

Highlights

Global	<p>After a kneejerk panic selling bout yesterday as Trump surged to victory in the highly controversial and contested presidential elections, financial markets have started to tentatively stabilise overnight, particularly as Trump painted a unifying message in his victory speech. Notable moves include the spike in the 10-year UST bond yield above the 2% handle on the prospect of a more aggressive fiscal stimulus (lower taxes and more spending), which may prompt global yield curves to bear-steepen as well. While near-term reverberations will continue to be felt through Asian markets today, basically predicated on potential protectionist concerns, the key to watch is if the flight to quality bid subsides in the coming sessions. At this juncture, monetary policy influence by Trump is still unclear – Yellen’s term as chair will run till Feb 2018 and the Federal Reserve Act only permits the US president to remove Fed governor “for cause”. As such, our core view remains that the Fed would proceed with the Dec rate hike barring further deterioration in economic momentum and growth prospects. Nevertheless, policy rhetoric going ahead would be interesting to watch given that Trump was not the baseline case. Elsewhere, BOT kept its policy rate unchanged at 1.5% as expected, while RBNZ cut its official cash rate to record low of 1.75% as anticipated. For today, watch for US’ initial jobless claims, Japan’s machine tool orders, and BSP policy decision (likely static). Speakers include Fed’s Williams and Bullard, ECB’s Mersch, Constancio and Knot.</p>
US	<p>Wholesale inventories rose 0.1% mom in Sep, while trade sales grew 0.2%.</p>
NZ	<p>Governor Wheeler opined that “at this stage we think that we won’t need another cut” although he caveated that “numerous uncertainties remain, particularly in respect of the international outlook, and policy may need to adjust accordingly”. He also noted that “the exchange rate remains higher than is sustainable for balanced economic growth and, together with low global inflation, continues to generate negative inflation in the tradables sector” and “a decline in the exchange rate is needed”. In addition, he flagged “house price inflation remains excessive and is posing concerns for financial stability”. RBNZ tipped OCR to average 1.8% in 1Q17, down from 1.9% in 4Q16, and 1.7% thereafter. This suggests a neutral stance for an extended period of time.</p>
SG	<p>The Singapore parliament has passed the bill to amend its constitution for the elected president requirements.</p>
TH	<p>BoT voted unanimously to keep its benchmark interest rate static at 1.5%, in line with our expectations. The central bank cited that “overall monetary conditions still remains accommodative and conducive to economic recovery”, and there is a “need to preserve policy space” given growth uncertainties.</p>
Commodities	<p>The flight to safe haven and the subsequent quick turnaround to increased risk appetite was seen in both crude oil and gold prices. Gold fell below its \$1,300/oz handle while oil tuned back to its \$45/bbl level. Interesting as well, the chance for a Dec FOMC rate hike is on the table, illustrating the sustained risk appetite seen hours after a President Trump victory.</p>

