

**Highlights**

<b>Global</b>	<p>Somewhat disappointing US' retail sales data dampened market optimism after encouraging earnings from JPMorgan, Bank of America and Wells Fargo on Friday. Meanwhile, the GBP continued to suffer ahead of UK PM May's speech on Tuesday which investors fear could outline a hard Brexit scenario. To kickstart this week, US markets are closed for a Martin Luther King holiday, but market attention will likely revolve around this Friday's inauguration of US president Trump as well as China's 4Q16 GDP print.</p> <p>For today, the economic data calendar remains lightweight and comprises of Indonesia's Dec trade and Japan's tertiary industry index and machine tools orders. ECB's Mersch and BOE's Carney are also speaking. This week's central bank watch include BOC (likely unchanged at 0.5% on 18/1), BNM (probably static at 3.0% on 19/1), ECB (also likely on hold for now, but Draghi may hint at future QE program intentions post-2017 given the slightly brighter recent economic outlook), and BI (likely on static at 4.75% on 19/1). Chinese President Xi is also speaking at the World Economic Forum.</p>
<b>US</b>	<p>Retail sales disappointed by accelerating from a revised 0.2% mom in Nov to 0.6% mom in Dec, attributed to stronger auto demand (+2.4%, marking the strongest motor vehicle sales in 11 years), but retail sales ex-auto and gas actually slowed from +0.3% to 0% as sales at department stores, restaurants and electronics and appliances merchants fell. This suggested a potential post-Fed rate hike easing in momentum of consumer spending. Meanwhile, the University of Michigan sentiment index also eased marginally from 98.2 in Dec to 98.1 in Jan, but the current conditions and expectations gauges diverged 112.5 (previously 111.9) and 88.9 (98.2) respectively. Notably, the 1-year and 5-10 year inflation gauges both picked up to 2.6% and 2.5% respectively, up from 2.2% (lowest since Sep 2010) and 2.3% (record-low), possibly in anticipation of fiscal reflation. Separately, PPI moderated from 0.4% to 0.3% in Dec, notwithstanding higher wholesale food prices (+0.7%) and energy prices (+2.6%), and PPI excluding food and energy also halved to +0.2%.</p>
<b>CH</b>	<p>China's export in dollar term fell by 6.1% in December while import in dollar term increased by 3.1%. Trade surplus narrowed further to US\$40.8 billion. The larger than expected decline of export in December was mainly due to weaker demand from emerging market despite demand from the US remained steady. China's import of commodity remained strong in December.</p>
<b>ID</b>	<p>Bank Indonesia sees current account deficit at 1.8% of GDP in 2016, and expects a widening of trade surplus in December and Q4 GDP growth of 5%. Separately, the government has announced that it will relax a ban on exports of raw unprocessed mineral ores to allow for exports of excess nickel ore and bauxite by miners that are building processing plants in the country.</p>
<b>MA</b>	<p>Bank Negara's Governor Muhammad Ibrahim reportedly said that the central bank will consider introducing more measures to stabilize the ringgit if needed, while emphasizing that the new measures are "not capital controls, not fixing of the ringgit, but to stabilize the ringgit."</p>

