

Highlights

Global	<p>The US dollar found support on Monday from better than expected US housing data despite uncertainty in the Senate's tax bill vote. Negotiations within the Senate Finance Committee, the main tax writers, continued with some Republican Senates such as Ron Johnson and Bob Corker showing different concerns about the impact of measures on fiscal deficit and small business according to media. The tax bill needs to be voted out of committee before going into the Senate floor for the final vote. However, on a positive note, one potential Republican "no" voter Ran Paul said that he would support the bill.</p> <p>Meanwhile, North Korea is back into radar again with Japan reporting that the country is preparing for another missile launch. As such, Yen gained with the USDJPY falling to around 111.</p>
US	<p>New home sales rose for the second consecutive month, up by 6.2% mom to a better than expected seasonally adjusted 685k in October. Meanwhile, sales of homes in the USD\$200K-300K range also increased more than 35% yoy.</p>
HK	<p>Exports and imports both grew at a slower pace in October 2017 and were up by 6.7% yoy and 7.9% yoy respectively. Growth of exports to major Asian countries slowed down on a broad basis. Overseas shipments to China and the US increased at a softer pace by 6.4% yoy and 0.2% yoy respectively. Meanwhile, imports from some major Asian countries also dropped. This is in line with the weaker trade activities in October in China, probably due to impact of environmental policy. Nevertheless, exports and imports of "electrical machinery, apparatus and appliances, and electrical parts thereof" increased by 6.8% yoy and 14.5% yoy respectively. This indicates that the manufacturing and trade of electrical products across Asia remained supported by global recovery. In the run-up to Christmas Holiday, we expect strong external demand to continue supporting HK's trade activities. However, due to a fading low base effect, growth in both imports and exports is likely to moderate further in the coming months. This also signals deceleration in GDP growth in the fourth quarter.</p>
MA	<p>Labour productivity growth exceeded government target of 3.7%. The highest growth in labour productivity was seen in the agriculture sector (5.2%), followed by manufacturing (5.1%), construction (4.8%) and services (3.7%). Elsewhere, BNM deputy governor Sukhdave Singh is said to resign on early retirement and is stepping down before his term in April 2019.</p>
CMD	<p>Crude palm oil prices fell to a four-month low yesterday, closing MYR2,589/MT, given weaker alternative agricultural oils such as soybean. Elsewhere, Malaysia's palm oil production rose 12.9% at end October, while shipments declined 8.4% for the period 1 – 25 November according to cargo surveyor Intertek Testing Services. Elsewhere, some safe haven demand into gold was likely seen given the uptick in uncertainty over Europe-centric politics. Crude oil dipped likely on profit-taking, prices are expected to stay range-bound as market-watchers eye closely on the upcoming OPEC meeting.</p>

Major Market

- **US:** Equities gave back early gains to end little changed on Monday. Defensives like utilities and telecoms led gains, while energy stocks were dragged by lower crude oil prices ahead of the OPEC meeting. The Dow closed marginally higher, while the Dow and Nasdaq Composite were lower. VIX rose to 9.87, compared to 9.67 previously. Meanwhile, Treasury yields softened, with the 2y and 10y yields standing at 1.740% and 2.328% respectively. For today, watch for Powell's Senate confirmation hearing. We expect Powell to reiterate the current policy direction, and not offer much in the way of shocks.
- **Singapore:** The STI slipped into negative territories yesterday (-0.17%), closing at 3,436.4. The index largely pared gains at opening, but traded higher before the closing bell. For today, the Straits Times Index might trade sideways today after mixed signals from Wall Street overnight.
- **Macau:** Unemployment rate reduced a tad from 2.0% in 3Q to 1.9% over the three months through October 2017. However, the labor market condition appeared to have been slackening with total labor force and total employed population sliding to 387,200 (lowest since this Feb) and 379,800 (lowest since this Mar) respectively. Besides, labor force participation rate dropped to 70.8%, a level last seen in the three months through Jan 2010. By industry, only employment in the gaming sector rose slightly by 0.4% mom, due to rosy performance of the sector. For other major industries, including wholesale and retail, construction, hotel and restaurants, saw its employment decreasing by 3.4%, 1.8% and 2.9% on a monthly basis respectively. Nevertheless, we expect labor market slack to shrink. As a slew of mega projects are scheduled to commerce operation in the coming years, hiring sentiments are set to recover, especially given positive domestic economic outlook.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-flattened yesterday, with swap rates trading 1-4bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corp traded little changed at 179bps, while the yield on JACI HY Corp rose 1bps to 6.94%. 10Y UST yields fell 1bps to 2.33%, as a report indicating that Japan has received a signal that North Korea is preparing for a missile launch sent yields downwards.
- **New Issues:** Bank of Communications Co, Hong Kong Branch has priced a two-tranche deal, with the USD400mn 3-year floating rate bond priced at 3mL+80bps, tightening from initial guidance of 3mL+105bps area; and the USD600mn 5-year floating rate bond priced at 3mL+90bps, tightening from initial guidance of 3mL+115bps area. The expected issue ratings are 'A-/NR/NR'. China Construction Bank Corporation, Hong Kong Branch has priced a three-tranche deal, with the USD500mn 3-year fixed-rate bond priced at CT3+100bps, tightening from initial guidance of CT3+115bps; the USD800mn 3-year floating rate bond priced at 3mL+80bps, with the initial guidance at Libor equivalent; and the USD400mn 5-year fixed rate bond priced at CT5+100bps, tightening from initial guidance of CT5+120bps area. The expected issue ratings are 'NR/A1/NR'. King Talent Management Ltd has priced a USD400mn Perp NC5 (guaranteed by Far East Horizon Ltd) at 5.6%, tightening from initial guidance of 5.75%. The expected issue ratings are 'NR/NR/BB'. Lodha Developers International Ltd has priced a USD125mn re-tap of its LOHDA 12%'20s at 106.25, higher than initial guidance of 105.5 area. The expected issue ratings are 'NR/B2/NR'. ORIX Corporation

