

Treasury Advisory
Corporate FX & Structured Products
 Tel: 6349-1888 / 1881
Interest Rate Derivatives
 Tel: 6349-1899
Investments & Structured Products
 Tel: 6349-1886

GT Institutional Sales
 Tel: 6349-1810

Highlights

Global	<p>Last Friday marked significant volatility for Asian currencies, especially the MYR and IDR which bore the brunt of the USD strength amid growing concerns of US' inflationary concerns in anticipation of Trump's fiscal stimulus plans. With the US Treasury bond market returning from a three-day weekend, any further steepening of the yield curve could see further global de-risking in the interim. Note crude oil prices have settled also below its 200-day moving average. Over the weekend, New Zealand was hit by a 7.5 magnitude earthquake and protests grew against South Korean president Park (even as BOK kept its 7-day repo rate unchanged at 1.25% as widely anticipated on Friday and governor Lee said there was still monetary policy space). Meanwhile, HK, Malaysia and Japan's 3Q GDP growth surprised on the upside at 0.6% qoq sa (+1.9% yoy), 1.5% qoq sa (+4.3% yoy) and 2.2% qoq sa annualised (as an export rebound offset weak private consumption of +0.1% and flat business spending) respectively.</p> <p>For today, first up will be Trump's interview on "60 Minutes" with market players keenly watching to see if he would soften his economic policy stance when he takes office, and also of key interest will be his line-up of key appointments (even as he picked an establishment GOP figure as his chief of staff). On the economic data front, China, Eurozone and Japan's industrial production, and China's retail sales and fixed asset investments. For the week ahead, watch the slew of Fed speak, with Kaplan, Lacker, Williams, Rosengren, Fischer, Bullard, Kashari, Dudley and Evans on tap, as well as Fed chairman Yellen's testimony to the Joint Economic Committee on 17 Nov. BI meets on 18 Nov but is likely static at 4.75% amid the IDR volatility.</p>
US	<p>The Nov print for the University of Michigan sentiments improved more than expected from 87.2 to a 5-month high of 91.6, with the current conditions and expectation gauges both rising to 105.9 (previously 103.2) and 82.5 (previously 76.8) amid more upbeat job and income gains, albeit a "large majority" of respondents had based their outlooks on expectations of Hillary Clinton winning the election. Notably, the 1-year and 5-10 year inflation gauges both accelerated from 2.4% to 2.7%, rising the most since Feb 2015. Meanwhile, Fed's Fischer said that "the Fed appears reasonably close to achieving both the inflation and employment components of its mandate" and "accordingly, the case for removing accommodation gradually is quite strong, keeping in mind that the future is uncertain and that monetary policy is not on a preset course". He added that "there is likely to be considerably policy rate divergence for some time" and "I am reasonably optimistic that the spillovers from ongoing US normalisation will be manageable for the foreign economies".</p>
SG	<p>Malaysia and Singapore will sign the high-speed rail deal on 5 Dec, according to the New Straits Times.</p>
Commodities	<p>The strengthening dollar for the 6th consecutive trading day dragged dollar-denominated commodities further. Gold and silver fell significantly to \$1,2224/oz (-3.3%) and \$17.4/oz (-7.2%) as market-watchers increasingly price-in a rate hike decision in the Fed's upcoming meeting. Crude oil fell further below its \$45/bbl handle as well, while also dragged by EIA's forecast upgrade of US' production to 8.7mbpd in 2017.</p>

