Research Monitor (December)

OCBC Bank

# Research Monitor (December)

**Tuesday, December 05, 2017**

**Treasury Research**
Tel: 6530-8384

## Key Themes

1. **Market optimism continued to battle with stretched valuations and modest geopolitical concerns.** This was most notable in the US, where progress of the tax reform bill played out against the ongoing Russian probe, whereas in Asia, the latest missile launch by North Korea was quickly overshadowed by Bank of Korea hiking interest rates for the first time since 2011.
2. **The interest rate environment is clearly heating up towards the end of the year.** While the 10-year UST bond yield continues to flirt around the 2.4% handle, the 2-year has climbed to 1.8% (highest since Oct08). BOK hiked rates for the first time since 2011, and BNM may follow as early as Jan18, with others like BSP or even MAS potentially following suit in the later part of the year. The 3-month SIBOR and HIBOR have picked up recently to around the 1.2% handle in early Dec.
3. **Asset markets:** while stocks continued their ascent, the BIS has warned that they look “frothy” especially in the US. Bitcoin traded past $11k, while oil prices held near US$59 per barrel after OPEC pledged to extend production cuts to end-2018. Will there be more profit-taking interest ahead of the year-end? A key question would be what could be the trigger for a market correction ahead?
4. **China:** China continued to push its reform agenda in November, drafting rules on asset management products to break implicit guarantees and slash import tariffs for 187 consumer goods.

## Asset Class Views

| | House View | Trading Views |
|---|---|---|
| FX | **DXY and majors:** The December FOMC is expected to be uneventful with an expected third rate hike for the year but crucially, markets will scrutinize the accompanying quarterly projections and dot plots for additional cues. Elsewhere, expect some resilience in the European (and GBP) complex. However, investors may also continue to remain wary of carry, with the cyclicals underperforming. Overall, remain conscious of further polarization within G10 space. Into 2018, global central bank policy convergence may be a maturing theme. Sustained macroeconomic growth prospects and firming inflation (and inflation expectation) dynamics may prompt a more activist reaction from global central banks (G10 and EM). | Despite firmer US yields on the front end, and supportive yield differentials, the broad dollar continued to decay in November. This may well persist into December as markets refrain from trading on major macro themes and remain defensively positioned, resulting in a lack of a coherent broad dollar view. Therefore, expect price action instead to be reactive to idiosyncratic headlines affecting each specific currency pair. |
| | **Asian FX:** The net portfolio inflow environment has demonstrated improvements in recent weeks (note also a supportive risk appetite environment) but a North-South divide remains apparent. The SGD has continued to retain sufficient traction in terms of overall valuation (aided partially) by broad dollar weakness in recent weeks. | Expect the SGD to underperform the EUR and GBP into December, with SGD holding a slight advantage (on a spot basis) over the AUD, NZD, and CAD. |

| | House View | Trading Views | |
|---|---|---|---|
| **Rates** | Global policy normalisation to pick up pace in 2018, with Asian central banks starting to hop onto the DM bandwagon. | **US:** The recent uptick in crude oil prices and the hardening of FOMC rate hike expectations for Dec and out into 2018 may continue to exert a curve flattening bias on the UST bond yield curve in the near-term. The 2-10 UST bond yield spread had compressed to 60bps (last seen in Oct 2007). The 8 Dec debt deadline, pending the tax reform bill reconciliation between the House and Senate versions, and the ongoing Russia-Trump probes, the shorter-dated UST bonds could remain under pressure. | ↓ |
| | | **SG:** The upcoming 2018 Budget could herald announcements about potential tax changes – while the impact on fiscal policy is likely to be largely neutral (ie. higher tax receipts to be matched with higher expenditure), and implications for SGS bond issuance is likely limited, nevertheless, there could be a kneejerk frontloading of private consumption pre-GST if it comes to pass and also a probable bump in headline inflation number. Given the flattening UST bias, we are also cautious for SGS bonds for now. The 2-10 year SGS bond yield has also compressed to 64bps (narrowest since Sep 2007). | ↓ |

