

Highlights

Global	<p>Global investor sentiments remained fairly sanguine, with the Dow ploughing to fresh record highs as investors rotated from tech to financial stocks, amid upbeat comments Fed chair Yellen coupled with hopes of the US Senate vote on the tax reform bill and healthy economic data. Yellen opined that “with gradual adjustments in the stance of monetary policy, the economy will continue to expand and the job market will strengthen somewhat further, supporting faster growth in wages and incomes” and “overall vulnerabilities in the financial sector appear moderate”. The Fed’s Beige Book also noted that economic activity as continuing to increase at a modest to moderate pace in October and mid-November” and “a slight improvement in the outlook among contacts in reporting districts”. Note bitcoin surged past \$10k to an intraday high of \$11.4k before closing back below the \$10k handle.</p> <p>Asian bourses may tread cautiously ahead of the possible US Senate vote on the tax reform bill, China’s official manufacturing and non-manufacturing PMIs, BOK policy decision (potentially the first rate hike in more than six years and notwithstanding yesterday’s latest ICBM missile launch by North Korea) and the OPEC meeting outcome on whether to prolong supply cuts beyond Mar18. Today’s economic data releases include US’ core PCE deflator, personal spending and income, initial jobless claims, Eurozone’s inflation and unemployment rate, HK retail sales, Thai trade and Spore’s bank loans data. Speakers include ECB’s Mersch, Fed’s Quarles and Kaplan.</p>
US	<p>3Q17 GDP growth estimates were revised higher to 3.3% qoq annualised, the fastest in three years, amid healthy business spending and inventories. Separately, Fed’s Dudley said that the Fed is in considering “what it would mean” to offer digital currencies.</p>
EZ	<p>Bundesbank president Weidmann suggested that “evidence is mounting the economic outlook will be at least as good as previously forecast, if not even better” as “many short-term indicators have surprised positively”. This prompted markets to pencil in upgrades for the ECB’s refreshed forecasts in two weeks’ time. Meanwhile, the ECB’s financial stability report also noted that “the financial stability situation ...has continued to evolve positively over the past six months”.</p>
SG	<p>Bank loans may ease from the 6.2% yoy pace in Sep amid a higher base in 4Q16. We tip 4Q17 bank loans growth to average around 4% yoy to bring full-year 2017 average growth to 5.4% yoy.</p>
KR	<p>The KOSPI continued its decline yesterday, as market-watchers worry over the recent intensification of geopolitical tensions. BOK is slated to meet later today, though we look for policy makers to refrain hiking rates (currently at 1.25%) accounting for the relatively weaker industrial production amid the recent missile firing from N. Korean shores.</p>
CMD	<p>OPEC and Russia iterated their readiness to extend their production cut to the end of 2018 (or signaling an extension of 9 months, against our call for a 3 – 6 months extension). Specifically, Russian energy minister Novak commented that the “market is still not rebalanced... everybody recommended to extend the agreement”. Market-watchers remain unconvinced over another rally however, with oil prices falling further overnight. Elsewhere, the ringgit continued to rally and pressured palm oil prices lower; CPO futures hit its 4-month low.</p>

