

Highlights

Global	<p>Risk sentiment continued to improve, supported by rising technology and energy shares despite an attempted suicide terrorist attack in New York. Dollar gained slightly ahead of central bank meetings this week including FOMC, ECB, BOE, BI and BSP with futures market pricing in a 100% Fed rate hike this Thursday. In China, the rates market started to price in a potential rate hike of medium term lending facility (MLF) with shorter end IRS rising further. The stronger than expected November credit data and possible Fed rate hike may be the catalysts for China to adjust the MLF rate higher though we think China is unlikely to change its benchmark lending and deposit rate any time soon.</p> <p>For today, look out for AU NAB Business Conditions and Japan's Tertiary Industry Index. In Europe, Germany is slated to release its ZEW Survey Expectations.</p>
US	<p>The S&P 500 and Dow closed at yet another record high, after gaining 0.32% and 0.23% respectively. Nasdaq Composite added 0.51%. VIX slipped to 9.34, compared to 9.58 previously. US Treasury yields were firmer across the curve, with the 2y and 10y benchmark yields standing at 1.819% and 2.389% respectively.</p>
CN	<p>China's financial and credit data surprised the market on the upside in November. Total new Yuan loan increased by CNY1.12 trillion, less affected by the restrictions of loan quota. Medium to long term loan to household remained strong at CNY417.8 billion, implying strong housing loan demand. In addition, aggregate social financing increased by CNY1.6 trillion on the back of stronger off balance sheet lending and equity financing other than strong on-balance sheet lending. Debt financing, however, slowed due to rising volatility in China's bond market. China's broad money supply M2 growth reaccelerated to 9.1% supported by strong loan growth as well as improving foreign exchange purchase.</p>
MY	<p>IMF sees Malaysia's GDP to grow 5.5 – 6.0% in 2017, although growth is expected to decline marginally to 5.0 – 5.5%. Inflationary pressures should taper as well to about 3.0 – 3.5% in 2018. The agency highlighted that housing price growth has "moderated" although "pockets of risks still exist" given household exposures to mortgages. Note BNM governor Ibrahim commented that the central bank has more policy options to adjust monetary policy if necessary.</p>
KR	<p>The KRW rose for the first time in four days, suggesting that market-sentiment has improved while concerns over geopolitical tensions tapered. Note that Korea's export growth in the first 10 days of December clocked - 1.5%, while imports remained strong at +13.1% print, according to Korea Customs Service.</p>
CMD	<p>Risk taking behaviour prevailed, with crude oil prices rallying further despite Kuwait's rhetoric that the OPEC+ deal may expire prematurely. Brent prices rose to near \$65/bbl, the highest print since 2015, while WTI followed suit to \$58.0/bbl. Elsewhere, gold prices continue to point south as implied probability for a FOMC rate hike rises to 100% overnight. Palm oil prices continued to fall on concerns over a relatively stronger ringgit and stronger production in Asia.</p>

