

Highlights

Global	<p>Wall Street rallied yesterday after having faced a topsy-turvy time for most of the week. This comes as technology shares rebounded and trade related industrial shares rose. US Commerce Secretary Wilbur Ross has said that the US still plans to raise tariffs to 25 percent on US\$ 200bn of Chinese imports in January although he also mentioned that Donald Trump and Xi Jinping are possibly at best likely to agree to a “framework for going forward” at their upcoming meeting. On the UK front, May’s attempt to carry through her new Brexit deal appears to already be at high risk of falling apart as four ministers resigned (including Brexit Secretary Dominic Raab) whilst the possibility of more following cannot be ruled out. Aside that, Jacob-Rees Mogg, the influential leader of a group of 60 Tories has sent a formal letter demanding a vote of no confidence in the Prime Minister though 48 MPs are required to send a letter in order to instigate such a vote and this threshold is yet to be reached. However, the European Council President Donald Tusk has still announced plans for a special summit on 25th November for leaders to sign off the Brexit deal. Meanwhile, risks related to geopolitical tensions appear to have emerged again as the US sanctions 17 Saudi Arabia officials over the death of journalist Jamal Khashoggi whilst North Korea said their leader Kim Jong Un has successfully guided the testing of newly developed “advanced tactical” weapons. Asian markets are likely to see some gains today following the positive gains in the US. The economic calendar today comprises Malaysia and Hong Kong 3Q 2018 GDP results, Eurozone and Italy CPI, US industrial production and Malaysia current account.</p>
CH	<p>Reuters reported that China’s written letter to US demand for trade reform failed to impress the US side as the key disagreement lies in China’s non-negotiable list. According to the US official quoted by Reuters that the document sent by China included 142 items divided into three categories with the category of non-negotiable list is not acceptable by the US side. It seems the current effort may not be enough to stop the US from raising its tariff to 25% from January 2019. On data, China’s banks net purchased US\$3.5 billion worth of foreign currency in October. The fourth straight month of net purchase of foreign currency shows pressure on capital outflows persisted. However, the magnitude is much smaller as compared to that in September.</p>
SG	<p>Non-oil domestic exports (NODX) rose 4.2% mom in October (slightly below our forecast of 4.4%), while gaining a better-than-expected 8.3% yoy, exceeding our 1.0% estimate. Pharmaceutical exports marked its seventh consecutive month of yoy growth at 89.7%.</p>
MY	<p>3Q 2018 GDP results are out later today with our expectations that growth will most likely pick up slightly to 4.7% yoy. Key economic indicators such as the industrial production index have not shown significant pick-up for the quarter but the tax holiday should provide some support to growth.</p>
ID	<p>Bank Indonesia made a surprise move yesterday as they raised the benchmark interest rate by 25bps to 6.00%. The central bank said that this move was done as they anticipate global interest rates to rise in the next few months. They also said such a move would be in line with efforts to reduce the current account deficit.</p>
PH	<p>The BSP hiked for the fifth straight meeting in a row yesterday by 25bps to 4.75% as they attempt to rein in on inflation.</p>

