

Highlights

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|---------------|---|
| Global | <p>Wall Street saw little change yesterday and ended very much flat. China has reportedly detained a second Canadian citizen, Michael Spavor, who is being investigated regarding “suspected activities harming state security”. On the EU front, the European Central Bank (ECB) held the benchmark rate at 0% as they put out a somewhat dovish remark, suggesting that future hikes may even be delayed. However, they have announced that they will halt the €2.6trillion stimulus program by year end even though there are concerning signs of a slowing global economy. Meanwhile, regarding Brexit, according to Bloomberg, European leaders will apparently be looking to publish a declaration that should ease concerns about the Irish backstop of which two unnamed EU diplomats have claimed would have legal force. On the oil front, also according to Bloomberg, American-based oil refiners have been informed to expect much lower shipments from Saudi Arabia as the country looks to slash exports. However, the International Energy Agency has mentioned that it is still too early to tell whether oil-supply cuts announced by OPEC and its allies will succeed. Asian markets may likely trade lower today. Key economic data releases include European PMIs, Japan industrial production and PMI, US retail sales and PMI, India trade data and the slew of Chinese data which includes retail sales, industrial production, jobless rate and property investment numbers.</p> |
| US | <p>Treasury Secretary Steven Mnuchin spoke that he is “happy” serving in his current capacity, but is open to an opportunity to serve as President Trump’s chief of staff. Trump had narrowed his list of possible candidates to 5 people for selection.</p> |
| EU | <p>When asked about the outlook risks, ECB’s Draghi warned of “continuing confidence with increasing caution” which lent a somewhat dovish tone even though the central bank proceeded to halt monthly asset purchases. He maintained that monetary policy remains very accommodative and the ECB remains committed to maintaining the stock for an extended period of time as it is. He also hinted that the guidance for the timing of the first rate hike is “both date contingent and it’s also state contingent, namely depending on the situation of the economy”. Note that the December 2018 Eurosystem staff macroeconomic projections for the euro area had been revised slightly lower to 1.9% in 2018 and 1.7% in 2019.</p> <p>Germany’s IFO Institute has pared its growth forecasts to 1.5% for 2018 which will ease further to 1.1% in 2019, down from the earlier forecasts of 1.9% for both years, albeit it tips growth to reaccelerate to 1.6% in 2020 amid the headwinds of auto industry problems, trade conflicts and Brexit uncertainties.</p> |
| UK | <p>Leader of the House of Commons Andrea Leadsom said that the government will aim to carry out the vote on PM May’s Brexit deal “as soon as possible” when Parliament returns to office on 7 Jan 2019, and by 21 Jan next year.</p> |
| PH | <p>The central bank held the benchmark rate yesterday for the first time in six meetings. The BSP had noted that “recent inflation readings indicate signs of receding price pressures”. They also mentioned that “constraints on food supply continue to ease with the implementation of various non-monetary measures” and “expectations have also steadied given the decline in international crude oil prices and the stabilization of the peso”.</p> |

Major Markets

- **US:** Wall Street ended mixed on Thursday, with the S&P500 slipping 0.02%. The DJIA rose 0.29%, while the Nasdaq composite fell 0.39%.
- Amazon shares declined 0.31% after it was announced that Whole Foods, which it owns, will see its partnership with Instacart end when it halts grocery delivery for the retailer.
- General Electric Co. equity soared 7.30% upon announcement that the industrial giant will launch an industrial internet-of-things (IOT) firm under its management.
- **China:** In its last Politburo meeting for 2018, China's top policy makers did not explicitly mention the downside risk for the economy as they did in October despite ongoing US-China trade war and slowing global outlook. Although it did not highlight the de-leverage, the meeting reiterated the importance of carrying on three economic battles including financial risk, poverty and pollution. This shows China will continue to play a balancing game into 2019 and will not lose the grip on containing financial risk. The latest politburo meeting will set the tone for the upcoming Central Economic Working Conference, which China is expected to slow the growth target further.
- **Singapore:** The STI closed higher by 0.36% to 3,111.08 on Thursday. Golden-Agri Resources (+3.92%) and Thai Beverage (+2.54%) made gains, while Jardine Matheson Holdings (-1.58%) and Keppel Corp. (-0.98%) registered losses.
- **Indonesia:** The central bank injected US\$125m worth of IDR through an FX swap auction yesterday.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded little changed yesterday, with swap rates for the shorter tenors trading 1bps lower while the longer tenors traded within 1bps lower (with the exception of the 12-year swap rates trading 2bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 160bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 16bps to 594bps. 10Y UST yields fell 2bps to 2.89% in the earlier part of the trading session as investors digested the European Central Bank's reduced growth and inflation forecasts for next year. Yields subsequently recovered 2bps to close at 2.91% as Wall Street stocks recovered.
- **New Issues:** Fantasia Holdings Group Co Ltd has priced a USD130mn 3NP2 bond (subsidiary guarantors: certain non-PRC subsidiaries of the issuer) at 15.0%, in line with the final price guidance. Chengdu Communications Investment Group Corporation has priced a USD400mn 3-year bond at 5.5%, in line with the final price guidance. Xinhua (BVI) 2018 Holding Company Ltd has priced a USD240mn 3NCNP2 bond (parent guarantor: Xinhua Zhongbao Co Ltd) at 11.0%, in line with the final price guidance. Yichang High-Tech Investment Development Co Ltd has priced a USD50mn 3-year bond at 7.5%, in line with the final price guidance. Zhengzhou Metro Group Co Ltd has priced a USD500mn 3-year bond at 5.3%, tightening from its initial price guidance of 5.6%."

