

Highlights

Global	US equity indices jumped to new highs overnight, led by relative laggards in the telecommunications and property sectors. Yield hunting sentiment staged a bit a comeback, with bond yields declining in major developed markets ahead of the ECB meeting today. Market is expecting the European central bank to announce an extension of its EUR80bn asset purchase program, past its current March 2017 end-date.
SG	COE fell across the board, with Cat B premiums edging lower than Cat B. Empirically, Cat A premiums are at \$48,000 (from \$50,951), while Cat B is now priced at \$46,229 (from \$53,001). STI gained 0.36% to 2,959.84 yesterday, clocking its third consecutive trading day of gains. The index was buoyed by Genting Singapore (+4.59%), Golden Agri-Resources (+2.33%) and Thai Beverage (+1.78%), though losses seen in SPH (-2.91%) and SATS (-1.0%) limited overall gains.
CH	FX reserve fell for the fifth consecutive month by US\$69.1 billion to US\$3.051 trillion in November due to both valuation effect and capital outflows. The surge of dollar as well as volatility in US Treasuries in November have negatively contributed to China's FX reserve from mark to market perspective. However, the decline of FX reserve in SDR term also shows that pressure for capital outflow remains. This also justified the latest wave of control on capital outflows announced in late November. The FX reserve is likely to drift lower further but at a slower pace as a result of tighter capital control.
ID	Bank Indonesia's Senior Deputy Governor Mirza Adityaswara said that policy rate is "appropriate" now and that policy easing has its limit. He added that BI is preparing other tools to ease policy, and that demand needs to be pushed given improving global economy.
MA	October exports fell by more than expected. Compared to an expected contraction of 5.6%yoy, exports shrank by 8.6%yoy instead. Trade surplus was at MYR9.8bn, higher than expected since imports shrank by more than anticipated as well. Meanwhile, foreign reserves as of November 30th was announced as well, coming in at USD96.4bn, lower than 98.3bn of two weeks prior. Going by Bank Negara's calculation, this is enough to finance 8.3 months of retained imports and covers 1.2 times of short-term external debt.
Commodities	It has been merely less than a week from the OPEC's 171st meeting in November for oil prices to cease rally and point lower. Importantly, WTI closed below its technically-important \$50/bbl handle, while Brent followed suit to \$53/bbl. The fall in energy prices maybe two-fold, firstly due to profit-taking especially amid concerns if non-OPEC countries fail to limit production ahead of the Vienna meeting on 9 and 10 December, and secondly from last night's US energy inventories saw stocks belonging to Cushing crude oil and gasoline inventory prints surged above expectations and above previous week's print.

Treasury Advisory

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Major Market

- **US:** Equities made remarkable gains with the Dow gaining almost 300pts to end the day at 19549.6. Together with the Dow, S&P500 and Nasdaq also rose 1.32% and 1.14% respectively. VIX rose to 12.22, after retreating for the past 2 days. US Treasuries rose in view of an ECB meeting today, where the Central Bank is expected to make a decision regarding its qualitative easing program. Overall, yields decline 2-5bps, with the 2- and 10-year yields standing at 1.10% and 2.34% respectively.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bound yesterday as swap rates traded within +/- 1bps across tenors. In the broader dollar space, the spread on JACI IG corporates increased 1bps to 202bps while the yield on JACI HY corporates decreased 2bps to 6.89%. 10y UST yield decreased 4bps to 2.35%. Treasuries have strengthened with investors positioning themselves for policy announcements from the Fed and ECB next week, with the former likely to hike rates, while the latter potentially extending its QE program.
- **New Issues:** China Minsheng Banking Corp. Ltd. has priced a USD1.439bn non-callable for 5-year AT1 at 4.95%, tightening from its initial guidance at 5.25%. Country Garden has priced a USD350mn 10Put5 bond at 5.625% with expected issue ratings of "NR/Ba1/BB+".
- **Rating Changes:** S&P downgraded PT Gajah Tunggal Tbk.'s corporate credit rating to "CCC+" from "B-" with negative outlook. The downgrade reflects rising refinancing risk related to the company's USD500mn senior secured notes that mature in early February 2018. Additionally, the negative outlook also reflects increasing obstacles for the company to successfully refinance its debt as the maturity draws closer. Moody's upgraded Aristocrat Leisure Ltd.'s corporate family rating to "Ba1" from "Ba2" with stable outlook. The rating upgrade reflects the very strong operational performance delivered by Aristocrat across all of its product lines and geographical segments in FY2016.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	100.230	-0.26%	USD-SGD	1.4168	-0.28%
USD-JPY	113.770	-0.22%	EUR-SGD	1.5236	0.05%
EUR-USD	1.0753	0.33%	JPY-SGD	1.2455	-0.05%
AUD-USD	0.7482	0.28%	GBP-SGD	1.7890	-0.68%
GBP-USD	1.2626	-0.41%	AUD-SGD	1.0601	--
USD-MYR	4.4323	-0.07%	NZD-SGD	1.0151	0.35%
USD-CNY	6.8767	-0.07%	CHF-SGD	1.4064	0.01%
USD-IDR	13333	-0.28%	SGD-MYR	3.1171	-0.34%
USD-VND	22685	-0.19%	SGD-CNY	4.8510	-0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.4342	--
2M	-0.3370	--	1M	0.6489	--
3M	-0.3150	--	2M	0.7536	--
6M	-0.2190	--	3M	0.9508	--
9M	-0.1380	--	6M	1.2932	--
12M	-0.0790	--	12M	1.6457	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.18	-1.10	3.51
Italy	-0.02	-1.10	1.89
Ireland	-0.46	1.10	0.84
Greece	7.65	--	6.67
Spain	-0.19	1.70	1.42
Russia	2.55	-8.20	4.46

