

Highlights

Global	<p>Risk sentiment improved with US stocks rallied after two days of decline despite renewed geopolitical tensions in the Middle East in reaction to President Trump's decision to recognize Jerusalem as the capital of Israel. The Islamist group Hamas urged Palestinians on Thursday to abandon peace efforts to clash with Israel again. Futures for stock markets in Tokyo and Hong Kong climbed while Australia Stock Exchange (ASX) opened higher this morning. Moreover, this morning's stronger-than-expected JP 3Q17 GDP print at 2.5% (vs est 1.5%) should further add to risk-taking as well. The key news that underpinned the recovery of risk appetite like stemmed from the approval by the US Congress to kick the can down the road with both House and Senate approved the bill to fund a wide range of federal programs through 22nd December, creating more time for Republican and Democrats to bridge the budget differences. The risk for partial government shutdown in early 2018 still cannot be totally ruled out. Elsewhere, more updates on the Brexit issues were seen overnight, with UK May reportedly heads to Brussels to unlock talks on trade and Britain's future relationship with Europe.</p> <p>Data-wise, US initial jobless claims were encouragingly lower for the week ending 2nd December at 236k, down from the previous week of 238k. Continuing claims also declined to 1908k for the week ended 25th Nov, down from the upward revised previous week print of 1960k. EC 3Q17 GDP also came in above expectation at 2.6%/y (vs est 2.5%/y).</p> <p>For today, look out for a slew of industrial production prints out from France and the UK, on top of US nonfarm payrolls and unemployment data. In Asia, do pay attention to Thailand's foreign reserves print, and trade data from China and Taiwan.</p>
CN	<p>China's central bank disputed the IMF stress test result for financial stability, which called for short of aggregate US\$280 billion capital in the worst case scenario. The PBoC estimated that even in the worst case scenario. The first-tier capital adequacy ratio for banks accounting for 65% total assets will still remain above 7%. In addition, China's FX reserve increased for 10th consecutive month in November to US\$3.1193 trillion. However, the FX reserve fell in SDR term. This suggested the increase of FX reserve was mainly due to valuation effect on the back of weaker dollar and higher asset prices.</p>
MA	<p>Foreign reserves rose to MYR430.4bn as of 30th November. It is reportedly sufficient to finance 7.5 months of retained imports and 1.1 times short-term external debt.</p>
ID	<p>BI announced that it will be banning the transactional use of digital currencies by fintech platforms. The trading of digital currencies, though, are not affected by the ban. The fintech and e-commerce sectors have been growing steadily in Indonesia. It remains to be seen if this move will affect the prospects of emerging companies in this sphere.</p>
CMD	<p>Crude oil prices recovered some lost grounds overnight as risk appetite improves on progress over delaying the US partial government shutdown. Note that market-watchers will also pay close attention to next week's FOMC meeting, in which the implied probability for a rate hike has rose to 98.3%.</p>

