

Highlights

Global	<p>Risk appetite continued to taper as market-watchers remained cautious over a potential US government shutdown, amid another 48 hours deadline for UK decision over the Irish border. US President Donald Trump warns of government shutdown ahead of tomorrow's meeting with the country's Republican and Democratic congressional leaders for talks on spending bills, where the Democrats are said to demand legislative protections for undocumented immigrants as a condition to back the new spending. Trump made headline after he announced the US will recognise Jerusalem as the capital of Israel. The break of status quo may trigger fresh round of turmoil in the already fragile Middle East. Elsewhere, Brexit Secretary David Davis commented that there isn't any economic impact assessment on the UK leaving the EU, more than a year after June 2016 Brexit vote. Meanwhile, EU's chief Brexit negotiator Michel Barnier reportedly announced a 48 hours deadline for the British government to iron out disagreements over the Irish Border, ahead of tomorrow's meeting for Brexit talks to continue. On the data front, note that both RBI and BOC kept rates unchanged as expected, although the latter iterated that "higher rates will likely be required over time... guided by incoming data (and) the dynamics of both wage growth and inflation".</p> <p>We await a relatively quieter Asian trading day, although tonight's US initial jobless claims and EC 3Q17 GDP print could prove particularly interesting.</p>
US	<p>ADP employment change clocked 190k, in line with market expectations, while MBA Mortgage Applications rose 4.7% for the week ended 1st Dec, reversing previous -3.1% print in the previous week.</p>
CN	<p>PBoC renewed the medium term lending facility (MLF) to inject CNY188 billion into the market. However, this amount is smaller than market expected as it did not cover another tranche of the 1-year MLF, which is due on 16 Dec. The less than expected injection showed that PBoC remained stringent on liquidity management although PBoC hinted that it may conduct another MLF in the second half of the month. In addition, China's banking regulator unveiled the drafted rules to tighten liquidity supervision. The smaller banks with less than a CNY200 billion asset size will be subjected to three new liquidity ratios although they are not covered by popular liquidity coverage ratios (LCR). The new rules aim to reduce the asset liability tenor mismatch as well as to control interbank leverage.</p>
MA	<p>Malaysia's external environment remained supportive of overall growth: Exports surged 18.9% on-year, while imports (as a reflection of domestic demand and capital goods demand) rocketed by 20.9% on-year, bringing total trade balance to MYR10.56bn in October. Note foreign reserve print out later this afternoon.</p>
CMD	<p>Some rally fatigue in crude oil prices is clearly seen of late. Delving into the recent US EIA crude oil data, US crude oil production levels rose for the 7th consecutive week to its record high of 9.7 million barrels per day (mbpd). Further upside risk in US crude oil production into 2018 cannot be discounted, as oil producers will likely be persuaded by potentially higher prices into 2018 amid OPEC+Russia production curbs into end next year. Closer to Asia, crude palm oil prices fell further to MYR2,535/MT at yesterday's closing amid a stronger ringgit.</p>