Major Markets

- **US:** Initial jobless claims rose slightly by 2k to 216k, as compared to market estimates of a 1k decline. The Philadelphia Fed Business Outlook fell by 9.3 to 12.9 (est. 20), hitting a 3-month low. Retail sales advances rose 0.8% mom, exceeding consensus estimates of 0.5%, buoyed by gas and oil purchases.
- Wall Street ended higher on Thursday, with the S&P500 rising by 1.06%, ending a 5-day streak in the red. The DJIA gained 1.06%, while the Nasdaq composite climbed 1.72% at yesterday's close.
- Walmart equity slipped 1.96% on third quarter revenue miss, although the retailer revised its FY 2019 adjusted EPS upward.
- Cisco Systems shares rose 5.50% as the networking firm's quarterly earnings exceeding market expectations, adding that its shift to cloud computing will continue to drive growth moving forward.
- **Europe:** Italian Deputy Premier Luigi Di Maio said that EU partners including Austria "are asking Italy for a 'blood and tears' budget." Italy had earlier continued to submit a budget deficit target of 2.4% of GDP for 2019 to the EC.
- **Singapore:** The STI rose 0.37% on Thursday to 3,054.53. Jardine Matheson Holdings (+1.33%) and Jardine Cycle & Carriage (+1.00%) led the ascent, while Singapore Airlines (-0.09%) and Singapore Exchange (-0.09%) marked losses.
- **Philippines:** BSP stated "that prospects for the domestic economy remain generally favourable and allow some scope for a measured adjustment in the policy rate to rein in inflation expectations and pre-empt further second-round effects."
- **Macau:** The government announced the Policy Address 2019, which focuses on social benefits. In the coming fiscal year, all the social benefits will cost the government about MOP18.747 billion, 45.5% higher than that for the previous fiscal year. On the other hand, tax cuts, waivers and rebates are expected to reduce government tax revenue by MOP4.243 billion, 10.2% more than that for the previous fiscal year. We expect these supportive measures will help ease the downside risks to domestic consumption and business investment from stock market correction, higher borrowing costs and trade war concerns. Also, the measures may support Macau's R&D development and improve the role of financing platform for Chinese government and SOEs.
- With regard to the housing market, about 10,000 units of public housing will be available in the short to medium term, up from the previously estimated 9,500 units. Besides, about 4,000 units will be available under the home-ownership scheme. In the longer term, the construction of the total 28,000 flats under the Zone A reclamation project will be divided into four phases with the first phase building about 7,000 flats. All in all, we expect housing market growth to slow down amid higher interest rates, lower wealth effect from stock market, trade war fears and the prospects of increasing housing supply.
