

Highlights

Global	<p>Wall Street bounced overnight as tech stocks made a comeback, whilst UST bond yields rose, the USD held on to gains and crude oil prices (WTI) regained the US\$51 per barrel handle amid a firmer risk appetite post-holidays, albeit Bitcoin slid further below US\$4,000. That said, US president Trump warned in a WSJ interview that he would likely proceed with plans to hike tariffs on US\$200b of China imports and is prepared to impose tariffs on the remaining US\$267b if there is no deal at the 30 November meeting. The WTO's quarterly trade outlook indicator decelerated further from 100.3 in August to 98.6 (lowest since October 2016), dragged down by the electronics components (93.3 versus 102.2), agricultural raw materials (97.2 versus 100.0) and export orders (96.6 versus 97.2). Meanwhile, Italian bonds also rallied amid signs officials are studying scenarios for a lower 2019 budget deficit target.</p> <p>Asian markets may trade with a firmer tone today. The economic data calendar remains light and comprises of US' S&P CoreLogic house prices and Conference Board consumer confidence, and China's industrial profits. Speakers included Fed Vice Chairman Clarida's speech (which may reinforce recent dovish rhetoric), Bostic, Evan and George, and ECB's Nouy, Costa and Mersch. RBNZ's Financial Stability Report is also due.</p>
EU	<p>German IFO softened for a third month from a revised 102.9 in October to 102.0 in November, with the current assessment and expectations gauges both easing to 105.4 and 98.7 respectively, down from 106.1 and 99.7 previously. ECB president Draghi acknowledged "prominent" risks and the region's slowdown, but he opined that "some of the slowdown may also be temporary" and expressed optimism ("always been confident") that Italy can reach a budget deal with the EU. Meanwhile, Trump opined that the recent Brexit agreement could jeopardize UK's ability to trade with the US, even though it is a "great deal for the EU".</p>
SG	<p>Industrial production rebounded 4.3% yoy (2.0% mom sa) in October, compared to -0.1% yoy (-4.7% mom sa) in Sep and marking the highest yoy print since July 2018 as well as the first on-month rebound after three consecutive months of mom contractions. Excluding biomedical, manufacturing output grew by 3.0% yoy (3.9% mom sa) in October. Still, electronics output fell 2.7% yoy due to the drag from continued weakness in semiconductor, computer peripherals and data storage segments, but improvements seen in transport engineering (especially the marine & offshore sector which is coming off a low base in October last year, coupled with higher commercial airline MRO activities) and pharmaceuticals (albeit still volatile depending on the mix of active ingredients). For the first ten months of this year, the overall industrial production has expanded by 7.5% yoy (7.9% yoy excluding biomedical), any deceleration in the remaining two months would still be manageable.</p>
MY	<p>The government will be implementing a higher biodiesel B10 mandate for the transport sector with first phases commencing from 1st December 2018 and the measure coming into full force from February 2018 onwards. The measure requires that local producers must raise the biodiesel content in fuel used for transport from 7% to 10%. Another B7 mandate for the industrial sector will come into effect from 1st July 2019.</p>

