

Highlights

Global	<p>With the US tax plan concerns, Brexit negotiations and a slew of central bank rhetoric from the ECB panel later tonight, risk-taking appetite will likely stay pressured into the trading day ahead. While Wall Street prints edged marginally higher overnight, the VIX (or known as the fear index) continued to point north for its third consecutive trading day to 11.50. Regarding the tax cut proposal plans that may be voted on as early as Thursday this week, chief House tax writer Kevin Brady commented that he is confident that the chamber will have enough Republican votes to pass the legislation. Elsewhere, Brexit Secretary David Davis commented that the UK will leave the EU without consulting the parliament if the negotiations fail to reach a deal, even as UK PM Theresa May explicitly hinted at wanting to extend the Brexit date by two years to 2021. Lastly, market will listen closely especially from US Fed Chair Yellen at the ECB panel today, where any hints on her staying on after stepping down as Fed Chair on Feb 2018 will likely be market-moving.</p> <p>Beyond a rather heavy event-day, data calendar appears to be relatively bare. Key data points to watch will be EC GDP 3Q17 & industrial production, CH retail sales and US PPI prints.</p>
CN	<p>October financial data missed market expectations. Aggregate social financing rose by CNY1.04 trillion while total new Yuan loan increased at a much slower pace by CNY663.2 billion. Broad money supply M2 decelerated to 8.8% yoy, refreshing its record low. All in all, a slew of disappointing financial data indicate that the PBOC's tightening bias and the deleverage campaign might have taken effect in slowing economic activities. Lately, large banks are reported to have already used up their loan quota for the last quarter. As such, we expect credit expansion to remain benign in the rest of the fourth quarter.</p>
JN	<p>BOJ Kuroda commented that it is "not easy to quickly dispel the deflationary mindset that has formed" over the last 15 years, although the central bank can help to steer the economy away from potential deflationary environment through forward guidance. The central bank governor added that wages and prices will gradually rise given the steadily improving output gap.</p>
ID	<p>Implied volatility in the USD-IDR has been fading in recent sessions, with some suggestions that Bank Indonesia has been keeping the rate stable near the 13,500 region.</p>
PH	<p>Central bank governor Nestor Espenilla commented that BSP is "ready to move (policy rate) if we have to move", seconding IMF's view the Philippines should be ready to tighten monetary policy if there are signs of over-heating.</p>
CMD	<p>Energy prices faltered once again likely on further profit-taking after the rally seen over the past month. With little news out from the Middle East (save for a 7.3 magnitude earthquake on the Iran/Iraq border), oil prices will likely continue to range-bound into the day ahead. Elsewhere, palm oil prices saw its largest daily decline in over a month yesterday, marking its third consecutive day of decline given weaker soyoil prices. Moreover, the more expensive ringgit could have also weighed prices.</p>

