

Highlights

Global	While S&P500 edged up overnight, bolstered by tech shares, the risk rally that we've seen kickstart 2018 may start to eventually have a rethink amid the lack of fresh catalysts. The USD broke a 11-day slide, but oil prices remain buoyant. As we await the earnings season and also China's inflation data tomorrow, Asian bourses may tread water this morning. Keep an eye on the North and South Korean talks, but don't get your hopes up too high on any concrete outcomes. Today's economic data calendar is relatively light with only US' NIFB small business optimism and JOLTS job openings, German industrial production and trade. Fed's Kashkari is also due to speak.
US	Consumer credit surged in Nov by \$28b (+8.8% annualised rate) which is the most in 16 years, led by non-revolving credit (+\$16.8b in its largest gain since Oct16) amid a strong holiday season. Meanwhile, president Trump is said to be close to picking the vice chair of the FOMC, but Richard Clarida is said to not be the choice.
EZ	Eurozone's consumer confidence rose more than expected from 114.6 in Nov to 116.0 in Dec, while retail sales also exceeded expectations to grow 10.5% mom (2.8% yoy) in Nov. However, Germany's factory orders unexpectedly dipped 0.4% mom (+8.7% yoy) in Nov as demand for investment goods slowed.
UK	UK PM May's planned cabinet reshuffle is said to be now askew as Health Secretary Jeremy Hunt successfully argued to stay on while former education secretary Justine Greening quit rather than accept the job as work and pensions secretary.
SG	MAS has surveyed banks on property development loans, including information on the size of banks exposure and details of the loan facilities granted for each project such as the key covenants and loan-to-value ratios", according to BT.
ID	Robust bond inflows helped increase foreign reserves to US\$130.2b in December, compared to US\$125.97b in November. Sustained bond inflows into the first week of 2018 also supported the IDR. Meanwhile, FM Sri Mulyani hinted that the government's 2017 growth target will be missed. The main culprit is consumption growth, which is likely to remain stuck in the 4.9-5.0% range in 4Q17. We continue to expect consumption growth to edge above 5.0% in 2018, providing some boost to the overall growth figures in 2018.
HK	According to Financial Secretary Paul Chan Mo-po, fiscal surplus for the first eight months of this fiscal year reached HK\$57.2 billion, much stronger than the previously expected HK\$16.3 billion. This is attributed to robust performance of the stock market and housing market. Specifically, the value of housing transactions totalled HK\$556.3 billion, its highest level since 2010. Besides, the proceeds from land sales reached HK\$90.813 billion during April 2017 to December 2017 after registering HK\$109.5 billion in the preceding fiscal year. Furthermore, daily average turnover of Hong Kong Stock Exchange "Main Board" increased to HK\$87.6 billion over 2017 from HK\$66.4 over 2016. Given strong fiscal surplus, we expect public investment and government spending to remain resilient in 2018 and support economic growth.