Major Markets

- **US:** Wall Street ended higher on Monday, with the S&P500 gaining 1.55%. The DJIA rose 1.46%, while the Nasdaq composite saw a 2.06% increase.
- General Motors climbed 4.79% after the automotive behemoth announced that it will slash more than 14,000 staff and close 7 factories globally by end 2019, with 4 of them in the US. In the face of tumbling demand from China, other cost-cutting measures in the face of slumping demand from China to boost free cash flow included plans to cede production of some sedan models.
- Retailers such as Amazon (+5.28%), Target (+2.82%) and Best Buy (+2.86%) saw their shares soar as Adobe Analytics reported that Cyber Monday sales was expected to reach up to \$7.8bn (an 18% growth from 2017) and would be the largest online shopping day in the United States, overshadowing the \$6.2bn worth of online sales for Black Friday this year.
- **Singapore:** The STI rallied 1.34% to close at 3093.38 yesterday, and may extend gains today given positive overnight cues from Wall Street and morning gains in Nikkei and Kospi. STI may tread a range of 3080-3116. With the slight recovery in global risk appetite and UST bond yields firming by around 2bps overnight with the front-end of the curve bearing the brunt of the adjustments, SGS bonds may also unwind the small gains seen yesterday.
- **Indonesia:** Coordinating Economic Minister Darmin Nasution has said that the negative investment list proposed in the 16th Economic Package was still in the discussion stage and that relevant parties “will assess together” before the “results will be conveyed to the President”.
- **Thailand:** The Pheu Thai Party is leading in a poll done by the Future Forward Party with 17% of the 9,000 people surveyed claiming they would vote for that party. The Democrats follow on at second with 11% and the Future Forward is third at 10% but about 53% of the surveyed group said they were undecided.
- **Philippines:** BSP Deputy Governor Diwa Guinigundo has said that the central bank will “stand ready to adjust as necessary to keep inflation expectations well-anchored” but he also mentioned that “there are definite signs that inflation is slowing down”. Meanwhile, according to Bloomberg, Finance Secretary Carlos Dominguez has said that plans to suspend the January implementation of a new round of fuel excise tax hike is being reviewed.
- **Hong Kong:** Exports and imports growth accelerated to 14.6% yoy and 13.1% yoy respectively in October. Zooming in, the imports from Mainland China and the USA increased by 18% and 14.8% on a yearly basis respectively. Exports to Mainland China and the USA also grew by 17.8% yoy and 10.3% yoy respectively. The notable growth could be attributed to a relatively low base in October 2017 and the front-loading of trade activities before the US raised the tariff on Chinese imports from 10% to 25% in January 2019. Nevertheless, we doubt the sustainability of such a strong growth. Besides, whether the US will raise the tariff remains uncertain at this juncture. If the US agree to put the tariff hike on hold after the Trump-Xi meeting, trade activities may slow down at a moderate pace. However, should Trump-Xi meeting fail to come out with any agreement, the prolonged trade war may gradually weigh on global economic outlook, in turn weakening global demand and putting a lid on Hong Kong’s trade growth. More notably, the US may continue to target China’s high-tech industries. If the trade war

turns to technology war, Hong Kong's trade sector which mainly ships high-tech products would also take a hit.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates trading 0-2bps lower across most tenors. Both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS were unchanged at 157bps and 623bps respectively. Overall, 10Y UST yields rose 2bps to close at 3.06% ahead of the sale of USD129bn new supply of treasury notes this week as well as a rally in stock prices.
- **New Issues:** China State Construction Finance (Cayman) I Ltd has priced a USD500mn PerpNC3 (guaranteed by China State International Holdings Ltd) at 6.225%, tightening from its initial price guidance of 6.5%. Hongkong Baorong Development Ltd has priced a USD230mn 3-year bond (guaranteed by Tianjin Free Trade Zone Investment Holdings Co Ltd) at 6.75%, in line with its final price guidance. National Australia Bank Ltd/New York has priced a USD2.5bn deal across 3 tranches, with the USD750mn 3-year bond priced at CT3+88bps, tightening from its initial price guidance of CT3+95bps area; the USD600mn 3-year FRN at 3mL+71bps, in line with its initial price guidance and a USD1.15bn 5-year covered bond at MS+45bps, tightening from its initial price guidance of MS+47bps area. Korea Development Bank of Singapore has priced a USD100mn 2-year FRN at 3mL+39.5bps. Korea Development Bank has priced a USD250mn 2-year FRN at 3mL+28bps. Powerchina Real Estate Group Ltd has scheduled for investor meetings from 27-28 Nov for its potential USD bond issuance (guaranteed by Power Construction Corporation of China). Zhujiaji Development Ltd has scheduled for investor meetings from 27 Nov for its potential USD bond issuance (guaranteed by Zhujiaji State-owned Assets Management Co Ltd). Jisco SR Pearl Ltd has scheduled for investor meetings from 27 Nov for its potential USD bond issuance (guaranteed by Jiuquan Iron & Steel (Group) Co Ltd). Xinjiang Financial Investment Co Ltd has scheduled for investor meetings from 27 Nov for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.074	0.16%	USD-SGD	1.3748	-0.01%
USD-JPY	113.580	0.55%	EUR-SGD	1.5573	-0.10%
EUR-USD	1.1328	-0.08%	JPY-SGD	1.2107	-0.56%
AUD-USD	0.7221	-0.17%	GBP-SGD	1.7630	0.07%
GBP-USD	1.2827	0.10%	AUD-SGD	0.9928	-0.18%
USD-MYR	4.1865	-0.10%	NZD-SGD	0.9308	-0.19%
USD-CNY	6.9408	-0.11%	CHF-SGD	1.3769	-0.14%
USD-IDR	14475	-0.45%	SGD-MYR	3.0519	-0.02%
USD-VND	23333	-0.01%	SGD-CNY	5.0507	-0.06%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1770	--
2M	-0.3360	--	1M	2.3219	--
3M	-0.3160	--	2M	2.4954	--
6M	-0.2570	--	3M	2.6912	--
9M	-0.1960	--	6M	2.8863	--
12M	-0.1470	--	12M	3.1208	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	77.1%	77.1%	0.0%	0.0%	0.0%
01/30/2019	78.0%	74.9%	3.2%	0.0%	0.0%
03/20/2019	88.9%	48.7%	38.6%	1.6%	0.0%
05/01/2019	90.3%	44.1%	39.8%	6.2%	0.2%
06/19/2019	93.1%	33.9%	41.1%	16.1%	2.0%
07/31/2019	93.7%	31.7%	40.5%	18.1%	3.1%

