DAILY TREASURY OUTLOOK

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Highlights

Global	A big risk rally overnight in Wall Street amid somewhat dovish comments from Fed chair Powell indicating "no preset policy path" and "current interest rates are "just below" a neutral range which suggested that a pause is due soon led the biggest US stock market rally in eight months. The USD also slipped whilst UST bond yields rallied and the yield curve steepened as the 2-year yield edged down to 2.81%. Asian markets may trade with a firmer tone today. The economic data calendar comprises of US' core PCE deflator, personal income and spending, pending home sales and initial jobless claims, Eurozone's consumer confidence, German CPI, and France's preliminary 3Q GDP growth estimates. Ahead, we also have the FOMC minutes from the 8 November meeting, and other Fed speakers like Kaplan, Evans, Harker, Kashkari and Rosengren who may add more colour on Powell's dovish turn.
US	3Q GDP was unrevised at 3.5% annualised qoq. New home sales unexpectedly shrank 8.9% mom in October to 544k, suggesting that rising borrowing costs and still high prices (albeit -3.1% yoy to US$309,700 for the median sales price) have deterred buyers. Meanwhile, Nancy Pelosi has won the Democrats' nomination as House speaker ahead of the entire chamber vote in January.
UK	BOE governor Carney warned that the central bank is prepared for the worst possible Brexit and the UK economy may face the steepest economic slump (up to 11% smaller by end 2023) since at least WWII if it crashes out of the EU without a deal. The GBP could also collapse below parity with the USD. Meanwhile, PM Theresa May reiterated that the "best option" for UK would be to exit the EU as scheduled, adding that it "wouldn't be possible to hold a referendum before March 29 next year" as it would mean "extending Article 50, delaying Brexit or leaving with no deal", and that she will not delay Brexit.
ID	President Jokowi has described the move by the central bank to hike the rate by 25bps after the last policy meeting in November as "a bold move" by the Governor and said that it was "positively welcomed by the market". He further added, "Congratulations to the BI governor and the BI staff. Amid the global fluctuation, BI managed to defend the rupiah exchange rate". Meanwhile, Pertamina has allocated US$5.5bn for its capital expenditure in 2019, a 37.5% increase from 2018. On other items, the government also announced plans to double the consumption of the B20 fuel in an attempt to "help boost the crude palm oil and help oil palm growers".
TH	The MPC minutes released yesterday has made mention that the committee "believes should economic expansion continue and inflation move within its target range, the need to keep interest rates stable would gradually reduce."
PH	Bruce Tolentino, member of BSP's policy-making Monetary Board has said that inflation pressure has "significantly subsided for now" given that food and fuel prices have decreased in recent weeks. However, regarding whether there would be a pause in rate hikes, he said they "have to look at the numbers".

Major Markets

- **US:** Wall Street rallied on Wednesday on the back of Federal Reserve chair Jerome Powell's comments saying that benchmark rates are just below" a neutral range, fuelling anticipation of less hikes than market have been expecting, which was a change in tone from his recent 3rd October speech when he remarked that the Fed was "a long way from neutral" at that point of time.
- The S&P500 gained 2.30%. The DJIA rose 2.50%, while the Nasdaq composite saw a 2.95% increase. S&P500 and DJIA logged their largest daily gain since 26 March.
- Tiffany & Co. shares plunged 11.82% (largest daily decline in almost 4 years) after the luxury goods retailer reported same-store sales that missed expectations, and revised full-year free cash flow outlook downward.
- Salesforce shares rose 10.27% after the firm's 3Q profit and sales exceeded market consensus, along with a raised outlook for 2019.

- **Singapore:** The STI added 0.13% to close at 3094.48 yesterday and given the Powell-inspired optimism overnight which caused the largest eight month bounce in Wall Street overnight, the STI may test the 3100 handle today. Morning cues from Nikkei and Kospi are also positive. The SGS bond yields were little changed yesterday, but may be better bid with the overnight rally in the UST bond market amid the more dovish turn in FOMC rate hike expectations. Although the 3-month SIBOR remained relatively stable at 1.76923%, the 3-month SOR has also eased back from its recent high of 1.93245% on 22 November to 1.83642% currently.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded little changed yesterday, with swap rates trading within 1bp 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 620bps respectively. 10Y UST yields rose 2bps to 3.07% in the earlier part of the trading session ahead of the speech by Federal Reserve Chair Jerome Powell before falling 1bps to close at 3.06%.

