

Highlights

Global	<p>With the US economy printing a slower than expected 4Q17 GDP growth of 2.6% (below market expectations for +3%), dragged down by higher imports (as net exports subtracted 1.13% points from GDP), the focus now turns to a busy week ahead with FOMC meeting on Wed. While no press conference or even major changes to the FOMC statement is anticipated, much less to say any changes in the policy settings, nevertheless this FOMC would see the handover of Fed chairmanship from Janet Yellen to Jerome Powell. In addition, US president Trump is giving his first State of the Union address tomorrow, which may touch on trade and government funding. Earnings season also continues with Alibaba, Apple Inc, Facebook Inc, Alphabet and Amazon.com also reporting results, and there is US nonfarm payrolls and unemployment data due on Friday, but may not provide much salve to the slumping USD. Separately, Chinese Premier Li Keqiang will join the first Japan and South Korea summit since 2015 amid improving ties.</p> <p>Asian bourses may kick start the week with a firm trading tone today. Today's economic calendar is relatively light with only US' Dec personal income and spending and core PCE deflator. Scheduled speakers include ECB's Lautenschlaeger and Coeure.</p> <p>Potential Fed vice-chair candidate John Williams is also speaking on 2 Feb.</p>
US	Dec durable goods orders surged 2.9%, up from a revised 1.7% gain in Nov, as durable goods excluding transportation also recovered 0.6% (previously 0.3%).
JP	A theft of US\$400m from the Japanese cryptocurrency exchange Coincheck Inc on Friday also sparked a brief selloff.
SG	Industrial production shrank more than expected by 2.0% mom sa (-3.9% yoy) in Dec, versus our forecast of -0.4% mom sa (+1.3% yoy) and market consensus forecast of +2.4% mom sa (+0.8% yoy). The Nov data was also revised up to -2.1% mom sa (+5.6% yoy). Meanwhile, the 4Q17 unemployment rate dipped slightly to 2.1% (lowest since 3Q16), with the resident unemployment rate declining to 2.9% (matching 3Q16), as festive hiring lifted services to 20.2k whereas manufacturing and construction subtracted 1.4k and 5.66k respectively.
KR	Consumer confidence fell to 109.9 in January, down from a revised-lower Dec print of 110.6. Importantly, the survey showed that there was a significant dip in confidence in employment expectations (93.0) and on the overall domestic economy (90.0). Note that recent economic data has disappointed market-expectations: 4Q17 GDP came in at 3.0%, down from a prior reading of 3.8% and below market-call of 3.4%. Furthermore, export growth could potentially taper lower (first 20 days growth in Jan was 9.2%) as the nation faces a relatively higher base-year.
CMD	Brent continued to stay above \$70/bbl for three consecutive trading days, while money-managers clocked up more net-long positions in Nymex Crude for three consecutive weeks. However, fresh news of strong Iranian crude production and export numbers out over the weekend could dampen further climbs; Iran is reportedly exporting over 2.5 million barrels per day, an increase of 60k bpd since 21st March 2018, while Iranian oil minister Zangeneh commented that "we must increase our production capacity".

Major Market

- **US:** Equities staged a strong rally to end the week on Friday as the strong run since the start of the year continues. Strong earnings buoyed markets, as investors grow increasingly confident that this run-up is backed by strong fundamentals. Overall, the S&P 500 added 1.18%, while the Dow and Nasdaq Composite gained 0.85% and 1.28% respectively. VIX fell to 11.08, compared to 11.58 previously. Meanwhile, US Treasuries sold off on Friday, with yields adding 3-5 bps across the board. The 10y benchmark yield pushed to 2.660% as it attempts to build base above the 2.60% handle. The 2y yield closed at 2.116%.
- **Singapore:** The STI retreated another 0.15% to close at 3567.14 on Friday, but may see a firmer tone this morning amid positive cues from Wall Street on Friday and morning gains in Kospi. STI support and resistance are at 3550 and 3600 respectively. With UST bond yields selling off to end up to 5bps higher on Friday, SGS bonds may also reverse Friday's rally to see yields back up today.
- **China:** In a violent move of broad dollar last week, the USDCNY tested 6.30. Nevertheless, the most notable movement was the spike of RMB index, which jumped to 95.70 last Friday, close to two and half year high. The jump of RMB index last week was also partially due to weak performance of Korean Won, which failed to appreciate meaningfully against the dollar year to date. As KRW accounts for more than 10% of basket weights in RMB index, the weaker KRW performance has partially contributed to recent spike of RMB index. Looking ahead, as RMB index approaches 96, market will closely monitor the reaction of the central bank to check whether there will be any intervention to slow down the appreciation.
- **Indonesia:** Bank Indonesia governor Agus Martowardojo reiterated the stand that the current policy rate is in line with economic stability and recovery. Separately, he also noted that attempts by the BI to relax loan-to-value ratios have not increased the demand for loans.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened last Friday, with swap rates for the shorter tenors trading 1-2bps lower while the longer tenors traded 3-4bps lower. 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 329bps. 10Y UST yields rose 4.29bps to 2.66%, with a sell-off in treasuries in the belly of the curve.
- **New Issues:** Smooth Tone HK Ltd has scheduled for investor meetings from 29-31 Jan for its potential USD bond issuance (guaranteed by Guangzhou City Construction Investment Group Company Ltd). The expected issuer ratings are 'NR/A3/A'. Inner Mongolia BaoTou Steel Union Co Ltd has scheduled for investor meetings on 29 Jan for its potential USD bond issuance. Korean Air Lines Co Ltd has scheduled for investor meetings on 29 Jan for its potential USD bond issuance. Mongolyn Alt Corp Co Ltd has scheduled for investor meetings from 29 Jan – 2 Feb for its potential USD 5NC3 bond issuance. Rhodium Resources Pte Ltd has scheduled for investors meeting from 29 Jan for its potential USD bond issuance. The expected issue ratings are 'B/NR/B-'.
- **Rating Changes:** Moody's has upgraded the corporate family rating of Yingde Gases Group Co Ltd to 'B1' from 'B3'. The outlook is stable. The rating action reflects Yingde Gases' improved credit and liquidity profile following the successful issuance of the USD500mn notes and supported by the company's continued revenue growth, stable

