

Highlights

Global	<p>The Trump trade continued to unwind ahead of his presidential inauguration ceremony today, as he takes office with the US economy in full bloom. The Dow closed lower for the fifth consecutive session and US Treasury bond yields higher, albeit the USD took advantage of the dovish ECB rhetoric. Elsewhere, ECB, BI and BNM were expectedly static but ECB president Draghi's dovish tone (need for a "very substantial degree of monetary accommodation" helped ease tapering fears)</p> <p>Apart from China's 4Q16 GDP (expected to print 6.7%) and Dec industrial production/retail sales/FAI data prints, there is little else on the economic data front that will occupy investors' attention. Watch Trump's inauguration speech (a potential wildcard but hopefully with more economic policy intentions than his previous news conference – note US Treasury Secretary nominee Mnuchin had said during his Senate confirmation hearing that he would label China as a currency manipulator and that Trump's comments as the USD being "too strong" was referring to the short-term) and Fed chair Yellen's speech.</p>
US	<p>Initial jobless claims fell 15k to 234k (low since mid-Nov), bringing the 4-week average to 247k, while continuing claims also dipped to 2.046m, suggesting that the labour market is likely to remain robust. Meanwhile, the Philadelphia Fed business index unexpectedly strengthened from 21.5 in Dec to 23.6 (highest since Nov14) in Jan, with the workweek and number of employee gauges both healthy. The forward-looking six months ahead index also surged from 48.7 to 56.6 in Jan (highest since Aug14), and reflecting sustained optimism. Housing starts rebounded more than expected by 11.3% mom to 1.226m in Dec, after a revised 16.5% decline in Nov, led by higher apartment construction that capped the 7th straight year of increase.</p>
EZ	<p>ECB's Draghi opined that "it's increasingly clear that this policy stance has been successful", but reiterated that inflation pressures remain subdued and he does not see a convincing uptrend. Meanwhile, German finance minister Schaeuble suggested inflation is likely to rise up to 2%.</p>
ID	<p>Bank Indonesia decided to keep its 7-day reverse repo policy rate at 4.75% yesterday, in line with our expectation and that of the market. BI highlighted lingering global risk factors in the decision while also alluding to a likely pick-up in inflation this year due to increases in administered prices.</p>
MA	<p>Bank Negara kept its overnight policy rate unchanged at 3% yesterday, as market expected. Even as it continues to highlight downside risks to growth due to global uncertainties, a recent upturn in some indicators including exports has allowed the central bank to breathe more easily.</p>
Commodities	<p>Crude oil erased some of its losses yesterday on lower oil inventories seen in US Cushing, although total US oil inventories gained 2.3 million barrels. Still, the surge in gasoline inventories by 6.0 million barrels did drag gasoline futures by 0.92% to \$1.5345/gallon, the lowest since mid-December 2016. Gold fell below its \$1,200/oz on intraday trading yesterday, as investors digested Yellen's rhetoric that it "makes sense" to reduce monetary accommodation, amid a better-than-expected US initial jobless claims at 234k vs expectation 252k.</p>