has priced a USD700mn 7-year bond at CT7+105bps, tightening from a revised initial guidance of CT7+120bps area. The expected issue ratings are 'A-/NR/A-'.

- **Rating Changes:** Fitch has assigned Dong Yin Development (Holdings) Limited (Dong Yin) Issuer Default Ratings (IDRs) of 'A-'. The outlook is stable. The ratings on Dong Yin are credit-linked to those of its parent, China Orient Asset Management Co Ltd (COAM), as Fitch believes that COAM would provide Dong Yin extraordinary support if needed, as COAM has strong oversight and supervision over Dong Yin, and COAM has 100% ownership of Dong Yin.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	92.904	0.13%	USD-SGD	1.3459	0.02%
USD-JPY	111.090	-0.39%	EUR-SGD	1.6013	-0.27%
EUR-USD	1.1898	-0.29%	JPY-SGD	1.2121	0.46%
AUD-USD	0.7602	-0.20%	GBP-SGD	1.7925	-0.13%
GBP-USD	1.3318	-0.14%	AUD-SGD	1.0233	-0.13%
USD-MYR	4.1140	-0.06%	NZD-SGD	0.9306	0.54%
USD-CNY	6.5992	-0.04%	CHF-SGD	1.3712	-0.15%
USD-IDR	13508	0.03%	SGD-MYR	3.0583	0.08%
USD-VND	22722	-0.01%	SGD-CNY	4.9038	-0.07%

Equity and Commodity

Index	Value	Net change
DJIA	23,580.78	22.79
S&P	2,601.42	-1.00
Nasdaq	6,878.52	-10.64
Nikkei 225	22,495.99	-54.86
STI	3,436.36	-5.79
KLCI	1,719.86	2.63
JCI	6,064.59	-2.55
Baltic Dry	1,458.00	--
VIX	9.87	0.20

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1838	--
2M	-0.3420	--	1M	1.3376	--
3M	-0.3290	--	2M	1.4121	--
6M	-0.2720	--	3M	1.4676	--
9M	-0.2180	--	6M	1.6539	--
12M	-0.1860	--	12M	1.9361	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.47 (+0.02)	1.74 (--)
5Y	1.71 (+0.03)	2.05 (-0.02)
10Y	2.13 (+0.04)	2.33 (-0.01)
15Y	2.45 (+0.03)	--
20Y	2.44 (+0.04)	--
30Y	2.55 (+0.03)	2.77 (--)

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	95.9%	95.9%	0.0%	0.0%	0.0%
01/31/2018	95.9%	95.1%	0.8%	0.0%	0.0%
03/21/2018	98.3%	43.1%	54.7%	0.5%	0.0%
05/02/2018	98.4%	40.1%	53.9%	4.3%	0.0%
06/13/2018	99.1%	22.4%	47.6%	27.1%	2.0%
08/01/2018	99.2%	20.9%	45.8%	28.5%	3.7%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	11.41	0.60
EURIBOR-OIS	2.80	--
TED	20.66	--

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	58.11	-1.42%	Copper (per mt)	6,961.1	-1.07%
Brent (per barrel)	63.84	-0.03%	Nickel (per mt)	11,520.0	-3.90%
Heating Oil (per gallon)	1.9478	-0.26%	Aluminium (per mt)	2,122.8	0.09%
Gasoline (per gallon)	1.7893	0.07%			
Natural Gas (per MMBtu)	2.9280	4.09%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,589.0	-1.56%
			Rubber (JPY/KG)	194.2	-0.77%
Precious Metals	Futures	% chg			
Gold (per oz)	1,298.9	0.55%			
Silver (per oz)	17.119	0.15%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Positioning Update