| | House View | Trading Views | |
|---|---|---|---|
| **Commodities** | Our outlook for the US Federal Reserve to hike its rates three times this year should dull gold as a store of value and bring the yellow metal to $1,250/oz.<br>Crude oil fundamentals have rebalanced, though inventory overhang remains, we maintain our WTI at $55/bbl, though recent strength in Brent >$60/bbl could potentially see some profit-taking.<br>Falling agriculture oil including soybean pressured palm oil prices lower. Production continues to climb into October while demand is weak. Our forecast of MYR3,000/MT faces downside risks. | **Crude Oil:** Crude oil sustained its rally into November, though some profit-taking occurred in early Dec. Technical selling is seen of late after some rally fatigue from OPEC+Russia's decision to extend production cuts by another nine months. | → |
| | | **Gold:** The mix of safe haven demand following recent Europe-centric political woes, as well as potential re-emergence of N. Korea tensions could lift prices. Still, a Dec rate hike by the Federal Reserve could effectively cap gold's advance. | ↓ |
| | | **Crude Palm Oil:** Watch for seasonally lower production into early 2018, after the October peak of 2.0 million tons. Export demand has been slow though, which could mean range-bound prices. | → |
| **Credit** | Credit markets had somewhat of a Jekyll and Hyde month with risk off sentiments mid-month resulting in a high yield sell-off and concerns that the party was coming to an end. The spread on JACI HY Corps rose 11bps in the week to November 15th following the gradual tightening of spreads throughout the year. At the same time, the spread on JACI IG Corp only fell 1bps. We saw the withdrawal of several high yield issues due to non-conducive market conditions though such developments were sentiment-driven and the sell-off pressure on high yield abated in the second half of the month. Markets are now anticipating the month to end with Alibaba's super-sized issues that's | **IG Pick: FHREIT 3.08% 08/11/24 (Offer YTM 3.05%):** FHREIT has a well managed portfolio of hospitality assets and improving access to capital markets. Its capital structure uses a mix of instruments (ie: equity as well as debt and perpetuals). FHREIT recently prepaid SGD110mn in bank facilities in November 2017 which has helped extend weighted average debt maturity to 2.74 years from 1.95 years. We like the name as a rated REIT issuer (NR/Baa2/NR) providing solid yield for a 7 year paper with better value versus the Suntec REIT'23. | ↑ |

| | House View | Trading Views | |
|---|---|---|---|
| | expected to be between USD5-7bn across five tranches. In the secondary market, SGD activity was characterized by heavy selling pressure from year end positioning and again given the strong compression in yields so far with investors looking to take profit. While the breadth of issuers in the SGD space has been better than last year, we have not seen any irrationality in the issuance trends in our view and there still remains some level of discipline in terms of names tapping the market and the yields offered. That said, the prospect of rising rates in 2018 and a large pipeline of refinancing supply (we estimate approximately SGD22.4bn in bonds (excluding MAS bills, Singapore Government Bills and Singapore T-bills) will mature or be callable 2018) could put longer term downward pressure on bond prices in the future. | **HY Pick: HFCSP 4.75% 22/03/19 (Offer YTM 3.15%):** Hong Fok Corp Ltd ("HFC") is a property company headquartered in Singapore, with principal activities in property investment, property development, construction and property management. Its key investment properties include the Concourse and International Building, which totals over 74,000 sqm by gross floor area. Although HFC has posted losses in 3Q2017, we remain comfortable with the credit profile given the asset backing (investment properties worth SGD2.6bn) in comparison to the total debt of SGD797.3mn. With the opening of Yotel Singapore, HFC's results and cash burn should improve. | ↑ |

