

Highlights

Global	<p>FOMC meeting kept its Fed Funds rate unchanged at 2-2.25% in a 9-0 unanimous vote as widely expected, with the bland FOMC statement giving little fresh cues as to what the Fed thought of the recent equity market gyrations and did not deter market expectations for a December FOMC rate hike for now. The FOMC statement highlighted that “economic activity has been rising at a strong rate”, and “job gains have been strong” while “household spending has continued to grow strongly”, albeit the “growth of business fixed investment has moderated from its rapid pace earlier in the year” and “indicators of longer-term inflation expectations are little changed, on balance”, hence they tip “further gradual increases in the target range for the federal funds rate”. The Fed also left the interest on excess reserves (IOER) unchanged at 2.2%. Post-FOMC, the futures market is currently pricing in a 74% probability of a December rate hike, while S&P500 closed down 0.25%, weighed down by energy stocks as WTI oil prices entered into a bear market (down >20% from its October highs) and the 10-year UST bond yield edged slightly higher to close at 3.238% (highest since 2011), but the yield curve flattened further.</p> <p>Asian bourses may take a breather approaching the weekend, given the Fed remains committed to its gradual tightening trajectory and as the slide in crude oil prices weigh. Today’s economic data calendar comprises of China’s CPI and PPI prints for Oct, followed by Malaysia’s industrial production, US’ University of Michigan sentiments, wholesale inventories and PPI, UK’s 3Q18 preliminary GDP growth and Sep industrial production. Speakers include PBOC’s Yi, Fed’s Williams, Harker and Quarles.</p>
US	<p>Initial jobless claims fell 1k to 214k, while the Bloomberg weekly consumer comfort index improved in the week leading up to the mid-term elections from 50.3 to 61.3 amid more optimism on the economy and household finances.</p>
EU	<p>ECB’s Draghi expects a “gradual transition” with Brexit negotiations, but warned that “if the private sector at some point were to decide there’s a cliff edge or a non-managed process, then the private sector behaviour could be a source of instability” and “we keep a lot of optionality in our message, in our monetary policy guidance”. Meanwhile, Nowotny also opined that “we have no recession risk...rather, a normalisation of economic growth”. The European Commission’s updated forecasts suggest that Italy will grow 1.2% in 2019 which may be optimistic given the ongoing row, notably Italy has rebuffed the EC’s public deficit projection of 2.9% of GDP in 2019 as they “derive from an inadequate and partial analysis” of its budget plans to maintain a maximum deficit of 2.4% of GDP.</p>
CH	<p>October trade data remained strong less affected by US-China trade war. Both export growth and import growth accelerated to 15.6% and 21.4% yoy from 14.5% and 14.3% in September. China’s trade surplus with the US remained sizable in October at US\$31.8 billion with China’s export to US grew steadily at 13.2% albeit the new tariff rate on US\$200 billion goods took effect from late September. This is probably due to ongoing frontloading activities by Chinese exporters due to concern about the potential adjustment of tariff rate to 25% from 10% from 2019.</p>

