

Highlights

Global	<p>Risk appetite continued to wane into mid-week, with major Wall Street indices shedding more gains. For now, while the battering of US tech stocks from the US tax legislation reform has ceased somewhat overnight, market-watchers appear to remain cautious in view of further uncertainties over the outcome of the Brexit talks and Friday's potential partial US government shutdown should negotiations fail. Note that UK Brexit Secretary Davis is slated to address the Brexit parliamentary committee later, which could shed more light on how negotiations may go from here-on. Elsewhere, RBA kept its cash rate target unchanged at 1.50% as widely expected, but saw Australia's GDP coming in disappointingly at 2.8% y/y in 3Q17 (vs market estimate of 3.0%). Not all doom and gloom can be said for European-centric prints; PMI composite and services prints in November continue to stay in expansionary territories. Data-wise, note that the dollar has risen for the second day, while the spread between UST 5y-30y has tumbled below 60bps to its lowest since Nov 2007 as market-watchers continue to price in more hikes from the Fed next year, thus lifting short-end yields.</p> <p>More central bank decisions to be watched for later today, specifically RBI and BOC where market is expecting rates to stay pat. Elsewhere, Germany Factory Orders and US MBA Mortgage Applications & ADP Employment Change prints could likely shape trading tone.</p>
US	<p>The Fed Chairman candidate Jerome Powell won the approval from the Senate Banking Committee yesterday by a comfortable 22-1 margin. He is expected to lead the US Fed from Feb 2018. In addition, President Trump told congressional leaders that he would like to see the final tax reform bill before the initial target of 22 Dec. Meanwhile, equities softened on Tuesday, after gains in early trade again faded out as the day wore on. Tech stocks rallied in the morning, but followed the broader market lower subsequently, though they still added in slight positive territory as a group. Telecoms and utilities were the main drags.</p>
CN	<p>The nominal GDP exceeded CNY8 trillion for Guangdong province in 2016 after the province revised the GDP calculation method to take the expense on research and development into account. In addition, China's innovation hub Shenzhen's economic size was also revised up by CNY58.6 billion to exceed CNY2 trillion in 2016. Shenzhen's GDP is expected to take over the neighbouring Hong Kong in 2017.</p>
SG	<p>Singapore's whole economy PMI rises to 55.4 in November, versus Oct's 54.2. Elsewhere, 3M SIBOR rate has surged to 1.21% as of early December, the highest since Feb 2016.</p>
MA	<p>Market-watchers will eye keenly on today's trade data, where exports are expected to come in at another double-digit growth print.</p>
CMD	<p>Copper leads base metals into a slump overnight, falling a whopping 4.7% in a single trading day. The fall comes on the back of potential slower Chinese demand amid a global copper inventory print that is the highest since 2013. Oil rose on API's report of a larger than expected draw of 5.481 million barrels of US crude oil inventories for the week ending 1st December, thus potentially leading market-watchers to expect a similar drawdown in tonight's DOE's data. Lastly, the dollar strength seen over the last two days left the yellow metal lower at \$1,264.9/oz.</p>

Major Market

- **US:** Overall, the S&P 500 shed 0.37%, while the Dow and Nasdaq Composite were lower by 0.45% and 0.19% respectively. VIX slipped after six days of gains, closing at 11.33 compared to 11.68 previously. US Treasury yields largely firmed, with the exception of the 10y. 2y benchmark yield rose to 1.818%, while the 10y slipped to 2.351%. Curve flattening moves are picking up again, with various measures slumping to multi-year lows.
- **Singapore:** The Straits Times Index ended little changed yesterday (-0.01%), closing at 3,438.1. Main movers include Oversea-Chinese Banking Corp Ltd (+1.21%) and City Developments Ltd (-2.94%).