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Major Market

- **US:** Following an initial knee-jerk selloff in S&P 500 futures, equity markets roared back strongly. Financials and healthcare paced gains, while risk-off sectors like utilities retreated. The Dow traded briefly above its record close intraday, before closing up 1.40% at 18589, a shade lower than the record. S&P 500 and Nasdaq also gained 1.11% each to close at 2163 and 5251 respectively. VIX closed sharply lower, down 23.3% at 14.38. US Treasuries sold-off on Wednesday as investors expect a Republican clean sweep to open up a wave of fiscal spending that will eventually spark higher inflation. A new auction for 10-year notes also saw tepid demand from international buyers as they contemplated Trump's policy agendas. 10-year yields rose above 2% for the first time since Jan 2016, rising 20 bps to 2.05%. The 2-year benchmark yield rose 4 bps to close at 0.89%.
- **Singapore:** The STI lost 1.08% to close at 2789.88 yesterday but may regain some lost ground today given the overnight rally in Wall Street and morning rallies in Nikkei and Kospi. The STI could regain the 2800 resistance, with the next resistance at 2820. SGS bonds benefited from the flight to safety yesterday but may give back those gains today.
- **China:** China's CPI reaccelerated to 2.1% yoy in October from 1.9% in September mainly due to base effect. The recent rally in commodity prices such as coal, garlic and ginger has led to concerns about the return of inflationary pressures. The CPI is expected to rise further and may test 3% in January next year due to earlier Chinese New Year. Nevertheless, we think it may be too early to call for the tipping point for inflation. CPI may retreat again from February 2017.
- PPI grew positively for the second consecutive months after ending 54 month's straight decline in September, supported by the rally of metal prices. The gain of PPI may extend further in the coming months.
- **Hong Kong:** Given US new president's unfriendly stance on China's exports, HK's trade sector may take a hit as 61% of re-exports were of China origin while re-exports represent nearly 99% of HK's total exports. In addition, US accounts for around 9.3% of HK's total exports. Worse still, global demand is likely to be dampened by this year's second black swan. Therefore, HK's trade sector is bracing for renewed downward pressure. In this case, any rebound in the economy may be slower than initially expected.
- On the other hand, Trump's presidency will translate into heightening global uncertainties. As a result, global easing is likely to persist, in turn fuelling capital inflows to emerging market for higher yields. This is expected to lend some momentum to HK stock market in the near term. Elsewhere, any further delay in Fed's rate hike will allow HK banking system to maintain low borrowing costs for longer. More first-home buyers could be lured to enter the market as a result and the impact of the higher levy on investors may be partially offset. In all, we expect the housing prices correction which stems from the latest cooling measures to be moderate in near term.
- **Indonesia:** President Jokowi congratulated Donald Trump on his presidential win. He added that Indonesia's relations with the US "will remain good, especially in trade and investment", noting that the US is the fifth-largest investing country in Indonesia.
- **Malaysia:** PM Najib offered his congratulations to Donald Trump, noting that the president-elect's success shows that "politicians should never take voters for granted." For good measure, PM Najib suggested that Trump appealed to Americans who want their country to be "less embroiled in foreign interventions that proved to be against U.S. interests."

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday with swap rates trading 1-5bps higher on the short-end to middle-end rates while the longer-term rates traded 8-10bps higher. In the broader dollar space, the spread on JACI IG corporates increased 2bps to 208bps while the yield on JACI HY corporates increased 7bps to 6.64%. The US treasuries saw a huge sell-off following the unexpected Trump Presidency victory with a view to a deluge of future supply and higher inflation on potential fiscal spending plans. 10y UST yield increased 22bps to 2.07%. Given inflation expectations and despite prevailing uncertainty over the election results, market is still pricing a 82% chance of interest rate hike after dipping below 50% mid-day.
- **New Issues:** CMB Financial Leasing has scheduled investor meetings from 10 November onwards for a potential USD bond issue with expected issue ratings of “BBB+/Baa1/NR”.
- **Rating Changes:** S&P downgraded Singapore Post Ltd.’s corporate credit rating to “BBB+” from “A” with a stable outlook. The downgrade reflects S&P’s view that the company’s emphasis on reducing leverage has diminished. Singapore Post’s debt-to-EBITDA ratio as of 30 Sep, 2016 was about 3.0x, and S&P believes it is unlikely to fall below 2.0x in the next 12-18 months. Moody’s has placed Beijing Enterprises Holding Ltd.’s (BEHL) “A3” issuer rating and Beijing Enterprises Group (BCI) Co. Ltd.’s “A3” issuer rating on review for downgrade. The review for downgrade is driven by BEHL’s wholly owned subsidiary, Beijing Gas Group Co. Ltd.’s 20% investment in Verkhnechonskneftegaz for USD1.1bn. Moody’s expects the transaction to be mainly debt-funded, which will further pressure BEHL’s weak financial profile to levels that would no longer be consistent with an “A3” issuer rating. Moody’s assigned a first time issuer rating of “Aa2” to Australian Catholic University with a stable outlook. The rating reflects the supportive institutional framework for universities in Australia, its important market niche of supplying nurses and teachers to Australian institutions, a healthy financial performance and moderate debt levels. The rating also incorporates the low levels of international liquidity held by the university, which provides only a minimal cushion in the event of unforeseen circumstances.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.504	0.66%	USD-SGD	1.3992	0.92%
USD-JPY	105.670	0.48%	EUR-SGD	1.5263	-0.14%
EUR-USD	1.0910	-1.05%	JPY-SGD	1.3239	0.42%
AUD-USD	0.7635	-1.64%	GBP-SGD	1.7358	1.14%
GBP-USD	1.2406	0.22%	AUD-SGD	1.0683	-0.72%
USD-MYR	4.2352	0.80%	NZD-SGD	1.0183	-0.56%
USD-CNY	6.7915	0.07%	CHF-SGD	1.4212	0.25%
USD-IDR	13127	0.33%	SGD-MYR	3.0400	0.54%
USD-VND	22335	--	SGD-CNY	4.8648	-0.42%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.4340	--
2M	-0.3390	--	1M	0.5370	--
3M	-0.3120	--	2M	0.6762	--
6M	-0.2110	--	3M	0.8823	--
9M	-0.1290	--	6M	1.2538	--
12M	-0.0700	--	12M	1.5679	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.33	1.70	3.28
Italy	-0.02	--	1.75
Ireland	-0.42	0.10	0.73
Greece	7.65	--	7.35
Spain	-0.21	1.60	1.28
Russia	2.20	-5.90	4.05