**Macroeconomic Views**

| | House View | Key Themes |
|---|---|---|
| **US** | US economic health remains resilient. US tax reform if it materialises early should be icing on the cake. Expectations for more FOMC hikes to harden into 2018. | The GOP's tax plan has cleared a few significant hurdles so far, with the House passing the bill on 16th Nov in a 227-205 vote and the Senate clearing the bill likewise in a narrow 51-49 vote on 2nd Dec. Into the weeks before Christmas, the Senate and House will have to pare out any disagreements of the bill. Common agreements will then be combined in a conference committee and voted on again before sending it to President Trump for his signature. |
| **EU** | ECB is likely to upgrade growth forecasts soon, but will stick to the pared taper plans with no rate hike intentions in sight. Draghi steps down only in Oct19, and reiterates "patience, persistence and prudence" at least till Sep18. | German Chancellor Angela Merkel saw her 4-party coalition talks fail, with FDP's Christian Linder claiming a lack of vision as a reason for the disagreements. SPD later then opened up a possibility of forming a "grand coalition" once again, inclusive of the CDU/CSU and SPD. Elsewhere, Brexit talks stalled over Irish border concerns on Monday. Initial expectations in Brussels that a deal might have been reached fell through over the Democratic Union Party's response, as the party wants North Ireland to leave EU on the same terms as the UK. |
| **Japan** | With BOJ likely paring its FY17 core inflation outlook, its aggressive monetary easing stance is unlikely to shift in the near-term. BOJ dissenter Kataoka is still unconvinced of 2% inflation in FY19. | Japan is the only Asian economy which sees no monetary policy tightening into 2018. Additionally, BOJ Kuroda commented that it is "not easy to quickly dispel the deflationary mind-set that has formed" over the last 15 years, although the central bank can help to steer the economy away from potential deflationary environment through forward guidance. The central bank governor added that wages and prices will gradually rise given the steadily improving output gap. |
| **Singapore** | 2018 GDP growth is tipped at 2-4% versus around 3.4% in 2017. Headline and core inflation are tipped at 0.6% and 1.6% yoy respectively for 2017, and edge up to 0.8% and 1.5% in 2018. Watch for potential monetary/fiscal policy tightening. | 3Q17 GDP growth estimates were revised higher to 5.2% yoy (+8.8% q/qsaar) in 3Q17, up from its initial flash print of 4.6% yoy. MTI also upgraded its 2017 growth forecast to 3-3.5%, up from 2-3%, but tips 2018 at 1.5– 3.5%. Inflation risks remain almost non-existential, but tipped to rise beyond 1.0% into 2H18. Gradual monetary policy normalisation possible in 2018, which if coupled with tax changes in 2018 Budget amid a rising interest rate environment could pose challenges. |
| **ID** | BI is expected to be on hold until at least 1Q18. Optimism for growth to pick up to 5.3%, but would require improvements in domestic consumption and investment growth to act as catalysts. | Domestic consumption and investment growth will be key indicators to watch for 2018. Leading indicators for consumption have picked up throughout 2017, and may translate to better headline growth figures. Investment growth to be supported by public investment projects, which will see a higher budget in 2018. Investment climate for private investors has also improved. |