Major Market

- **US:** Equities advanced for the fifth straight session, though the pace of gains may be fading. Utilities led gains, while financials and healthcare lagged the overall market. The S&P 500 added 0.17%, and the Nasdaq Composite gained 0.29%. The Dow was down marginally. VIX is also higher at 9.52, compared to 9.22 previously. Eyes will shift to corporate earnings once again, as the season restarts later this week. US Treasury yields closed largely unchanged. The 2y and 10y benchmark yields stood at 1.958% and 2.480% respectively.
- **Singapore:** The STI gained 0.65% to close up at 3512.18 yesterday, but may range trade between 3480-3520 today amid mixed cues. Although S&P500 inched higher, Kospi opened softer this morning, while Nikkei is playing catch up. While UST bonds were little changed overnight, the SGS yield curve steepened yesterday. With the 10-year UST bond yield approaching 2.5%, widening the spread over its SGS counterpart to 42bps, the latter surprisingly still faces little pressure to budge significantly from the 2% handle.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the swap curve trading 1-3bps lower for the shorter tenors while the longer tenors traded 1-2bps higher. In the broader dollar space, the spread on the Itraxx Asia ex-Japan traded 1.9bps lower to 60.4bps. The 10Y UST yield traded little changed, rising by only 0.37bps to 2.48%.
- **New Issues:** BPCE SA has issued USD1.7bn in Senior Preferred Notes across two tranches with the USD850mn 5-year bond priced at CT5+65bps and the USD850mn 10-year bond priced at CT10+90bps. Longfor Properties Co. has priced a two-tranche deal with the USD300mn 5.25-year bond priced at CT5+168bps, tightening from its initial guidance of CT5+200bps area, and a USD500mn 10-year bond priced at CT10+205bps, tightening from its initial guidance of CT10+235bps area. The expected issue ratings are 'NR/Baa3/BBB'. National Australia Bank Ltd has priced a four-tranche deal with the USD900mn 3 year Fxd priced at CT3+53bps, tightening from the initial CT3+53-57bps area; the USD500mn 5.25-year Fxd priced at CT5+65bps, in line with the guidance of CT5+65bps area; the USD 600mn 3-year floating rate bond priced at 3mL+35bps and the USD 500mn 5-year floating rate bond priced at 3mL+60bps. The expected issue ratings are 'NR/Aa3/AA-'. Country Garden Holdings Co Ltd scheduled investor meetings for potential USD bond issuance. Puma Energy Holdings Pte Ltd also scheduled investor meetings for its USD Fxd 8NC3 bond. The expected issue ratings are 'NR/NR/BBB-'. Petron Corporation has scheduled investor meetings from 9 Jan for potential USD perpetual bond. Sea Holdings Ltd has also scheduled investor meetings from Jan 9 for potential USD bond issuance. Wharf Real Estate Investment Co Ltd hired bank for its USD bond issuance. The expected issue ratings are 'NR/A2/NR'.
- **Rating Changes:** There are no major rating changes in Asia over 8 Jan 2018.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	92.358	0.44%	USD-SGD	1.3325	0.46%
USD-JPY	113.090	0.04%	EUR-SGD	1.5945	-0.05%
EUR-USD	1.1967	-0.52%	JPY-SGD	1.1782	0.39%
AUD-USD	0.7842	-0.28%	GBP-SGD	1.8079	0.44%
GBP-USD	1.3568	-0.02%	AUD-SGD	1.0448	0.13%
USD-MYR	3.9980	0.01%	NZD-SGD	0.9562	0.57%
USD-CNY	6.4998	0.17%	CHF-SGD	1.3636	0.20%
USD-IDR	13429	0.10%	SGD-MYR	3.0011	-0.36%
USD-VND	22701	0.01%	SGD-CNY	4.8767	-0.26%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.4375	--
2M	-0.3400	--	1M	1.5525	--
3M	-0.3290	--	2M	1.6219	--
6M	-0.2710	--	3M	1.7039	--
9M	-0.2190	--	6M	1.8651	--
12M	-0.1870	--	12M	2.1495	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
01/31/2018	0.3%	99.7%	0.3%	0.0%	0.0%
03/21/2018	75.9%	24.1%	75.6%	0.3%	0.0%
05/02/2018	76.5%	23.5%	74.1%	2.4%	0.0%
06/13/2018	90.6%	9.4%	43.8%	45.3%	1.4%
08/01/2018	91.4%	8.6%	40.7%	45.2%	5.4%
09/26/2018	94.8%	5.2%	28.0%	43.4%	21.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	61.73	0.47%	Copper (per mt)	7,107.7	-0.17%
Brent (per barrel)	67.78	0.24%	Nickel (per mt)	12,482.5	0.01%
Heating Oil (per gallon)	2.0454	-0.65%	Aluminium (per mt)	2,161.3	-1.32%
Gasoline (per gallon)	1.7918	0.34%			
Natural Gas (per MMBtu)	2.8350	1.43%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,625.0	1.20%
			Rubber (JPY/KG)	204.8	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,320.4	-0.14%			
Silver (per oz)	17.144	-0.82%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,283.00	-12.87
S&P	2,747.71	4.56
Nasdaq	7,157.39	20.83
Nikkei 225	23,714.53	--
STI	3,512.18	22.73
KLCI	1,832.15	14.18
JCI	6,385.40	31.67
Baltic Dry	1,371.00	--
VIX	9.52	0.30