Major Market

- **US:** Investors looked to buy the dip as equities opened lower on Monday after two consecutive days of declines. This resulted in equities recovering from early declines to close marginally higher. All three major indices closed higher by less than 0.10%. VIX climbed for the third day, closing at 11.50, compared to 11.29 previously. Meanwhile, it appears that House Republicans will have sufficient votes to pass their version of the tax proposal, with the vote potentially coming on Thursday. Senate Republicans, though, may have more work to do.
- US Treasuries continued to be negatively pressured by a sell-off in bunds and gilts. Short end yields are higher, with the 2y benchmark gaining 2.5 bps to 1.68%. The 10y yield closed at 2.405%, above the 2.40% handle, after gains in 10y Treasuries in the Asian session was reversed later in the global day. Watch for relative central bank rhetoric later today, as Yellen is scheduled to appear on the same panel as Draghi, Kuroda and Carney in an ECB conference.
- **China:** Moderation of new yuan loan growth was mainly attributed to the softer increase in household leverage. Total medium to long term loan to household sector moderated to CNY371 billion, partially due to the further tightened property rules. Short term loan to household sector also slowed down notably from CNY253.7 billion in September to CNY79.1 billion in October as China has been keeping consumption loan from entering the property market. Medium to long term loan to corporate weakened to CNY236.6 billion.
- With regard to aggregate social financing, off-balance-sheet lending softened in October with entrusted loan, trust loan and undiscounted bankers' acceptances moderating to CNY4.3 billion, CNY101.9 billion and CNY1.2 billion from September's CNY77.5 billion, CNY236.8 billion and CNY78.2 billion respectively. After 19th Party Congress, market fret that de-leveraging campaign may intensify. This might have curbed expansion of off-balance-sheet lending. The renewed deceleration of M2 growth was also the result of the prolonged de-leveraging campaign.
- **Singapore:** The Straits Times Index ended mostly flat yesterday, falling 0.03% to close at 3,419.1, with early gains mostly pared by closing. For the most part, heavyweights like DBS Group Holdings Ltd (-1.08%) as well as Singapore Telecommunications Ltd (-1.06%) weighed on the index, likely as investors booked profits after robust 3Q earning reports. Elsewhere, blue chips ComfortDelGro Corp Ltd (+5.00%) and SATS Ltd (+2.59%) rose to trim overall losses in the index.
- **Macau:** Housing transactions and approved new mortgage loans both dropped for the second consecutive month in September 2017 by 24.3% yoy to 665 deals and 47.5% yoy to MOP2.81 billion respectively. A quite housing market was due to new cooling measures and dampened investment sentiment following two typhoons. However, due to high new home prices, average housing prices rose by 6% mom or 22.9% yoy to MOP100,487/sq. m.. Elsewhere, we note that housing completions surged by 1205% yoy during the first nine months of 2017. With more new home projects launched successively from late September onwards, we expect to see a rebound in housing transactions in the primary market, supported by stable labor market and rosy performance of domestic economy. In comparison, cooling measures and prospects for higher rates may continue to curb secondary housing demand. Therefore, average housing price is expected to oscillate between MOP95,000 per square meter to MOP100,000 per square meter in the rest of 2017.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 2-8bps higher across all tenors, following the bear-steepening of the UST yield curve last Friday. In the broader dollar space, the spread on JACI IG Corp traded little changed at 180bps, while the yield on JACI HY Corp rose 4bps to 6.95%. 10Y UST yields rose 1bps to 2.41%, as UST yields followed the rise in yields in bunds and gilt futures in a day void of any directional catalyst.
- **New Issues:** Easy Tactic Ltd has priced a USD500mn 5NC3 bond (guaranteed by R&F Properties (HK) Company Ltd and supported with a keepwell deed and an equity interest purchase undertaking deed by Guangzhou R&F Properties Co) at 5.875%, tightening from initial guidance of low 6% area. The expected issue ratings are 'NR/NR/BB'. Yankuang Group (Cayman) Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by Yankuang Group Company Ltd) from 14 Nov. Xinyuan Real Estate Co has scheduled investor meetings for potential USD bond issuance from 13 Nov. The expected issue ratings are 'B/NR/B'. DBS Bank Ltd has hired banks for a potential EUR 7-year covered bond issuance. The expected issue ratings are 'NR/Aaa/AAA'.
- **Rating Changes:** S&P has affirmed Challenger Ltd's 'BBB+' issuer credit rating and Challenger Life Co Ltd's (CLC) 'A' financial strength and issuer credit ratings. The outlook has been revised to positive from stable. The rating action reflects CLC's strengthening business profile, as well as S&P's view that CLC's expansion of its distribution network would help lessen the constraints of its limited diversification. At the same time, S&P has assigned CLC's proposed unsecured subordinated Tier 2 notes a 'BBB' long-term issue credit rating. Moody's has assigned Hunan Xiangjiang New Area Development Group Co Ltd (Hunan Xiangjiang) a 'Baa3' issuer rating. The outlook is stable. The rating reflects Hunan Xiangjiang's 'B1' baseline credit assessment and a four notch uplift as Moody's assess that there is a high likelihood that Hunan Xiangjiang will receive extraordinary support from the Changsha Municipal Government.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	94.490	0.10%	USD-SGD	1.3618	0.12%
USD-JPY	113.620	0.08%	EUR-SGD	1.5888	0.11%
EUR-USD	1.1667	0.02%	JPY-SGD	1.1985	0.03%
AUD-USD	0.7623	-0.50%	GBP-SGD	1.7861	-0.48%
GBP-USD	1.3116	-0.61%	AUD-SGD	1.0381	-0.40%
USD-MYR	4.1915	-0.01%	NZD-SGD	0.9400	-0.41%
USD-CNY	6.6405	-0.01%	CHF-SGD	1.3669	0.04%
USD-IDR	13552	0.07%	SGD-MYR	3.0776	-0.11%
USD-VND	22715	--	SGD-CNY	4.8773	-0.22%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.1833	--
2M	-0.3410	--	1M	1.2461	--
3M	-0.3290	--	2M	1.3543	--
6M	-0.2750	--	3M	1.4129	--
9M	-0.2190	--	6M	1.6146	--
12M	-0.1910	--	12M	1.8815	--

