

Treasury Advisory
Corporate FX & Structured
Products

Tel: 6349-1888 / 1881

Interest Rate Derivatives

Tel: 6349-1899

Investments & Structured
Products

Tel: 6349-1886

GT Institutional Sales

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Highlights

US	Durable goods ordered surpassed consensus forecasts comfortably, growing 4.8% compared to an expected 1.7%. While volatile, the sizable beat provided a positive signal on the short-term prospects of the US production. This is especially encouraging when one considers that the global economic climate has been uncertain, and the USD has been on a strengthening bias. Unfilled orders also rose 0.7% (compared to -0.2% prior), providing comfort against near-term variations in demand. Initial jobless claims came in within expectations at 251k (survey: 250k), a slight uptick compared to the previous week. No sign of alarm, as the levels remained at comfortably low, reflecting what is considered to be healthy labour market turnover. New home sales came in below expectations as housing demand moderated going into the year end, with most home-buyers holding back in expectations of the Dec rate hike. With the election of Trump and the subsequent run-up in US Treasury yields, mortgage rates have climbed in tandem. This could contribute to depressed housing demand in the forthcoming months.
UK	In the Autumn Statement, UK Chancellor Hammond outlined a somber outlook for the UK economy post-Brexit. He used his first budget statement to communicate what he saw as heightened uncertainty and reduced potential for sustainable growth. GDP growth estimate for 2017 was downgraded to 1.4%, compared to 2.2% in March. However, 2016 growth estimate was revised upwards to 2.1% from 2.0%, in recognition of a surprisingly upbeat response to the Brexit. On the budget front, deficit is expected to widen through to 2021 by almost GBP122b. Hammond also committed to cutting corporation tax to 17% by 2020.
Singapore	GDP grew 1.1% yoy, -2.0% saar qoq (consensus: 1.0% yoy, -2.5% saar qoq) in 3Q 2016. This set of number may be seen as somewhat positive, considering that the numbers came in above expectations, and that the MTI projected a 4.1% decline qoq just last month. Overall, the economy remains under pressure from a slowdown in global trade, with the government's growth forecast for 2016 at 1-1.5%.
Wall Street	Equities hesitated after setting record highs, with major indices fluctuating before ending close to either side of the record. Investors appeared eager to take profit from the rally ahead of the Thanksgiving holiday. Industrials nudged S&P 500 and the Dow higher by 0.10% and 0.31%. However, healthcare and technology stocks weakened, dragging the Nasdaq lower by 0.1%. VIX held at 12.43, virtually unchanged from the day before. Encouraging data on the demand for durable goods highlighted positive signals on the underlying economy, contributing to a tumble in US Treasuries. The 2- and 10-year benchmark yields ended around 4 bps higher at 1.12% and 2.35% respectively. Meanwhile, a new auction for 7-year US Treasuries drew a yield of 2.215% amidst strong demand.
Malaysia	As widely expected, Bank Negara opted to keep its Overnight Policy Rate unchanged at 3.0% yesterday. The recent global currency volatility would likely have played into the consideration. In its statement, the central bank appears to be grasping for a sense of President Trump would shape the global growth outlook and the implications for Malaysia's own economy, and therefore its policy rate path.

