

Highlights

Global	Market watchers were left scratching their heads on several issues overnight. Note that Treasury Secretary Steven Mnuchin aired his aim to see “very significant” tax reform to be passed before August, reinforcing President Trump’s promise to unveil a tax plan in the coming weeks. However, Mnuchin added that these tax cuts may only see pass-through effects to economic growth until late 2018. Elsewhere, the Treasury Secretary also surfaced the possibility of having 50y- and 100y- treasury bonds, coupled with a view that US interest rates will probably have low rates for a long period. Lastly, Donald Trump continues to label China as “grand champions” of currency manipulation, just hours after Mnuchin commented little urgency to brand China as such. Elsewhere in Europe, the IMF chief Lagarde commented that Greece should restructure its debt in order to qualify for fresh monetary aid from the IMF. For today, Fed Lockhart is slated speak later tonight, on top of US new home sales. In Asia, watch for Singapore’s industrial production print later this afternoon.
SG	Inflation printed 0.6% yoy (+0.2% momsa) in January in line with our expectations while core inflation accelerated to 1.5%. The higher prices reflected an increase in oil-related items (+5.9%) as well as higher services inflation (+1.9%).
CH	PBoC chief economist Ma Jun said China’s currency regulator SAFE is studying the option to allow non-central bank foreign institutional bond investors to participate in the onshore currency derivative market to hedge currency risk. Meanwhile, Ma Jun also said that PBoC is planning to extend the trading hours in the onshore interbank bond market.
ID	Bank Indonesia said it has revised down its Q1 GDP growth to below 5.05% yoy. Its governor, Agus Martowardojo, reportedly said that the central bank sees risks from situation in Europe, together with protectionism and far-right extreme movements globally as well as fiscal policy in the US. He added that BI will coordinate with state food company Bulog to anticipate rising inflationary pressure.
KR	The Bank of Korea had kept its benchmark rate unchanged at a record low of 1.25%. The central bank cites sluggish employment conditions amid likely deterioration in economic sentiment and domestic consumption. Note that the Bank of Korea had previously lowered its GDP and CPI forecasts for 2017 earlier last week. The central bank is now expecting economic growth to print 2.5% in 2017 (vs previous 2.8%). As for inflation, the bank is expecting it to come in at 1.8% (vs previous 1.9%).
Commodities	Crude oil tuned higher as market-watchers digested the lower-than-expected climb in US crude oil inventories, while inventories of gasoline and distillates fell more than expected. US crude oil inventories print has been closely watched for some time now, as stocks have been climbing amid falling refinery utilisation rates which amounted to fresh supply glut concerns. As such, the minute increase +564k barrels of crude oil stocks does serve as a relief to arrest potential fall in crude oil prices again. Elsewhere, further downplay of rate hikes by US Treasury Secretary Steven Mnuchin led gold higher to its \$1,250/oz handle overnight.

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Major Markets

- **US:** Equities ended mixed as the indices traded within a narrow margin on Thursday. The Dow gained 0.167% to hit 20,810 while S&P rose by 0.04%. On the other hand, NASDAQ fell 0.43%, likely due to the decline in biotechnology shares. VIX retreated 0.36% to close at 11.71. Meanwhile, US Treasuries strengthened as yields fell 3-4bps overnight with the 2- and 10-year benchmark yields trading at 1.18% and 2.37% respectively.
- **China:** China is committed to improve efficiency and convenience of trading for foreign investors. Despite drawbacks from currency risk and funding risk, we think China will gradually solve these challenges to attract more foreign investors. As a result, we think that foreign ownership of bonds will gradually increase.
- **Malaysia:** Former Bank Negara's governor, Tan Sri Dr Zeti Akhtar Aziz reportedly said that she is ready to cooperate with a Special Task Force that the Cabinet announced on 15 February to investigate alleged foreign exchange losses in the early 1990s.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 1-2bps lower across tenors. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 191bps while the yield on JACI HY corporates changed little at 6.69%. 10y UST yields fell 4bps to 2.37%, after US Treasury Secretary Steven Mnuchin floated the idea of issuing longer-term, "50- or 100-year" Treasuries.
- **New Issues:** Aozora Bank Ltd. scheduled investor roadshows from 27 February for a potential USD 3-year bond issue. The expected issue ratings are 'A-/NR/NR'.
- **Rating Changes:** Moody's withdrew Texhong Textile Group Limited's 'Ba3' corporate family rating for its own business reasons.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	101.050	-0.17%	USD-SGD	1.4064	-0.44%
USD-JPY	112.610	-0.62%	EUR-SGD	1.4880	-0.23%
EUR-USD	1.0582	0.23%	JPY-SGD	1.2488	0.17%
AUD-USD	0.7715	0.16%	GBP-SGD	1.7657	0.40%
GBP-USD	1.2556	0.85%	AUD-SGD	1.0851	-0.28%
USD-MYR	4.4500	-0.08%	NZD-SGD	1.0169	0.13%
USD-CNY	6.8661	-0.17%	CHF-SGD	1.3975	-0.04%
USD-IDR	13351	-0.13%	SGD-MYR	3.1478	0.28%
USD-VND	22833	--	SGD-CNY	4.8749	0.53%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.6833	--
2M	-0.3410	--	1M	0.7794	--
3M	-0.3300	--	2M	0.8544	--
6M	-0.2390	--	3M	1.0540	--
9M	-0.1700	--	6M	1.3629	--
12M	-0.1110	--	12M	1.7457	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.02	-3.40	3.97
Italy	0.05	0.30	2.23
Ireland	-0.43	-9.60	1.01
Greece	8.38	12.40	7.33
Spain	-0.23	--	1.69
Russia	1.84	--	4.13