- Finally, the government will improve the cross-border infrastructure, participate in the construction of Zhuhai Hengqin and Guangzhou Nansha free trade zones, and build a pilot zone for Guangdong-Macau co-operation with Zhongshan. This may help support the Greater Bay Area development. Meanwhile, the government will tighten the relationship between China and Portuguese-speaking countries to facilitate Belt and Road Initiative.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 1-2bps lower while the longer tenors traded 2-3bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 153bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 596bps. Overall, 10Y UST yields fell 1bps to close at 3.11% on the back of safe haven demand due to concerns over Britain's draft agreement to exit the European Union.
- **New Issues:** Agile Group Holdings Ltd has priced a USD400mn 2-year bond (subsidiary guarantors: certain of issuer's restricted subsidiaries incorporated outside of the PRC) at 9.5%, in line with its initial price guidance. Thaioil Treasury Center Co Ltd has priced a USD1bn deal across two tranches (guaranteed by Thai Oil Public Co Ltd), with the USD400mn 10-year bond priced at CT10+165bps, tightening from its initial price guidance of CT10+200bps area, and the USD600mn 30-year bond at CT30+210bps, tightening from its initial price guidance of CT30+240bps area. Aviation PLC has priced a USD50mn re-tap of its AVTCAP 6.5%'21s at 99.75. UBS Group Funding (Switzerland) AG has priced a SGD700mn Perp NC5 AT1 at 5.875%, tightening from its initial price guidance of 6.25%.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.927	0.13%	USD-SGD	1.3750	-0.30%
USD-JPY	113.640	0.01%	EUR-SGD	1.5577	-0.13%
EUR-USD	1.1328	0.16%	JPY-SGD	1.2105	-0.27%
AUD-USD	0.7277	0.62%	GBP-SGD	1.7567	-1.96%
GBP-USD	1.2774	-1.68%	AUD-SGD	1.0006	0.33%
USD-MYR	4.1915	-0.10%	NZD-SGD	0.9394	0.20%
USD-CNY	6.9392	-0.16%	CHF-SGD	1.3659	-0.31%
USD-IDR	14665	-0.83%	SGD-MYR	3.0440	0.22%
USD-VND	23307	0.06%	SGD-CNY	5.0435	0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1758	--
2M	-0.3380	--	1M	2.3104	--
3M	-0.3160	--	2M	2.4453	--
6M	-0.2570	--	3M	2.6290	--
9M	-0.1960	--	6M	2.8634	--
12M	-0.1470	--	12M	3.1296	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	70.0%	70.0%	0.0%	0.0%	0.0%
01/30/2019	71.3%	68.4%	2.9%	0.0%	0.0%
03/20/2019	89.6%	43.1%	44.7%	1.8%	0.0%
05/01/2019	90.7%	39.7%	44.5%	6.3%	0.2%
06/19/2019	94.9%	25.9%	42.3%	23.6%	3.0%
07/31/2019	95.3%	24.4%	41.1%	25.0%	4.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.46	0.37%	Coffee (per lb)	1.101	-2.31%
Brent (per barrel)	66.62	0.76%	Cotton (per lb)	0.7625	-0.18%
Heating Oil (per gallon)	2.0741	-1.04%	Sugar (per lb)	0.1265	--
Gasoline (per gallon)	1.5566	-0.26%	Orange Juice (per lb)	1.3310	-0.34%
Natural Gas (per MMBtu)	4.0380	-16.52%	Cocoa (per mt)	2,166	0.37%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,055.0	1.35%	Wheat (per bushel)	5.0550	0.50%
Nickel (per mt)	11,235.5	--	Soybean (per bushel)	8.888	2.10%
Aluminium (per mt)	1,929.5	--	Corn (per bushel)	3.6750	0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,215.0	0.40%	Crude Palm Oil (MYR/MT)	1,759.0	--
Silver (per oz)	14.263	1.30%	Rubber (JPY/KG)	132.5	-1.85%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,289.27	208.77
S&P	2,730.20	28.62
Nasdaq	7,259.03	122.64
Nikkei 225	21,803.62	-42.86
STI	3,054.53	11.34
KLCI	1,694.21	5.80
JCI	5,955.74	97.44
Baltic Dry	1,009.00	--
VIX	19.98	-1.27