Major Markets

- **US:** Wall Street ended mostly lower on Thursday, with the S&P500 and Nasdaq composite slipping by 0.25% and 0.53%, respectively, while the DJIA eked out gains of 0.04%.
- Tesla equity closed higher (+0.93%) after naming Telstra CFO Robyn Denholm as the new chairperson, replacing Elon Musk who will remain as CEO. Earlier last month, the Securities and Exchange Commission (SEC) and Musk, who was charged with securities fraud, came to a settlement which required Musk to step down as the chairman of the electric car producer.
- TripAdvisor shares advanced 15.26% on 3Q earnings which exceeded market estimates on the back of better operating efficiency and non-hotel business growth.
- Qualcomm stocks plunged 8.16% as the semiconductor giant announced a lower 4Q revenue guidance amidst a dispute with Apple with regard to its trade secrets, of which Qualcomm had accused Apple of sharing with Intel with the “ultimate goal of diverting Qualcomm’s Apple-based business”, highlighting souring relations between the two firms which may dampen business tie-ups moving forward.
- **Singapore:** COE premiums rose for categories A and B to \$28,199 and \$32,302 respectively, but slipped for category E to \$32k (previously \$32.9k) in the latest round of bidding.
- The STI added another 0.91% to close at 3093.24 yesterday, but may trade with a softer tone today amid the S&P500 overnight pullback and the crude oil price retreat. The STI’s support is tipped at 3060, followed by 3032, whilst resistance remains at 3100. UST bond yields firmed overnight, led by the belly, and may pressure SGS bonds as well for today.
- **China:** On a positive note for the October trade data, the demand from China’s major trading partners such as EU, Japan and ASEAN remained strong. This may help alleviate pressure from the uncertain outlook from the trade war.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 2-3bp higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 148bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 11bps to 563bps. Overall, 10Y UST yields rose 1bps to close at 3.24% as the Federal Reserve hinted that the US economic expansion remained on track which warrants further interest rate hikes.
- **New Issues:** Baidu Inc has priced a USD1bn deal across two tranches with the USD600mn 5.5-year bond priced at CT5+133bps (tightening from its initial price guidance of CT5+150bps area) and the USD400mn 10-year bond at CT10+170bps, tightening from its initial price guidance of CT10+195bps. Clifford Capital Pte Ltd has priced a USD300mn 3-year bond (guaranteed by The Government of Singapore) at CT3+40bps, tightening from its initial price guidance of CT3+40-45bps area. CDBL Funding 1 has priced a USD400mn 3-year FRN (guaranteed by CDB Aviation Lease Finance Designated Activity Company, keepwell provider: China Development Bank Financial Leasing Co Ltd) at 3mL+125bps, tightening from its initial price guidance of 3mL+145bps area. Hunan Xiangjiang New Area Development Group Co Ltd has priced a USD300mn 3-year bond at 5.9%, tightening from its initial price guidance of low 6.0%.

Huayuan Property Co Ltd has priced a USD200mn 3NPNC2 at 11.0%, in line with its final price guidance. Thai Oil PCL has scheduled for investor meetings from 12 Nov for its potential USD bond issuance. DBS Bank Ltd has scheduled for investor meetings from 12-14 Nov for its potential USD 3-year/5-year covered bond issuance. Industrial & Commercial Bank of China Ltd has scheduled for investor meetings from 13 Nov for its potential bond issuance. Bi Hai Co Ltd has scheduled for investor meetings from 9 Nov for its potential USD bond issuance (guaranteed by Yunan Provincial Investment Holdings Group Co Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.724	0.76%	USD-SGD	1.3757	0.28%
USD-JPY	114.070	0.48%	EUR-SGD	1.5633	-0.27%
EUR-USD	1.1363	-0.55%	JPY-SGD	1.2060	-0.22%
AUD-USD	0.7256	-0.27%	GBP-SGD	1.7968	-0.22%
GBP-USD	1.3062	-0.49%	AUD-SGD	0.9982	--
USD-MYR	4.1638	0.01%	NZD-SGD	0.9294	-0.15%
USD-CNY	6.9345	0.21%	CHF-SGD	1.3675	-0.09%
USD-IDR	14539	-0.35%	SGD-MYR	3.0350	-0.30%
USD-VND	23308	-0.01%	SGD-CNY	5.0576	0.07%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1773	--
2M	-0.3360	--	1M	2.3153	--
3M	-0.3170	--	2M	2.4455	--
6M	-0.2580	--	3M	2.6011	--
9M	-0.1970	--	6M	2.8435	--
12M	-0.1490	--	12M	3.1251	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	74.4%	74.4%	0.0%	0.0%	0.0%
01/30/2019	76.0%	71.4%	4.6%	0.0%	0.0%
03/20/2019	94.1%	35.6%	55.0%	3.5%	0.0%
05/01/2019	94.8%	32.0%	52.6%	9.9%	0.4%
06/19/2019	97.9%	16.3%	40.5%	34.9%	6.0%
07/31/2019	98.1%	15.0%	38.3%	35.4%	8.6%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	60.67	-1.62%	Coffee (per lb)	1.167	0.91%
Brent (per barrel)	70.65	-1.97%	Cotton (per lb)	0.7901	0.06%
Heating Oil (per gallon)	2.1683	-3.08%	Sugar (per lb)	0.1284	-1.31%
Gasoline (per gallon)	1.6443	-0.19%	Orange Juice (per lb)	1.3600	-0.62%
Natural Gas (per MMBtu)	3.5430	-0.34%	Cocoa (per mt)	2,265	-4.95%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,031.8	-0.67%	Wheat (per bushel)	5.0775	-0.49%
Nickel (per mt)	11,752.5	--	Soybean (per bushel)	8.675	-0.03%
Aluminium (per mt)	1,977.8	--	Corn (per bushel)	3.7350	0.34%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,225.1	-0.29%	Crude Palm Oil (MYR/MT)	1,929.0	-1.08%
Silver (per oz)	14.423	-1.00%	Rubber (JPY/KG)	138.8	-0.43%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,191.22	10.92
S&P	2,806.83	-7.06
Nasdaq	7,530.89	-39.87
Nikkei 225	22,486.92	401.12
STI	3,093.24	27.88
KLCI	1,721.42	6.54
JCI	5,976.81	36.92
Baltic Dry	1,304.00	--
VIX	16.72	0.36

