

Highlights

Global	<p>Global investor sentiments continued to wax and wane with the ongoing US political drama. While the Senate's passage of the tax bills lifted market hopes but former national security adviser Michael Flynn's guilty plea to lying and a news report that President Trump had "directed him to make contact with the Russians", albeit this was subsequently retracted, are likely to keep financial markets in suspense in the interim. Across Asia, most of the manufacturing PMIs strengthened in Nov, suggesting sustained momentum. Asian bourses may start this morning on a tentative note amid mixed cues. Today's economic data releases include US' Oct factory orders and final durable goods orders, Eurozone's Sentix investor confidence and Oct PPI, Indonesia's Nov CPI, and S'pore's Nov manufacturing and electronics PMIs. For the week ahead, some key events to watch include the RBA, BOC and RBI policy decisions, the reconciliation of the US House and Senate versions of the tax bill as well as the risk of a potential partial government shutdown due to the 8 Dec debt ceiling deadline if Congress chooses to do nothing, and US' labour market report on Friday (with market eyeing nonfarm payrolls at +199k and unemployment rate unchanged at 4.1%). RBA is likely to remain static tomorrow at 1.5%, while RBI and BOC are also likely on hold on 6 Dec.</p>
US	<p>US' manufacturing ISM retreated more than expected from 58.7 in Oct to 58.2 in Nov, with the new orders gauge rising from 63.4 to 64.0 but the prices paid and employment gauges were a tad softer. Meanwhile, construction spending surged 1.4% mom in Oct, after expanding 0.3% in Sep, and raising hopes for 4Q17 GDP growth.</p>
EZ	<p>UK PM May is meeting EC president Juncker today to discuss moving ahead with Brexit talks, and may make some concessions on the role of the ECJ after Brexit. A lack of progress before the year is out may mean Brexit negotiations may collapse. The EU summit on 14 -15 Dec is key to watch as a green light to trade talks would pare the risk of a hard Brexit.</p>
CN	<p>The US rejected China's bid for "market economy status" again. The Trump administration only announced the decision last Thursday even though it already submitted the decision to the WTO mid-Nov. In addition, the US Commerce Department also launched an anti-dumping investigation into Chinese aluminium alloy sheet without complaints from domestic companies.</p>
SG	<p>The manufacturing and electronics PMIs may tread different paths again in Nov, after the former rose to 52.6 and the latter softened to 53.3 in Oct. Meanwhile, the three local banks have raised fixed and floating interest rates for mortgage loans, according to a BT report.</p>
KR	<p>Korea's 3Q17 GDP print was revised higher to 3.8% y/y (+1.5% qoqsa), up from the flash print of 3.6% y/y (+1.4% qoqsa). Underpinning the economic growth is the acceleration seen in export growth and government spending.</p>
CMD	<p>Crude oil prices surged into the weekend, as investors digested OPEC+Russia's decision to extend production cuts to end-2018, although signaling intentions to exit the deal early if the oil prices overheat. Importantly as well, Nigeria and Libya's production has been capped below 2.8 million barrels per day.</p>

Major Market

- **US:** Equities slumped on early trade amidst new revelations involving Flynn and the Russian probe, which turned out to be false in parts. S&P 500 was down almost 1.70% at one stage, but losses were subsequently pared. The S&P 500 closed down 0.20%, while the Dow and Nasdaq Composite were also lower by 0.17% and 0.38% respectively. VIX spiked higher intraday, before easing to close at 11.43, compared to 11.28 previously. US Treasury yields were softer for the day, with the 2y yield standing at 1.77% and 10y at 2.36% at NY close.
- This week, the optimism from the Senate passing its version of the tax reform bill should provide some tailwinds. The next task would be to align the House and Senate versions of the bill, a task not expected to be straightforward. Fed speakers will go quiet ahead of the December FOMC next week. On the data front, watch for factory orders, PMI, ADP private employment, initial jobless claims and finally, nonfarm payrolls at the end of the week.
- **China:** US' rejection of China's market economy status and the self-initiated anti-dumping investigation, first since 1991, show that the trade conflict between China and US is unlikely to go away despite the warm relationship between President Trump and President Xi.
- **Singapore:** Weak Friday cues by Wall Street and mixed morning performances by Nikkei and Kospi may mean the STI could tread a potentially choppy range between 3420-3460 today, after adding 0.47% to close higher at 3449.54 on Friday. Gains by longer-dated UST bonds may see the SGS bond market following suit today.
- **Indonesia:** The government will be rolling out a program to absorb excess labour in rural villages, in order to boost their incomes and purchasing power. If successful, this should support private consumption figures moving forward. Meanwhile, watch for inflation print later today.
- **Macau:** Gaming revenue growth surprised on the upside again and marked 22.6% yoy in November, even though November is normally the off-season month for the gaming sector. High rollers might have continued to contribute to the rosy performance of the gaming sector.
- Macau regulators are reported to plan to tighten standards for licensing junket operators in January 2018. As junket operators have extended credit to support VIP demand, we doubt the sustainability of VIP revenue growth in the coming year. Policy risk related to anti-money laundering as well as higher funding costs (liquidity risks) could also weigh down the VIP segment. Therefore, we expect VIP segment to contribute less to gaming growth in the coming years. On the other hand, with the completion of Hong Kong-Zhuhai-Macau Bridge and the opening of new mega entertainment projects, tourism sector is likely to benefit from Asia's growth in the coming years. Therefore, mass-market may make more contribution to gaming growth in the longer-term. Still, gaming growth led by mass-market segment may be slower than that driven by high rollers. Adding to a high base effect, we expect gaming revenue growth may decelerate to 10%-15% yoy in 2018.
- **Commodities:** As mentioned in our past reports, global oil fundamentals appear much healthier compared to the previous year, with demand periodically outpacing supplies and inventories declined. To that end, should strengthening oil demand stays on the table into 2018, higher oil prices are likely to be seen into 2018. Closer to Asia, palm oil

