

Highlights

Global	Global risk-off sentiments continued to cast a shadow over financial markets yesterday. US' CPI inflation rose a tepid 0.1% mom, dragged down by energy prices, but core CPI rose 0.2% mom which should provide some support for the FOMC to push for a third hike in Dec. Asian bourses may continue to be defensive amid the delay in the US tax bill proposal. Key market focus would be the BI policy decision (likely static at 4.25%). Today's economic data releases include US' initial jobless claims, import prices, industrial production, Philadelphia Fed business and NAHB housing, Eurozone's CPI, UK's retail sales, and Philippines' 3Q17 GDP growth estimate. Speakers include ECB's Mersch and Praet, Fed's Mester and BOE's Carney, Broadbent, Cunliffe, Ramsden etc.
US	US' retail sales moderated from a revised 1.9% mom in Oct to 0.2% in Oct, with core retail sales excluding autos also rose 0.1% mom. Meanwhile, the Empire manufacturing index retreated from a 3-year high by 10.6 points to 19.4 in Nov, but the six-month ahead gauge strengthened. China, the largest foreign owner of UST bonds, trimmed its holdings for the first time in eight months by US\$19.7b to US\$1.18t in Sep.
EZ	UK's jobless claims rose for the second month by 1.1k in Oct, albeit the ILO unemployment rate was steady at 4.3% as participation fell in line with the 3-month employment which slumped by 14k in 3Q17. This reinforces BOE's difficulty to hike rates again after the recent one hike.
CN	Just yesterday, the PBOC injected a net CNY220 billion (largest in four weeks) via an open market operation, in an effort to calm the bond market rout. The action also helped to ease the tight liquidity condition amid corporate tax payments and the year-end effect. Despite that, we see little possibility of the PBOC altering its policy stance. Instead, the PBOC may continue to proactively manage liquidity by using tools like OMO, MLF while ensuring that their de-leveraging campaign remains on track.
Macau	Policy Address 2018 reveals that the government will increase social benefits and improve infrastructure, which is expected to support domestic consumption and sustain growth in public investment. Besides, the government proposes to review the laws and regulations on the gaming industry. This reinforces our concern about the sustainability of VIP growth which has been fueled by credit extensions of junket operators.
SG	Businesses see GDP growth beating government forecasts, according to Business Times.
CMD	Crude oil prices fell for its third consecutive trading day as market-watchers digested the surprisingly higher US crude oil and gasoline inventories for the week ended 15th November 2017. Empirically, US shale oil has been edging higher, with September production at 5.7 million barrels per day (mbpd), up from Dec 2016's 5.2 mbpd, coupled with the weekly higher oil production to 9.65 mbpd (record high since 1983). We continue to stay cautious on any rally on oil prices into the month ahead, especially when investors are in anticipation over the upcoming 30th Nov OPEC meeting then.

Major Market

- **US:** Equities continued to fade on Wednesday. Energy stocks bore the brunt of declines, dragged down by crude prices. Other sectors, like tech and consumer staples, also saw considerable declines. Only financials and telecommunication stocks managed to nudge small gains. Overall, the S&P 500 fell 0.55%, while the Dow and Nasdaq Composite slipped 0.59% and 0.47% respectively. VIX jumped higher, closing at 13.13 compared to 11.59 previously.
- Meanwhile, warm US CPI numbers did not inspire much confidence as investors continued to buy up long-dated Treasuries as equities slipped. The 10y benchmark yield slipped 5 bps to 2.322%, while the 2y yield closed marginally lower at 1.683%. This bout of risk aversion has caused measures of curve flatness to fall to multi-year levels.
- **Macau:** Regarding housing market, the government's plans to build around 9,500 public housing units in the short-to-medium term, 3,100 fewer than that proposed last year. Besides, application for home-ownership scheme housing is estimated to be resumed in coming two years. However, according to Macau Housing Bureau, the supply of public housing will still be limited in the coming years. Therefore, we see little downside in housing market in the near term despite prospects of higher rates. Finally, the government will enhance Macau's role as bridge between China and Portuguese-speaking countries, in order to facilitate Belt and Road Initiative.
- **Singapore:** The STI extended declines by 0.89% gain yesterday to close at 3368.70 amid the sea of red ink prevailing across most soft market sentiments and no fresh market catalysts. With Wall Street retreating again overnight, it remains to be seen if there will be some stabilisation in the STI today. STI's support and resistance are tipped at 3355 and 3380. With the UST bond market rallying further on flight to quality, longer-dated SGS bonds are likely to lead gains again today.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 3-7bps lower across all tenors, following the flattening of the UST yield curve on Tuesday. In the broader dollar space, the spread on JACI IG Corp rose 1bps to 179bps, while the yield on JACI HY Corp traded little changed at 6.96%. 10Y UST yields fell 5bps to 2.32%, despite CPI and retail sales data which were mostly in line with expectations.
- **New Issues:** Manulife Financial Corporation has priced a SGD500mn 12NC7 bond at 3%, tightening from initial guidance of 3.25%. The expected issue ratings are 'A-/NR/NR'. Housing and Development Board has priced a SGD680mn 7-year bond at 2.25%. The expected issue ratings are 'NR/Aaa/NR'. Bank of China Ltd, Paris Branch has priced a EUR700mn 3-year floating rate green bond at 3mE+47bps, tightening from 3mE+70bps. Xinyuan Real Estate Co has priced a USD200mn 3-year bond at 9.125%, in line with initial price guidance of 9.125%. The expected issue ratings are 'B-/NR/B'. Hong Seng Ltd has priced a USD250mn 363-day bond at 8.5%, tightening from initial guidance of 8.65%. Wing Lung Bank Ltd has priced a USD400mn 10NC5 Tier 2 Bond at CT5+175bps, tightening from initial guidance of CT5+200bps area. The expected issue ratings are 'NR/Baa2/NR'. Oceanwide Holdings International 2017 Co Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by Oceanwide Holdings Co Ltd) from 15 Nov. The expected issue ratings are 'NR/NR/B'.