Major Market

- **US:** Equities again ended mixed on Friday, with financials setting the pace for gains, and energy producers declining alongside the slide in crude prices. S&P 500 declined marginally by 0.14%, while Nasdaq marked a 0.54% gain. Meanwhile, the Dow powered to a new record high, adding another 0.21% to 18847. For the week, main equity indices were up at least 3.8%, with Dow leading the way with a 5.4% gain. VIX declined 3.9% to close at 14.17. US Treasury markets were closed on Friday for Veterans' Day.
- **Singapore:** The STI sank 0.69% to close at 2814.60 on Friday, and a retest of the 2800 support may be at risk this week given the prevailing weak sentiments. Whilst the Dow Jones Index closed up 0.21%, morning cues are still mixed with Nikkei a tad higher but Kospi lower. SGS bond yields tracked higher on Friday amid the US inflation expectation recalibration post-Trump, and any ongoing upward pressure for USD-Asian FX may continue to exacerbate flows in the interim.
- **China:** Total new Yuan loan increased by CNY651.3 billion, largely in line with expectation. The creation of new Yuan loan was still mainly supported by the medium to long term loan to household sector, which increased by CNY489.1 billion, less affected by the property tightening measures. This is probably due to the delayed effect of tightening measures on housing loan. We expect the demand for housing loan to fall in the coming months, which may lead to slower loan growth. However, banks remain cautious on lending to corporates. Medium to long term loan to corporate only grew by CNY72.8 billion. The sluggish loan to corporates in October was not mainly attributable to local government debt swap as the issuance of local government debt was limited. As such, this signals banks' caution.
- **Hong Kong:** Economy growth continued to gain in 3Q 2016, up from the 1.7% yoy to 1.9% yoy. Growth in private consumption improved notably from previous 0.5% to 1.2% amid improving market sentiment, lending support to economic growth. Investment also printed a 6% increase in 3Q. Export growth remained stable while import growth surged from 0.2% to 2.4% amid the rise in commodity price. Outlook of HK's economy remained subpar amid weak tourism sector and global uncertainties. Given the US new president's unfriendly stance on China's exports, HK's trade sector may take a hit. In this case, any rebound in the economy may be slower than initially expected.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened last Friday with swap rates trading 6-12 bps higher across all tenors as the US dollar continues to appreciate on speculation that President-elect Donald Trump's fiscal policies are largely inflationary and that it will likely prompt the Federal Reserve to raise interest rates this year. In the broader dollar space, the spread on JACI IG corporates decreased 7bps to 202bps while the yield on JACI HY corporates increased 3bps to 6.67% as market remains in a hesitant mode. The 10y UST yield closed at 2.15% on Thursday as the Treasury market was closed on Friday due to Veterans Day holiday in the US.
- **New Issues:** Jiangsu Hanrui Investment Holding Co. Ltd. has launched a USD190mn 3-year bond with final price guidance at 5.3%. The expected issue ratings are "NR/NR/BB+". Kangde Xin Composite Material Group Co. has scheduled investor meetings from 14 November onwards for a potential USD bond issue with expected issue ratings of "NR/Ba3/BB". Adani Ports and Special Economic Zone Ltd. has scheduled investor meetings from 13 November onwards for a potential USD bond issue with expected issue ratings of "BBB-/Baa3/BBB-". Doosan Infracore Co. Ltd. has scheduled investor meetings from 14 November for a potential USD bond issue with expected issue ratings of "AA/NR/NR".

- **Rating Changes:** S&P upgraded BlueScope Steel Ltd.'s corporate credit rating to "BB+" from "BB" with a stable outlook. The upgrade reflects S&P's expectation that BlueScope Steel will continue to generate solid credit metrics in 2017 due to its strong earnings momentum for the year to date and further debt reduction. S&P assigned preliminary "B+" issuer ratings to Casmar (Australia) Pty Ltd. and Casmar Finance LLC with a stable outlook. Moody's assigned a first-time "Ba3" corporate family rating to Kangde Xin Composite Material Group Co. Ltd. (KDX) with a stable outlook. The rating reflects the company's strong growth prospects in the global optical film market and its technological capabilities, leadership in the pre-coated laminating film market, vertically integrated business model and high profitability, as well as strong liquidity. Moody's affirmed Frasers Centrepoint Trust's (FCT) "Baa1" issuer rating and revised its outlook to stable from positive. The revision reflects Moody's expectation that the potential for upgrade is limited as FCT's asset size will remain small over the next 12-18 months. Additionally, the stable outlook reflects that FCT will continue to deliver strong operating results and maintain its strong financial profile, while growing the portfolio in a prudent manner. Moody's has placed China Oilfield Services Ltd.'s (COSL) "Baa1" issuer rating on review for downgrade. The review for downgrade reflects Moody's concerns over COSL's weak financial results and the substantial increase in debt leverage in the first nine months of 2016.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.060	0.28%	USD-SGD	1.4126	0.07%
USD-JPY	106.650	-0.17%	EUR-SGD	1.5339	-0.23%
EUR-USD	1.0855	-0.35%	JPY-SGD	1.3243	0.23%
AUD-USD	0.7546	-0.88%	GBP-SGD	1.7789	0.38%
GBP-USD	1.2596	0.33%	AUD-SGD	1.0659	-0.81%
USD-MYR	4.3418	1.44%	NZD-SGD	1.0053	-1.26%
USD-CNY	6.8120	0.09%	CHF-SGD	1.4296	-0.05%
USD-IDR	13383	1.86%	SGD-MYR	3.0888	1.51%
USD-VND	22332	0.03%	SGD-CNY	4.8244	-0.24%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	-0.0010	O/N	0.4323	--
2M	-0.3390	--	1M	0.5382	--
3M	-0.3120	--	2M	0.6949	0.0030
6M	-0.2100	0.0010	3M	0.9057	0.0036
9M	-0.1300	-0.0010	6M	1.2621	0.0039
12M	-0.0690	0.0020	12M	1.5879	0.0045

