

### Highlights

<b>Global</b>	<p>US markets faced a weak session at the close of last week as oil prices fell into a bear market. Regarding the latter, Saudi Arabia has already announced that she will be exporting 500,000 fewer barrels a day in December compared to November. OPEC and its allies as a whole have also warned that it could need “new strategies” and therefore raising speculation of a potential cut in 2019. In Asia, US Vice-President Mike Pence will be attending meetings hosted by ASEAN and APEC in place of President Trump as the US attempts to try to reassure her Asian allies. Meanwhile, White House trade adviser Peter Navarro has said that any deal with China will have to be on “President Donald J. Trump’s terms” and “Not Wall Street terms”. On other matters, the Democrats do not appear to be considering impeachment at this point for Trump with House Democratic leaders stopping short of citing the constitutional power for them to do so whilst the now former House Minority Whip Steny Hoyer has said that “now is not the time to consider impeachment”. Asian markets are likely to start off the week with declines after the weak US session last week. This week’s economic calendar includes CPI data for the US, Germany, India and France, Industrial Production Index for China, Eurozone and Italy and 3Q 2018 GDP results for Japan, Germany and the Eurozone, and BSP &amp; BoT interest rate decision.</p>
<b>EU</b>	<p>According to Bloomberg, Italian Finance Minister Giovanni Tria is attempting to placate the European commission (EC) by setting a lower growth forecast of 1% yoy (vs 1.5% yoy previously) which compares to the EC’s forecast of 1.2% yoy. Italy though would still reportedly stick to its deficit target of 2.4% of GDP. Finnish Prime Minister meanwhile said that “it’s in no one’s interests” to let the budget standoff between the Italian government and EC “turn into a crisis”.</p>
<b>UK</b>	<p>3Q 2018 GDP results came out at 1.5% yoy, which is the fastest calendar quarter of economic growth for almost two years but monthly figures showed the economy stagnating in both August and September after a strong summer period that was partly driven by household spending, possibly due to a potential heat wave and the football world cup.</p>
<b>CH</b>	<p>In the latest PBoC 3Q monetary policy report, PBoC argued inflation and liquidity trap are unlikely to be the key constraints to China’s monetary policy in the coming quarters. Therefore, we think China may continue to ease its monetary policy via targeted RRR cut to support the growth. Unfortunately market did not react positively to China’s banking regulator’s initiative to further push banks to support POE funding after CBIRC announced the quantitative guidelines, which led to concerns that banks may lose control of their own destiny to decide the flows of money, which may in turn lead to higher NPLs. On the positive note, the CBIRC said over the weekend that the quantitative measure is not mandatory and banks’ credit standard will not be compromised. This may help calm down market jitters.</p>
<b>MY</b>	<p>Moody’s has changed the rating outlook for Petronas from stable to negative as the ratings agency cites that a “further increase in regular dividend payments cannot be ruled out”.</p>
<b>ID</b>	<p>The current account deficit widened to US\$8.85bn or 3.4% of GDP, the widest it has been since 2Q 2014.</p>