- **New Issues:** New World China Land Ltd has priced a USD310mn 5-year green bond (guaranteed by New Word Development Company Ltd) at CT5+200bps, tightening from its initial price guidance of CT5+210bps. Wuhan Metro Group Co Ltd has priced a USD400mn Green Perp NC3 at 6.08%, tightening from its initial price guidance of 6.45%. Shandong Iron & Steel Xinheng International Co Ltd has priced a USD450mn 3-year bond (guaranteed by Shandong Iron & Steel Group Co Ltd) at 8.5%, in line with the final price guidance. Excellence Commercial Properties Co Ltd has priced a USD150mn 3-year at 7.6%, in line with the final price guidance. Sunshine 100 China Holdings Ltd has priced a USD170mn 3NC2 bond (subsidiary guarantors: certain non-PRC subsidiaries of the Issuer) at 10.5%, in line with the final price guidance. Hangzhou Fuyang Chengtou Group (HK) Ltd has priced a USD230mn 3-year bond (guaranteed by Hangzhou Fuyang City Construction Investment Group Co Ltd) at 6.8%, in line with the final price guidance. Power Finance Corp has priced a USD500mn 10-year bond at CT10+310bps, tightening from its initial price guidance of CT10+325bps area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.786	-0.60%	**USD-SGD**	1.3729	-0.34%
USD-JPY	113.680	-0.10%	**EUR-SGD**	1.5606	0.35%
EUR-USD	1.1366	0.68%	**JPY-SGD**	1.2074	-0.27%
AUD-USD	0.7306	1.12%	**GBP-SGD**	1.7605	0.26%
GBP-USD	1.2825	0.61%	**AUD-SGD**	1.0028	0.75%
USD-MYR	4.2010	0.30%	**NZD-SGD**	0.9432	0.83%
USD-CNY	6.9539	0.03%	**CHF-SGD**	1.3810	0.13%
USD-IDR	14529	0.10%	**SGD-MYR**	3.0462	0.01%
USD-VND	23338	-0.02%	**SGD-CNY**	5.0460	-0.06%

Equity and Commodity

Index	Value	Net change
DJIA	25,366.43	617.70
S&P	2,743.79	61.62
Nasdaq	7,291.59	208.89
Nikkei 225	22,177.02	224.62
STI	3,094.48	4.08
KLCI	1,686.55	1.58
JCI	5,991.25	-22.34
Baltic Dry	1,339.00	--
VIX	18.49	-0.53

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	**O/N**	2.1785	--
2M	-0.3360	--	**1M**	2.3493	--
3M	-0.3160	--	**2M**	2.4990	--
6M	-0.2560	--	**3M**	2.7060	--
9M	-0.1960	--	**6M**	2.8844	--
12M	-0.1460	--	**12M**	3.1308	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.06 (-0.01)	2.81 (-0.02)
5Y	2.17 (--)	2.86 (-0.03)
10Y	2.40 (+0.01)	3.06 (--)
15Y	2.68 (+0.02)	--
20Y	2.73 (+0.03)	--
30Y	2.83 (+0.03)	3.35 (+0.03)

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	79.6%	79.6%	0.0%	0.0%	0.0%
01/30/2019	80.9%	76.0%	4.9%	0.0%	0.0%
03/20/2019	90.0%	49.0%	38.6%	2.3%	0.0%
05/01/2019	91.0%	45.0%	39.7%	6.1%	0.2%
06/19/2019	93.5%	35.0%	41.1%	15.4%	1.9%
07/31/2019	93.7%	33.9%	40.9%	16.4%	2.4%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	33.94	-0.41
EURIBOR-OIS	3.36	-0.78
TED	31.67	--

