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Highlights

Global	Financial markets took a breather yesterday, as the global bond rout eased for the first time post-US elections with some tentative bargain hunting while Wall Street eked out modest gains. On the economic front, more upbeat data from the US, namely retail sales that rose faster than expected by 0.8% mom in Oct whilst the Sep data was also revised higher to +1.0% and further cemented market expectations for a Dec FOMC rate hike. There is a relatively light economic data calendar for today, focusing on US' industrial production, NAHB housing market index and PPI, and UK's jobless claims and ILO unemployment rate. Speakers include Fed's Bullard and Kashkari.
US	Retail sales excluding autos and gas accelerated from an upwardly revised +0.5% mom in Sep to +0.6% mom in Oct, suggesting that personal consumption remained healthy. The Empire manufacturing also recovered from -6.8 in Oct to +1.5 in Nov, registering the strongest monthly improvement since June and reflecting business optimism post-election in anticipation of Trump's spending and deregulation initiatives. Meanwhile, import prices rose 0.5% in Oct, the most in four months amid higher imported fuel prices (+3.8% yoy, which marked the first increase since Jul14).
EZ	Eurozone's 3Q16 GDP growth was 0.3% qoq sa (+1.6% yoy), similar to the preliminary figure and in line with 2Q16 performance. Notably, Germany slowed from 0.4% in 2Q to 0.2% in 3Q (market forecast: 0.3%), while France and Italy saw positive growth. Looking ahead, the ECB is tipping 2017 growth at 1.6%, but any downside surprises may tilt the ECB's hand to announce an extension to its QE program beyond the Mar17 deadline. German investor confidence rose from 6.2 in Oct to 13.8 in Nov, despite economic uncertainty post-Trump's victory, albeit the current conditions gauge slipped from 59.5 to 58.8. The Eurozone's expectations gauge however rose from 12.3 to 15.8.
SG	Retail sales unexpectedly shrank 0.7% mom sa (+2.0% yoy) in Sep, compared to an upwardly revised 0.8% mom sa contraction (-0.5% yoy) in Aug. This is below market consensus forecast of +0.3% mom sa (+2.0% yoy) and our forecast of 0.6% mom (+2.4% yoy). The drag came from largely discretionary spending for watches & jewellery (-4.1% mom), medical goods & toiletries (-3.5% mom) and department stores (-2.2% mom), which could be reflective of the cautious consumer sentiments in view of the more restrained job market conditions. Interestingly, the caution did not extend to big ticket items. Motor vehicle sales rose 9.7% mom sa (+20.4% yoy) in Sep. Retail sales excluding autos rose 2.0% mom (-1.9% yoy) in Sep, after decreasing by 0.5% mom (-6.0% yoy) in Aug. In addition, private home sales also more than doubled from 509 units in Sep to 1,252 units in Oct, the highest since July 2015, according to URA data. This came amid 1,467 units launched for sale which is more than triple the Sep launches, of which Forest Woods and Alps were two key projects. Going into the year-end, it would be key to watch if domestic consumer sentiments and investor confidence continue to fade, in view of a Trump victory given his earlier campaign stance being biased towards being more anti-globalisation/trade.