| | House View | Key Themes |
|---|---|---|
| **China** | The Chinese economy has been more resilient than initially expected due to the ongoing economic transformation from an investment driven economy to a consumption driven economy. The economy is expected to grow by about 6.8% yoy in 2017. | China's bond market rout deepened in November due to concerns about financial tightening and de-leverage. PBoC unveiled the drafted rules to tighten regulation on asset management products to break implicit guarantee, which led to unwind of government bonds and credit bonds to prepare for the worst. We think government may soften its rules a bit to give market more transition time to prepare. In addition, China continued to push its reform agenda. The State Council approved to lower import tariff for 187 consumable goods to boost consumption. |
| **Hong Kong** | Public investment and private consumption may grow steadily and add onto strong exports in boosting GDP to grow 3.6% in 2017. As HIBOR is set to tick up gradually, a narrower yield differential may help to ease HKD's downward pressure. | GDP surprised on the upside by expanding 3.6% yoy in 3Q 2017, due to robust exports, strong private consumption and improved tourism activities. These factors may help to sustain the solid growth in 4Q despite a fading base effect. Hang Seng Index closed at its highest level since 2007 On Nov 22 due to strong equity inflows from China. The resultant wealth effect may continue to support household spending and cap the correction of secondary housing market. Elsewhere, USD/HKD may hover between 7.795-7.815 as HIBOR remained elevated on month-end effect, year-end effect and rising expectations on Fed's Dec Rate hike. |
| **Macau** | High rollers' return may continue to be the major driver of growth in gaming sector. However, policy and liquidity risks could constrain the long-term gaming recovery. We expect GDP to expand by 8%-10% yoy in 2017 and grow by about 7% in 2018 amid a fading low base effect. | GDP growth softened to 6.1% yoy in 3Q 2017 as strong exports and public investment failed to offset muted private investment and domestic consumption. Two typhoons had also been a drag. Looking ahead, Asia's growth may continue to support exports of services. Internally, proposed increase in public investment for the next fiscal year will likely boost the economy. With several mega projects to be completed in the coming years, private investment may regain some traction. The resultant increase in job opportunities could also buoy household spending. |
| **MA** | We upgrade GDP growth to 5.5%, in line with fresh government outlook of between 5.2 – 5.7%. BNM may hike rates in 2018. | 3Q17 GDP surprised higher at 6.2%, led by the surge in private consumption (+7.2%). Favourable external environment had benefited Malaysia's domestic economy, including industrial production and investment. |
| **TH** | We upgrade GDP growth to 3.9%, given the relatively stronger growth of late and in line with government forecast. | Similar to other Asian economies, Thailand's favourable trade environment aided its domestic economy. Growth is broadening with 3Q17 growth at its highest since 1Q13. We opine Thailand's growth fundamentals remain solid. |
| **Korea** | We maintain growth to 3.5% in 2017 (up from 3.0%). We keep our CPI outlook at 2.0%. | Beyond geopolitical tensions, Korea's growth fundamentals broadly improved into November - unemployment rate fell, exports continue to climb further, while consumer confidence surged. BOK's rate hike of late suggests further optimism into 2018. |
| **PH** | Expect the BSP to withstand pressures to hike interest rates for the rest of 2017. First hike in should come in early 2018. | The BSP continues to see no overheating signals, even though overall growth is expected to hit 7.0% in 2017. Growth should remain strong into 2018, supported by government infrastructure projects. |
| **Myan** | Look beyond distractions in the Rakhine State, and focus on improvements in the investment climate. | The Myanmar Companies Law has been passed to the Lower House of Parliament, after winning approval from the Upper House. A suite of legislations are in the process of being reviewed to improve the investment climate. |

