

Highlights

Global	<p>The positive sentiment from the trade war truce continued to unwind on Thursday as the arrest of Huawei CFO before Xi-Trump meeting fuelled concerns that the trade war may be escalated to technology war into 2019. Meanwhile, conspiracy theory was also circulated in China's social media after the news broke out that Stanford physicist Prof Zhang Shoucheng committed suicide at the same day on 1 Dec. Market is likely to continue to pay close attention to the development of Huawei incident. In addition, the ongoing re-pricing of Fed rate hike expectation in 2019 partially offset the weak sentiment and further drove down the US 10-year Treasury yields to below 2.9%. Atlanta Fed President Bostic said the Fed was "within shouting distance" of neutral rate. The latest article from the Wall Street Journal suggests that the Fed is likely to deviate from the rate hike cycle for the past two years and switch to more data-dependant mode.</p> <p>Oil prices fell overnight on fears that no deal will be reached on Friday although OPEC tentatively agreed on oil production cut. The group is waiting for non-OPEC member Russia's reply. Saudi Energy Minister said he wants Russia to cut as much as possible. For today, markets will watch out for OPEC meeting in Vienna. US November non-farm payroll on Friday and China's November trade data on Saturday will be closely watched as well.</p>
US	<p>Trade deficit for October surged to the highest since 2008 at \$55.5bn, up from \$54.6bn last month, with the deficit with China hitting a record high. ADP reported an addition of 179k new jobs in November, falling short of consensus estimates of 195k. Initial jobless claims printed 231k (est. 225k), lower than the previous reading which was revised to 235k. Meanwhile, the ISM non-manufacturing index rose to 60.7, higher than the 59 that markets were expecting, and is a gain from 60.3 in October. Factory and durable goods orders fell by 2.1% and 4.3%, respectively.</p>
UK	<p>Chairman of the 1922 Committee of Conservative Party lawmakers Graham Brady said PM May should delay her Brexit vote, which is due to be tabled this coming Tuesday, in order to have more time to seek middle ground with Brexit supporters over the Irish backstop as he does not think that "there's any point in plowing ahead and losing the vote heavily".</p>
CH	<p>PBoC continued to suspend its reserve repo operation for the 30 consecutive trading days as liquidity remains stable. However, PBoC rolled over the maturing CNY187.5 billion MLF. In addition, China's Commerce Ministry said the department is confident that China and US will reach the agreement within 90 days.</p>
ID	<p>The central bank intervened into the currency and sovereign bond markets, marking the first intervention in more than a month after the IDR tumbled yesterday. Moody's has stated that Indonesia's fiscal discipline is a key credit strength although they still pointed out that the weak revenue could weigh in on debt affordability. They also mentioned that prolonged currency depreciation could weigh into debt affordability and may have some implication for state companies. They further noted that corporate debt could prove to be another channel of risk.</p>