profitability and deleveraging. Fitch has assigned Rhodium Resources Pte Ltd an issuer default rating of 'B-'. The outlook is stable. The rating action reflects its small scale and limited funding flexibility. Funding flexibility is critical for commodity traders due to their highly leveraged balance sheets and commodity cyclicalities. This is coupled with the fact that Rhodium's EBITDA is significantly smaller than other Fitch-rated commodity traders. Moody's has assigned a first time 'A3' issue rating to Guangzhou City Construction Co Ltd. The outlook is stable. The rating action reflects Guangzhou City Construction's strategic significance to Guangzhou city and Moody's expectation that the company will receive support from the Guangdong provincial government. Fitch has upgraded the issuer default rating of state-owned Development Bank of Philippines and Land Bank of the Philippines to 'BBB' from 'BBB-'. The outlooks are stable. The rating action is driven by the upward revision of their Support Rating Floors (SRF). The SRF revisions stem from a reassessment of the government's propensity to support the banks and follow their rating updates in December 2017 to 'BBB-' from 'BB+', reflecting the Philippine sovereign's capacity to support. Both banks have received modest capital infusion from the state to support growth over the past two years.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	89.067	-0.36%	USD-SGD	1.3074	-0.20%
USD-JPY	108.580	-0.76%	EUR-SGD	1.6250	0.06%
EUR-USD	1.2427	0.25%	JPY-SGD	1.2040	0.53%
AUD-USD	0.8110	1.05%	GBP-SGD	1.8512	-0.08%
GBP-USD	1.4160	0.13%	AUD-SGD	1.0604	0.82%
USD-MYR	3.8710	-0.37%	NZD-SGD	0.9623	0.27%
USD-CNY	6.3283	0.03%	CHF-SGD	1.4015	0.65%
USD-IDR	13306	0.13%	SGD-MYR	2.9655	-0.52%
USD-VND	22710	0.06%	SGD-CNY	4.8380	-0.32%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.4381	--
2M	-0.3400	--	1M	1.5678	0.0008
3M	-0.3280	-0.0010	2M	1.6514	0.0013
6M	-0.2780	--	3M	1.7669	0.0066
9M	-0.2220	--	6M	1.9597	0.0100
12M	-0.1910	--	12M	2.2459	0.0053

Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
01/31/2018	2.3%	2.3%	0.0%	0.0%	0.0%
03/21/2018	94.5%	92.3%	2.2%	0.0%	0.0%
05/02/2018	94.5%	91.7%	2.8%	0.0%	0.0%
06/13/2018	98.2%	34.2%	62.1%	1.9%	0.0%
08/01/2018	98.3%	31.2%	59.6%	7.3%	0.2%
09/26/2018	99.2%	16.1%	45.1%	34.0%	3.8%

Equity and Commodity

Index	Value	Net change
DJIA	26,616.71	223.92
S&P	2,872.87	33.62
Nasdaq	7,505.77	94.61
Nikkei 225	23,631.88	-37.61
STI	3,567.14	-5.48
KLCI	1,853.92	8.06
JCI	6,660.62	45.29
Baltic Dry	1,219.00	2.00
VIX	11.08	-0.50

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.46 (+0.01)	2.12 (+0.03)
5Y	1.74 (-0.01)	2.47 (+0.05)
10Y	2.12 (-0.01)	2.66 (+0.04)
15Y	2.40 (-)	--
20Y	2.43 (-)	--
30Y	2.57 (-)	2.91 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.69	1.26
EURIBOR-OIS	2.23	-0.14
TED	35.54	-0.60

