

### Highlights

Global	<p>Trump's inauguration as the 45<sup>th</sup> president of the US took center-stage last Friday with his trademark "America First" message and two simple rules to buy American and hire American, as US markets saw choppy trading. China also reported 4Q16 growth of 6.8% and announced a "temporary liquidity facility" ahead of the Lunar New Year holidays. Expect that Asian markets will be likely trade on a slightly nervous Trump tone in anticipation of more aggressive anti-globalisation/China headwinds and ahead of the Lunar New Year holidays. The economic data calendar is fairly light today with Eurozone's consumer confidence, HK and S'pore CPI, and Taiwan's industrial production. ECB's Draghi and Paet are speaking today.</p>
US	<p>Fed's Yellen said that "I consider it prudent to adjust the stance of monetary policy gradually over time" and argued that wages had risen "only modestly" and growth "seems unlikely to pick up markedly in the near term". She also opined that "I expect some further strengthening in labor market conditions as the economy continues to expand at a moderate pace" and "there's a little less to lose sleep about now". Meanwhile Harker also noted that with the US economy already at full employment, "any large stimulus to the economy may run the risk of inflation growing faster than we hope" and "we'd have to reassess that policy path if inflation would start to get well above our 2% target". On the balance sheet size, he opined that "we should consider stopping reinvestment" once the fed funds rate is above 100bps and "we are actively discussing and researching the question of what is the appropriate size in the long run".</p>
SG	<p>Headline CPI may print at -0.1% yoy (also -0.1% mom nsa) due to low COE prices for Dec16, but core CPI is likely to rise 1.2% yoy. In Nov16, headline and core CPI were 0.0% yoy (+0.3% mom nsa) and 1.3% yoy respectively. PM Lee said he hoped the economic momentum may pick up, but "if we need to give it an extra boost, we will". He also opined that "if we can make two to three per cent every year over the next 10 years, we will be doing well".</p>
CH	<p>PBoC launched the new monetary policy tool "Temporary liquidity Facility" to inject liquidity to a few big commercial banks for 28 days to meet liquidity demand ahead of Chinese New Year holiday. There are two purposes of new liquidity tool in our view. First, it is designed to skirt around the limitation of high quality collateral. Second, PBoC clearly differentiate the new tool from RRR cut as participating banks need to pay much higher cost to access to liquidity as compared to RRR cut. We think the new temporarily liquidity facility is a policy neutral tool. As such, we see limited impact on the market.</p>
Commodities	<p>"Compliance is great, it's been really fantastic," commented Saudi Arabia Khalid Al-Falih when commenting on the progress made since the OPEC watershed deal last year. To date, the countries that had participated in the production cut had already removed 1.5 million barrels per day (bpd) to-date, or more than 80% of the agreed cut. Crude oil futures rose by more than 2.0% as a result. Elsewhere on precious metals, gold rallied back up above its \$1,200/oz after the initial dollar strength, with the yellow metal pointing north this morning to \$1,215/oz.</p>

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## Major Markets

- **US:** Equities rose on President Trump's inauguration day, with the Dow leading the pace with a 0.48% rise, and the S&P 500 and Nasdaq following up with gains of 0.34% and 0.28% respectively. Energy companies led gains as crude oil rose, while consumer staples were carried by a better-than-expected earnings from Procter & Gamble. For the week, equities ended lower under the influence of financials and healthcare stocks. VIX ended sharply lower, closing at 11.54, down 9.7%. Meanwhile, US Treasuries pared losses for the week, with 2- and 10-year benchmark yields at 1.18% and 2.43% respectively.
- **Singapore:** The STI extended 0.1% gains on Friday to close at 3011.08, but mixed cues from Wall Street on Friday and morning performance by Kospi, expect the STI to trade in a range of 3000-3020. SGS bonds rallied on Friday and may remain supportive today. There is a \$2.3b (with MAS taking \$200m) 2-year SGS bond re-opening to be auctioned on 26 Jan.
- **Macau:** Over 2016, inflation has decelerated significantly from 4.56% in 2015 to 2.37%, in line with our expectations. After accelerating in November, CPI grew at a slower pace again and was up by 1.44%. The rebound was attributed to higher prices of winter clothing, footwear, vegetables, as well as rising gasoline prices. The price growth of Food & Non-alcoholic Beverages decelerated again to 1.85% in December from 2.09% in the previous month. In addition, clothing and footwear prices continued to edge up by 1.86%. However, a stronger MOP may hit visitor consumption and shrug off some inflationary risks. More notably, housing & fuels prices deflated for the fifth straight month by 1.45% yoy. As the government pledges to increase supply of car parking spaces this year, rentals for parking spaces may be corrected and further drag on the CPI of housing & fuels. In all, we expect composite CPI to print around 1.5% in 2017.
- **Indonesia:** Bank Indonesia reportedly expects growth of credit that is denominated in foreign currency to be at around 5% level this year, compared to 3.62% growth of last year. Governor Agus Martowardojo said that the recent uptrend in commodity prices should help to support some pick up in the FX credit demand in the domestic banking system.
- **Malaysia:** Bank Negara has released an exposure draft which is proposing regulatory requirements on credit risk management for financial institutions. The proposal is said to aim to clarify expectations on risk management function within these institutions, especially within the context of credit decision-making.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve was range bound last Friday, as swap rates traded higher by 1bps on the shorter end, with the exception of the 3-year swap rate (traded lower by 1bp). Swaps remained little changed on the medium end of the curve, and higher by around 1bp on the longer end of the curve. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 194bps, while the yield on JACI HY Corporates rose 3bps to 6.84%. 10y UST yield fell 1bp yesterday to 2.47%, after mixed sentiments pushed 10-year yield above 2.50% for the first time since 3 January in an hour before Trump inauguration; and subsequently erased declines as equities approached session lows and dollar weakened.
- **New Issues:** Blue Skyview Company priced a USD 250mn NC3.5 perp (guaranteed by Hong Kong Airlines International Holdings Ltd.) at 7.125%, tightening from initial guidance of 7.3%. China Water Affairs Group Ltd. scheduled an investor roadshow from 23 January for potential USD bond issue. China Cinda Asset Management Co. Ltd. is planning to issue a multi-tranche USD bond issue.