- **Rating Changes:** Moody's has assigned Union Bank of the Philippines (UnionBank) a 'Baa3' baseline credit assessment (BCA) and adjusted BCA, as well as long-term deposit ratings, issuer ratings and a Counterparty Risk Assessment of 'Baa2'. At the same time, Moody's has assigned a 'Baa2' rating to Unionbank's foreign currency senior unsecured medium term note program. The outlook is stable. The rating reflects UnionBank's above-industry-average core profitability, adequate capital generation and strong support from key shareholders. Moody's also assess that the bank will receive moderate support from the Government of the Philippines in times of need.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.813	-0.01%	USD-SGD	1.3567	-0.18%
USD-JPY	112.880	-0.51%	EUR-SGD	1.5997	-0.24%
EUR-USD	1.1791	-0.06%	JPY-SGD	1.2019	0.33%
AUD-USD	0.7589	-0.55%	GBP-SGD	1.7870	-0.13%
GBP-USD	1.3171	0.05%	AUD-SGD	1.0296	-0.73%
USD-MYR	4.1745	-0.45%	NZD-SGD	0.9329	-0.16%
USD-CNY	6.6240	-0.18%	CHF-SGD	1.3726	-0.07%
USD-IDR	13535	-0.12%	SGD-MYR	3.0795	0.01%
USD-VND	22714	--	SGD-CNY	4.8855	0.14%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1828	--
2M	-0.3410	--	1M	1.2635	--
3M	-0.3290	--	2M	1.3610	--
6M	-0.2750	--	3M	1.4190	--
9M	-0.2180	--	6M	1.6221	--
12M	-0.1910	--	12M	1.8926	--

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	97.1%	97.1%	0.0%	0.0%	0.0%
01/31/2018	97.1%	96.3%	0.8%	0.0%	0.0%
03/21/2018	98.6%	48.7%	49.5%	0.4%	0.0%
05/02/2018	98.6%	46.3%	49.4%	2.8%	0.0%
06/13/2018	99.1%	29.8%	48.3%	20.0%	1.1%
08/01/2018	99.2%	28.4%	47.4%	21.3%	2.0%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	55.33	-0.66%	Copper (per mt)	6,734.0	-0.34%
Brent (per barrel)	61.87	-0.55%	Nickel (per mt)	11,646.5	-0.77%
Heating Oil (per gallon)	1.9087	0.09%	Aluminium (per mt)	2,094.0	1.16%
Gasoline (per gallon)	1.7388	-1.27%			
Natural Gas (per MMBtu)	3.0800	-0.71%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,713.0	-0.15%
			Rubber (JPY/KG)	193.0	-4.46%
Precious Metals	Futures	% chg			
Gold (per oz)	1,277.7	-0.41%			
Silver (per oz)	16.971	-0.60%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	23,271.28	-138.19
S&P	2,564.62	-14.25
Nasdaq	6,706.21	-31.66
Nikkei 225	22,028.32	-351.69
STI	3,368.70	-30.39
KLCI	1,722.99	-10.62
JCI	5,972.31	-15.98
Baltic Dry	1,405.00	--
VIX	13.13	1.54

