

Highlights

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|---------------|---|
| Global | Wall Street ended last week weaker following concerns on trade tensions, moderating US jobs data and comments on the Fed hike. The latest jobs data showed that the US employers added 155,000 jobs in November, a slowdown from recent month but the unemployment rate remained at 3.7%, a near five decades low. Regarding Sino – US trade tensions, the Chinese Vice Foreign Minister has summoned the US Ambassador to China to protest to arrest of Huawei Technologies Co. CFO Meng Wanzhou with the Chinese side warning that they will take “further action” if necessary. However, the Trump team is trying to insulate talks with China from this emerging dispute over the arrest with the White House mentioning that Trump didn’t know beforehand of the arrest. Republican Senator Marco Rubio has said he will introduce legislation to bar Huawei from doing business in the US whilst Lighthizer said he is opposed to a total ban on Huawei and insisted that the arrest is a “criminal justice matter”. On the oil front, OPEC members and 10 other oil producing nations agreed Friday to cut output by 1.2 million barrels a day. Asian markets are likely to open weaker today given continuing trade tensions and concerns of China’s economy. Key data releases for the week include Germany trade and CPI data, US PPI and CPI, UK jobs and trade data, Eurozone industrial production, French CPI data, additional US jobs data, India trade data, China retail sales, industrial production and jobless survey data. |
| CN | The impact of trade war on Chinese economy started to emerge with the import of electronic integrated circuit fell by 8.3% yoy in November after expanding by 19.6% in October. The sharp decline of imports of EIC also outweighed the record imports of crude oil, which hit the high of US\$24.17 billion. On the positive note, the weak import also led to widening trade surplus. China’s FX reserve rebounded to US\$3.061 trillion in November from US\$3.053 trillion. Meanwhile, China’s currency regulator SAFE announced the latest penalties on lists of illegal purchase of foreign currency involving both corporates and individuals. The tightened surveillance on sale and purchase of foreign currency is likely to curb irrational demand for foreign currency. |
| US | There is still currently no decision reached on the extradition hearing of Huawei CFO in the Canadian courts despite nearly six hours of questioning. Meanwhile, the White House itself also saw some internal changes as the President’s Chief of Staff John Kelly also stepped down. |
| UK | UK Prime Minister will be facing the House of Commons vote on the Brexit deal this coming Tuesday with odds appearing to stack up against her. |
| MY | Moody’s continued to reaffirm Malaysia’s sovereign rating at A3 as it highlighted certain points such as robust growth potential, deep domestic capital markets, a solid institutional framework, including strong monetary policy effectiveness, as strong credit positives. However, they did note “government debt will stay high for longer and the government’s fiscal policy choices will narrow the revenue base and reduce fiscal flexibility further” and that in their view, “the government will face hurdles to significantly reining in pervasive corruption”. Foreign reserves meanwhile edged lower to US\$102bn as of 30th November 2018. |

Major Markets

- **US:** Wall Street ended lower last week, with S&P 500 falling by 2.33%. The DJIA declined 2.24%, while the Nasdaq composite fell by 3.05%.
- **Singapore:** The STI declined 4.4% to 3,111.12. Jardine Matheson Holdings Ltd (0.3%) led gains, while Venture Corp Ltd (-0.22%) registered losses.
- **Indonesia:** Foreign reserves edged up for November to US\$117.20bn from US\$115.20, the previous month.
- **Thailand:** Foreign reserves was higher as of 30th November 2018 at US\$203.2bn.
- **Philippines:** Foreign reserves edged higher in November to US\$75.5bn from US\$74.7bn, the previous month.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with swap rates for the shorter tenors trading 1bps higher while the longer tenors traded 1-2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 161bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 618bps. Overall, 10Y UST yields fell 6bps to close at 2.85% on the back of the weaker-than-expected US job data.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 96.514 | -0.31% | USD-SGD | 1.3700 | 0.04% |
| USD-JPY | 112.690 | 0.01% | EUR-SGD | 1.5595 | 0.12% |
| EUR-USD | 1.1379 | 0.04% | JPY-SGD | 1.2155 | 0.02% |
| AUD-USD | 0.7208 | -0.39% | GBP-SGD | 1.7441 | -0.35% |
| GBP-USD | 1.2726 | -0.43% | AUD-SGD | 0.9871 | -0.34% |
| USD-MYR | 4.1670 | 0.05% | NZD-SGD | 0.9403 | -0.16% |
| USD-CNY | 6.8743 | -0.12% | CHF-SGD | 1.3815 | 0.16% |
| USD-IDR | 14480 | -0.28% | SGD-MYR | 3.0427 | 0.16% |
| USD-VND | 23316 | -0.03% | SGD-CNY | 5.0200 | -0.17% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|---------|
| 1M | -0.3680 | -- | O/N | 2.1809 | -0.0015 |
| 2M | -0.3360 | -- | 1M | 2.4002 | 0.0132 |
| 3M | -0.3150 | -- | 2M | 2.5453 | 0.0048 |
| 6M | -0.2460 | -- | 3M | 2.7711 | 0.0039 |
| 9M | -0.1940 | -- | 6M | 2.8858 | -0.0032 |
| 12M | -0.1370 | 0.0030 | 12M | 3.1006 | -0.0114 |

