

Treasury Advisory
Corporate FX & Structured
Products

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Products

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Highlights

Global	Technology stocks led an overnight pullback in US equity markets for the second day in a row, while oil prices remained robust with WTI trading above USD50 per barrel on the back of news about OPEC production cuts. For today, market will be on the lookout for South Korea's GDP print and US nonfarm payroll numbers, whereby market has pencilled in a November jobs gain of 180k compared to 161k in October.
US	Led by a tech rout, the Nasdaq and S&P 500 continued to retreat from highs on Thursday. Tech stocks plunged on news that Apple is cutting orders for iPhone 7 parts, contributing to a 1.36% decline in the Nasdaq. S&P 500 also fell 0.35%. Pushed on by financials and energy producers, the Dow was the relative outperformer, gaining 0.36%. VIX closed higher at 14.07. Meanwhile, a sell-off in global bonds, on news that the ECB may signal the end of QE, dragged US Treasuries lower. US Treasury yields hit year-to-date highs, rising 3-7 bps across the board. 2- and 10-year benchmark yields closed at 1.15% and 2.45% respectively.
CH	China's manufacturing PMI continued to expand in November to 51.7 from 51.2. Clearly, we have seen the return of confidence in the economy from both supply and demand sides. The input prices, however, jumped further to 68.3, highest since March 2011 as a result of rising commodity prices. This implied that producer price index (PPI) is likely to grow by 2.8% yoy in November. In addition, the sell-off in onshore bonds extended on Thursday despite improving liquidity in the money market after PBoC net injected via open market operations and SLF. The sentiment in bond market remains fragile due to concerns that PBoC will continue to tighten its grip to keep leverage in the bond market in check.
HK	Total retail sales fell for the 20th straight month by 2.9% yoy in October. The decline has narrowed significantly compared with previous month (-4.1% yoy). We believe that this was due to the reduced drag from the smaller decline in visitor arrivals and the improved market sentiment amid the stable labor market and increasing household incomes. Decline of visitor arrival narrowed further from 5% to 2.4% in October. Contraction in value of sales of jewellery and watches shrank notably from 12.3% to 0.1% amid improving market sentiment. However, we still need to monitor the retail sales performance closely to judge whether this is a genuine recovery. Meanwhile, consumer durable goods dipped further by 14% yoy while clothing and footwear fell again by 3.6% yoy. In the near term, outlook for retail sales is still subjected to various external uncertainties, depending on the performance of inbound tourism as well as local consumer sentiments.
ID	Economics Minister, Darmin Nasution, reportedly said that President Joko Widodo has asked ministers to form policy to counter upticks in the prices of chili and shallots. He added that the president had said that the problem should not be addressed with more imports.

Major Market

- **Macau:** Gross gaming revenue (GGR) marked its largest advance since Feb 2014, up by 14.4% yoy to MOP18.79 billion in November amid the lingering effect of low base. Notably, it is said that junkets resumed credit extension to the premium players while rooms for the high rollers re-opened for the first time in two years. Both factors might have brought back some VIP demand. Therefore, continuous expansion in the mass-market coupled with recovery in VIP businesses may fuel a further pickup in the gaming sector. However, the government is poised to tighten regulation on junkets, anti-money laundering and smoking. This is still likely to trim some upward risks on the VIP segment. Also, concern remains that new projects' attractiveness to tourists will diminish in the medium term. Despite that, favourable policies could hopefully lend support to the tourism and gaming sectors. Taken all together, we remain cautiously optimistic about the outlook of the gaming sector. The GGR is expected to drop by around 3% this year and resurge by 5%-7% to above MOP230 billion over 2017 as a whole. In comparison, the government forecasts MOP200 billion of GGR for 2017.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, bear steepening as 1-3y rates traded 2-4 bps up while the 5y and longer tenors were up by more than 5.5bps. In the broader dollar space, the spread on JACI IG corporates was stable at 199bps while the yield on JACI HY corporates widened 6bps to 6.91%. 10y UST yields rose 7bps to 2.45% as the yield spread between 10y UST and same tenor TIPS widened beyond 2% indicating investors rising expectations for consumer price inflation in the next decade.
- **New Issues:** China based property developer Ronshine China Holdings Ltd. priced a USD175mn 3put2 bond with final guidance at 7.5%, tighter than IPT in the high 7% area. The issue is expected to be rated "B-/B3/B+". Fujian Zhanglong Group Co Ltd has hired banks for a potential 3 year USD bond issue.
- **Rating Changes:** S&P has revised the outlook on CITIC Securities Co. Ltd. (CITIC) and its Hong Kong subsidiary CITIC Securities International Co. Ltd. to stable from negative and affirmed the "BBB" long term rating. The outlook change reflects CITICS' improving risk governance and conservative risk appetite which should mitigate high industry risk for Chinese securities firms from potential adverse regulatory developments and elevated volatility in China's equity and debt capital markets. Fitch lowered its issuer default ratings on PT Tower Bersama Infrastructure Tbk (TBI) to "BB-" from "BB". The outlook is stable. The downgrade reflects continued weakness in free cash flows from aggressive shareholder returns in addition to high financing costs and capex needs, with free cash flow deficits likely financed by debt over the next three years.