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.12 (--)	2.97 (+0.01)
5Y	2.31 (+0.01)	3.09 (+0.01)
10Y	2.54 (+0.02)	3.24 (--)
15Y	2.81 (+0.01)	--
20Y	2.85 (+0.01)	--
30Y	2.96 (+0.01)	3.43 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	27.51	-0.06
EURIBOR-OIS	4.13	-0.05
TED	25.81	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
11/08/2018 04:00	NZ RBNZ Official Cash Rate	Nov-08	1.75%	1.75%	1.75%	--
11/08/2018 07:50	JN Core Machine Orders MoM	Sep	-9.00%	-18.30%	6.80%	--
11/08/2018 07:50	JN Core Machine Orders YoY	Sep	7.70%	-7.00%	12.60%	--
11/08/2018 07:50	JN BoP Current Account Balance	Sep	¥1786.5b	¥1821.6b	¥1838.4b	--
11/08/2018 07:50	JN Trade Balance BoP Basis	Sep	¥334.2b	¥323.3b	¥219.3b	--
11/08/2018 07:50	JN Japan Buying Foreign Bonds	Nov-02	--	¥167.3b	¥1077.8b	¥1074.9b
11/08/2018 07:50	JN Foreign Buying Japan Bonds	Nov-02	--	¥547.4b	¥556.8b	¥554.9b
11/08/2018 07:50	JN Foreign Buying Japan Stocks	Nov-02	--	¥107.6b	¥349.0b	¥356.9b
11/08/2018 08:01	UK RICS House Price Balance	Oct	-2%	-10%	-2%	--
11/08/2018 10:00	PH GDP YoY	3Q	6.20%	6.10%	6.00%	6.20%
11/08/2018 11:01	CH Trade Balance	Oct	\$35.15b	\$34.01b	\$31.69b	\$31.28b
11/08/2018 11:01	CH Exports YoY	Oct	11.70%	15.60%	14.50%	14.40%
11/08/2018 11:01	CH Imports YoY	Oct	14.50%	21.40%	14.30%	14.50%
11/08/2018 15:00	MA BNM Overnight Policy Rate	Nov-08	3.25%	3.25%	3.25%	--
11/08/2018 15:00	GE Trade Balance	Sep	20.0b	18.4b	17.2b	17.1b
11/08/2018 15:00	GE Current Account Balance	Sep	21.0b	21.1b	15.3b	--
11/08/2018 15:00	GE Exports SA MoM	Sep	0.40%	-0.80%	-0.10%	0.10%
11/08/2018 15:00	GE Imports SA MoM	Sep	0.80%	-0.40%	-2.70%	-2.40%
11/08/2018 15:45	FR Trade Balance	Sep	-5833m	-5663m	-5632m	-5701m
11/08/2018 16:00	SI Automobile COE Open Bid Cat A	Nov-07	--	28199	25556	--
11/08/2018 16:00	SI Automobile COE Open Bid Cat B	Nov-07	--	32302	31302	--
11/08/2018 21:15	CA Housing Starts	Oct	198.0k	205.9k	188.7k	189.7k
11/08/2018 21:30	CA New Housing Price Index MoM	Sep	0.00%	0.00%	0.00%	--
11/08/2018 21:30	US Initial Jobless Claims	Nov-03	214k	214k	214k	215k
11/08/2018 21:30	US Continuing Claims	Oct-27	1634k	1623k	1631k	--