Major Market

- **US:** S&P 500 snapped a 4-day losing streak, marking a 0.29% gain amid a broad recovery led by consumer stocks. Tech stocks continued to stabilize, gaining 0.65% as a group. Meanwhile, the Dow and Nasdaq Composite also rose 0.29% and 0.54% respectively. VIX slumped to 10.16, compared to 11.02 previously.
- Meanwhile, the US Treasuries closed mixed, with the front end gaining, but the long end underperform. 2y yield slipped marginally to 1.80%, while the 10y rose to 2.36%. Reports that Trump will be announcing an infrastructure plan in January pressured long-end Treasuries lower.
- **Singapore:** The STI continued to fall yesterday, clocking its 4th straight day of losses to close at 3,388.1 (-0.27%). Property counters City Developments Ltd (+4.58%), UOL Group Ltd (+2.14%) and CapitaLand Commercial Trust (+1.08%) continued to push higher. For today, risk-on sentiment from Wall Street on Thursday could provide the STI some fuel to break its recent sessions of losses.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded marginally higher yesterday, with swap rates trading approximately 1bps higher across most tenors. 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 6.91%. 10Y UST yield rose 2bps to 2.36%, after President Trump stated that he would release his infrastructure plan in January.
- **New Issues:** Wuhan State-Owned Assets Management Limited Company has priced a USD300mn 3-year bond at CT3+195bps, tightening from initial guidance of CT3+220bps area. The expected issue ratings are 'NR/NR/A-'. Xinxing Industry Investment Company Limited has priced a USD300mn 3-year bond (guaranteed by Hefei Industry Investment Holding (Group) Co Ltd) at CT3+247.5bps, tightening from initial guidance of CT3+270bps area. The expected issue ratings are 'NR/NR/BBB'. Wanda International Funding Pte Ltd has priced a USD100mn 3NC1 bond (guaranteed by Wanda Holding Group Co) at 8.5%, in line with guidance of 8.5%. China CITIC Bank Corporation Ltd has priced a four-tranche deal, with the USD700mn 3-year floating rate bond priced at 3mL+90bps, tightening from initial guidance of 3mL+110bps area; the USD300mn 3-year fixed rate bond priced at CT3+107.5bps, tightening from initial guidance of CT3+130bps area; the USD550mn 5-year floating rate bond priced at 3mL+100bps, tightening from initial guidance of 3mL+120bps area; and the USD250mn fixed rate bond priced at CT5+110bps, tightening from CT5+130bps area. The expected issue ratings are 'BBB+/Baa2/NR'. ICICI Bank Ltd, through its DIFC branch, has priced a USD500mn 10-year bond at CT10+150bps, tightening from initial guidance of CT10+170bps. The expected issue ratings are 'NR/Baa3/BBB-'. Shandong Iron and Steel Xinheng International Company Ltd has set final guidance for its USD-denominated 3.5-year bond at 6.5%.
- **Rating Changes:** Moody's has affirmed the Government of Malaysia's (Malaysia) issuer and senior unsecured bond ratings at 'A3'. The outlook is stable. The rating action is supported by Malaysia's growth prospects which is balanced by its high but stable debt burden and exposure to tighter external financing.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	93.795	0.20%	USD-SGD	1.3516	0.19%
USD-JPY	113.090	0.71%	EUR-SGD	1.5913	--
EUR-USD	1.1773	-0.19%	JPY-SGD	1.1953	-0.51%
AUD-USD	0.7511	-0.70%	GBP-SGD	1.8213	0.81%
GBP-USD	1.3474	0.60%	AUD-SGD	1.0152	-0.51%
USD-MYR	4.0875	0.27%	NZD-SGD	0.9234	-0.56%
USD-CNY	6.6193	0.07%	CHF-SGD	1.3592	-0.27%
USD-IDR	13554	0.06%	SGD-MYR	3.0278	0.19%
USD-VND	22715	0.00%	SGD-CNY	4.9017	-0.05%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	1.1825	--
2M	-0.3380	--	1M	1.4069	--
3M	-0.3260	--	2M	1.4641	--
6M	-0.2710	--	3M	1.5226	--
9M	-0.2190	--	6M	1.7145	--
12M	-0.1910	--	12M	1.9883	--

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	98.3%	98.3%	0.0%	0.0%	0.0%
01/31/2018	98.3%	97.5%	0.8%	0.0%	0.0%
03/21/2018	99.4%	36.8%	62.1%	0.5%	0.0%
05/02/2018	99.4%	35.4%	61.1%	2.9%	0.0%
06/13/2018	99.7%	17.8%	48.1%	32.3%	1.5%
08/01/2018	99.7%	16.9%	46.6%	33.1%	3.0%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	56.69	1.30%	Copper (per mt)	6,535.6	0.10%
Brent (per barrel)	62.20	1.60%	Nickel (per mt)	10,985.5	2.18%
Heating Oil (per gallon)	1.8970	1.92%	Aluminium (per mt)	1,993.0	-0.47%
Gasoline (per gallon)	1.7000	2.35%			
Natural Gas (per MMBtu)	2.7630	-5.44%			
			Asian Commodities	Futures	% chg
Precious Metals	Futures	% chg	Crude Palm Oil (MYR/MT)	2,502.0	-1.30%
Gold (per oz)	1,253.1	-1.03%	Rubber (JPY/KG)	207.0	0.88%
Silver (per oz)	15.802	-0.96%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,211.48	70.57
S&P	2,636.98	7.71
Nasdaq	6,812.84	36.47
Nikkei 225	22,498.03	320.99
STI	3,388.14	-9.07
KLCI	1,719.05	0.72
JCI	6,006.84	-28.67
Baltic Dry	1,670.00	--
VIX	10.16	-0.86

