

Highlights

Global	<p>Wall Street was weighed down by financial stocks whose seven-day rally ended, but tech stocks outperformed. However, the USD chugged ahead to a 13-year high as Fed's Bullard (voter) signalled that a surprise would be needed to halt a Dec rate hike as Dec would be a "reasonable time" to hike rates, but "a single policy rate increase, possibly in December, may be sufficient to move monetary policy to a neutral setting". Kashkari also opined that "right now there is so much uncertainty about what the Congress will pass or not pass, what the president will propose" and "as a baseline, assuming a continuation of current fiscal policy has probably as good a chance as any other forecast that we are going to make up". Fed Funds Futures market pricing of a Dec rate hike already stands at 94% probability. Separately, Mester also suggested that her path for expected rate hikes "may be a little above the consensus path".</p> <p>For today, key focus may be the BI policy decision (BI may choose to hold its policy settings today amid the recent IDR volatility) and Fed chair Yellen's testimony to the Joint Economic Committee. On the data front, key would be Philippines' 3Q16 GDP growth, US' CPI, building permits, housing starts, initial jobless claims and Philadelphia Fed, Eurozone's CPI and UK' retail sales. Speakers include Fed's Dudley and Harker, and ECB's Mersch.</p>
US	<p>Meanwhile, US' industrial production was flat mom in Oct, below market expectations for +0.2%, amid a weak utility output partly attributable to Hurricane Matthew, while the Sep data was also revised lower from +0.1% mom to -0.2% mom. Capacity utilisation also dipped from 75.4% to 75.3%. Meanwhile, inflationary pressures remained muted with the PPI staying flat mom (+0.8% yoy) in Oct following a +0.3% mom (+0.7% yoy) in Sep, with services prices taking a sharp decline, and food prices fell whereas energy prices rose. Core PPI excluding food and energy also unexpectedly fell 0.1% mom (+1.2% yoy). However, market players may choose to look past this amid heightened expectations of Trumpenomics leading to reflationary policies. Separately, the NAHB housing market index was static at 63 in Nov, despite higher mortgage rates post-election, and reflected improved prospective-buyer traffic. China's holdings of UST bonds fell US\$28.1b to a 4-year low of US\$1.16t in Sep (lowest since Sep12).</p>
UK	<p>Unemployment hit an 11-year low of 4.8% for 3Q16, but employment growth slowed to 49k (slowest since 1Q16) and the jobless claimants rose from a revised 5.6k in Sep to 9.8k in Oct. This suggested that while the labor market remains resilient, it may start to cool gradually.</p>
ID	<p>Jakarta governor Sabuki Tjahaja Purnama has been named a suspect in a blasphemy complaint.</p>
SG	<p>NODX contracted 12%yoy (-3.7% momsa) in October, the lowest growth print since March. Exports were dragged largely by a 47% contraction in pharmaceutical shipments (vs Sept's +16.2%yoy) while petrochemical shipments declined 7.0% and electronic shipments fell 6.0% yoy. Exports to EU28 fell the most (-28.6%), followed by Japan (-19.9%) and Indonesia (-13.1%), while exports to Hong Kong (+7.4%) and Korea (+1.0%) slowed significantly.</p> <p>MAS will launch a blockchain project for interbank payments.</p>

