

Highlights

Global	<p>Risk sentiment improved on Tuesday shrugging off the political uncertainty in Germany with US equity markets trading above all-time highs on the back of solid economic data. US existing home sales rose 2% mom in October to a seasonally adjusted annual rate of 5.48 million units, beating market expectation as the impact of Hurricanes started to taper. Meanwhile, the Chicago Fed National Activity Index also beat market expectation and rose to 0.65 in October, up from 0.36 in September.</p> <p>In addition, the US Treasury department stepped up its sanctions on North Korea. The new sanctions included three Chinese companies. Nevertheless, we think it is unlikely to have significant impact on the market.</p> <p>The market is also paying attention to the negotiations of the North American Free Trade Agreement (NAFTA) by the US, Canada and Mexico. The fifth round of talks, which concluded on Tuesday, still failed to address major differences, such as rules of origin and content demand etc. This may cast doubt on whether the deal will be reached in March 2018 as planned.</p>
US	<p>Major indices all hit record highs on Tuesday. The S&P 500 hit an intraday high of 2601.19, before closing a shade below the 2600 handle at 2599.03, marking a 0.65% gain. The Dow and Nasdaq Composite also added 0.69% and 1.06% respectively, with the tech and healthcare sectors leading the charge. Note however, that volumes are lower than average. VIX slipped to 9.73, compared to 10.65 previously.</p> <p>Meanwhile, curve flattening continue to be in play in US Treasuries. The 2y benchmark yield rose 2 bps to 1.77%, while the 10y slipped 1 bp to 2.356%. Note that Yellen remained coy in her latest comments, citing “two-sided risks” if the policy tightening is done too quickly or too slowly. With Yellen stepping down from the Fed’s Board once Powell is confirmed, we may expect little in the way of definitive forward guidance for 2018 from the Fed in the near-term.</p>
SG	<p>Senior Minister of State for Law and Finance Indranee Rajah said yesterday that Singapore’s tax regime is based on the principles of diverse revenue sources, a progressive system based on income and economic growth. She said e-commerce would be an area to diversify its tax base.</p>
MA	<p>Malaysian Ringgit rose further with the USDMYR falling to 4.1285, lowest since October 2016 ahead of CPI data due today. The market will watch whether the recent inflation reading supports the hawkish comments from the central bank.</p>
HK	<p>Inflation rebounded slightly to 1.5% in October 2017 after hitting its lowest level since March 2017 in the previous month. Housing inflation accelerated mildly from 2.3% in September to 2.4% in October. With rental growth of private flats stabilizing, we expect housing inflation to remain benign. On the other hand, food inflation accelerated to its highest level since December 2016 at 2.9%. Given a low base effect, we expect inflation to tick up moderately in the rest of 2017 and print around 1.6% for 2017 as a whole. Global inflation is likely to pick up in the year ahead. Should import prices increase, we believe that inflation will head towards 2% in 2018.</p>