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Major Markets

- **Singapore:** The STI added 0.27% yesterday to close at 3008.22 yesterday, and it remains to be seen if it can continue to sustain above the 3000 handle today amid the sea of red ink spreading across the global equity bourses. STI resistance is tipped at 3020. With the overnight UST bond sell-off and steepening bias, the SGS curve may be tempted to follow suit today. The upcoming 2-year SGS bond re-opening on 26 Jan will be \$2.3b in size with MAS taking \$200m.
- **Hong Kong:** The improvement in economy due to China's stabilization and optimism about global recovery has supported the labour market. Employment and labour force grew by 0.8% and 0.9% respectively on yearly basis over 2016. The seasonally adjusted unemployment rate held stable at 3.3% in 4Q 2016. The major sectors also saw decrease in their unemployment rate. Jobless rate of the trade and wholesale sector and that of the retail, accommodation and food services sector dropped to 2.7% and 4.9% from 2.9% and 5.2% in 4Q respectively. This was attributed to the two sectors' moderate rebound in the quarter. In addition, with the launch of the second stock link, the resultant increase in labour demand pushed the financial sector's unemployment rate down to 2.4%, the lowest since September 2015. The resilient labour market would have warranted a moderate economic growth in 4Q. However, downward risks to the labor market have yet to be eliminated as global uncertainty looms.
- **Korea:** BOK board member Cho Dong-chui commented that the central bank has room to cut rates further if growth or inflation outlook deteriorates.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded higher across all tenors, with swap rates rising by 3-4bps at the shorter end of the curve and 4-5bps at the middle and longer end of the curve. In the broader dollar space, the spread on JACI IG Corporates fell 3bps to 195bps, while the yield on JACI HY Corporates rose 4bps to 6.81%. 10y UST yields rose 4bps yesterday to 2.47%, following Philadelphia Fed Business Outlook index that beat expectations.
- **New Issues:** Huaxing Investment Holding Company Ltd. is planning to issue USD 3-year bonds (guaranteed by Zhuhai Huafa Group Co.). The expected issue ratings are 'NR/NR/BBB'. China Water Affairs Group Ltd. is also proposing to issue USD Senior Notes. PB International B.V. set final guidance for its USD 5NC3 bond (guaranteed by PT Pan Brothers Tbk.) at 7.75%, with the issue size capped at USD200mn. The expected issue ratings are 'NR/B1/B'.
- **Rating Changes:** S&P revised Fufeng Group Ltd.'s 'BB+' corporate credit rating outlook to positive from stable. The rating action reflects S&P's expectations that Fufeng will improve its profitability over the next 12-24 months despite operating in a maturing industry. Moody's upgraded China Guangfa Bank Co. Ltd.'s (CGB) foreign currency deposit ratings to 'Baa3' from 'Ba1'. In addition, Moody's affirmed the bank's baseline credit assessment (BCA) at 'Ba3', upgraded its adjusted BCA to 'Ba1' from 'Ba3', and upgraded its counterparty risk assessment to 'Baa2(cr)' from 'Ba1(cr)', all with stable outlooks. The bank's 'Baa3' rating reflects its standalone BCA of 'Ba3' and three notches uplift due to increasing external support. In particular, Moody's has incorporated two notches of affiliate support and one notch of government support in the bank's long-term deposit rating. Moody's has upgraded Fortescue Metals Group Ltd's corporate family rating (CFR) to 'Ba1' from 'Ba2'. In addition, Moody's upgraded the senior unsecured and senior secured ratings of FMG Resources (August 2006) Pty Ltd to 'Ba2' and 'Baa3' from 'B1' and 'Ba1' respectively. The rating outlook is stable. The upgrade to Fortescue's ratings reflects 1) the substantial debt reduction the company has undertaken over the last several years and most recently in December 2016; 2) the

continued and sustained cost improvements which have created an earnings buffer to lower iron ore prices; 3) limited near term capital expenditures, which supports free cash flow generation; and 4) the reduced refinancing risk and reduction in secured debt. Moody's affirmed Incitec Pivot Ltd.'s 'Baa3' issuer, 'Baa3' senior unsecured debt rating and '(P)Baa3' senior unsecured MTN ratings. In addition, Moody's changed the rating outlook to positive from stable. The change in outlook to positive reflects the completion of the company's ammonia plant in Waggaman, Louisiana (WALA) and the continued execution on its cost improvement initiatives. Moody's affirmed Tokio Marine & Nichido Fire Insurance Co. Ltd.'s (Tokio Marine) 'Aa3' insurance financial strength rating. In addition, Moody has changed the rating outlook to stable from negative. The change in the rating outlook to stable reflects: (1) the company's improved profitability; (2) its improving capital base, after the reduction in its capital due to the acquisition of HCC Insurance Holdings, Inc.; and (3) Tokio Marine's good management of HCC's business including the risk management of HCC's specialty lines business. Fitch affirmed China Development Bank Corporation's (CDB), Agricultural Development Bank of China's (ADBC) and Export-Import Bank of China's (Exim) issuer default rating at 'A+', with stable outlooks. The rating actions are based on an extremely high probability of the central government supporting the banks in a timely manner in the event of stress.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.150	0.22%	USD-SGD	1.4261	-0.24%
USD-JPY	114.860	0.18%	EUR-SGD	1.5215	0.13%
EUR-USD	1.0664	0.32%	JPY-SGD	1.2413	-0.44%
AUD-USD	0.7561	0.75%	GBP-SGD	1.7597	0.39%
GBP-USD	1.2342	0.66%	AUD-SGD	1.0782	0.49%
USD-MYR	4.4490	0.11%	NZD-SGD	1.0250	0.68%
USD-CNY	6.8720	0.33%	CHF-SGD	1.4170	-0.14%
USD-IDR	13376	0.22%	SGD-MYR	3.1198	-0.23%
USD-VND	22563	0.09%	SGD-CNY	4.8066	-0.23%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.6894	--
2M	-0.3390	--	1M	0.7767	--
3M	-0.3290	--	2M	0.8481	--
6M	-0.2400	--	3M	1.0301	--
9M	-0.1540	--	6M	1.3385	--
12M	-0.0990	--	12M	1.7104	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.13	-5.50	3.88
Italy	-0.08	1.50	4.40
Ireland	-0.38	1.30	2.80
Greece	7.24	-10.10	0.98
Spain	-0.26	3.20	2.50
Russia	2.54	5.90	7.07