Major Markets

- **US:** S&P 500 resumed its climb after a 2-day blip, rising 0.75% to close within a hair's breadth from its record high. The Dow continued to break new ground, up 0.29%, while the Nasdaq kept pace with a 1.10% rise. Technology stocks turned on Tuesday, trading higher after post-Trump losses, as energy producers carried the broader market on the back of recovering crude oil prices. VIX slumped 7.6% to close at 13.37. Meanwhile, US Treasuries halted its slide on market sentiments that the post-Trump sell-off was overdone. The yield curve flattened from the long-end, with the 10-year yield retreating 5 bps to 2.21%, while the 2-year yield slid 1 bps to 0.99%.
- **Singapore:** The STI recovered 0.37% to close at 2797.55 yesterday, and may make a run for the 2800 resistance given the stabilisation in financial markets overnight. The STI's resistance and support are at 2780 and 2820 respectively. SGS bond yields reversed direction and declined by up to 4bps, led by the belly of the curve. The SGS market may attempt to extend gains on the belief that the recent rout had gone too far and too fast given that yields had backed up to January highs in less than a week.
- **Hong Kong:** The High Court ruled that the two localist lawmakers who failed to take the oath properly must be disqualified and vacate their seats. The judgment may translate into a more intense relationship between HK and Mainland China as it reinforces that the democracy of HK is threatened. However, the political issue will barely impact the market in near term.
- **Commodities:** Crude oil settled higher for the biggest gain in seven months, as expectations amount towards a possible oil deal in the upcoming OPEC meeting. We opine that an oil deal is still possible for one key reason – Iran, which has been the key dissenter to any oil deal in the past, has increased oil production to near its pre-sanction levels of 4.0mbpd. Importantly, Iran had repeatedly demanded that its oil production to be raised to pre-sanction levels before any freezing of production be considered. We think that oil prices have been low for far too long, and a quick and concrete OPEC deal in two weeks time is sufficient to lift prices, at least, above its \$50/bbl handle with upside bias. Elsewhere, watch out for US crude oil inventories out later tonight.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday with swap rates traded 1-4bps lower across all tenors. In the broader dollar space, the spread on JACI IG corporates was steady at 202bps while the yield on JACI HY corporates decreased 6bps to 6.87%. 10y UST's sell-off halted for the first time since the presidential election, with yields down 3bps to 2.22%.
- **New Issues:** Housing & Development Board has priced a SGD900mn 5-year bond at 2.22% with expected issue ratings of "NR/Aaa/NR". Doosan Infracore Co. has priced a USD300mn 3-year bond at CT3+115bps, tightening from its initial price guidance at CT3+125bps with expected issue ratings of "AA/NR/NR". China Huarong Asset Management Co. Ltd. has priced a 3-tranche deal with the USD1bn 3-year bond priced at CT3+170bps, USD1.35bn 5-year bond priced at CT5+200bps and the USD650mn 10-year bond priced at CT10+270bps. The expected issue ratings are "BBB+/NR/A". Yancheng Oriental Investment & Development Group Co. priced a USD300mn 3-year bond at 5.4% at a re-offer price of 99.316, tightening from its initial guidance at 5.5% and with expected issue ratings of "NR/NR/BB+". Westpac Banking Corporation priced a USD1.5bn 15NC10 Tier-2 bond at +210bps, tightening from its initial guidance at +237.5bps, and with expected issue ratings of "BBB+/A3/A+". Yanlord Land (HK) Co. has scheduled investor meetings in Singapore and Hong Kong for a potential USD bond with expected issue ratings of "BB-/Ba3/NR". Shandong Ruyi Technology Group Co. Ltd. has scheduled investor road shows from 16 November onwards for a potential USD bond issue with expected issue ratings of "B-/B3/NR". Chengdu Xingcheng

Investment Group Co. Ltd. has scheduled investor road shows from 16 November for a potential USD bond issue.

- **Rating Changes:** S&P assigned a “B” corporate credit rating to Shandong Ruyi Technology Group Co. Ltd. (Ruyi) with a stable outlook. The rating on Ruyi reflects the company’s operations in China’s highly competitive and fragmented textile industry that is exposed to volatile commodity prices. Additionally, Ruyi has weaker profitability than its international peers and S&P expects the company’s financial leverage to remain high due to its aggressive debt-funded expansion appetite. Moody’s similarly assigned a “B2” rating to Ruyi with a stable outlook.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	100.230	0.12%	USD-SGD	1.4134	-0.11%
USD-JPY	109.200	0.72%	EUR-SGD	1.5156	-0.24%
EUR-USD	1.0722	-0.14%	JPY-SGD	1.2945	-0.80%
AUD-USD	0.7559	0.07%	GBP-SGD	1.7606	-0.38%
GBP-USD	1.2457	-0.26%	AUD-SGD	1.0684	-0.04%
USD-MYR	4.3403	0.23%	NZD-SGD	1.0038	-0.33%
USD-CNY	6.8590	-0.01%	CHF-SGD	1.4109	-0.47%
USD-IDR	13369	-0.04%	SGD-MYR	3.0733	0.55%
USD-VND	22347	0.07%	SGD-CNY	4.8505	0.23%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.4334	--
2M	-0.3390	--	1M	0.5421	--
3M	-0.3120	--	2M	0.7017	--
6M	-0.2110	--	3M	0.9112	--
9M	-0.1310	--	6M	1.2749	--
12M	-0.0700	--	12M	1.6101	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.38	-3.40	3.49
Italy	0.05	-5.30	1.96
Ireland	-0.37	-1.60	0.92
Greece	7.65	--	7.39
Spain	-0.14	-2.20	1.46
Russia	2.61	-15.00	4.39

