

Highlights

Global	<p>Initial risk-taking appetite seen at the start of this week somewhat fizzled into last night on further uncertainty over the Brexit talks. The British pound whipsawed overnight, as market-watchers' cheer over UK May's compromise to allow Northern Ireland to remain in the EU customs union and continue to follow EU regulations, only to see the disagreements from the Democratic Unionist Party that it "will not accept" the deal. Closer to Asia, we continue to see better manufacturing PMI prints, especially seen in Philippines, Thailand, Vietnam, Japan, South Korea, Taiwan, China, Malaysia and Indonesia. The improving manufacturing backdrop in Asia continues to paint a rosy environment into 2018, and the momentum seen to-date should provide the impetus for Asia to have a strong start into the next year. The only lagger appears to be S. Korea, given the ongoing geopolitical conflict. Note that military exercises between US and S. Korea continues into the 2nd day today, which Pyongyang labels it as a provocation.</p> <p>For today, watch out for RBA central bank meeting later this morning (decision likely to stay pat), on top of a slew of more PMI prints out from India, China and Europe.</p>
US	Both factory orders and durable goods orders fell less than expected into October; factory orders contracted 0.1% (vs market estimate: -0.4%) while durable goods orders fell 0.8% (vs market estimate: -1.1%).
SG	Both the manufacturing and electronics PMI stars were aligned in November, and improved to 52.9 and 53.5 respectively. This was a contrast from the October readings when the manufacturing PMI improved to 52.6, but the electronics PMI slipped to 53.3, suggesting that non-electronics could become the flagbearer going forward. This set of PMI data gives us greater confidence that the stellar manufacturing and electronics growth momentum seen for the year-to-date is not a flash in the pan. Looking ahead, we forecast 2018 manufacturing growth to moderate from around 10.6% yoy expected for 2017 to 4.9% yoy notwithstanding the high base seen in 2017. Elsewhere, note that ABS and SFEMC had jointly released proposals to include changes in methodology for calculating SIBOR and scrapping the 12-month SIBOR rate.
TH	The Finance Ministry reportedly asked the BOT to refrain from rate increases into 2018 to support economic growth, according to Bloomberg news. Apisak Tantivorawong is said to approve BOT's inflation rate of 1 – 4% inflation target.
KR	Current account surplus narrows to \$5.72bn in October, down from Sept's \$12.3bn. The fall in surplus is seen from a services deficit of \$3.53bn given the uptick in Korean holiday-makers during Chuseok holidays, while inbound Chinese tourists continue to fall.
CMD	Crude oil prices fell overnight likely on profit-taking amid a stronger dollar. Energy prices have been rising since last week given Russia+OPEC's decision to extend its production cuts by nine months. The technical-selling occurred even with news of OPEC's lowest production level in six months to 32.47 million barrels per day as estimated by Bloomberg, while US oil inventories are estimated to fall 2.5 million barrels last week.

Major Market

- **US:** Tax reform optimism continued to buoy US equity markets in early trade, before a tech sell-off caused gains to fizzle out. Tech mega-caps and semiconductor stocks were sold off amidst a rotation from growth to value stocks. Overall, the S&P 500 closed lower by 0.11%, while the Nasdaq Composite fell 1.06%. The Dow, however, powered ahead to gain 0.24%. VIX ground higher at 11.68, compared to 11.43 previously. Meanwhile, gains in US Treasury yields were also pared on late trade. However, the 2y and 10y benchmark yields still saw gains of 1-3 bps, standing at 1.806% and 2.372% respectively.
- **Singapore:** The Straits Times Index fell 0.32% to finish Monday's trading session at 3,438.5. Notably, risk-off behaviour from Wall Street indices like Nasdaq (-1.05%), as well as Asian bourses Nikkei (-0.61%) and Kospi (-0.23%) could limit upside impetus for the STI today. On the SGS front, higher probabilities from fed fund futures overnight could guide Singapore bond yields higher before FOMC next week.
- **Hong Kong:** October's approved new residential mortgage dropped for the second consecutive month by 15.2% yoy. During the same month, growth in secondary housing prices index decelerated to its lowest level since this January and printed 12.5% yoy. Furthermore, housing transaction volume fell for the fifth consecutive month by 16% yoy to 5694 deals in November 2017. Despite that, one piece of residential land was sold at a record high price in Nov 2017 while the selling price of some new home projects broke Asia's record in the aftermath. Investor sentiment seems to have rebounded since the new government refrained from carrying out more cooling measures. Also, wealth effect from the bullish local stock market has supported investment demand. Nevertheless, we note that oversubscription of new home project reduced to about 5 times recently from over 25 times in the first three quarters of 2017. Should global monetary tightening lead HK banks to lift prime rate and result in stock market correction, housing demand may take a hit. Therefore, we expect housing transactions to remain muted while housing prices growth may moderate in the coming year.
- **Indonesia:** The government will be rolling out a program to absorb excess labour in rural villages, in order to boost their incomes and purchasing power. If successful, this should support private consumption figures moving forward. Meanwhile, watch for inflation print later today.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded mixed yesterday, with the 1-year, 1.5-year and 30-year tenors trading 1bps lower, and the 5-year and 7-year tenors trading 1bps higher. The other tenors traded little changed. In the broader dollar space, the spread on JACI IG Corp fell 1bps to 180bps, while the yield on JACI HY Corp traded little changed at 6.92%. 10Y UST yield rose 1bps to 2.37%, as yields rose upon continued progress on the tax plan.
- **New Issues:** Republic of Indonesia has priced a three-tranche deal, with the USD1bn 5-year bond priced at 3.00%, tightening from initial guidance of 3.30%; the USD1.25bn 10-year bond priced at 3.55%, tightening from initial guidance of 3.875%; and the USD1.75bn 30-year bond priced at 4.40%, tightening from initial guidance of 4.75%. The expected issue ratings are 'BBB-/Baa3/BBB-'. Westpac Banking Corporation has priced a two-tranche senior deal, with the USD1.25bn fixed-rate bond priced at