## FX/Rates Forecast

| United States | 4Q17 | 1Q18 | 2Q18 | 3Q18 | 4Q18 |
|---|---|---|---|---|---|
| Fed Funds Target Rate | 1.50% | 1.75% | 2.00% | 2.00% | 2.25% |
| 1-month LIBOR | 1.57% | 1.77% | 2.06% | 2.10% | 2.28% |
| 2-month LIBOR | 1.58% | 1.78% | 2.07% | 2.11% | 2.29% |
| 3-month LIBOR | 1.60% | 1.80% | 2.08% | 2.13% | 2.30% |
| 6-month LIBOR | 1.70% | 1.86% | 2.12% | 2.19% | 2.35% |
| 12-month LIBOR | 2.00% | 2.09% | 2.24% | 2.24% | 2.37% |
| 1-year swap rate | 1.90% | 2.02% | 2.14% | 2.26% | 2.38% |
| 2-year swap rate | 2.05% | 2.16% | 2.26% | 2.37% | 2.47% |
| 3-year swap rate | 2.15% | 2.25% | 2.35% | 2.45% | 2.55% |
| 5-year swap rate | 2.40% | 2.50% | 2.60% | 2.70% | 2.80% |
| 10-year swap rate | 2.43% | 2.59% | 2.74% | 2.90% | 3.05% |
| 15-year swap rate | 2.55% | 2.71% | 2.88% | 3.04% | 3.20% |
| 20-year swap rate | 2.60% | 2.78% | 2.95% | 3.13% | 3.30% |
| 30-year swap rate | 2.63% | 2.81% | 2.98% | 3.16% | 3.33% |
| **Singapore** | **4Q17** | **1Q18** | **2Q18** | **3Q18** | **4Q18** |
| 1-month SIBOR | 1.10% | 1.15% | 1.20% | 1.25% | 1.30% |
| 1-month SOR | 1.12% | 1.19% | 1.26% | 1.33% | 1.40% |
| 3-month SIBOR | 1.25% | 1.33% | 1.40% | 1.48% | 1.55% |
| 3-month SOR | 1.15% | 1.26% | 1.38% | 1.49% | 1.60% |
| 6-month SIBOR | 1.30% | 1.43% | 1.55% | 1.68% | 1.80% |
| 6-month SOR | 1.28% | 1.44% | 1.59% | 1.75% | 1.90% |
| 12-month SIBOR | 1.40% | 1.53% | 1.67% | 1.80% | 1.93% |
| 1-year swap rate | 1.35% | 1.50% | 1.65% | 1.80% | 1.95% |
| 2-year swap rate | 1.53% | 1.65% | 1.77% | 1.88% | 2.00% |
| 3-year swap rate | 1.67% | 1.78% | 1.89% | 2.01% | 2.12% |
| 5-year swap rate | 1.95% | 2.05% | 2.15% | 2.25% | 2.35% |
| 10-year swap rate | 2.30% | 2.41% | 2.53% | 2.64% | 2.75% |
| 15-year swap rate | 2.55% | 2.65% | 2.75% | 2.85% | 2.95% |
| 20-year swap rate | 2.65% | 2.76% | 2.87% | 2.97% | 3.08% |
| 30-year swap rate | 2.70% | 2.82% | 2.94% | 3.05% | 3.17% |
| **Malaysia** | **4Q17** | **1Q18** | **2Q18** | **3Q18** | **4Q18** |
| OPR | 3.00% | 3.00% | 3.25% | 3.25% | 3.25% |
| MYR 1-month KLIBOR | 3.20% | 3.26% | 3.33% | 3.39% | 3.45% |
| MYR 3-month KLIBOR | 3.45% | 3.49% | 3.53% | 3.56% | 3.60% |
| MYR 6-month KLIBOR | 3.59% | 3.61% | 3.63% | 3.65% | 3.67% |
| MYR 9-month KLIBOR | 3.62% | 3.64% | 3.66% | 3.68% | 3.70% |
| MYR 12-month KLIBOR | 3.66% | 3.68% | 3.69% | 3.71% | 3.72% |
| 1-year IRS | 3.68% | 3.69% | 3.71% | 3.72% | 3.73% |
| 2-year IRS | 3.75% | 3.77% | 3.79% | 3.81% | 3.83% |
| 3-year IRS | 3.78% | 3.81% | 3.84% | 3.87% | 3.90% |
| 5-year IRS | 3.88% | 3.91% | 3.94% | 3.97% | 4.00% |
| 10-year IRS | 4.13% | 4.15% | 4.17% | 4.18% | 4.20% |

| UST | 4Q17 | 1Q18 | 2Q18 | 3Q18 | 4Q18 |
|---|---|---|---|---|---|
| 2-year | 1.90% | 1.93% | 1.95% | 1.98% | 2.00% |
| 5-year | 2.20% | 2.31% | 2.43% | 2.54% | 2.65% |
| 10-year | 2.40% | 2.52% | 2.63% | 2.75% | 2.86% |
| 30-year | 2.60% | 2.76% | 2.91% | 3.07% | 3.22% |
| **SGS** | **4Q17** | **1Q18** | **2Q18** | **3Q18** | **4Q18** |
| 2-year | 1.50% | 1.59% | 1.68% | 1.76% | 1.85% |
| 5-year | 1.75% | 1.88% | 2.00% | 2.13% | 2.25% |
| 10-year | 2.15% | 2.26% | 2.38% | 2.49% | 2.60% |
| 15-year | 2.45% | 2.54% | 2.63% | 2.71% | 2.80% |
| 20-year | 2.48% | 2.58% | 2.68% | 2.78% | 2.88% |
| 30-year | 2.58% | 2.69% | 2.79% | 2.90% | 3.00% |
| **MGS** | **4Q17** | **1Q18** | **2Q18** | **3Q18** | **4Q18** |
| 6-month | 3.10% | 3.14% | 3.18% | 3.21% | 3.25% |
| 5-year | 3.75% | 3.79% | 3.84% | 3.88% | 3.92% |
| 10-year | 4.05% | 4.08% | 4.10% | 4.13% | 4.15% |

