

Highlights

Global	<p>US markets were closed yesterday due to a national day of mourning for former President George H.W. Bush. On the trade front, according to Bloomberg, Chinese officials have begun preparing to restart imports of US soybeans and LNG although the Chinese Ministry of Commerce has not responded to request for comments regarding this. Meanwhile, OPEC+ members have agreed to undertake a production cut in 2019 (with the participation of Russia for six months) despite President Trump's insistence that they keep the taps flowing. They appear though to have not agreed on how big a cut they should undertake but the core OPEC group (which excludes Russia) will meet today to discuss on exactly who will cut and how much. Regarding Brexit, secret legal advice on the deal was published of which Attorney General Geoffrey Cox has warned that the UK has no way of "lawfully" leaving the Irish backstop arrangement which could mean the country may be trapped in it for "many years". On interest rates, the Bank of Canada held rates as they dialled back the optimism amid concerns over the oil sector whilst the Reserve Bank of India also left rates unchanged as they appeared less hawkish and instead signalled they were open to adjust monetary policy if upside risks to inflation do not materialize. Asian markets are probably set to have a mixed start given the uncertainty regarding trade talks. Key economic data releases today include US jobs, factory and trade data, Australia trade data, South Korea balance of payments and German factory orders.</p>
US	<p>Cues of positive sentiment were reported by most districts surveyed for the December Federal Reserve Beige Book, but a tight labour market, rising rates and the US-Sino trade war were cited in some as reasons for "waned" optimism. The issue of trade tariffs received consistent mentions as it did in the previous Beige Book in October, and "reports of tariff-induced cost increases have spread more broadly from manufacturers and contractors to retailers and restaurants".</p>
UK	<p>Prime Minister Theresa May has sent Chief Whip Julian Smith to negotiate with the Pro-Brexit Research Group of Conservative lawmakers in order to secure their support as she attempts desperately to get the deal passed through parliament.</p>
MY	<p>Exports recorded a big recovery in October at 17.7% yoy (Sept 2018: 6.7% yoy) whilst imports also picked up at 11.4% yoy (Sept 2018: -2.7% yoy). The trade surplus slightly widened to RM16.32bn (Sept 2018: RM15.27bn). Exports were driven by higher shipments of manufactured goods (19.9% yoy) and mining goods (29.6% yoy). The latter was supported by stronger commodity prices whilst the former was particularly propped up by the strong growth in electrical and electronic products. Exports to China also rose by about 33% yoy.</p>
ID	<p>According to Bloomberg, Finance Minister Sri Mulyani sees that state revenue could grow by 18.2% yoy for 2018 whilst spending could increase by 11% yoy.</p>

Major Markets

- **US:** The information collated for the December Federal Reserve Beige Book were dated up till 26 November, hence the next Beige Book will provide more insights into the Trump-Xi trade truce's impact on businesses.
- Wall Street was closed on Wednesday to observe the passing of former president George H.W. Bush.
- **China:** Caixin Services PMI printed 53.8 in November, advancing from 50.8 in October, and is the highest reading since June. Incoming new businesses drove gains, with the sub-component increasing from 50.1 to 52.5.
- **Singapore:** The STI retreated 0.37% on Wednesday, with Yangzijiang Shipbuilding Holdings (+2.42%) and Golden Agri-Resources (+2.00%) posting gains, while Thai Beverage (-2.40%) and Sembcorp Industries (-1.83%) registered losses.
- **Indonesia:** Coordinating Minister for Economic Affairs Darmin Nasution said he believes that the IDR's fundamental level is at around 13,000 but he sees it possibly getting to "maybe 13,700 or 13,800". He also noted that the big gap between imports and exports growth will make it hard to narrow the current account deficit and described it as "a 50-year-old problem since New Order era". He sees Indonesia's 2018 GDP growth to come out at 5.14 – 5.15% for 2018 and 5.3% yoy for 2019. He further mentioned that the president's regulation on a revised negative investment list may be issued this week.
- **Philippines:** BSP Governor Nestor Espenilla has said that "monetary policy will need to stay vigilant to keep inflation under control amid expected strong economic growth". He also mentioned to "pay close attention to the core inflation trend which continues to rise through November" and that "strong monetary action has significantly reinforced the anti-inflation process through the expectations route and a firmer peso".