CT5+63bps, tightening from initial guidance of CT5+75bps; and the USD500mn 5-year floating rate bond priced at 3mL+57bps, with the initial guidance at Libor equivalent. The expected issue ratings are 'NR/Aa3/AA-'. Guojing Capital (BVI) Ltd has priced a USD300mn 5-year bond (guaranteed by China Reform Holdings Corporation Ltd) at CT5+205bps, tightening from initial guidance of CT5+220bps. CGNPC International Ltd has priced a two-tranche deal and a green Euro bond (all bonds guaranteed by China General Nuclear Power Corporation), with the USD 350mn 5-year bond priced at CT5+107.5bps, tightening from initial guidance of CT5+130bps area; the USD550mn 10-year bond priced at CT10+145bps are, tightening from CT10+165bps area; and the EUR500mn 7-year green bond at MS+120bps, tightening from initial guidance of MS+140bps area. The expected issue ratings for the bonds are 'NR/A3/A+'. Pearl Holding III Ltd has priced a USD175mn 5NC2 bond (guaranteed by Fischer Tech (Singapore), Fischer Tech International ("FTI") (Singapore), Ying Shing (Hong Kong) and Ying Tat (Hong Kong)) at 9.5%, widening from initial guidance of low 9% area. The expected issue ratings are 'B/B1/NR'. Wuhan State-Owned Asset Management Ltd Co has scheduled investor meetings for potential bond issuance from 4 Dec. The expected issue ratings are 'NR/NR/A-'. Rural Electrification Corporation Limited has scheduled investor meetings for a potential USD-denominated 3-year senior unsecured bonds from 6 Dec. Knight Castle Investments Ltd has scheduled investor meetings for a potential USD-denominated bond issuance (guaranteed by Shandong Sanxing Group Company Ltd) from 5 Dec. The expected issue ratings are 'BB-/NR/NR'. G Sports Ltd has scheduled investor meetings for potential USD-denominated 3-year bond issuance from 5 Dec. The expected issue ratings are 'NR/B1/NR'. CK Infrastructure Holdings Ltd has scheduled investor meetings for potential EUR-denominated 7-year bonds on for Dec. The expected issue ratings are 'A-/NR/NR'.

- **Rating Changes:** S&P has affirmed Guorui Properties Ltd's (Guorui) 'B' long-term corporate rating and 'B-' issue rating on its senior unsecured notes. The outlook has been revised to negative from stable. The rating action reflects Guorui's weakening liquidity due to land acquisitions that were larger than Moody's expectation. S&P has assigned Shandong Sanxing Group Co Ltd (Sanxing) a 'BB-' long-term corporate credit rating. The outlook is stable. At the same time, S&P has assign a 'BB-' long-term issue rating to the proposed US dollar-denominated senior unsecured notes that Sanxing will guarantee. The rating action reflects Sanxing's market position as the largest corn oil manufacturer in China, good operating efficiency, business diversity with profit contributions from aluminium alloy products, but is constrained by its less-established market position in the aluminium industry, limited pricing power and high debt leverage. Moody's has downgraded Central China Real Estate Limited's (CCRE) senior unsecured ratings to 'B1' from 'Ba3', Country Garden Holdings Company Limited's senior unsecured ratings to 'Ba2' from 'Ba1', Modern Land (China) Co Limited's senior unsecured rating to 'B3' from 'B2', and Yanlord Land (HK) Co Limited's backed senior unsecured rating to 'Ba3' from 'Ba2'. The outlook on all the ratings are stable. The rating action follows Moody's update of its methodology regarding priority of claim and structural subordination at the operating subsidiary level. Moody's now views that the senior unsecured bond ratings for these companies are one notch lower than the respective corporate family ratings due to the risk of structural and legal subordination, as a majority of claims for these companies are at the operating subsidiaries, and have priority over claims at the holding company levels in a bankruptcy scenario. Moody's has assigned Guirenniao Co Ltd (Guirenniao) a corporate credit rating of 'B1'. At the same time, Moody's has assigned Guirenniao's proposed senior unsecured bonds a 'B1' rating. The outlook is stable. The rating reflects Guirenniao's improving levels of business diversification, strengthening distribution channels, good profitability, de-