| FX | Spot | 4Q17 | 1Q18 | 2Q18 | 3Q18 |
|---|---|---|---|---|---|
| USD-JPY | 112.54 | 112.8 | 113.33 | 114.33 | 115.33 |
| EUR-USD | 1.1906 | 1.202 | 1.2044 | 1.2178 | 1.2311 |
| GBP-USD | 1.3531 | 1.353 | 1.3632 | 1.3729 | 1.3826 |
| AUD-USD | 0.7562 | 0.7515 | 0.7492 | 0.7619 | 0.7746 |
| NZD-USD | 0.6829 | 0.68 | 0.6777 | 0.6917 | 0.7057 |
| USD-CAD | 1.2878 | 1.2945 | 1.3017 | 1.2767 | 1.2517 |
| USD-CHF | 0.9838 | 0.98 | 0.9826 | 0.9752 | 0.9679 |
| USD-SGD | 1.3481 | 1.345 | 1.3402 | 1.3364 | 1.3326 |
| USD-CNY | 6.6153 | 6.5515 | 6.5495 | 6.5256 | 6.5018 |
| USD-THB | 32.688 | 32.5 | 33.36 | 32.76 | 32.15 |
| USD-IDR | 13543 | 13550 | 13574 | 13498 | 13421 |
| USD-MYR | 4.091 | 4.05 | 4.0386 | 4.0192 | 3.9999 |
| USD-KRW | 1087.77 | 1085 | 1073.33 | 1068.33 | 1063.33 |
| USD-TWD | 30.012 | 29.95 | 29.8 | 29.65 | 29.5 |
| USD-HKD | 7.8107 | 7.81 | 7.8155 | 7.8209 | 7.8264 |
| USD-PHP | 50.309 | 50.2 | 49.9 | 49.75 | 49.6 |
| USD-INR | 64.46 | 64.15 | 64.16 | 63.74 | 63.33 |
| EUR-JPY | 133.99 | 135.59 | 136.5 | 139.23 | 141.99 |
| EUR-GBP | 0.8799 | 0.8884 | 0.8835 | 0.887 | 0.8905 |
| EUR-CHF | 1.1713 | 1.178 | 1.1834 | 1.1876 | 1.1916 |
| EUR-SGD | 1.605 | 1.6167 | 1.6142 | 1.6274 | 1.6405 |
| GBP-SGD | 1.8241 | 1.8198 | 1.827 | 1.8347 | 1.8423 |
| AUD-SGD | 1.0194 | 1.0108 | 1.0041 | 1.0182 | 1.0321 |
| NZD-SGD | 0.9206 | 0.9146 | 0.9082 | 0.9243 | 0.9403 |
| CHF-SGD | 1.3703 | 1.3724 | 1.364 | 1.3703 | 1.3768 |
| JPY-SGD | 1.1979 | 1.1924 | 1.1825 | 1.1689 | 1.1554 |
| SGD-MYR | 3.0346 | 3.0112 | 3.0133 | 3.0075 | 3.0017 |
| SGD-CNY | 4.9071 | 4.871 | 4.8869 | 4.883 | 4.8792 |

## FX Trading Views

| | Inception | B/S | Currency | Spot | Target | Stop/Trailing Stop | Rationale |
|---|---|---|---|---|---|---|---|
| | TACTICAL | | | | | | |
| 1 | 07-Nov-17 | S | AUD-USD | 0.7671 | 0.7510 | 0.7755 | RBA on hold, no inflation or rate hike urgency |
| 2 | 20-Nov-17 | S | USD-JPY | 112.07 | 109.80 | 113.25 | Background risk aversion, little expectaions of hawkish surprises from the Fed |
| 3 | 21-Nov-17 | S | USD-SGD | 1.3561 | 1.3415 | 1.3640 | Little contagion in geopolitical risks, sanguine portfolio inflow environment, expected USD |
| 4 | 24-Nov-17 | B | EUR-USD | 1.1868 | 1.2085 | 1.1755 | Supportive EZ data stream, German political concerns on hold, near term USD vulnerability |
| 5 | 27-Nov-17 | B | GBP-USD | 1.3344 | 1.3655 | 1.3185 | Investors may imputeBrexit talks in December. Prevailing USD weakness. |
| | STRUCTURAL | | | | | | |
| 6 | 09-May-17 | B | GBP-USD | 1.2927 | 1.3700 | 1.2535 | USD skepticism, UK snap elections, positioning overhang, hawkish |
| 7 | 07-Nov-17 | | Bullish 2M 1X2 USD-JPY Call Spread Spot ref: 114.15; Strikes: 113.78, 118.31; Exp: 04/01/18; Cost: 0.90% | | | | Rate differential complex supportive of the USD, BOJ static |