Equity and Commodity

Index	Value	Net change
DJIA	24,640.24	354.29
S&P	2,673.45	40.89
Nasdaq	7,081.85	142.87
Nikkei 225	21,812.00	165.45
STI	3,093.38	40.89
KLCI	1,701.99	6.11
JCI	6,022.78	16.58
Baltic Dry	1,093.00	--
VIX	18.90	-2.62

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.08 (-)	2.83 (+0.02)
5Y	2.19 (-0.01)	2.89 (+0.02)
10Y	2.41 (-0.01)	3.05 (+0.01)
15Y	2.68 (-0.01)	--
20Y	2.71 (-0.01)	--
30Y	2.80 (-0.01)	3.31 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	33.27	--
EURIBOR-OIS	4.13	-0.08
TED	29.50	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.63	2.40%	Coffee (per lb)	1.070	-0.14%
Brent (per barrel)	60.48	2.86%	Cotton (per lb)	0.7740	3.31%
Heating Oil (per gallon)	1.8930	0.90%	Sugar (per lb)	0.1248	0.08%
Gasoline (per gallon)	1.4426	3.69%	Orange Juice (per lb)	1.4005	-1.09%
Natural Gas (per MMBtu)	4.2480	-1.39%	Cocoa (per mt)	2,057	-0.19%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,074.8	-0.40%	Wheat (per bushel)	5.0750	1.55%
Nickel (per mt)	10,863.5	--	Soybean (per bushel)	8.623	-2.13%
Aluminium (per mt)	1,951.3	--	Corn (per bushel)	3.5600	-0.84%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,222.4	-0.07%	Crude Palm Oil (MYR/MT)	1,785.0	-4.34%
Silver (per oz)	14.205	-0.27%	Rubber (JPY/KG)	137.1	1.41%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/26/2018 05:45	NZ Retail Sales Ex Inflation QoQ	3Q	1.00%	0.00%	1.10%	--
11/26/2018 08:30	JN Nikkei Japan PMI Mfg	Nov P	--	51.8	52.9	--
11/26/2018 10:16	PH Budget Balance PHP	Oct	--	-59.9b	-96.2b	--
11/26/2018 13:00	SI Industrial Production YoY	Oct	2.60%	4.30%	-0.20%	-0.10%
11/26/2018 13:00	SI Industrial Production SA MoM	Oct	1.50%	2.00%	-4.90%	-4.70%
11/26/2018 13:00	JN Leading Index CI	Sep F	--	104.3	103.9	--
11/26/2018 13:00	JN Coincident Index	Sep F	--	114.4	114.6	--
11/26/2018 16:30	HK Exports YoY	Oct	9.40%	14.60%	4.50%	--
11/26/2018 16:30	HK Imports YoY	Oct	10.20%	13.10%	4.80%	--
11/26/2018 16:30	HK Trade Balance HKD	Oct	-48.4b	-44.5b	-47.7b	--
11/26/2018 17:00	GE IFO Business Climate	Nov	102.3	102	102.8	102.9
11/26/2018 17:00	GE IFO Expectations	Nov	99.2	98.7	99.8	99.7
11/26/2018 17:00	GE IFO Current Assessment	Nov	105.3	105.4	105.9	106.1
11/26/2018 17:30	UK UK Finance Loans for Housing	Oct	38150	39697	38505	38712
