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Highlights

Global	<p>May's Brexit parade is expected to rain hard on GBP and this will be the key market focus today since US markets were closed yesterday for a Martin Luther King holiday. In particular, should UK PM May clarify a hardline approach to Brexit, this could open a further can of worms for the EU. Elsewhere, the IMF unveiled a brighter economic outlook for the global economy, anticipating global growth to accelerate from 3.1% last year to 3.4% this year and 3.6% next year, with US growth tipped moderately higher on future fiscal stimulus whilst China also is expected to grow by 6.5% in 2017 and 6.0% in 2018.</p> <p>For today, the economic data calendar comprises of US' Empire manufacturing, EZ ZEW survey and ECB bank lending survey, UK's RPI/PPI/CPI, and S'pore NODX. Fed's Dudley is speaking today.</p>
UK	<p>BOE governor Carney spoke that "recently, there have been signs of continued solid consumer momentum domestically and a stronger growth outlook globally", albeit consumption-led growth "tends to be both slower and less durable". He opined that "how household spending evolves, and the inter-temporal trade-off that households strike, will be important considerations over the next year" and "the MPC will monitor developments in the light of inflation tolerance, and will explain its assessment and policy stance accordingly".</p>
SG	<p>Private residential home sales hit 8,136 in 2016, up from 7,440 in 2015, according to URA data, as home prices fell for the third straight year by 3% (-11% from the 2013 peak).</p> <p>MAS's Ravi Menon warned that any protectionist measures "may well attract retaliatory measures with disastrous consequences for the global economy". On the US, he opined that "there remains considerable uncertainty as to the actual policy changes in store...they may not pan out as expected". For Singapore, he noted it is not immune to higher US interest rates, volatility in capital flows and "potential stresses in the regional corporate sector", but should continue a modest pace of expansion at 1-3%, and the economic restructuring remains a "work-in-progress".</p>
MA	<p>BNM Governor Datuk Muhammad Ibrahim reportedly said that demand and supply imbalances in the domestic FX market intensified the pressure on the ringgit's decline. He added that the central bank's proactive steps had helped to reduce the disruptive influence of speculative activities on the ringgit in the offshore market.</p>
Commodities	<p>Commodity exchanges in the US were closed yesterday on Martin Luther King holiday. Brent rose 0.74% likely on OPEC rhetoric that all members indicated their willingness to extend the oil deal for another six months after the expiration of the current one in June. Moreover, Saudi Arabia oil minister commented that the rebalancing in oil fundamentals should take place in the first half of 2017, suggesting that there could be an earlier rally in oil prices. Elsewhere, gold touched its November high at intraday trading yesterday at \$1,208.7/oz, likely on uncertainties as market-watchers await for UK Theresa May's speech later this evening.</p>