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, with swap rates for the shorter tenors trading 2-3bps lower while the longer tenors traded 5-7bps lower. Both the Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS were unchanged at 158bps and 616bps respectively. 10Y UST yields remain unchanged at 2.91% as US markets were closed on Wednesday to mark the death of President George H.W. Bush.
- **New Issues:** Zhuji Development Ltd has priced a USD230mn 3-year bond (guaranteed by Zhuji State-owned Assets Management Co Ltd) at 7.0%. Nuoxi Capital Ltd has hired banks for its potential USD/EUR bond issuance (guaranteed by Peking University Founder Group Company Ltd). Haitong Securities Co Ltd has hired banks for its potential USD/EUR bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.070	0.11%	USD-SGD	1.3670	0.12%
USD-JPY	113.190	0.37%	EUR-SGD	1.5510	0.17%
EUR-USD	1.1344	0.01%	JPY-SGD	1.2076	-0.21%
AUD-USD	0.7268	-0.95%	GBP-SGD	1.7407	0.24%
GBP-USD	1.2734	0.12%	AUD-SGD	0.9936	-0.83%
USD-MYR	4.1540	0.18%	NZD-SGD	0.9430	-0.30%
USD-CNY	6.8568	0.30%	CHF-SGD	1.3701	0.11%
USD-IDR	14403	0.78%	SGD-MYR	3.0376	-0.16%
USD-VND	23305	0.06%	SGD-CNY	5.0127	0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	2.1761	--
2M	-0.3360	--	1M	2.3795	--
3M	-0.3160	--	2M	2.5363	--
6M	-0.2470	--	3M	2.7389	--
9M	-0.1940	--	6M	2.8964	--
12M	-0.1420	--	12M	3.1329	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	75.7%	75.7%	0.0%	0.0%	0.0%
01/30/2019	76.7%	73.5%	3.1%	0.0%	0.0%
03/20/2019	88.3%	48.6%	38.2%	1.6%	0.0%
05/01/2019	89.5%	44.7%	39.2%	5.3%	0.2%
06/19/2019	92.4%	35.4%	40.7%	14.6%	1.6%
07/31/2019	92.8%	33.9%	40.5%	16.0%	2.3%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.89	-0.68%	Coffee (per lb)	1.010	-0.93%
Brent (per barrel)	61.56	-0.84%	Cotton (per lb)	0.8011	1.70%
Heating Oil (per gallon)	1.8886	-0.65%	Sugar (per lb)	0.1272	-0.24%
Gasoline (per gallon)	1.4456	0.15%	Orange Juice (per lb)	1.4390	-0.21%
Natural Gas (per MMBtu)	4.4690	0.27%	Cocoa (per mt)	2,060	-2.14%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,102.4	0.71%	Wheat (per bushel)	5.1450	-0.91%
Nickel (per mt)	11,094.5	--	Soybean (per bushel)	9.135	0.19%
Aluminium (per mt)	1,981.3	--	Corn (per bushel)	3.7425	--
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,237.1	-0.32%	Crude Palm Oil (MYR/MT)	1,780.0	-1.11%
Silver (per oz)	14.463	-0.40%	Rubber (JPY/KG)	141.2	0.21%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,027.07	--
S&P	2,700.06	--
Nasdaq	7,158.43	--
Nikkei 225	21,919.33	-116.72
STI	3,155.92	-11.87
KLCI	1,688.27	-6.72
JCI	6,133.12	-19.74
Baltic Dry	1,237.00	--
VIX	20.74	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.04 (-0.01)	2.79 (--)
5Y	2.08 (-0.03)	2.79 (--)
10Y	2.26 (-0.06)	2.91 (--)
15Y	2.53 (-0.07)	--
20Y	2.58 (-0.06)	--
30Y	2.69 (-0.06)	3.17 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	36.54	-0.70
EURIBOR-OIS	4.19	-0.04
TED	33.18	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
12/05/2018 00:00	NZ QV House Prices YoY	Nov	--	3.50%	5.40%	3.80%
12/05/2018 05:00	SK Foreign Reserves	Nov	--	\$402.99b	\$402.75b	--
12/05/2018 08:00	NZ ANZ Commodity Price	Nov	--	-0.60%	-2.40%	--
12/05/2018 08:30	JN Nikkei Japan PMI Services	Nov	--	52.3	52.4	--
12/05/2018 08:30	JN Nikkei Japan PMI Composite	Nov	--	52.4	52.5	--
12/05/2018 08:30	HK Nikkei Hong Kong PMI	Nov	--	47.1	48.6	--
12/05/2018 08:30	AU GDP SA QoQ	3Q	0.60%	0.30%	0.90%	--
12/05/2018 08:30	AU GDP YoY	3Q	3.30%	2.80%	3.40%	3.10%
12/05/2018 09:00	PH CPI YoY 2012=100	Nov	6.30%	6.00%	6.70%	--
12/05/2018 09:45	CH Caixin China PMI Composite	Nov	--	51.9	50.5	--
