

Highlights

Global	<p>Both US dollar and 10 year US Treasury yield fell despite the Fed raised its interest rate for the third time in 2017 as expected. Over the past 24 hours, the US dollar was hit by multiple events including the result of Alabama Senate special election and weaker than expected core US CPI. In a highly watched race, Democrat Jones won the Senate race, shrinking the Republican majority in the Senate to a mere 51-49. This will complicate Trump's ability to pass other legislation in 2018. Nevertheless, in the near term, we think it may create the urgency among Republican law makers to complete their final tax bill soon as Jones is unlikely to take over the seat before 2 January 2018.</p> <p>With the FOMC meeting come and gone, we are still awaiting for other central bank decisions, including ECB, BOE, SNB, BSP and BI later today. Data-wise, we are also looking out for a slew of PMI prints out from Europe and the US, US initial jobless claims, Japan's industrial production and China's retail sales.</p>
US	<p>The FOMC voted 7-2 to raise its benchmark rate by a quarter to a target range of 1.25%-1.5%. Chicago Fed President Charles Evans joined Minneapolis Fed President Neel Kashkari to dissent. Although the Fed is more upbeat about growth next year, which was revised up from 2.1% to 2.5%, the Fed officials left their dot plot largely unchanged with median three rate hikes. The Fed officials also lowered unemployment rate forecast to 3.9% in 2018 from 4.1% previously.</p>
UK	<p>Prime Minister Theresa May suffered from the domestic defeat as lawmakers voted 309-305 backing the amendment that guarantee Parliament a "meaningful vote" on Brexit terms after pro-European conservative party members rebelled. This may further complicate the Brexit negotiation in the coming years.</p>
CN	<p>The state council reiterated that China's state owned enterprises should reduce leverage and debt. In addition, it also ordered the SOE to step up scrutiny of overseas projects.</p>
SG	<p>The latest median 2017 GDP forecast in the MAS quarterly survey of economists tuned higher to 3.3%, up from a previous 2.5% outlook in the Sept survey. The uptick in GDP outlook is also coupled with the rise in NODX at 9.0%, up from a previous 7.4% outlook. The survey also indicated that 2018 GDP is pencilled at 3.0%.</p>
CMD	<p>Oil prices fell as the rise in gasoline inventories overshadowed the expected slump in US crude oil stocks. US crude inventories fell 5.1 million barrels, even as production hit another record high of 9.78 million barrels per day (bpd). Petrol stocks rose 5.7 million barrels however, beating analysts' expectations of 2.5 million barrels. Elsewhere, there were little surprises on the FOMC front, with the central bank raising rates by 25bps while keeping its dot-plot chart rate trajectory to another three hikes in 2018. With the uncertainty taken off the table, gold buyers likely engaged in short-covering behaviour after the rather spectacular fall in the yellow metal over the last week.</p>

Major Market

- **US:** Equities are little changed to firmer on the day of the 25 bps hike. Equities perhaps took heart from the upgraded growth and labour market forecasts in the Fed's statement, with small companies gaining the most. Reports that a deal has been done on the tax reform package also provided tailwinds. Among the major indices, the S&P 500 was little changed, but though the Dow and Nasdaq added 0.33% and 0.20% respectively. Gains were led by healthcare and consumer sectors, while financials slipped on lower long-end yields. VIX rose to 10.18, from 9.92 on Wednesday. Meanwhile, the US Treasury curve bull-steepened aggressively post-FOMC. 2y and 10y benchmark yields slipped 5-6 bps to 1.77% and 2.34% respectively.
- CPI accelerated to 2.2% yoy in November from 2% yoy in October. However, the core CPI missed the market consensus up only by 0.1% mom. The slightly soft number suggests low risk that Fed may speed up its hikes in 2018.
- **Singapore:** The STI rose 0.09%, continuing its upward trajectory for the fourth consecutive day, closing at 3,468.8. City Developments Ltd (+2.76%) and Golden Agri-Resources Ltd (+1.35%) rose while ComfortDelGro Corp Ltd (-3.47%) and StarHub Ltd (-2.02%) fell.
- **Korea:** BOK governor Lee Ju-yeol commented that the last night's Fed rate hike will likely not have any impact on Korea's domestic market, owing to the fact that the rate hike matched expectations.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded little changed yesterday, with the 1-year tenor trading 1bps lower, while the 5-year and 7-year tenors traded 1bps higher. In the broader dollar space, the spread on the Itraxx Asia ex-Japan traded little changed at 70bps. 10Y UST yields fell 6bps after the Fed's decision to raise rates, but kept its rate path unchanged for 2018 and 2019. Fed Chair Yellen's comments that high asset valuations "doesn't mean that they are necessarily overvalued" and the yield curve is "likely to be flatter than it's been in the past" in her press conference also weighed down on UST yields.
- **New Issues:** Charming Light Investments Ltd has priced a three-tranche deal (guaranteed by China Orient Asset Management (International) Holding Ltd, with the keepwell deed and equity interest purchase and investment undertaking provider being China Orient Asset Management Co Ltd), with the USD750mn floating rate bond priced at 3mL+115bps, tightening from initial guidance of 3mL+140bps; the USD1bn 10-year fixed rate bond priced at CT10+205bps, tightening from initial guidance of CT10+210bps area; and the USD250mn Perp NC5 priced at 4.25%, tightening from initial guidance of 4.5% area. The expected issue ratings are 'NR/Baa1/A-'. Bank of Chongqing Co Ltd has priced a USD750mn Perp NC5 AT1 at 5.4%, tightening from initial guidance of 5.75%. Huzhou City Investment Development Group Co Ltd has priced a USD300mn 3-year bond at CT3+295bps, tightening from initial guidance of CT3+325bps area. The expected issue ratings are 'NR/NR/BBB-'. CFLD (Cayman) Investment Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by China Fortune Land Development Co Ltd) from 13 Dec.
- **Rating Changes:** Moody's has affirmed Shenzhen Expressway Company Limited's (SZEC) 'Baa2' issuer rating and senior unsecured debt rating. The outlook remains