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.34	-0.70	3.48
Italy	0.08	5.60	2.02
Ireland	-0.35	5.60	0.99
Greece	7.65	--	7.16
Spain	-0.12	4.00	1.47
Russia	2.38	11.90	4.36

Equity and Commodity

Index	Value	Net change
DJIA	18,847.66	39.78
S&P	2,164.45	-3.03
Nasdaq	5,237.11	28.32
Nikkei 225	17,374.79	30.37
STI	2,814.60	-19.49
KLCI	1,634.19	-18.55
JCI	5,231.97	-218.34
Baltic Dry	1,045.00	71.00
VIX	14.17	-0.57

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.98 (+0.05)	0.92 (--)
5Y	1.50 (+0.11)	1.56 (--)
10Y	2.14 (+0.1)	2.15 (--)
15Y	2.50 (+0.1)	--
20Y	2.61 (+0.1)	--
30Y	2.62 (+0.11)	2.94 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	37.67	1.40
EURIBOR-OIS	3.70	-0.10
TED	43.88	0.36

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	43.41	-2.80%	Coffee (per lb)	1.595	-1.48%
Brent (per barrel)	44.75	-2.38%	Cotton (per lb)	0.6844	-1.10%
Heating Oil (per gallon)	1.4012	-2.46%	Sugar (per lb)	0.2170	0.23%
Gasoline (per gallon)	1.3053	-2.42%	Orange Juice (per lb)	2.1195	-2.39%
Natural Gas (per MMBtu)	2.6190	-0.49%	Cocoa (per mt)	2,453	0.12%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,549.0	-0.93%	Wheat (per bushel)	4.0300	-0.43%
Nickel (per mt)	11,165.0	-2.87%	Soybean (per bushel)	9.785	-1.06%
Aluminium (per mt)	1,743.5	-1.44%	Corn (per bushel)	3.4025	-0.95%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,224.3	-3.32%	Crude Palm Oil (MYR/MT)	2,975.0	2.87%
Silver (per oz)	17.382	-7.23%	Rubber (JPY/KG)	200.0	5.04%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
11/11/2016 03:00		US Monthly Budget Statement	Oct	-\$70.0b	-\$44.2b	-\$136.6b	--
11/11/2016 05:30		NZ BusinessNZ Manufacturing PMI	Oct	--	55.2	57.7	57.5
11/11/2016 05:45		NZ Food Prices MoM	Oct	--	-0.80%	-0.90%	--
11/11/2016 07:50		JN PPI MoM	Oct	0.00%	-0.10%	0.00%	--
11/11/2016 07:50		JN PPI YoY	Oct	-2.60%	-2.70%	-3.20%	--
11/11/2016 08:57		SK BoK 7-Day Repo Rate	Nov-11	1.25%	1.25%	1.25%	--
11/11/2016 11:00		ID Economic Survey (Table)					
11/11/2016 11:42		ID BoP Current Account Balance	3Q	-\$4535m	-\$4493m	-\$4700m	-\$4995m
11/11/2016 12:00		MA GDP YoY	3Q	4.00%	4.30%	4.00%	--
11/11/2016 12:00		MA Industrial Production YoY	Sep	4.00%	3.20%	4.90%	--
11/11/2016 12:30		JN Tertiary Industry Index MoM	Sep	-0.20%	-0.10%	0.00%	--