Equity and Commodity

Index	Value	Net change
DJIA	19,549.62	297.84
S&P	2,241.35	29.12
Nasdaq	5,393.76	60.76
Nikkei 225	18,496.69	136.15
STI	2,959.84	10.72
KLCI	1,632.47	2.74
JCI	5,265.37	-7.60
Baltic Dry	1,162.00	-24.00
VIX	12.22	0.43

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.17 (-0.02)	1.09 (-0.02)
5Y	1.78 (-0.03)	1.79 (-0.04)
10Y	2.34 (-0.02)	2.34 (-0.05)
15Y	2.68 (-0.03)	--
20Y	2.74 (-0.04)	--
30Y	2.72 (-0.02)	3.02 (-0.06)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	32.27	-0.01
EURIBOR-OIS	3.50	0.05
TED	45.85	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.77	-2.28%	Coffee (per lb)	1.379	-0.04%
Brent (per barrel)	53.00	-1.72%	Cotton (per lb)	0.7211	-0.39%
Heating Oil (per gallon)	1.6184	-1.19%	Sugar (per lb)	0.1963	0.62%
Gasoline (per gallon)	1.5082	-1.80%	Orange Juice (per lb)	2.1415	-1.31%
Natural Gas (per MMBtu)	3.6030	-0.88%	Cocoa (per mt)	2,283	-2.73%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,785.0	-1.68%	Wheat (per bushel)	3.8625	-0.83%
Nickel (per mt)	11,366.5	-1.74%	Soybean (per bushel)	10.490	0.12%
Aluminium (per mt)	1,712.3	-0.01%	Corn (per bushel)	3.5050	-0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,175.0	0.63%	Crude Palm Oil (MYR/MT)	3,200.0	-2.08%
Silver (per oz)	17.203	2.77%	Rubber (JPY/KG)	232.0	1.18%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
12/07/2016 08:30	AU	GDP SA QoQ	3Q	-0.10%	-0.50%	0.50%	0.60%
12/07/2016 08:30	AU	GDP YoY	3Q	2.20%	1.80%	3.30%	3.10%
12/07/2016 12:00	MA	Exports YoY	Oct	-5.60%	-8.60%	-3.00%	--
12/07/2016 12:00	MA	Trade Balance MYR	Oct	7.91b	9.76b	7.56b	7.56b
12/07/2016 13:00	JN	Leading Index CI	Oct P	101.4	101	100.3	--
12/07/2016 13:30	AU	Foreign Reserves	Nov	--	A\$69.9b	A\$64.9b	--
12/07/2016 15:00	GE	Industrial Production SA MoM	Oct	0.80%	0.30%	-1.80%	-1.60%
12/07/2016 15:00	GE	Industrial Production WDA YoY	Oct	1.60%	1.20%	1.20%	1.30%
12/07/2016 15:00	MA	Foreign Reserves	Nov-30	--	\$96.4b	\$98.3b	--
12/07/2016 15:45	FR	Trade Balance	Oct	-4350m	-5202m	-4769m	-4791m
12/07/2016 16:00	SI	Automobile COE Open Bid Cat A	Dec-07	--	48000	50951	--
12/07/2016 16:00	TA	Trade Balance	Nov	\$3.08b	\$4.27b	\$4.38b	--
12/07/2016 16:00	TA	Exports YoY	Nov	9.30%	12.10%	9.40%	--
12/07/2016 16:00	SI	Automobile COE Open Bid Cat B	Dec-07	--	46229	53001	--
12/07/2016 16:00	TA	Imports YoY	Nov	6.00%	3.00%	19.50%	--
12/07/2016 16:03	CH	Foreign Reserves	Nov	\$3060.7b	\$3051.6b	\$3120.7b	--
12/07/2016 16:28	HK	Foreign Reserves	Nov	--	\$385.0b	\$383.1b	--
12/07/2016 17:00	IT	Unemployment Rate Quarterly	3Q	11.60%	11.60%	11.50%	11.60%
12/07/2016 17:00	IN	RBI Repurchase Rate	Dec-07	6.00%	6.25%	6.25%	--
12/07/2016 17:00	IN	RBI Reverse Repo Rate	Dec-07	5.50%	5.75%	5.75%	--