Equity and Commodity

Index	Value	Net change
DJIA	20,810.32	34.72
S&P	2,363.81	0.99
Nasdaq	5,835.51	-25.12
Nikkei 225	19,371.46	-8.41
STI	3,137.57	15.37
KLCI	1,704.48	-3.60
JCI	5,372.75	14.06
Baltic Dry	856.00	50.00
VIX	11.71	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.23 (-0.02)	1.18 (-0.03)
5Y	1.59 (-0.03)	1.86 (-0.05)
10Y	2.23 (-0.04)	2.37 (-0.04)
15Y	2.49 (-0.06)	--
20Y	2.48 (-0.05)	--
30Y	2.50 (-0.05)	3.01 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	31.93	-0.61
EURIBOR-OIS	2.30	--
TED	54.13	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	54.45	1.60%	Coffee (per lb)	1.479	-0.90%
Brent (per barrel)	56.58	1.33%	Cotton (per lb)	0.7502	1.19%
Heating Oil (per gallon)	1.6567	1.66%	Sugar (per lb)	0.2016	-2.66%
Gasoline (per gallon)	1.5286	1.01%	Orange Juice (per lb)	1.7580	1.12%
Natural Gas (per MMBtu)	2.6170	0.96%	Cocoa (per mt)	2,067	1.92%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,859.0	-3.00%	Wheat (per bushel)	4.3800	-0.74%
Nickel (per mt)	10,538.0	-2.14%	Soybean (per bushel)	10.115	-1.10%
Aluminium (per mt)	1,862.0	-0.88%	Corn (per bushel)	3.6550	-1.48%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,250.2	1.48%	Crude Palm Oil (MYR/MT)	2,945.0	-2.55%
Silver (per oz)	18.117	0.93%	Rubber (JPY/KG)	302.6	-8.58%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
02/23/2017 03:00	US	FOMC Meeting Minutes	Feb-01	--	--	--	
02/23/2017 07:50	JN	PPI Services YoY	Jan	0.50%	0.50%	0.50%	
02/23/2017 07:50	JN	Japan Buying Foreign Bonds	Feb-17	--	¥48.2b	-¥297.4b	-¥294.1b
02/23/2017 07:50	JN	Japan Buying Foreign Stocks	Feb-17	--	¥164.9b	-¥96.7b	--
02/23/2017 07:50	JN	Foreign Buying Japan Bonds	Feb-17	--	-¥141.2b	-¥99.2b	-¥101.1b
02/23/2017 07:50	JN	Foreign Buying Japan Stocks	Feb-17	--	-¥127.9b	¥175.6b	¥175.8b
02/23/2017 08:30	AU	Private Capital Expenditure	4Q	-0.50%	-2.10%	-4.00%	-3.30%
02/23/2017 08:58	SK	BoK 7-Day Repo Rate	Feb-23	1.25%	1.25%	1.25%	--
02/23/2017 11:27	MU	Visitor Arrivals	Jan	--	2876t	2814t	--
02/23/2017 13:00	SI	CPI YoY	Jan	0.60%	0.60%	0.20%	--
02/23/2017 13:00	SI	CPI NSA MoM	Jan	0.30%	0.20%	0.20%	--
02/23/2017 13:00	JN	Leading Index CI	Dec F	--	104.8	105.2	--
02/23/2017 13:00	JN	Coincident Index	Dec F	--	114.8	115.2	--
02/23/2017 15:00	GE	GDP SA QoQ	4Q F	0.40%	0.40%	0.40%	--
02/23/2017 15:00	GE	GDP WDA YoY	4Q F	1.70%	1.70%	1.70%	--
02/23/2017 15:00	GE	GDP NSA YoY	4Q F	1.20%	1.20%	1.20%	--
02/23/2017 15:00	GE	GfK Consumer Confidence	Mar	10.1	10	10.2	--