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.46 (-0.04)	1.68 (--)
5Y	1.68 (-0.05)	2.03 (-0.03)
10Y	2.14 (-0.05)	2.32 (-0.05)
15Y	2.45 (-0.05)	--
20Y	2.44 (-0.05)	--
30Y	2.53 (-0.04)	2.76 (-0.07)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	9.97	0.04
EURIBOR-OIS	2.80	0.03
TED	17.56	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/15/2017 04:00	NZ REINZ House Sales YoY	Oct	--	-15.80%	-26.20%	--
11/15/2017 07:00	SK Unemployment rate SA	Oct	3.70%	3.60%	3.70%	--
11/15/2017 07:30	AU Consumer Conf SA MoM	Nov	--	-1.70%	3.60%	--
11/15/2017 07:50	JN GDP SA QoQ	3Q P	0.40%	0.30%	0.60%	--
11/15/2017 07:50	JN GDP Annualized SA QoQ	3Q P	1.50%	1.40%	2.50%	2.60%
11/15/2017 07:50	JN GDP Deflator YoY	3Q P	0.10%	0.10%	-0.40%	--
11/15/2017 10:47	PH Overseas Remittances YoY	Sep	7.40%	-8.30%	7.80%	--
11/15/2017 10:47	PH Overseas Workers Remittances	Sep	\$2565m	\$2186m	\$2499m	--
11/15/2017 12:00	ID Exports YoY	Oct	15.40%	18.39%	15.60%	15.60%
11/15/2017 12:00	ID Trade Balance	Oct	\$1608m	\$895m	\$1761m	\$1779m
11/15/2017 12:30	JN Industrial Production YoY	Sep F	--	2.60%	2.50%	--
11/15/2017 12:30	JN Capacity Utilization MoM	Sep	--	-1.50%	3.30%	--
11/15/2017 15:45	FR CPI EU Harmonized YoY	Oct F	1.20%	1.20%	1.20%	--
11/15/2017 15:45	FR CPI MoM	Oct F	0.10%	0.10%	0.10%	--
11/15/2017 15:45	FR CPI YoY	Oct F	1.10%	1.10%	1.10%	--
11/15/2017 17:30	UK Claimant Count Rate	Oct	--	2.30%	2.30%	--
11/15/2017 17:30	UK Jobless Claims Change	Oct	--	1.1k	1.7k	2.6k
11/15/2017 17:30	UK Unemployment Rate 3Mths	Sep	4.30%	4.30%	4.30%	--
11/15/2017 20:00	US MBA Mortgage Applications	Nov-10	--	3.10%	0.00%	--
11/15/2017 21:30	US CPI MoM	Oct	0.10%	0.10%	0.50%	--
11/15/2017 21:30	US CPI Ex Food and Energy MoM	Oct	0.20%	0.20%	0.10%	--
11/15/2017 21:30	US CPI YoY	Oct	2.00%	2.00%	2.20%	--
11/15/2017 21:30	US Empire Manufacturing	Nov	25.1	19.4	30.2	--
11/15/2017 21:30	US Retail Sales Advance MoM	Oct	0.00%	0.20%	1.60%	1.90%
11/15/2017 21:30	US Retail Sales Ex Auto MoM	Oct	0.20%	0.10%	1.00%	1.20%
11/15/2017 21:30	US Retail Sales Ex Auto and Gas	Oct	0.30%	0.30%	0.50%	0.60%
11/16/2017 05:00	US Total Net TIC Flows	Sep	\$75.0b	-\$51.3b	\$125.0b	\$130.2b
11/16/2017 05:00	US Net Long-term TIC Flows	Sep	--	\$80.9b	\$67.2b	\$73.2b
11/16/2017 08:30	AU Employment Change	Oct	18.8k	--	19.8k	--
11/16/2017 08:30	AU Unemployment Rate	Oct	5.50%	--	5.50%	--
11/16/2017 08:30	AU Participation Rate	Oct	65.20%	--	65.20%	--
11/16/2017 10:00	PH GDP YoY	3Q	6.60%	--	6.50%	6.70%
11/16/2017 14:00	JN Machine Tool Orders YoY	Oct F	--	--	49.90%	--
11/16/2017 16:30	HK Unemployment Rate SA	Oct	3.10%	--	3.10%	--
11/16/2017 17:30	UK Retail Sales Ex Auto Fuel YoY	Oct	-0.40%	--	1.60%	--
11/16/2017 17:30	UK Retail Sales Inc Auto Fuel YoY	Oct	-0.50%	--	1.20%	--
11/16/2017 18:00	EC CPI YoY	Oct F	1.40%	--	1.50%	--
11/16/2017 18:00	EC CPI Core YoY	Oct F	0.90%	--	0.90%	--
11/16/2017 21:30	CA Manufacturing Sales MoM	Sep	-0.50%	--	1.60%	--
11/16/2017 21:30	US Initial Jobless Claims	Nov-11	235k	--	239k	--
11/16/2017 21:30	US Continuing Claims	Nov-04	1900k	--	1901k	--
11/16/2017 21:30	US Outlook	Nov	24.6	--	27.9	--
11/16/2017 21:30	US Import Price Index MoM	Oct	0.40%	--	0.70%	--
11/16/2017 22:15	US Industrial Production MoM	Oct	0.50%	--	0.30%	--
11/16/2017 22:15	US Capacity Utilization	Oct	76.30%	--	76.00%	--
11/16/2017 22:45	US Bloomberg Consumer Comfort	Nov-12	--	--	51.5	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@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

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