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	50.29	-2.46%	Coffee (per lb)	1.101	0.55%
Brent (per barrel)	58.76	-2.41%	Cotton (per lb)	0.7776	1.29%
Heating Oil (per gallon)	1.8384	-2.52%	Sugar (per lb)	0.1284	4.05%
Gasoline (per gallon)	1.3979	-1.61%	Orange Juice (per lb)	1.3970	0.29%
Natural Gas (per MMBtu)	4.7150	10.63%	Cocoa (per mt)	2,062	-1.15%
Base Metals	**Futures**	**% chg**	**Grains**	**Futures**	**% chg**
Copper (per mt)	6,163.0	3.25%	Wheat (per bushel)	4.9750	-0.10%
Nickel (per mt)	10,717.0	--	Soybean (per bushel)	8.905	1.71%
Aluminium (per mt)	1,932.0	--	Corn (per bushel)	3.6050	1.12%
Precious Metals	**Futures**	**% chg**	**Asian Commodities**	**Futures**	**% chg**
Gold (per oz)	1,223.6	0.84%	Crude Palm Oil (MYR/MT)	1,839.0	1.88%
Silver (per oz)	14.325	1.71%	Rubber (JPY/KG)	137.8	0.07%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
11/28/2018 05:00	SK	Business Survey Manufacturing	Dec	--	71	72	--
11/28/2018 15:00	GE	GfK Consumer Confidence	Dec	10.5	10.4	10.6	--
11/28/2018 17:00	**EC**	**M3 Money Supply YoY**	**Oct**	**3.50%**	**3.90%**	**3.50%**	**3.60%**
11/28/2018 17:00	IT	PPI MoM	Oct	--	1.80%	0.40%	--
11/28/2018 17:00	IT	PPI YoY	Oct	--	7.10%	5.60%	--
11/28/2018 20:00	**US**	**MBA Mortgage Applications**	**Nov-23**	**--**	**5.50%**	**-0.10%**	**--**
11/28/2018 21:30	**US**	**Wholesale Inventories MoM**	**Oct P**	**0.40%**	**0.70%**	**0.40%**	**0.60%**
11/28/2018 21:30	**US**	**GDP Annualized QoQ**	**3Q S**	**3.50%**	**3.50%**	**3.50%**	**--**
11/28/2018 21:30	US	Personal Consumption	3Q S	3.90%	3.60%	4.00%	--
11/28/2018 21:30	**US**	**GDP Price Index**	**3Q S**	**1.70%**	**1.70%**	**1.70%**	**--**
11/28/2018 21:30	US	Core PCE QoQ	3Q S	1.60%	1.50%	1.60%	--
11/28/2018 23:00	**US**	**New Home Sales**	**Oct**	**575k**	**544k**	**553k**	**597k**
11/28/2018 23:00	US	New Home Sales MoM	Oct	4.00%	-8.90%	-5.50%	1.00%
11/28/2018 23:00	US	Richmond Fed Manufact. Index	Nov	15	14	15	--
11/29/2018 07:50	JN	Japan Buying Foreign Bonds	Nov-23	--	-¥736.4b	-¥145.2b	--
11/29/2018 07:50	JN	Foreign Buying Japan Bonds	Nov-23	--	¥392.0b	-¥16.1b	--
11/29/2018 07:50	JN	Foreign Buying Japan Stocks	Nov-23	--	-¥195.0b	-¥179.2b	--
11/29/2018 07:50	JN	Retail Trade YoY	Oct	2.70%	3.50%	2.10%	2.20%
11/29/2018 07:50	JN	Retail Sales MoM	Oct	0.40%	1.20%	-0.20%	0.10%
11/29/2018 08:00	**NZ**	**ANZ Business Confidence**	**Nov**	**--**	**--**	**-37.1**	**--**
11/29/2018 08:30	AU	Private Capital Expenditure	3Q	1.00%	--	-2.50%	--
11/29/2018 10:00	SK	Department Store Sales YoY	Oct	--	--	4.70%	--
11/29/2018 15:45	**FR**	**GDP QoQ**	**3Q P**	**0.40%**	**--**	**0.40%**	**--**
