

Highlights

Global	<p>Wall Street saw little change yesterday and ended very much flat. China has reportedly detained a second Canadian citizen, Michael Spavor, who is being investigated regarding “suspected activities harming state security”. On the EU front, the European Central Bank (ECB) held the benchmark rate at 0% as they put out a somewhat dovish remark, suggesting that future hikes may even be delayed. However, they have announced that they will halt the €2.6trillion stimulus program by year end even though there are concerning signs of a slowing global economy. Meanwhile, regarding Brexit, according to Bloomberg, European leaders will apparently be looking to publish a declaration that should ease concerns about the Irish backstop of which two unnamed EU diplomats have claimed would have legal force. On the oil front, also according to Bloomberg, American-based oil refiners have been informed to expect much lower shipments from Saudi Arabia as the country looks to slash exports. However, the International Energy Agency has mentioned that it is still too early to tell whether oil-supply cuts announced by OPEC and its allies will succeed. Asian markets may likely trade lower today. Key economic data releases include European PMIs, Japan industrial production and PMI, US retail sales and PMI, India trade data and the slew of Chinese data which includes retail sales, industrial production, jobless rate and property investment numbers.</p>
US	<p>Treasury Secretary Steven Mnuchin spoke that he is “happy” serving in his current capacity, but is open to an opportunity to serve as President Trump’s chief of staff. Trump had narrowed his list of possible candidates to 5 people for selection.</p>
EU	<p>When asked about the outlook risks, ECB’s Draghi warned of “continuing confidence with increasing caution” which lent a somewhat dovish tone even though the central bank proceeded to halt monthly asset purchases. He maintained that monetary policy remains very accommodative and the ECB remains committed to maintaining the stock for an extended period of time as it is. He also hinted that the guidance for the timing of the first rate hike is “both date contingent and it’s also state contingent, namely depending on the situation of the economy”. Note that the December 2018 Eurosystem staff macroeconomic projections for the euro area had been revised slightly lower to 1.9% in 2018 and 1.7% in 2019.</p> <p>Germany’s IFO Institute has pared its growth forecasts to 1.5% for 2018 which will ease further to 1.1% in 2019, down from the earlier forecasts of 1.9% for both years, albeit it tips growth to reaccelerate to 1.6% in 2020 amid the headwinds of auto industry problems, trade conflicts and Brexit uncertainties.</p>
UK	<p>Leader of the House of Commons Andrea Leadsom said that the government will aim to carry out the vote on PM May’s Brexit deal “as soon as possible” when Parliament returns to office on 7 Jan 2019, and by 21 Jan next year.</p>
PH	<p>The central bank held the benchmark rate yesterday for the first time in six meetings. The BSP had noted that “recent inflation readings indicate signs of receding price pressures”. They also mentioned that “constraints on food supply continue to ease with the implementation of various non-monetary measures” and “expectations have also steadied given the decline in international crude oil prices and the stabilization of the peso”.</p>

Major Markets

- **US:** Wall Street ended mixed on Thursday, with the S&P500 slipping 0.02%. The DJIA rose 0.29%, while the Nasdaq composite fell 0.39%.
- Amazon shares declined 0.31% after it was announced that Whole Foods, which it owns, will see its partnership with Instacart end when it halts grocery delivery for the retailer.
- General Electric Co. equity soared 7.30% upon announcement that the industrial giant will launch an industrial internet-of-things (IOT) firm under its management.
- **China:** In its last Politburo meeting for 2018, China's top policy makers did not explicitly mention the downside risk for the economy as they did in October despite ongoing US-China trade war and slowing global outlook. Although it did not highlight the de-leverage, the meeting reiterated the importance of carrying on three economic battles including financial risk, poverty and pollution. This shows China will continue to play a balancing game into 2019 and will not lose the grip on containing financial risk. The latest politburo meeting will set the tone for the upcoming Central Economic Working Conference, which China is expected to slow the growth target further.
- **Singapore:** The STI closed higher by 0.36% to 3,111.08 on Thursday. Golden-Agri Resources (+3.92%) and Thai Beverage (+2.54%) made gains, while Jardine Matheson Holdings (-1.58%) and Keppel Corp. (-0.98%) registered losses.
- **Indonesia:** The central bank injected US\$125m worth of IDR through an FX swap auction yesterday.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded little changed yesterday, with swap rates for the shorter tenors trading 1bps lower while the longer tenors traded within 1bps lower (with the exception of the 12-year swap rates trading 2bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 160bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 16bps to 594bps. 10Y UST yields fell 2bps to 2.89% in the earlier part of the trading session as investors digested the European Central Bank's reduced growth and inflation forecasts for next year. Yields subsequently recovered 2bps to close at 2.91% as Wall Street stocks recovered.
- **New Issues:** Fantasia Holdings Group Co Ltd has priced a USD130mn 3NP2 bond (subsidiary guarantors: certain non-PRC subsidiaries of the issuer) at 15.0%, in line with the final price guidance. Chengdu Communications Investment Group Corporation has priced a USD400mn 3-year bond at 5.5%, in line with the final price guidance. Xinhua (BVI) 2018 Holding Company Ltd has priced a USD240mn 3NCNP2 bond (parent guarantor: Xinhua Zhongbao Co Ltd) at 11.0%, in line with the final price guidance. Yichang High-Tech Investment Development Co Ltd has priced a USD50mn 3-year bond at 7.5%, in line with the final price guidance. Zhengzhou Metro Group Co Ltd has priced a USD500mn 3-year bond at 5.3%, tightening from its initial price guidance of 5.6%."