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Major Markets

- **US:** Winners in the equity markets post-election began to feel the overstretch, and paused for a breather on Wednesday. Banks led losses as the S&P 500 and Dow declined 0.16% and 0.29% respectively. However, the Nasdaq bucked trend to end 0.36% higher, with Apple and Microsoft pacing gains in the technology sector. VIX closed 2.62% higher at 13.72. Meanwhile, implied Fed rate hike probability stands at 94%, pushing the 2-year US Treasury yield to 1.01%, the highest since January 2016. The 10-year benchmark yield stands at 2.22%. Longer maturities, led by the 30-year bonds, outperformed shorter-term notes, resulting in a flattening yield curve.
- **Singapore:** The STI slipped 0.13% to close at 2793.99 yesterday, and may continue to consolidate within a range of 2780-2800 whilst waiting for further cues from FOMC chair Yellen's testimony. The SGS market may continue to remain choppy amidst the recalibration of UST bond yields post-Trump and also the catch-up in short-term domestic interest rates. The 3-month SOR settled slightly lower at 0.73851% whereas the 3-month SOR remained elevated at 0.91613% yesterday.
- **China:** The deficit in financial institution's net sale of foreign currency narrowed to US\$14.6 billion in October, despite RMB's depreciation against dollar re-accelerated after official inclusion into SDR. This is probably due to tighter window guidance. The pressure for capital outflows remains intact.
- In addition, China continued to inject medium to longer end liquidity via MLF to counter capital outflows. PBoC announced to inject CNY302 billion yesterday.
- **Hong Kong:** Private residential housing starts registered 2,853 units in September. Year-on-year growth in housing starts during the first nine months ticked up 17.34%. Figure indicated that the construction activities in private sector could be on a solid growth pace. This is also one of the main driving forces for HK economy. On the other hand, completion registered 1,224 units. Year-on-year growth in housing completion during the first nine months ticked up 20.57%. Based on the average housing starts figures, average supply of private residential units during 2016 to 2018 could be around 15,600 units, higher than the five-year average of around 11,397 units in 2010 to 2014. Decline in overall residential property price narrowed further from 5.83% yoy to 3.46% in September, the smallest decline on yearly basis since February this year. However, the cooling measure by HKMA to raise the Ad Valorem Stamp Duty Rate to 15% regardless of the value of the residential property will hit the investment demand. On the other hand, the pace of Fed's rate hike may accelerate amid post-Trump world given Trump's fiscal stimulus including cutting tax rate and increasing investment on infrastructure. This will also translate into higher borrowing cost in HK, which as a result will further curb the demand in property market. Increasing supply coupled with shrinking demand could depress the housing price, which may print around -5% at the end of this year.
- **Macau:** With a fiscal surplus of MOP29.2 billion in 2015, the government plans to offer MOP12.3 billion of social benefits this year. The raft of the social benefits, however, has barely changed from that provided in 2015. Still, the sweeteners are likely to give short-term boost to the consumer sentiment, in turn partially offsetting the impact of stagnant wage growth on the private consumption. In addition, the government plans to build around 12,600 public housing units in short-to-medium term, which may add some downward pressure to the private housing market. Elsewhere, the government forecasts that total gaming revenue will be MOP200 billion for 2017, same as its estimate for 2016. However, we expect that the development of non-gaming businesses may help to attract more recreational gamblers, therefore spurring the gaming revenue to grow by around 5% yoy to over MOP230 billion in 2017. In conclusion, with a gradual recovery of the gaming sector and the economy, fiscal stimulus is expected to sustain in the medium term. In this case, government spending and public investment will remain as the main forces driving the city's growth.

- **Commodities:** The dollar index rallied further past its 100 handle, the strongest since 2003, with dollar-denominated commodities edging lower as a result. Notably, crude oil inventories in the US gained more than expected by 5.3 million barrels (vs est +1.5 million barrels). Moreover, gasoline inventories rose 746k barrels, but was likely due to the increased refinery utilisation of 2.1% over the week ended 11 Nov.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday with shorter-term rates (<2Y) trading 1-3bps lower while the middle-to-longer term rates traded 1-3bps higher across the rest of the tenors. In the broader dollar space, the spread on JACI IG corporates decreased 3bps to 199bps while the yield on JACI HY corporates was steady at 6.87%. 10y UST yield remained relatively unchanged at 2.21% (-1bps) as the market seems to have more or less stabilized after assessing the potential impact following the unexpected presidential election results.
- **New Issues:** Fosun International has priced a USD290mn re-tap of its existing 5.5%'23s bond at 5.35%, tightening from its initial guidance of 5.5%. The expected issue ratings are "BB/NR/NR". Australia & New Zealand Banking Group Ltd. has priced a 4-tranche deal with the USD900mn 3-year bond priced at CT3+80bps, USD850mn 5-year bond at CT5+90bps, USD850mn 3-year bond at 3mL+66bps and USD400mn 5-year bond at 3mL+87bps. The expected issue ratings are "AA-/Aa2/NR". Ping An Real Estate Capital Ltd. has scheduled investor road shows from 17 November onwards for a potential USD bond issue. China Aluminum International has scheduled investor road shows from 17 November onwards for a potential USD bond issue with expected issue ratings of "BB/NR/NR".
- **Rating Changes:** Moody's assigned a "Baa2" issuer rating to China National Chemical Corporation (ChemChina) with a negative outlook. ChemChina's rating reflects its baseline credit assessment (BCA) of "ba3" and a four-notch uplift, based on Moody's expectation of strong support from the Chinese government to the company in times of financial distress. Moody's affirmed FWD Ltd's "Baa2" issuer rating and revised its outlook to negative from stable. The outlook revision reflects Moody's view that the benefits to holding company creditors from diversification through ownership of FWD General Co. Ltd., the non-life insurance subsidiary of FWD Ltd., through contributions of dividends, has become less evident relative to the Group's financial obligations. Fitch assigned Chengdu Xingcheng Investment Group (CXIG) first-time issuer ratings of "BBB+" with a stable outlook. The rating assignment reflects the 100% municipality ownership of the entity, which shows a strong government oversight of CXIG's financials, and the strategic importance of the entity's operation to the municipality. These factors result in a high likelihood of the government providing extraordinary support to the entity.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	100.410	0.18%	USD-SGD	1.4151	0.12%
USD-JPY	109.080	-0.11%	EUR-SGD	1.5129	-0.18%
EUR-USD	1.0691	-0.29%	JPY-SGD	1.2974	0.22%
AUD-USD	0.7480	-1.05%	GBP-SGD	1.7606	--
GBP-USD	1.2443	-0.11%	AUD-SGD	1.0584	-0.94%
USD-MYR	4.3497	0.22%	NZD-SGD	1.0005	-0.33%
USD-CNY	6.8804	0.31%	CHF-SGD	1.4123	0.10%
USD-IDR	13345	-0.18%	SGD-MYR	3.0749	0.05%
USD-VND	22361	0.06%	SGD-CNY	4.8577	0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4329	--
2M	-0.3390	--	1M	0.5501	--
3M	-0.3120	--	2M	0.6939	--
6M	-0.2110	--	3M	0.9062	--
9M	-0.1330	--	6M	1.2721	--
12M	-0.0710	--	12M	1.6046	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.49	10.90	3.67
Italy	0.06	0.90	2.03
Ireland	-0.37	-0.40	0.95
Greece	7.65	--	7.39
Spain	-0.11	2.40	1.54
Russia	2.69	7.80	4.44