Equity and Commodity

Index	Value	Net change
DJIA	18,923.06	54.37
S&P	2,180.39	16.19
Nasdaq	5,275.62	57.23
Nikkei 225	17,668.15	-4.47
STI	2,797.55	10.28
KLCI	1,630.56	13.92
JCI	5,078.50	-37.24
Baltic Dry	1,084.00	19.00
VIX	13.37	-1.11

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.09 (-0.02)	0.99 (-0.01)
5Y	1.66 (-0.05)	1.66 (-0.02)
10Y	2.30 (-0.03)	2.22 (-0.04)
15Y	2.66 (-0.02)	--
20Y	2.75 (-0.01)	--
30Y	2.74 (-0.02)	2.96 (-0.06)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	36.54	-1.13
EURIBOR-OIS	3.50	-0.20
TED	39.85	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	45.81	5.75%	Coffee (per lb)	1.618	--
Brent (per barrel)	46.95	5.67%	Cotton (per lb)	0.7069	2.60%
Heating Oil (per gallon)	1.4439	4.22%	Sugar (per lb)	0.2115	-2.22%
Gasoline (per gallon)	1.3350	4.48%	Orange Juice (per lb)	2.0865	1.24%
Natural Gas (per MMBtu)	2.7090	-1.46%	Cocoa (per mt)	2,378	-0.59%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,525.0	-0.61%	Wheat (per bushel)	3.9900	1.27%
Nickel (per mt)	11,265.5	0.45%	Soybean (per bushel)	9.895	1.91%
Aluminium (per mt)	1,732.0	-0.74%	Corn (per bushel)	3.4150	1.26%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,224.5	0.23%	Crude Palm Oil (MYR/MT)	2,856.0	--
Silver (per oz)	17.043	0.89%	Rubber (JPY/KG)	196.2	0.72%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
11/15/2016 12:06	ID	Exports YoY	Oct	3.60%	4.59%	-0.59%	-0.16%
11/15/2016 12:19	ID	Trade Balance	Oct	\$1011m	\$1207m	\$1217m	\$1271m
11/15/2016 13:00	SI	Retail Sales YoY	Sep	2.00%	2.00%	-1.00%	-0.50%
11/15/2016 14:00	JN	Machine Tool Orders YoY	Oct F	--	-8.90%	-8.90%	--
11/15/2016 14:30	IN	Wholesale Prices YoY	Oct	3.74%	3.39%	3.57%	--
11/15/2016 15:00	GE	GDP SA QoQ	3Q P	0.30%	0.20%	0.40%	--
11/15/2016 15:00	GE	GDP WDA YoY	3Q P	1.80%	1.70%	1.80%	--
11/15/2016 15:00	GE	GDP NSA YoY	3Q P	1.60%	1.50%	3.10%	--
11/15/2016 15:45	FR	CPI EU Harmonized MoM	Oct F	0.10%	0.00%	0.10%	--
11/15/2016 15:45	FR	CPI EU Harmonized YoY	Oct F	0.50%	0.50%	0.50%	--
11/15/2016 15:45	FR	CPI MoM	Oct F	0.00%	0.00%	0.00%	--
11/15/2016 15:45	FR	CPI YoY	Oct F	0.40%	0.40%	0.40%	--
11/15/2016 16:59	PH	Overseas Remittances YoY	Sep	5.10%	6.70%	16.30%	--