- **Rating Changes:** S&P revised BHP Billiton PLC and BHP Billiton Ltd.'s (together, BHP Billiton or the company) outlook to stable from negative. In addition, S&P affirmed the 'A/A-1' corporate credit ratings on the company. The rating action mirrors the improvement in S&P's forecast for commodity prices, which should notably strengthen the company's cash flow generation capacity compared to 12 months ago. S&P revised its outlook on Golden Wheel Tiandi Holdings Co. Ltd. (GW Tiandi) to negative from stable. In addition, S&P assigned a 'B' corporate credit rating to GW Tiandi and a 'B' issue rating on its senior unsecured notes. The rating action reflects GW Tiandi's higher refinancing risk because of its large maturities due in the next 12 months, and expectations for the company's financial leverage to remain high over that period, despite improved contracted sales. S&P assigned China Water Affairs Group Ltd. (CWA) its 'BB+' corporate credit rating, with stable outlook. The rating action reflects the company's monopolistic water supply position in its operating cities, exposure to evolving regulatory risk in China, lower volume risk versus other public utility services, satisfactory profit margin, and improving cash flow leverage ratio in the coming years. Moody's also assigned CWA a 'Ba1' rating, with stable outlook. In addition, Moody's assigned a 'Ba1' rating to the proposed issuance of USD senior unsecured notes issued by CWA. Moody's downgraded Dalian Wanda Commercial Properties Co. Ltd (DWCP) issuer rating to 'Baa3' from 'Baa2' and withdrew Wanda Commercial Properties (HK) Co. Limited's (Wanda HK) 'Baa3' issuer rating. In addition, Moody's assigned a 'Ba1' corporate family rating to the Wanda HK and senior unsecured ratings for the bonds issued by Wanda HK's subsidiaries to 'Ba1' from 'Baa3'. All ratings were assigned a negative outlook. The rating action reflects Moody's expectation that DWCP's debt leverage will rise while it accelerates implementation of its new business model to increase its bulk sales of malls.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	100.740	<b>-0.41%</b>	<b>USD-SGD</b>	1.4263	0.01%
<b>USD-JPY</b>	114.620	<b>-0.21%</b>	<b>EUR-SGD</b>	1.5264	0.32%
<b>EUR-USD</b>	1.0703	0.37%	<b>JPY-SGD</b>	1.2440	0.22%
<b>AUD-USD</b>	0.7555	<b>-0.08%</b>	<b>GBP-SGD</b>	1.7649	0.30%
<b>GBP-USD</b>	1.2375	0.27%	<b>AUD-SGD</b>	1.0777	<b>-0.05%</b>
<b>USD-MYR</b>	4.4470	<b>-0.04%</b>	<b>NZD-SGD</b>	1.0221	<b>-0.28%</b>
<b>USD-CNY</b>	6.8765	0.07%	<b>CHF-SGD</b>	1.4241	0.50%
<b>USD-IDR</b>	13410	0.25%	<b>SGD-MYR</b>	3.1185	<b>-0.04%</b>
<b>USD-VND</b>	22571	0.04%	<b>SGD-CNY</b>	4.8221	0.32%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3720	--	<b>O/N</b>	0.6883	<b>-0.0017</b>
<b>2M</b>	-0.3390	--	<b>1M</b>	0.7753	<b>-0.0011</b>
<b>3M</b>	-0.3280	0.0010	<b>2M</b>	0.8506	<b>-0.0006</b>
<b>6M</b>	-0.2410	<b>-0.0010</b>	<b>3M</b>	1.0434	0.0022
<b>9M</b>	-0.1550	<b>-0.0010</b>	<b>6M</b>	1.3582	0.0067
<b>12M</b>	-0.1000	--	<b>12M</b>	1.7329	0.0047