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	45.57	-0.52%	Coffee (per lb)	1.613	-0.34%
Brent (per barrel)	46.63	-0.68%	Cotton (per lb)	0.7213	2.04%
Heating Oil (per gallon)	1.4350	-0.62%	Sugar (per lb)	0.2036	-3.74%
Gasoline (per gallon)	1.3191	-1.19%	Orange Juice (per lb)	2.0895	0.14%
Natural Gas (per MMBtu)	2.7640	2.03%	Cocoa (per mt)	2,412	1.43%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,433.0	-1.67%	Wheat (per bushel)	3.9700	-0.50%
Nickel (per mt)	11,300.0	0.31%	Soybean (per bushel)	9.858	-0.38%
Aluminium (per mt)	1,694.3	-2.18%	Corn (per bushel)	3.3850	-0.88%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,223.9	-0.05%	Crude Palm Oil (MYR/MT)	2,868.0	0.42%
Silver (per oz)	16.927	-0.68%	Rubber (JPY/KG)	205.0	4.49%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	18,868.14	-54.92
S&P	2,176.94	-3.45
Nasdaq	5,294.58	18.96
Nikkei 225	17,862.21	194.06
STI	2,793.99	-3.56
KLCI	1,627.63	-2.93
JCI	5,185.47	106.96
Baltic Dry	1,145.00	61.00
VIX	13.72	0.35