Major Markets

- **US:** Equity and debt markets were closed on Monday for Martin Luther King holiday. Eyes will be on Theresa May's Brexit speech today and Donald Trump's inauguration on Friday. A key point to look out for will be whether the market optimism will continue to persist through the inauguration, or will there be a "buy on rumour, sell on fact" dynamic coming up.
- **Singapore:** The STI gave back 0.4% yesterday to close at 3013.12, but may consolidate further today given mixed leads from Wall Street overnight and weak morning cues from Nikkei. The STI may trade between 3000-3020. The SGS yield curve steepened yesterday, but may range trade ahead of UK PM May's speech later.
- **Indonesia:** Financial Services Authority (OJK) and the Indonesian Stock Exchange are reportedly finalizing regulation amendments on margin trading. Under the new set of regulations, securities firms with a net adjusted working capital above IDR250bn (~USD18.7bn) will be allowed to engage in margin trading on all eligible stocks. Those that are less capitalized, however, can only offer margin trading facilities on a subset of 45 most heavily traded stocks which are part of the LQ45 index.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates rising 2-4bps across all tenors. In the broader dollar space, the spread on JACI IG Corporates changed little at 198bps, while the yield on JACI HY Corporates rose 2bps to 6.80%. U.S. markets were closed yesterday for U.S. public holiday. The 10y UST last closed on Friday at 2.40%.
- **New Issues:** Yanlord Land (HK) Co. priced a USD450mn 5NC3 bond at 5.875%, tightening from initial guidance of 6.25%. The expected issue ratings are 'BB-/Ba3/NR'. Times Property Holdings Ltd. priced a USD375mn 3NC2 bond at 6.25%, tightening from initial guidance of 6.63%. The expected issue ratings are 'B/B2/B+'. Chang Development International Ltd. priced a USD100mn 3-year bond retap at CT3+230bps. The expected issue ratings are 'NR/Baa1/NR'. DBS Bank Ltd priced a EUR750mn 7-year covered bond at MS+15bps, inside of initial guidance of MS+17bps. The reoffer price of 99.34 yields 0.471% and the issue has expected ratings of "NR/Aaa/AAA". Qinghai Provincial Investment Group Co. Ltd. scheduled an investor roadshow from 16 January for a possible USD bond issuance. China Opportunity International Ltd. scheduled an investor roadshow from 17 January for a possible USD bond issuance. Vedanta Resources PLC scheduled investor roadshows for a possible USD 5.5-year bond issuance. United Photovoltaics Group Ltd. plans for investor update call for USD Bond issuance today. China Development Bank Corp. is planning for possible USD 5-year, 10-year USD bond issue, and EUR 3-year bond issuance. The expected issue ratings are 'AA-/Aa3/NR'.
- **Rating Changes:** S&P affirmed China South City Holdings Ltd. (CSC)'s 'B' corporate credit rating and issue rating on CSC's senior unsecured notes. In addition, S&P removed all the ratings from CreditWatch with negative implications which was placed on 31 Oct 2016. The rating action reflects S&P's view that CSC will not face imminent liquidity pressure following the sale of Co-Chairman Mr. Cheng Chung Hing's shares in CSC to Shenzhen Centralcon Investment Holding Co. Ltd. S&P assigned a 'AA-' issuer credit rating to HSBC Bank (China) Co. Ltd. (HSBC China), with a negative outlook. The rating action on HSBC China mirrors the ratings on HSBC Banking Corp. Ltd. because HSBC China is a core subsidiary of the HSBC Asia Pacific group and plays a key role in the Hong Kong-based parent's strategy in mainland China. Moody's withdrew Trillion Chance Ltd.'s Long Term Rating.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.180	--	USD-SGD	1.4304	0.15%
USD-JPY	114.200	-0.25%	EUR-SGD	1.5162	-0.39%
EUR-USD	1.0601	-0.39%	JPY-SGD	1.2524	0.44%
AUD-USD	0.7477	-0.33%	GBP-SGD	1.7233	-0.93%
GBP-USD	1.2047	-1.11%	AUD-SGD	1.0695	-0.18%
USD-MYR	4.4668	0.09%	NZD-SGD	1.0159	-0.25%
USD-CNY	6.9008	0.00%	CHF-SGD	1.4137	-0.11%
USD-IDR	13362	0.18%	SGD-MYR	3.1230	-0.10%
USD-VND	22543	-0.12%	SGD-CNY	4.8283	0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.6928	--
2M	-0.3390	--	1M	0.7683	--
3M	-0.3270	--	2M	0.8350	--
6M	-0.2360	--	3M	1.0232	--
9M	-0.1520	--	6M	1.3316	--
12M	-0.0940	--	12M	1.6984	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.21	-1.20	3.85
Italy	-0.08	0.10	1.91
Ireland	-0.40	2.20	0.94
Greece	7.29	6.50	7.00
Spain	-0.27	1.40	1.43
Russia	2.59	--	4.33