11/29/2018 15:45	**FR**	**GDP YoY**	**3Q P**	**1.50%**	**--**	**1.50%**	**--**
11/29/2018 16:00	GE	CPI Saxony MoM	Nov	--	--	0.20%	--
11/29/2018 16:55	**GE**	**Unemployment Change (000's)**	**Nov**	**-10k**	**--**	**-11k**	**-12k**
11/29/2018 16:55	GE	Unemployment Claims Rate SA	Nov	5.10%	--	5.10%	--
11/29/2018 17:30	UK	Net Lending Sec. on Dwellings	Oct	3.5b	--	3.9b	--
11/29/2018 17:30	**UK**	**Mortgage Approvals**	**Oct**	**64.6k**	**--**	**65.3k**	**--**
11/29/2018 17:30	UK	Money Supply M4 MoM	Oct	--	--	-0.30%	--
11/29/2018 17:30	UK	M4 Money Supply YoY	Oct	--	--	0.90%	--
11/29/2018 17:30	GE	CPI North Rhine Westphalia MoM	Nov	--	--	0.10%	--
11/29/2018 17:30	GE	CPI North Rhine Westphalia YoY	Nov	--	--	2.40%	--
11/29/2018 18:00	EC	Economic Confidence	Nov	109.1	--	109.8	--
11/29/2018 18:00	EC	Business Climate Indicator	Nov	0.96	--	1.01	--
11/29/2018 18:00	EC	Industrial Confidence	Nov	2.5	--	3	--
11/29/2018 18:00	**EC**	**Consumer Confidence**	**Nov F**	**-3.9**	**--**	**-3.9**	**--**
11/29/2018 21:00	**GE**	**CPI MoM**	**Nov P**	**0.20%**	**--**	**0.20%**	**--**
11/29/2018 21:00	**GE**	**CPI YoY**	**Nov P**	**2.40%**	**--**	**2.50%**	**--**
11/29/2018 21:00	**GE**	**CPI EU Harmonized MoM**	**Nov P**	**0.20%**	**--**	**0.10%**	**--**
11/29/2018 21:00	**GE**	**CPI EU Harmonized YoY**	**Nov P**	**2.30%**	**--**	**2.40%**	**--**
11/29/2018 21:30	CA	Current Account Balance	3Q	-$12.00b	--	-$15.88b	--
11/29/2018 21:30	**US**	**Personal Income**	**Oct**	**0.40%**	**--**	**0.20%**	**--**
11/29/2018 21:30	**US**	**Personal Spending**	**Oct**	**0.40%**	**--**	**0.40%**	**--**
11/29/2018 21:30	US	PCE Deflator YoY	Oct	2.10%	--	2.00%	--
11/29/2018 21:30	US	PCE Core MoM	Oct	0.20%	--	0.20%	--
11/29/2018 21:30	US	PCE Core YoY	Oct	1.90%	--	2.00%	--
11/29/2018 21:30	**US**	**Initial Jobless Claims**	**Nov-24**	**220k**	**--**	**224k**	**--**
11/29/2018 21:30	US	Continuing Claims	Nov-17	1663k	--	1668k	--
11/29/2018 22:45	US	Bloomberg Consumer Comfort	Nov-25	--	--	61.3	--
11/29/2018 23:00	**US**	**Pending Home Sales MoM**	**Oct**	**0.50%**	**--**	**0.50%**	**--**
11/29/2018	**VN**	**CPI YoY**	**Nov**	**3.80%**	**--**	**3.89%**	**--**
11/29/2018	VN	Imports YTD YoY	Nov	--	--	11.80%	--
11/29/2018	VN	Exports YTD YoY	Nov	--	--	14.20%	--
11/29/2018	VN	Retail Sales YTD YoY	Nov	--	--	11.40%	--
11/29/2018	PH	Bank Lending YoY	Oct	--	--	16.30%	16.50%
11/29/2018	PH	Bank Lending Net of RRPs YoY	Oct	--	--	17.40%	17.60%
11/29/2018	MU	Trade Balance	Oct	--	--	-6668m	--
11/29/2018	MU	Exports YoY	Oct	--	--	-9%	--

Source: Bloomberg

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