

Highlights

Global	<p>Wall Street ended last week weaker following concerns on trade tensions, moderating US jobs data and comments on the Fed hike. The latest jobs data showed that the US employers added 155,000 jobs in November, a slowdown from recent month but the unemployment rate remained at 3.7%, a near five decades low. Regarding Sino – US trade tensions, the Chinese Vice Foreign Minister has summoned the US Ambassador to China to protest to arrest of Huawei Technologies Co. CFO Meng Wanzhou with the Chinese side warning that they will take “further action” if necessary. However, the Trump team is trying to insulate talks with China from this emerging dispute over the arrest with the White House mentioning that Trump didn’t know beforehand of the arrest. Republican Senator Marco Rubio has said he will introduce legislation to bar Huawei from doing business in the US whilst Lighthizer said he is opposed to a total ban on Huawei and insisted that the arrest is a “criminal justice matter”. On the oil front, OPEC members and 10 other oil producing nations agreed Friday to cut output by 1.2 million barrels a day. Asian markets are likely to open weaker today given continuing trade tensions and concerns of China’s economy. Key data releases for the week include Germany trade and CPI data, US PPI and CPI, UK jobs and trade data, Eurozone industrial production, French CPI data, additional US jobs data, India trade data, China retail sales, industrial production and jobless survey data.</p>
CN	<p>The impact of trade war on Chinese economy started to emerge with the import of electronic integrated circuit fell by 8.3% yoy in November after expanding by 19.6% in October. The sharp decline of imports of EIC also outweighed the record imports of crude oil, which hit the high of US\$24.17 billion. On the positive note, the weak import also led to widening trade surplus. China’s FX reserve rebounded to US\$3.061 trillion in November from US\$3.053 trillion. Meanwhile, China’s currency regulator SAFE announced the latest penalties on lists of illegal purchase of foreign currency involving both corporates and individuals. The tightened surveillance on sale and purchase of foreign currency is likely to curb irrational demand for foreign currency.</p>
US	<p>There is still currently no decision reached on the extradition hearing of Huawei CFO in the Canadian courts despite nearly six hours of questioning. Meanwhile, the White House itself also saw some internal changes as the President’s Chief of Staff John Kelly also stepped down.</p>
UK	<p>UK Prime Minister will be facing the House of Commons vote on the Brexit deal this coming Tuesday with odds appearing to stack up against her.</p>
MY	<p>Moody’s continued to reaffirm Malaysia’s sovereign rating at A3 as it highlighted certain points such as robust growth potential, deep domestic capital markets, a solid institutional framework, including strong monetary policy effectiveness, as strong credit positives. However, they did note “government debt will stay high for longer and the government’s fiscal policy choices will narrow the revenue base and reduce fiscal flexibility further” and that in their view, “the government will face hurdles to significantly reining in pervasive corruption”. Foreign reserves meanwhile edged lower to US\$102bn as of 30th November 2018.</p>

Major Markets

- **US:** Wall Street ended lower last week, with S&P 500 falling by 2.33%. The DJIA declined 2.24%, while the Nasdaq composite fell by 3.05%.
- **Singapore:** The STI declined 4.4% to 3,111.12. Jardine Matheson Holdings Ltd (0.3%) led gains, while Venture Corp Ltd (-0.22%) registered losses.
- **Indonesia:** Foreign reserves edged up for November to US\$117.20bn from US\$115.20, the previous month.
- **Thailand:** Foreign reserves was higher as of 30th November 2018 at US\$203.2bn.
- **Philippines:** Foreign reserves edged higher in November to US\$75.5bn from US\$74.7bn, the previous month.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with swap rates for the shorter tenors trading 1bps higher while the longer tenors traded 1-2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 161bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 618bps. Overall, 10Y UST yields fell 6bps to close at 2.85% on the back of the weaker-than-expected US job data.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.514	-0.31%	USD-SGD	1.3700	0.04%
USD-JPY	112.690	0.01%	EUR-SGD	1.5595	0.12%
EUR-USD	1.1379	0.04%	JPY-SGD	1.2155	0.02%
AUD-USD	0.7208	-0.39%	GBP-SGD	1.7441	-0.35%
GBP-USD	1.2726	-0.43%	AUD-SGD	0.9871	-0.34%
USD-MYR	4.1670	0.05%	NZD-SGD	0.9403	-0.16%
USD-CNY	6.8743	-0.12%	CHF-SGD	1.3815	0.16%
USD-IDR	14480	-0.28%	SGD-MYR	3.0427	0.16%
USD-VND	23316	-0.03%	SGD-CNY	5.0200	-0.17%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	--	O/N	2.1809	-0.0015
2M	-0.3360	--	1M	2.4002	0.0132
3M	-0.3150	--	2M	2.5453	0.0048
6M	-0.2460	--	3M	2.7711	0.0039
9M	-0.1940	--	6M	2.8858	-0.0032
12M	-0.1370	0.0030	12M	3.1006	-0.0114