Major Market

- **Singapore:** Risk-on sentiments from Wall Street and European bourses on Friday filtered through to the Straits Times Index as it climbed to a 2½ year high, ending 1.05% higher at 3,460.5. In sync with the rally in US and EU, other Asian Indices also saw fuel to head north, with the CSI (+1.65%) and Hang Seng (+\$1.14%) all finishing higher.
- **Thailand:** Bank of Thailand sees current account surplus as a % of GDP at 9% for 2017. The current account surplus remains “very strong”, as commented by BOT governor Veerathai Santiprabhob.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded marginally lower yesterday, with the 7-year to 30-year tenors trading 1bps lower. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 181bps. Similarly, the yield on JACI HY Corp rose 1bps to 6.94%. 10Y UST yields rose 1bps to 2.39%, as investors await the Fed’s meeting on Wednesday and the 10Y UST auction came in soft.
- **New Issues:** Rural Electrification Corporation Ltd has priced a USD400mn 3-year bond at CT3+115bps, tightening from initial guidance of CT3+125bps area. The expected issue ratings are ‘NR/Baa3/BBB-’. China Shandong International Economic & Technical Finance 1 Ltd has scheduled investor meetings for potential USD bond issuance (with Shandong Hi-Speed Group Co Ltd being the keepwell and liquidity support deed provider).
- **Rating Changes:** Moody’s has downgraded Reward Science and Technology Industry Group Co Ltd’s (Reward) corporate family rating and rating on the senior unsecured notes that it guarantees to ‘B3’ from ‘B2’. The outlook remains at negative. The rating action reflects Moody’s views that there are insufficiencies in Reward’s internal controls and financial reporting standards, which leads to difficulty in maintaining access to funding. The rating action also follows an announcement issued by China Securities Regulatory Commission regarding Reward’s regulatory violations, misappropriation of funds, inadequate disclosure, weak financial management and poor accounting quality.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.866	-0.04%	USD-SGD	1.3515	-0.11%
USD-JPY	113.560	0.07%	EUR-SGD	1.5906	-0.13%
EUR-USD	1.1769	-0.03%	JPY-SGD	1.1901	-0.18%
AUD-USD	0.7526	0.23%	GBP-SGD	1.8030	-0.51%
GBP-USD	1.3341	-0.37%	AUD-SGD	1.0172	0.12%
USD-MYR	4.0765	-0.27%	NZD-SGD	0.9341	0.96%
USD-CNY	6.6186	-0.03%	CHF-SGD	1.3626	-0.10%
USD-IDR	13552	0.01%	SGD-MYR	3.0177	-0.04%
USD-VND	22726	0.07%	SGD-CNY	4.8995	0.08%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.1825	--
2M	-0.3370	--	1M	1.4444	--
3M	-0.3260	--	2M	1.4885	--
6M	-0.2710	--	3M	1.5488	--
9M	-0.2190	--	6M	1.7299	--
12M	-0.1910	--	12M	2.0108	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.25 - 1.5	1.5 - 1.75	1.75 - 2.0	2.0 - 2.25
12/13/2017	100.0%	99.3%	0.7%	0.0%	0.0%
01/31/2018	98.9%	98.2%	0.6%	0.0%	0.0%
03/21/2018	99.7%	24.7%	74.6%	0.5%	0.0%
05/02/2018	99.7%	23.5%	72.1%	4.2%	0.0%
06/13/2018	99.9%	11.7%	47.5%	38.5%	2.1%
08/01/2018	99.9%	10.9%	45.0%	39.1%	4.6%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	57.99	1.10%	Copper (per mt)	6,639.2	1.11%
Brent (per barrel)	64.69	2.03%	Nickel (per mt)	11,182.5	2.64%
Heating Oil (per gallon)	1.9506	1.13%	Aluminium (per mt)	2,002.5	0.46%
Gasoline (per gallon)	1.7266	0.58%			
Natural Gas (per MMBtu)	2.8280	2.02%			
			Asian Commodities	Futures	% chg
Precious Metals	Futures	% chg	Crude Palm Oil (MYR/MT)	2,459.0	-0.81%
Gold (per oz)	1,246.9	-0.12%	Rubber (JPY/KG)	203.0	-0.54%
Silver (per oz)	15.785	-0.24%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,386.03	56.87
S&P	2,659.99	8.49
Nasdaq	6,875.08	35.00
Nikkei 225	22,938.73	127.65
STI	3,460.45	35.81
KLCI	1,719.47	-1.78
JCI	6,026.63	-4.32
Baltic Dry	1,702.00	--
VIX	9.34	-0.24

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.52 (+0.01)	1.82 (+0.02)
5Y	1.68 (+0.01)	2.16 (+0.02)
10Y	2.06 (-0.01)	2.39 (+0.01)
15Y	2.38 (-0.01)	--
20Y	2.38 (-0.01)	--
30Y	2.49 (-0.01)	2.78 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.45	1.22
EURIBOR-OIS	0.72	1.32
TED	27.76	--