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.08 (--)	1.01 (+0.01)
5Y	1.67 (+0.01)	1.67 (+0.01)
10Y	2.30 (--)	2.22 (--)
15Y	2.66 (--)	--
20Y	2.75 (--)	--
30Y	2.74 (--)	2.92 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	35.12	-1.42
EURIBOR-OIS	3.50	--
TED	41.89	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
11/16/2016 08:30	AU	New Motor Vehicle Sales MoM	Oct	--	-2.40%	2.50%	2.40%
11/16/2016 08:30	AU	New Motor Vehicle Sales YoY	Oct	--	1.20%	0.80%	0.80%
11/16/2016 10:00	NZ	Non Resident Bond Holdings	Oct	--	63.90%	65.00%	--
11/16/2016 17:30	UK	Claimant Count Rate	Oct	2.30%	2.30%	2.30%	--
11/16/2016 17:30	UK	Jobless Claims Change	Oct	2.0k	9.8k	0.7k	5.6k
11/16/2016 17:30	UK	ILO Unemployment Rate 3Mths	Sep	4.90%	4.80%	4.90%	--
11/16/2016 20:00	US	MBA Mortgage Applications	Nov-11	--	-9.20%	-1.20%	--
11/16/2016 21:30	CA	Manufacturing Sales MoM	Sep	0.10%	0.30%	0.90%	--
11/16/2016 21:30	US	PPI Final Demand MoM	Oct	0.30%	0.00%	0.30%	--
11/16/2016 21:30	US	PPI Ex Food and Energy MoM	Oct	0.20%	-0.20%	0.20%	--
11/16/2016 21:30	US	PPI Final Demand YoY	Oct	1.20%	0.80%	0.70%	--
11/16/2016 21:30	US	PPI Ex Food and Energy YoY	Oct	1.60%	1.20%	1.20%	--
11/16/2016 22:15	US	Industrial Production MoM	Oct	0.20%	0.00%	0.10%	-0.20%
11/16/2016 22:15	US	Capacity Utilization	Oct	75.50%	75.30%	75.40%	--
11/16/2016 23:00	US	NAHB Housing Market Index	Nov	63	63	63	--
11/17/2016 05:00	US	Total Net TIC Flows	Sep	--	-\$152.9b	\$73.8b	\$40.0b
11/17/2016 05:00	US	Net Long-term TIC Flows	Sep	--	-\$26.2b	\$48.3b	\$45.5b
11/17/2016 07:50	JN	Foreign Buying Japan Bonds	Nov-11	--	--	-¥6.2b	--
11/17/2016 07:50	JN	Foreign Buying Japan Stocks	Nov-11	--	--	-¥106.4b	--
11/17/2016 08:30	SI	Non-oil Domestic Exports YoY	Oct	-3.00%	--	-4.80%	--
11/17/2016 08:30	AU	Employment Change	Oct	16.0k	--	-9.8k	--
11/17/2016 08:30	AU	Unemployment Rate	Oct	5.70%	--	5.60%	--
11/17/2016 08:30	AU	Full Time Employment Change	Oct	--	--	-53.0k	--
11/17/2016 08:30	AU	Participation Rate	Oct	64.60%	--	64.50%	--
11/17/2016 08:30	SI	Non-oil Domestic Exports SA	Oct	0.80%	--	2.40%	--
11/17/2016 08:30	AU	RBA FX Transactions Market	Oct	--	--	A\$673m	--
11/17/2016 10:00	PH	GDP YoY	3Q	6.70%	--	7.00%	--
11/17/2016 16:30	HK	Unemployment Rate SA	Oct	3.40%	--	3.40%	--
11/17/2016 17:00	IT	Trade Balance Total	Sep	--	--	2519m	--
11/17/2016 17:30	UK	Retail Sales Ex Auto Fuel MoM	Oct	0.40%	--	0.00%	--
11/17/2016 17:30	UK	Retail Sales Ex Auto Fuel YoY	Oct	5.40%	--	4.00%	--
11/17/2016 17:30	UK	Retail Sales Inc Auto Fuel MoM	Oct	0.50%	--	0.00%	--
11/17/2016 17:30	UK	Retail Sales Inc Auto Fuel YoY	Oct	5.30%	--	4.10%	--
11/17/2016 18:00	EC	CPI MoM	Oct	0.30%	--	0.40%	0.40%
11/17/2016 18:00	EC	CPI YoY	Oct F	0.50%	--	0.40%	0.40%
11/17/2016 18:00	EC	CPI Core YoY	Oct F	0.80%	--	0.80%	--
11/17/2016 21:30	CA	Int'l Securities Transactions	Sep	--	--	12.74b	--
11/17/2016 21:30	US	Housing Starts	Oct	1156k	--	1047k	--
11/17/2016 21:30	US	Building Permits	Oct	1193k	--	1225k	--
11/17/2016 21:30	US	CPI MoM	Oct	0.40%	--	0.30%	--
11/17/2016 21:30	US	CPI Ex Food and Energy MoM	Oct	0.20%	--	0.10%	--
11/17/2016 21:30	US	CPI YoY	Oct	1.60%	--	1.50%	--
11/17/2016 21:30	US	CPI Ex Food and Energy YoY	Oct	2.20%	--	2.20%	--
11/17/2016 21:30	US	Initial Jobless Claims	Nov-12	257k	--	254k	--
11/17/2016 21:30	US	Continuing Claims	Nov-05	2030k	--	2041k	--
11/17/2016 21:30	US	Philadelphia Fed Biz Outlook	Nov	7.8	--	9.7	--
11/17/2016 22:45	US	Bloomberg Consumer Comfort	Nov-13	--	--	45.1	--
11/17/2016	HK	Composite Interest Rate	Oct	--	--	0.25%	--
11/17/2016	ID	Bank Indonesia 7D Reverse Repo	Nov-17	4.75%	--	4.75%	--

Source: Bloomberg

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