Equity and Commodity

Index	Value	Net change
DJIA	19,885.73	--
S&P	2,274.64	--
Nasdaq	5,574.12	--
Nikkei 225	19,095.24	-192.04
STI	3,013.12	-11.95
KLCI	1,658.84	-13.66
JCI	5,270.01	-2.97
Baltic Dry	925.00	15.00
VIX	11.23	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.17 (--)	1.19 (--)
5Y	1.77 (+0.02)	1.90 (--)
10Y	2.34 (+0.02)	2.40 (--)
15Y	2.68 (+0.02)	--
20Y	2.74 (+0.03)	--
30Y	2.74 (+0.03)	2.99 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	34.53	-0.10
EURIBOR-OIS	1.70	-0.70
TED	50.04	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.37	--	Coffee (per lb)	1.493	--
Brent (per barrel)	55.86	0.74%	Cotton (per lb)	0.7227	--
Heating Oil (per gallon)	1.6514	--	Sugar (per lb)	0.2052	--
Gasoline (per gallon)	1.6117	--	Orange Juice (per lb)	1.8315	--
Natural Gas (per MMBtu)	3.4190	--	Cocoa (per mt)	2,213	--
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,865.0	-0.74%	Wheat (per bushel)	4.2600	--
Nickel (per mt)	10,212.0	-1.80%	Soybean (per bushel)	10.425	--
Aluminium (per mt)	1,797.5	-0.64%	Corn (per bushel)	3.5850	--
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,196.2	--	Crude Palm Oil (MYR/MT)	3,207.0	-2.23%
Silver (per oz)	16.765	--	Rubber (JPY/KG)	308.5	2.94%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
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%	-5.10%	4.10%	--
01/16/2017	07:50	JN Machine Orders YoY	Nov	8.10%	10.40%	-5.60%	--
01/16/2017	07:50	JN PPI MoM	Dec	0.40%	0.60%	0.40%	--
01/16/2017	07:50	JN PPI YoY	Dec	-1.40%	-1.20%	-2.20%	--
01/16/2017	08:00	AU Melbourne Institute Inflation	Dec	--	0.50%	0.10%	--
01/16/2017	08:00	AU Melbourne Institute Inflation YoY	Dec	--	1.80%	1.50%	--
01/16/2017	08:01	UK Rightmove House Prices MoM	Jan	--	0.40%	-2.10%	--
01/16/2017	08:01	UK Rightmove House Prices YoY	Jan	--	3.20%	3.40%	--
01/16/2017	12:03	ID Exports YoY	Dec	14.10%	15.57%	21.34%	21.41%
01/16/2017	12:14	ID Imports YoY	Dec	3.40%	5.82%	9.88%	9.98%
01/16/2017	12:14	ID Trade Balance	Dec	\$902m	\$992m	\$838m	\$834m
01/16/2017	12:30	JN Tertiary Industry Index MoM	Nov	0.20%	0.20%	0.20%	0.00%
01/16/2017	14:00	JN Machine Tool Orders YoY	Dec P	--	4.40%	-5.60%	--
01/16/2017	14:30	IN Wholesale Prices YoY	Dec	3.50%	3.39%	3.15%	--
01/16/2017	15:53	PH Overseas Remittances YoY	Nov	8.70%	18.50%	-3.00%	--
01/16/2017	15:53	PH Overseas Workers Remittances	Nov	\$2092m	\$2217m	\$2099m	--
01/16/2017	17:00	IT CPI EU Harmonized YoY	Dec F	0.50%	0.50%	0.50%	--
01/16/2017	18:00	EC Trade Balance SA	Nov	20.8b	22.7b	19.7b	19.9b
01/16/2017	01/20	ID Motorcycle Sales	Dec	--	--	570923	--
01/16/2017	01/20	ID Local Auto Sales	Dec	--	--	99935	--
01/17/2017	04:30	NZ REINZ House Sales YoY	Dec	--	-10.70%	-6.00%	-5.90%
01/17/2017	08:30	AU Home Loans MoM	Nov	0.30%	--	-0.80%	--
01/17/2017	08:30	AU Investment Lending	Nov	--	--	0.70%	--
01/17/2017	08:30	AU Owner-Occupier Loan Value MoM	Nov	--	--	-0.80%	--
01/17/2017	08:30	AU New Motor Vehicle Sales MoM	Dec	--	--	-0.60%	--
01/17/2017	08:30	AU New Motor Vehicle Sales YoY	Dec	--	--	-1.10%	--
01/17/2017	08:30	SI Non-oil Dom Exports YoY	Dec	5.80%	--	11.50%	--
01/17/2017	08:30	SI Non-oil Dom Exports SA MoM	Dec	-5.50%	--	13.10%	--
01/17/2017	08:30	SI Electronic Exports YoY	Dec	--	--	3.50%	--
01/17/2017	12:30	JN Industrial Production MoM	Nov F	--	--	1.50%	--
01/17/2017	12:30	JN Industrial Production YoY	Nov F	--	--	4.60%	--
01/17/2017	12:30	JN Capacity Utilization MoM	Nov	--	--	1.40%	--
01/17/2017	15:00	EC EU27 New Car Registrations	Dec	--	--	5.80%	--
01/17/2017	15:45	FR Budget Balance YTD	Nov	--	--	-85.5b	--
01/17/2017	17:00	IT Trade Balance Total	Nov	--	--	4299m	--
01/17/2017	17:30	UK CPI MoM	Dec	0.30%	--	0.20%	--
01/17/2017	17:30	UK CPI YoY	Dec	1.40%	--	1.20%	--
01/17/2017	17:30	UK CPI Core YoY	Dec	1.40%	--	1.40%	--
01/17/2017	17:30	UK Retail Price Index	Dec	266.7	--	265.5	--
01/17/2017	17:30	UK RPI MoM	Dec	0.40%	--	0.30%	--
01/17/2017	17:30	UK RPI YoY	Dec	2.30%	--	2.20%	--
01/17/2017	17:30	UK RPI Ex Mort Int. Payments (YoY)	Dec	2.50%	--	2.50%	--
01/17/2017	17:30	UK PPI Input NSA MoM	Dec	2.40%	--	-1.10%	--
01/17/2017	17:30	UK PPI Input NSA YoY	Dec	15.50%	--	12.90%	--
01/17/2017	17:30	UK PPI Output NSA MoM	Dec	0.40%	--	0.00%	--
01/17/2017	17:30	UK PPI Output NSA YoY	Dec	2.90%	--	2.30%	--
01/17/2017	17:30	UK PPI Output Core NSA YoY	Dec	2.20%	--	2.20%	--
01/17/2017	18:00	GE ZEW Survey Expectations	Jan	18.4	--	13.8	--
01/17/2017	18:00	GE ZEW Survey Current Situation	Jan	65	--	63.5	--
01/17/2017	18:00	EC ZEW Survey Expectations	Jan	--	--	18.1	--
01/17/2017	21:30	US Empire Manufacturing	Jan	8.5	--	9	--

Source: Bloomberg

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