Major Market

- **US:** Major equity indices ended mixed on Wednesday. Better than expected 3Q GDP figures and optimistic comments by Yellen on the broad economy led to gains in early trade, but the afternoon saw a sell-off in tech mega-caps in what was believed to be a rotation play. Overall, the Dow rose 0.44%, while the Nasdaq Composite slid 1.27% as the broader tech sector followed the lead of the mega-caps. The S&P 500 was marginally lower. VIX stood at 10.70, compared to 10.03 previously.
- Meanwhile, US Treasury yields firmed across the board. 2y and 10y benchmark yields 2-6 bps to 1.762% and 2.388% respectively. Comments from a series of Fed speakers were generally positive on the economy, with Williams anticipating a pick-up in inflation in 2018. This appeared to give some credence to Fed's rate hike path into 2018.
- **Eurozone:** German inflation picked up speed to 1.8% yoy. However, Bundesbank warned that "there is a danger that low interest rates and the favourable economic conditions in Germany may cause market participants to underestimate risks". Reports that UK and EU had reached agreement on a financial settlement for Brexit also sent gilt yields higher on market speculation that the BOE could bring forward another rate hike in 2018.
- **China:** China's banking regulator CBRC reiterated that it will tighten financial regulation and supervision gradually.
- **Hong Kong:** One-month HIBOR rose for the fifth consecutive trading day to 1% on Nov 29, reaching its highest level since late 2008. Before end of this year, we remain wary that uptrend of one-month and three-month HIBORs may persist amid year-end effect and rising expectations on Fed's Dec rate hike. As HIBOR-based mortgage rates surpassed its cap, further increase in HIBOR may add more pressure to the banks to lift the prime rate for the first time since 2006. Historically, when the gap between 1-month HIBOR and Prime Rate (5%) narrows to 3% - 3.5% (currently 4%), banks will be prompted to lift the Prime Rate. Nevertheless, we believe that HIBOR will come off after end of this year given relatively flush liquidity at home and abroad. As 1-month HIBOR is unlikely to surpass and stay above 1.5% in the near term, we see limited possibility of banks adjusting the prime rate in the coming months.
- **Singapore:** The STI declined 0.01% yesterday to close at 3438.99 and may continue to consolidate amid weak cues from Nikkei and Kospi this morning. STI's support and resistance are tipped at 3409 and 3440. With the UST bond yield curve slightly steeper as longer-dated yields led the sell-off, SGS bonds are likely to follow suit today.
- **Indonesia:** Bank Indonesia will be extending current reserve requirements to Islamic banks and non-rupiah deposits, and is planning further tweaks to the rules heading into 2018.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded marginally higher yesterday, with swap rates trading 1-2bps 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 6.98%. 10Y UST yields rose 6bps to 2.39%, as US Treasuries sold off after Federal Reserve Chairwoman Janet Yellen called economic growth "increasingly broad based" and USD GDP data came in stronger-than-expected.

- **New Issues:** Ali Baba Group Holding Ltd has priced a five-tranche deal, with the USD700mn 5.5-year bond priced at CT5+100bps, tightening from CT5+100bps area; the USD2.55bn 10-year bond priced at CT10+108bps, tightening from initial guidance of CT10+125-130bps area; the USD1bn 20-year bond priced at CT20+118bps, tightening from initial guidance of CT20+140bps area; the USD1.75bn 30-year bond priced at CT30+138bps, tightening from initial guidance of CT30+160bps area, and the USD1bn 40-year bond priced at CT40+158bps, tightening from initial guidance of CT30+180bps. The Third Pakistan International Sukuk Company Ltd has priced a two-tranche deal (with The President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan being the obligor), with the USD1bn 5-year Sukuk bond priced at 5.625%, tightening from initial guidance of 6% area; and the USD1.5bn 10-year bond priced at 6.875%, tightening from initial guidance of low 7% area. The expected issue ratings are 'B/B3/NR'. Indian Railway Finance Corporation Ltd has scheduled investor meetings for potential USD-denominated 10-year green bonds issuance from 30 Nov.
- **Rating Changes:** S&P has downgraded Mitsubishi UFJ Financial Group Inc's (MUFG) long-term issuer credit rating and issue ratings on its senior unsecured instruments to 'A-' from 'A'. At the same time, S&P has downgraded the rating on MUFG's major banking subsidiaries, including Bank of Tokyo-Mitsubishi UFJ Ltd (BTMU) to 'A' from 'A+'. S&P has also downgraded the issue ratings of the senior unsecured instruments that BTMU and Mitsubishi UFG Trust and Banking Corp have issue to 'A' from 'A+', and lowered the issue ratings on preferred securities issued by MUFG's special purpose vehicle to 'BBB-' from 'BBB'. The outlook is stable. The rating action reflects S&P's view that the economic risks of MUFJ's business portfolio has been rising, as MUFG has been expanding to overseas markets that have higher economic risks than Japan. Moody's has downgraded SAI Global Holding II (Australia) Pty Ltd's (SAI Global) corporate credit rating to 'B2' from 'Ba3'. At the same time, Moody's has downgraded the rating of SAI Global Holdings I (Australia) Pty Ltd's first lien term loan B and its senior secured rating to 'B2' from 'Ba3', and the senior secured rating of its second lien term loan facility to 'Caa1' from 'B2'. The outlook is stable. The rating action reflects SAI Global's weak operating performance in fiscal 2017 and that earnings in fiscal 2018 will also be significantly lower due to significant organizational restructure, additional new investment, and a delay in achieving its cost-out program. Fitch has affirmed Baidu Inc's (Baidu) Issuer Default Ratings and senior unsecured ratings at 'A', while removing the ratings from Rating Watch Negative. The outlook is stable. The rating action reflects Baidu's continued strong cash generation from its core search services and its commitment to manage exposure from its riskier Financial Services Group. Fitch has affirmed AquaSure Finance Pty Ltd's (AquaSure Finance) 'A-' senior secured debt and removed the ratings from Rating Watch Negative. The outlook is stable. The rating action follows the completion of repairs to the electrical equipment and the subsequent strong operating performance of AquaSure's desalination plant in Victoria.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.164	-0.11%	USD-SGD	1.3470	0.07%
USD-JPY	111.930	0.40%	EUR-SGD	1.5959	0.13%
EUR-USD	1.1847	0.06%	JPY-SGD	1.2036	-0.31%
AUD-USD	0.7570	-0.33%	GBP-SGD	1.8064	0.60%
GBP-USD	1.3409	0.52%	AUD-SGD	1.0198	-0.25%
USD-MYR	4.0817	-0.51%	NZD-SGD	0.9269	-0.19%
USD-CNY	6.6167	0.13%	CHF-SGD	1.3681	0.03%
USD-IDR	13500	-0.07%	SGD-MYR	3.0362	-0.44%
USD-VND	22715	-0.03%	SGD-CNY	4.9115	-0.01%

