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Highlights

Global	<p>Another record for the Dow Jones Industrial Average which closed above 20,000 overnight led by industrials such as Boeing and Caterpillar. Meanwhile, US president Trump signed executive orders directing to start work on the border wall with Mexico (“a contiguous, physical wall or other secure, contiguous and impassable physical barrier”) and a crackdown on immigration, but the Mexican peso surprisingly bounced from earlier losses. Expect that Asian markets will extend its rally today on the DJIA record gains. trade on a fairly upbeat tone today. The economic data calendar comprises of US’ initial jobless claims, new home sales, wholesale inventories, services/composite PMIs, UK’s 4Q16 GDP, and Philippines’ 4Q16 GDP. Speakers include ECB’s Schaeuble, Weidmann and Knot.</p>
EZ	<p>German IFO business climate unexpectedly saw a sharp dip from 111.0 to 109.8 in Jan, with the expectations gauge also retreating from 105.5 to 103.2, and suggesting that political uncertainty may be weighing on economic prospects, albeit the current assessment gauge was still higher at 116.9 from 116.7.</p>
SG	<p>Spring Singapore’s funded projects will contribute \$7.8b to the economy, up from \$6.9b in 2015, and create 21,400 jobs up from 15,000 jobs.</p>
ID	<p>Government expects crude price to be around USD45-50 per barrel this year and will continue to monitor where there is any need to update the state budget assumptions, according to head of fiscal agency, Suahasil Nazara. He added that there is a possibility that inflation would be exceeding 4% in 2017. Separately, Bank Indonesia revises its estimate of oil price from USD40 to USD47 per barrel. Governor Agus Martowardojo added that decline in bank interest rates may need 1 to 1.5 years due to high NPL levels.</p>
MA	<p>Bank Negara said that it has renewed its bilateral KRW/MYR swap agreement for three years. The size is maintained at KRW 5tn or MYR 15bn, and can be extended by mutual agreement. The initial swap agreement was enacted in late October 2013. Separately, the Star reports that Sabah may be holding a snap state election on its own as early as April. It is said that the potential date for the polls would hinge on the delineation exercise that is currently underway that may result in an additional 13 state seats for Sabah, on top of its existing 60 seats.</p>
Commodities	<p>Crude oil futures saw a rally, with WTI nearing its \$53.5/bbl on intraday trading yesterday, before settling flattish at the end of the trading day. The optimism could have been led by the recent Short Term Energy Outlook by the US Energy Information Administration (EIA). The report predicts that global crude consumption is expected to increase more rapidly than global production through 2018, and thus resulting in falling inventory build rates into the next two years. Elsewhere, China’s commercial crude oil inventories surprisingly declined by 1.9% month-on-month in December despite the sharp rise in imports, suggesting that the Middle Kingdom’s oil consumption remains robust. Note that US President Trump had signed a number of executive orders to advance construction of the controversial Dakota Access Pipeline and the Keystone XL Pipeline, going against the multitude of protestors who remained concerned over environmental and safety issues.</p>

Major Markets

- US:** US' MBA mortgage applications rose from 0.8% to 4.0% last week. Equities rallied on Wednesday, with the Dow breaking through the 20,000 barrier with a gain of 0.78% to reach 20,068.51. Meanwhile, the S&P 500 also closed in on the 2300 mark, ending up 0.80% at 2298.37. Nasdaq rose 0.99% to end at 5656.34. The rally was carried by financials, but the positive sign of an increasingly broad-based leadership was also noticed, with names like IBM, Boeing and Nike also leading the charge. VIX closed at 10.81, losing the 11 mark for the first time since mid-2014. However, US Treasuries slid amidst optimism in the equity market. Benchmark yields rose 4-5 bps, with the 2- and 10-year yields trading at 1.23% and 2.51% respectively.
- Singapore:** The STI closed nearly flat (-0.07%) at 3039.94 yesterday, but may rebound this morning in line with the pickup in global risk sentiments and given the Dow's record close. The STI's resistance and support are tipped at 3060 and 3020. With the 10-year UST bond yield regaining the 2.5% handle overnight and a tepid \$34b 5-year note sale which drew the lowest bid-cover ratio since Jul at 2.38x, also expect that SGS bonds may also open lower today, with market players awaiting the auction results for the \$2.3b (MAS taking \$200m) 2-year SGS bond re-opening later today. The Jun'19 traded with a yield of 1.32-1.36 yesterday, but is likely to feel the uptick in risk appetite today. Nevertheless, we expect that the bid-cover ratio should be decent (between 1.5-2x). The last time a 2-year SGS bond auction fetched a yield above 1.4% was back in Oct14 (cut-off yield of 1.45x) which saw a bid-cover ratio of 1.86x. The next SGS bond maturity are \$7.5b in April17.
- China:** China's banking regulator asked banks to tighten their supervision on lending to support customer's cross border acquisition as part of campaign to control illegitimate outflows.
- South Korea:** The Bank of Korea highlighted that manufacturers' business confidence rose to 76 for the month of February, up from 71 in January.
- Commodities:** Just as the Dow Jones Industrial Average (DJIA) breached its 20,000 mark, fell below its psychologically important \$1,200/oz mark as investors tuned their risk appetite higher. Moreover, global ETF holdings of gold had fallen over the last two trading days, a sign to further reinforce the improvement in risk appetite.

