

Highlights

Global	<p>US mid-term election results yielded a Democrat House and a Republican Senate as polls had tipped, prompting Wall Street higher, a flatter yield curve with the 10-year UST bond yield to continue to tread around 3.23% and the USD also slipped against the majors. We do not see Democrat control of the House as severely impeding the Republican agenda in the immediate term, especially for trade policy, but contentious issues like healthcare, immigration and the budget deficit may remain hot button issues in 2019. Essentially market attention will now likely turn to the upcoming FOMC meeting where consensus is for no change to the Fed Funds rate, but a potential tweak to the IOER may materialise. There is no refresh of the dots plot or a Powell press conference, so market players may have to look elsewhere for other market catalysts.</p> <p>Asian bourses may resume on a more positive tone with the US mid-term election uncertainties out of the way. First up is the BNM policy meeting where the OPR is likely to be static at 3.25% notwithstanding a lower growth forecast for both 2018-2019 and a looser fiscal policy stance. Today's economic data calendar comprises of China trade data, Philippines' 3Q GDP growth, US' initial jobless claims, European Commission's updated forecasts, German trade, and Spore's COE tender results. ECB's Draghi and Coeure are speaking.</p>
US	Attorney General Jeff Sessions has resigned at the request of President Trump.
NZ	This morning, RBNZ kept its official cash rate unchanged at 1.75% and tips to maintain it through 2019-2020, leaving the central bank as potentially the last bastion of the accommodative camp in the G10 space. RBNZ opined that the pickup in 2Q growth was partly due to temporary factors, core CPI remains below the 2% mid-point target (despite higher fuel prices which were deemed to pass through as volatility) and downside risks to the growth outlook remain from weak business sentiments and trade tensions.
CH	China's FX reserve fell further to US\$3.058 trillion in October from US\$3.087 trillion in September partly due to valuation effect as a result of stronger dollar in October. However, with the USDCNY approaching 7, pressure on capital outflows may also heighten which may further weighed down the FX reserve.
SG	Prime Minister Lee Hsien Loong said that a general election in 2019 is "always possible".
MY	Foreign reserves fell to US\$101.7bn as of 31st October 2018 (15th Oct 2018: US\$102.8bn).
ID	The government sold Rp20t worth of debt as of 6th November 2018, which is twice the initial target of Rp10t. The Ministry of Finance also said that incoming bids were at Rp59.5t, the highest it has been since the 18th January 2018 auction. Meanwhile, foreign reserves rose for the month of October to US\$115.2bn (Sept 2018: US\$114.9bn), the first time since January 2018