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
<b>Portugal</b>	0.08	<b>-4.20</b>	3.87
<b>Italy</b>	<b>-0.09</b>	<b>-0.50</b>	2.02
<b>Ireland</b>	<b>-0.31</b>	7.40	1.05
<b>Greece</b>	7.17	<b>-6.80</b>	7.08
<b>Spain</b>	<b>-0.27</b>	<b>-1.20</b>	1.51
<b>Russia</b>	2.51	<b>-3.20</b>	4.37

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	19,827.25	94.85
<b>S&amp;P</b>	2,271.31	7.62
<b>Nasdaq</b>	5,555.33	15.25
<b>Nikkei 225</b>	19,137.91	65.66
<b>STI</b>	3,011.08	2.86
<b>KLCI</b>	1,664.89	<b>-1.62</b>
<b>JCI</b>	5,254.31	<b>-44.64</b>
<b>Baltic Dry</b>	925.00	<b>-17.00</b>
<b>VIX</b>	11.54	<b>-1.24</b>

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.15 (-0.01)	1.19 (-0.03)
<b>5Y</b>	1.79 (-0.02)	1.94 (-0.03)
<b>10Y</b>	2.34 (-0.02)	2.47 (-0.01)
<b>15Y</b>	2.66 (-0.02)	--
<b>20Y</b>	2.73 (-0.03)	--
<b>30Y</b>	2.74 (-0.02)	3.05 (-)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	36.14	1.08
<b>EURIBOR-OIS</b>	2.50	0.10
<b>TED</b>	54.60	1.24

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.42	2.04%	Coffee (per lb)	1.532	1.63%
Brent (per barrel)	55.49	2.46%	Cotton (per lb)	0.7304	0.48%
Heating Oil (per gallon)	1.6459	1.71%	Sugar (per lb)	0.2018	--
Gasoline (per gallon)	1.5660	2.05%	Orange Juice (per lb)	1.6625	<b>-0.86%</b>
Natural Gas (per MMBtu)	3.2040	<b>-4.87%</b>	Cocoa (per mt)	2,140	<b>-1.11%</b>
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,748.0	0.15%	Wheat (per bushel)	4.2825	1.12%
Nickel (per mt)	9,663.0	<b>-2.28%</b>	Soybean (per bushel)	10.675	<b>-0.26%</b>
Aluminium (per mt)	1,843.8	1.08%	Corn (per bushel)	3.6975	0.96%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,204.9	0.28%	Crude Palm Oil (MYR/MT)	3,234.0	<b>-0.22%</b>
Silver (per oz)	17.032	0.18%	Rubber (JPY/KG)	303.4	<b>-1.65%</b>

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### CFTC Commodities Futures and Options

For the week ended: 17 Jan 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Soybean	167,438	126,766	40,672	Cotton	118,810	126,217	-7,407
Corn	79,265	50,464	28,801	Copper	46,335	47,633	-1,298
Nymex Crude	508,702	483,875	24,827	Wheat	-50,532	-49,745	-787
Natural Gas	-10,276	-35,026	24,750	Palladium	16,360	16,258	102
Coffee	28,435	20,312	8,123	Gold	106,881	106,526	355
Sugar	200,044	192,654	7,390	Cocoa	-7,498	-10,057	2,559
RBOB Gasoline	88,993	83,973	5,020	Heating Oil	50,161	47,494	2,667
Silver	68,768	64,273	4,495	Platinum	32,890	30,152	2,738
Lean Hogs	61,413	57,371	4,042	Live Cattle	124,703	121,254	3,449