positive. The rating action follows SZEC's announced acquisition of Coastal Company through cash and debt, which is manageable within its 'Baa2' rating. Moody's has placed Scentre Group's 'A1' issuer ratings on review for a downgrade. At the same time, Moody's has placed (1) Scentre Management Limited's 'A1' Backed Senior Unsecured and Backed Senior Unsecured MTN (2) RE (NZ) Finance Limited's 'A1' Backed Senior Unsecured MTN and other short term ratings and (3) RE1 Limited's 'A1' Backed Senior Unsecured and other short term ratings on review for downgrade. The rating action follows Scentre Group's announcement that it intends to manage its financial ratios consistently with what it understands to be the requirement for Moody's 'A2' ratings, and as such, Moody's no longer expect Scentre group to de-lever to levels appropriate for the current 'A1' ratings.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	93.429	-0.71%	USD-SGD	1.3465	-0.41%
USD-JPY	112.540	-0.89%	EUR-SGD	1.5924	0.30%
EUR-USD	1.1826	0.72%	JPY-SGD	1.1965	0.44%
AUD-USD	0.7637	1.05%	GBP-SGD	1.8069	0.34%
GBP-USD	1.3420	0.77%	AUD-SGD	1.0282	0.61%
USD-MYR	4.0872	0.21%	NZD-SGD	0.9458	0.85%
USD-CNY	6.6195	-0.03%	CHF-SGD	1.3664	0.21%
USD-IDR	13590	0.12%	SGD-MYR	3.0211	0.13%
USD-VND	22708	0.01%	SGD-CNY	4.9005	0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.1825	--
2M	-0.3370	--	1M	1.4720	--
3M	-0.3270	--	2M	1.5122	--
6M	-0.2710	--	3M	1.5735	--
9M	-0.2210	--	6M	1.7477	--
12M	-0.1910	--	12M	2.0283	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
01/31/2018	0.8%	0.8%	0.0%	0.0%	0.0%
03/21/2018	57.5%	57.0%	0.5%	0.0%	0.0%
05/02/2018	59.6%	56.3%	3.3%	0.0%	0.0%
06/13/2018	80.0%	48.3%	30.1%	1.7%	0.0%
08/01/2018	81.2%	46.6%	31.2%	3.3%	0.1%
09/26/2018	86.1%	39.4%	35.1%	10.5%	0.9%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	56.60	-0.95%	Copper (per mt)	6,731.8	1.01%
Brent (per barrel)	62.44	-1.42%	Nickel (per mt)	11,037.0	0.22%
Heating Oil (per gallon)	1.9044	-1.51%	Aluminium (per mt)	1,990.8	-0.30%
Gasoline (per gallon)	1.6467	-3.00%			
Natural Gas (per MMBtu)	2.7150	1.38%			
			Asian Commodities	Futures	% chg
Precious Metals	Futures	% chg	Crude Palm Oil (MYR/MT)	2,458.0	-0.61%
Gold (per oz)	1,248.6	0.56%	Rubber (JPY/KG)	204.2	0.10%
Silver (per oz)	15.869	1.28%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,585.43	80.63
S&P	2,662.85	-1.26
Nasdaq	6,875.80	13.48
Nikkei 225	22,758.07	-108.10
STI	3,468.77	3.23
KLCI	1,737.66	8.09
JCI	6,054.60	22.23
Baltic Dry	1,743.00	--
VIX	10.18	0.26