Fed Rate Hike Probability

| Meeting | Prob Hike | 2.25-2.5 | 2.5-2.75 | 2.75-3 | 3-3.25 |
|------------|-----------|----------|----------|--------|--------|
| 12/19/2018 | 67.4% | 67.4% | 0.0% | 0.0% | 0.0% |
| 01/30/2019 | 69.4% | 65.2% | 4.2% | 0.0% | 0.0% |
| 03/20/2019 | 81.4% | 51.7% | 28.1% | 1.6% | 0.0% |
| 05/01/2019 | 82.9% | 48.9% | 30.0% | 3.8% | 0.1% |
| 06/19/2019 | 87.4% | 40.5% | 35.0% | 10.8% | 1.1% |
| 07/31/2019 | 88.0% | 39.3% | 35.3% | 11.8% | 1.5% |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 52.61 | 2.18% | Coffee (per lb) | 0.988 | -1.84% |
| Brent (per barrel) | 61.67 | 2.68% | Cotton (per lb) | 0.8023 | 2.83% |
| Heating Oil (per gallon) | 1.8862 | 1.51% | Sugar (per lb) | 0.1287 | 1.82% |
| Gasoline (per gallon) | 1.4858 | 3.66% | Orange Juice (per lb) | 1.4310 | 1.13% |
| Natural Gas (per MMBtu) | 4.4880 | 3.72% | Cocoa (per mt) | 2,175 | 4.67% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | #N/A | #N/A | Wheat (per bushel) | 5.1950 | 2.82% |
| Nickel (per mt) | 10,848.5 | 0.56% | Soybean (per bushel) | 9.168 | 0.80% |
| Aluminium (per mt) | 1,956.5 | 0.69% | Corn (per bushel) | 3.7400 | 0.54% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,246.8 | 0.70% | Crude Palm Oil (MYR/MT) | 1,793.0 | 0.06% |
| Silver (per oz) | 14.572 | 1.26% | Rubber (JPY/KG) | 140.9 | -0.63% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 24,388.95 | -558.72 |
| S&P | 2,633.08 | -62.87 |
| Nasdaq | 6,969.25 | -219.01 |
| Nikkei 225 | 21,678.68 | 177.06 |
| STI | 3,111.12 | -4.40 |
| KLCI | 1,680.54 | -2.80 |
| JCI | 6,126.36 | 10.86 |
| Baltic Dry | 1,372.00 | 33.00 |
| VIX | 23.23 | 2.04 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 2.00 (-0.02) | 2.71 (-0.05) |
| 5Y | 2.06 (-0.02) | 2.69 (-0.06) |
| 10Y | 2.23 (-0.02) | 2.85 (-0.05) |
| 15Y | 2.48 (-0.01) | -- |
| 20Y | 2.53 (-0.02) | -- |
| 30Y | 2.65 (-0.02) | 3.14 (-0.02) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 39.59 | 0.32 |
| EURIBOR-OIS | 4.23 | 0.73 |
| TED | 36.53 | -- |