Major Markets

- **US:** Wall Street surged on Wednesday, with the S&P500 rising by 2.12%. The DJIA gained 2.13%, while the Nasdaq composite climbed 2.64%. The US midterm elections panned out as per market expectations (Democrats win the House and Republicans keep the Senate), sparing markets from shock and buoyed investor confidence across the board as all 3 major indexes closed by more than 2% higher.
- Michael Kors equity plunged 14.62% after the fashion designer firm reported same-store sales which missed expectations and revised its full-year forecast downwards due to currency exchange woes.
- Noble Energy (+4.18%) and Anadarko Petroleum (+5.70%) were among the oil drillers which saw shares rise following the rejection of Proposition 112 in Colorado, which proposed measures to curb drilling activity.
- **Singapore:** After gaining 0.15% to close at 3065.36 yesterday, the STI may extend gains today and potentially eye the 3100 resistance amid the overnight rally in Wall Street and morning gains in Kospi. UST bond yields climbed by up to 3bps, led by the shorter-dated tenors which flattened the yield curve, and this sets the tone for the SGS bond market for today as well.
- **Philippines:** The country's trade deficit for September 2018 was at US\$3.93bn (Aug 2018: US\$3.49bn), the widest known level based on Bloomberg data. Imports grew by 26.1% yoy for the month whilst exports contracted by 2.6% yoy. Meanwhile, 2Q 2018 growth was raised to 6.2% yoy from 6.0% yoy due to adjustments for the real estate and mining sector.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates trading 1bps higher across most tenors (with the exception of the 30-year swap rates trading 2bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 148bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 3bps to 574bps. 10Y UST yields fell 5bps to 3.18% in the earlier part of the trading session as the results of a divided Congress after the US midterm elections caused concerns over the impact on government spending and borrowing in the coming year. Yields subsequently rose 6bps to close at 3.24% on the back of supply pressure from a USD19bn 30-year bond auction as well as a rally in Wall Street stocks.
- **New Issues:** Geely Sweden Finance AB has priced a USD250mn 3-year bond (guaranteed by Zhejiang Geely Holding Group Company Limited) at 5%, tightening from its initial price guidance of 5.25%. PT Indonesia Asahan Aluminium (Persero) has priced a USD4bn deal across 4 tranches, with the USD1bn 3-year bond priced at 5.5%, tightening from its initial price guidance of 5.875%; the USD1.25bn 5-year bond at 6.0%, tightening from its initial price guidance of 6.5%; the USD1bn 10-year bond at 6.875%, tightening from its initial price guidance of 7.375% and the USD750mn 30-year bond at 7.375%, tightening from its initial price guidance of 8.0%. LG Display Co Ltd has priced a USD300mn 3-year green bond (guaranteed by Korea Development Bank) at CT3+90bps, tightening from its initial price guidance of CT3+115bps area. Suhyup Bank has scheduled for investor meetings from 12 Nov for its potential bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.997	-0.33%	USD-SGD	1.3719	-0.11%
USD-JPY	113.520	0.08%	EUR-SGD	1.5676	-0.11%
EUR-USD	1.1426	-0.01%	JPY-SGD	1.2086	-0.17%
AUD-USD	0.7276	0.40%	GBP-SGD	1.8008	0.11%
GBP-USD	1.3126	0.21%	AUD-SGD	0.9982	0.29%
USD-MYR	4.1635	-0.32%	NZD-SGD	0.9308	0.56%
USD-CNY	6.9200	0.01%	CHF-SGD	1.3687	-0.09%
USD-IDR	14590	-1.45%	SGD-MYR	3.0442	0.13%
USD-VND	23310	--	SGD-CNY	5.0540	0.35%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1766	--
2M	-0.3360	--	1M	2.3169	--
3M	-0.3170	--	2M	2.4286	--
6M	-0.2580	--	3M	2.5913	--
9M	-0.1970	--	6M	2.8415	--
12M	-0.1490	--	12M	3.1164	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
11/08/2018	13.4%	13.4%	0.0%	0.0%	0.0%
12/19/2018	78.1%	68.1%	10.0%	0.0%	0.0%
01/30/2019	79.5%	65.2%	13.6%	0.6%	0.0%
03/20/2019	94.7%	32.1%	51.8%	10.2%	0.5%
05/01/2019	95.3%	29.1%	49.6%	15.0%	1.6%
06/19/2019	98.1%	14.5%	37.3%	35.8%	9.6%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	61.67	-0.87%	Coffee (per lb)	1.156	2.08%
Brent (per barrel)	72.07	-0.08%	Cotton (per lb)	0.7896	1.98%
Heating Oil (per gallon)	2.2371	2.23%	Sugar (per lb)	0.1301	0.39%
Gasoline (per gallon)	1.6474	-2.75%	Orange Juice (per lb)	1.3685	0.59%
Natural Gas (per MMBtu)	3.5550	--	Cocoa (per mt)	2,383	0.17%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,072.6	0.81%	Wheat (per bushel)	5.1025	-0.34%
Nickel (per mt)	11,709.0	--	Soybean (per bushel)	8.678	-0.49%
Aluminium (per mt)	1,942.0	--	Corn (per bushel)	3.7225	-0.27%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,228.7	0.20%	Crude Palm Oil (MYR/MT)	1,950.0	--
Silver (per oz)	14.569	0.48%	Rubber (JPY/KG)	139.4	-0.29%

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

Equity and Commodity

Index	Value	Net change
DJIA	26,180.30	545.29
S&P	2,813.89	58.44
Nasdaq	7,570.75	194.79
Nikkei 225	22,085.80	-61.95
STI	3,065.36	4.74
KLCI	1,714.88	6.08
JCI	5,939.89	15.96
Baltic Dry	1,395.00	--
VIX	16.36	-3.55