**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 ended the week largely positive, with the Nasdaq rising 0.48% to a new record and the S&P 500 gaining 0.18% to close within 0.1% of its record high. The Dow slipped marginally to close at 19,886. Stronger-than-expected retail sales and producer prices gave equities some fundamental economic support, while financials were supported by decent quarterly results from major Wall Street banks. VIX retreated 2.7% to close at 11.23. Meanwhile, US Treasuries fell amidst strong economic data and a report by CFTC noting record shorts in 10-year space amongst large speculators. 2- and 10-year benchmark yields rose 2-4 bps to 1.19% and 2.40% respectively.
- **Singapore:** The STI saw a strong rally of 1.07% to close at 3025.07 on Friday, but may meander given mixed leads from Wall Street on Friday and weak morning cues from Kospi. The STI may trade between 3000-3040. The SGS yield curve steepened on Friday, but may trade in a range ahead of Thursday's issue size details for the 2-year SGS bond re-opening on 26 Jan.
- **China:** RMB's gain against the dollar last week was mainly supported by two factors including weak dollar as well as tightening measures on individual's foreign currency purchase. The daily trading volume in the onshore CNY fell to average USD21.7 billion last week, down from average US\$28.7 billion in the first week of 2017, signalling less than expected demand for foreign currency.
- **Hong Kong:** The IMF raised its forecasts on HK's growth to 1.5% and 2% (v.s. our forecasts of 1.4% and 1.9%) for 2016 and 2017 respectively. The rebound in economic growth is expected to be attributed to the improvement in private consumption on a stable labor market. The IMF believed that the strong fundamentals will allow HK's economy to survive in the unfavorable external environment and also reiterated its support for the linked exchange rate system. Additionally, it points out three main risks faced by HK's economy, including a closer relationship with Mainland China, high exposure to external shocks as an international financial center, and the heated housing market. On this, we opine that HK's economy could weather some downward risks, should the Fed raise rates at a slower pace while capital inflows continue from Mainland China.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards on Friday, with swap rates past the 3 month tenor rising 1-4bps. In the broader dollar space, the spread on JACI IG Corporates changed little, remaining at 198bps, while the yield on JACI HY Corporates rose 2bps to 6.80%. 10y UST yield rose 3bps last Friday to 2.40% as data on retail sales and producer prices showed U.S. economic growth remains intact, boosting wagers the Fed will raise interest rates by its March meeting.
- **New Issues:** China real estate developer, Times Property Holdings Ltd. is proposing to issue potential USD senior notes. China Huarong International Holdings Ltd. scheduled investor roadshows from 16 – 18 January for a potential USD perp issuance. The expected issue ratings are 'NR/Baa1/A-'. China Development Bank plans to issue dual-tranche USD/EUR bonds this week. Beijing Capital Land Ltd. scheduled investor roadshows from 16 – 18 January for a potential USD/CNH bond. The expected issue ratings are 'NR/NR/BBB'. Pan Brothers scheduled investor roadshows from 16 – 18 January for a potential USD bond issuance. The expected issue ratings are 'NR/B1/B'.
- **Rating Changes:** Moody's assigned a 'B1' corporate family rating to Pan Brothers Tbk (P.T) and 'B1' rating to a proposed issuance of USD senior unsecured notes by Pan Brothers' wholly own subsidiary, PB International B.V. The 'B1' ratings reflect Pan Brothers' demonstrated ability to generate solid earnings growth and maintain stable margins within a competitive and fragmented

Indonesian garment manufacturing sector, supported by its longstanding relationships with major global apparel retailers and investments in capacity expansion. In addition, Fitch assigned a foreigner currency issuer default rating (IDR) of 'B' with a positive outlook to Pan Brothers. Fitch assigned 'BBB-' final ratings to BPRL International Singapore Pte. Ltd.'s (BISPL) USD600mn 4.375% guaranteed notes, same as the expected ratings assigned earlier on 3 January 2017.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	101.180	<b>-0.17%</b>	<b>USD-SGD</b>	1.4283	0.07%
<b>USD-JPY</b>	114.490	<b>-0.20%</b>	<b>EUR-SGD</b>	1.5221	0.49%
<b>EUR-USD</b>	1.0643	0.28%	<b>JPY-SGD</b>	1.2469	0.22%
<b>AUD-USD</b>	0.7502	0.24%	<b>GBP-SGD</b>	1.7394	0.20%
<b>GBP-USD</b>	1.2182	0.16%	<b>AUD-SGD</b>	1.0714	0.31%
<b>USD-MYR</b>	4.4630	0.10%	<b>NZD-SGD</b>	1.0184	0.55%
<b>USD-CNY</b>	6.9005	0.09%	<b>CHF-SGD</b>	1.4153	0.24%
<b>USD-IDR</b>	13338	0.43%	<b>SGD-MYR</b>	3.1260	<b>-0.07%</b>
<b>USD-VND</b>	22570	0.02%	<b>SGD-CNY</b>	4.8205	<b>-0.44%</b>

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3720	--	<b>O/N</b>	0.6928	--
<b>2M</b>	-0.3390	--	<b>1M</b>	0.7683	0.0011
<b>3M</b>	-0.3270	--	<b>2M</b>	0.8350	0.0006
<b>6M</b>	-0.2360	<b>-0.0020</b>	<b>3M</b>	1.0232	0.0014
<b>9M</b>	-0.1520	<b>-0.0010</b>	<b>6M</b>	1.3316	<b>-0.0011</b>
<b>12M</b>	-0.0940	<b>-0.0010</b>	<b>12M</b>	1.6984	0.0005