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.54 (-0.01)	1.96 (--)
5Y	1.68 (+0.01)	2.29 (--)
10Y	2.06 (+0.03)	2.48 (--)
15Y	2.37 (+0.03)	--
20Y	2.41 (+0.03)	--
30Y	2.53 (+0.03)	2.81 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.89	0.02
EURIBOR-OIS	1.10	-0.73
TED	31.03	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
01/08/2018 06:30	AU AiG Perf of Construction Index	Dec	--	52.8	57.5	--
01/08/2018 13:30	AU Foreign Reserves	Dec	--	A\$85.4b	A\$85.8b	A\$80.7b
01/08/2018 15:00	GE Factory Orders MoM	Nov	0.00%	-0.40%	0.50%	0.70%
01/08/2018 16:00	TA Trade Balance	Dec	\$5.80b	\$6.13b	\$5.96b	--
01/08/2018 16:00	TA Exports YoY	Dec	10.90%	14.80%	14.00%	--
01/08/2018 16:00	TA Imports YoY	Dec	8.30%	12.20%	9.00%	--
01/08/2018 16:30	UK Halifax House Prices MoM	Dec	0.20%	-0.60%	0.50%	0.30%
01/08/2018 17:00	SI Foreign Reserves	Dec	--	\$279.90b	\$279.59b	--
01/08/2018 17:11	ID Foreign Reserves	Dec	--	\$130.20b	\$125.97b	--
01/08/2018 17:20	ID Net Foreign Assets IDR	Dec	--	1727.9t	1666.5t	--
01/08/2018 17:30	EC Sentix Investor Confidence	Jan	31.3	32.9	31.1	--
01/08/2018 18:00	EC Consumer Confidence	Dec F	0.5	0.5	0.5	--
01/08/2018 18:00	EC Retail Sales MoM	Nov	1.30%	1.50%	-1.10%	--
01/08/2018 18:00	EC Economic Confidence	Dec	114.8	116	114.6	--
01/08/2018 18:00	EC Business Climate Indicator	Dec	1.5	1.66	1.49	--
01/08/2018 18:00	EC Industrial Confidence	Dec	8.4	9.1	8.2	8.1
01/08/2018 18:00	EC Services Confidence	Dec	16.5	18.4	16.3	16.4
01/08/2018 23:00	CA Bloomberg Nanos Confidence	Jan-05	--	61.9	62.2	--
01/08/2018 23:30	CA Business Outlook Future Sales	4Q	--	8	19	--
01/08/2018 23:30	CA BoC Senior Loan Officer Survey	4Q	--	-6.4	-0.5	--
01/08/2018	IT BI Report on Balance-Sheet Aggregates					
01/09/2018 04:00	US Consumer Credit	Nov	\$18.000b	\$27.951b	\$20.519b	\$20.532b
01/09/2018 08:00	JN Labor Cash Earnings YoY	Nov	0.60%	--	0.60%	0.20%
01/09/2018 08:00	JN Real Cash Earnings YoY	Nov	-0.10%	--	0.20%	-0.10%
01/09/2018 08:01	UK BRC Sales Like-For-Like YoY	Dec	0.30%	--	0.60%	--
01/09/2018 08:30	AU Building Approvals MoM	Nov	-1.30%	--	0.90%	--
01/09/2018 08:30	AU ANZ Job Advertisements MoM	Dec	--	--	1.50%	--
01/09/2018 13:00	JN Consumer Confidence Index	Dec	45	--	44.9	--
01/09/2018 15:00	GE Industrial Production SA MoM	Nov	1.80%	--	-1.40%	--
01/09/2018 15:00	GE Trade Balance	Nov	21.3b	--	18.9b	--
01/09/2018 15:00	GE Current Account Balance	Nov	25.3b	--	18.1b	--
01/09/2018 15:00	GE Exports SA MoM	Nov	1.20%	--	-0.40%	-0.30%
01/09/2018 15:00	GE Imports SA MoM	Nov	0.40%	--	1.80%	--
01/09/2018 15:45	FR Trade Balance	Nov	-4700m	--	-4956m	--
01/09/2018 15:45	FR Current Account Balance	Nov	--	--	-2.2b	--
01/09/2018 17:00	IT Unemployment Rate	Nov P	11.00%	--	11.10%	--
01/09/2018 18:00	EC Unemployment Rate	Nov	8.70%	--	8.80%	--
01/09/2018 19:00	US NFIB Small Business Optimism	Dec	107.8	--	107.5	--
01/09/2018 21:15	CA Housing Starts	Dec	211.0k	--	252.2k	--
01/09/2018 23:00	US JOLTS Job Openings	Nov	6025	--	5996	--
01/08/2018 01/18	CH Foreign Direct Investment YoY CNY	Dec	--	--	90.70%	--
01/08/2018 01/13	VN Domestic Vehicle Sales YoY	Dec	--	--	-17.60%	--

Source: Bloomberg

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