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 97.064 | 0.02% | USD-SGD | 1.3714 | -0.06% |
| USD-JPY | 113.630 | 0.30% | EUR-SGD | 1.5579 | -0.14% |
| EUR-USD | 1.1361 | -0.07% | JPY-SGD | 1.2073 | -0.31% |
| AUD-USD | 0.7227 | 0.10% | GBP-SGD | 1.7345 | 0.08% |
| GBP-USD | 1.2643 | 0.11% | AUD-SGD | 0.9911 | 0.04% |
| USD-MYR | 4.1792 | -0.13% | NZD-SGD | 0.9403 | -0.07% |
| USD-CNY | 6.8816 | 0.02% | CHF-SGD | 1.3797 | -0.10% |
| USD-IDR | 14497 | -0.69% | SGD-MYR | 3.0514 | 0.14% |
| USD-VND | 23292 | -0.01% | SGD-CNY | 5.0161 | 0.02% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3680 | -- | O/N | 2.1848 | -- |
| 2M | -0.3360 | -- | 1M | 2.4401 | -- |
| 3M | -0.3120 | -- | 2M | 2.5849 | -- |
| 6M | -0.2410 | -- | 3M | 2.7775 | -- |
| 9M | -0.1940 | -- | 6M | 2.8923 | -- |
| 12M | -0.1310 | -- | 12M | 3.1013 | -- |

Fed Rate Hike Probability

| Meeting | Prob Hike | 2.25-2.5 | 2.5-2.75 | 2.75-3 | 3-3.25 |
|------------|-----------|----------|----------|--------|--------|
| 12/19/2018 | 75.6% | 75.6% | 0.0% | 0.0% | 0.0% |
| 01/30/2019 | 76.9% | 73.0% | 3.9% | 0.0% | 0.0% |
| 03/20/2019 | 85.1% | 55.2% | 28.6% | 1.4% | 0.0% |
| 05/01/2019 | 86.7% | 51.0% | 31.3% | 4.2% | 0.1% |
| 06/19/2019 | 89.9% | 41.8% | 36.1% | 10.9% | 1.1% |
| 07/31/2019 | 90.8% | 39.2% | 36.6% | 12.9% | 1.9% |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------|--------|-------------------------|---------|--------|
| WTI (per barrel) | 52.58 | 2.80% | Coffee (per lb) | 0.988 | 1.07% |
| Brent (per barrel) | 61.45 | 2.16% | Cotton (per lb) | 0.7941 | -0.70% |
| Heating Oil (per gallon) | 1.8765 | 1.38% | Sugar (per lb) | 0.1275 | 0.08% |
| Gasoline (per gallon) | 1.4782 | 4.07% | Orange Juice (per lb) | 1.3865 | 0.11% |
| Natural Gas (per MMBtu) | 4.1240 | -0.29% | Cocoa (per mt) | 2,200 | 4.17% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 6,090.3 | -0.22% | Wheat (per bushel) | 5.2775 | 2.43% |
| Nickel (per mt) | 10,724.0 | -- | Soybean (per bushel) | 9.070 | -1.41% |
| Aluminium (per mt) | 1,925.3 | -- | Corn (per bushel) | 3.7550 | -0.20% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,242.7 | -0.14% | Crude Palm Oil (MYR/MT) | 1,835.0 | 1.21% |
| Silver (per oz) | 14.729 | 0.03% | Rubber (JPY/KG) | 159.6 | 8.42% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 24,597.38 | 70.11 |
| S&P | 2,650.54 | -0.53 |
| Nasdaq | 7,070.33 | -27.98 |
| Nikkei 225 | 21,816.19 | 213.44 |
| STI | 3,111.08 | 11.09 |
| KLCI | 1,676.00 | 12.73 |
| JCI | 6,177.72 | 62.14 |
| Baltic Dry | 1,353.00 | -- |
| VIX | 20.65 | -0.81 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 2.02 (-0.01) | 2.76 (-0.01) |
| 5Y | 2.12 (-0.02) | 2.75 (-0.01) |
| 10Y | 2.30 (-0.01) | 2.91 (--) |
| 15Y | 2.54 (-0.01) | -- |
| 20Y | 2.58 (-0.01) | -- |
| 30Y | 2.67 (-0.02) | 3.17 (+0.02) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 39.90 | -- |
| EURIBOR-OIS | 4.55 | -0.01 |
| TED | 39.22 | -- |