Equity and Commodity

Index	Value	Net change
DJIA	19,732.40	-72.32
S&P	2,263.69	-8.20
Nasdaq	5,540.08	-15.57
Nikkei 225	19,072.25	177.88
STI	3,008.22	8.00
KLCI	1,666.51	1.49
JCI	5,298.95	4.16
Baltic Dry	942.00	-10.00
VIX	12.78	0.30

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.16 (+0.02)	1.22 (--)
5Y	1.81 (+0.04)	1.96 (+0.03)
10Y	2.37 (+0.05)	2.47 (+0.04)
15Y	2.68 (+0.03)	--
20Y	2.76 (+0.03)	--
30Y	2.76 (+0.03)	3.05 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	34.33	-0.67
EURIBOR-OIS	2.40	--
TED	50.73	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.37	0.57%	Coffee (per lb)	1.508	1.04%
Brent (per barrel)	54.16	0.45%	Cotton (per lb)	0.7269	0.60%
Heating Oil (per gallon)	1.6183	0.57%	Sugar (per lb)	0.2018	-3.81%
Gasoline (per gallon)	1.5345	-0.92%	Orange Juice (per lb)	1.6770	-1.21%
Natural Gas (per MMBtu)	3.3680	2.00%	Cocoa (per mt)	2,164	-3.09%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,739.5	-0.51%	Wheat (per bushel)	4.2350	-1.74%
Nickel (per mt)	9,888.5	-2.48%	Soybean (per bushel)	10.703	-0.44%
Aluminium (per mt)	1,824.0	-0.38%	Corn (per bushel)	3.6625	0.34%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,201.5	-0.87%	Crude Palm Oil (MYR/MT)	3,241.0	-0.06%
Silver (per oz)	17.002	-1.57%	Rubber (JPY/KG)	308.5	1.75%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
01/19/2017	03:00	US	Fed Beige Book					
01/19/2017	05:00	US	Total Net TIC Flows	Nov	--	\$23.7b	\$18.8b	\$20.6b
01/19/2017	05:00	US	Net Long-term TIC Flows	Nov	--	\$30.8b	\$9.4b	\$9.3b
01/19/2017	05:00	SK	PPI YoY	Dec	--	1.80%	0.70%	--
01/19/2017	05:30	NZ	BusinessNZ Manufacturing PMI	Dec	--	54.5	54.4	54.5
01/19/2017	05:45	NZ	Building Permits MoM	Nov	--	-9.20%	2.60%	2.00%
01/19/2017	07:50	JN	Japan Buying Foreign Bonds	Jan-13	--	¥332.1b	¥206.5b	¥207.9b
01/19/2017	07:50	JN	Foreign Buying Japan Bonds	Jan-13	--	¥517.0b	¥626.1b	¥624.1b
01/19/2017	07:50	JN	Foreign Buying Japan Stocks	Jan-13	--	¥246.5b	¥346.8b	--
01/19/2017	08:01	UK	RICS House Price Balance	Dec	30%	24%	30%	29%
01/19/2017	08:30	AU	Employment Change	Dec	10.0k	13.5k	39.1k	37.1k
01/19/2017	08:30	AU	Unemployment Rate	Dec	5.70%	5.80%	5.70%	--
01/19/2017	08:30	AU	Full Time Employment Change	Dec	--	9.3k	39.3k	38.3k
01/19/2017	08:30	AU	Participation Rate	Dec	64.60%	64.70%	64.60%	--
01/19/2017	08:30	AU	RBA FX Transactions Market	Dec	--	A\$1799m	A\$503m	--
01/19/2017	14:00	JN	Machine Tool Orders YoY	Dec F	--	4.40%	4.40%	--
01/19/2017	14:24	PH	BoP Overall	Dec	--	-\$214m	-\$1671m	--
01/19/2017	15:00	MA	BNM Overnight Policy Rate	Jan-19	3.00%	3.00%	3.00%	--
01/19/2017	16:19	HK	Composite Interest Rate	Dec	--	0.31%	0.26%	--
01/19/2017	16:30	HK	Unemployment Rate SA	Dec	3.30%	3.30%	3.30%	--
01/19/2017	17:00	EC	ECB Current Account SA	Nov	--	36.1b	28.4b	28.3b