Source: CFTC

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
01/20/2017	10:00	CH GDP YoY	4Q	6.70%	6.80%	6.70%	--
01/20/2017	10:00	CH GDP YTD YoY	4Q	6.70%	6.70%	6.70%	--
01/20/2017	10:00	CH GDP SA QoQ	4Q	1.70%	1.70%	1.80%	--
01/20/2017	10:00	CH Industrial Production YoY	Dec	6.10%	6.00%	6.20%	--
01/20/2017	10:00	CH Industrial Production YTD YoY	Dec	6.00%	6.00%	6.00%	--
01/20/2017	10:00	CH Retail Sales YoY	Dec	10.70%	10.90%	10.80%	--
01/20/2017	10:00	CH Retail Sales YTD YoY	Dec	10.40%	10.40%	10.40%	--
01/20/2017	10:00	CH Fixed Assets Ex Rural YTD YoY	Dec	8.30%	8.10%	8.30%	--
01/20/2017	13:30	JN Nationwide Dept Sales YoY	Dec	--	-1.70%	-2.40%	--
01/20/2017	13:30	JN Tokyo Dept Store Sales YoY	Dec	--	-1.00%	-1.40%	--
01/20/2017	15:00	JN Convenience Store Sales YoY	Dec	--	0.50%	0.50%	--
01/20/2017	15:00	GE PPI MoM	Dec	0.40%	0.40%	0.30%	--
01/20/2017	15:00	GE PPI YoY	Dec	1.00%	1.00%	0.10%	--
01/20/2017	15:00	MA Foreign Reserves	Jan-13	--	\$94.3b	\$94.6b	--
01/20/2017	15:30	TH Foreign Reserves	Jan-13	--	\$175.6b	\$174.2b	--
01/20/2017	16:00	TA Export Orders YoY	Dec	9.00%	6.30%	7.00%	--
01/20/2017	17:10	MU CPI Composite YoY	Dec	--	1.44%	1.53%	--
01/20/2017	17:30	UK Retail Sales Ex Auto Fuel MoM	Dec	-0.40%	-2.00%	0.50%	0.20%
01/20/2017	17:30	UK Retail Sales Ex Auto Fuel YoY	Dec	7.50%	4.90%	6.60%	6.40%
01/20/2017	17:30	UK Retail Sales Inc Auto Fuel MoM	Dec	-0.10%	-1.90%	0.20%	-0.10%
01/20/2017	17:30	UK Retail Sales Inc Auto Fuel YoY	Dec	7.20%	4.30%	5.90%	5.70%
01/20/2017	21:30	CA CPI NSA MoM	Dec	0.00%	-0.20%	-0.40%	--
01/20/2017	21:30	CA CPI YoY	Dec	1.70%	1.50%	1.20%	--
01/20/2017	21:30	CA Retail Sales Ex Auto MoM	Nov	0.00%	0.10%	1.40%	--
01/20/2017	21:30	CA Retail Sales MoM	Nov	0.50%	0.20%	1.10%	1.20%
01/20/2017	01/23	ID Motorcycle Sales	Dec	--	--	570923	--
01/20/2017	01/23	ID Local Auto Sales	Dec	--	--	99935	--
01/23/2017	08:30	TA Unemployment Rate	Dec	3.83%	--	3.84%	--
01/23/2017	12:30	JN All Industry Activity Index MoM	Nov	0.40%	--	0.20%	--
01/23/2017	13:00	JN Supermarket Sales YoY	Dec	--	--	0.80%	--
01/23/2017	13:00	SI CPI YoY	Dec	0.10%	--	0.00%	--
01/23/2017	13:00	SI CPI NSA MoM	Dec	0.10%	--	0.30%	--
01/23/2017	13:00	JN Leading Index CI	Nov F	--	--	102.7	--
01/23/2017	13:00	JN Coincident Index	Nov F	--	--	115.1	--
01/23/2017	16:00	TA Industrial Production YoY	Dec	8.00%	--	8.83%	--
01/23/2017	16:30	HK CPI Composite YoY	Dec	1.30%	--	1.20%	--
01/23/2017	18:00	EC Euro Area 3Q Government Deficit					
01/23/2017	18:00	EC Euro Area 3Q Government Debt					
01/23/2017	21:30	CA Wholesale Trade Sales MoM	Nov	0.50%	--	1.10%	--
01/23/2017	23:00	EC Consumer Confidence	Jan A	-4.8	--	-5.1	--
01/23/2017		MU Visitor Arrivals	Dec	--	--	2589t	--
01/23/2017		JN Cabinet Monthly Eco Report	Jan				
01/23/2017	01/27	TH Car Sales	Dec	--	--	64771	--
01/23/2017	01/25	VN Imports YTD YoY	Jan	23.00%	--	4.60%	--
01/23/2017	01/25	VN Exports YTD YoY	Jan	17.00%	--	8.60%	--
01/23/2017	01/25	VN Retail Sales YTD YoY	Jan	--	--	10.20%	--

Source: Bloomberg

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