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	66.14	0.96%	Copper (per mt)	7,052.6	-0.54%
Brent (per barrel)	70.52	0.14%	Nickel (per mt)	13,622.5	-0.29%
Heating Oil (per gallon)	2.1360	0.97%	Aluminium (per mt)	2,259.8	0.74%
Gasoline (per gallon)	1.9377	1.16%			
Natural Gas (per MMBtu)	3.5050	1.68%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,484.0	-0.36%
			Rubber (JPY/KG)	204.6	0.44%
Precious Metals	Futures	% chg			
Gold (per oz)	1,357.2	-0.79%			
Silver (per oz)	17.441	-0.99%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 23 Jan 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Natural Gas	-31,373	-68,189	36,816	Sugar	-93,755	-34,321	-59,434
Soybean	-74,772	-93,493	18,721	Silver	28,310	36,427	-8,117
Nymex Crude	771,329	752,957	18,372	Copper	52,233	60,187	-7,954
Live Cattle	106,603	95,599	11,004	Wheat	-115,161	-111,120	-4,041
Corn	-140,125	-148,924	8,799	Coffee	-47,360	-43,365	-3,995
Platinum	45,093	37,534	7,559	Lean Hogs	66,503	69,675	-3,172
Cocoa	3,198	-3,789	6,987	Heating Oil	62,108	64,081	-1,973
Gold	229,807	224,305	5,502	Palladium	25,748	26,913	-1,165
Cotton	129,851	124,360	5,491	RBOB Gasoline	93,894	89,615	4,279

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
01/26/2018 05:00	SK Consumer Confidence	Jan	--	109.9	110.9	110.6
01/26/2018 07:30	JN Natl CPI YoY	Dec	1.10%	1.00%	0.60%	--
01/26/2018 07:30	JN Natl CPI Ex Fresh Food YoY	Dec	0.90%	0.90%	0.90%	--
01/26/2018 07:50	JN PPI Services YoY	Dec	0.80%	0.80%	0.80%	--
01/26/2018 10:18	SI Unemployment rate SA	4Q	2.10%	2.10%	2.10%	2.20%
01/26/2018 11:33	MU Unemployment Rate	Dec	--	1.90%	1.90%	--
01/26/2018 13:00	SI Industrial Production YoY	Dec	0.80%	-3.90%	5.30%	5.60%
01/26/2018 15:30	TH Foreign Reserves	Jan-19	--	\$209.3b	\$206.2b	--
01/26/2018 15:45	FR Consumer Confidence	Jan	106	104	105	--
01/26/2018 15:45	FR Manufacturing Confidence	Jan	112	113	112	--
01/26/2018 15:45	FR Production Outlook Indicator	Jan	31	34	30	--
01/26/2018 15:45	FR Own-Company Production Outlook	Jan	16	16	15	16
01/26/2018 17:00	EC M3 Money Supply YoY	Dec	4.90%	4.60%	4.90%	--
01/26/2018 17:30	UK Index of Services 3M/3M	Nov	0.40%	0.40%	0.30%	--
01/26/2018 17:30	UK GDP QoQ	4Q A	0.40%	0.50%	0.40%	--
01/26/2018 21:30	CA CPI YoY	Dec	1.90%	1.90%	2.10%	--
01/26/2018 21:30	US Wholesale Inventories MoM	Dec P	0.40%	0.20%	0.80%	0.70%
01/26/2018 21:30	US GDP Annualized QoQ	4Q A	3.00%	2.60%	3.20%	--
01/26/2018 21:30	US Personal Consumption	4Q A	3.70%	3.80%	2.20%	--
01/26/2018 21:30	US GDP Price Index	4Q A	2.30%	2.40%	2.10%	--
01/26/2018 21:30	US Core PCE QoQ	4Q A	1.90%	1.90%	1.30%	--
01/26/2018 21:30	US Durable Goods Orders	Dec P	0.80%	2.90%	1.30%	1.70%
01/26/2018 21:30	US Durables Ex Transportation	Dec P	0.60%	0.60%	-0.10%	0.30%
01/26/2018 21:30	US Cap Goods Orders Nondef Ex Air	Dec P	0.60%	-0.30%	-0.20%	0.20%
01/26/2018 21:30	US Cap Goods Ship Nondef Ex Air	Dec P	0.40%	0.60%	-0.10%	0.40%
01/29/2018 15:00	GE Import Price Index MoM	Dec	0.20%	--	0.80%	--
01/29/2018 17:00	IT PPI MoM	Dec	--	--	0.40%	--
01/29/2018 21:30	US Personal Income	Dec	0.30%	--	0.30%	--
01/29/2018 21:30	US Personal Spending	Dec	0.40%	--	0.60%	--
01/29/2018 21:30	US PCE Deflator YoY	Dec	1.70%	--	1.80%	--
01/29/2018 21:30	US PCE Core MoM	Dec	0.20%	--	0.10%	--
01/29/2018 23:30	US Dallas Fed Manf. Activity	Jan	25.4	--	29.7	--
01/29/2018 01/31	PH Budget Balance PHP	Dec	--	--	-8.6b	--
01/29/2018 01/31	VN Exports YTD YoY	Jan	27.70%	--	21.10%	--
01/29/2018 01/31	VN Imports YTD YoY	Jan	22.00%	--	20.80%	--
01/29/2018 01/31	VN CPI YoY	Jan	2.60%	--	2.60%	--
01/29/2018 01/31	VN Retail Sales YTD YoY	Jan	--	--	10.90%	--

Source: Bloomberg

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