Major Market

- **US:** Equities ended mixed on Tuesday, as a recovery in the tech space was cancelled out by declines in the energy sector due to falling crude oil prices. The S&P 500 ploughed a narrow range, before closing down essentially unchanged. The Dow slipped 0.16%, while the Nasdaq Composite gained 0.21%. A round of profit taking took price this week, it remains to be seen if investors will re-enter after a period of consolidation. VIX continued to fade, closing at 11.02 compared to 11.33 previously.
- Meanwhile, US Treasury yields are softer across the board. 2y and 10y benchmark yields slipped 1-3 bps to 1.806% and 2.339% respectively. Note overnight ADP private employment data came in within expectations.
- **Singapore:** COE premiums fell across the board, with Cat C (Goods Vehicles & Bus) falling the most by \$15.7k to \$42,000 per certificate. Premiums for Cat A fell \$4.5k as well, clocking its largest decline since early Sep 2017, while premiums for Cat B declined \$3.7k. For the open category, premiums dipped \$3.2k.
- The Straits Times Index saw its weakest session yesterday since Feb-17'. Sellers largely took control on Wednesday, leading the index lower (-1.12%) to close below 3,400 (3,397.2). For today, the STI could trade flattish as cues overnight from Wall Street suggest mixed risk sentiment.
- **Indonesia:** BI Assistant Governor Dody Budi Waluyo was on the record yesterday mentioning that there is no need for BI to move as long as inflation remains within forecasts. Note that the November print for headline inflation is at 3.30%, just higher than the 3.0% lower target band. Next year, the target band will shift to 2.5-4.5%, thus giving further space for BI.
- **S. Korea:** State-run Korea Development Institute commented that Korea's inflationary outlook into 2018 does not justify higher interest rates. It added that inflation is likely to lag government target of 2.0% in 2018, and BOK should give clearer guidance on further rate changes.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-3bps higher across the shorter tenors, while the longer tenors traded 2-6bps lower. In the broader dollar space, the spread on JACI IG Corp traded little changed at 180bps, while the yield on JACI HY Corp fell 2bps to 6.9%. 10Y UST yields fell 1bps to 2.34% in a relatively uneventful day.
- **New Issues:** Qinghai Province General Aviation Group Co has priced a USD300mn 363-day bond (guaranteed by Qinghai Provincial Investment Group Co) at 6.00%, tightening from initial guidance of 6.125% area. Chengdu Communications Investment Group Corporation Ltd has priced a USD300mn 10-year bond at CT10+245bps, tightening from initial guidance of CT10+275bps area. The expected issue ratings are 'NR/NR/BBB+'. ICBC London Branch has priced a two-tranche deal, with the USD600mn 3-year bond priced at 3mL+77bps, tightening from initial guidance of 3mL+100bps area; and the USD300mn 5-year bond priced at 3mL+87bps, tightening from initial guidance of 3mL+110bps area. The expected issue ratings are 'NR/A1/NR'.
- **Rating Changes:** Moody's has affirmed China Everbright Bank Company Limited's (China Everbright) long-term deposit rating at 'Baa2', baseline credit assessment (BCA) and Adjusted BCA at 'Ba2', and Counterparty Risk (CR) Assessment at 'Baa2'. The

outlook has been revised to stable from negative. The rating action reflects China Everbright's stabilizing asset quality metrics, efforts to strengthen its capital position, moderate liquidity profile and pressure on its profitability. Moody's also expects China Everbright's nonperforming loan ratio to stabilize and its capital position to strengthen. Moody's has affirmed Land Bank of the Philippines's (LBP) long-term deposit rating and CR Assessment of 'Baa2', while upgrading its BCA and adjusted BCA to 'Ba1' from 'Ba2'. The outlook is stable. The rating action reflects LBP's track record of steady asset quality, as well as its robust capital and liquidity buffer over the past three years, which are comparable with those of its peers in the Philippines. Moody's has upgraded Bank of America Corporation's (BAC) long-term issuer and senior unsecured rating to 'A3' from 'Baa1' and senior subordinate rating to 'Baa2' from 'Baa3'. At the same time, Moody's has upgraded BAC's principal bank subsidiary, Bank of America NA's (BANA) deposits and senior debt rating to 'Aa3' from 'A1' and BCA to 'Baa1' from 'Baa2'. The rating action reflects Moody's expectation that the improvement in BAC's profitability can be sustained, and that the commitment to a conservative risk profile will reduce the bank's earnings volatility going forward.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.610	0.25%	USD-SGD	1.3490	0.14%
USD-JPY	112.290	-0.28%	EUR-SGD	1.5913	-0.12%
EUR-USD	1.1796	-0.25%	JPY-SGD	1.2014	0.43%
AUD-USD	0.7564	-0.57%	GBP-SGD	1.8067	-0.23%
GBP-USD	1.3393	-0.37%	AUD-SGD	1.0204	-0.43%
USD-MYR	4.0763	0.24%	NZD-SGD	0.9286	0.26%
USD-CNY	6.6149	-0.07%	CHF-SGD	1.3629	-0.10%
USD-IDR	13546	0.20%	SGD-MYR	3.0221	0.12%
USD-VND	22716	--	SGD-CNY	4.9043	-0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	1.1825	--
2M	-0.3370	--	1M	1.4032	--
3M	-0.3260	--	2M	1.4590	--
6M	-0.2710	--	3M	1.5153	--
9M	-0.2200	--	6M	1.7113	--
12M	-0.1910	--	12M	1.9895	--