11/26/2018 21:30	US Chicago Fed Nat Activity Index	Oct	0.18	0.24	0.17	0.14
11/26/2018 23:00	CA Bloomberg Nanos Confidence	Nov-23	--	55.1	56.6	--
11/26/2018 23:30	US Dallas Fed Manf. Activity	Nov	24.5	17.6	29.4	--
11/27/2018 05:00	SK Consumer Confidence	Nov	--	96	99.5	--
11/27/2018 05:45	NZ Trade Balance NZD	Oct	-850m	-1295m	-1560m	-1596m
11/27/2018 05:45	NZ Exports NZD	Oct	4.88b	4.86b	4.33b	4.25b
11/27/2018 05:45	NZ Imports NZD	Oct	5.74b	6.15b	5.89b	5.84b
11/27/2018 05:45	NZ Trade Balance 12 Mth YTD NZD	Oct	-5121m	-5786m	-5188m	-5330m
	ANZ Roy Morgan Weekly Consumer					
11/27/2018 06:30	AU Confidence Index	Nov-25	--	118.6	117.8	--
11/27/2018 07:50	JN PPI Services YoY	Oct	1.20%	1.30%	1.20%	1.10%
11/27/2018 09:30	CH Industrial Profits YoY	Oct	--	--	4.10%	--
11/27/2018 11:30	TH Mfg Production Index ISIC NSA YoY	Oct	3.29%	--	-2.60%	--
11/27/2018 11:30	TH Capacity Utilization ISIC	Oct	--	--	66.35	--
11/27/2018 15:45	FR Consumer Confidence	Nov	94	--	95	--
11/27/2018 16:00	TA Monitoring Indicator	Oct	--	--	22	--
11/27/2018 17:00	IT Manufacturing Confidence	Nov	104	--	104.9	--
11/27/2018 17:00	IT Consumer Confidence Index	Nov	116	--	116.6	--
11/27/2018 17:00	IT Economic Sentiment	Nov	--	--	102.6	--
11/27/2018 19:00	UK CBI Retailing Reported Sales	Nov	10	--	5	--
11/27/2018 19:00	UK CBI Total Dist. Reported Sales	Nov	--	--	17	--
11/27/2018 22:00	US FHFA House Price Index MoM	Sep	0.40%	--	0.30%	--
11/27/2018 22:00	US House Price Purchase Index QoQ	3Q	--	--	1.10%	--
11/27/2018 22:00	US S&P CoreLogic CS 20-City MoM SA	Sep	0.20%	--	0.09%	--
11/27/2018 22:00	US S&P CoreLogic CS 20-City YoY NSA	Sep	5.20%	--	5.49%	--
11/27/2018 22:00	US S&P CoreLogic CS 20-City NSA Index	Sep	--	--	213.72	--
11/27/2018 22:00	US S&P CoreLogic CS US HPI NSA Index	Sep	--	--	205.81	--
11/27/2018 22:00	US S&P CoreLogic CS US HPI YoY NSA	Sep	--	--	5.77%	--
11/27/2018 23:00	US Conf. Board Consumer Confidence	Nov	135.9	--	137.9	--
11/27/2018 23:00	US Conf. Board Present Situation	Nov	--	--	172.8	--
11/27/2018 23:00	US Conf. Board Expectations	Nov	--	--	114.6	--
11/27/2018	MU Unemployment Rate	Oct	--	--	1.80%	--

Source: Bloomberg

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