01/19/2017	17:06	ID	Bank Indonesia 7D Reverse	Jan-19	4.75%	4.75%	4.75%	--
01/19/2017	17:30	IT	Current Account Balance	Nov	--	4640m	6086m	--
01/19/2017	20:45	EC	ECB Main Refinancing Rate	Jan-19	0.00%	0.00%	0.00%	--
01/19/2017	20:45	EC	ECB Marginal Lending Facility	Jan-19	0.25%	0.25%	0.25%	--
01/19/2017	20:45	EC	ECB Deposit Facility Rate	Jan-19	-0.40%	-0.40%	-0.40%	--
01/19/2017	20:45	EC	ECB Asset Purchase Target	Jan	EU80b	EU80b	EU80b	--
01/19/2017	21:30	CA	Int'l Securities Transactions	Nov	--	7.24b	15.75b	15.77b
01/19/2017	21:30	CA	Manufacturing Sales MoM	Nov	1.00%	1.50%	-0.80%	-0.60%
01/19/2017	21:30	US	Housing Starts	Dec	1188k	1226k	1090k	1102k
01/19/2017	21:30	US	Building Permits	Dec	1225k	1210k	1201k	1212k
01/19/2017	21:30	US	Initial Jobless Claims	Jan-14	252k	234k	247k	249k
01/19/2017	21:30	US	Continuing Claims	Jan-07	2075k	2046k	2087k	2093k
01/19/2017	21:30	US	Philadelphia Fed Biz Outlook	Jan	15.3	23.6	21.5	19.7
01/20/2017	08:00	AU	HIA New Home Sales MoM	Nov	--	--	-8.50%	--
01/20/2017	10:00	CH	GDP YoY	4Q	6.70%	--	6.70%	--
01/20/2017	10:00	CH	GDP YTD YoY	4Q	6.70%	--	6.70%	--
01/20/2017	10:00	CH	GDP SA QoQ	4Q	1.70%	--	1.80%	--
01/20/2017	10:00	CH	Industrial Production YoY	Dec	6.10%	--	6.20%	--
01/20/2017	10:00	CH	Industrial Production YTD YoY	Dec	6.00%	--	6.00%	--
01/20/2017	10:00	CH	Retail Sales YoY	Dec	10.70%	--	10.80%	--
01/20/2017	10:00	CH	Retail Sales YTD YoY	Dec	10.40%	--	10.40%	--
01/20/2017	10:00	CH	Fixed Assets Ex Rural YTD YoY	Dec	8.30%	--	8.30%	--
01/20/2017	13:30	JN	Nationwide Dept Sales YoY	Dec	--	--	-2.40%	--
01/20/2017	13:30	JN	Tokyo Dept Store Sales YoY	Dec	--	--	-1.40%	--
01/20/2017	15:00	JN	Convenience Store Sales YoY	Dec	--	--	0.50%	--
01/20/2017	15:00	GE	PPI MoM	Dec	0.40%	--	0.30%	--
01/20/2017	15:00	GE	PPI YoY	Dec	1.00%	--	0.10%	--
01/20/2017	15:00	MA	Foreign Reserves	Jan-13	--	--	\$94.6b	--
01/20/2017	15:30	TH	Foreign Reserves	Jan-13	--	--	\$174.2b	--
01/20/2017	16:00	TA	Export Orders YoY	Dec	9.00%	--	7.00%	--
01/20/2017	17:30	UK	Retail Sales Ex Auto Fuel MoM	Dec	-0.40%	--	0.50%	--
01/20/2017	17:30	UK	Retail Sales Ex Auto Fuel YoY	Dec	7.50%	--	6.60%	--
01/20/2017	17:30	UK	Retail Sales Inc Auto Fuel MoM	Dec	-0.10%	--	0.20%	--
01/20/2017	17:30	UK	Retail Sales Inc Auto Fuel YoY	Dec	7.20%	--	5.90%	--
01/20/2017	21:30	CA	CPI NSA MoM	Dec	0.00%	--	-0.40%	--
01/20/2017	21:30	CA	CPI YoY	Dec	1.70%	--	1.20%	--
01/20/2017	21:30	CA	Consumer Price Index	Dec	128.7	--	128.6	--
01/20/2017	21:30	CA	Retail Sales Ex Auto MoM	Nov	0.00%	--	1.40%	--
01/20/2017	21:30	CA	Retail Sales MoM	Nov	0.50%	--	1.10%	--
01/20/2017		MU	CPI Composite YoY	Dec	--	--	1.53%	--

Source: Bloomberg

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