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	98.3%	98.3%	0.0%	0.0%	0.0%
01/31/2018	98.3%	97.5%	0.8%	0.0%	0.0%
03/21/2018	99.4%	36.8%	62.1%	0.5%	0.0%
05/02/2018	99.4%	35.0%	60.8%	3.6%	0.0%
06/13/2018	99.7%	19.2%	48.9%	29.9%	1.7%
08/01/2018	99.7%	17.9%	46.9%	31.2%	3.6%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	55.96	-2.88%	Copper (per mt)	6,529.0	0.53%
Brent (per barrel)	61.22	-2.61%	Nickel (per mt)	10,751.0	-0.54%
Heating Oil (per gallon)	1.8613	-2.75%	Aluminium (per mt)	2,002.5	-1.65%
Gasoline (per gallon)	1.6609	-3.35%			
Natural Gas (per MMBtu)	2.9220	0.27%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,535.0	-1.09%
			Rubber (JPY/KG)	205.2	-2.01%
Precious Metals	Futures	% chg			
Gold (per oz)	1,266.1	0.09%			
Silver (per oz)	15.955	-0.70%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,140.91	-39.73
S&P	2,629.27	-0.30
Nasdaq	6,776.38	14.16
Nikkei 225	22,177.04	-445.34
STI	3,397.21	-40.85
KLCI	1,718.33	-6.51
JCI	6,035.51	35.03
Baltic Dry	1,666.00	--
VIX	11.02	-0.31