prices have fallen steadily into end-November, down to overnight's closing of MYR2,603/MT and near to our end-year outlook of MYR2,600/MT.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded marginally lower on Friday, with swap rates trading 1bps lower across most tenors. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 181bps, while the yield on JACI HY Corp fell 3bps to 6.91%. 10Y UST yield fell 5bps to 2.36% on Friday, as yields traded downwards after former national security adviser pleaded guilty to lying to prosecutors about conversations with Russia's ambassadors, which reversed the gains in yields seen earlier after progress was seen in tax-reforms.
- **New Issues:** Shimaao Property Holdings Limited has proposed to re-tap its SHIMAO 4.75%'22s. The issue ratings are 'BB/NR/BBB-'.
- **Rating Changes:** S&P has upgraded China National Offshore Oil Corp (CNOOC Group), CNOOC Ltd, and CNOOC Finance Corp Ltd to 'A+' from 'A'. The outlook is stable. At the same time, S&P has upgraded the issue rating on the senior unsecured notes that CNOOC Group and CNOOC Ltd guarantee to 'A+' from 'A'. The rating action reflects S&P's expectation that CNOOC Group, along with CNOOC can sustain improvement in its credit metrics and that it has a large rating buffer to weather volatility in oil prices. S&P has affirmed Sony Corp's 'BBB' long-term corporate credit and issue ratings, while revising the outlook to positive from stable. The rating action reflects the resilience of Sony's profitability to down cycles in economic activity, underpinned by restructuring. S&P expects its earnings performance to improve, as it is supported by robust earnings in its main businesses and a recovery in its image sensor business. Moody's has assigned Wijaya Karya (Persero) Tbk (PT) (WIKA) a 'Ba2' corporate family rating. The outlook is stable. The rating reflects WIKA's standalone credit profile as one of the largest integrated construction companies in Indonesia, its established track record of completing large projects, and a strong order book which provides revenue and cash flow visibility over the next few years. However, WIKA's rating is constrained by the cyclical nature of the construction industry, but it benefits from a two-notch uplift based on Moody's expectation of a moderate level of extraordinary support from the government of Indonesia. Moody's has assigned Woori Bank's CD program a 'A2' long-term rating. At the same time, Fitch has assigned a CD programme rating of 'A2' to Woori Bank's Hong Kong branch, London Branch, and Los Angeles branch, in line with the ratings on Woori Bank. In addition, Moody's has assigned a long-term Counterparty Risk Assessment of 'A1' to the aforementioned banks. The rating action reflects the status of the CDs issued under the programme, which will be direct, unconditional, unsubordinated and unsecured obligations of Woori Bank. Moody's has affirmed Bank of Nanjing Co Ltd's (BONJ) deposit ratings and Counter Party Risk Assessment at 'Baa3', as well as the baseline credit assessment (BCA) and adjusted BCA at 'Ba2'. The outlook has been changed to stable from negative. The rating action reflects BONJ's asset quality, which has stabilized since the second half of 2016 with a stabilizing non-performing loan ratio and declining special-mentioned loan and delinquency loan ratios. Fitch has upgraded Tewoo Group Co Ltd's (Tewoo) long-term Issuer Default Rating (IDR) and senior unsecured rating to 'BBB' from 'BBB-'. The outlook is stable. The rating action reflects Fitch's belief that Tewoo's linkage with the Tianjin municipality is stronger than previously thought, and as such, Fitch has increased the uplift on Tewoo's standalone 'BB' rating to three notches from two notches.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	92.885	-0.17%	USD-SGD	1.3464	-0.10%
USD-JPY	112.170	-0.33%	EUR-SGD	1.6016	-0.20%
EUR-USD	1.1896	-0.07%	JPY-SGD	1.1998	0.16%
AUD-USD	0.7613	0.62%	GBP-SGD	1.8138	-0.51%
GBP-USD	1.3477	-0.35%	AUD-SGD	1.0249	0.49%
USD-MYR	4.0910	--	NZD-SGD	0.9278	0.73%
USD-CNY	6.6163	0.11%	CHF-SGD	1.3793	0.64%
USD-IDR	13523	-0.02%	SGD-MYR	3.0387	0.31%
USD-VND	22713	-0.02%	SGD-CNY	4.9120	0.09%