Central Tendency FX Forecasts

	Spot	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
USD-JPY	114.19	115.64	118.56	120.22	121.89	123.56
EUR-USD	1.0600	1.0516	1.0340	1.0250	1.0160	1.0070
GBP-USD	1.2521	1.2600	1.2389	1.2056	1.1722	1.1389
AUD-USD	0.7407	0.7280	0.7233	0.7183	0.7133	0.7083
NZD-USD	0.7091	0.7095	0.6949	0.6856	0.6762	0.6669
USD-CAD	1.3403	1.3340	1.3619	1.3736	1.3852	1.3969
USD-CHF	1.0162	1.0225	1.0349	1.0406	1.0462	1.0519
USD-SGD	1.4300	1.4406	1.4583	1.4683	1.4783	1.4883
USD-CNY	6.8935	6.9120	6.9965	7.0810	7.1655	7.2500
USD-THB	35.69	35.81	36.06	36.22	36.39	36.56
USD-IDR	13559	13603	13744	13878	14011	14144
USD-MYR	4.4685	4.5108	4.6222	4.6889	4.7556	4.8222
USD-KRW	1172.38	1179.31	1204.44	1217.78	1231.11	1244.44
USD-TWD	31.893	31.946	32.150	32.300	32.450	32.600
USD-HKD	7.7554	7.7566	7.7613	7.7660	7.7707	7.7754
USD-PHP	49.738	50.00	50.75	51.05	51.35	51.65
USD-INR	68.40	68.59	69.13	69.53	69.93	70.33
EUR-JPY	121.04	121.61	122.59	123.23	123.84	124.42
EUR-GBP	0.8466	0.8346	0.8346	0.8502	0.8667	0.8842
EUR-CHF	1.0772	1.0753	1.0701	1.0666	1.0630	1.0593
EUR-SGD	1.5158	1.5149	1.5079	1.5050	1.5020	1.4988
GBP-SGD	1.7905	1.8152	1.8067	1.7702	1.7329	1.6950
AUD-SGD	1.0592	1.0488	1.0549	1.0548	1.0545	1.0542
NZD-SGD	1.0140	1.0221	1.0134	1.0066	0.9997	0.9926
CHF-SGD	1.4072	1.4089	1.4092	1.4111	1.4130	1.4149
JPY-SGD	1.2523	1.2458	1.2301	1.2213	1.2129	1.2046
SGD-MYR	3.1248	3.1312	3.1695	3.1933	3.2168	3.2400
SGD-CNY	4.8206	4.7980	4.7976	4.8225	4.8470	4.8712

