

**Highlights**

<b>Global</b>	<p>Wall Street ended generally flat yesterday after a topsy-turvy session as investors await to see how the trade war pans out and whether a US government shut down can be averted. Regarding the latter, President Trump staged an open confrontation on Television yesterday with Nancy Pelosi, the House Democratic Leader and Chuck Schumer, the Senate Democratic Leader over his demand for funding for the border wall otherwise, he said he will be “proud to shut down the government for border security”. However, key senate leaders later signalled that they intend to try to avoid a shutdown. Regarding Sino – US relations, Huawei CFO Meng Wanzhou has been granted bail whilst Bloomberg reports that China has moved to lower auto tariffs on US made cars to 15% from 40%. Meanwhile, France will be on track to exceed the EU deficit limit if the nation proceeds with increased spending in accordance to President Macron’s plans. On the Brexit front, there are reports swirling that Theresa May could potentially face a vote of confidence in her leadership but it is still uncertain whether the threshold for such a vote has been reached. In India, the government has appointed Shaktikanta Das as the new central bank governor, a figure who oversaw Modi’s cash ban program and who was also known to have sought for rate cuts during his time in the Finance Ministry. Asian markets could see some gains today. Key economic data releases today include Japan PPI, Eurozone industrial production, US and India CPI.</p>
<b>EU</b>	<p>French president Emmanuel Macron announced a slew of tax cuts and wage boosts in response to a nationwide riot. The 2019 deficit may therefore now exceed the EU’s deficit limit of 3% of GDP as a result of the spending measures, according to the budget minister. An assessment of France’s 2019 budget is scheduled to be carried out by the European Commission in 2Q19.</p>
<b>UK</b>	<p>The European Commission took a step forward to fulfilling the financial industry’s demands for a so-called equivalence decision that would ensure London’s main clearinghouses could continue to serve EU clients even in a disorderly Brexit situation.</p>
<b>CH</b>	<p>The positive newsflow on US-China trade talk returned after the talk was overshadowed by the Huawei incident. China’s Vice Premier Liu He had a phone conversation with US Treasury Secretary Mnuchin and US Trade Representative Lighthizer yesterday to discuss the next stage for trade talk. Meanwhile, the bail grant to Huawei CFO and Trump’s comments this morning that he might intervene in the Huawei should it serve national interest and help close a trade deal with China also help deescalate the tension.</p>
<b>MY</b>	<p>Tabung Haji (TH) has announced plans that RM19.9 billion in assets, including its land in the 1MDB-linked Tun Razak Exchange (TRX) will be transferred to a special purpose vehicle under the Finance Ministry. This comes after the government confirmed the fund was in a RM4.1bn deficit.</p>
<b>ID</b>	<p>The central bank awarded US\$74m in the DNDF auction on 11th December 2018. BI also stated that it continues to intervene in the FX spot and DNDF market to maintain IDR stability.</p>