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised | |
|------------------|---|--------|------------------|------------------|------------------|-------------|
| 12/13/2018 05:45 | NZ Food Prices MoM | Nov | -- | -0.60% | -0.60% | -- |
| 12/13/2018 07:50 | JN Japan Buying Foreign Bonds | Dec-07 | -- | ¥1241.4b | ¥1053.5b | -- |
| 12/13/2018 07:50 | JN Foreign Buying Japan Stocks | Dec-07 | -- | ¥446.6b | ¥137.9b | -- |
| 12/13/2018 08:01 | UK RICS House Price Balance | Nov | -10% | -11% | -10% | -- |
| 12/13/2018 15:00 | GE CPI MoM | Nov F | 0.10% | 0.10% | 0.10% | -- |
| 12/13/2018 15:00 | GE CPI YoY | Nov F | 2.30% | 2.30% | 2.30% | -- |
| 12/13/2018 15:00 | GE CPI EU Harmonized MoM | Nov F | 0.10% | 0.10% | 0.10% | -- |
| 12/13/2018 15:00 | GE CPI EU Harmonized YoY | Nov F | 2.20% | 2.20% | 2.20% | -- |
| 12/13/2018 15:45 | FR CPI EU Harmonized MoM | Nov F | -0.20% | -0.20% | -0.20% | -- |
| 12/13/2018 15:45 | FR CPI EU Harmonized YoY | Nov F | 2.20% | 2.20% | 2.20% | -- |
| 12/13/2018 15:45 | FR CPI MoM | Nov F | -0.20% | -0.20% | -0.20% | -- |
| 12/13/2018 15:45 | FR CPI YoY | Nov F | 1.90% | 1.90% | 1.90% | -- |
| 12/13/2018 16:00 | PH BSP Overnight Borrowing Rate | Dec-13 | 4.75% | 4.75% | 4.75% | -- |
| 12/13/2018 20:45 | EC ECB Main Refinancing Rate | Dec-13 | 0.00% | 0.00% | 0.00% | -- |
| 12/13/2018 20:45 | EC ECB Marginal Lending Facility | Dec-13 | 0.25% | 0.25% | 0.25% | -- |
| 12/13/2018 20:45 | EC ECB Deposit Facility Rate | Dec-13 | -0.40% | -0.40% | -0.40% | -- |
| 12/13/2018 21:30 | CA New Housing Price Index MoM | Oct | 0.00% | 0.00% | 0.00% | -- |
| 12/13/2018 21:30 | US Import Price Index MoM | Nov | -1.00% | -1.60% | 0.50% | -- |
| 12/13/2018 21:30 | US Initial Jobless Claims | Dec-08 | 226k | 206k | 231k | 233k |
| 12/13/2018 21:30 | US Continuing Claims | Dec-01 | 1649k | 1661k | 1631k | 1636k |
| 12/13/2018 22:45 | US Bloomberg Consumer Comfort | Dec-09 | -- | 59.4 | 60.3 | -- |
| 12/14/2018 03:00 | US Monthly Budget Statement | Nov | -\$199.0b | -\$204.9b | -\$100.5b | -- |
| 12/14/2018 04:00 | NZ REINZ House Sales YoY | Nov | -- | 2.60% | 15.50% | -- |
| 12/14/2018 05:30 | NZ BusinessNZ Manufacturing PMI | Nov | -- | 53.5 | 53.5 | 53.7 |
| 12/14/2018 07:50 | JN Tankan Large Mfg Index | 4Q | 18 | 19 | 19 | -- |
| 12/14/2018 07:50 | JN Tankan Large Mfg Outlook | 4Q | 17 | 15 | 19 | -- |
| 12/14/2018 07:50 | JN Tankan Large Non-Mfg Index | 4Q | 21 | 24 | 22 | -- |
| 12/14/2018 07:50 | JN Tankan Large Non-Mfg Outlook | 4Q | 20 | 20 | 22 | -- |
| 12/14/2018 07:50 | JN Tankan Large All Industry Capex | 4Q | 12.80% | 14.30% | 13.40% | -- |
| 12/14/2018 08:30 | JN Nikkei Japan PMI Mfg | Dec P | -- | -- | 52.2 | -- |