For the week ended: 21 Nov 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	-148,288	-166,835	18,547	Natural Gas	-79,072	-65,140	-13,932
Sugar	34,270	17,996	16,274	Live Cattle	148,895	158,822	-9,927
Cotton	64,229	57,680	6,549	Lean Hogs	68,183	76,440	-8,257
Gold	205,747	202,469	3,278	Nymex Crude	613,976	621,717	-7,741
Platinum	26,979	25,553	1,426	Cocoa	15,844	19,134	-3,290
Copper	40,125	39,656	469	RBOB Gasoline	84,140	86,710	-2,570
Wheat	-81,034	-81,206	172	Soybean	34,027	36,481	-2,454
Palladium	22,639	22,494	145	Coffee	-39,673	-37,227	-2,446
Heating Oil	60,410	60,420	-10	Silver	66,215	68,214	-1,999

Source: CFTC, OCBC Bank

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/27/2017 07:50	JN PPI Services YoY	Oct	0.90%	0.80%	0.90%	--
11/27/2017 12:09	MU Unemployment Rate	Oct	--	1.90%	2.00%	--
11/27/2017 16:30	HK Exports YoY	Oct	10.10%	6.70%	9.40%	--
11/27/2017 16:30	HK Imports YoY	Oct	9.50%	7.90%	9.70%	--
11/27/2017 16:30	HK Trade Balance HKD	Oct	-41.9b	-44.0b	-44.7b	--
11/27/2017 17:00	IT Economic Sentiment	Nov	--	108.8	109.1	--
11/27/2017 17:00	IT Manufacturing Confidence	Nov	111.8	110.8	111	110.9
11/27/2017 17:00	IT Consumer Confidence Index	Nov	116.5	114.3	116.1	116
11/27/2017 23:00	US New Home Sales	Oct	628k	685k	667k	645k
11/27/2017 23:00	US New Home Sales MoM	Oct	-6.30%	6.20%	18.90%	14.20%
11/27/2017 23:30	US Dallas Fed Manf. Activity	Nov	24	19.4	27.6	--
11/28/2017 05:00	SK Business Survey Manufacturing	Dec	--	82	84	--
11/28/2017 05:00	SK Business Survey Non-Manufacturing	Dec	--	80	79	--
11/28/2017 15:00	GE Import Price Index MoM	Oct	0.40%	--	0.90%	--
11/28/2017 15:00	GE Import Price Index YoY	Oct	2.50%	--	3.00%	--
11/28/2017 15:45	FR Consumer Confidence	Nov	101	--	100	--
11/28/2017 17:00	EC M3 Money Supply YoY	Oct	5.10%	--	5.10%	--
11/28/2017 20:00	GE GfK Consumer Confidence	Dec	10.7	--	10.7	--
11/28/2017 21:30	US Wholesale Inventories MoM	Oct P	0.40%	--	0.30%	--
11/28/2017 21:30	CA Industrial Product Price MoM	Oct	0.50%	--	-0.30%	--
11/28/2017 21:30	CA Raw Materials Price Index MoM	Oct	3.00%	--	-0.10%	--
11/28/2017 22:00	US FHFA House Price Index MoM	Sep	0.50%	--	0.70%	--
11/28/2017 22:00	US House Price Purchase Index QoQ	3Q	--	--	1.60%	--
11/28/2017 22:00	US S&P CoreLogic CS 20-City YoY NSA	Sep	6.04%	--	5.92%	--
11/28/2017 22:00	US S&P CoreLogic CS 20-City NSA Index	Sep	--	--	202.87	--
11/28/2017 22:00	US S&P CoreLogic CS US HPI YoY NSA	Sep	--	--	6.07%	--
11/28/2017 22:00	US S&P CoreLogic CS US HPI NSA Index	Sep	--	--	195.05	--
11/28/2017 23:00	US Conf. Board Consumer Confidence	Nov	124	--	125.9	--
11/28/2017 23:00	US Richmond Fed Manufact. Index	Nov	14	--	12	--
11/28/2017	MU Trade Balance	Oct	--	--	-6200m	--
11/27/2017 11/30	VN CPI YoY	Nov	2.80%	--	2.98%	--
11/27/2017 11/30	VN Retail Sales YTD YoY	Nov	--	--	10.70%	--
11/27/2017 11/30	VN Imports YTD YoY	Nov	21.50%	--	22.00%	--
11/27/2017 11/30	VN Exports YTD YoY	Nov	21.40%	--	20.70%	--
11/28/2017 12/03	UK Nationwide House Px NSA YoY	Nov	2.60%	--	2.50%	--
11/28/2017 12/03	UK Nationwide House PX MoM	Nov	0.20%	--	0.20%	--

Source: Bloomberg

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