Major Markets

- **China:** The PBOC pushed another round of financial reform in Shanghai Free Trade Zone (FTZ), in an effort to crack down on capital exodus and stress on anti-money laundering. Besides, the reform aims to encourage net money inflows via the FTZ accounts. Specifically, private equity funds and projects in the FTZ are allowed to finance in the zone and abroad under the new measures. The proceeds could then be used for cross-border investment. Moreover, multinational companies will be allowed to use Shanghai FTZ account to build and manage their onshore cross-border yuan capital pools. With the CNY approaching 6.9, the PBOC steps up efforts to reassure lopsided capital flows. In the near term, the USDCNY fixing price and the RMB index will be closely monitored to see whether 6.9 will be a strong resistance.
- **Macau:** Amid rebound in gaming and tourism sectors, exports of gaming services (+0.2% yoy) and those of other tourism services (+6.5% yoy) retrieved growth, supporting the GDP to mark its first advance in 3Q (+4% yoy) since 2Q 2014. Another supporting factor turns out to be the resurgence in investment (+2.3% yoy), driven by private investment's pickup (+2.4% yoy) on the back of increased construction activities and the recovering corporate sentiment. Though government consumption retreated by 1.3% yoy in 3Q, it rose by 1.6% over the first three quarters and was the only major expenditure component that registered growth. For fiscal year 2017, the government plans to increase expenditure by 12%. Therefore, though fewer projects are scheduled to be completed in 2017, buoyant government investment and expenditure would help to compensate the benign private investment. On the other hand, private consumption reversed its downward trend over the past two quarters with a 0.3% annual increase amid low inflation and stable labor market. However, private consumption is likely only to grow moderately in the coming quarters due to stagnant income growth. Finally, lackluster external demand continued to weigh with exports of goods (-15.6% yoy) falling for the fourth straight quarter. In conclusion, the GDP is expected to contract by around 5% yoy in 2016. Moving forward, the effect of low base, gradual recovery in gaming and tourism sectors, as well as resilient government consumption and investment are likely to offset the impact of benign local and external demand. As such, a 3% to 5% GDP growth is expected for 2017.
- **Indonesia:** Finance Minister Sri Mulyani said that the country is not being rewarded enough in terms of credit ratings for the reforms that it is undertaking, and is being "heavily punished" for its historical mistakes. In a speech at the stock exchange yesterday, she also added that the government is working hard to improve the credit rating, even as she warned that budget deficit for this year is likely to exceed target.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bound yesterday with swap rates trading mostly +/- 1bps across all tenors. In the broader dollar space, the spread on JACI IG corporates decreased 1bps to 200bps while the yield on JACI HY corporates increased 1bps to 6.89%. 10y UST yield increased 5bps to 2.4% as stronger-than-expected economic data and November's FOMC minutes released yesterday continue to support the fully priced-in interest rate hike in December.
- **New Issues:** Changsha Pilot Investment Holdings Co. has priced a USD350mn 3-year bond at CT3+220bps, tightening from its initial guidance at CT3+240bps. The expected issue ratings are "BBB-/NR/BBB-". Chalieco Hong Kong Corp. Ltd. has priced a USD350mn perpetual, non-callable for 3-years at 5.7%, tightening from its initial guidance at 6.125%. The expected issue ratings are "BB/NR/NR". Horsepower Finance Ltd. has priced a USD550mn 3-year bond at CT3+107.5bps, tightening from its initial guidance at CT3+130bps. The expected issue ratings are "NR/A1/NR".

State Power Investment Corp. has scheduled investor road shows from 24 November onwards for a potential USD bond issue with expected issue ratings of “NR/A2/A”. Guangzhou Industrial Investment Fund Management Co. Ltd. has scheduled investor road shows from 24 November onwards for a potential USD bond issue with expected issue ratings of “BBB+/NR/A-”.