11/11/2016 15:00		GE CPI MoM	Oct F	0.20%	0.20%	0.20%	--
11/11/2016 15:00		GE CPI YoY	Oct F	0.80%	0.80%	0.80%	--
11/11/2016 15:00		GE CPI EU Harmonized MoM	Oct F	0.20%	0.20%	0.20%	--
11/11/2016 15:00		GE CPI EU Harmonized YoY	Oct F	0.70%	0.70%	0.70%	--
11/11/2016 15:30		TH Foreign Reserves	Nov-04	--	\$181.6b	\$180.1b	--
11/11/2016 15:30		TH Forward Contracts	Nov-04	--	\$21.8b	\$22.1b	--
11/11/2016 16:30		HK GDP SA QoQ	3Q	0.30%	0.60%	1.60%	--
11/11/2016 16:30		HK GDP YoY	3Q	1.50%	1.90%	1.70%	--
11/11/2016 16:31		CH New Yuan Loans CNY	Oct	672.0b	651.3b	1220.0b	--
11/11/2016 16:31		CH Money Supply M2 YoY	Oct	11.40%	11.60%	11.50%	--
11/11/2016 20:00		IN Industrial Production YoY	Sep	0.50%	0.70%	-0.70%	--
11/11/2016 23:00		US U. of Mich. Sentiment	Nov P	87.9	91.6	87.2	--
11/14/2016 04:30		NZ REINZ House Sales YoY	Oct	--	-14.20%	-9.50%	--
11/14/2016 07:50		JN GDP SA QoQ	3Q P	0.20%	0.50%	0.20%	--
11/14/2016 07:50		JN GDP Annualized SA QoQ	3Q P	0.80%	2.20%	0.70%	--
11/14/2016 07:50		JN GDP Nominal SA QoQ	3Q P	-0.10%	0.20%	0.30%	0.10%
11/14/2016 07:50		JN GDP Deflator YoY	3Q P	0.30%	-0.10%	0.70%	--
11/14/2016 08:01		UK Rightmove House Prices MoM	Nov	--	-1.10%	0.90%	--
11/14/2016 08:01		UK Rightmove House Prices YoY	Nov	--	4.50%	4.20%	--
11/14/2016 10:00		CH Industrial Production YoY	Oct	6.20%	--	6.10%	--
11/14/2016 10:00		CH Industrial Production YTD YoY	Oct	6.10%	--	6.00%	--
11/14/2016 10:00		CH Retail Sales YoY	Oct	10.70%	--	10.70%	--
11/14/2016 10:00		CH Retail Sales YTD YoY	Oct	10.40%	--	10.40%	--
11/14/2016 10:00		CH Fixed Assets Ex Rural YTD YoY	Oct	8.20%	--	8.20%	--
11/14/2016 12:30		JN Industrial Production MoM	Sep F	--	--	0.00%	--
11/14/2016 12:30		JN Industrial Production YoY	Sep F	--	--	0.90%	--
11/14/2016 12:30		JN Capacity Utilization MoM	Sep	--	--	2.60%	--
11/14/2016 17:00		IT CPI EU Harmonized YoY	Oct F	-0.10%	--	-0.10%	--
11/14/2016 18:00		EC Industrial Production SA MoM	Sep	-1.00%	--	1.60%	--
11/14/2016 18:00		EC Industrial Production WDA YoY	Sep	0.90%	--	1.80%	--
11/13/2016 11/15		IN Imports YoY	Oct	--	--	-2.50%	--
11/13/2016 11/15		IN Exports YoY	Oct	--	--	4.60%	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@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 and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W