11/15/2016 16:59	PH	Overseas Workers Remittances	Sep	\$2360m	\$2383m	\$2319m	--
11/15/2016 17:00	IT	GDP WDA QoQ	3Q P	0.20%	0.30%	0.00%	--
11/15/2016 17:00	IT	GDP WDA YoY	3Q P	0.80%	0.90%	0.80%	0.70%
11/15/2016 17:30	UK	CPI MoM	Oct	0.30%	0.10%	0.20%	--
11/15/2016 17:30	UK	CPI YoY	Oct	1.10%	0.90%	1.00%	--
11/15/2016 17:30	UK	CPI Core YoY	Oct	1.40%	1.20%	1.50%	--
11/15/2016 17:30	UK	Retail Price Index	Oct	265.3	264.8	264.9	--
11/15/2016 17:30	UK	PPI Output NSA MoM	Oct	0.40%	0.60%	0.20%	0.30%
11/15/2016 17:30	UK	PPI Output NSA YoY	Oct	1.80%	2.10%	1.20%	1.30%
11/15/2016 18:00	GE	ZEW Survey Current Situation	Nov	61.6	58.8	59.5	--
11/15/2016 18:00	GE	ZEW Survey Expectations	Nov	8.1	13.8	6.2	--
11/15/2016 18:00	EC	ZEW Survey Expectations	Nov	--	15.8	12.3	--
11/15/2016 18:00	EC	GDP SA QoQ	3Q P	0.30%	0.30%	0.30%	--
11/15/2016 18:00	EC	GDP SA YoY	3Q P	1.60%	1.60%	1.60%	--
11/15/2016 20:00	IN	CPI YoY	Oct	4.15%	4.20%	4.31%	4.39%
11/15/2016 20:40	IN	Exports YoY	Oct	--	9.60%	4.60%	--
11/15/2016 21:30	US	Import Price Index MoM	Oct	0.40%	0.50%	0.10%	0.20%
11/15/2016 21:30	US	Empire Manufacturing	Nov	-2.5	1.5	-6.8	--
11/15/2016 21:30	US	Retail Sales Advance MoM	Oct	0.60%	0.80%	0.60%	1.00%
11/15/2016 21:30	US	Retail Sales Ex Auto MoM	Oct	0.50%	0.80%	0.50%	0.70%
11/15/2016 21:30	US	Retail Sales Ex Auto and Gas	Oct	0.30%	0.60%	0.30%	0.50%
11/16/2016 07:30	AU	Westpac Leading Index MoM	Oct	--	0.06%	0.06%	0.08%
11/16/2016 17:30	UK	Claimant Count Rate	Oct	2.30%	--	2.30%	--
11/16/2016 17:30	UK	Jobless Claims Change	Oct	2.0k	--	0.7k	--
11/16/2016 17:30	UK	ILO Unemployment Rate 3Mths	Sep	4.90%	--	4.90%	--
11/16/2016 20:00	US	MBA Mortgage Applications	Nov-11	--	--	-1.20%	--
11/16/2016 21:30	CA	Manufacturing Sales MoM	Sep	0.10%	--	0.90%	--
11/16/2016 21:30	US	PPI Final Demand MoM	Oct	0.30%	--	0.30%	--
11/16/2016 21:30	US	PPI Ex Food and Energy MoM	Oct	0.20%	--	0.20%	--
11/16/2016 21:30	US	PPI Final Demand YoY	Oct	1.20%	--	0.70%	--
11/16/2016 21:30	US	PPI Ex Food and Energy YoY	Oct	1.60%	--	1.20%	--
11/16/2016 22:15	US	Industrial Production MoM	Oct	0.20%	--	0.10%	--
11/16/2016 22:15	US	Capacity Utilization	Oct	75.50%	--	75.40%	--

Source: Bloomberg

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