Economic Calendar

| Date Time | | Event | | Survey | Actual | Prior | Revised |
|-------------------------|-----------|-------------------------------------|---------------|-----------------|--------|------------------|----------|
| 12/07/2018 07:30 | JN | Household Spending YoY | Oct | 1.00% | -0.30% | -1.60% | -- |
| 12/07/2018 08:00 | JN | Labor Cash Earnings YoY | Oct | 1.00% | 1.50% | 1.10% | 0.80% |
| 12/07/2018 13:00 | JN | Leading Index CI | Oct P | 104.9 | 100.5 | 104.3 | -- |
| 12/07/2018 15:00 | GE | Industrial Production SA MoM | Oct | 0.30% | -- | 0.20% | -- |
| 12/07/2018 15:00 | MA | Foreign Reserves | Nov-30 | -- | -- | \$102.1b | -- |
| 12/07/2018 15:30 | TH | Foreign Reserves | Nov-30 | -- | -- | \$202.0b | -- |
| 12/07/2018 15:45 | FR | Trade Balance | Oct | -5750m | -- | -5663m | -- |
| 12/07/2018 15:45 | FR | Industrial Production MoM | Oct | 0.70% | -- | -1.80% | -- |
| 12/07/2018 15:45 | FR | Industrial Production YoY | Oct | -1.40% | -- | -1.10% | -- |
| 12/07/2018 16:00 | TA | Trade Balance | Nov | \$3.80b | -- | \$3.36b | -- |
| 12/07/2018 16:30 | UK | Halifax House Prices MoM | Nov | 0.20% | -- | 0.70% | -- |
| 12/07/2018 16:30 | UK | Halifax House Price 3Mths/Year | Nov | 1.00% | -- | 1.50% | -- |
| 12/07/2018 17:00 | IT | Retail Sales MoM | Oct | -- | -- | -0.80% | -- |
| 12/07/2018 18:00 | EC | GDP SA QoQ | 3Q F | 0.20% | -- | 0.20% | -- |
| 12/07/2018 18:00 | EC | GDP SA YoY | 3Q F | 1.70% | -- | 1.70% | -- |
| 12/07/2018 21:30 | CA | Net Change in Employment | Nov | 10.0k | -- | 11.2k | -- |
| 12/07/2018 21:30 | US | Change in Nonfarm Payrolls | Nov | 198k | -- | 250k | -- |
| 12/07/2018 21:30 | CA | Unemployment Rate | Nov | 5.80% | -- | 5.80% | -- |
| 12/07/2018 21:30 | US | Unemployment Rate | Nov | 3.70% | -- | 3.70% | -- |
| 12/07/2018 23:00 | US | Wholesale Inventories MoM | Oct F | 0.70% | -- | 0.70% | -- |
| 12/07/2018 23:00 | US | U. of Mich. Sentiment | Dec P | 97 | -- | 97.5 | -- |
| 12/07/2018 | CH | Foreign Reserves | Nov | \$3044.0b | -- | \$3053.10b | -- |
| 12/07/2018 | HK | Foreign Reserves | Nov | -- | -- | \$423.1b | -- |
| 12/07/2018 | PH | Foreign Reserves | Nov | -- | -- | \$74.8b | \$74.7b |
| 12/07/2018 | ID | Foreign Reserves | Nov | -- | -- | \$115.20b | -- |
| 12/07/2018 12/13 | VN | Domestic Vehicle Sales YoY | Nov | -- | -- | 39.10% | -- |
| 12/08/2018 | CH | Trade Balance | Nov | \$34.20b | -- | \$34.01b | \$34.02b |
| 12/09/2018 09:30 | CH | PPI YoY | Nov | 2.70% | -- | 3.30% | -- |
| 12/09/2018 09:30 | CH | CPI YoY | Nov | 2.40% | -- | 2.50% | -- |
| 12/10/2018 07:50 | JN | GDP SA QoQ | 3Q F | -0.50% | -- | -0.30% | -- |
| 12/10/2018 07:50 | JN | GDP Annualized SA QoQ | 3Q F | -2.00% | -- | -1.20% | -- |
| 12/10/2018 07:50 | JN | GDP Nominal SA QoQ | 3Q F | -0.50% | -- | -0.30% | -- |
| 12/10/2018 07:50 | JN | GDP Deflator YoY | 3Q F | -0.30% | -- | -0.30% | -- |
| 12/10/2018 07:50 | JN | BoP Current Account Balance | Oct | ¥1335.5b | -- | ¥1821.6b | -- |
| 12/10/2018 07:50 | JN | Trade Balance BoP Basis | Oct | ¥260.8b | -- | ¥323.3b | -- |
| 12/10/2018 08:30 | AU | Home Loans MoM | Oct | -0.40% | -- | -1.00% | -- |
| 12/10/2018 08:30 | AU | Owner-Occupier Loan Value MoM | Oct | -- | -- | -4.20% | -- |
| 12/10/2018 15:00 | GE | Trade Balance | Oct | -- | -- | 18.4b | 18.3b |
| 12/10/2018 15:00 | GE | Current Account Balance | Oct | -- | -- | 21.1b | -- |
| 12/10/2018 15:00 | GE | Exports SA MoM | Oct | 0.40% | -- | -0.80% | -0.70% |
| 12/10/2018 15:00 | GE | Imports SA MoM | Oct | -- | -- | -0.40% | -0.10% |
| 12/10/2018 15:30 | FR | Bank of France Ind. Sentiment | Nov | -- | -- | 103 | -- |
| 12/10/2018 17:00 | IT | Industrial Production MoM | Oct | -- | -- | -0.20% | -- |
| 12/10/2018 17:30 | UK | Trade Balance | Oct | -£1100m | -- | -£27m | -- |
| 12/10/2018 17:30 | UK | Industrial Production MoM | Oct | 0.20% | -- | 0.00% | -- |
| 12/10/2018 17:30 | UK | Industrial Production YoY | Oct | -0.10% | -- | 0.00% | -- |
| 12/10/2018 17:30 | UK | Manufacturing Production MoM | Oct | -0.10% | -- | 0.20% | -- |
| 12/10/2018 17:30 | UK | Manufacturing Production YoY | Oct | -0.10% | -- | 0.50% | -- |
| 12/10/2018 21:15 | CA | Housing Starts | Nov | -- | -- | 205.9k | -- |
| 12/10/2018 21:30 | CA | Building Permits MoM | Oct | -- | -- | 0.40% | -- |
| 12/10/2018 12/14 | NZ | REINZ House Sales YoY | Nov | -- | -- | 15.50% | -- |
| 12/10/2018 12/15 | CH | Money Supply M2 YoY | Nov | 8.00% | -- | 8.00% | -- |
| 12/10/2018 12/15 | CH | New Yuan Loans CNY | Nov | 1200.0b | -- | 697.0b | -- |

Source: Bloomberg

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