

Highlights

Global	The continued sell-off in US tech stocks and Treasury bonds overnight suggest the de-risking mood may be also apparent in Asian bourses this morning, as investors await tonight's key US nonfarm payrolls (NFP), unemployment and average hourly earnings report (with market consensus eyeing +180k, 4.1% and 0.2% mom respectively). Both Apple Inc and Alphabet reported earnings that disappointed, while the 10- and 30-year UST bond yields spiked to 2.79% (highest since April 2014) and 3.02% (breaking the 3% handle for the first time in eight months) respectively. Elsewhere, the 10-year bund yield also rose above 0.73%. Apart from NFP, today's economic calendar also includes US' factory orders, University of Michigan sentiments and durable goods orders. ECB's Coerure and Fed's Kaplan and Williams are also speaking.
US	US' manufacturing ISM fell to 59.1, while initial jobless claims declined 1k to 230k and construction spending rose 0.7%. Productivity growth also unexpectedly fell for the first time since early 2016 by 0.1% annualised rate. The House may vote next week on the stopgap bill to 22 March, according to a news report.
EZ	ECB's Nowotny opined the central bank should end the bond-purchase program in an interview.
PMI	The manufacturing PMIs improved in Jan18 for South Korea (50.7 versus 49.9), Taiwan (56.9 versus 56.6), Vietnam (53.4 versus 52.5), Indonesia (49.9 versus 49.3), Thailand (50.6 versus 50.4) and Myanmar (51.7 versus 51.1), whereas it slipped for Philippines (51.7 versus 54.2) and was unchanged for the China Caixin PMI (51.5).
SG	It remains to be seen if the domestic manufacturing and electronics PMIs would improve from the Dec17 readings of 52.8 and 53.2 respectively, given the less upbeat signals from the recent business expectations survey for manufacturers where only a net weighted 1% expect a better outlook for 1H18 (down from 5% a quarter ago and 2% year ago).
CH	RMB index broke the key psychological level of 96 on Thursday. Although there is no sign of re-launching of counter cyclical factor currently, the weaker than expected RMB fixing yesterday shows that there might be manual adjustment to slow down the pace of appreciation. Market will pay close attention to the daily fixing in the next few days to gauge whether there is any potential sign of discomfort about the recent RMB appreciation.
TH	The Thailand Tourism Ministry is reportedly seeking a rise of 9.5% in tourism arrivals and revenue, and is said to focus on promoting tourism in less popular provinces.
CMD	Market-watchers were undisturbed by the recent rise in US oil production, with both WTI and Brent rallying further overnight. Recent price upgrades by other analysts to as high as \$82.50/bbl in six months could have lifted sentiments. Elsewhere, gold consumption in China reportedly rose 9.41% to 1.1 thousand tons in 2017, underpinned by the strong domestic demand and making the country the world's biggest gold consumer for the 5th straight year, according to China Gold Association.