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.06 (-)	2.85 (-0.01)
5Y	2.24 (-0.04)	2.94 (-0.02)
10Y	2.45 (-0.02)	3.11 (-0.01)
15Y	2.73 (-0.01)	--
20Y	2.76 (-0.02)	--
30Y	2.85 (-0.02)	3.36 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	27.91	--
EURIBOR-OIS	4.13	--
TED	26.93	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/15/2018 07:50	JN Japan Buying Foreign Bonds	Nov-09	--	¥1620.8b	-¥167.3b	-¥167.4b
11/15/2018 07:50	JN Foreign Buying Japan Bonds	Nov-09	--	¥413.3b	¥547.4b	¥545.4b
11/15/2018 07:50	JN Foreign Buying Japan Stocks	Nov-09	--	¥360.9b	¥107.6b	¥107.4b
11/15/2018 08:30	AU Employment Change	Oct	20.0k	32.8k	5.6k	7.8k
11/15/2018 08:30	AU Unemployment Rate	Oct	5.10%	5.00%	5.00%	--
11/15/2018 08:30	AU Full Time Employment Change	Oct	--	42.3k	20.3k	24.6k
11/15/2018 08:30	AU Participation Rate	Oct	65.50%	65.60%	65.40%	65.50%
11/15/2018 08:30	AU RBA FX Transactions Market	Oct	--	A\$450m	A\$640m	--
11/15/2018 11:00	JN Tokyo Condominium Sales YoY	Oct	--	2.80%	13.20%	--
11/15/2018 12:00	ID Exports YoY	Oct	1.10%	3.59%	1.70%	2.36%
11/15/2018 12:00	ID Trade Balance	Oct	-\$343m	-\$1820m	\$227m	\$314m
11/15/2018 13:54	PH Overseas Workers Remittances	Sep	\$2348m	\$2237m	\$2476m	--
11/15/2018 13:54	PH Overseas Remittances YoY	Sep	7.70%	2.30%	-0.90%	--
11/15/2018 15:00	EC EU27 New Car Registrations	Oct	--	-7.30%	-23.50%	--
11/15/2018 15:23	ID Bank Indonesia 7D Reverse Repo	Nov-15	5.75%	6.00%	5.75%	--
11/15/2018 16:00	PH BSP Overnight Borrowing Rate	Nov-15	4.75%	4.75%	4.50%	--
11/15/2018 17:30	UK Retail Sales Ex Auto Fuel MoM	Oct	0.20%	-0.40%	-0.80%	-0.30%
11/15/2018 17:30	UK Retail Sales Ex Auto Fuel YoY	Oct	3.40%	2.70%	3.20%	3.60%
11/15/2018 17:30	UK Retail Sales Inc Auto Fuel MoM	Oct	0.20%	-0.50%	-0.80%	-0.40%
11/15/2018 17:30	UK Retail Sales Inc Auto Fuel YoY	Oct	2.80%	2.20%	3.00%	3.30%
11/15/2018 21:30	US Empire Manufacturing	Nov	20	23.3	21.1	--
11/15/2018 21:30	US Philadelphia Fed Business Outlook	Nov	20	12.9	22.2	--
11/15/2018 21:30	US Retail Sales Advance MoM	Oct	0.50%	0.80%	0.10%	-0.10%
11/15/2018 21:30	US Retail Sales Ex Auto MoM	Oct	0.50%	0.70%	-0.10%	--
11/15/2018 21:30	US Retail Sales Ex Auto and Gas	Oct	0.40%	0.30%	0.00%	--
11/15/2018 21:30	US Import Price Index MoM	Oct	0.10%	0.50%	0.50%	0.20%
11/15/2018 21:30	US Initial Jobless Claims	Nov-10	213k	216k	214k	--
11/15/2018 21:30	US Continuing Claims	Nov-03	1625k	1676k	1623k	1630k
11/15/2018 22:45	US Bloomberg Consumer Comfort	Nov-11	--	60.5	61.3	--
11/15/2018	IN Exports YoY	Oct	--	17.90%	-2.20%	--
11/15/2018	IN Imports YoY	Oct	--	17.60%	10.50%	--
11/16/2018 05:30	NZ BusinessNZ Manufacturing PMI	Oct	--	53.5	51.7	51.9
11/16/2018 08:30	SI Non-oil Domestic Exports SA MoM	Oct	3.60%	--	-4.30%	--
11/16/2018 08:30	SI Non-oil Domestic Exports YoY	Oct	1.00%	--	8.30%	--
11/16/2018 10:00	NZ Non Resident Bond Holdings	Oct	--	--	--	--
11/16/2018 12:00	MA GDP YoY	3Q	4.60%	--	4.50%	--
11/16/2018 15:30	TH Foreign Reserves	Nov-09	--	--	\$202.1b	--
11/16/2018 16:30	HK GDP YoY	3Q	3.30%	--	3.50%	--
11/16/2018 16:30	HK GDP SA QoQ	3Q	0.60%	--	-0.20%	--
11/16/2018 16:30	HK Unemployment Rate SA	Oct	2.80%	--	2.80%	--
11/16/2018 17:00	IT Industrial Orders NSA YoY	Sep	--	--	0.90%	--
11/16/2018 17:00	IT Industrial Orders MoM	Sep	--	--	4.90%	--
11/16/2018 18:00	EC CPI Core YoY	Oct F	1.10%	--	1.10%	--
11/16/2018 18:00	EC CPI YoY	Oct F	2.20%	--	2.10%	2.10%
11/16/2018 18:00	EC CPI MoM	Oct	0.20%	--	0.50%	0.50%
11/16/2018 18:00	IT CPI EU Harmonized YoY	Oct F	1.70%	--	1.70%	--
11/16/2018 19:00	IT Trade Balance Total	Sep	--	--	2564m	--
11/16/2018 21:30	CA Int'l Securities Transactions	Sep	--	--	2.82b	--
11/16/2018 21:30	CA Manufacturing Sales MoM	Sep	0.10%	--	-0.40%	--
11/16/2018 22:15	US Industrial Production MoM	Oct	0.20%	--	0.30%	--
11/16/2018 22:15	US Capacity Utilization	Oct	78.20%	--	78.10%	--

Source: Bloomberg

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