| 12/14/2018 10:00 | CH Retail Sales YoY | Nov | 8.80% | -- | 8.60% | -- |
| 12/14/2018 10:00 | CH Retail Sales YTD YoY | Nov | 9.10% | -- | 9.20% | -- |
| 12/14/2018 10:00 | CH Industrial Production YoY | Nov | 5.90% | -- | 5.90% | -- |
| 12/14/2018 10:00 | CH Industrial Production YTD YoY | Nov | 6.40% | -- | 6.40% | -- |
| 12/14/2018 10:00 | CH Fixed Assets Ex Rural YTD YoY | Nov | 5.80% | -- | 5.70% | -- |
| 12/14/2018 12:30 | JN Capacity Utilization MoM | Oct | -- | -- | -1.50% | -- |
| 12/14/2018 12:30 | JN Industrial Production MoM | Oct F | -- | -- | 2.90% | -- |
| 12/14/2018 12:30 | JN Industrial Production YoY | Oct F | -- | -- | 4.20% | -- |
| 12/14/2018 14:30 | IN Wholesale Prices YoY | Nov | 4.64% | -- | 5.28% | -- |
| 12/14/2018 15:30 | TH Foreign Reserves | Dec-07 | -- | -- | \$203.2b | -- |
| 12/14/2018 16:15 | FR Markit France Manufacturing PMI | Dec P | 50.7 | -- | 50.8 | -- |
| 12/14/2018 16:15 | FR Markit France Services PMI | Dec P | 54.8 | -- | 55.1 | -- |
| 12/14/2018 16:15 | FR Markit France Composite PMI | Dec P | 54 | -- | 54.2 | -- |
| 12/14/2018 16:30 | GE Markit Germany Manufacturing PMI | Dec P | 51.7 | -- | 51.8 | -- |
| 12/14/2018 16:30 | GE Markit Germany Services PMI | Dec P | 53.5 | -- | 53.3 | -- |
| 12/14/2018 16:30 | GE Markit/BME Germany Composite PMI | Dec P | 52.4 | -- | 52.3 | -- |
| 12/14/2018 17:00 | IT Industrial Orders NSA YoY | Oct | -- | -- | -0.90% | -- |
| 12/14/2018 17:00 | IT Industrial Orders MoM | Oct | -- | -- | -2.90% | -- |
| 12/14/2018 17:00 | EC Markit Eurozone Manufacturing PMI | Dec P | 51.8 | -- | 51.8 | -- |
| 12/14/2018 17:00 | EC Markit Eurozone Services PMI | Dec P | 53.4 | -- | 53.4 | -- |
| 12/14/2018 17:00 | EC Markit Eurozone Composite PMI | Dec P | 52.8 | -- | 52.7 | -- |
| 12/14/2018 18:00 | IT CPI EU Harmonized YoY | Nov F | 1.70% | -- | 1.70% | -- |
| 12/14/2018 21:30 | US Retail Sales Advance MoM | Nov | 0.10% | -- | 0.80% | -- |
| 12/14/2018 21:30 | US Retail Sales Ex Auto MoM | Nov | 0.20% | -- | 0.70% | -- |
| 12/14/2018 21:30 | US Retail Sales Ex Auto and Gas | Nov | 0.40% | -- | 0.30% | -- |
| 12/14/2018 22:15 | US Industrial Production MoM | Nov | 0.30% | -- | 0.10% | -- |
| 12/14/2018 22:15 | US Capacity Utilization | Nov | 78.60% | -- | 78.40% | -- |
| 12/14/2018 22:45 | US Markit US Composite PMI | Dec P | -- | -- | 54.7 | -- |
| 12/14/2018 22:45 | US Markit US Manufacturing PMI | Dec P | 55 | -- | 55.3 | -- |
| 12/14/2018 22:45 | US Markit US Services PMI | Dec P | 54.6 | -- | 54.7 | -- |
| 12/14/2018 | IN Exports YoY | Nov | -- | -- | 17.90% | -- |
| 12/14/2018 | IN Imports YoY | Nov | -- | -- | 17.60% | -- |

Source: Bloomberg

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