Bond Market Updates

- Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates rising by 1-3bps at the shorter end of the curve, and around 5bps at the medium and longer end of the curve. In the broader dollar space, the spread on JACI IG Corporates fell 2bps to 195bps, while the yield on JACI HY Corporates rose 1bps to 6.82%. 10y UST yield rose 5bps yesterday to 2.51%, amidst a global stocks rally that drove the Dow Jones Industrial Average above 20,000 for the first time.
- New Issues:** China Water Affairs Group Ltd. priced a USD300mn 5NC3 bond at 5.5%, tightening from initial guidance of 5.75%. The expected issue ratings are 'BB+/Ba1/NR'. Jain International Trading BV priced a USD200mn 5NC3 bond (guaranteed by Jain Irrigation Systems Ltd.) at 7.375%, tightening from initial guidance of 7.5%. The expected issue ratings are 'B+/NR/B+'.
- Rating Changes:** S&P downgraded Global AT&T Electronics Ltd.'s (GATE) corporate credit rating to 'CCC+' from 'B-', with a negative outlook. In addition, S&P downgraded the issue rating on the senior secured notes to 'CCC+' from 'B-'. The rating action reflects the mounting pressure on the long-term sustainability of GATE's capital structure and the rising liquidity risk due to negative cash flows over the next one to two years. S&P downgraded Pactera Technology International Ltd.'s (Pactera) corporate credit rating to 'B' from 'B+', with a stable outlook. In addition, S&P downgraded

the issue rating on Pactera's USD275mn senior unsecured notes (issued by BCP (Singapore) VI Cayman Financing Co. Ltd.) to 'B' from 'B+'. The rating action reflects S&P's expectations for the company's debt leverage to stay high over the next 12 months due to weak profitability and rising working capital needs for lengthening revenue collection periods. Moody's upgraded Bayerische Motoren Werke Aktiengesellschaft's (BMW) and its rated subsidiaries' long-term ratings to 'A1' from 'A2'. In addition, the outlook has been changed to stable from positive. The rating action reflects the company's track record of robust operational performance in recent years supported by a continued successful product renewal program and the ongoing expansion of BMW Group's product portfolio as well as regional presence. Fitch withdrew Asuransi Kredit Indonesia (Persero) PT's 'BBB-' Financial Strength rating.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	100.030	-0.32%	USD-SGD	1.4131	-0.58%
USD-JPY	113.280	-0.45%	EUR-SGD	1.5187	-0.43%
EUR-USD	1.0748	0.16%	JPY-SGD	1.2474	-0.14%
AUD-USD	0.7572	-0.13%	GBP-SGD	1.7852	0.33%
GBP-USD	1.2634	0.91%	AUD-SGD	1.0699	-0.72%
USD-MYR	4.4390	0.07%	NZD-SGD	1.0313	0.12%
USD-CNY	6.8836	0.36%	CHF-SGD	1.4139	-0.42%
USD-IDR	13361	0.29%	SGD-MYR	3.1238	-0.07%
USD-VND	22585	0.09%	SGD-CNY	4.8519	0.23%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.6883	--
2M	-0.3390	--	1M	0.7733	--
3M	-0.3280	--	2M	0.8450	--
6M	-0.2420	--	3M	1.0318	--
9M	-0.1580	--	6M	1.3457	--
12M	-0.1010	--	12M	1.7073	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.11	3.70	3.99
Italy	-0.06	3.10	2.11
Ireland	-0.38	5.70	1.12
Greece	6.72	-14.60	6.88
Spain	-0.26	2.50	1.54
Russia	2.45	0.40	4.37