12/07/2016 17:00	SI	Foreign Reserves	Nov	--	\$247.78b	\$251.36b	\$251.36b
12/07/2016 17:21	ID	Foreign Reserves	Nov	--	\$111.47b	\$115.04b	--
12/07/2016 17:30	UK	Industrial Production MoM	Oct	0.20%	-1.30%	-0.40%	--
12/07/2016 17:30	UK	Industrial Production YoY	Oct	0.50%	-1.10%	0.30%	0.40%
12/07/2016 17:30	UK	Manufacturing Production MoM	Oct	0.20%	-0.90%	0.60%	--
12/07/2016 17:30	UK	Manufacturing Production YoY	Oct	0.70%	-0.40%	0.20%	0.10%
12/07/2016 20:00	US	MBA Mortgage Applications	Dec-02	--	-0.70%	-9.40%	--
12/07/2016 23:00	CA	Bank of Canada Rate Decision	Dec-07	0.50%	0.50%	0.50%	--
12/07/2016 23:00	UK	NIESR GDP Estimate	Nov	0.40%	0.40%	0.40%	--
12/07/2016	PH	Foreign Reserves	Nov	--	\$82.7b	\$85.8b	--
12/08/2016 07:50	JN	BoP Current Account Balance	Oct	¥1545.0b	--	¥1821.0b	--
12/08/2016 07:50	JN	Trade Balance BoP Basis	Oct	¥603.0b	--	¥642.4b	--
12/08/2016 07:50	JN	GDP SA QoQ	3Q F	0.50%	--	0.50%	--
12/08/2016 07:50	JN	GDP Annualized SA QoQ	3Q F	2.30%	--	2.20%	--
12/08/2016 07:50	JN	GDP Nominal SA QoQ	3Q F	0.20%	--	0.20%	--
12/08/2016 07:50	JN	GDP Deflator YoY	3Q F	-0.10%	--	-0.10%	--
12/08/2016 07:50	JN	Japan Buying Foreign Bonds	Dec-02	--	--	¥112.3b	--
12/08/2016 07:50	JN	Foreign Buying Japan Bonds	Dec-02	--	--	¥22.0b	--
12/08/2016 07:50	JN	Foreign Buying Japan Stocks	Dec-02	--	--	¥330.5b	--
12/08/2016 08:01	UK	RICS House Price Balance	Nov	26%	--	23%	--
12/08/2016 08:30	AU	Trade Balance	Oct	-A\$610m	--	-A\$1227m	--
12/08/2016 13:00	IN	Local Car Sales	Nov	--	--	195036	--
12/08/2016 13:00	JN	Eco Watchers Survey Current	Nov	--	--	46.2	--
12/08/2016 13:00	JN	Eco Watchers Survey Outlook	Nov	--	--	49	--
12/08/2016 14:30	FR	Non-Farm Payrolls QoQ	3Q F	0.30%	--	0.30%	--
12/08/2016 15:30	FR	Bank of France Bus. Sentiment	Nov	100	--	99	--
12/08/2016 20:45	EC	ECB Main Refinancing Rate	Dec-08	0.00%	--	0.00%	--
12/08/2016 20:45	EC	ECB Deposit Facility Rate	Dec-08	-0.40%	--	-0.40%	--
12/08/2016 20:45	EC	ECB Marginal Lending Facility	Dec-08	0.25%	--	0.25%	--
12/08/2016 21:15	CA	Housing Starts	Nov	191.0k	--	192.9k	--
12/08/2016 21:30	CA	Capacity Utilization Rate	3Q	81.50%	--	80.00%	--
12/08/2016 21:30	CA	New Housing Price Index MoM	Oct	0.20%	--	0.20%	--
12/08/2016 21:30	CA	Building Permits MoM	Oct	1.50%	--	-7.00%	--
12/08/2016 21:30	US	Initial Jobless Claims	Dec-03	257k	--	268k	--
12/08/2016 21:30	US	Continuing Claims	Nov-26	2048k	--	2081k	--
12/08/2016 22:45	US	Bloomberg Consumer Comfort	Dec-04	--	--	44.9	--
12/08/2016	CH	Trade Balance	Nov	\$46.90b	--	\$49.06b	--
12/08/2016	CH	Exports YoY	Nov	-5.00%	--	-7.30%	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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