Economic Calendar

<u>Date Time</u>	<u>Event</u>	<u>Survey</u>	<u>Actual</u>	<u>Prior</u>	<u>Revised</u>	
12/11/2017 07:34	VN Domestic Vehicle Sales YoY	Nov	--	-17.60%	-17.50%	--
12/11/2017 07:50	JN Money Stock M2 YoY	Nov	4.10%	4.00%	4.10%	--
12/11/2017 07:50	JN Money Stock M3 YoY	Nov	3.50%	3.40%	3.50%	3.40%
12/11/2017 08:01	UK Rightmove House Prices MoM	Dec	--	-2.60%	-0.80%	--
12/11/2017 08:01	UK Rightmove House Prices YoY	Dec	--	1.20%	1.80%	--
12/11/2017 14:00	JN Machine Tool Orders YoY	Nov P	--	46.90%	49.80%	--
12/11/2017 15:30	FR Bank of France Ind. Sentiment	Nov	107	106	106	--
12/11/2017 17:00	CH Money Supply M2 YoY	Nov	8.90%	9.10%	8.80%	--
12/11/2017 17:00	CH New Yuan Loans CNY	Nov	800.0b	1120.0b	663.2b	--
12/11/2017 17:00	IT Retail Sales MoM	Oct	0.00%	-1.00%	0.90%	0.80%
12/11/2017 17:00	IT Retail Sales YoY	Oct	--	-2.10%	3.40%	3.10%
12/12/2017 07:50	JN PPI YoY	Nov	3.30%	--	3.40%	--
12/12/2017 07:50	JN PPI MoM	Nov	0.20%	--	0.30%	--
12/12/2017 08:30	AU NAB Business Conditions	Nov	--	--	21	--
12/12/2017 08:30	AU NAB Business Confidence	Nov	--	--	8	--
12/12/2017 09:00	PH Exports YoY	Oct	6.90%	--	4.30%	--
12/12/2017 09:00	PH Trade Balance	Oct	-\$2200m	--	-\$1915m	--
12/12/2017 12:00	MA Industrial Production YoY	Oct	4.10%	--	4.70%	--
12/12/2017 12:30	JN Tertiary Industry Index MoM	Oct	0.20%	--	-0.20%	--
12/12/2017 13:00	SI Retail Sales SA MoM	Oct	2.00%	--	-4.20%	--
12/12/2017 13:00	SI Retail Sales YoY	Oct	1.00%	--	-0.50%	--
12/12/2017 17:30	UK CPI MoM	Nov	0.20%	--	0.10%	--
12/12/2017 17:30	UK CPI YoY	Nov	3.00%	--	3.00%	--
12/12/2017 17:30	UK CPI Core YoY	Nov	2.70%	--	2.70%	--
12/12/2017 17:30	UK Retail Price Index	Nov	276.1	--	275.3	--
12/12/2017 17:30	UK RPI MoM	Nov	0.30%	--	0.10%	--
12/12/2017 17:30	UK RPI YoY	Nov	4.00%	--	4.00%	--
12/12/2017 17:30	UK PPI Output NSA MoM	Nov	0.30%	--	0.20%	--
12/12/2017 17:30	UK PPI Output NSA YoY	Nov	3.00%	--	2.80%	--
12/12/2017 18:00	GE ZEW Survey Current Situation	Dec	88.7	--	88.8	--
12/12/2017 18:00	EC ZEW Survey Expectations	Dec	--	--	30.9	--
12/12/2017 18:00	GE ZEW Survey Expectations	Dec	18	--	18.7	--
12/12/2017 19:00	US NFIB Small Business Optimism	Nov	104	--	103.8	--
12/12/2017 20:00	IN CPI YoY	Nov	4.28%	--	3.58%	--
12/12/2017 20:00	IN Industrial Production YoY	Oct	2.90%	--	3.80%	--
12/12/2017 21:30	US PPI Final Demand MoM	Nov	0.30%	--	0.40%	--
12/12/2017 21:30	US PPI Ex Food and Energy MoM	Nov	0.20%	--	0.40%	--
12/12/2017 21:30	US PPI Final Demand YoY	Nov	2.90%	--	2.80%	--
12/12/2017 21:30	US PPI Ex Food and Energy YoY	Nov	2.40%	--	2.40%	--
12/12/2017 12/15	NZ REINZ House Sales YoY	Nov	--	--	-15.80%	--

Source: Bloomberg

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