

Highlights

Global	<p>Wall Street advanced yesterday after some positive news regarding the ongoing US – China trade talks. The US Soybean Export Council has disclosed that Chinese importers have purchased around 1.5m – 2m tons of soybeans. At the same time, Bloomberg has reported that China is also looking at plans to delay certain parts of her “Made in China 2025” program to 2035. Regardless, Commerce Secretary Wilbur Ross and Treasury Undersecretary for International Affairs David Malpass have asked that China agrees to timelines and enforceable actions to balance trade and open their markets to foreign companies. On the Brexit front, UK Prime Minister Theresa May has won a vote of confidence in her leadership as she received the support of 200 of her own party’s MPs against 117 who voted against her. Meanwhile, regarding Italian budget negotiations, Italian Prime Minister Conte has proposed to cut the fiscal deficit target to 2.04% of GDP even as France unveiled new promises that could lead to increased spending on their part. However, the level may still not be low enough for Italy to avoid EU sanctions. BSP and ECB rate decisions are due later with our expectation that the two will likely hold. Asian markets may climb today following the rise in Wall Street. Key economic data releases include German CPI, French CPI, US jobs data and export/import price index and India trade data.</p>
US	<p>The November headline consumer price index (CPI) was unchanged mom, slowing down from 0.3% growth in October, in line with market expectations. Weaker oil prices were the main drag, with energy prices down 2.2%. Meanwhile, core CPI, which excludes food and energy, rose a steady 0.2% mom, similar to that in the previous month.</p>
EU	<p>Besides the European Central Bank (ECB), four other nations’ central banks in Europe are slated to set rates as well, ranging from Switzerland with the lowest interest rate globally at -0.75%, to Turkey at 24% currently. Norway (0.75%) and Ukraine (18%) will be announcing rate decisions as well. Meanwhile, the European Council will meet later today in Brussels, with the long-term budget, single market and external relations to be tabled at the summit, on top of Brexit. Expect UK PM May to seek concessions at the summit, although the rest of the member states are unlikely to give much leeway to her.</p>
UK	<p>According to Health Secretary Matt Hancock, May has “said that in her heart she’d love to fight the next election, but she knows that she can’t”. Meanwhile, pro-Brexit Tory Marcus Fysh that “it doesn’t matter that she’s won” as “she can’t command the DUP and that leads to a vote of confidence in the government, a near-term general election”. He further added, “We’re not going to back her deal, so in practice she can’t carry on.”</p>
CH	<p>It was reported by Reuters that China’s state firm bought the US soybeans yesterday, as part of package to de-escalate the trade tensions. The latest evidences show that large purchase of US agriculture products and increasing access for foreign companies are the initial step of concession for China to reach the trade deal with the US within 90 days. Meanwhile, market is also waiting China to lower tariff on auto imports.</p>
PH	<p>The BSP will be announcing its policy rate decision today with our expectations that it would hold.</p>