leveraging trend and prudent acquisition strategy, but is constrained by modest scale, sales volatility, as well as its product and geographic concentration. Moody's has assigned Taikang Life Insurance Co (Taikang Life) an 'A3' insurance financial strength rating (IFSR), while withdrawing the 'A3' IFSR on Taikang Insurance Group Ltd (Taikang Insurance Group). The outlook on Taikang Life is negative. Taikang Life was established in November 2016 as a wholly-owned subsidiary of Taikang Insurance Group, and will be the main life insurance operating subsidiary of Taikang Insurance Group. Taikang Insurance Group is in the midst of transferring its assets, liabilities and capital to Taikang Life. The rating reflects Taikang Life's good market position, brand recognition, diversified distribution channels and good profitability, but is constrained by its high exposure to high-risk assets.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.188	0.33%	USD-SGD	1.3476	0.09%
USD-JPY	112.410	0.21%	EUR-SGD	1.5989	-0.17%
EUR-USD	1.1866	-0.25%	JPY-SGD	1.1988	-0.08%
AUD-USD	0.7598	-0.20%	GBP-SGD	1.8165	0.15%
GBP-USD	1.3480	0.02%	AUD-SGD	1.0239	-0.10%
USD-MYR	4.0630	-0.68%	NZD-SGD	0.9241	-0.40%
USD-CNY	6.6198	0.05%	CHF-SGD	1.3681	-0.81%
USD-IDR	13527	0.03%	SGD-MYR	3.0128	-0.85%
USD-VND	22715	0.01%	SGD-CNY	4.9072	-0.10%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.1825	--
2M	-0.3360	--	1M	1.3794	--
3M	-0.3260	--	2M	1.4415	--
6M	-0.2710	--	3M	1.4946	--
9M	-0.2180	--	6M	1.6743	--
12M	-0.1880	--	12M	1.9604	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.25 - 1.5	1.5 - 1.75	1.75 - 2.0	2.0 - 2.25
12/13/2017	98.3%	98.3%	0.0%	0.0%	0.0%
01/31/2018	98.3%	97.5%	0.8%	0.0%	0.0%
03/21/2018	99.4%	36.8%	62.1%	0.5%	0.0%
05/02/2018	99.4%	35.0%	60.8%	3.6%	0.0%
06/13/2018	99.7%	17.6%	47.8%	32.5%	1.8%
08/01/2018	99.7%	16.6%	46.0%	33.4%	3.6%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	57.47	-1.53%	Copper (per mt)	6,812.3	-0.08%
Brent (per barrel)	62.45	-2.01%	Nickel (per mt)	11,328.0	0.82%
Heating Oil (per gallon)	1.8945	-2.41%	Aluminium (per mt)	2,052.8	-0.33%
Gasoline (per gallon)	1.6922	-2.84%			
Natural Gas (per MMBtu)	2.9850	-2.48%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,588.0	-0.58%
			Rubber (JPY/KG)	209.3	2.85%
Precious Metals	Futures	% chg			
Gold (per oz)	1,277.7	-0.36%			
Silver (per oz)	16.373	-0.09%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,290.05	58.46
S&P	2,639.44	-2.78
Nasdaq	6,775.37	-72.22
Nikkei 225	22,707.16	-111.87
STI	3,438.47	-11.07
KLCI	1,713.13	-4.73
JCI	5,998.20	46.06
Baltic Dry	1,626.00	--
VIX	11.68	0.25