- **Rating Changes:** S&P assigned an “A-” corporate credit rating to State Power Investment Corp. (SPIC) with a stable outlook. The rating reflects the regulatory regime under which the company operates, pressure on SPIC’s capacity utilization, and the company’s high financial leverage with a high on-going need for capital spending. Moody’s also assigned an “A2” rating with a stable outlook to SPIC. S&P assigned “BBB+” issuer credit ratings to Guangzhou Industrial Investment Fund Management Co. Ltd. with a stable outlook. The rating on the company reflects its “bb” stand-alone credit profile and S&P’s view that there is an extremely high likelihood of extraordinary support from the Guangzhou municipal government for the company, if needed. Fitch also assigned an “A-” issuer default rating to Guangzhou Industrial Investment Fund Management Co. Ltd. with a stable outlook.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.700	0.65%	USD-SGD	1.4319	0.58%
USD-JPY	112.520	1.24%	EUR-SGD	1.5109	-0.15%
EUR-USD	1.0553	-0.70%	JPY-SGD	1.2728	-0.67%
AUD-USD	0.7385	-0.23%	GBP-SGD	1.7816	0.71%
GBP-USD	1.2443	0.16%	AUD-SGD	1.0575	0.33%
USD-MYR	4.4445	0.53%	NZD-SGD	1.0033	-0.23%
USD-CNY	6.9190	0.42%	CHF-SGD	1.4083	0.01%
USD-IDR	13490	0.35%	SGD-MYR	3.1163	0.18%
USD-VND	22538	--	SGD-CNY	4.8260	-0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.4337	--
2M	-0.3390	--	1M	0.5842	--
3M	-0.3130	--	2M	0.7203	--
6M	-0.2200	--	3M	0.9248	--
9M	-0.1390	--	6M	1.2782	--
12M	-0.0790	--	12M	1.6279	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.43	0.60	3.42
Italy	0.06	3.70	1.86
Ireland	-0.45	2.70	0.70
Greece	7.65	--	6.66
Spain	-0.13	4.10	1.33
Russia	2.61	-8.30	4.23