Major Markets

- **US:** Wall Street ended higher on Wednesday, with the S&P500 gaining 0.54%. The DJIA rose 0.64%, while the Nasdaq composite advanced 0.95%.
- Lowe's equity gained 2.94% after the retailer announced \$10bn worth of stock buyback and reaffirmed its FY2018 guidance for sales and earnings.
- Under Armour's shares plummeted 10.44% as the sportswear brand released a statement indicating 2019 EPS and revenue growth expectations which were lower than consensus estimates.
- Tencent Music's stock soared 7.69% on its first day of trading after the music streaming arm of the entertainment giant Tencent Holdings priced its IPO at \$13 per share on Wednesday.
- **Singapore:** The STI closed 1.33% higher on Wednesday. Genting Singapore (+3.65%) and Jardine Matheson Holdings (+3.48%) made gains, while Golden Agri-Resources (-1.92%) was the main drag.
- **Indonesia:** President Jokowi will be doubling the conditional cash hand out to the poor known as PKH next year. This would reportedly cost the government US\$2.6bn. The fund will be given out in four phases, with the first two coming in January and April.
- **Thailand:** According to Bloomberg, Finance Minister Apisak Tantivorawong has said that GDP growth may slow to 4% in 2019 given that trade tension between the US and China may continue to weigh on global growth.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 3-5bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 161bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 610bps. Overall, 10Y UST yields rose 3bps to close at 2.91% on the back of easing tensions on Brexit as well as signs of progression in US-China trade discussions.
- **New Issues:** Greenland Hong Kong Holdings Ltd has priced a USD200mn 1.5-year bond at 9.875%, in line with the final price guidance. Baoji Investment (Group) Co Ltd has priced a USD80mn 3-year bond at 7.0%, tightening from its initial price guidance of 7.25%. Chongqing Nan'an Urban Construction & Development (Group) Co Ltd has priced a USD300mn 3.5-year bond at 6.1%, tightening from its initial price guidance of low to mid 6.0%.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.044	-0.35%	USD-SGD	1.3722	-0.12%
USD-JPY	113.290	-0.08%	EUR-SGD	1.5601	0.35%
EUR-USD	1.1369	0.46%	JPY-SGD	1.2110	-0.04%
AUD-USD	0.7220	0.19%	GBP-SGD	1.7331	1.03%
GBP-USD	1.2629	1.14%	AUD-SGD	0.9907	0.08%
USD-MYR	4.1845	--	NZD-SGD	0.9410	-0.35%
USD-CNY	6.8800	-0.29%	CHF-SGD	1.3811	-0.15%
USD-IDR	14598	-0.07%	SGD-MYR	3.0472	-0.01%
USD-VND	23295	-0.03%	SGD-CNY	5.0150	-0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	--	O/N	2.1821	--
2M	-0.3360	--	1M	2.4324	--
3M	-0.3120	--	2M	2.5798	--
6M	-0.2440	--	3M	2.7790	--
9M	-0.1940	--	6M	2.8806	--
12M	-0.1310	--	12M	3.0895	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	72.3%	72.3%	0.0%	0.0%	0.0%
01/30/2019	74.0%	69.5%	4.5%	0.0%	0.0%
03/20/2019	84.3%	52.3%	30.2%	1.8%	0.0%
05/01/2019	85.7%	48.9%	32.3%	4.4%	0.2%
06/19/2019	89.3%	40.2%	36.4%	11.4%	1.2%
07/31/2019	90.2%	37.7%	36.8%	13.6%	2.1%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	51.15	-0.97%	Coffee (per lb)	0.978	0.10%
Brent (per barrel)	60.15	-0.08%	Cotton (per lb)	0.7997	-0.06%
Heating Oil (per gallon)	1.8509	0.21%	Sugar (per lb)	0.1274	-0.70%
Gasoline (per gallon)	1.4204	-1.35%	Orange Juice (per lb)	1.3850	0.51%
Natural Gas (per MMBtu)	4.1360	-6.15%	Cocoa (per mt)	2,112	2.23%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,103.5	0.09%	Wheat (per bushel)	5.1525	1.08%
Nickel (per mt)	10,697.5	--	Soybean (per bushel)	9.200	0.55%
Aluminium (per mt)	1,931.5	--	Corn (per bushel)	3.7625	0.33%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,244.4	0.20%	Crude Palm Oil (MYR/MT)	1,813.0	0.44%
Silver (per oz)	14.725	1.56%	Rubber (JPY/KG)	147.2	2.51%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,527.27	157.03
S&P	2,651.07	14.29
Nasdaq	7,098.31	66.48
Nikkei 225	21,602.75	454.73
STI	3,099.99	40.71
KLCI	1,663.27	10.64
JCI	6,115.58	38.99
Baltic Dry	1,364.00	--
VIX	21.46	-0.30