## Major Markets

- **US:** The headline producer price index (PPI) for final demand rose in November by 0.1% mom, slowing down from 0.6% growth in the previous month, but faster than market expectations of no change. Weaker oil prices were the main drag, with costs of energy products falling by 5%.
- Wall Street ended mixed on Tuesday, with the S&P500 falling by 0.04%. The DJIA declined 0.22%, while the Nasdaq composite advanced 0.16%.
- General Motors Co. (+0.78%) and Tesla (+0.44%) shares rallied on reports that China's cabinet will review a proposal to reduce tariffs on US automobiles from 40% to 15%.
- **China:** On data front, China's credit data rebounded in November after the seasonal effect faded. New Yuan loan increased by CNY1.25 trillion after collapsing to CNY697 billion in October. Meanwhile, aggregate social financing also rebounded to CNY1.519 trillion from CNY743 billion in October. M2 growth, however, remained unchanged at 8% while M1 growth decelerated further to 1.5%. The negative gap between M1 and M2 growth shows that corporates remain cautious on the outlook.
- **Singapore:** The STI declined 0.43% to 3,059.28. Hong Kong Land Holdings (+2.17%) and Golden Agri-Resources (+1.96%) led gains, while Jardine Strategic Holdings (-2.83%) and City Development (-2.14%) registered losses.
- **Malaysia:** According to the Tabung Haji's Recovery and Restructuring Working Plan, around 50% of the funds in TH were deposited by only 1.3% of its depositors. The plan suggested TH review the contracts for existing deposit products and set a savings limit of RM200,000 for depositors. It also suggested that the remaining balance exceeding the RM200,000 limit be separated. This implies that the government could only guarantee up to RM200,000 for every depositor going forward. IPI data is due later.
- **Thailand:** The government has lifted a ban on campaigning as well as political gatherings of five or more people. Meanwhile, according to Bloomberg, the Finance Minister has said that the government seeks to balance the budget by 2030 and expects GDP growth to be at 4% between 2020 to 2030 and inflation to average at 2% during that period.
- **Philippines:** The trade deficit further widened in October to US\$4.2bn from US\$3.9bn the previous month. Imports growth (21.4% yoy) continued to significantly outpace exports growth (3.3% yoy). Meanwhile, President Duterte's allies have successfully secured the House of Representatives approval for their resolution on constitutional reform.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded up yesterday, with swap rates trading 0-2bps higher across the shorter (< 3yrs) tenors and 2-4 bps higher across the longer (> 3yrs) tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 162bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 614bps. Overall, 10Y UST yields rose 2bps to 2.88% as Wall Street stocks continued to recover, led by autos following reports that China may lower tariffs imposed on US vehicle imports.
- **New Issues:** Kaisa Group Holdings Ltd. priced a USD300mn 365 day bond at 12% (guaranteed by certain restricted subsidiaries incorporated outside of the People's

Republic of China). Shaoxing City Investment Group Ltd. priced a USD350mn 3-year bond at 5.95%, tightening from its initial price guidance of low 6% area. Xihu (BVI) 2018 Holding Company Limited (guaranteed by Xihu Zhongbao Co., Ltd.) has scheduled investor meetings/calls in Hong Kong and Singapore from Dec. 12.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	97.388	0.17%	<b>USD-SGD</b>	1.3738	0.01%
<b>USD-JPY</b>	113.380	0.04%	<b>EUR-SGD</b>	1.5547	-0.35%
<b>EUR-USD</b>	1.1317	-0.34%	<b>JPY-SGD</b>	1.2115	-0.06%
<b>AUD-USD</b>	0.7206	0.22%	<b>GBP-SGD</b>	1.7154	-0.59%
<b>GBP-USD</b>	1.2487	-0.59%	<b>AUD-SGD</b>	0.9899	0.22%
<b>USD-MYR</b>	4.1845	0.31%	<b>NZD-SGD</b>	0.9443	--
<b>USD-CNY</b>	6.9000	-0.17%	<b>CHF-SGD</b>	1.3832	-0.30%
<b>USD-IDR</b>	14608	0.36%	<b>SGD-MYR</b>	3.0474	0.11%
<b>USD-VND</b>	23302	-0.02%	<b>SGD-CNY</b>	5.0230	-0.31%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3680	--	<b>O/N</b>	2.1820	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.4205	--
<b>3M</b>	-0.3140	--	<b>2M</b>	2.5676	--
<b>6M</b>	-0.2450	--	<b>3M</b>	2.7759	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.8779	--
<b>12M</b>	-0.1340	--	<b>12M</b>	3.0840	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	74.0%	74.0%	0.0%	0.0%	0.0%
01/30/2019	75.1%	72.0%	3.1%	0.0%	0.0%
03/20/2019	83.0%	57.0%	25.0%	1.0%	0.0%
05/01/2019	84.8%	52.9%	28.3%	3.5%	0.1%
06/19/2019	88.5%	43.7%	34.3%	9.6%	0.9%
07/31/2019	89.1%	42.0%	34.8%	10.8%	1.4%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.65	1.27%	Coffee (per lb)	0.977	-2.79%
Brent (per barrel)	60.20	0.38%	Cotton (per lb)	0.8002	0.18%
Heating Oil (per gallon)	1.8471	0.16%	Sugar (per lb)	0.1283	0.86%
Gasoline (per gallon)	1.4398	1.47%	Orange Juice (per lb)	1.3780	-1.15%
Natural Gas (per MMBtu)	4.4070	-3.04%	Cocoa (per mt)	2,066	-4.17%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,098.0	1.75%	Wheat (per bushel)	5.0975	-0.97%
Nickel (per mt)	10,729.5	--	Soybean (per bushel)	9.150	0.58%
Aluminium (per mt)	1,933.8	--	Corn (per bushel)	3.7500	0.20%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,241.9	-0.14%	Crude Palm Oil (MYR/MT)	1,805.0	-1.63%
Silver (per oz)	14.499	0.15%	Rubber (JPY/KG)	143.6	2.28%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	24,370.24	-53.02
<b>S&amp;P</b>	2,636.78	-0.94
<b>Nasdaq</b>	7,031.83	11.31
<b>Nikkei 225</b>	21,148.02	-71.48
<b>STI</b>	3,059.28	-13.16
<b>KLCI</b>	1,652.63	-10.68
<b>JCI</b>	6,076.59	-34.77
<b>Baltic Dry</b>	1,385.00	--
<b>VIX</b>	21.76	-0.88