## Major Markets

- **US:** Producer prices climbed 0.6% in October (vs. est. 0.2%), marking the strongest monthly gain since 2012. Trade and energy costs drove the higher prices, with the index excluding the two factors rising by 0.2%, slowing from 0.4% in September, suggesting that core inflation still appeared to be contained. Meanwhile, the US Census Bureau reported that wholesale inventories grew 0.4% mom in September, while the U. of Mich. Sentiment printed at 98.3, slightly higher than a preliminary estimate of 98.3, but falling from 98.6 in October.
- Wall Street closed lower on Friday, with all 3 major indexes in the red. The S&P500 slipped 0.92%, while the DJIA fell 0.77%. The Nasdaq composite dipped 1.65%.
- Walt Disney equity rose 1.72% as the entertainment conglomerate reported quarterly earnings that exceeded market expectations, buoyed by growth in revenue from its media and hospitality arms.
- Activision Blizzard, owner of World of Warcraft and Call of Duty line of games, saw its shares plunge 12.39% after reporting its third consecutive quarterly decrease in monthly active users (345 mn vs. 352 mn in 2Q18).
- Dropbox (+3.27%) reported growth in its paying-customer base for the third quarter with an increase in per-user revenue generation and raised its full-year guidance for 2018.
- Yelp stocks plummeted 26.60% after reporting quarterly earnings which missed market estimates. CEO Jeremy Stoppelman added that “short-term operational issues” was expected to impact 4Q earnings as well, likely further dampening investor sentiment.
- **Thailand:** The Bank of Thailand has revised mortgage lending rules where there will be a 90% loan-to-value limit for the purchase of a second home if the first mortgage is more than three years old (80% if less than three years old) whilst there would be 70% loan-to-value limit for the purchase of a third house and after. The new rules will take effect from 1st April 2019 onwards. Bank of Thailand interest rate decision this week.
- **Philippines:** BSP is set to meet this week to decide the benchmark rate. Expectations are currently mixed at the moment although the Bloomberg survey is showing for it to hold this time around at 4.50%.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with swap rates for the shorter tenors trading within 1bps lower while the longer tenors traded 1-2bps lower (with the exception of the 30-year swap rates trading 1bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 149bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 567bps. Overall, 10Y UST yields fell 5bps to close at 3.18% on the back of safe haven demand due to losses in equities worldwide on worries about economic growth in China and US interest rate hikes.
- **New Issues:** The SGD swap curve flattened last Friday, with swap rates for the shorter tenors trading within 1bps lower while the longer tenors traded 1-2bps lower (with the exception of the 30-year swap rates trading 1bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 149bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 567bps. Overall, 10Y UST yields fell 5bps to close at 3.18% on the back of safe haven demand due to losses in equities worldwide on worries about economic growth in China and US interest rate hikes.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	96.905	0.19%	<b>USD-SGD</b>	1.3791	0.25%
<b>USD-JPY</b>	113.830	-0.21%	<b>EUR-SGD</b>	1.5633	--
<b>EUR-USD</b>	1.1336	-0.24%	<b>JPY-SGD</b>	1.2114	0.45%
<b>AUD-USD</b>	0.7226	-0.41%	<b>GBP-SGD</b>	1.7891	-0.43%
<b>GBP-USD</b>	1.2972	-0.69%	<b>AUD-SGD</b>	0.9964	-0.18%
<b>USD-MYR</b>	4.1790	0.37%	<b>NZD-SGD</b>	0.9294	--
<b>USD-CNY</b>	6.9567	0.32%	<b>CHF-SGD</b>	1.3713	0.28%
<b>USD-IDR</b>	14678	0.96%	<b>SGD-MYR</b>	3.0334	-0.05%
<b>USD-VND</b>	23304	-0.02%	<b>SGD-CNY</b>	5.0492	-0.17%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	2.1750	-0.0049
<b>2M</b>	-0.3360	--	<b>1M</b>	2.3144	-0.0041
<b>3M</b>	-0.3160	--	<b>2M</b>	2.4551	-0.0035
<b>6M</b>	-0.2570	--	<b>3M</b>	2.6181	0.0035
<b>9M</b>	-0.1960	--	<b>6M</b>	2.8580	0.0004
<b>12M</b>	-0.1480	--	<b>12M</b>	3.1441	0.0034

#### Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	75.1%	75.1%	0.0%	0.0%	0.0%
01/30/2019	76.7%	72.0%	4.7%	0.0%	0.0%
03/20/2019	93.0%	37.9%	51.9%	3.3%	0.0%
05/01/2019	93.8%	34.4%	50.3%	8.8%	0.4%
06/19/2019	97.2%	19.0%	41.6%	31.4%	5.0%
07/31/2019	97.4%	17.7%	39.8%	32.2%	7.1%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	60.19	-0.79%	Coffee (per lb)	1.139	-2.40%
Brent (per barrel)	70.18	-0.67%	Cotton (per lb)	0.7809	-1.16%
Heating Oil (per gallon)	2.1728	0.21%	Sugar (per lb)	0.1273	-0.86%
Gasoline (per gallon)	1.6214	-1.39%	Orange Juice (per lb)	1.3530	-0.51%
Natural Gas (per MMBtu)	3.7190	4.97%	Cocoa (per mt)	2,250	-0.66%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,918.3	-1.88%	Wheat (per bushel)	5.0200	-1.13%
Nickel (per mt)	11,403.0	-2.67%	Soybean (per bushel)	8.753	0.89%
Aluminium (per mt)	1,950.5	-1.71%	Corn (per bushel)	3.6975	-1.00%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,208.6	-1.35%	Crude Palm Oil (MYR/MT)	1,880.0	-2.54%
Silver (per oz)	14.140	-1.96%	Rubber (JPY/KG)	139.1	0.22%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,989.30	-201.92
<b>S&amp;P</b>	2,781.01	-25.82
<b>Nasdaq</b>	7,406.90	-123.98
<b>Nikkei 225</b>	22,250.25	-236.67
<b>STI</b>	3,077.97	-15.27
<b>KLCI</b>	1,708.09	-13.33
<b>JCI</b>	5,874.15	-102.65
<b>Baltic Dry</b>	1,147.00	-84.00
<b>VIX</b>	17.36	0.64