Major Markets

- **US:** Equities closed mixed as early gains were lost in afternoon trade. Overall, the S&P 500 lost 0.07% and the Nasdaq Composite slipped 0.35%. The Dow, however, bucked the trend to notch a small gain of 0.14%. Going forward, a mixed earnings scorecard from tech mega-caps aftermarket may dampen spirits in the next session. VIX marginally lower at 13.47, compared to 13.54 previously. US Treasury yields firmed from the long end. The bond sell off picked up speed for long tenured USTs, with the 30y yield breaching 3.0%. The 10y yield also hit a high of 2.790%, gaining almost 9 bps. The 2y yield rose 2 bps to 2.161%.
- **Singapore:** The STI rebounded 0.4% to close at 3547.23 yesterday, led by Sembcorp Marine and bank stocks, but may take a breather today ahead of US' nonfarm payrolls report and amid more cautious cues from Wall Street overnight and morning slippage in Kospi. STI support and resistance are at 3520 and 3560 respectively. With the ongoing bear-steepening bias in the UST bond market, SGS bonds may mimic today. Watch if the 10-year UST-SGS yield spread will narrow from around 53bps currently (last wide was 60bps in Sep 2013), as the 10-year SGS yield plays catch-up, especially with the 30-year SGS re-opening issue size to be announced on 19 Feb.
- **Korea:** Despite the subdued first 20-days export print reported earlier last month, overall January's export growth surprised higher at astounding growth of 22.2% y/y. This is the first double-digit rise in four months, led by shipments of semiconductors, machinery, and petrochemical products. Manufacturing PMI also turned positive at 50.7, up from Dec's 49.9. Still, headline inflation remained tame at a mere 1.0% last month.
- **Indonesia:** Increase in the headline CPI decelerated to 3.25% yoy in January from 3.61% in December. Inflation in the transport category significantly lowered to 1.50%,yoy (Dec 2017: 4.23%, yoy) whilst the food category saw increased inflation at 2.95% (Dec 2017: 1.26%, yoy).The housing category also saw a slower increase at 4.24%, yoy (Dec 2017: 5.14%, yoy). Changes in movements for the other categories were generally limited.
- **Malaysia:** The manufacturing PMI re-entered expansion territory, rising to 50.5 in January 2018 from 49.9 in December 2017. The overall upturn was generally driven by a renewed rise in business. Export orders rose with panelists citing Europe and Asia as the source of new clients. The level of positive sentiment towards the 12-month outlook was also the joint-strongest since December 2013. However, there was a broad stagnation in output, after increases in each of the previous five months.
- **Hong Kong:** Retail sales (+5.8% yoy in December 2017) have increased for ten consecutive months, notching the longest streak of gains since early 2014. The robust data print could be attributed to improved tourism activities and stronger visitor spending on Asia's resilient economic growth. Notably, sales of durable consumer goods jumped by 12.3% yoy after growing 14.8% yoy in the previous month. This is probably due to low base effect and upbeat local consumer sentiment. Internally, benign wage growth and wealth effect from stock and housing market together will continue to support local spending. Externally, a weaker HKD, sustained growth of Asia and the expansion of Asia's middle class will likely boost tourism and visitor spending. In conclusion, retail sector is poised to gain momentum gradually this year. As such, retail shop rents and prices (+1.6% yoy and +7.2% yoy respectively in November 2017) are likely to edge up moderately especially for shops in prime location. Still, we remain wary