Major Market

- **Singapore:** The Straits Times Index erased previous sessions of losses yesterday after it rose 1.09% to close higher at 3,423.4. Buyers were in control for the most part, posting the STI's best session since early October. Chiefly, counters UOL Group Ltd (+2.63%), ComfortDelGro Corp Ltd (+1.97%) and local banks DBS Group Holdings Ltd (+2.22%), Oversea-Chinese Banking Corp Ltd (+1.79%) climbed higher. For today, the STI could be set to test the 3430 level after US equities and major indices also rallied overnight.
- **Macau:** Inflation refreshed its strongest level since January 2017 and printed 1.54% in October 2017. In terms of the two highly-weighted sections, food inflation strengthened to the highest since July 2016 at 2.33% while deflation of housing & fuels moderated to 0.07%. Given low base effect and higher fuels prices, we expect prices growth of housing and fuels to return to the positive territory in the near term. Furthermore, new arrival of winter clothing allowed price index of clothing and footwear to edge up for the fourth consecutive month by 2.92% yoy. However, inflationary risks remain contained given tepid external price pressures. Therefore, we expect CPI to print below 1.5% over 2017. Moving forward, should Trump's tax reform, commodity rally or tighter labor market across the globe drive up inflation, Macau's CPI may move towards 2% in 2018.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 1-2bps higher across most tenors. However, the 12-year tenor traded 13bps higher. In the broader dollar space, the spread on JACI IG Corp fell 2bps to 179bps, while the yield on JACI HY Corp fell 1bps to 6.93%. 10Y UST yields fell 1bps to 2.36%, as the UST yield curve continues to flatten while investors await the minutes from the Fed's November meeting.
- **New Issues:** Singapore Management University has priced a SGD150mn 5-year bond at 1.945%. The expected issue ratings are 'NR/Aaa/NR'. The Export-Import Bank of China has priced a four-tranche deal, with the USD750mn 5-year bond priced at CT5+80bps, tightening from initial guidance of CT5+100bps area; the USD600mn 10-year bond priced at CT10+100bps, tightening from initial guidance of CT10+120bps area, the USD750mn 30-year bond priced at 4%, tightening from initial guidance of 4.25%; and the EUR1bn 5.5-year bond priced at MS+60bps, tightening from initial guidance of MS+75-80bps. The expected issue ratings are 'A+/A1/NR'. China State Construction Finance (Cayman) II Ltd has priced a two-tranche deal (guaranteed by China State Construction International Holdings Ltd), with the USD550mn 5-year bond priced at CT5+130bps area, tightening from initial guidance of CT5+150bps area; and the USD250mn 10-year bond priced at CT10+155bps area, tightening from initial guidance of CT10+170bps area. The expected issue ratings are 'NR/Baa2/BBB+'. Union Bank of the Philippines has priced a USD400mn 5-year bond at CT5+127.5bps, tightening from initial guidance of CT5+160bps area. The expected issue ratings are 'NR/Baa2/NR'. Chiyu Banking Corporation Ltd has priced a USD250mn Perp NC5 AT1 at 5.25%, in line with initial guidance of 5.25% area. Shenzhen International Holdings Ltd has priced a USD300mn Perp NC5 bond at 3.95%, tightening from initial guidance of 4.2% area. The expected issue ratings are 'NR/Baa2/NR'. Nanjing Yangzi State-owned Assets Investment Group Co Ltd has scheduled investor meetings for potential USD bond issuance from 22 Nov. The expected issue ratings are 'BBB+/Baa1/A-'. Power Finance Corp Ltd has scheduled investor meetings for potential USD 10-year

green bond issuance from 23 Nov. Korea Southern Power Co Ltd has scheduled investor meetings for potential USD bond issuance from 29 Nov. King Talent Management has scheduled investor meetings for potential Perp issuance (guaranteed by Far East Horizon Ltd) from 22 Nov. The expected issue ratings are 'NR/NR/BB'. Chouzhou International Investment Ltd has scheduled investor meetings for potential bond issuance (guaranteed by Yiwu State-owned Capital Operation Co Ltd) from 22 Nov. The expected issue ratings are 'NR/Baa3/BBB'. Lodha Developers International Mauritius Ltd has scheduled investor meetings for a potential re-tap of its LODHA 12%'20s from 22 Nov. The issue ratings are 'B/B2/NR'.