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	2.11 (-0.01)	2.92 (-0.04)
<b>5Y</b>	2.32 (+0.01)	3.04 (-0.06)
<b>10Y</b>	2.51 (-0.03)	3.18 (-0.06)
<b>15Y</b>	2.78 (-0.03)	--
<b>20Y</b>	2.81 (-0.03)	--
<b>30Y</b>	2.92 (-0.03)	3.38 (-0.05)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	27.91	0.80
<b>EURIBOR-OIS</b>	3.40	-0.83
<b>TED</b>	27.33	-0.10

### CFTC Commodities Futures and Options

For the week ended: 06 Nov 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Soybean	-35,552	-68,748	33,196	Nymex Crude	437,666	463,180	-25,514
Corn	89,814	75,573	14,241	Heating Oil	28,400	33,094	-4,694
Cocoa	-5,781	-19,235	13,454	Sugar	78,847	82,914	-4,067
Platinum	26,355	16,018	10,337	Live Cattle	87,603	91,457	-3,854
Natural Gas	3,711	-5,693	9,404	Lean Hogs	31,999	35,381	-3,382
Gold	12,210	5,976	6,234	RBOB Gasoline	86,814	89,086	-2,272
Silver	-2,788	-8,744	5,956	Cotton	51,371	53,345	-1,974
Copper	5,624	357	5,267	Palladium	13,604	12,422	1,182
Coffee	-25,823	-30,358	4,535	Wheat	-29,119	-30,779	1,660