of the fierce competition from overseas online shops and the impact of China's loosened import policy.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday with swap rates trading 4-7bps higher across most tenors. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS narrowed 1bps to 107bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS narrowed 2bps to 328bps. 10Y UST yields rose 8.5bps to 2.79%, after a hawkish Federal Reserve statement and a better than expected ISM Manufacturing data led to rising optimism over the strength of the global economy. Expectations that inflationary pressures were picking up was one of the reasons attributing to the bond sell-off in markets yesterday.
- **New Issues:** China Cinda Finance (2017) I Ltd has priced a USD2.5bn deal (guaranteed by China Cinda Holdings Co Ltd, keepwell provider: China Cinda Asset Management Co Ltd) across four-tranches, with the USD800mn 5-year bond priced at CT5+140bps, tightening from its initial guidance of CT5+170bps area; the USD300mn 7-year bond priced at CT7+170bps, tightening from its initial guidance of CT7+200bps area; the USD1.2bn 10-year bond priced at CT10+200bps, tightening from its initial guidance of CT10+230bps and the USD200mn 3-year bond priced at 5.1%, tightening from its initial guidance of 5.3%. The expected issue ratings are 'A-/Baa1/A'. China Logistics Property Holdings Co Ltd has priced a USD100mn 362-day bond (guaranteed by certain restricted subsidiaries incorporated outside of the PRC) at 9%, in line with the initial guidance of 9%. New Metro Global Ltd has priced a USD300mn 364-day bond (guaranteed by Future Land Holdings Co Ltd) at 4.75%, tightening from initial guidance of 5.25%. Guorui Properties Ltd has hired banks for its potential USD bond issuance.
- **Rating Changes:** Moody's has assigned a first-time 'Baa2' issuer rating to Hubei Science & Technology Investment Group Co Ltd (HSTIG). It has also assigned a 'Baa2' rating to HSTIG's senior unsecured notes. The outlook is stable. The rating action reflects Moody's expectation that HSTIG will receive extraordinary support from Wuhan Municipal Government (Wuhan Government) in times of need. It also reflects HSTIG's important role in the development of the East Lake High-tech Zone, and HSTIG's close linkage with the Wuhan Government through the Wuhan East Lake High-tech Development Zone Administrative Committee. Moody's has placed Fujifilm Holding Corp's 'A1' rating on review for downgrade after the Xerox deal. The rating action reflects potential weakening of Fujifilm's business profile due to its large exposure to the declining document business.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	88.671	-0.52%	USD-SGD	1.3082	-0.30%
USD-JPY	109.400	0.19%	EUR-SGD	1.6365	0.47%
EUR-USD	1.2510	0.77%	JPY-SGD	1.1957	-0.50%
AUD-USD	0.8039	-0.20%	GBP-SGD	1.8661	0.23%
GBP-USD	1.4264	0.51%	AUD-SGD	1.0517	-0.49%
USD-MYR	3.8985	--	NZD-SGD	0.9677	0.14%
USD-CNY	6.2962	0.12%	CHF-SGD	1.4120	0.23%
USD-IDR	13424	0.28%	SGD-MYR	2.9696	-0.34%
USD-VND	22710	0.02%	SGD-CNY	4.8001	-0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.4394	--
2M	-0.3410	--	1M	1.5797	--
3M	-0.3280	--	2M	1.6589	--
6M	-0.2790	--	3M	1.7778	--
9M	-0.2220	--	6M	1.9663	--
12M	-0.1910	--	12M	2.2667	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
03/21/2018	95.9%	95.9%	0.0%	0.0%	0.0%
05/02/2018	96.0%	93.3%	2.7%	0.0%	0.0%
06/13/2018	98.9%	29.6%	67.4%	1.9%	0.0%
08/01/2018	99.0%	25.8%	62.4%	10.5%	0.3%
09/26/2018	99.5%	13.4%	44.1%	36.4%	5.4%
11/08/2018	99.6%	11.7%	39.9%	37.5%	9.6%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.80	1.65%	Copper (per mt)	7,074.6	0.42%
Brent (per barrel)	69.65	0.87%	Nickel (per mt)	13,967.5	2.96%
Heating Oil (per gallon)	2.0904	1.02%	Aluminium (per mt)	2,228.0	0.20%
Gasoline (per gallon)	1.8958	-0.61%			
Natural Gas (per MMBtu)	2.8560	-4.64%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,492.0	--
			Rubber (JPY/KG)	193.5	0.31%
Precious Metals	Futures	% chg			
Gold (per oz)	1,347.9	0.36%			
Silver (per oz)	17.155	-0.50%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,186.71	37.32
S&P	2,821.98	-1.83
Nasdaq	7,385.86	-25.62
Nikkei 225	23,486.11	387.82
STI	3,547.23	13.24
KLCI	1,868.58	--
JCI	6,598.46	-7.17
Baltic Dry	1,152.00	--
VIX	13.47	-0.07