- **Rating Changes:** S&P has placed Toshiba Corp's (Toshiba) 'CCC-' long-term corporate credit and 'C' short-term corporate credit and commercial paper program ratings on CreditWatch with positive implications. The rating action follows Toshiba's announcement that it plans to raise funds through third party allotments, which would lower the risk of insolvency and debt restructuring in S&P's view if this financing transaction is successful. S&P has upgraded Powerlong Real Estate Holdings Ltd's (Powerlong) long-term corporate credit rating to 'B+' from 'B'. The outlook is stable. At the same time, S&P has upgraded the long-term issue rating on Powerlong's outstanding senior unsecured notes to 'B' from 'B-'. The rating action reflects S&P's view that Powerlong's asset quality has improved as its new malls are in higher-tier cities with stronger demand. Moody's has assigned ICBC International Holdings Limited (ICBC International) an 'A2' long-term issuer rating. The outlook is stable. The rating action reflects ICBC International's standalone assessment of 'Ba2' and incorporates a six notch uplift as Moody's assumes a high level of support from its parent, Industrial & Commercial Bank of China Ltd and very high level of indirect support from the Chinese government in times of stress. The standalone assessment takes into account ICBC International's niche franchise in providing advisory services and financing for large Chinese companies and strong profitability, but it is constrained by its increased balance sheet leverage due to its rapid growth, high exposure to risky investments and high asset and client concentration.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.952	-0.14%	USD-SGD	1.3545	-0.18%
USD-JPY	112.450	-0.15%	EUR-SGD	1.5898	-0.14%
EUR-USD	1.1738	0.04%	JPY-SGD	1.2045	-0.01%
AUD-USD	0.7578	0.37%	GBP-SGD	1.7933	-0.13%
GBP-USD	1.3239	0.03%	AUD-SGD	1.0264	0.20%
USD-MYR	4.1400	-0.23%	NZD-SGD	0.9250	0.12%
USD-CNY	6.6290	-0.12%	CHF-SGD	1.3662	0.03%
USD-IDR	13529	--	SGD-MYR	3.0538	-0.31%
USD-VND	22713	-0.02%	SGD-CNY	4.8956	0.10%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1828	--
2M	-0.3410	--	1M	1.2942	--
3M	-0.3290	--	2M	1.3883	--
6M	-0.2740	--	3M	1.4459	--
9M	-0.2190	--	6M	1.6349	--
12M	-0.1870	--	12M	1.9084	--

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	97.1%	97.1%	0.0%	0.0%	0.0%
01/31/2018	97.1%	96.3%	0.8%	0.0%	0.0%
03/21/2018	98.8%	42.9%	55.4%	0.5%	0.0%
05/02/2018	98.8%	40.8%	54.8%	3.2%	0.0%
06/13/2018	99.3%	24.4%	49.0%	24.5%	1.3%
08/01/2018	99.4%	22.8%	47.3%	26.2%	2.9%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	56.83	1.32%	Copper (per mt)	6,945.7	1.12%
Brent (per barrel)	62.57	0.56%	Nickel (per mt)	11,822.5	1.80%
Heating Oil (per gallon)	1.9359	0.20%	Aluminium (per mt)	2,070.5	-0.19%
Gasoline (per gallon)	1.7731	1.68%			
Natural Gas (per MMBtu)	3.0170	-0.98%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,622.0	-0.23%
			Rubber (JPY/KG)	190.0	0.26%
Precious Metals	Futures	% chg			
Gold (per oz)	1,281.7	0.50%			
Silver (per oz)	17.062	0.71%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	23,590.83	160.50
S&P	2,599.03	16.89
Nasdaq	6,862.48	71.76
Nikkei 225	22,416.48	154.72
STI	3,423.38	36.79
KLCI	1,720.68	2.32
JCI	6,031.86	-21.42
Baltic Dry	1,385.00	--
VIX	9.73	-0.92