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	2.02 (+0.02)	2.76 (+0.03)
<b>5Y</b>	2.11 (+0.03)	2.74 (+0.03)
<b>10Y</b>	2.27 (+0.04)	2.88 (+0.02)
<b>15Y</b>	2.50 (+0.03)	--
<b>20Y</b>	2.55 (+0.03)	--
<b>30Y</b>	2.66 (+0.02)	3.13 (--)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	40.39	0.33
<b>EURIBOR-OIS</b>	4.38	0.01
<b>TED</b>	40.29	--

### Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
12/11/2018 07:50	<b>JN Money Stock M3 YoY</b>	Nov	<b>2.30%</b>	<b>2.10%</b>	<b>2.30%</b>	--
12/11/2018 07:50	<b>JN Money Stock M2 YoY</b>	Nov	<b>2.60%</b>	<b>2.30%</b>	<b>2.70%</b>	--
12/11/2018 08:01	CH Manpower Survey	1Q	--	10%	7%	--
12/11/2018 08:01	IN Manpower Survey	1Q	--	12%	13%	--
12/11/2018 08:30	AU NAB Business Conditions	Nov	--	11	12	13
12/11/2018 08:30	AU NAB Business Confidence	Nov	--	3	4	5
12/11/2018 09:00	PH Exports YoY	Oct	3.60%	3.30%	-2.60%	0.80%
12/11/2018 09:00	PH Imports YoY	Oct	15.30%	21.40%	26.10%	--
12/11/2018 09:00	PH Trade Balance	Oct	-\$3733m	-\$4210m	-\$3927m	-\$3723m
12/11/2018 14:00	JN Machine Tool Orders YoY	Nov P	--	-16.80%	-0.70%	--
12/11/2018 15:45	FR Wages QoQ	3Q F	0.30%	0.30%	0.30%	--
12/11/2018 17:01	<b>CH Money Supply M2 YoY</b>	Nov	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	--
12/11/2018 17:01	CH New Yuan Loans CNY	Nov	1150.0b	1250.0b	697.0b	--
12/11/2018 17:02	CH Money Supply M0 YoY	Nov	3.00%	2.80%	2.80%	--
12/11/2018 17:02	CH Money Supply M1 YoY	Nov	3.00%	1.50%	2.70%	--
12/11/2018 17:25	<b>VN Domestic Vehicle Sales YoY</b>	Nov	--	<b>35.50%</b>	<b>39.10%</b>	--
12/11/2018 17:30	<b>UK Claimant Count Rate</b>	Nov	--	<b>2.80%</b>	<b>2.70%</b>	--
12/11/2018 17:30	<b>UK Jobless Claims Change</b>	Nov	--	<b>21.9k</b>	<b>20.2k</b>	<b>23.2k</b>
12/11/2018 17:30	UK Average Weekly Earnings 3M/YoY	Oct	3.00%	3.30%	3.00%	3.10%
12/11/2018 17:30	<b>UK ILO Unemployment Rate 3Mths</b>	Oct	<b>4.10%</b>	<b>4.10%</b>	<b>4.10%</b>	--
12/11/2018 18:00	<b>GE ZEW Survey Current Situation</b>	Dec	<b>55</b>	<b>45.3</b>	<b>58.2</b>	--
12/11/2018 18:00	<b>GE ZEW Survey Expectations</b>	Dec	<b>-25</b>	<b>-17.5</b>	<b>-24.1</b>	--
12/11/2018 18:00	EC ZEW Survey Expectations	Dec	--	-21	-22	--
12/11/2018 19:00	US NFIB Small Business Optimism	Nov	107	104.8	107.4	--