Major Markets

- **US:** Wall Street ended mixed on Thursday, with the S&P500 falling by 0.15%. The DJIA declined 0.32%, while the Nasdaq composite advanced 0.42%.
- Costco shares rose 3.03% after the retailer reported higher-than-expected growth for same-store sales, and a 9.8% yoy increase in net sales for November.
- Sears Holdings soared 3.85% after chairman and CEO Eddie Lampert announced a bid to acquire the firm for \$4.6bn in cash, equity loans and debt swaps.
- **Singapore:** The STI declined 2.38% to 3,115.52. Hutchison Port Holdings Trust (+3.77%) and CapitalLand (+0.94%) led gains, while Singapore Press Holdings (-4.17%) and UOB (-2.80%) registered losses.
- **Thailand:** Consumer confidence index slightly declined to 80.5 for November (Oct 2018: 81.3) whilst a sub-index consumer confidence index also marginally declined to 67.5 (Oct 2018: 68.4), the lowest in six months. Meanwhile, according to Bloomberg, the Bangkok Post reports that the BoT still has concerns about financial stability in certain areas, despite implementing various macroprudential measures in the last few years when monetary policy was loose.
- **Philippines:** The consumer confidence index and an index on the outlook of companies on the economy compiled by the BSP have fallen to -22.5% (3Q 2018: -7.1%) and 27.2% (3Q 2018: 30.1%) respectively in 4Q 2018. However, according to Bloomberg, Deputy Governor Diwa Guinigundo said that the two polls were conducted earlier in the quarter when prices were at their peak and therefore, they no longer paint an accurate picture.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 2-3bps lower while the longer tenors traded 3-5bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 160bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS was unchanged at 616bps. 10Y UST yields fell 10bps to 2.82% in the earlier part of the trading session, hitting its three-month lows on the back of uncertainties over Brexit, escalating trade tensions between the US and China following the arrest of Huawei Technologies Co's chief financial officer as well as a lower than expected ADP US job data. Yields subsequently recovered 7bps to close at 2.90%.
- **New Issues:** Haitong Securities Co Ltd has priced a USD300mn 5-year bond at CT5+185bps, tightening from its initial price guidance of CT5+200bps area. Jinan Hi-Tech Holding Group Co Ltd has priced a USD250mn 3-year bond at 6.4%, in line with the final price guidance. Industrial & Commercial Bank of China Limited/Dubai DIFC has priced a USD100mn 2-year bond at 3mL+60bps. Logan Property Holdings Company Limited has priced a USD370mn 2-year bond at 8.75%, tightening from its initial price guidance of 9.0%.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.810	-0.27%	USD-SGD	1.3694	0.18%
USD-JPY	112.680	-0.45%	EUR-SGD	1.5577	0.43%
EUR-USD	1.1374	0.26%	JPY-SGD	1.2152	0.63%
AUD-USD	0.7236	-0.44%	GBP-SGD	1.7503	0.55%
GBP-USD	1.2781	0.37%	AUD-SGD	0.9905	-0.31%
USD-MYR	4.1650	0.26%	NZD-SGD	0.9418	-0.13%
USD-CNY	6.8827	0.38%	CHF-SGD	1.3793	0.67%
USD-IDR	14520	0.81%	SGD-MYR	3.0378	0.01%
USD-VND	23323	0.08%	SGD-CNY	5.0283	0.31%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	2.1719	--
2M	-0.3360	--	1M	2.3833	--
3M	-0.3160	--	2M	2.5428	--
6M	-0.2460	--	3M	2.7658	--
9M	-0.1940	--	6M	2.8911	--
12M	-0.1410	--	12M	3.1258	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	67.4%	67.4%	0.0%	0.0%	0.0%
01/30/2019	69.4%	65.2%	4.2%	0.0%	0.0%
03/20/2019	81.4%	51.7%	28.1%	1.6%	0.0%
05/01/2019	82.9%	48.9%	30.0%	3.8%	0.1%
06/19/2019	87.4%	40.5%	35.0%	10.8%	1.1%
07/31/2019	88.0%	39.3%	35.3%	11.8%	1.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.49	-2.65%	Coffee (per lb)	1.007	-0.30%
Brent (per barrel)	60.06	-2.44%	Cotton (per lb)	0.7802	-2.61%
Heating Oil (per gallon)	1.8582	-1.61%	Sugar (per lb)	0.1264	-0.63%
Gasoline (per gallon)	1.4334	-0.84%	Orange Juice (per lb)	1.4150	-1.67%
Natural Gas (per MMBtu)	4.3270	-3.18%	Cocoa (per mt)	2,078	0.87%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,041.8	-0.99%	Wheat (per bushel)	5.0525	-1.80%
Nickel (per mt)	11,168.0	--	Soybean (per bushel)	9.095	-0.44%
Aluminium (per mt)	1,977.3	--	Corn (per bushel)	3.7200	-0.60%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,238.1	0.08%	Crude Palm Oil (MYR/MT)	1,792.0	0.67%
Silver (per oz)	14.390	-0.50%	Rubber (JPY/KG)	141.8	0.42%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,947.67	-79.40
S&P	2,695.95	-4.11
Nasdaq	7,188.26	29.83
Nikkei 225	21,501.62	-417.71
STI	3,115.52	-40.40
KLCI	1,683.34	-4.93
JCI	6,115.49	-17.63
Baltic Dry	1,296.00	--
VIX	21.19	0.45