Equity and Commodity

Index	Value	Net change
DJIA	18,589.69	256.95
S&P	2,163.26	23.70
Nasdaq	5,251.07	57.58
Nikkei 225	16,251.54	-919.84
STI	2,789.88	-30.36
KLCI	1,647.62	-16.20
JCI	5,414.32	-56.36
Baltic Dry	954.00	43.00
VIX	14.38	-4.36

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.85 (--)	0.89 (+0.04)
5Y	1.28 (-0.02)	1.47 (+0.15)
10Y	1.94 (-0.03)	2.06 (+0.2)
15Y	2.31 (-0.02)	--
20Y	2.42 (-0.02)	--
30Y	2.43 (-0.02)	2.85 (+0.23)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	41.83	4.30
EURIBOR-OIS	3.80	--
TED	46.62	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	45.27	0.64%	Coffee (per lb)	1.701	1.55%
Brent (per barrel)	46.36	0.70%	Cotton (per lb)	0.6829	-0.67%
Heating Oil (per gallon)	1.4411	--	Sugar (per lb)	0.2211	0.64%
Gasoline (per gallon)	1.3572	-0.88%	Orange Juice (per lb)	2.2025	-0.90%
Natural Gas (per MMBtu)	2.6900	2.16%	Cocoa (per mt)	2,474	-1.08%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,413.0	3.39%	Wheat (per bushel)	4.0675	-2.05%
Nickel (per mt)	11,532.0	2.79%	Soybean (per bushel)	9.820	-1.97%
Aluminium (per mt)	1,751.5	1.45%	Corn (per bushel)	3.4075	-3.81%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,273.5	-0.08%	Crude Palm Oil (MYR/MT)	2,857.0	0.11%
Silver (per oz)	18.378	0.12%	Rubber (JPY/KG)	181.9	-1.30%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
11/09/2016 07:00	SK	Unemployment rate SA	Oct	4.00%	3.70%	4.00%	--
11/09/2016 07:50	JN	BoP Current Account Balance	Sep	¥2020.0b	¥1821.0b	¥2000.8b	--
11/09/2016 07:50	JN	Trade Balance BoP Basis	Sep	¥668.8b	¥642.4b	¥243.2b	--
11/09/2016 09:30	CH	CPI YoY	Oct	2.10%	2.10%	1.90%	--
11/09/2016 09:30	CH	PPI YoY	Oct	0.90%	1.20%	0.10%	--
11/09/2016 13:00	JN	Eco Watchers Survey Current	Oct	44.4	46.2	44.8	--
11/09/2016 13:00	JN	Eco Watchers Survey Outlook	Oct	47.8	49	48.5	--
11/09/2016 15:00	TH	BoT Benchmark Interest Rate	Nov-09	1.50%	1.50%	1.50%	--
11/09/2016 15:09	VN	Domestic Vehicle Sales YoY	Oct	--	27.30%	25.30%	--
11/09/2016 15:30	FR	Bank of France Bus. Sentiment	Oct	99	99	98	99
11/09/2016 17:30	UK	Visible Trade Balance GBP/Mn	Sep	-11,363	-12,698	-12,112	-11,147
11/09/2016 17:30	UK	Trade Balance Non EU GBP/Mn	Sep	-3,450	-3,969	-3,756	-3,291