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.53 (-)	1.77 (-0.05)
5Y	1.70 (+0.01)	2.10 (-0.07)
10Y	2.04 (-0.01)	2.34 (-0.06)
15Y	2.34 (-)	--
20Y	2.35 (-)	--
30Y	2.44 (-0.02)	2.73 (-0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	16.91	0.85
EURIBOR-OIS	1.58	1.07
TED	25.87	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/13/2017 03:00	US Monthly Budget Statement	Nov	-\$134.5b	-\$138.5b	-\$136.7b
12/13/2017 04:00	NZ REINZ House Sales YoY	Nov	--	-8.90%	-15.80%
12/13/2017 05:45	NZ Food Prices MoM	Nov	--	-0.40%	-1.10%
12/13/2017 07:00	SK Unemployment rate SA	Nov	3.60%	3.70%	3.60%
12/13/2017 07:30	AU Westpac Consumer Conf SA MoM	Dec	--	3.60%	-1.70%
12/13/2017 07:50	JN Core Machine Orders MoM	Oct	2.90%	5.00%	-8.10%
12/13/2017 15:00	GE CPI YoY	Nov F	1.80%	1.80%	1.80%
12/13/2017 15:00	GE CPI EU Harmonized YoY	Nov F	1.80%	1.80%	1.80%
12/13/2017 17:00	IT Industrial Production MoM	Oct	0.70%	0.50%	-1.30%
12/13/2017 17:30	UK Claimant Count Rate	Nov	--	2.30%	2.30%
12/13/2017 17:30	UK Jobless Claims Change	Nov	--	5.9k	1.1k
12/13/2017 17:30	UK ILO Unemployment Rate 3Mths	Oct	4.20%	4.30%	4.30%
12/13/2017 18:00	EC Industrial Production WDA YoY	Oct	3.20%	3.70%	3.30%
12/13/2017 20:00	US MBA Mortgage Applications	Dec-08	--	-2.30%	4.70%
12/13/2017 21:30	US CPI MoM	Nov	0.40%	0.40%	0.10%
12/14/2017 03:00	US FOMC Rate Decision (Upper Bound)	Dec-13	1.50%	1.50%	1.25%
12/14/2017 08:01	UK RICS House Price Balance	Nov	0%	--	1%
12/14/2017 08:30	AU Unemployment Rate	Nov	5.40%	--	5.40%
12/14/2017 08:30	AU Full Time Employment Change	Nov	--	--	24.3k
12/14/2017 08:30	AU Participation Rate	Nov	65.10%	--	65.10%
12/14/2017 08:30	JN Nikkei Japan PMI Mfg	Dec P	--	--	53.6
12/14/2017 10:00	CH Fixed Assets Ex Rural YTD YoY	Nov	7.20%	--	7.30%
12/14/2017 10:00	CH Industrial Production YoY	Nov	6.10%	--	6.20%
12/14/2017 12:30	JN Industrial Production MoM	Oct F	--	--	0.50%
12/14/2017 12:30	JN Capacity Utilization MoM	Oct	--	--	-1.50%
12/14/2017 14:30	IN Wholesale Prices YoY	Nov	4.00%	--	3.59%
12/14/2017 15:00	EC EU27 New Car Registrations	Nov	--	--	5.90%
12/14/2017 15:45	FR CPI YoY	Nov F	1.20%	--	1.20%
12/14/2017 16:00	PH BSP Overnight Borrowing Rate	Dec-14	3.00%	--	3.00%
12/14/2017 16:00	PH BSP Rate	Dec-14	2.50%	--	2.50%
12/14/2017 16:00	FR Markit France Manufacturing PMI	Dec P	57.2	--	57.7
12/14/2017 16:30	GE Germany Manufacturing PMI	Dec P	62	--	62.5
12/14/2017 17:00	EC Eurozone Manufacturing PMI	Dec P	59.7	--	60.1
12/14/2017 17:00	IT CPI EU Harmonized YoY	Nov F	1.10%	--	1.10%
12/14/2017 17:30	UK Retail Sales Ex Auto Fuel MoM	Nov	0.40%	--	0.10%
12/14/2017 20:00	UK Bank of England Bank Rate	Dec-14	0.50%	--	0.50%
12/14/2017 20:00	UK BOE Asset Purchase Target	Dec	435b	--	435b
12/14/2017 20:45	EC ECB Main Refinancing Rate	Dec-14	0.00%	--	0.00%
12/14/2017 20:45	EC ECB Marginal Lending Facility	Dec-14	0.25%	--	0.25%
12/14/2017 20:45	EC ECB Deposit Facility Rate	Dec-14	-0.40%	--	-0.40%
12/14/2017 21:30	CA New Housing Price Index MoM	Oct	0.20%	--	0.20%
12/14/2017 21:30	US Initial Jobless Claims	Dec-09	236k	--	236k
12/14/2017 21:30	US Continuing Claims	Dec-02	1900k	--	1908k
12/14/2017 21:30	US Retail Sales Advance MoM	Nov	0.30%	--	0.20%
12/14/2017 21:30	US Import Price Index MoM	Nov	0.70%	--	0.20%
12/14/2017 22:45	US Markit US Manufacturing PMI	Dec P	53.9	--	53.9
12/14/2017	ID Bank Indonesia 7D Reverse Repo	Dec-14	4.25%	--	4.25%
12/14/2017 12:15	IN Exports YoY	Nov	--	--	-1.10%
12/14/2017 12:15	IN Imports YoY	Nov	--	--	7.60%

Source: Bloomberg

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