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.02 (-0.01)	2.76 (-0.03)
5Y	2.08 (--)	2.75 (-0.03)
10Y	2.24 (-0.02)	2.90 (-0.02)
15Y	2.49 (-0.03)	--
20Y	2.55 (-0.03)	--
30Y	2.67 (-0.03)	3.16 (-0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.27	2.73
EURIBOR-OIS	3.40	-0.79
TED	35.87	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
12/06/2018 03:00	US Book					
	Beige Book Released Live Due to George					
12/06/2018 03:00	US H W Bush Funeral					
12/06/2018 07:00	SK BoP Current Account Balance	Oct	--	\$9190.3m	\$10831.4m	--
12/06/2018 07:50	JN Japan Buying Foreign Bonds	Nov-30	--	¥1053.5b	-¥736.4b	-¥736.0b
12/06/2018 07:50	JN Foreign Buying Japan Stocks	Nov-30	--	-¥137.9b	-¥195.0b	-¥203.5b
12/06/2018 08:30	AU Trade Balance	Oct	A\$3000m	A\$2316m	A\$3017m	A\$2940m
12/06/2018 08:30	AU Retail Sales MoM	Oct	0.30%	0.30%	0.20%	0.10%
12/06/2018 15:00	GE Factory Orders MoM	Oct	-0.40%	0.30%	0.30%	0.10%
12/06/2018 15:00	GE Factory Orders WDA YoY	Oct	-3.10%	-2.70%	-2.20%	-2.60%
12/06/2018 16:30	GE Markit Germany Construction PMI	Nov	--	51.3	49.8	--
12/06/2018 21:15	US ADP Employment Change	Nov	195k	179k	227k	225k
12/06/2018 21:30	CA Int'l Merchandise Trade	Oct	-0.73b	-1.17b	-0.42b	-0.89b
12/06/2018 21:30	US Trade Balance	Oct	-\$55.0b	-\$55.5b	-\$54.0b	-\$54.6b
12/06/2018 21:30	US Initial Jobless Claims	Dec-01	225k	231k	234k	235k
12/06/2018 21:30	US Continuing Claims	Nov-24	1690k	1631k	1710k	1705k
12/06/2018 22:45	US Bloomberg Consumer Comfort	Dec-02	--	60.3	60.6	--
12/06/2018 22:45	US Markit US Services PMI	Nov F	54.4	54.7	54.4	--
12/06/2018 22:45	US Markit US Composite PMI	Nov F	--	54.7	54.4	--
12/06/2018 23:00	US ISM Non-Manufacturing Index	Nov	59	60.7	60.3	--
12/06/2018 23:00	US Factory Orders	Oct	-2.00%	-2.10%	0.70%	0.20%
12/06/2018 23:00	US Durable Goods Orders	Oct F	-2.40%	-4.30%	-4.40%	--
12/06/2018 23:00	US Durables Ex Transportation	Oct F	0.10%	0.20%	0.10%	--
12/06/2018 23:00	US Cap Goods Orders Nondef Ex Air	Oct F	--	0.00%	0.00%	--
12/06/2018 23:00	US Cap Goods Ship Nondef Ex Air	Oct F	--	0.30%	0.30%	--
12/07/2018 07:30	JN Household Spending YoY	Oct	1.00%	-0.30%	-1.60%	--
12/07/2018 08:00	JN Labor Cash Earnings YoY	Oct	1.00%	--	1.10%	0.80%
12/07/2018 13:00	JN Leading Index CI	Oct P	104.9	--	104.3	--
12/07/2018 15:00	GE Industrial Production SA MoM	Oct	0.30%	--	0.20%	--
12/07/2018 15:00	GE Industrial Production WDA YoY	Oct	2.10%	--	0.80%	--
12/07/2018 15:00	MA Foreign Reserves	Nov-30	--	--	\$102.1b	--
12/07/2018 15:30	TH Foreign Reserves	Nov-30	--	--	\$202.0b	--
12/07/2018 15:45	FR Trade Balance	Oct	-5750m	--	-5663m	--
12/07/2018 15:45	FR Industrial Production MoM	Oct	0.70%	--	-1.80%	--
12/07/2018 15:45	FR Industrial Production YoY	Oct	-1.40%	--	-1.10%	--
12/07/2018 15:45	FR Manufacturing Production MoM	Oct	0.90%	--	-2.10%	--
12/07/2018 15:45	FR Manufacturing Production YoY	Oct	-1.50%	--	-1.00%	--
12/07/2018 16:00	TA Trade Balance	Nov	\$3.80b	--	\$3.36b	--
12/07/2018 16:00	TA Exports YoY	Nov	1.30%	--	7.30%	--
12/07/2018 16:00	TA Imports YoY	Nov	12.00%	--	17.60%	--
12/07/2018 16:30	UK Halifax House Prices MoM	Nov	0.20%	--	0.70%	--
12/07/2018 16:30	UK Halifax House Price 3Mths/Year	Nov	1.00%	--	1.50%	--
12/07/2018 17:00	IT Retail Sales MoM	Oct	--	--	-0.80%	--
12/07/2018 17:00	IT Retail Sales YoY	Oct	1.80%	--	-2.50%	--
12/07/2018 17:00	SI Foreign Reserves	Nov	--	--	\$290.27b	--
12/07/2018 18:00	EC GDP SA QoQ	3Q F	0.20%	--	0.20%	--
12/07/2018 18:00	EC GDP SA YoY	3Q F	1.70%	--	1.70%	--
12/07/2018 21:30	CA Net Change in Employment	Nov	10.0k	--	11.2k	--
12/07/2018 21:30	US Change in Nonfarm Payrolls	Nov	198k	--	250k	--
12/07/2018 21:30	CA Unemployment Rate	Nov	5.80%	--	5.80%	--
12/07/2018 21:30	US Change in Manufact. Payrolls	Nov	18k	--	32k	--
12/07/2018 21:30	US Unemployment Rate	Nov	3.70%	--	3.70%	--
12/07/2018 23:00	US Wholesale Inventories MoM	Oct F	0.70%	--	0.70%	--
12/07/2018 23:00	US U. of Mich. Sentiment	Dec P	97	--	97.5	--
			\$3044.00			
12/07/2018	CH Foreign Reserves	Nov	b	--	\$3053.10b	--
12/07/2018	HK Foreign Reserves	Nov	--	--	\$423.1b	--
12/07/2018	PH Foreign Reserves	Nov	--	--	\$74.8b	\$74.7b
12/07/2018	ID Foreign Reserves	Nov	--	--	\$115.20b	--
12/06/2018 12/13	VN Domestic Vehicle Sales YoY	Nov	--	--	39.10%	--

Source: Bloomberg

OCBC Treasury Research	
Macro Research Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Tommy Xie Dongming XieD@ocbc.com Terence Wu TerenceWu@ocbc.com Alan Lau AlanLau@ocbc.com	Credit Research Andrew Wong WongVKAM@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com Seow Zhi Qi ZhiQiSeow@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 Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).