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	92.3%	92.3%	0.0%	0.0%	0.0%
01/31/2018	92.5%	89.9%	2.6%	0.0%	0.0%
03/21/2018	96.8%	42.8%	52.5%	1.5%	0.0%
05/02/2018	96.9%	41.7%	52.2%	2.9%	0.0%
06/13/2018	98.0%	27.5%	48.4%	21.0%	1.1%
08/01/2018	98.1%	26.8%	47.8%	21.8%	1.7%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	56.76	0.04%	Copper (per mt)	6,870.7	1.32%
Brent (per barrel)	63.16	-0.57%	Nickel (per mt)	12,056.0	--
Heating Oil (per gallon)	1.9321	-0.14%	Aluminium (per mt)	2,085.0	--
Gasoline (per gallon)	1.7929	-1.08%			
Natural Gas (per MMBtu)	3.1670	-1.43%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,761.0	-1.29%
			Rubber (JPY/KG)	201.9	1.66%
Precious Metals	Futures	% chg			
Gold (per oz)	1,278.9	0.37%			
Silver (per oz)	17.047	1.04%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	23,439.70	17.49
S&P	2,584.84	2.54
Nasdaq	6,757.60	6.66
Nikkei 225	22,380.99	-300.43
STI	3,419.13	-0.97
KLCI	1,737.49	-4.79
JCI	6,021.46	-0.37
Baltic Dry	1,464.00	--
VIX	11.50	0.21

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.48 (+0.01)	1.68 (+0.03)
5Y	1.71 (+0.01)	2.07 (+0.02)
10Y	2.17 (--)	2.41 (+0.01)
15Y	2.48 (+0.01)	--
20Y	2.47 (+0.01)	--
30Y	2.56 (+0.01)	2.87 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	10.09	--
EURIBOR-OIS	2.78	-0.02
TED	19.27	--

CFTC Commodities Positioning Update

For the week ended: 07 Nov 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	583,091	544,301	38,790	Wheat	-96,052	-84,199	-11,853
Natural Gas	-86,640	-103,896	17,256	Cotton	57,602	63,392	-5,790
Live Cattle	158,890	148,240	10,650	Copper	42,265	47,145	-4,880
Silver	67,619	59,021	8,598	Coffee	-40,610	-37,212	-3,398
Lean Hogs	77,512	69,794	7,718	Corn	-132,661	-129,677	-2,984
RBOB Gasoline	82,958	76,753	6,205	Soybean	57,737	57,243	494
Sugar	-30,272	-35,216	4,944	Palladium	22,759	21,526	1,233
Gold	201,352	196,686	4,666	Platinum	22,184	19,518	2,666
Cocoa	8,245	3,981	4,264	Heating Oil	57,985	54,912	3,073