Equity and Commodity

Index	Value	Net change
DJIA	24,231.59	-40.76
S&P	2,642.22	-5.36
Nasdaq	6,847.59	-26.39
Nikkei 225	22,819.03	94.07
STI	3,449.54	16.00
KLCI	1,717.86	--
JCI	5,952.14	--
Baltic Dry	1,626.00	48.00
VIX	11.43	0.15

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	0.0020	O/N	1.1825	0.0025
2M	-0.3360	0.0040	1M	1.3794	0.0075
3M	-0.3260	0.0030	2M	1.4415	0.0061
6M	-0.2710	0.0010	3M	1.4946	0.0072
9M	-0.2180	0.0020	6M	1.6743	0.0062
12M	-0.1880	--	12M	1.9604	0.0087

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.49 (-)	1.77 (-0.01)
5Y	1.72 (-)	2.11 (-0.02)
10Y	2.13 (-)	2.36 (-0.05)
15Y	2.46 (-)	--
20Y	2.46 (-)	--
30Y	2.58 (-)	2.76 (-0.07)

Fed Rate Hike Probability

Meeting	Prob Hike	1.25 - 1.5	1.5 - 1.75	1.75 - 2.0	2.0 - 2.25
12/13/2017	95.9%	95.9%	0.0%	0.0%	0.0%
01/31/2018	95.7%	95.7%	0.0%	0.0%	0.0%
03/21/2018	98.3%	40.6%	57.7%	0.0%	0.0%
05/02/2018	98.4%	37.8%	56.5%	4.1%	0.0%
06/13/2018	99.2%	20.3%	47.5%	29.4%	2.0%
08/01/2018	99.2%	19.2%	45.9%	30.4%	3.6%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	12.35	-0.03
EURIBOR-OIS	1.68	0.58
TED	23.61	0.22

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	58.36	1.67%	Copper (per mt)	6,817.8	0.93%
Brent (per barrel)	63.73	0.25%	Nickel (per mt)	11,235.5	1.61%
Heating Oil (per gallon)	1.9413	2.57%	Aluminium (per mt)	2,059.5	1.30%
Gasoline (per gallon)	1.7416	0.76%			
Natural Gas (per MMBtu)	3.0610	1.19%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,603.0	--
			Rubber (JPY/KG)	203.5	2.62%
Precious Metals	Futures	% chg			
Gold (per oz)	1,282.3	0.44%			
Silver (per oz)	16.388	-0.52%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Positioning Update

For the week ended: 28 Nov 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	643,662	613,976	29,686	Natural Gas	-99,297	-79,072	-20,225
Gold	235,209	205,747	29,462	Wheat	-92,806	-81,034	-11,772
Corn	-130,850	-148,288	17,438	Silver	58,030	66,215	-8,185
Soybean	49,889	34,027	15,862	Live Cattle	146,514	148,895	-2,381
Cotton	79,682	64,229	15,453	Lean Hogs	67,226	68,183	-957
Sugar	42,932	34,270	8,662	Cocoa	15,480	15,844	-364
Coffee	-32,834	-39,673	6,839	RBOB Gasoline	83,874	84,140	-266
Platinum	32,844	26,979	5,865	Palladium	24,637	22,639	1,998
Heating Oil	64,104	60,410	3,694	Copper	43,516	40,125	3,391