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)	52.61	2.18%	Coffee (per lb)	0.988	-1.84%
Brent (per barrel)	61.67	2.68%	Cotton (per lb)	0.8023	2.83%
Heating Oil (per gallon)	1.8862	1.51%	Sugar (per lb)	0.1287	1.82%
Gasoline (per gallon)	1.4858	3.66%	Orange Juice (per lb)	1.4310	1.13%
Natural Gas (per MMBtu)	4.4880	3.72%	Cocoa (per mt)	2,175	4.67%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.1950	2.82%
Nickel (per mt)	10,848.5	0.56%	Soybean (per bushel)	9.168	0.80%
Aluminium (per mt)	1,956.5	0.69%	Corn (per bushel)	3.7400	0.54%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,246.8	0.70%	Crude Palm Oil (MYR/MT)	1,793.0	0.06%
Silver (per oz)	14.572	1.26%	Rubber (JPY/KG)	140.9	-0.63%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,388.95	-558.72
S&P	2,633.08	-62.87
Nasdaq	6,969.25	-219.01
Nikkei 225	21,678.68	177.06
STI	3,111.12	-4.40
KLCI	1,680.54	-2.80
JCI	6,126.36	10.86
Baltic Dry	1,372.00	33.00
VIX	23.23	2.04

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.00 (-0.02)	2.71 (-0.05)
5Y	2.06 (-0.02)	2.69 (-0.06)
10Y	2.23 (-0.02)	2.85 (-0.05)
15Y	2.48 (-0.01)	--
20Y	2.53 (-0.02)	--
30Y	2.65 (-0.02)	3.14 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.59	0.32
EURIBOR-OIS	4.23	0.73
TED	36.53	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
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%	1.50%	1.10%	0.80%
12/07/2018 13:00	JN Leading Index CI	Oct P	104.9	100.5	104.3	--
12/07/2018 15:00	GE Industrial Production SA MoM	Oct	0.30%	--	0.20%	--
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 16:00	TA Trade Balance	Nov	\$3.80b	--	\$3.36b	--
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 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 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	--
12/07/2018	CH Foreign Reserves	Nov	\$3044.0b	--	\$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	--
12/07/2018 12/13	VN Domestic Vehicle Sales YoY	Nov	--	--	39.10%	--
12/08/2018	CH Trade Balance	Nov	\$34.20b	--	\$34.01b	\$34.02b
12/09/2018 09:30	CH PPI YoY	Nov	2.70%	--	3.30%	--
12/09/2018 09:30	CH CPI YoY	Nov	2.40%	--	2.50%	--
12/10/2018 07:50	JN GDP SA QoQ	3Q F	-0.50%	--	-0.30%	--
12/10/2018 07:50	JN GDP Annualized SA QoQ	3Q F	-2.00%	--	-1.20%	--
12/10/2018 07:50	JN GDP Nominal SA QoQ	3Q F	-0.50%	--	-0.30%	--
12/10/2018 07:50	JN GDP Deflator YoY	3Q F	-0.30%	--	-0.30%	--
12/10/2018 07:50	JN BoP Current Account Balance	Oct	¥1335.5b	--	¥1821.6b	--
12/10/2018 07:50	JN Trade Balance BoP Basis	Oct	¥260.8b	--	¥323.3b	--
12/10/2018 08:30	AU Home Loans MoM	Oct	-0.40%	--	-1.00%	--
12/10/2018 08:30	AU Owner-Occupier Loan Value MoM	Oct	--	--	-4.20%	--
12/10/2018 15:00	GE Trade Balance	Oct	--	--	18.4b	18.3b
12/10/2018 15:00	GE Current Account Balance	Oct	--	--	21.1b	--
12/10/2018 15:00	GE Exports SA MoM	Oct	0.40%	--	-0.80%	-0.70%
12/10/2018 15:00	GE Imports SA MoM	Oct	--	--	-0.40%	-0.10%
12/10/2018 15:30	FR Bank of France Ind. Sentiment	Nov	--	--	103	--
12/10/2018 17:00	IT Industrial Production MoM	Oct	--	--	-0.20%	--
12/10/2018 17:30	UK Trade Balance	Oct	-£1100m	--	-£27m	--
12/10/2018 17:30	UK Industrial Production MoM	Oct	0.20%	--	0.00%	--
12/10/2018 17:30	UK Industrial Production YoY	Oct	-0.10%	--	0.00%	--
12/10/2018 17:30	UK Manufacturing Production MoM	Oct	-0.10%	--	0.20%	--
12/10/2018 17:30	UK Manufacturing Production YoY	Oct	-0.10%	--	0.50%	--
12/10/2018 21:15	CA Housing Starts	Nov	--	--	205.9k	--
12/10/2018 21:30	CA Building Permits MoM	Oct	--	--	0.40%	--
12/10/2018 12/14	NZ REINZ House Sales YoY	Nov	--	--	15.50%	--
12/10/2018 12/15	CH Money Supply M2 YoY	Nov	8.00%	--	8.00%	--
12/10/2018 12/15	CH New Yuan Loans CNY	Nov	1200.0b	--	697.0b	--

Source: Bloomberg

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