12/11/2018 21:30	<b>US PPI Final Demand MoM</b>	Nov	<b>0.00%</b>	<b>0.10%</b>	<b>0.60%</b>	--
12/11/2018 21:30	US PPI Ex Food and Energy MoM	Nov	0.10%	0.30%	0.50%	--
12/11/2018 21:30	US PPI Final Demand YoY	Nov	2.50%	2.50%	2.90%	--
12/11/2018 21:30	US PPI Ex Food and Energy YoY	Nov	2.50%	2.70%	2.60%	--
12/12/2018 07:00	<b>SK Unemployment rate SA</b>	Nov	<b>3.90%</b>	<b>3.80%</b>	<b>3.90%</b>	--
12/12/2018 07:30	<b>AU Westpac Consumer Conf SA MoM</b>	Dec	--	<b>0.10%</b>	<b>2.80%</b>	--
12/12/2018 07:50	<b>JN PPI YoY</b>	Nov	<b>2.40%</b>	--	<b>2.90%</b>	--
12/12/2018 07:50	JN PPI MoM	Nov	-0.10%	--	0.30%	--
12/12/2018 07:50	<b>JN Core Machine Orders MoM</b>	Oct	<b>9.70%</b>	--	<b>-18.30%</b>	--
12/12/2018 07:50	JN Core Machine Orders YoY	Oct	5.00%	--	-7.00%	--
12/12/2018 12:00	MA Industrial Production YoY	Oct	3.00%	--	2.30%	--
12/12/2018 12:30	<b>JN Tertiary Industry Index MoM</b>	Oct	<b>0.80%</b>	--	<b>-1.10%</b>	--
12/12/2018 13:00	SI Retail Sales SA MoM	Oct	--	--	-0.40%	--
12/12/2018 13:00	<b>SI Retail Sales YoY</b>	Oct	<b>1.50%</b>	--	<b>1.90%</b>	--
12/12/2018 17:00	IT Unemployment Rate Quarterly	3Q	10.30%	--	10.70%	--
12/12/2018 18:00	EC Industrial Production SA MoM	Oct	0.10%	--	-0.30%	--
12/12/2018 18:00	EC Industrial Production WDA YoY	Oct	0.70%	--	0.90%	--
12/12/2018 20:00	<b>US MBA Mortgage Applications</b>	Dec-07	--	--	<b>2.00%</b>	--
12/12/2018 20:00	IN CPI YoY	Nov	2.56%	--	3.31%	--
12/12/2018 20:00	<b>IN Industrial Production YoY</b>	Oct	<b>6.00%</b>	--	<b>4.50%</b>	--
12/12/2018 21:30	CA Teranet/National Bank HPI MoM	Nov	--	--	-0.40%	--
12/12/2018 21:30	<b>US CPI MoM</b>	Nov	<b>0.00%</b>	--	<b>0.30%</b>	--
12/12/2018 21:30	CA Capacity Utilization Rate	3Q	86.00%	--	85.50%	--
12/12/2018 21:30	<b>US CPI Ex Food and Energy MoM</b>	Nov	<b>0.20%</b>	--	<b>0.20%</b>	--
12/12/2018 21:30	US CPI YoY	Nov	2.20%	--	2.50%	--
12/12/2018 21:30	US CPI Ex Food and Energy YoY	Nov	2.20%	--	2.10%	--
12/12/2018 21:30	US CPI Index NSA	Nov	252.006	--	252.885	--
12/12/2018 21:30	US CPI Core Index SA	Nov	259.412	--	258.939	--
12/12/2018 12/15	<b>IN Exports YoY</b>	Nov	--	--	<b>17.90%</b>	--
12/12/2018 12/15	IN Imports YoY	Nov	--	--	17.60%	--

Source: Bloomberg

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