12/05/2018 09:45	CH Caixin China PMI Services	Nov	50.7	53.8	50.8	--
12/05/2018 12:00	MA Exports YoY	Oct	5.80%	17.70%	6.70%	6.50%
12/05/2018 12:00	MA Trade Balance MYR	Oct	11.60b	16.32b	15.27b	15.23b
12/05/2018 13:00	IN Nikkei India PMI Services	Nov	--	53.7	52.2	--
12/05/2018 13:00	IN Nikkei India PMI Composite	Nov	--	54.5	53	--
12/05/2018 16:00	SI Automobile COE Open Bid Cat A	Dec-05	--	23568	25000	--
12/05/2018 16:00	SI Automobile COE Open Bid Cat B	Dec-05	--	31001	31101	--
12/05/2018 16:00	TA CPI YoY	Nov	0.90%	0.31%	1.17%	--
12/05/2018 16:20	TA Foreign Reserves	Nov	--	\$461.38b	\$460.18b	--
12/05/2018 16:45	IT Markit/ADACI Italy Services PMI	Nov	49.3	50.3	49.2	--
12/05/2018 16:45	IT Markit/ADACI Italy Composite PMI	Nov	49.1	49.3	49.3	--
12/05/2018 16:50	FR Markit France Services PMI	Nov F	55	55.1	55	--
12/05/2018 16:50	FR Markit France Composite PMI	Nov F	54	54.2	54	--
12/05/2018 16:55	GE Markit Germany Services PMI	Nov F	53.3	53.3	53.3	--
12/05/2018 16:55	GE Markit/BME Germany Composite PMI	Nov F	52.2	52.3	52.2	--
12/05/2018 17:00	IN RBI Repurchase Rate	Dec-05	6.50%	6.50%	6.50%	--
12/05/2018 17:00	IN RBI Reverse Repo Rate	Dec-05	6.25%	6.25%	6.25%	--
12/05/2018 17:00	IN RBI Cash Reserve Ratio	Dec-05	4.00%	4.00%	4.00%	--
12/05/2018 17:00	EC Markit Eurozone Services PMI	Nov F	53.1	53.4	53.1	--
12/05/2018 17:00	EC Markit Eurozone Composite PMI	Nov F	52.4	52.7	52.4	--
12/05/2018 17:30	UK Markit/CIPS UK Services PMI	Nov	52.5	50.4	52.2	--
12/05/2018 17:30	UK Markit/CIPS UK Composite PMI	Nov	52.1	50.7	52.1	--
12/05/2018 18:00	EC Retail Sales MoM	Oct	0.20%	0.30%	0.00%	-0.50%
12/05/2018 18:00	EC Retail Sales YoY	Oct	2.00%	1.70%	0.80%	0.30%
12/05/2018 20:00	US MBA Mortgage Applications	Nov-30	--	2.00%	5.50%	--
12/05/2018 23:00	CA Bank of Canada Rate Decision	Dec-05	1.75%	1.75%	1.75%	--
12/06/2018 03:00	US U.S. Federal Reserve Releases Beige Book					
12/06/2018 03:00	US Beige Book Released Live Due to George H W Bush Funeral					
12/06/2018 07:00	SK BoP Current Account Balance	Oct	--	\$9190.3m	\$10831.4m	--
12/06/2018 07:50	JN Japan Buying Foreign Bonds	Nov-30	--	--	-¥736.4b	--
12/06/2018 07:50	JN Foreign Buying Japan Bonds	Nov-30	--	--	¥392.0b	--
12/06/2018 07:50	JN Foreign Buying Japan Stocks	Nov-30	--	--	-¥195.0b	--
12/06/2018 08:30	AU Trade Balance	Oct	A\$3000m	--	A\$3017m	--
12/06/2018 08:30	AU Retail Sales MoM	Oct	0.30%	--	0.20%	--
12/06/2018 15:00	GE Factory Orders MoM	Oct	-0.40%	--	0.30%	--
12/06/2018 15:00	GE Factory Orders WDA YoY	Oct	-3.10%	--	-2.20%	--
12/06/2018 16:30	GE Markit Germany Construction PMI	Nov	--	--	49.8	--
12/06/2018 21:15	US ADP Employment Change	Nov	195k	--	227k	--
12/06/2018 21:30	CA Int'l Merchandise Trade	Oct	-0.73b	--	-0.42b	--
12/06/2018 21:30	US Trade Balance	Oct	-\$55.0b	--	-\$54.0b	--
12/06/2018 21:30	US Initial Jobless Claims	Dec-01	225k	--	234k	--
12/06/2018 21:30	US Continuing Claims	Nov-24	1690k	--	1710k	--
12/06/2018 22:45	US Bloomberg Consumer Comfort	Dec-02	--	--	60.6	--
12/06/2018 22:45	US Markit US Services PMI	Nov F	54.4	--	54.4	--
12/06/2018 22:45	US Markit US Composite PMI	Nov F	--	--	54.4	--
12/06/2018 23:00	US ISM Non-Manufacturing Index	Nov	59	--	60.3	--
12/06/2018 23:00	US Factory Orders	Oct	-2.00%	--	0.70%	--
12/06/2018 23:00	US Durable Goods Orders	Oct F	-2.40%	--	-4.40%	--
12/06/2018 23:00	US Durables Ex Transportation	Oct F	0.10%	--	0.10%	--
12/06/2018 23:00	US Cap Goods Orders Nondef Ex Air	Oct F	--	--	0.00%	--
12/06/2018 23:00	US Cap Goods Ship Nondef Ex Air	Oct F	--	--	0.30%	--
12/06/2018 12/13	VN Domestic Vehicle Sales YoY	Nov	--	--	39.10%	--

Source: Bloomberg

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