RECENTLY CLOSED TRADE IDEAS

| | Inception | Close | B/S | Currency | Spot | Close | Rationale | P/L (%)* |
|---|---|---|---|---|---|---|---|---|
| 1 | 28-Sep-17 | 02-Nov-17 | S | AUD-USD | 0.7816 | 0.7720 | Cyclicals may undergo a reassessment in face of corrective moves in the USD and US yields | +1.20 |
| 2 | 21-Sep-17 | 15-Nov-17 | B | USD-JPY | 112.58 | 113.13 | Policy dichotomy post FOMC-BOJ + positive risk appetite levels | +0.73 |
| 3 | 24-Oct-17 | 15-Nov-17 | B | USD-SGD | 1.3616 | 1.3540 | Post MAS MPS behavior of SGD NEER, broad USD resilience, uneven net portfolio inflows in | -0.54 |
| 4 | 24-Oct-17 | 17-Nov-17 | S | EUR-USD | 1.1763 | 1.1812 | Potential disappoint from the ECB, possible USD resilience from fiscal and Fed-chair news flow | -0.27 |
| 5 | 07-Nov-17 | 22-Nov-17 | S | GBP-USD | 1.3142 | 1.3300 | Potential negative headline shock from upcoming BOE appearances post the dovish rate hike | -1.14 |
| 6 | 28-Sep-17 | 24-Nov-17 | B | USD-CAD | 1.2500 | 1.2725 | Reality check from the BOC's Poloz even as the USD garners renewed interest | +1.80 |
| | | | | | | | Jan-Nov*** 2017 Return | -11.09 |
| | | | | | | | 2016 Return | +6.91 |