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.50 (+0.01)	1.80 (--)
5Y	1.64 (+0.01)	2.14 (+0.01)
10Y	2.04 (--)	2.36 (+0.02)
15Y	2.37 (--)	--
20Y	2.37 (--)	--
30Y	2.48 (--)	2.76 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	12.93	-0.10
EURIBOR-OIS	0.85	-0.75
TED	24.36	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/07/2017 00:00	NZ QV House Prices YoY	Nov --	6.40%	3.90%	--
12/07/2017 08:30	AU Trade Balance	Oct A\$1400m	A\$105m	A\$1745m	A\$1604m
12/07/2017 15:00	GE Industrial Production SA MoM	Oct 0.90%	-1.40%	-1.60%	-0.90%
12/07/2017 15:00	GE Industrial Production WDA YoY	Oct 4.30%	2.70%	3.60%	4.10%
12/07/2017 15:00	MA Foreign Reserves	Nov-30 --	\$101.9b	\$101.5b	--
12/07/2017 15:54	CH Foreign Reserves	Nov \$3123.5b	\$3119.3b	\$3109.2b	--
12/07/2017 16:30	HK Foreign Reserves	Nov --	\$422.1b	\$419.2b	--
12/07/2017 16:30	UK Halifax House Prices MoM	Nov 0.20%	0.50%	0.30%	--
12/07/2017 16:30	UK Halifax House Price 3Mths/Year	Nov 3.90%	3.90%	4.50%	--
12/07/2017 18:00	EC GDP SA QoQ	3Q F 0.60%	0.60%	0.60%	--
12/07/2017 18:00	EC GDP SA YoY	3Q F 2.50%	2.60%	2.50%	--
12/07/2017 21:30	CA Building Permits MoM	Oct 1.00%	3.50%	3.80%	4.90%
12/07/2017 21:30	US Initial Jobless Claims	Dec-02 240k	236k	238k	--
12/07/2017 21:30	US Continuing Claims	Nov-25 1919k	1908k	1957k	1960k
12/07/2017 22:45	US Bloomberg Consumer Comfort	Dec-03 --	52.3	51.6	--
12/08/2017 07:50	JN BoP Current Account Balance	Oct ¥1721.0b	¥2176.4b	¥2271.2b	--
12/08/2017 07:50	JN Trade Balance BoP Basis	Oct ¥418.1b	¥430.2b	¥852.2b	--
12/08/2017 07:50	JN GDP SA QoQ	3Q F 0.40%	0.60%	0.30%	--
12/08/2017 07:50	JN GDP Annualized SA QoQ	3Q F 1.50%	2.50%	1.40%	--
12/08/2017 07:50	JN GDP Deflator YoY	3Q F 0.10%	0.10%	0.10%	--
12/08/2017 08:30	AU Home Loans MoM	Oct -2.00%	--	-2.30%	--
12/08/2017 15:30	TH Foreign Reserves	Dec-01 --	--	\$202.7b	--
12/08/2017 15:45	FR Industrial Production MoM	Oct -0.10%	--	0.60%	--
12/08/2017 15:45	FR Industrial Production YoY	Oct 2.90%	--	3.20%	--
12/08/2017 15:45	FR Manufacturing Production MoM	Oct --	--	0.40%	--
12/08/2017 15:45	FR Manufacturing Production YoY	Oct --	--	3.10%	--
12/08/2017 16:00	TA Exports YoY	Nov 9.40%	--	3.00%	--
12/08/2017 17:30	UK Industrial Production MoM	Oct 0.00%	--	0.70%	--
12/08/2017 17:30	UK Industrial Production YoY	Oct 3.50%	--	2.50%	--
12/08/2017 17:30	UK Manufacturing Production MoM	Oct 0.00%	--	0.70%	--
12/08/2017 17:30	UK Visible Trade Balance GBP/Mn	Oct -£11,500	--	-£11,253	--
12/08/2017 17:30	UK Trade Balance Non EU GBP/Mn	Oct -£3,300	--	-£2,982	--
12/08/2017 17:30	UK Trade Balance	Oct -£3,000	--	-£2,754	--
12/08/2017 21:15	CA Housing Starts	Nov 213.0k	--	222.8k	--
12/08/2017 21:30	US Change in Nonfarm Payrolls	Nov 195k	--	261k	--
12/08/2017 21:30	US Change in Manufact. Payrolls	Nov 15k	--	24k	--
12/08/2017 21:30	US Unemployment Rate	Nov 4.10%	--	4.10%	--
12/08/2017 23:00	US Wholesale Inventories MoM	Oct F -0.40%	--	-0.40%	--
12/08/2017 23:00	US U. of Mich. Sentiment	Dec P 99	--	98.5	--
12/08/2017	CH Trade Balance	Nov \$35.00b	--	\$38.17b	\$38.19b
12/08/2017	ID Foreign Reserves	Nov --	--	\$126.55b	--
12/08/2017	CH Exports YoY	Nov 5.30%	--	6.90%	--
12/08/2017	CH Imports YoY	Nov 13.00%	--	17.20%	--
12/08/2017 12/13	VN Domestic Vehicle Sales YoY	Nov --	--	-17.50%	--

Source: Bloomberg

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