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
<b>Portugal</b>	0.22	<b>-2.80</b>	3.91
<b>Italy</b>	<b>-0.09</b>	<b>-0.10</b>	1.90
<b>Ireland</b>	<b>-0.42</b>	4.00	0.92
<b>Greece</b>	7.22	11.20	6.95
<b>Spain</b>	<b>-0.29</b>	0.30	1.43
<b>Russia</b>	2.59	2.90	4.34

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.37	<b>-1.21%</b>	Coffee (per lb)	1.493	<b>-0.20%</b>
Brent (per barrel)	55.45	<b>-1.00%</b>	Cotton (per lb)	0.7227	<b>-0.10%</b>
Heating Oil (per gallon)	1.6514	<b>-1.44%</b>	Sugar (per lb)	0.2052	<b>-1.16%</b>
Gasoline (per gallon)	1.6117	0.06%	Orange Juice (per lb)	1.8315	<b>-0.73%</b>
Natural Gas (per MMBtu)	3.4190	0.97%	Cocoa (per mt)	2,213	<b>-0.76%</b>
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	5,909.0	1.15%	Wheat (per bushel)	4.2600	<b>-0.06%</b>
Nickel (per mt)	10,399.5	1.71%	Soybean (per bushel)	10.425	1.02%
Aluminium (per mt)	1,809.0	1.12%	Corn (per bushel)	3.5850	0.07%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,196.2	<b>-0.30%</b>	Crude Palm Oil (MYR/MT)	3,280.0	0.77%
Silver (per oz)	16.765	<b>-0.36%</b>	Rubber (JPY/KG)	299.7	0.07%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	19,885.73	<b>-5.27</b>
<b>S&amp;P</b>	2,274.64	4.20
<b>Nasdaq</b>	5,574.12	26.63
<b>Nikkei 225</b>	19,287.28	152.58
<b>STI</b>	3,025.07	32.07
<b>KLCI</b>	1,672.50	<b>-5.26</b>
<b>JCI</b>	5,272.98	<b>-19.77</b>
<b>Baltic Dry</b>	910.00	18.00
<b>VIX</b>	11.23	<b>-0.31</b>

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.17 (--)	1.19 (+0.02)
<b>5Y</b>	1.75 (+0.01)	1.90 (+0.03)
<b>10Y</b>	2.32 (+0.02)	2.40 (+0.03)
<b>15Y</b>	2.65 (+0.01)	--
<b>20Y</b>	2.71 (+0.03)	--
<b>30Y</b>	2.71 (+0.03)	2.99 (+0.03)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	34.53	<b>-0.24</b>
<b>EURIBOR-OIS</b>	2.40	--
<b>TED</b>	50.04	<b>-1.38</b>

### CFTC Commodities Futures and Options

For the week ended: 10 Jan 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Wheat	-49,745	-80,575	30,830	Natural Gas	-35,026	-2,288	-32,738
Corn	50,464	22,761	27,703	Nymex Crude	483,875	499,035	-15,160
Gold	106,526	90,118	16,408	Heating Oil	47,494	55,307	-7,813
Sugar	192,654	179,669	12,985	Soybean	126,766	132,656	-5,890
Cotton	126,217	114,381	11,836	Cocoa	-10,057	-10,062	5
RBOB Gasoline	83,973	76,614	7,359	Palladium	16,258	14,478	1,780
Coffee	20,312	13,896	6,416	Lean Hogs	57,371	55,006	2,365
Live Cattle	121,254	114,921	6,333	Silver	64,273	61,085	3,188
Platinum	30,152	24,487	5,665	Copper	47,633	44,374	3,259

