foreign Reserves | Dec | -- | -- | \$82.7b | 54.1667 |

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 |

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