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.49 (-0.01)	1.81 (+0.03)
5Y	1.70 (-0.01)	2.14 (+0.03)
10Y	2.12 (-0.01)	2.37 (+0.01)
15Y	2.46 (-0.01)	--
20Y	2.46 (-0.01)	--
30Y	2.58 (--)	2.76 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	12.35	1.16
EURIBOR-OIS	1.23	-0.45
TED	23.61	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/04/2017 07:50	JN Monetary Base YoY	Nov	--	13.20%	14.50% --
12/04/2017 08:00	AU Melbourne Institute Inflation MoM	Nov	--	0.20%	0.30% --
12/04/2017 08:30	ID Nikkei Indonesia PMI Mfg	Nov	--	50.4	50.1 --
12/04/2017 08:30	AU ANZ Job Advertisements MoM	Nov	--	1.50%	1.40% 1.50%
12/04/2017 12:00	ID CPI Core YoY	Nov	3.10%	3.05%	3.07% --
12/04/2017 12:00	ID CPI YoY	Nov	3.41%	3.30%	3.58% --
12/04/2017 17:30	UK Markit/CIPS UK Construction PMI	Nov	51	53.1	50.8 --
12/04/2017 21:00	SI Purchasing Managers Index	Nov	52.8	52.9	52.6 --
12/04/2017 23:00	US Factory Orders	Oct	-0.40%	-0.10%	1.40% 1.70%
12/04/2017 23:00	US Durable Goods Orders	Oct F	-1.10%	-0.80%	-1.20% --
12/04/2017 23:00	US Durables Ex Transportation	Oct F	--	0.90%	0.40% --
12/04/2017 23:00	US Cap Goods Orders Nondef Ex Air	Oct F	--	0.30%	-0.50% --
12/05/2017 07:00	SK BoP Current Account Balance	Oct	--	\$5715.5m	\$12205.0m \$12287.5m
12/05/2017 08:00	NZ ANZ Commodity Price	Nov	--	-0.90%	-0.30% --
12/05/2017 08:30	JN Nikkei Japan PMI Services	Nov	--	--	53.4 --
12/05/2017 08:30	JN Nikkei Japan PMI Composite	Nov	--	--	53.4 --
12/05/2017 08:30	HK Nikkei Hong Kong PMI	Nov	--	--	50.3 --
12/05/2017 08:30	AU BoP Current Account Balance	3Q	-A\$9.0b	--	-A\$9.6b --
12/05/2017 08:30	AU Retail Sales MoM	Oct	0.30%	--	0.00% --
12/05/2017 09:00	PH CPI YoY	Nov	3.30%	--	3.50% --
12/05/2017 09:45	CH Caixin China PMI Composite	Nov	--	--	51 --
12/05/2017 09:45	CH Caixin China PMI Services	Nov	--	--	51.2 --
12/05/2017 11:30	AU RBA Cash Rate Target	Dec-05	1.50%	--	1.50% --
12/05/2017 13:00	IN Nikkei India PMI Services	Nov	--	--	51.7 --
12/05/2017 13:00	IN Nikkei India PMI Composite	Nov	--	--	51.3 --
12/05/2017 16:00	TA CPI YoY	Nov	-0.10%	--	-0.32% --
12/05/2017 16:45	IT Markit/ADACI Italy Services PMI	Nov	53.2	--	52.1 --
12/05/2017 16:45	IT Markit/ADACI Italy Composite PMI	Nov	55	--	53.9 --
12/05/2017 16:50	FR Markit France Services PMI	Nov F	60.2	--	60.2 --
12/05/2017 16:50	FR Markit France Composite PMI	Nov F	60.1	--	60.1 --
12/05/2017 16:55	GE Markit Germany Services PMI	Nov F	54.9	--	54.9 --
12/05/2017 16:55	GE Markit/BME Germany Composite PMI	Nov F	57.6	--	57.6 --
12/05/2017 17:00	EC Markit Eurozone Services PMI	Nov F	56.2	--	56.2 --
12/05/2017 17:00	EC Markit Eurozone Composite PMI	Nov F	57.5	--	57.5 --
12/05/2017 17:30	UK Markit/CIPS UK Services PMI	Nov	55	--	55.6 --
12/05/2017 17:30	UK Markit/CIPS UK Composite PMI	Nov	55.8	--	55.8 --
12/05/2017 21:30	CA Int'l Merchandise Trade	Oct	-2.70b	--	-3.18b --
12/05/2017 21:30	US Trade Balance	Oct	-\$47.5b	--	-\$43.5b --
12/05/2017 22:45	US Markit US Services PMI	Nov F	55.2	--	54.7 --
12/05/2017 22:45	US Markit US Composite PMI	Nov F	--	--	54.6 --
12/05/2017 23:00	US ISM Non-Manf. Composite	Nov	59	--	60.1 --
12/05/2017 12/12	AU HIA New Home Sales MoM	Oct	--	--	-6.10% --

Source: Bloomberg

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