Equity and Commodity

Index	Value	Net change
DJIA	23,940.68	103.97
S&P	2,626.07	-0.97
Nasdaq	6,824.39	-87.97
Nikkei 225	22,597.20	110.96
STI	3,438.99	-3.36
KLCI	1,720.38	5.96
JCI	6,061.37	-9.35
Baltic Dry	1,506.00	--
VIX	10.70	0.67

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.1850	--
2M	-0.3420	--	1M	1.3498	--
3M	-0.3290	--	2M	1.4228	--
6M	-0.2740	--	3M	1.4788	--
9M	-0.2180	--	6M	1.6574	--
12M	-0.1860	--	12M	1.9380	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.49 (+0.01)	1.76 (+0.02)
5Y	1.71 (-)	2.11 (+0.05)
10Y	2.12 (-)	2.39 (+0.06)
15Y	2.45 (-)	--
20Y	2.45 (+0.01)	--
30Y	2.56 (+0.01)	2.82 (+0.07)

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	98.5%	37.4%	60.6%	0.5%	0.0%
05/02/2018	98.6%	35.6%	59.4%	3.5%	0.0%
06/13/2018	99.2%	19.9%	48.5%	29.2%	1.6%
08/01/2018	99.3%	18.6%	46.5%	30.5%	3.5%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	11.81	-0.13
EURIBOR-OIS	2.90	0.01
TED	20.48	--