Equity and Commodity

Index	Value	Net change
DJIA	20,068.51	155.80
S&P	2,298.37	18.30
Nasdaq	5,656.34	55.38
Nikkei 225	19,057.50	269.51
STI	3,039.94	-2.01
KLCI	1,683.93	3.24
JCI	5,293.78	1.69
Baltic Dry	862.00	-24.00
VIX	10.81	-0.26

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.17 (+0.03)	1.23 (+0.04)
5Y	1.79 (+0.04)	1.98 (+0.04)
10Y	2.35 (+0.04)	2.51 (+0.05)
15Y	2.65 (+0.03)	--
20Y	2.73 (+0.03)	--
30Y	2.74 (+0.04)	3.10 (+0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	34.17	-1.39
EURIBOR-OIS	2.50	--
TED	53.44	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.75	-0.81%	Coffee (per lb)	1.529	0.36%
Brent (per barrel)	55.08	-0.65%	Cotton (per lb)	0.7388	0.42%
Heating Oil (per gallon)	1.6114	-1.83%	Sugar (per lb)	0.2034	-1.17%
Gasoline (per gallon)	1.5238	-3.31%	Orange Juice (per lb)	1.6665	0.66%
Natural Gas (per MMBtu)	3.3320	1.62%	Cocoa (per mt)	2,192	-0.41%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,942.0	-0.02%	Wheat (per bushel)	4.2450	-0.53%
Nickel (per mt)	9,656.5	-1.03%	Soybean (per bushel)	10.553	-0.31%
Aluminium (per mt)	1,825.8	-1.93%	Corn (per bushel)	3.6625	0.83%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,197.8	-1.07%	Crude Palm Oil (MYR/MT)	3,256.0	-0.67%
Silver (per oz)	16.980	-1.19%	Rubber (JPY/KG)	307.3	0.42%

