

Highlights

Global	<p>Risk appetite stayed buoyant with Wall Street major indices clocking record highs prints last week (ex-Nasdaq given the recent tech sell-off). Regardless, as we approach the end-year, do expect trading volume to taper off as well. Risk-taking spirits were likely led by news that the UK and EU had reached an agreement on the first part of the Brexit process, with May and Juncker agreeing to a deal that secured rights for four million citizens while the UK is to make payments of between €40bn and €60bn as part of the divorce bill. Closer to Asia, market-watchers will wake up to a set of very strong Chinese-centric trade data, led especially by strong import growth of copper, crude & processed oils and agriculture, suggesting that trade activities continue to stayed strong into year-end.</p> <p>Watch out for an eventful week ahead, with FOMC, BOE and ECB meeting in the later part of the week. Note that market-watchers are pricing in a rate hike in the upcoming FOMC meeting, with the implied rate hike probability at 98.3%.</p>
US	<p>Nonfarm payrolls surprised higher at 228k (vs est 195k) in November, although previous month's payrolls was adjusted lower to 244k and bringing nonfarm payroll to a 3-month average of 170k. Unemployment rate however stood firm at 4.1% in the same month, while wage gains remained relatively subdued at a mere 0.2% m/m.</p>
CN	<p>China's November trade data surprised the market on the upside with both export and import growth accelerated to 12.3% yoy and 17.7% yoy respectively. As a result of stronger than expected exports, China's trade surplus widened to US\$40.2 billion from US\$38 billion in October. China's demand for commodity remained robust in November. Imports of crude oil rose by 36.7% yoy in value term and 14.5% yoy in volume term. Imports of electronic integrated circuit accelerated to 25.9% yoy, highest since April 2013. This suggested that global business cycle continued to expand.</p>
SG	<p>Singapore raised the minimum fixed monthly salary required for EP and SP holders late last week. From 1st January 2018, the minimum fixed monthly salary required for pass holders in Singapore to bring in family members on Dependant Passes (DP) will be increased to S\$6,000, up from a previous requirement of S\$5,000.</p>
ID	<p>Bank Indonesia meets this Thursday. We expect the policy rates to be unchanged, as per recent comments from the BI leaders.</p>
TH	<p>The World Bank has included Thailand amongst the "progressive prosperity" group of countries, indicating that Thailand has largely eliminated extreme poverty and fostered a large middle class.</p>
PH	<p>BSP will also announce its policy decision on Thursday. The next move for BSP should be a hike, with some market expectations that it will land soon. However, we think it is unlikely to be this round.</p>
CMD	<p>Crude oil prices gained over the weekend, although some profit-taking could occur into the week ahead. Note that some signs of a possible early end of the OPEC production cut deal are seen. Kuwait oil minister Almarzooq commented that "there is a possibility that (OPEC) exit the cuts agreement... if the market is re-balanced by June (this year)".</p>