02/23/2017 15:45	FR	Manufacturing Confidence	Feb	106	107	106	--
02/23/2017 15:45	FR	Production Outlook Indicator	Feb	--	5	8	7
02/23/2017 16:00	TA	Industrial Production YoY	Jan	2.95%	2.77%	6.25%	--
02/23/2017 16:20	TH	Car Sales	Jan	--	57254	86858	--
02/23/2017 17:00	IT	Retail Sales MoM	Dec	0.20%	-0.50%	-0.70%	--
02/23/2017 17:00	IT	Retail Sales YoY	Dec	0.90%	-0.20%	0.80%	--
02/23/2017 21:30	US	Chicago Fed Nat Activity Index	Jan	0	-0.05	0.14	0.18
02/23/2017 21:30	US	Initial Jobless Claims	Feb-18	240k	244k	239k	238k
02/23/2017 21:30	US	Continuing Claims	Feb-11	2068k	2060k	2076k	2077k
02/23/2017 22:00	US	House Price Purchase Index QoQ	4Q	--	1.50%	1.50%	--
02/23/2017 22:00	US	FHFA House Price Index MoM	Dec	0.50%	0.40%	0.50%	0.70%
02/23/2017 22:45	US	Bloomberg Consumer Comfort	Feb-19	--	48	48.1	--
02/24/2017 05:00	SK	Consumer Confidence	Feb	--	94.4	93.3	--
02/24/2017 08:30	TA	Unemployment Rate	Jan	3.80%	--	3.82%	--
02/24/2017 13:00	SI	Industrial Production YoY	Jan	9.50%	--	21.30%	--
02/24/2017 13:00	SI	Industrial Production SA MoM	Jan	-2.50%	--	6.40%	--
02/24/2017 15:30	TH	Foreign Reserves	Feb-17	--	--	\$180.3b	--
02/24/2017 15:45	FR	Consumer Confidence	Feb	100	--	100	--
02/24/2017 16:00	SI	Automobile COE Open Bid Cat B	Feb-24	--	--	48209	--
02/24/2017 16:00	SI	Automobile COE Open Bid Cat A	Feb-24	--	--	48401	--
02/24/2017 16:00	SI	Automobile COE Open Bid Cat E	Feb-24	--	--	48556	--
02/24/2017 17:00	IT	Industrial Orders MoM	Dec	--	--	1.50%	--
02/24/2017 17:00	IT	Industrial Orders NSA YoY	Dec	-0.80%	--	0.10%	--
02/24/2017 17:00	IT	Industrial Sales MoM	Dec	--	--	2.40%	--
02/24/2017 17:00	IT	Industrial Sales WDA YoY	Dec	--	--	3.90%	--
02/24/2017 17:30	UK	BBA Loans for House Purchase	Jan	42600	--	43228	--
02/24/2017 18:00	IT	Economic Sentiment	Feb	--	--	102.5	--
02/24/2017 18:00	IT	Manufacturing Confidence	Feb	104.6	--	104.8	--
02/24/2017 18:00	IT	Consumer Confidence Index	Feb	108.8	--	108.8	--
02/24/2017 21:30	CA	CPI NSA MoM	Jan	0.40%	--	-0.20%	--
02/24/2017 21:30	CA	CPI YoY	Jan	1.60%	--	1.50%	--
02/24/2017 23:00	US	New Home Sales	Jan	571k	--	536k	--
02/24/2017 23:00	US	New Home Sales MoM	Jan	6.40%	--	-10.40%	--
02/24/2017 23:00	US	U. of Mich. Sentiment	Feb F	96	--	95.7	--
02/24/2017	MU	GDP YoY	4Q	--	--	4.00%	--
02/24/2017	VN	CPI YoY	Feb	5.50%	--	5.22%	--
02/24/2017 02/28	GE	Import Price Index MoM	Jan	0.50%	--	1.90%	--
02/24/2017 02/28	GE	Import Price Index YoY	Jan	5.60%	--	3.50%	--

Source: Bloomberg

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