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-2bps lower across most tenors. The shorter tenors traded little changed. In the broader dollar space, the spread on JACI IG Corp traded little changed at 180bps. Similarly, the yield on JACI HY Corp traded little changed at 6.91%. 10Y UST yields fell 2bps to 2.35% in a day void of any directional catalysts.
- **New Issues:** Haitian (BVI) International Investment Development Ltd has priced a USD400mn 3-year bond (guaranteed by Qingdao Conson Development (Group) Co) at CT3+200bps, tightening from initial guidance of CT3+220bps area. The expected issue ratings are 'BBB-/NR/BBB+'. Indian Railway Finance Corporation Ltd has priced a USD500mn 10-year green bond at CT10+145bps, tightening from initial guidance of CT10+165bps area. The expected issue ratings are 'BBB-/Baa2/NR'. Cheung Kong Infrastructure Finance (BVI) Ltd has priced a EUR500mn 7-year bond (guaranteed by CK Infrastructure Holdings Ltd) at MS+60bps, tightening from initial guidance of MS+70bps area. The expected issue ratings are 'A-/NR/NR'.
- **Rating Changes:** Moody's has upgraded Anton Oilfield Services Group's (Anton) corporate family rating to 'B3' from 'Caa1'. The outlook is positive. The rating action follows the completion of Anton's debt exchange offer and new note issuance, which led to a significant improvement in its liquidity and debt maturity profile. Moody's has assigned Wuhan Metro Group Co Ltd (Wuhan Metro) an issuer rating of 'A3'. The outlook is stable. The rating reflects Moody's assessment that Wuhan Metro has a very high likelihood of receiving extraordinary support directly from the Wuhan City government, and indirectly from the Chinese government, which results in a six-notch uplift over its 'Ba3' baseline credit assessment (BCA). Wuhan Metro's BCA reflects its weak profitability, very high financial leverage, less established metro system, risks associated with its metro and development projects, lack of market-oriented fare-setting mechanism and its volatile earnings from primary land and property development. Fitch has assigned Asciano Limited (Asciano) a Long-Term Issuer Default Rating (IDR) and senior unsecured rating of 'BBB-'. The outlook is stable. The rating action reflects Asciano's strong market position, resilient cash flows and solid liquidity position, as well as its commitment to maintain its investment grade rating. However, the ratings are constrained by its high leverage.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.379	0.20%	USD-SGD	1.3471	-0.04%
USD-JPY	112.600	0.17%	EUR-SGD	1.5932	-0.36%
EUR-USD	1.1826	-0.34%	JPY-SGD	1.1963	-0.21%
AUD-USD	0.7607	0.12%	GBP-SGD	1.8109	-0.31%
GBP-USD	1.3443	-0.27%	AUD-SGD	1.0248	0.09%
USD-MYR	4.0665	0.09%	NZD-SGD	0.9262	0.23%
USD-CNY	6.6193	-0.01%	CHF-SGD	1.3643	-0.28%
USD-IDR	13519	-0.06%	SGD-MYR	3.0185	0.19%
USD-VND	22716	0.00%	SGD-CNY	4.9129	0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	--	O/N	1.1825	--
2M	-0.3360	--	1M	1.3918	--
3M	-0.3260	--	2M	1.4530	--
6M	-0.2720	--	3M	1.5085	--
9M	-0.2190	--	6M	1.6931	--
12M	-0.1900	--	12M	1.9817	--

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	99.5%	30.8%	68.1%	0.6%	0.0%
05/02/2018	99.5%	29.7%	66.6%	3.2%	0.0%
06/13/2018	99.8%	14.9%	47.9%	35.3%	1.6%
08/01/2018	99.8%	14.1%	46.0%	36.0%	3.6%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	57.62	0.26%	Copper (per mt)	6,494.8	-4.66%
Brent (per barrel)	62.86	0.66%	Nickel (per mt)	10,809.5	-4.58%
Heating Oil (per gallon)	1.9139	1.02%	Aluminium (per mt)	2,036.0	-0.82%
Gasoline (per gallon)	1.7184	1.55%			
Natural Gas (per MMBtu)	2.9140	-2.38%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,563.0	-0.97%
			Rubber (JPY/KG)	209.4	0.05%
Precious Metals	Futures	% chg			
Gold (per oz)	1,264.9	-1.00%			
Silver (per oz)	16.068	-1.86%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,180.64	-109.41
S&P	2,629.57	-9.87
Nasdaq	6,762.21	-13.15
Nikkei 225	22,622.38	-84.78
STI	3,438.06	-0.41
KLCI	1,724.84	11.71
JCI	6,000.47	2.28
Baltic Dry	1,662.00	--
VIX	11.33	-0.35