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.040	-0.45%	USD-SGD	1.4261	-0.51%
USD-JPY	114.100	-0.31%	EUR-SGD	1.5203	0.17%
EUR-USD	1.0661	0.68%	JPY-SGD	1.2498	-0.20%
AUD-USD	0.7415	0.41%	GBP-SGD	1.7955	0.17%
GBP-USD	1.2591	0.68%	AUD-SGD	1.0573	-0.12%
USD-MYR	4.4635	-0.06%	NZD-SGD	1.0107	-0.43%
USD-CNY	6.8856	-0.06%	CHF-SGD	1.4109	0.15%
USD-IDR	13565	0.07%	SGD-MYR	3.1248	-0.29%
USD-VND	22690	0.11%	SGD-CNY	4.8157	0.00%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4306	--
2M	-0.3360	--	1M	0.6237	--
3M	-0.3140	--	2M	0.7425	--
6M	-0.2190	--	3M	0.9342	--
9M	-0.1350	--	6M	1.2888	--
12M	-0.0800	--	12M	1.6390	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.37	3.50	3.77
Italy	0.09	3.70	2.05
Ireland	-0.51	-0.10	0.95
Greece	7.65	--	6.50
Spain	-0.09	2.70	1.62
Russia	2.67	14.80	4.54

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.06	3.28%	Coffee (per lb)	1.418	-3.86%
Brent (per barrel)	53.94	6.88%	Cotton (per lb)	0.7180	-0.91%
Heating Oil (per gallon)	1.6479	4.90%	Sugar (per lb)	0.1936	-2.27%
Gasoline (per gallon)	1.5470	3.77%	Orange Juice (per lb)	2.2195	2.00%
Natural Gas (per MMBtu)	3.5050	4.56%	Cocoa (per mt)	2,397	0.42%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,791.0	-0.58%	Wheat (per bushel)	3.7150	-2.37%
Nickel (per mt)	11,169.5	-0.36%	Soybean (per bushel)	10.298	-0.24%
Aluminium (per mt)	1,722.5	-0.62%	Corn (per bushel)	3.3175	-1.48%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,166.9	-0.33%	Crude Palm Oil (MYR/MT)	3,115.0	1.07%
Silver (per oz)	16.427	0.13%	Rubber (JPY/KG)	226.6	2.53%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	19,191.93	68.35
S&P	2,191.08	-7.73
Nasdaq	5,251.11	-72.57
Nikkei 225	18,513.12	204.64
STI	2,928.58	23.41
KLCI	1,626.44	7.32
JCI	5,198.76	49.85
Baltic Dry	1,196.00	-8.00
VIX	14.07	0.74

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.14 (+0.05)	1.15 (+0.03)
5Y	1.74 (+0.05)	1.90 (+0.06)
10Y	2.35 (+0.05)	2.45 (+0.07)
15Y	2.72 (+0.05)	--
20Y	2.80 (+0.05)	--
30Y	2.75 (+0.05)	3.11 (+0.07)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	31.87	-0.75
EURIBOR-OIS	3.80	1.27
TED	45.20	--