* realized **of notional ***month-to-date

**Macroeconomic Calendar**

| Date Time | | Event | | Survey | Actual | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 12/05/2017 11:30 | AU | RBA Cash Rate Target | Dec-05 | 1.50% | -- | 1.50% | -- |
| 12/05/2017 16:00 | TA | CPI YoY | Nov | -0.20% | -- | -0.32% | -- |
| 12/06/2017 08:30 | AU | GDP SA QoQ | 3Q | 0.70% | -- | 0.80% | -- |
| 12/06/2017 17:00 | IN | RBI Repurchase Rate | Dec-06 | 6.00% | -- | 6.00% | -- |
| 12/06/2017 23:00 | CA | Bank of Canada Rate Decision | Dec-06 | 1.00% | -- | 1.00% | -- |
| 12/07/2017 15:00 | GE | Industrial Production SA MoM | Oct | 1.00% | -- | -1.60% | -- |
| 12/07/2017 18:00 | EC | GDP SA QoQ | 3Q F | 0.60% | -- | 0.60% | -- |
| 12/07/2017 21:30 | US | Initial Jobless Claims | Dec-02 | 240k | -- | 238k | -- |
| 12/08/2017 07:50 | JN | GDP SA QoQ | 3Q F | 0.40% | -- | 0.30% | -- |
| 12/08/2017 07:50 | JN | GDP Annualized SA QoQ | 3Q F | 1.50% | -- | 1.40% | -- |
| 12/08/2017 21:30 | US | Change in Nonfarm Payrolls | Nov | 199k | -- | 261k | -- |
| 12/08/2017 23:00 | US | U. of Mich. Sentiment | Dec P | 99 | -- | 98.5 | -- |
| 12/09/2017 09:30 | CH | CPI YoY | Nov | 1.80% | -- | 1.90% | -- |
| 12/12/2017 17:30 | UK | CPI YoY | Nov | -- | -- | 3.00% | -- |
| 12/12/2017 18:00 | GE | ZEW Survey Current Situation | Dec | -- | -- | 88.8 | -- |
| 12/12/2017 18:00 | GE | ZEW Survey Expectations | Dec | -- | -- | 18.7 | -- |
| 12/13/2017 17:30 | UK | Jobless Claims Change | Nov | -- | -- | 1.1k | -- |
| 12/13/2017 21:30 | US | CPI MoM | Nov | 0.40% | -- | 0.10% | -- |
| 12/14/2017 03:00 | US | FOMC Rate Decision | Dec-13 | 1.50% | -- | 1.25% | -- |
| 12/14/2017 08:30 | AU | Employment Change | Nov | -- | -- | 3.7k | -- |
| 12/14/2017 08:30 | AU | Unemployment Rate | Nov | -- | -- | 5.40% | -- |
| 12/14/2017 12:30 | JN | Industrial Production MoM | Oct F | -- | -- | 0.50% | -- |
| 12/14/2017 15:45 | FR | CPI YoY | Nov F | -- | -- | 1.20% | -- |
| 12/14/2017 16:00 | PH | BSP Overnight Borrowing Rate | Dec-14 | -- | -- | 3.00% | -- |
| 12/14/2017 16:00 | FR | Markit France Manufacturing PMI | Dec P | -- | -- | 57.7 | -- |
| 12/14/2017 17:00 | IT | CPI EU Harmonized YoY | Nov F | -- | -- | 1.10% | -- |
| 12/14/2017 20:00 | UK | Bank of England Bank Rate | Dec-14 | 0.50% | -- | 0.50% | -- |
| 12/14/2017 20:45 | EC | ECB Main Refinancing Rate | Dec-14 | -- | -- | 0.00% | -- |
| 12/14/2017 21:30 | US | Initial Jobless Claims | Dec-09 | -- | -- | -- | -- |
| 12/18/2017 08:30 | SI | Non-oil Domestic Exports YoY | Nov | -- | -- | 20.90% | -- |
| 12/18/2017 18:00 | EC | CPI YoY | Nov F | -- | -- | 1.50% | -- |
| 12/19/2017 17:00 | GE | IFO Business Climate | Dec | -- | -- | 117.5 | -- |
| 12/20/2017 15:05 | TH | BoT Benchmark Interest Rate | Dec-20 | -- | -- | 1.50% | -- |
| 12/21/2017 05:45 | NZ | GDP SA QoQ | 3Q | -- | -- | 0.80% | -- |
| 12/21/2017 21:30 | US | GDP Annualized QoQ | 3Q T | -- | -- | 3.30% | -- |
| 12/21/2017 21:30 | US | Initial Jobless Claims | Dec-16 | -- | -- | -- | -- |
| 12/21/2017 21:30 | CA | CPI YoY | Nov | -- | -- | 1.40% | -- |
| 12/22/2017 17:00 | IT | Manufacturing Confidence | Dec | -- | -- | 110.8 | -- |
| 12/22/2017 17:30 | UK | GDP QoQ | 3Q F | -- | -- | 0.40% | -- |
| 12/22/2017 17:30 | UK | GDP YoY | 3Q F | -- | -- | 1.50% | -- |
| 12/22/2017 21:30 | US | Durable Goods Orders | Nov P | -- | -- | -- | -- |
| 12/22/2017 23:00 | US | U. of Mich. Sentiment | Dec F | -- | -- | -- | -- |
| 12/26/2017 13:00 | SI | CPI YoY | Nov | -- | -- | 0.40% | -- |
| 12/27/2017 23:00 | US | Consumer Confidence | Dec | -- | -- | 129.5 | -- |
| 12/28/2017 07:50 | JN | Industrial Production MoM | Nov P | -- | -- | -- | -- |
| 12/28/2017 21:30 | US | Initial Jobless Claims | Dec-23 | -- | -- | -- | -- |

Source: Bloomberg

| OCBC Treasury Research | |
|---|---|
| **Macro Research** | **Credit Research** |
| **Selena Ling** | **Andrew Wong** |
| LingSSSelena@ocbc.com | WongVKAM@ocbc.com |
| **Emmanuel Ng** | **Wong Liang Mian (Nick)** |
| NgCYEmmanuel@ocbc.com | NickWong@ocbc.com |
| **Tommy Xie Dongming** | **Ezien Hoo** |
| XieD@ocbc.com | EzienHoo@ocbc.com |
| **Barnabas Gan** | **Wong Hong Wei** |
| BarnabasGan@ocbc.com | WongHongWei@ocbc.com |
| **Terence Wu** | |
| TerenceWu@ocbc.com | |