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.49 (+0.01)	1.82 (+0.01)
5Y	1.68 (-0.03)	2.14 (--)
10Y	2.08 (-0.03)	2.35 (-0.02)
15Y	2.42 (-0.04)	--
20Y	2.42 (-0.04)	--
30Y	2.54 (-0.04)	2.73 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	12.84	0.49
EURIBOR-OIS	1.24	0.01
TED	22.68	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
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	--	51.2	53.4	--
12/05/2017 08:30	JN Nikkei Japan PMI Composite	Nov	--	52.2	53.4	--
12/05/2017 08:30	HK Nikkei Hong Kong PMI	Nov	--	50.7	50.3	--
12/05/2017 08:30	AU BoP Current Account Balance	3Q	-A\$9.0b	-A\$9.1b	-A\$9.6b	-A\$9.7b
12/05/2017 08:30	AU Retail Sales MoM	Oct	0.30%	0.50%	0.00%	0.10%
12/05/2017 09:00	PH CPI YoY	Nov	3.30%	3.30%	3.50%	--
12/05/2017 09:45	CH Caixin China PMI Composite	Nov	--	51.6	51	--
12/05/2017 09:45	CH Caixin China PMI Services	Nov	--	51.9	51.2	--
12/05/2017 11:30	AU RBA Cash Rate Target	Dec-05	1.50%	1.50%	1.50%	--
12/05/2017 13:00	IN Nikkei India PMI Services	Nov	--	48.5	51.7	--
12/05/2017 13:00	IN Nikkei India PMI Composite	Nov	--	50.3	51.3	--
12/05/2017 16:00	TA CPI YoY	Nov	-0.10%	0.35%	-0.32%	-0.33%
12/05/2017 16:45	IT Markit/ADACI Italy Services PMI	Nov	53.2	54.7	52.1	--
12/05/2017 16:45	IT Markit/ADACI Italy Composite PMI	Nov	55	56	53.9	--
12/05/2017 16:50	FR Markit France Services PMI	Nov F	60.2	60.4	60.2	--
12/05/2017 16:50	FR Markit France Composite PMI	Nov F	60.1	60.3	60.1	--
12/05/2017 16:55	GE Markit Germany Services PMI	Nov F	54.9	54.3	54.9	--
12/05/2017 16:55	GE Markit/BME Germany Composite PMI	Nov F	57.6	57.3	57.6	--
12/05/2017 17:00	EC Markit Eurozone Services PMI	Nov F	56.2	56.2	56.2	--
12/05/2017 17:00	EC Markit Eurozone Composite PMI	Nov F	57.5	57.5	57.5	--
12/05/2017 17:30	UK Markit/CIPS UK Services PMI	Nov	55	53.8	55.6	--
12/05/2017 17:30	UK Markit/CIPS UK Composite PMI	Nov	55.8	54.9	55.8	--
12/05/2017 21:30	CA Int'l Merchandise Trade	Oct	-2.65b	-1.47b	-3.18b	-3.36b
12/05/2017 21:30	US Trade Balance	Oct	-\$47.5b	-\$48.7b	-\$43.5b	-\$44.9b
12/05/2017 22:45	US Markit US Services PMI	Nov F	55.2	54.5	54.7	--
12/05/2017 22:45	US Markit US Composite PMI	Nov F	--	54.5	54.6	--
12/05/2017 23:00	US ISM Non-Manf. Composite	Nov	59	57.4	60.1	--
12/06/2017 08:30	AU GDP SA QoQ	3Q	0.70%	--	0.80%	--
12/06/2017 08:30	AU GDP YoY	3Q	3.00%	--	1.80%	--
12/06/2017 15:00	GE Factory Orders MoM	Oct	-0.20%	--	1.00%	--
12/06/2017 15:00	GE Factory Orders WDA YoY	Oct	7.00%	--	9.50%	--
12/06/2017 16:00	SI Automobile COE Open Bid Cat A	Dec-06	--	--	46791	--
12/06/2017 17:00	IN RBI Repurchase Rate	Dec-06	6.00%	--	6.00%	--
12/06/2017 17:00	IN RBI Reverse Repo Rate	Dec-06	5.75%	--	5.75%	--
12/06/2017 17:00	IN RBI Cash Reserve Ratio	Dec-06	4.00%	--	4.00%	--
12/06/2017 20:00	US MBA Mortgage Applications	Dec-01	--	--	-3.10%	--
12/06/2017 21:15	US ADP Employment Change	Nov	190k	--	235k	--
12/06/2017 23:00	CA Bank of Canada Rate Decision	Dec-06	1.00%	--	1.00%	--
12/06/2017 12/13	VN Domestic Vehicle Sales YoY	Nov	--	--	-17.50%	--

Source: Bloomberg

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