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.04 (+0.02)	2.77 (+0.01)
5Y	2.14 (+0.03)	2.77 (+0.03)
10Y	2.31 (+0.04)	2.91 (+0.03)
15Y	2.55 (+0.04)	--
20Y	2.59 (+0.04)	--
30Y	2.69 (+0.03)	3.15 (+0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.90	-0.49
EURIBOR-OIS	4.56	-0.02
TED	39.22	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
12/12/2018 07:00	SK Unemployment rate SA	Nov	3.90%	3.80%	3.90%	--
12/12/2018 07:30	AU Westpac Consumer Conf SA MoM	Dec	--	0.10%	2.80%	--
12/12/2018 07:50	JN PPI YoY	Nov	2.40%	2.30%	2.90%	3.00%
12/12/2018 07:50	JN PPI MoM	Nov	-0.10%	-0.30%	0.30%	0.40%
12/12/2018 07:50	JN Core Machine Orders MoM	Oct	9.70%	7.60%	-18.30%	--
12/12/2018 07:50	JN Core Machine Orders YoY	Oct	5.00%	4.50%	-7.00%	--
12/12/2018 12:00	MA Industrial Production YoY	Oct	3.00%	4.20%	2.30%	--
12/12/2018 12:30	JN Tertiary Industry Index MoM	Oct	0.80%	1.90%	-1.10%	-1.20%
12/12/2018 13:00	SI Retail Sales SA MoM	Oct	--	-0.40%	-0.40%	--
12/12/2018 13:00	SI Retail Sales YoY	Oct	1.50%	0.10%	1.90%	--
12/12/2018 17:00	IT Unemployment Rate Quarterly	3Q	10.30%	10.20%	10.70%	--
12/12/2018 18:00	EC Industrial Production SA MoM	Oct	0.10%	0.20%	-0.30%	-0.60%
12/12/2018 18:00	EC Industrial Production WDA YoY	Oct	0.70%	1.20%	0.90%	0.80%
12/12/2018 20:00	US MBA Mortgage Applications	Dec-07	--	1.60%	2.00%	--
12/12/2018 20:00	IN CPI YoY	Nov	2.58%	2.33%	3.31%	3.38%
12/12/2018 20:00	IN Industrial Production YoY	Oct	6.00%	8.10%	4.50%	--
12/12/2018 21:30	CA Teranet/National Bank HPI MoM	Nov	--	-0.30%	-0.40%	--
12/12/2018 21:30	US CPI MoM	Nov	0.00%	0.00%	0.30%	--
12/12/2018 21:30	CA Capacity Utilization Rate	3Q	86.00%	82.60%	85.50%	84.10%
12/12/2018 21:30	US CPI Ex Food and Energy MoM	Nov	0.20%	0.20%	0.20%	--
12/12/2018 21:30	US CPI YoY	Nov	2.20%	2.20%	2.50%	--
12/12/2018 21:30	US CPI Ex Food and Energy YoY	Nov	2.20%	2.20%	2.10%	--
12/12/2018 21:30	US CPI Index NSA	Nov	252.006	252.038	252.885	--
12/12/2018 21:30	US CPI Core Index SA	Nov	259.412	259.481	258.939	--
12/13/2018 05:00	SK Import Price Index YoY	Nov	--	6.00%	10.70%	10.90%
12/13/2018 05:00	SK Export Price Index YoY	Nov	--	0.30%	1.30%	1.10%
12/13/2018 05:45	NZ Food Prices MoM	Nov	--	-0.60%	-0.60%	--
12/13/2018 07:50	JN Japan Buying Foreign Bonds	Dec-07	--	--	¥1053.5b	--
12/13/2018 07:50	JN Japan Buying Foreign Stocks	Dec-07	--	--	¥75.0b	--
12/13/2018 07:50	JN Foreign Buying Japan Bonds	Dec-07	--	--	¥733.1b	--
12/13/2018 07:50	JN Foreign Buying Japan Stocks	Dec-07	--	--	¥137.9b	--
12/13/2018 08:01	UK RICS House Price Balance	Nov	-10%	--	-10%	--
12/13/2018 15:00	GE CPI MoM	Nov F	0.10%	--	0.10%	--
12/13/2018 15:00	GE CPI YoY	Nov F	2.30%	--	2.30%	--
12/13/2018 15:00	GE CPI EU Harmonized MoM	Nov F	0.10%	--	0.10%	--
12/13/2018 15:00	GE CPI EU Harmonized YoY	Nov F	2.20%	--	2.20%	--
12/13/2018 15:45	FR CPI EU Harmonized MoM	Nov F	-0.20%	--	-0.20%	--
12/13/2018 15:45	FR CPI EU Harmonized YoY	Nov F	2.20%	--	2.20%	--
12/13/2018 15:45	FR CPI MoM	Nov F	-0.20%	--	-0.20%	--
12/13/2018 15:45	FR CPI YoY	Nov F	1.90%	--	1.90%	--
12/13/2018 15:45	FR CPI Ex-Tobacco Index	Nov	103.17	--	103.37	--
12/13/2018 16:00	PH BSP Overnight Borrowing Rate	Dec-13	4.75%	--	4.75%	--
12/13/2018 20:45	EC ECB Main Refinancing Rate	Dec-13	0.00%	--	0.00%	--
12/13/2018 20:45	EC ECB Marginal Lending Facility	Dec-13	0.25%	--	0.25%	--
12/13/2018 20:45	EC ECB Deposit Facility Rate	Dec-13	-0.40%	--	-0.40%	--
12/13/2018 21:30	CA New Housing Price Index MoM	Oct	0.00%	--	0.00%	--
12/13/2018 21:30	US Import Price Index MoM	Nov	-1.00%	--	0.50%	--
12/13/2018 21:30	US Import Price Index YoY	Nov	1.30%	--	3.50%	--
12/13/2018 21:30	US Initial Jobless Claims	Dec-08	226k	--	231k	--
12/13/2018 21:30	US Continuing Claims	Dec-01	1649k	--	1631k	--
12/13/2018 22:45	US Bloomberg Consumer Comfort	Dec-09	--	--	60.3	--
12/13/2018 12/14	IN Exports YoY	Nov	--	--	17.90%	--
12/13/2018 12/14	IN Imports YoY	Nov	--	--	17.60%	--

Source: Bloomberg

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