Major Market

- **US:** Despite starting the week on shaky ground, equities ended firmer on Friday and major indices all marked gains to for the week. Healthcare and telecoms sectors led gains on Friday, but the attention was all on the tech stocks, which continued to recover for the fourth straight day. Positive nonfarm payrolls data provided some support, although anemic wage growth still signals the lack of inflationary pressures. Overall, the S&P 500 was up 0.55%, with the Dow and Nasdaq Composite also adding 0.49% and 0.40% respectively. VIX again lower at 9.58, compared to 10.16 previously.
- Meanwhile, long end US Treasuries underperformed, causing the curve to steepen, 10y benchmark yield was firmer at 2.376%, although the 2y slipped marginally to 1.795%. Eyes will be on the FOMC meeting on Wednesday. With a hike well-anticipated, the focus will be on the dot plot, with investors looking out for any changes in the rate hike forecast in 2018.
- **Singapore:** The Straits Times Index broke 4 straight sessions of losses and saw its best trading session in 2 weeks since Nov 21st, as buyers lifted the index back above the resistance level of 3,400, finishing on Friday at 3,424.6. Blue chip counters like Yangzijiang Shipbuilding Holdings Ltd (+3.33%) and Genting Singapore PLC (+3.13%) as well as financial institutions DBS Group Holdings Ltd (+2.48%) and Oversea-Chinese Banking Corp Ltd (+2.23%) lifted the STI. This week, investors are likely to look to central bank meetings from the likes of FOMC, BOE and ECB, in which FOMC is largely expected to hike, while BOE and ECB are expected to remain static.
- **China:** China's CPI softened slightly to 1.7% yoy in November, down from 1.9% yoy in October while China's PPI decelerated significantly to 5.8% yoy from high of 6.9%. On sequential base, CPI growth remained flat in November. The increasing service fee in healthcare was offset by the declining food prices, which fell by 0.5% mom. Given food price is expected to rise on seasonal demand, the CPI is expected to remain the current level in December.
- PPI continued expand by 0.5% on month-on-month basis due to higher raw material prices partly affected by environmental protection measures. The retreat of PPI on year-on-year basis was mainly attributable to fading low base effect. We expect PPI to fall further to below 5% in December due to base effect.
- The pass-through of higher PPI to CPI remained weak as the higher PPI was driven by supply side factor. We think this weak pass-through may persist in 2018.
- **Indonesia:** Inflation remains anaemic, but the BI appears to favour using easing macro-prudential measures, rather than outright rate cuts, to stimulate the economy. Governor Agus had announced that reserve requirement ratios will be cut in 2018. At this point, we expect limited market impact from that move, given the relatively flush monetary conditions that Indonesia is in at the moment.
- **Commodities:** Taking stock of commodity prices at year-end, we note that gold has recently dipped below our year-end outlook of \$1,248/oz, while WTI and Brent prices have surprised higher at \$57.4/bbl & \$63.4/bbl respectively vs our call for \$55 and \$60/bbl. Palm oil prices have disappointed starkly compared to our initial call of MYR3,000/MT, as the effects of a stronger ringgit so far has overwhelmed the expected influence of the year-end monsoon that could affect palm oil production in Asia.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards on Friday, with swap rates trading 1-4bps higher across most tenors. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 180bps, while the yield on JACI HY Corp rose 2bps to 6.72%. 10Y UST yields rose 1bps to 2.38%, after details of the jobs report came in mixed and offered little directional catalyst, as the change in nonfarm payrolls came in higher-than-expected, but hourly earnings came in lower-than-expected.
- **New Issues:** Huzhou City Investment Development Group Co Ltd has scheduled investor meetings for a potential USD bond issuance from 11 Dec. The expected issue ratings are 'NR/NR/BBB-'. Yangzhou Urban Construction State-owned Assets Holding (Group) Co Ltd has scheduled investor meetings for a potential bond issuance from 11 Dec. Bank of Chongqing Co Ltd has scheduled investor meetings for a potential USD AT1 issuance from 11 Dec.
- **Rating Changes:** S&P has affirmed Elion Resources Group Co Ltd's (Elion Resources) 'B' long-term corporate credit rating, while revising the outlook to negative. The rating action reflects uncertainty regarding Elion Resources' funding access, following a technical default and misuse of bond proceeds. Moody's has affirmed KEB Hana Bank, Kookmin Bank and Shinhan Bank's ratings. The outlooks on the ratings of KEB Hana Bank and Shinhan Bank have been revised to stable from negative, while the outlook on the rating of Kookmin Bank has been maintained at stable. Moody's has also placed Woori Bank's long-term ratings, long-term counterparty risk assessment baseline credit assessment (BCA) and adjusted BCA of 'Ba3' under review for upgrade. The rating action reflects the improved operating environment for the banks, and Moody's expectations that structural changes in the loan portfolio and cost base that the banks have achieved will result in improved asset quality and profitability on a more sustained basis. Fitch has upgraded Philippines Long-Term Issuer Default Rating (IDR) to 'BBB' from 'BBB-'. The outlook is stable. The rating action reflects Philippines strong and consistent macroeconomic performance, underpinned by sound policies that are supporting high and sustainable growth rates. Fitch also expects Philippines' fiscal profile to improve as a result of the government's tax reform initiative, and that there is no evidence that the violence associated with the administration's campaign against the illegal drug trade have undermined investor confidence.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	93.901	0.11%	USD-SGD	1.3530	0.10%
USD-JPY	113.480	0.34%	EUR-SGD	1.5926	0.08%
EUR-USD	1.1773	--	JPY-SGD	1.1923	-0.25%
AUD-USD	0.7509	-0.03%	GBP-SGD	1.8122	-0.50%
GBP-USD	1.3390	-0.62%	AUD-SGD	1.0160	0.08%
USD-MYR	4.0875	--	NZD-SGD	0.9252	0.19%
USD-CNY	6.6209	0.02%	CHF-SGD	1.3640	0.35%
USD-IDR	13550	-0.03%	SGD-MYR	3.0190	-0.29%
USD-VND	22710	-0.02%	SGD-CNY	4.8958	-0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	-0.0030	O/N	1.1825	--
2M	-0.3370	-0.0010	1M	1.4444	0.0125
3M	-0.3260	-0.0010	2M	1.4885	0.0121
6M	-0.2710	--	3M	1.5488	0.0127
9M	-0.2190	-0.0010	6M	1.7299	0.0074
12M	-0.1910	-0.0010	12M	2.0108	0.0134