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.12 (-)	2.96 (+0.03)
5Y	2.30 (+0.01)	3.08 (+0.02)
10Y	2.52 (+0.01)	3.24 (+0.01)
15Y	2.80 (-)	--
20Y	2.83 (-)	--
30Y	2.95 (-)	3.44 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	27.57	-0.61
EURIBOR-OIS	4.18	0.88
TED	25.06	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/07/2018 05:45	NZ Unemployment Rate	3Q	4.40%	3.90%	4.50%	4.40%
11/07/2018 05:45	NZ Employment Change QoQ	3Q	0.50%	1.10%	0.50%	0.60%
11/07/2018 05:45	NZ Employment Change YoY	3Q	2.00%	2.80%	3.70%	--
11/07/2018 08:00	JN Labor Cash Earnings YoY	Sep	1.10%	1.10%	0.90%	0.80%
11/07/2018 09:00	PH Exports YoY	Sep	4.50%	-2.60%	3.10%	3.40%
11/07/2018 09:00	PH Imports YoY	Sep	18.10%	26.10%	11.00%	--
11/07/2018 09:00	PH Trade Balance	Sep	-\$3100m	-\$3927m	-\$3513m	-\$3494m
11/07/2018 10:00	NZ 2Yr Inflation Expectation	4Q	--	2.03%	2.04%	--
11/07/2018 13:00	JN Leading Index CI	Sep P	103.9	103.9	104.5	--
11/07/2018 15:00	GE Industrial Production SA MoM	Sep	0.00%	0.20%	-0.30%	0.10%
11/07/2018 15:00	GE Industrial Production WDA YoY	Sep	0.50%	0.80%	-0.10%	0.20%
11/07/2018 15:00	MA Foreign Reserves	Oct-31	--	\$101.7b	\$102.8b	--
11/07/2018 16:00	TA Trade Balance	Oct	\$4.20b	\$3.36b	\$4.33b	--
11/07/2018 16:00	TA Exports YoY	Oct	8.00%	7.30%	2.60%	--
11/07/2018 16:00	TA Imports YoY	Oct	12.60%	17.60%	13.90%	--
11/07/2018 16:19	PH Foreign Reserves	Oct	--	\$74.8b	\$75.2b	\$74.9b
11/07/2018 16:30	UK Halifax House Prices MoM	Oct	0.80%	0.70%	-1.40%	-1.30%
11/07/2018 16:30	UK Halifax House Price 3Mths/Year	Oct	1.30%	1.50%	2.50%	--
11/07/2018 16:30	GE Markit Germany Construction PMI	Oct	--	49.8	50.2	--
11/07/2018 16:30	CH Foreign Reserves	Oct	\$3058.50b	\$3053.10b	\$3087.03b	--
11/07/2018 16:30	HK Foreign Reserves	Oct	--	\$423.1b	\$426.4b	--
11/07/2018 17:00	IT Retail Sales MoM	Sep	-0.20%	-0.80%	0.70%	0.60%
11/07/2018 17:00	IT Retail Sales YoY	Sep	2.10%	-2.50%	2.20%	2.10%
11/07/2018 17:00	SI Foreign Reserves	Oct	--	\$290.27b	\$291.33b	--
11/07/2018 18:00	EC Retail Sales MoM	Sep	0.10%	0.00%	-0.20%	0.30%
11/07/2018 18:00	EC Retail Sales YoY	Sep	0.90%	0.80%	1.80%	2.20%
11/07/2018 18:14	ID Foreign Reserves	Oct	--	\$115.20b	\$114.85b	--
11/07/2018 20:00	US MBA Mortgage Applications	Nov-02	--	-4.00%	-2.50%	--
11/08/2018 04:00	NZ RBNZ Official Cash Rate	Nov-08	1.75%	1.75%	1.75%	--
11/08/2018 07:50	JN Core Machine Orders MoM	Sep	-9.00%	-18.30%	6.80%	--
11/08/2018 07:50	JN Core Machine Orders YoY	Sep	7.70%	-7.00%	12.60%	--
11/08/2018 07:50	JN BoP Current Account Balance	Sep	¥1786.5b	¥1821.6b	¥1838.4b	--
11/08/2018 07:50	JN Trade Balance BoP Basis	Sep	¥334.2b	¥323.3b	¥219.3b	--
11/08/2018 07:50	JN Japan Buying Foreign Bonds	Nov-02	--	¥167.3b	¥1077.8b	¥1074.9b
11/08/2018 07:50	JN Foreign Buying Japan Bonds	Nov-02	--	¥547.4b	¥556.8b	¥554.9b
11/08/2018 07:50	JN Foreign Buying Japan Stocks	Nov-02	--	¥107.6b	¥349.0b	¥356.9b
11/08/2018 08:01	UK RICS House Price Balance	Oct	-2%	--	-2%	--
11/08/2018 10:00	PH GDP YoY	3Q	6.20%	--	6.00%	6.20%
11/08/2018 15:00	MA BNM Overnight Policy Rate	Nov-08	3.25%	--	3.25%	--
11/08/2018 15:00	GE Trade Balance	Sep	20.0b	--	17.2b	17.1b
11/08/2018 15:00	GE Current Account Balance	Sep	21.0b	--	15.3b	--
11/08/2018 15:00	GE Exports SA MoM	Sep	0.40%	--	-0.10%	0.10%
11/08/2018 15:00	GE Imports SA MoM	Sep	0.80%	--	-2.70%	-2.40%
11/08/2018 15:45	FR Trade Balance	Sep	-5833m	--	-5632m	--
11/08/2018 16:00	SI Automobile COE Open Bid Cat A	Nov-07	--	--	25556	--
11/08/2018 16:00	SI Automobile COE Open Bid Cat B	Nov-07	--	--	31302	--
11/08/2018 21:15	CA Housing Starts	Oct	198.0k	--	188.7k	--
11/08/2018 21:30	CA New Housing Price Index MoM	Sep	0.00%	--	0.00%	--
11/08/2018 21:30	US Initial Jobless Claims	Nov-03	213k	--	214k	--
11/08/2018 21:30	US Continuing Claims	Oct-27	1634k	--	1631k	--
11/08/2018 22:45	US Bloomberg Consumer Comfort	Nov-04	--	--	60.3	--
11/08/2018	CH Trade Balance	Oct	\$35.15b	--	\$31.69b	\$31.70b
11/08/2018	CH Imports YoY	Oct	14.50%	--	14.30%	--
11/08/2018	CH Exports YoY	Oct	11.70%	--	14.50%	--
11/08/2018 11/13	VN Domestic Vehicle Sales YoY	Oct	--	--	24.70%	--

Source: Bloomberg

OCBC Treasury Research	
Macro Research Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Tommy Xie Dongming XieD@ocbc.com Terence Wu TerenceWu@ocbc.com Alan Lau AlanLau@ocbc.com	Credit Research Andrew Wong WongVKAM@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com Seow Zhi Qi ZhiQiSeow@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).