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
12/01/2016 07:00	SK	CPI YoY	Nov	1.40%	1.30%	1.30%	--
12/01/2016 07:00	SK	BoP Current Account Balance	Oct	--	\$8719.3m	\$8260.5m	\$8067.1m
12/01/2016 07:50	JN	Capital Spending YoY	3Q	-0.40%	-1.30%	3.10%	--
12/01/2016 08:00	SK	Exports YoY	Nov	1.60%	2.70%	-3.20%	--
12/01/2016 08:00	SK	Imports YoY	Nov	4.40%	10.10%	-5.40%	-4.80%
12/01/2016 08:30	ID	Nikkei Indonesia PMI Mfg	Nov	--	49.7	48.7	--
12/01/2016 08:30	MA	Nikkei Malaysia PMI	Nov	--	47.1	47.2	--
12/01/2016 08:30	TA	Nikkei Taiwan PMI Mfg	Nov	--	54.7	52.7	--
12/01/2016 08:30	VN	Nikkei Vietnam PMI Mfg	Nov	--	54	51.7	--
12/01/2016 08:30	SK	Nikkei South Korea PMI Mfg	Nov	--	48	48	--
12/01/2016 08:30	JN	Nikkei Japan PMI Mfg	Nov F	--	51.3	51.1	--
12/01/2016 09:00	CH	Manufacturing PMI	Nov	51	51.7	51.2	--
12/01/2016 09:00	CH	Non-manufacturing PMI	Nov	--	54.7	54	--
12/01/2016 09:45	CH	Caixin China PMI Mfg	Nov	51	50.9	51.2	--
12/01/2016 11:30	TH	CPI YoY	Nov	0.63%	0.60%	0.34%	--
12/01/2016 12:05	ID	CPI YoY	Nov	3.41%	3.58%	3.31%	--
12/01/2016 12:05	ID	CPI NSA MoM	Nov	0.32%	0.47%	0.14%	--
12/01/2016 12:08	ID	CPI Core YoY	Nov	3.19%	3.07%	3.08%	--
12/01/2016 13:00	IN	Nikkei India PMI Mfg	Nov	--	52.3	54.4	--
12/01/2016 13:00	JN	Vehicle Sales YoY	Nov	--	13.90%	0.80%	--
12/01/2016 13:30	AU	Commodity Index AUD	Nov	--	109.7	100.2	99.5
12/01/2016 13:30	AU	Commodity Index SDR YoY	Nov	--	32.10%	16.00%	15.30%
12/01/2016 15:00	UK	Nationwide House PX MoM	Nov	0.20%	0.10%	0.00%	--
12/01/2016 15:00	UK	Nationwide House Px NSA YoY	Nov	4.70%	4.40%	4.60%	--
12/01/2016 16:30	HK	Retail Sales Value YoY	Oct	-5.20%	-2.90%	-4.10%	-4.00%
12/01/2016 16:45	IT	Markit/ADACI Italy Mfg PMI	Nov	51.3	52.2	50.9	--
12/01/2016 16:50	FR	Markit France Mfg PMI	Nov F	51.5	51.7	51.5	--
12/01/2016 16:55	GE	Markit/BME Germany Mfg PMI	Nov F	54.4	54.3	54.4	--
12/01/2016 17:00	EC	Markit Eurozone Mfg PMI	Nov F	53.7	53.7	53.7	--
12/01/2016 17:30	UK	Markit UK PMI Manufacturing SA	Nov	54.4	53.4	54.3	54.2
12/01/2016 18:00	EC	Unemployment Rate	Oct	10.00%	9.80%	10.00%	9.90%
12/01/2016 18:00	IT	GDP WDA QoQ	3Q F	0.30%	0.30%	0.30%	--
12/01/2016 18:00	IT	GDP WDA YoY	3Q F	0.90%	1.00%	0.90%	--
12/01/2016 21:30	US	Initial Jobless Claims	Nov-26	253k	268k	251k	--
12/01/2016 21:30	US	Continuing Claims	Nov-19	2033k	2081k	2043k	--
12/01/2016 22:30	CA	RBC Canadian Mfg PMI	Nov	--	51.5	51.1	--
12/01/2016 22:45	US	Markit US Manufacturing PMI	Nov F	53.9	54.1	53.9	--
12/01/2016 23:00	US	Construction Spending MoM	Oct	0.60%	0.50%	-0.40%	0.00%
12/01/2016 23:00	US	ISM Manufacturing	Nov	52.5	53.2	51.9	--
12/02/2016 07:00	SK	GDP YoY	3Q F	2.70%	2.60%	2.70%	--
12/02/2016 07:00	SK	GDP SA QoQ	3Q F	0.70%	0.60%	0.70%	--
12/02/2016 07:50	JN	Monetary Base YoY	Nov	--	21.50%	22.10%	--
12/02/2016 08:30	AU	Retail Sales MoM	Oct	0.30%	--	0.60%	--
12/02/2016 15:30	TH	Foreign Reserves	Nov-25	--	--	\$177.2b	--
12/02/2016 17:30	UK	Markit/CIPS UK Construction PMI	Nov	52.2	--	52.6	--
12/02/2016 18:00	EC	PPI MoM	Oct	0.40%	--	0.10%	--
12/02/2016 21:00	SI	Purchasing Managers Index	Nov	50	--	50	--
12/02/2016 21:30	CA	Unemployment Rate	Nov	7.00%	--	7.00%	--
12/02/2016 21:30	US	Change in Nonfarm Payrolls	Nov	180k	--	161k	--
12/02/2016 21:30	CA	Net Change in Employment	Nov	-15.0k	--	43.9k	--
12/02/2016 21:30	US	Change in Manufact. Payrolls	Nov	-2k	--	-9k	--
12/02/2016 21:30	US	Unemployment Rate	Nov	4.90%	--	4.90%	--

Source: Bloomberg

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