Source: CFTC, OCBC

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
12/01/2017 06:30	AU AiG Perf of Mfg Index	Nov	--	57.3	51.1	--
12/01/2017 07:00	SK GDP SA QoQ	3Q F	1.40%	1.50%	1.40%	--
12/01/2017 07:00	SK GDP YoY	3Q F	3.60%	3.80%	3.60%	--
12/01/2017 07:00	SK CPI YoY	Nov	1.80%	1.30%	1.80%	--
12/01/2017 07:30	JN Jobless Rate	Oct	2.80%	2.80%	2.80%	--
12/01/2017 07:30	JN Job-To-Applicant Ratio	Oct	1.52	1.55	1.52	--
12/01/2017 07:30	JN Natl CPI YoY	Oct	0.20%	0.20%	0.70%	--
12/01/2017 07:30	JN Natl CPI Ex Fresh Food YoY	Oct	0.80%	0.80%	0.70%	--
12/01/2017 07:30	JN Tokyo CPI YoY	Nov	-0.10%	0.30%	-0.20%	-0.10%
12/01/2017 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Nov	0.60%	0.60%	0.60%	--
12/01/2017 07:50	JN Capital Spending YoY	3Q	3.20%	4.20%	1.50%	--
12/01/2017 08:00	SK Exports YoY	Nov	10.30%	9.60%	7.10%	--
12/01/2017 08:30	VN Nikkei Vietnam PMI Mfg	Nov	--	51.4	51.6	--
12/01/2017 08:30	JN Nikkei Japan PMI Mfg	Nov F	--	53.6	53.8	--
12/01/2017 08:30	SK Nikkei South Korea PMI Mfg	Nov	--	51.2	50.2	--
12/01/2017 08:30	TA Nikkei Taiwan PMI Mfg	Nov	--	56.3	53.6	--
12/01/2017 09:45	CH Caixin China PMI Mfg	Nov	50.9	50.8	51	--
12/01/2017 11:00	TH CPI YoY	Nov	1.00%	0.99%	0.86%	--
12/01/2017 13:00	IN Nikkei India PMI Mfg	Nov	--	52.6	50.3	--
12/01/2017 13:30	AU Commodity Index SDR YoY	Nov	--	-3.30%	9.10%	10.90%
12/01/2017 15:30	TH Foreign Reserves	Nov-24	--	\$202.7b	\$200.6b	--
12/01/2017 16:45	IT Markit/ADACI Italy Manufacturing PMI	Nov	58.3	58.3	57.8	--
12/01/2017 16:50	FR Markit France Manufacturing PMI	Nov F	57.5	57.7	57.5	--
12/01/2017 16:55	GE Germany Manufacturing PMI	Nov F	62.5	62.5	62.5	--
12/01/2017 17:00	IT GDP WDA YoY	3Q F	1.80%	1.70%	1.80%	--
12/01/2017 17:00	EC Markit Eurozone Manufacturing PMI	Nov F	60	60.1	60	--
12/01/2017 17:30	UK Markit UK PMI Manufacturing SA	Nov	56.5	58.2	56.3	56.6
12/01/2017 21:30	CA GDP MoM	Sep	0.10%	0.20%	-0.10%	--
12/01/2017 21:30	CA Quarterly GDP Annualized	3Q	1.60%	1.70%	4.50%	4.30%
12/01/2017 21:30	CA Net Change in Employment	Nov	10.0k	79.5k	35.3k	--
12/01/2017 21:30	CA Unemployment Rate	Nov	6.20%	5.90%	6.30%	--
12/01/2017 22:30	CA Markit Canada Manufacturing PMI	Nov	--	54.4	54.3	--
12/01/2017 22:45	US Markit US Manufacturing PMI	Nov F	54	53.9	53.8	--
12/01/2017 23:00	US ISM Manufacturing	Nov	58.3	58.2	58.7	--
12/01/2017 23:00	US ISM Prices Paid	Nov	67	65.5	68.5	--
12/01/2017 23:00	US Construction Spending MoM	Oct	0.50%	1.40%	0.30%	--
12/04/2017 07:50	JN Monetary Base YoY	Nov	--	--	14.50%	--
12/04/2017 08:00	AU Melbourne Institute Inflation MoM	Nov	--	--	0.30%	--
12/04/2017 08:30	ID Nikkei Indonesia PMI Mfg	Nov	--	--	50.1	--
12/04/2017 12:00	ID CPI YoY	Nov	3.41%	--	3.58%	--
12/04/2017 17:30	UK Markit/CIPS UK Construction PMI	Nov	51	--	50.8	--
12/04/2017 21:00	SI Purchasing Managers Index	Nov	--	--	52.6	--
12/04/2017 23:00	US Factory Orders	Oct	-0.40%	--	1.40%	--
12/04/2017 23:00	US Durable Goods Orders	Oct F	-1.00%	--	-1.20%	--
12/04/2017 23:00	US Durables Ex Transportation	Oct F	--	--	0.40%	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W