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.45 (+0.01)	1.77 (+0.02)
5Y	1.68 (+0.02)	2.10 (+0.01)
10Y	2.10 (+0.01)	2.36 (-0.01)
15Y	2.42 (+0.02)	--
20Y	2.41 (+0.01)	--
30Y	2.52 (+0.02)	2.76 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	10.23	-0.47
EURIBOR-OIS	2.78	-0.09
TED	17.44	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/21/2017 10:00	NZ Credit Card Spending YoY	Oct	--	2.90%	4.90%	--
11/21/2017 11:34	MU CPI Composite YoY	Oct	--	1.54%	1.39%	--
11/21/2017 12:30	JN All Industry Activity Index MoM	Sep	-0.40%	-0.50%	0.10%	0.20%
11/21/2017 13:00	JN Supermarket Sales YoY	Oct	--	-1.90%	-0.30%	--
11/21/2017 13:30	JN Nationwide Dept Sales YoY	Oct	--	-1.80%	4.40%	--
11/21/2017 13:30	JN Tokyo Dept Store Sales YoY	Oct	--	-0.30%	4.60%	--
11/21/2017 16:30	HK CPI Composite YoY	Oct	1.70%	1.50%	1.40%	--
11/21/2017 17:30	UK Public Finances (PSNCR)	Oct	--	-3.8b	11.2b	11.4b
11/21/2017 17:30	UK Public Sector Net Borrowing	Oct	6.5b	7.5b	5.3b	4.4b
11/21/2017 17:30	UK PSNB ex Banking Groups	Oct	7.1b	8.0b	5.9b	5.0b
11/21/2017 21:30	CA Wholesale Trade Sales MoM	Sep	0.60%	-1.20%	0.50%	0.40%
11/21/2017 21:30	US Chicago Fed Nat Activity Index	Oct	0.2	0.65	0.17	0.36
11/21/2017 23:00	US Existing Home Sales	Oct	5.40m	5.48m	5.39m	5.37m
11/21/2017 23:00	US Existing Home Sales MoM	Oct	0.20%	2.00%	0.70%	0.40%
11/22/2017 07:30	AU Westpac Leading Index MoM	Oct	--	0.13%	0.08%	0.14%
11/22/2017 08:30	AU Construction Work Done	3Q	-2.30%	--	9.30%	--
11/22/2017 10:00	TH Customs Exports YoY	Oct	14.60%	--	12.20%	--
11/22/2017 10:00	TH Customs Imports YoY	Oct	7.60%	--	9.70%	--
11/22/2017 10:00	TH Customs Trade Balance	Oct	\$1259m	--	\$3358m	--
11/22/2017 11:30	TH Car Sales	Oct	--	--	77592	--
11/22/2017 12:00	MA CPI YoY	Oct	4.10%	--	4.30%	--
11/22/2017 15:00	MA Foreign Reserves	Nov-15	--	--	\$101.5b	--
11/22/2017 16:00	TA Unemployment Rate	Oct	3.70%	--	3.71%	--
11/22/2017 16:00	SI Automobile COE Open Bid Cat A	Nov-22	--	--	47112	--
11/22/2017 16:00	SI Automobile COE Open Bid Cat B	Nov-22	--	--	57414	--
11/22/2017 16:00	SI Automobile COE Open Bid Cat E	Nov-22	--	--	57000	47112
11/22/2017 20:00	US MBA Mortgage Applications	Nov-17	--	--	3.10%	--
11/22/2017 21:30	US Initial Jobless Claims	Nov-18	240k	--	249k	--
11/22/2017 21:30	US Continuing Claims	Nov-11	1880k	--	1860k	--
11/22/2017 21:30	US Durable Goods Orders	Oct P	0.30%	--	2.00%	--
11/22/2017 21:30	US Durables Ex Transportation	Oct P	0.50%	--	0.70%	--
11/22/2017 21:30	US Cap Goods Orders Nondef Ex Air	Oct P	0.50%	--	1.70%	--
11/22/2017 21:30	US Cap Goods Ship Nondef Ex Air	Oct P	0.30%	--	0.90%	--
11/22/2017 22:45	US Bloomberg Consumer Comfort	Nov-19	--	--	52.1	--
11/22/2017 23:00	EC Consumer Confidence	Nov A	-0.8	--	-1	--
11/22/2017 23:00	US U. of Mich. Sentiment	Nov F	98	--	97.8	--
11/20/2017 11:29	PH Budget Balance PHP	Oct	--	--	-36.9b	--

Source: Bloomberg

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