Source: CFTC, Bloomberg, OCBC Bank

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/09/2018 03:00	US FOMC Rate Decision (Upper Bound)	Nov-08	2.25%	2.25%	2.25%	--
11/09/2018 07:50	JN Money Stock M3 YoY	Oct	2.40%	2.30%	2.50%	--
11/09/2018 07:50	JN Money Stock M2 YoY	Oct	2.80%	2.70%	2.80%	--
11/09/2018 08:30	AU RBA Statement on Monetary Policy					
11/09/2018 08:30	AU Home Loans MoM	Sep	-1.00%	-1.00%	-2.10%	-2.20%
11/09/2018 08:30	AU Investment Lending	Sep	--	-2.80%	-1.10%	-1.40%
11/09/2018 08:30	AU Owner-Occupier Loan Value MoM	Sep	--	-4.20%	-2.70%	-3.90%
11/09/2018 09:30	CH PPI YoY	Oct	3.30%	3.30%	3.60%	--
11/09/2018 09:30	CH CPI YoY	Oct	2.50%	2.50%	2.50%	--
11/09/2018 12:00	MA Industrial Production YoY	Sep	2.30%	2.30%	2.20%	--
11/09/2018 15:30	TH Foreign Reserves	Nov-02	--	\$202.1b	\$203.4b	--
11/09/2018 15:45	FR Industrial Production MoM	Sep	-0.30%	-1.80%	0.30%	0.20%
11/09/2018 15:45	FR Industrial Production YoY	Sep	1.10%	-1.10%	1.60%	1.50%
11/09/2018 15:45	FR Manufacturing Production MoM	Sep	-0.20%	-2.10%	0.60%	0.40%
11/09/2018 15:45	FR Manufacturing Production YoY	Sep	1.80%	-1.00%	1.90%	1.80%
11/09/2018 17:30	UK Visible Trade Balance GBP/Mn	Sep	-\$11395m	-\$9731m	-\$11195m	-\$11724m
11/09/2018 17:30	UK Trade Balance Non EU GBP/Mn	Sep	-\$3825m	-\$2343m	-\$4219m	-\$4561m
11/09/2018 17:30	UK Trade Balance	Sep	-\$1500m	-\$27m	-\$1274m	-\$2101m
11/09/2018 17:30	UK Industrial Production MoM	Sep	-0.10%	0.00%	0.20%	0.00%
11/09/2018 17:30	UK Industrial Production YoY	Sep	0.40%	0.00%	1.30%	1.00%
11/09/2018 17:30	UK Manufacturing Production MoM	Sep	0.10%	0.20%	-0.20%	-0.10%
11/09/2018 17:30	UK Manufacturing Production YoY	Sep	0.40%	0.50%	1.30%	--
11/09/2018 17:30	UK Index of Services 3M/3M	Sep	0.50%	0.40%	0.50%	--
11/09/2018 17:30	UK GDP QoQ	3Q P	0.60%	0.60%	0.40%	--
11/09/2018 17:30	UK GDP YoY	3Q P	1.50%	1.50%	1.20%	--
11/09/2018 17:30	UK Private Consumption QoQ	3Q P	0.50%	0.50%	0.30%	0.40%
11/09/2018 17:30	UK Government Spending QoQ	3Q P	0.40%	0.60%	0.40%	-0.40%
11/09/2018 17:30	UK Exports QoQ	3Q P	3.00%	2.70%	-3.60%	-2.20%
11/09/2018 17:30	UK Imports QoQ	3Q P	0.80%	0.00%	-0.80%	-0.20%
11/09/2018 17:30	UK Total Business Investment QoQ	3Q P	0.20%	-1.20%	-0.70%	--
11/09/2018 17:30	UK Total Business Investment YoY	3Q P	-0.10%	-1.90%	-0.20%	--
11/09/2018 18:07	ID BoP Current Account Balance	3Q	-\$9000m	-\$8846m	-\$8028m	-\$7977m
11/09/2018 21:30	US PPI Final Demand MoM	Oct	0.20%	0.60%	0.20%	--
11/09/2018 21:30	US PPI Ex Food and Energy MoM	Oct	0.20%	0.50%	0.20%	--
11/09/2018 21:30	US PPI Final Demand YoY	Oct	2.50%	2.90%	2.60%	--
11/09/2018 21:30	US PPI Ex Food and Energy YoY	Oct	2.30%	2.60%	2.50%	--
11/09/2018 23:00	US Wholesale Inventories MoM	Sep F	0.30%	0.40%	0.30%	--
11/09/2018 23:00	US U. of Mich. Sentiment	Nov P	98	98.3	98.6	--
11/12/2018 07:50	JN PPI YoY	Oct	2.80%	--	3.00%	--
11/12/2018 07:50	JN PPI MoM	Oct	0.10%	--	0.30%	--
11/12/2018 13:00	SI Retail Sales SA MoM	Sep	0.30%	--	2.50%	--
11/12/2018 13:00	SI Retail Sales YoY	Sep	2.10%	--	-0.40%	--
11/12/2018 14:00	JN Machine Tool Orders YoY	Oct P	--	--	2.90%	--
11/12/2018 15:30	FR Bank of France Ind. Sentiment	Oct	104	--	105	--
11/12/2018 17:00	IT Industrial Production MoM	Sep	-0.50%	--	1.70%	--
11/12/2018 17:00	IT Industrial Production WDA YoY	Sep	0.50%	--	-0.80%	--
11/12/2018 17:00	IT Industrial Production NSA YoY	Sep	--	--	-0.80%	--
11/12/2018 20:00	IN CPI YoY	Oct	3.60%	--	3.77%	--
11/12/2018 20:00	IN Industrial Production YoY	Sep	4.30%	--	4.30%	--
11/12/2018 11/15	CH Money Supply M1 YoY	Oct	4.30%	--	4.00%	--
11/12/2018 11/15	CH Money Supply M2 YoY	Oct	8.40%	--	8.30%	--
11/12/2018 11/15	CH New Yuan Loans CNY	Oct	900.0b	--	1380.0b	--
11/12/2018 11/15	CH Money Supply M0 YoY	Oct	2.60%	--	2.20%	--
11/12/2018 11/13	VN Domestic Vehicle Sales YoY	Oct	--	--	24.70%	--
11/12/2018 11/14	NZ REINZ House Sales YoY	Oct	--	--	-3.00%	--

Source: Bloomberg

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