11/09/2016 17:30	UK	Trade Balance	Sep	-3,950	-5,221	-4,733	-3,768
11/09/2016 20:00	US	MBA Mortgage Applications	Nov-04	--	-1.20%	-1.20%	--
11/09/2016 23:00	US	Wholesale Inventories MoM	Sep F	0.20%	0.10%	0.20%	--
11/10/2016 04:00	NZ	RBNZ Official Cash Rate	Nov-10	1.75%	1.75%	2.00%	--
11/10/2016 07:50	JN	Machine Orders MoM	Sep	-1.50%	--	-2.20%	--
11/10/2016 07:50	JN	Machine Orders YoY	Sep	4.10%	--	11.60%	--
11/10/2016 07:50	JN	Foreign Buying Japan Bonds	Nov-04	--	--	-¥267.8b	--
11/10/2016 07:50	JN	Foreign Buying Japan Stocks	Nov-04	--	--	¥108.9b	--
11/10/2016 07:50	JN	Money Stock M2 YoY	Oct	3.60%	--	3.60%	--
11/10/2016 07:50	JN	Money Stock M3 YoY	Oct	3.10%	--	3.10%	--
11/10/2016 08:01	UK	RICS House Price Balance	Oct	18%	--	17%	--
11/10/2016 08:30	AU	Home Loans MoM	Sep	-1.60%	--	-3.00%	--
11/10/2016 09:00	PH	Exports YoY	Sep	0.00%	--	-4.40%	--
11/10/2016 09:00	PH	Imports YoY	Sep	10.00%	--	12.20%	--
11/10/2016 09:00	PH	Trade Balance	Sep	-\$1942m	--	-\$2023m	--
11/10/2016 13:00	IN	Local Car Sales	Oct	--	--	195259	--
11/10/2016 14:00	JN	Machine Tool Orders YoY	Oct P	--	--	-6.30%	--
11/10/2016 15:45	FR	Non-Farm Payrolls QoQ	3Q P	0.10%	--	0.20%	--
11/10/2016 15:45	FR	Industrial Production MoM	Sep	-0.30%	--	2.10%	--
11/10/2016 15:45	FR	Industrial Production YoY	Sep	0.40%	--	0.50%	--
11/10/2016 15:45	FR	Manufacturing Production MoM	Sep	-0.10%	--	2.20%	--
11/10/2016 15:45	FR	Manufacturing Production YoY	Sep	0.40%	--	0.70%	--
11/10/2016 16:00	PH	BSP Overnight Borrowing Rate	Nov-10	3.00%	--	3.00%	--
11/10/2016 17:00	IT	Industrial Production MoM	Sep	-1.00%	--	1.70%	--
11/10/2016 17:00	IT	Industrial Production WDA YoY	Sep	2.20%	--	4.10%	--
11/10/2016 17:00	IT	Industrial Production NSA YoY	Sep	--	--	7.40%	--
11/10/2016 21:30	CA	New Housing Price Index MoM	Sep	0.20%	--	0.20%	--
11/10/2016 21:30	US	Initial Jobless Claims	Nov-05	260k	--	265k	--
11/10/2016 21:30	US	Continuing Claims	Oct-29	2025k	--	2026k	--
11/10/2016 22:45	US	Bloomberg Consumer Comfort	Nov-06	--	--	44.6	--
11/10/2016 11/15	CH	New Yuan Loans CNY	Oct	672.0b	--	1220.0b	--
11/10/2016 11/15	CH	Money Supply M2 YoY	Oct	11.40%	--	11.50%	--

Source: Bloomberg

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