Source: CFTC

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
01/13/2017	07:50	JN Money Stock M2 YoY	Dec	4.10%	4.00%	4.00%	3.90%
01/13/2017	07:50	JN Money Stock M3 YoY	Dec	3.50%	3.40%	3.40%	--
01/13/2017	07:50	JN Japan Buying Foreign Bonds	Jan-06	--	¥206.5b	¥501.4b	--
01/13/2017	07:50	JN Japan Buying Foreign Stocks	Jan-06	--	¥234.2b	¥9.5b	--
01/13/2017	07:50	JN Foreign Buying Japan Bonds	Jan-06	--	¥626.1b	¥828.1b	--
01/13/2017	07:50	JN Foreign Buying Japan Stocks	Jan-06	--	¥346.8b	¥58.5b	--
01/13/2017	08:58	SK BoK 7-Day Repo Rate	Jan-13	1.25%	1.25%	1.25%	--
01/13/2017	10:45	CH Imports YoY	Dec	3.00%	3.10%	6.70%	4.70%
01/13/2017	10:46	CH Trade Balance	Dec	\$47.55b	\$40.82b	\$44.61b	\$44.23b
01/13/2017	10:46	CH Exports YoY	Dec	-4.00%	-6.10%	0.10%	-1.60%
01/13/2017	10:49	CH Trade Balance CNY	Dec	344.50b	275.40b	298.10b	--
01/13/2017	13:00	SI Retail Sales SA MoM	Nov	0.20%	0.50%	1.70%	1.80%
01/13/2017	13:00	SI Retail Sales YoY	Nov	1.70%	1.10%	2.20%	2.00%
01/13/2017	13:30	JN Bankruptcies YoY	Dec	--	1.57%	-2.53%	--
01/13/2017	15:30	TH Foreign Reserves	Jan-06	--	\$174.2b	\$171.9b	--
01/13/2017	20:20	IN Exports YoY	Dec	--	5.70%	2.30%	--
01/13/2017	20:20	IN Imports YoY	Dec	--	0.50%	10.40%	--
01/13/2017	21:30	US PPI Final Demand MoM	Dec	0.30%	0.30%	0.40%	--
01/13/2017	21:30	US PPI Ex Food and Energy MoM	Dec	0.10%	0.20%	0.40%	--
01/13/2017	21:30	US PPI Final Demand YoY	Dec	1.60%	1.60%	1.30%	--
01/13/2017	21:30	US PPI Ex Food and Energy YoY	Dec	1.50%	1.60%	1.60%	--
01/13/2017	21:30	US Retail Sales Advance MoM	Dec	0.70%	0.60%	0.10%	0.20%
01/13/2017	21:30	US Retail Sales Ex Auto and Gas	Dec	0.40%	0.00%	0.20%	0.30%
01/13/2017	23:00	US Business Inventories	Nov	0.60%	0.70%	-0.20%	-0.10%
01/13/2017	23:00	US U. of Mich. Sentiment	Jan P	98.5	98.1	98.2	--
01/16/2017	05:45	NZ Food Prices MoM	Dec	--	-0.80%	-0.10%	--
01/16/2017	07:50	JN Machine Orders MoM	Nov	-1.70%	--	4.10%	--
01/16/2017	07:50	JN Machine Orders YoY	Nov	8.10%	--	-5.60%	--
01/16/2017	07:50	JN PPI MoM	Dec	0.40%	--	0.40%	--
01/16/2017	07:50	JN PPI YoY	Dec	-1.40%	--	-2.20%	--
01/16/2017	08:00	AU Melbourne Inst Inflation MoM	Dec	--	--	0.10%	--
01/16/2017	08:00	AU Melbourne Institute Inflation YoY	Dec	--	--	1.50%	--
01/16/2017	08:01	UK Rightmove House Prices YoY	Jan	--	--	3.40%	--
01/16/2017	12:30	JN Tertiary Industry Index MoM	Nov	0.20%	--	0.20%	--
01/16/2017	14:00	JN Machine Tool Orders YoY	Dec P	--	--	-5.60%	--
01/16/2017	14:30	IN Wholesale Prices YoY	Dec	3.50%	--	3.15%	--
01/16/2017	17:00	IT CPI EU Harmonized YoY	Dec F	0.50%	--	0.50%	--
01/16/2017	18:00	EC Trade Balance SA	Nov	20.8b	--	19.7b	--
01/16/2017		PH Overseas Remittances YoY	Dec	14.50%	--	-3.00%	--
01/16/2017		PH Overseas Workers Remittances	Nov	\$2133m	--	\$2099m	--
01/16/2017		ID Imports YoY	Dec	3.40%	--	9.88%	--
01/16/2017		ID Exports YoY	Dec	14.10%	--	21.34%	--
01/16/2017		ID Trade Balance	Dec	\$902m	--	\$838m	--

Source: Bloomberg

<b><u>OCBC Treasury Research</u></b>	
<b><u>Macro Research</u></b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Wellian Wiranto</b> WellianWiranto@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com <b>Terence Wu</b> TerenceWu@ocbc.com	<b><u>Credit Research</u></b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Ezien Hoo</b> EzienHoo@ocbc.com <b>Wong Hong Wei</b> 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