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.49 (-0.01)	1.81 (-0.01)
5Y	1.63 (-0.05)	2.13 (-0.02)
10Y	2.04 (-0.04)	2.34 (-0.01)
15Y	2.37 (-0.05)	--
20Y	2.37 (-0.05)	--
30Y	2.49 (-0.05)	2.73 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.03	0.19
EURIBOR-OIS	1.60	0.36
TED	23.11	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	Relevance	
12/06/2017 08:30	AU GDP SA QoQ	3Q	0.70%	0.60%	0.80%	0.90%	94.3662
12/06/2017 08:30	AU GDP YoY	3Q	3.00%	2.80%	1.80%	1.90%	85.9155
12/06/2017 12:00	MA Exports YoY	Oct	17.30%	18.90%	14.80%	--	57.1429
12/06/2017 12:00	MA Trade Balance MYR	Oct	9.80b	10.56b	8.60b	--	50
12/06/2017 15:00	GE Factory Orders MoM	Oct	-0.20%	0.50%	1.00%	1.20%	91.5254
12/06/2017 15:00	GE Factory Orders WDA YoY	Oct	7.00%	6.90%	9.50%	9.70%	62.7119
12/06/2017 16:00	SI Automobile COE Open Bid Cat A	Dec-06	--	42339	46791	--	62.069
12/06/2017 16:00	SI Automobile COE Open Bid Cat B	Dec-06	--	53711	57390	--	51.7241
12/06/2017 16:30	GE Markit Germany Construction PMI	Nov	--	53.1	53.3	--	50
12/06/2017 17:00	IN RBI Repurchase Rate	Dec-06	6.00%	6.00%	6.00%	--	95
12/06/2017 17:00	IN RBI Reverse Repo Rate	Dec-06	5.75%	5.75%	5.75%	--	75
12/06/2017 17:00	IN RBI Cash Reserve Ratio	Dec-06	4.00%	4.00%	4.00%	--	70
12/06/2017 17:10	GE Markit Germany Retail PMI	Nov	--	54.6	51.2	--	50
12/06/2017 17:10	EC Markit Eurozone Retail PMI	Nov	--	52.4	51.1	--	50
12/06/2017 17:10	FR Markit France Retail PMI	Nov	--	52.2	51.5	--	50
12/06/2017 17:10	IT Markit Italy Retail PMI	Nov	--	49.2	50.3	--	50
12/06/2017 20:00	US MBA Mortgage Applications	Dec-01	--	4.70%	-3.10%	--	92.3077
12/06/2017 21:15	US ADP Employment Change	Nov	190k	190k	235k	--	85.3846
12/06/2017 21:30	CA Labor Productivity QoQ	3Q	--	-0.60%	-0.10%	-0.20%	45.2381
12/06/2017 21:30	US Nonfarm Productivity	3Q F	3.30%	3.00%	3.00%	--	45.3846
12/06/2017 23:00	CA Bank of Canada Rate Decision	Dec-06	1.00%	1.00%	1.00%	--	97.619
12/07/2017 00:00	NZ QV House Prices YoY	Nov	--	6.40%	3.90%	--	72.9167
12/07/2017 07:50	JN Japan Buying Foreign Bonds	Dec-01	--	--	¥135.6b	--	50
12/07/2017 07:50	JN Foreign Buying Japan Stocks	Dec-01	--	--	¥156.2b	--	47.8723
12/07/2017 08:30	AU Trade Balance	Oct	A\$1400m	--	A\$1745m	--	87.3239
12/07/2017 13:00	JN Leading Index CI	Oct P	106.1	--	106.4	--	57.4468
12/07/2017 13:30	AU Foreign Reserves	Nov	--	--	A\$78.1b	--	46.4789
12/07/2017 15:00	GE Industrial Production SA MoM	Oct	0.90%	--	-1.60%	--	93.2203
12/07/2017 15:00	GE Industrial Production WDA YoY	Oct	4.30%	--	3.60%	--	66.1017
12/07/2017 15:00	MA Foreign Reserves	Nov-30	--	--	\$101.5b	--	64.2857
12/07/2017 15:45	FR Trade Balance	Oct	-4675m	--	-4669m	--	57.8947
12/07/2017 16:30	UK Halifax House Prices MoM	Nov	0.20%	--	0.30%	--	76.4706
12/07/2017 16:30	UK Halifax House Price 3Mths/Year	Nov	3.90%	--	4.50%	--	65.8824
12/07/2017 17:00	IT Unemployment Rate Quarterly	3Q	11.20%	--	11.20%	--	52.6316
12/07/2017 17:00	SI Foreign Reserves	Nov	--	--	\$276.01b	--	48.2759
12/07/2017 18:00	EC Household Cons QoQ	3Q	0.40%	--	0.50%	--	45.4545
12/07/2017 18:00	EC GDP SA QoQ	3Q F	0.60%	--	0.60%	--	93.1818
12/07/2017 18:00	EC GDP SA YoY	3Q F	2.50%	--	2.50%	--	90.9091
12/07/2017 21:30	CA Building Permits MoM	Oct	1.00%	--	3.80%	--	76.1905
12/07/2017 21:30	US Initial Jobless Claims	Dec-02	240k	--	238k	--	98.4615
12/07/2017 21:30	US Continuing Claims	Nov-25	1919k	--	1957k	--	68.9231
12/07/2017 22:45	US Bloomberg Consumer Comfort	Dec-03	--	--	51.6	--	68.4615
12/07/2017	HK Foreign Reserves	Nov	--	--	\$419.2b	--	68.1818
12/07/2017	PH Foreign Reserves	Nov	--	--	\$80.6b	\$80.4b	56.5217
12/07/2017	CH Foreign Reserves	Nov	\$3123.5b	--	\$3109.2b	--	61.7647
12/07/2017 12/13	VN Domestic Vehicle Sales YoY	Nov	--	--	-17.50%	--	77.7778

Source: Bloomberg

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