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	57.30	-1.19%	Copper (per mt)	6,764.9	-0.97%
Brent (per barrel)	63.11	-0.79%	Nickel (per mt)	11,468.0	1.51%
Heating Oil (per gallon)	1.9221	-1.47%	Aluminium (per mt)	2,054.5	-1.68%
Gasoline (per gallon)	1.7309	-2.32%			
Natural Gas (per MMBtu)	3.1790	3.42%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,563.0	-0.93%
			Rubber (JPY/KG)	199.5	1.79%
Precious Metals	Futures	% chg			
Gold (per oz)	1,286.2	-1.00%			
Silver (per oz)	16.561	-2.11%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
11/29/2017 07:50	JN Retail Trade YoY	Oct	0.20%	-0.20%	2.30%
11/29/2017 10:00	VN CPI YoY	Nov	2.80%	2.62%	2.98%
11/29/2017 15:45	FR GDP QoQ	3Q P	0.50%	0.50%	0.50%
11/29/2017 15:45	FR GDP YoY	3Q P	2.20%	2.20%	2.20%
11/29/2017 17:30	UK Mortgage Approvals	Oct	65.0k	64.6k	66.2k
11/29/2017 18:00	EC Consumer Confidence	Nov F	0.1	0.1	0.1
11/29/2017 20:00	US MBA Mortgage Applications	Nov-24	--	-3.10%	0.10%
11/29/2017 21:00	GE CPI MoM	Nov P	0.30%	0.30%	0.00%
11/29/2017 21:00	GE CPI YoY	Nov P	1.70%	1.80%	1.60%
11/29/2017 21:00	GE CPI EU Harmonized MoM	Nov P	0.20%	0.30%	-0.10%
11/29/2017 21:00	GE CPI EU Harmonized YoY	Nov P	1.70%	1.80%	1.50%
11/29/2017 21:30	US GDP Annualized QoQ	3Q S	3.20%	3.30%	3.00%
11/29/2017 21:30	US GDP Price Index	3Q S	2.20%	2.10%	2.20%
11/29/2017 23:00	US Pending Home Sales MoM	Oct	1.00%	3.50%	0.00%
11/30/2017 05:45	NZ Building Permits MoM	Oct	--	-9.60%	-2.30%
11/30/2017 07:00	SK Industrial Production YoY	Oct	3.00%	-5.90%	8.40%
11/30/2017 07:50	JN Industrial Production MoM	Oct P	1.80%	--	-1.00%
11/30/2017 07:50	JN Industrial Production YoY	Oct P	7.10%	--	2.60%
11/30/2017 08:00	NZ ANZ Business Confidence	Nov	--	--	-10.1
11/30/2017 08:30	AU Private Sector Credit MoM	Oct	0.40%	--	0.30%
11/30/2017 08:30	AU Private Sector Credit YoY	Oct	5.30%	--	5.40%
11/30/2017 08:30	AU Building Approvals MoM	Oct	-1.00%	--	1.50%
11/30/2017 09:00	CH Manufacturing PMI	Nov	51.4	--	51.6
11/30/2017 15:00	UK Nationwide House PX MoM	Nov	0.10%	--	0.20%
11/30/2017 15:00	UK Nationwide House Px NSA YoY	Nov	2.70%	--	2.50%
11/30/2017 15:30	TH Exports YoY	Oct	--	--	13.40%
11/30/2017 15:30	TH BoP Current Account Balance	Oct	\$3000m	--	\$6287m
11/30/2017 15:45	FR CPI EU Harmonized YoY	Nov P	1.20%	--	1.20%
11/30/2017 15:45	FR CPI MoM	Nov P	0.10%	--	0.10%
11/30/2017 15:45	FR CPI YoY	Nov P	1.20%	--	1.10%
11/30/2017 16:30	HK Retail Sales Value YoY	Oct	4.90%	--	5.60%
11/30/2017 16:55	GE Unemployment Change (000's)	Nov	-10k	--	-11k
11/30/2017 16:55	GE Unemployment Claims Rate SA	Nov	5.60%	--	5.60%
11/30/2017 18:00	EC Unemployment Rate	Oct	8.90%	--	8.90%
11/30/2017 18:00	IT CPI NIC incl. tobacco MoM	Nov P	0.00%	--	-0.20%
11/30/2017 18:00	IT CPI EU Harmonized MoM	Nov P	0.00%	--	0.00%
11/30/2017 18:00	IT CPI EU Harmonized YoY	Nov P	1.20%	--	1.10%
11/30/2017 18:00	EC CPI Estimate YoY	Nov	1.60%	--	1.40%
11/30/2017 21:30	US Initial Jobless Claims	Nov-25	240k	--	239k
11/30/2017 21:30	US Personal Income	Oct	0.30%	--	0.40%
11/30/2017 21:30	US Personal Spending	Oct	0.30%	--	1.00%
11/30/2017 22:45	US Chicago Purchasing Manager	Nov	63	--	66.2
11/30/2017	SK BoK 7-Day Repo Rate	Nov-30	1.50%	--	1.25%

Source: Bloomberg

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