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.56 (+0.04)	2.16 (+0.02)
5Y	1.93 (+0.05)	2.57 (+0.06)
10Y	2.27 (+0.07)	2.79 (+0.08)
15Y	2.54 (+0.06)	--
20Y	2.58 (+0.07)	--
30Y	2.69 (+0.06)	3.02 (+0.09)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.98	-0.81
EURIBOR-OIS	1.20	--
TED	33.29	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/01/2018 03:00	US FOMC Rate Decision (Upper Bound)	Jan-31	1.50%	1.50%	1.50%	--
02/01/2018 06:30	AU AiG Perf of Mfg Index	Jan	--	58.7	56.2	--
02/01/2018 07:00	SK CPI YoY	Jan	1.30%	1.00%	1.50%	--
02/01/2018 07:50	JN Japan Buying Foreign Bonds	Jan-26	--	¥41.1b	¥41.1b	¥390.9b
02/01/2018 08:00	SK Exports YoY	Jan	21.50%	22.20%	8.90%	--
02/01/2018 08:00	SK Trade Balance	Jan	\$4003m	\$3721m	\$5783m	\$5539m
02/01/2018 08:00	SK Imports YoY	Jan	17.80%	20.90%	13.00%	13.60%
02/01/2018 08:30	AU Building Approvals MoM	Dec	-7.60%	-20.00%	11.70%	12.60%
02/01/2018 08:30	JN Nikkei Japan PMI Mfg	Jan F	--	54.8	54.4	--
02/01/2018 08:30	SK Nikkei South Korea PMI Mfg	Jan	--	50.7	49.9	--
02/01/2018 08:30	TA Nikkei Taiwan PMI Mfg	Jan	--	56.9	56.6	--
02/01/2018 08:30	VN Nikkei Vietnam PMI Mfg	Jan	--	53.4	52.5	--
02/01/2018 08:30	ID Nikkei Indonesia PMI Mfg	Jan	--	49.9	49.3	--
02/01/2018 09:45	CH Caixin China PMI Mfg	Jan	51.5	51.5	51.5	--
02/01/2018 12:00	ID CPI YoY	Jan	3.33%	3.25%	3.61%	--
02/01/2018 13:00	IN Nikkei India PMI Mfg	Jan	--	52.4	54.7	--
02/01/2018 13:00	JN Vehicle Sales YoY	Jan	--	-5.70%	-1.00%	--
02/01/2018 13:30	AU Commodity Index AUD	Jan	--	135.3	129.4	129.3
02/01/2018 13:30	AU Commodity Index SDR YoY	Jan	--	-0.60%	-5.90%	-6.00%
02/01/2018 15:00	UK Nationwide House PX MoM	Jan	0.10%	0.60%	0.60%	--
02/01/2018 15:00	TH CPI YoY	Jan	0.80%	0.68%	0.78%	--
02/01/2018 16:30	HK Retail Sales Value YoY	Dec	6.70%	5.80%	7.50%	7.60%
02/01/2018 16:30	HK Retail Sales Volume YoY	Dec	6.00%	4.30%	6.90%	7.00%
02/01/2018 16:45	IT Markit Italy Manufacturing PMI	Jan	57.4	59	57.4	--
02/01/2018 16:50	FR Markit France Manufacturing PMI	Jan F	58.1	58.4	58.1	--
02/01/2018 16:55	GE Markit Germany Manufacturing PMI	Jan F	61.2	61.1	61.2	--
02/01/2018 17:00	EC Markit Eurozone Manufacturing PMI	Jan F	59.6	59.6	59.6	--
02/01/2018 17:30	UK Markit UK PMI Manufacturing SA	Jan	56.5	55.3	56.3	56.2
02/01/2018 21:30	US Initial Jobless Claims	Jan-27	235k	230k	233k	231k
02/01/2018 21:30	US Continuing Claims	Jan-20	1929k	1953k	1937k	1940k
02/01/2018 22:30	CA Markit Canada Manufacturing PMI	Jan	--	55.9	54.7	--
02/01/2018 22:45	US Bloomberg Consumer Comfort	Jan-28	--	54.6	53.7	--
02/01/2018 22:45	US Markit US Manufacturing PMI	Jan F	55.5	55.5	55.5	--
02/01/2018 23:00	US Construction Spending MoM	Dec	0.40%	0.70%	0.80%	0.60%
02/01/2018 23:00	US ISM Manufacturing	Jan	58.6	59.1	59.7	59.3
02/01/2018 23:00	US ISM Prices Paid	Jan	68.8	72.7	69	68.3
02/02/2018 05:45	NZ Building Permits MoM	Dec	--	-9.60%	10.80%	9.60%
02/02/2018 07:50	JN Monetary Base YoY	Jan	--	--	11.20%	--
02/02/2018 08:30	AU PPI QoQ	4Q	--	--	0.20%	--
02/02/2018 15:30	TH Foreign Reserves	Jan-26	--	--	\$209.3b	--
02/02/2018 17:30	UK Markit/CIPS UK Construction PMI	Jan	52	--	52.2	--
02/02/2018 18:00	IT CPI EU Harmonized YoY	Jan P	0.80%	--	1.00%	--
02/02/2018 21:00	SI Purchasing Managers Index	Jan	52.6	--	52.8	--
02/02/2018 21:30	US Change in Nonfarm Payrolls	Jan	180k	--	148k	--
02/02/2018 21:30	US Change in Manufact. Payrolls	Jan	20k	--	25k	--
02/02/2018 21:30	US Unemployment Rate	Jan	4.10%	--	4.10%	--
02/02/2018 23:00	US U. of Mich. Sentiment	Jan F	95	--	94.4	--
02/02/2018 23:00	US Factory Orders	Dec	1.50%	--	1.30%	--
02/02/2018 23:00	US Durable Goods Orders	Dec F	--	--	2.90%	--
02/02/2018 23:00	US Durables Ex Transportation	Dec F	--	--	0.60%	--
02/02/2018 23:00	US Cap Goods Orders Nondef Ex Air	Dec F	--	--	-0.30%	--
02/02/2018 23:00	US Cap Goods Ship Nondef Ex Air	Dec F	--	--	0.60%	--

Source: Bloomberg

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