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

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
01/25/2017 07:00	07:00	SK GDP SA QoQ	4Q P	0.30%	0.40%	0.60%	--
01/25/2017 07:00	07:00	SK GDP YoY	4Q P	2.20%	2.30%	2.60%	--
01/25/2017 07:30	07:30	AU Westpac Leading Index MoM	Dec	--	0.44%	0.02%	0.03%
01/25/2017 07:50	07:50	JN Trade Balance	Dec	¥281.1b	¥641.4b	¥152.5b	¥150.8b
01/25/2017 07:50	07:50	JN Trade Balance Adjusted	Dec	¥209.9b	¥356.7b	¥536.1b	¥466.1b
01/25/2017 07:50	07:50	JN Exports YoY	Dec	1.10%	5.40%	-0.40%	--
01/25/2017 08:30	08:30	TA GDP Annual YoY	2016	1.50%	1.40%	0.85%	0.72%
01/25/2017 08:30	08:30	TA GDP YoY	4Q P	2.85%	2.58%	2.03%	--
01/25/2017 08:30	08:30	AU CPI QoQ	4Q	0.70%	0.50%	0.70%	--
01/25/2017 08:30	08:30	AU CPI YoY	4Q	1.60%	1.50%	1.30%	--
01/25/2017 08:30	08:30	AU CPI Trimmed Mean QoQ	4Q	0.50%	0.40%	0.40%	--
01/25/2017 08:30	08:30	AU CPI Trimmed Mean YoY	4Q	1.60%	1.60%	1.70%	--
01/25/2017 08:30	08:30	AU CPI Weighted Median QoQ	4Q	0.50%	0.40%	0.30%	0.40%
01/25/2017 08:30	08:30	AU CPI Weighted Median YoY	4Q	1.40%	1.50%	1.30%	--
01/25/2017 10:00	10:00	NZ Credit Card Spending YoY	Dec	--	8.50%	4.10%	--
01/25/2017 15:45	15:45	FR Manufacturing Confidence	Jan	106	106	106	--
01/25/2017 15:45	15:45	FR Production Outlook Indicator	Jan	6	8	6	--
01/25/2017 17:00	17:00	GE IFO Business Climate	Jan	111.3	109.8	111	--
01/25/2017 17:00	17:00	GE IFO Expectations	Jan	105.8	103.2	105.6	105.5
01/25/2017 17:00	17:00	GE IFO Current Assessment	Jan	117	116.9	116.6	116.7
01/25/2017 17:00	17:00	IT Industrial Orders MoM	Nov	1.00%	1.50%	0.90%	1.00%
01/25/2017 17:00	17:00	IT Industrial Orders NSA YoY	Nov	--	0.10%	-3.20%	--
01/25/2017 17:00	17:00	IT Industrial Sales MoM	Nov	--	2.40%	0.80%	--
01/25/2017 17:00	17:00	IT Industrial Sales WDA YoY	Nov	--	3.90%	-0.90%	--
01/25/2017 20:00	20:00	US MBA Mortgage Applications	Jan-20	--	4.00%	0.80%	--
01/25/2017 22:00	22:00	US FHFA House Price Index MoM	Nov	0.40%	0.50%	0.40%	0.30%
01/26/2017 05:00	05:00	SK Business Survey Mfg	Feb	--	76	71	--
01/26/2017 05:00	05:00	SK Business Survey Non-Mfg	Feb	--	73	72	--
01/26/2017 05:45	05:45	NZ CPI QoQ	4Q	0.30%	0.40%	0.30%	--
01/26/2017 05:45	05:45	NZ CPI YoY	4Q	1.20%	1.30%	0.40%	--
01/26/2017 07:50	07:50	JN PPI Services YoY	Dec	0.30%	--	0.30%	--
01/26/2017 07:50	07:50	JN Japan Buying Foreign Bonds	Jan-20	--	--	¥332.1b	--
01/26/2017 07:50	07:50	JN Japan Buying Foreign Stocks	Jan-20	--	--	¥49.8b	--
01/26/2017 07:50	07:50	JN Foreign Buying Japan Bonds	Jan-20	--	--	¥517.0b	--
01/26/2017 07:50	07:50	JN Foreign Buying Japan Stocks	Jan-20	--	--	¥246.5b	--
01/26/2017 10:00	10:00	PH GDP YoY	4Q	6.60%	--	7.10%	--
01/26/2017 10:00	10:00	PH GDP SA QoQ	4Q	1.90%	--	1.20%	--
01/26/2017 10:00	10:00	PH GDP Annual YoY	2016	6.80%	--	5.80%	6.30%
01/26/2017 10:30	10:30	SI Unemployment rate SA	4Q	2.10%	--	2.10%	--
01/26/2017 13:00	13:00	SI Industrial Production YoY	Dec	10.40%	--	11.90%	--
01/26/2017 13:00	13:00	SI Industrial Production SA MoM	Dec	-4.50%	--	6.10%	--
01/26/2017 15:00	15:00	GE GfK Consumer Confidence	Feb	10	--	9.9	--
01/26/2017 16:30	16:30	HK Trade Balance HKD	Dec	-45.0b	--	-34.1b	--
01/26/2017 16:30	16:30	HK Exports YoY	Dec	5.90%	--	8.10%	--
01/26/2017 16:30	16:30	HK Imports YoY	Dec	5.90%	--	7.60%	--
01/26/2017 17:00	17:00	IT Retail Sales MoM	Nov	0.00%	--	1.20%	--
01/26/2017 17:00	17:00	IT Retail Sales YoY	Nov	0.30%	--	-0.20%	--
01/26/2017 17:30	17:30	UK BBA Loans for House Purchase	Dec	41000	--	40659	--
01/26/2017 17:30	17:30	UK GDP QoQ	4Q A	0.50%	--	0.60%	--
01/26/2017 17:30	17:30	UK GDP YoY	4Q A	2.10%	--	2.20%	--
01/26/2017 17:30	17:30	UK Index of Services 3M/3M	Nov	0.90%	--	1.00%	--
01/26/2017 21:30	21:30	US Wholesale Inventories MoM	Dec P	0.10%	--	1.00%	--
01/26/2017 21:30	21:30	US Chicago Fed Nat Activity Index	Dec	-0.05	--	-0.27	--
01/26/2017 21:30	21:30	US Initial Jobless Claims	Jan-21	247k	--	234k	--
01/26/2017 21:30	21:30	US Continuing Claims	Jan-14	2040k	--	2046k	--
01/26/2017 22:45	22:45	US Markit US Services PMI	Jan P	54.4	--	53.9	--
01/26/2017 22:45	22:45	US Markit US Composite PMI	Jan P	--	--	54.1	--
01/26/2017 22:45	22:45	US Bloomberg Consumer Comfort	Jan-22	--	--	45.2	--
01/26/2017 23:00	23:00	US New Home Sales	Dec	588k	--	592k	--
01/26/2017 23:00	23:00	US New Home Sales MoM	Dec	-0.70%	--	5.20%	--
01/26/2017 23:00	23:00	US Leading Index	Dec	0.50%	--	0.00%	--
01/26/2017		MU Unemployment Rate	Dec	--	--	1.90%	--

Source: Bloomberg

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