Source: CFTC, OCBC Bank

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
11/13/2017 07:50	JN	PPI YoY	Oct	3.10%	3.40%	3.00%	3.10%
11/13/2017 08:01	UK	Rightmove House Prices YoY	Nov	--	1.80%	1.40%	--
11/13/2017 14:00	JN	Machine Tool Orders YoY	Oct P	--	49.90%	45.00%	--
11/13/2017 16:00	CH	Money Supply M2 YoY	Oct	9.20%	8.80%	9.20%	--
11/13/2017 16:00	CH	New Yuan Loans CNY	Oct	783.0b	663.2b	1270.0b	--
11/13/2017 20:00	IN	CPI YoY	Oct	3.43%	3.58%	3.28%	--
11/14/2017 03:00	US	Monthly Budget Statement	Oct	-\$59.0b	-\$63.2b	-\$45.8b	--
11/14/2017 08:30	AU	NAB Business Conditions	Oct	--	--	14	--
11/14/2017 08:30	AU	NAB Business Confidence	Oct	--	--	7	--
11/14/2017 10:00	CH	Retail Sales YoY	Oct	10.50%	--	10.30%	--
11/14/2017 10:00	CH	Fixed Assets Ex Rural YTD YoY	Oct	7.30%	--	7.50%	--
11/14/2017 10:00	CH	Industrial Production YoY	Oct	6.30%	--	6.60%	--
11/14/2017 10:00	CH	Industrial Production YTD YoY	Oct	6.70%	--	6.70%	--
11/14/2017 14:30	IN	Wholesale Prices YoY	Oct	3.01%	--	2.60%	--
11/14/2017 15:00	GE	GDP SA QoQ	3Q P	0.60%	--	0.60%	--
11/14/2017 15:00	GE	GDP WDA YoY	3Q P	2.30%	--	2.10%	--
11/14/2017 15:00	GE	GDP NSA YoY	3Q P	2.00%	--	0.80%	--
11/14/2017 15:00	GE	CPI MoM	Oct F	0.00%	--	0.00%	--
11/14/2017 15:00	GE	CPI YoY	Oct F	1.60%	--	1.60%	--
11/14/2017 15:00	GE	CPI EU Harmonized YoY	Oct F	1.50%	--	1.50%	--
11/14/2017 17:00	IT	GDP WDA YoY	3Q P	1.70%	--	1.50%	--
11/14/2017 17:30	UK	CPI MoM	Oct	0.20%	--	0.30%	--
11/14/2017 17:30	UK	CPI YoY	Oct	3.10%	--	3.00%	--
11/14/2017 17:30	UK	CPI Core YoY	Oct	2.80%	--	2.70%	--
11/14/2017 17:30	UK	Retail Price Index	Oct	275.5	--	275.1	--
11/14/2017 17:30	UK	RPI YoY	Oct	4.10%	--	3.90%	--
11/14/2017 17:30	UK	RPI Ex Mort Int.Payments (YoY)	Oct	4.20%	--	4.10%	--
11/14/2017 17:30	UK	PPI Input NSA YoY	Oct	4.80%	--	8.40%	--
11/14/2017 17:30	UK	PPI Output NSA MoM	Oct	0.30%	--	0.20%	--
11/14/2017 17:30	UK	PPI Output NSA YoY	Oct	2.90%	--	3.30%	--
11/14/2017 18:00	EC	Industrial Production SA MoM	Sep	-0.60%	--	1.40%	--
11/14/2017 18:00	EC	Industrial Production WDA YoY	Sep	3.20%	--	3.80%	--
11/14/2017 18:00	GE	ZEW Survey Current Situation	Nov	88	--	87	--
11/14/2017 18:00	EC	ZEW Survey Expectations	Nov	--	--	26.7	--
11/14/2017 18:00	GE	ZEW Survey Expectations	Nov	19.5	--	17.6	--
11/14/2017 18:00	EC	GDP SA YoY	3Q P	2.50%	--	2.50%	--
11/14/2017 18:00	IT	CPI EU Harmonized YoY	Oct F	1.10%	--	1.10%	--
11/14/2017 19:00	US	NFIB Small Business Optimism	Oct	104	--	103	--
11/14/2017 21:30	US	PPI Final Demand MoM	Oct	0.10%	--	0.40%	--
11/14/2017 21:30	US	PPI Ex Food and Energy MoM	Oct	0.20%	--	0.40%	--
11/14/2017 21:30	US	PPI Final Demand YoY	Oct	2.40%	--	2.60%	--
11/14/2017 21:30	US	PPI Ex Food and Energy YoY	Oct	2.20%	--	2.20%	--
11/13/2017 11/15	IN	Exports YoY	Oct	--	--	25.70%	--
11/13/2017 11/15	IN	Imports YoY	Oct	--	--	18.10%	--

Source: Bloomberg

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