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	99.5%	30.8%	68.1%	0.6%	0.0%
05/02/2018	99.5%	29.0%	65.8%	4.6%	0.0%
06/13/2018	99.7%	15.9%	48.9%	32.8%	2.1%
08/01/2018	99.8%	14.8%	46.6%	33.9%	4.3%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	57.36	1.18%	Copper (per mt)	6,566.5	0.47%
Brent (per barrel)	63.40	1.93%	Nickel (per mt)	10,894.5	-0.83%
Heating Oil (per gallon)	1.9288	1.68%	Aluminium (per mt)	1,993.3	0.01%
Gasoline (per gallon)	1.7166	0.98%			
Natural Gas (per MMBtu)	2.7720	0.33%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,479.0	-0.92%
			Rubber (JPY/KG)	204.1	-1.40%
Precious Metals	Futures	% chg			
Gold (per oz)	1,248.4	-0.38%			
Silver (per oz)	15.823	0.13%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,329.16	117.68
S&P	2,651.50	14.52
Nasdaq	6,840.08	27.24
Nikkei 225	22,811.08	313.05
STI	3,424.64	36.50
KLCI	1,721.25	2.20
JCI	6,030.96	24.12
Baltic Dry	1,702.00	23.00
VIX	9.58	-0.58

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.51 (+0.02)	1.79 (-0.01)
5Y	1.68 (+0.04)	2.14 (--)
10Y	2.07 (+0.03)	2.38 (+0.01)
15Y	2.39 (+0.02)	--
20Y	2.39 (+0.02)	--
30Y	2.50 (+0.02)	2.77 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.45	1.30
EURIBOR-OIS	-0.60	-1.55
TED	27.76	1.28

CFTC Commodity Positioning Update

For the week ended: 05 Dec 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	-102,078	-130,850	28,772	Gold	180,067	235,209	-55,142
Soybean	78,218	49,889	28,329	Silver	30,065	58,030	-27,965
Cotton	89,402	79,682	9,720	Natural Gas	-124,901	-99,297	-25,604
Wheat	-87,277	-92,806	5,529	Copper	26,558	43,516	-16,958
Coffee	-28,348	-32,834	4,486	Heating Oil	56,942	64,104	-7,162
Lean Hogs	70,593	67,226	3,367	Live Cattle	139,822	146,514	-6,692
Sugar	42,702	42,932	-230	RBOB Gasoline	77,595	83,874	-6,279
Palladium	23,690	24,637	-947	Cocoa	9,344	15,480	-6,136
Nymex Crude	639,757	643,662	-3,905	Platinum	27,146	32,844	-5,698