11/08/2018 22:45	US Bloomberg Consumer Comfort	Nov-04	--	61.3	60.3	--
11/09/2018 03:00	US FOMC Rate Decision (Upper Bound)	Nov-08	2.25%	2.25%	2.25%	--
11/09/2018 07:50	JN Money Stock M3 YoY	Oct	2.40%	--	2.50%	--
11/09/2018 07:50	JN Money Stock M2 YoY	Oct	2.80%	--	2.80%	--
11/09/2018 08:30	AU RBA Statement on Monetary Policy					
11/09/2018 08:30	AU Home Loans MoM	Sep	-1.00%	--	-2.10%	--
11/09/2018 08:30	AU Owner-Occupier Loan Value MoM	Sep	--	--	-2.70%	--
11/09/2018 09:30	CH PPI YoY	Oct	3.30%	--	3.60%	--
11/09/2018 09:30	CH CPI YoY	Oct	2.50%	--	2.50%	--
11/09/2018 12:00	MA Industrial Production YoY	Sep	2.30%	--	2.20%	--
11/09/2018 15:30	TH Foreign Reserves	Nov-02	--	--	\$203.4b	--
11/09/2018 15:45	FR Industrial Production MoM	Sep	-0.30%	--	0.30%	--
11/09/2018 15:45	FR Industrial Production YoY	Sep	1.10%	--	1.60%	--
11/09/2018 15:45	FR Manufacturing Production MoM	Sep	-0.20%	--	0.60%	--
11/09/2018 15:45	FR Manufacturing Production YoY	Sep	1.80%	--	1.90%	--
11/09/2018 17:30	UK Visible Trade Balance GBP/Mn	Sep	-£11,395	--	-£11,195	--
11/09/2018 17:30	UK Trade Balance Non EU GBP/Mn	Sep	-£3,825	--	-£4,219	--
11/09/2018 17:30	UK Trade Balance	Sep	-£1,500	--	-£1,274	--
11/09/2018 17:30	UK Industrial Production MoM	Sep	-0.10%	--	0.20%	--
11/09/2018 17:30	UK Industrial Production YoY	Sep	0.40%	--	1.30%	--
11/09/2018 17:30	UK Manufacturing Production MoM	Sep	0.10%	--	-0.20%	--
11/09/2018 17:30	UK Manufacturing Production YoY	Sep	0.40%	--	1.30%	--
11/09/2018 17:30	UK GDP QoQ	3Q P	0.60%	--	0.40%	--
11/09/2018 17:30	UK GDP YoY	3Q P	1.50%	--	1.20%	--
11/09/2018 21:30	US PPI Final Demand MoM	Oct	0.20%	--	0.20%	--
11/09/2018 21:30	US PPI Ex Food and Energy MoM	Oct	0.20%	--	0.20%	--
11/09/2018 21:30	US PPI Final Demand YoY	Oct	2.50%	--	2.60%	--
11/09/2018 21:30	US PPI Ex Food and Energy YoY	Oct	2.30%	--	2.50%	--
11/09/2018 23:00	US Wholesale Inventories MoM	Sep F	0.30%	--	0.30%	--
11/09/2018 23:00	US U. of Mich. Sentiment	Nov P	98	--	98.6	--
11/09/2018	ID BoP Current Account Balance	3Q	-\$8950m	--	-\$8028m	--
11/08/2018 11/13	VN Domestic Vehicle Sales YoY	Oct	--	--	24.70%	--

Source: Bloomberg

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