Equity and Commodity

Index	Value	Net change
DJIA	19,083.18	59.31
S&P	2,204.72	1.78
Nasdaq	5,380.68	-5.67
Nikkei 225	18,162.94	--
STI	2,839.69	17.49
KLCI	1,630.38	1.06
JCI	5,212.00	7.32
Baltic Dry	1,224.00	-8.00
VIX	12.43	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.11 (--)	1.12 (+0.04)
5Y	1.71 (--)	1.83 (+0.06)
10Y	2.31 (+0.01)	2.35 (+0.04)
15Y	2.66 (+0.01)	--
20Y	2.73 (+0.01)	--
30Y	2.69 (+0.01)	3.02 (+0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	33.68	0.10
EURIBOR-OIS	3.53	-0.05
TED	44.26	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.96	-0.15%	Coffee (per lb)	1.547	-1.65%
Brent (per barrel)	48.95	-0.35%	Cotton (per lb)	0.7308	-0.87%
Heating Oil (per gallon)	1.5169	-0.62%	Sugar (per lb)	0.1958	-0.86%
Gasoline (per gallon)	1.4217	0.84%	Orange Juice (per lb)	2.1225	0.78%
Natural Gas (per MMBtu)	3.0260	1.48%	Cocoa (per mt)	2,438	-0.04%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,740.0	2.26%	Wheat (per bushel)	4.0150	-1.41%
Nickel (per mt)	11,566.5	2.03%	Soybean (per bushel)	10.343	0.41%
Aluminium (per mt)	1,778.5	0.81%	Corn (per bushel)	3.5075	-0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,189.3	-1.81%	Crude Palm Oil (MYR/MT)	2,959.0	0.82%
Silver (per oz)	16.391	-1.45%	Rubber (JPY/KG)	224.5	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time		Event		Survey	Actual	Prior	Revised
11/23/2016	10:37	MU	Visitor Arrivals	Oct	--	2678t	2427t	--
11/23/2016	13:00	SI	CPI YoY	Oct	0.00%	-0.10%	-0.20%	--
11/23/2016	13:00	SI	CPI NSA MoM	Oct	-0.20%	-0.30%	0.00%	--
11/23/2016	15:00	MA	BNM Overnight Policy Rate	Nov-23	3.00%	3.00%	3.00%	--
11/23/2016	16:00	FR	Markit France Manu PMI	Nov P	51.5	51.5	51.8	--
11/23/2016	16:00	FR	Markit France Services PMI	Nov P	51.9	52.6	51.4	--
11/23/2016	16:00	FR	Markit France Composite PMI	Nov P	51.9	52.3	51.6	--
11/23/2016	16:00	TA	Industrial Production YoY	Oct	5.30%	3.70%	5.02%	4.56%
11/23/2016	16:00	SI	Automobile COE Open Bid Cat A	Nov-23	--	50951	52668	--
11/23/2016	16:00	SI	Automobile COE Open Bid Cat B	Nov-23	--	53001	56206	--
11/23/2016	16:30	GE	Markit/BME GE Manu PMI	Nov P	54.8	54.4	55	--
11/23/2016	16:30	GE	Markit Germany Services PMI	Nov P	54	55	54.2	--
11/23/2016	16:30	GE	Markit/BME GE Composite PMI	Nov P	55	54.9	55.1	--
11/23/2016	17:00	EC	Markit Eurozone Manu PMI	Nov P	53.3	53.7	53.5	--
11/23/2016	17:00	EC	Markit Eurozone Services PMI	Nov P	52.9	54.1	52.8	--
11/23/2016	17:00	EC	Markit Eurozone Composite PMI	Nov P	53.3	54.1	53.3	--
11/23/2016	20:00	US	MBA Mortgage Applications	Nov-18	--	5.50%	-9.20%	--
11/23/2016	21:30	US	Durable Goods Orders	Oct P	1.70%	4.80%	-0.30%	0.40%
11/23/2016	21:30	US	Durables Ex Transportation	Oct P	0.20%	1.00%	0.10%	0.20%
11/23/2016	21:30	US	Cap Goods Orders Nondef Ex Air	Oct P	0.30%	0.40%	-1.30%	-1.40%
11/23/2016	21:30	US	Cap Goods Ship Nondef Ex Air	Oct P	0.10%	0.20%	0.40%	--
11/23/2016	21:30	US	Initial Jobless Claims	Nov-19	250k	251k	235k	233k
11/23/2016	21:30	US	Continuing Claims	Nov-12	2008k	2043k	1977k	1983k
11/23/2016	22:00	US	FHFA House Price Index MoM	Sep	0.60%	0.60%	0.70%	--
11/23/2016	22:45	US	Bloomberg Consumer Comfort	Nov-20	--	44.8	45.4	--
11/23/2016	22:45	US	Markit US Manufacturing PMI	Nov P	53.5	53.9	53.4	--
11/23/2016	23:00	US	New Home Sales	Oct	590k	563k	593k	574k
11/23/2016	23:00	US	New Home Sales MoM	Oct	-0.50%	-1.90%	3.10%	1.20%
11/23/2016	23:00	US	U. of Mich. Sentiment	Nov F	91.6	93.8	91.6	--
11/24/2016	08:00	SI	GDP YoY	3Q F	1.00%	1.10%	0.60%	--
11/24/2016	08:00	SI	GDP SAAR QoQ	3Q F	-2.50%	-2.00%	-4.10%	--
11/24/2016	08:30	JN	Nikkei Japan PMI Mfg	Nov P	--	51.1	51.4	--
11/24/2016	13:00	JN	Leading Index CI	Sep F	--	--	100.5	--
11/24/2016	15:00	GE	GDP SA QoQ	3Q F	0.20%	--	0.20%	--
11/24/2016	15:00	GE	GDP WDA YoY	3Q F	1.70%	--	1.70%	--
11/24/2016	15:00	GE	GDP NSA YoY	3Q F	1.50%	--	1.50%	--
11/24/2016	15:45	FR	Manufacturing Confidence	Nov	102	--	102	--
11/24/2016	16:30	HK	Exports YoY	Oct	1.80%	--	3.60%	--
11/24/2016	16:30	HK	Imports YoY	Oct	2.60%	--	4.10%	--
11/24/2016	16:30	HK	Trade Balance HKD	Oct	-35.3b	--	-39.7b	--
11/24/2016	17:00	GE	IFO Business Climate	Nov	110.5	--	110.5	--
11/24/2016	17:00	GE	IFO Current Assessment	Nov	115	--	115	--
11/24/2016	17:00	GE	IFO Expectations	Nov	106	--	106.1	--
11/24/2016	17:30	UK	BBA Loans for House Purchase	Oct	38975	--	38252	--
11/24/2016	20:00	GE	GfK Consumer Confidence	Dec	9.7	--	9.7	--
11/24/2016		VN	CPI YoY	Nov	4.30%	--	4.09%	--

Source: Bloomberg

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