Source: CFTC, Bloomberg

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
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 Nominal SA QoQ	3Q F 0.70%	0.80%	0.60%	--
12/08/2017 07:50	JN GDP Deflator YoY	3Q F 0.10%	0.10%	0.10%	--
12/08/2017 08:00	JN Labor Cash Earnings YoY	Oct 0.80%	0.60%	0.90%	--
12/08/2017 08:30	AU Home Loans MoM	Oct -2.00%	-0.60%	-2.30%	-2.50%
12/08/2017 08:30	AU Owner-Occupier Loan Value MoM	Oct --	0.00%	-2.10%	-3.40%
12/08/2017 11:35	CH Exports YoY	Nov 5.30%	12.30%	6.90%	6.80%
12/08/2017 11:35	CH Imports YoY	Nov 13.00%	17.70%	17.20%	--
12/08/2017 11:35	CH Trade Balance	Nov \$35.00b	\$40.21b	\$38.17b	\$38.06b
12/08/2017 15:00	GE Trade Balance	Oct 21.9b	18.9b	24.1b	--
12/08/2017 15:00	GE Current Account Balance	Oct 20.0b	18.1b	25.4b	25.8b
12/08/2017 15:00	GE Exports SA MoM	Oct 1.00%	-0.40%	-0.40%	--
12/08/2017 15:30	TH Foreign Reserves	Dec-01 --	\$203.1b	\$202.7b	--
12/08/2017 15:45	FR Industrial Production YoY	Oct 2.90%	5.50%	3.20%	--
12/08/2017 15:45	FR Manufacturing Production YoY	Oct --	6.90%	3.10%	3.20%
12/08/2017 16:00	TA Exports YoY	Nov 9.40%	14.00%	3.00%	--
12/08/2017 16:00	TA Trade Balance	Nov \$4.95b	\$5.96b	\$5.20b	--
12/08/2017 17:30	UK Industrial Production YoY	Oct 3.50%	3.60%	2.50%	--
12/08/2017 17:30	UK Manufacturing Production YoY	Oct 3.80%	3.90%	2.70%	--
12/08/2017 17:30	UK Visible Trade Balance GBP/Mn	Oct -£11,500	-£10,781	-£11,253	-£10,453
12/08/2017 17:30	UK Trade Balance Non EU GBP/Mn	Oct -£3,300	-£2,382	-£2,982	-£2,993
12/08/2017 17:30	UK Trade Balance	Oct -£3,000	-£1,405	-£2,754	-£1,141
12/08/2017 18:06	ID Foreign Reserves	Nov --	\$125.97b	\$126.55b	--
12/08/2017 20:00	UK NIESR GDP Estimate	Nov 0.40%	0.50%	0.50%	--
12/08/2017 21:15	CA Housing Starts	Nov 213.0k	252.2k	222.8k	222.7k
12/08/2017 21:30	CA Capacity Utilization Rate	3Q --	85.00%	85.00%	84.30%
12/08/2017 21:30	US Change in Nonfarm Payrolls	Nov 195k	228k	261k	244k
12/08/2017 21:30	US Change in Manufact. Payrolls	Nov 15k	31k	24k	23k
12/08/2017 21:30	US Unemployment Rate	Nov 4.10%	4.10%	4.10%	--
12/08/2017 23:00	US Wholesale Inventories MoM	Oct F -0.40%	-0.50%	-0.40%	--
12/08/2017 23:00	US U. of Mich. Sentiment	Dec P 99	96.8	98.5	--
12/09/2017 09:30	CH CPI YoY	Nov 1.80%	1.70%	1.90%	--
12/09/2017 09:30	CH PPI YoY	Nov 5.80%	5.80%	6.90%	--
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%	--	4.10%	--
12/11/2017 07:50	JN Money Stock M3 YoY	Nov 3.50%	--	3.50%	--
12/11/2017 08:01	UK Rightmove House Prices MoM	Dec --	--	-0.80%	--
12/11/2017 08:01	UK Rightmove House Prices YoY	Dec --	--	1.80%	--
12/11/2017 14:00	JN Machine Tool Orders YoY	Nov P --	--	49.80%	--
12/11/2017 15:30	FR Bank of France Ind. Sentiment	Nov 107	--	106	--
12/11/2017 17:00	IT Retail Sales MoM	Oct 0.00%	--	0.90%	--
12/11/2017 17:00	IT Retail Sales YoY	Oct --	--	3.40%	--
12/11/2017 12:15	CH Money Supply M2 YoY	Nov 8.90%	--	8.80%	--
12/11/2017 12:15	CH New Yuan Loans CNY	Nov 800.0b	--	663.2b	--
12/11/2017 12:15	NZ REINZ House Sales YoY	Nov --	--	-15.80%	--
12/11/2017 12:15	AU HIA New Home Sales MoM	Oct --	--	-6.10%	--

Source: Bloomberg

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