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.064	0.02%	USD-SGD	1.3714	-0.06%
USD-JPY	113.630	0.30%	EUR-SGD	1.5579	-0.14%
EUR-USD	1.1361	-0.07%	JPY-SGD	1.2073	-0.31%
AUD-USD	0.7227	0.10%	GBP-SGD	1.7345	0.08%
GBP-USD	1.2643	0.11%	AUD-SGD	0.9911	0.04%
USD-MYR	4.1792	-0.13%	NZD-SGD	0.9403	-0.07%
USD-CNY	6.8816	0.02%	CHF-SGD	1.3797	-0.10%
USD-IDR	14497	-0.69%	SGD-MYR	3.0514	0.14%
USD-VND	23292	-0.01%	SGD-CNY	5.0161	0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	--	O/N	2.1848	--
2M	-0.3360	--	1M	2.4401	--
3M	-0.3120	--	2M	2.5849	--
6M	-0.2410	--	3M	2.7775	--
9M	-0.1940	--	6M	2.8923	--
12M	-0.1310	--	12M	3.1013	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	75.6%	75.6%	0.0%	0.0%	0.0%
01/30/2019	76.9%	73.0%	3.9%	0.0%	0.0%
03/20/2019	85.1%	55.2%	28.6%	1.4%	0.0%
05/01/2019	86.7%	51.0%	31.3%	4.2%	0.1%
06/19/2019	89.9%	41.8%	36.1%	10.9%	1.1%
07/31/2019	90.8%	39.2%	36.6%	12.9%	1.9%

Equity and Commodity

Index	Value	Net change
DJIA	24,597.38	70.11
S&P	2,650.54	-0.53
Nasdaq	7,070.33	-27.98
Nikkei 225	21,816.19	213.44
STI	3,111.08	11.09
KLCI	1,676.00	12.73
JCI	6,177.72	62.14
Baltic Dry	1,353.00	--
VIX	20.65	-0.81

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.02 (-0.01)	2.76 (-0.01)
5Y	2.12 (-0.02)	2.75 (-0.01)
10Y	2.30 (-0.01)	2.91 (--)
15Y	2.54 (-0.01)	--
20Y	2.58 (-0.01)	--
30Y	2.67 (-0.02)	3.17 (+0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.90	--
EURIBOR-OIS	4.55	-0.01
TED	39.22	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.58	2.80%	Coffee (per lb)	0.988	1.07%
Brent (per barrel)	61.45	2.16%	Cotton (per lb)	0.7941	-0.70%
Heating Oil (per gallon)	1.8765	1.38%	Sugar (per lb)	0.1275	0.08%
Gasoline (per gallon)	1.4782	4.07%	Orange Juice (per lb)	1.3865	0.11%
Natural Gas (per MMBtu)	4.1240	-0.29%	Cocoa (per mt)	2,200	4.17%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,090.3	-0.22%	Wheat (per bushel)	5.2775	2.43%
Nickel (per mt)	10,724.0	--	Soybean (per bushel)	9.070	-1.41%
Aluminium (per mt)	1,925.3	--	Corn (per bushel)	3.7550	-0.20%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,242.7	-0.14%	Crude Palm Oil (MYR/MT)	1,835.0	1.21%
Silver (per oz)	14.729	0.03%	Rubber (JPY/KG)	159.6	8.42%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
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	--	¥1241.4b	¥1053.5b	--
12/13/2018 07:50	JN Foreign Buying Japan Stocks	Dec-07	--	¥446.6b	¥137.9b	--
12/13/2018 08:01	UK RICS House Price Balance	Nov	-10%	-11%	-10%	--
12/13/2018 15:00	GE CPI MoM	Nov F	0.10%	0.10%	0.10%	--
12/13/2018 15:00	GE CPI YoY	Nov F	2.30%	2.30%	2.30%	--
12/13/2018 15:00	GE CPI EU Harmonized MoM	Nov F	0.10%	0.10%	0.10%	--
12/13/2018 15:00	GE CPI EU Harmonized YoY	Nov F	2.20%	2.20%	2.20%	--
12/13/2018 15:45	FR CPI EU Harmonized MoM	Nov F	-0.20%	-0.20%	-0.20%	--
12/13/2018 15:45	FR CPI EU Harmonized YoY	Nov F	2.20%	2.20%	2.20%	--
12/13/2018 15:45	FR CPI MoM	Nov F	-0.20%	-0.20%	-0.20%	--
12/13/2018 15:45	FR CPI YoY	Nov F	1.90%	1.90%	1.90%	--
12/13/2018 16:00	PH BSP Overnight Borrowing Rate	Dec-13	4.75%	4.75%	4.75%	--
12/13/2018 20:45	EC ECB Main Refinancing Rate	Dec-13	0.00%	0.00%	0.00%	--
12/13/2018 20:45	EC ECB Marginal Lending Facility	Dec-13	0.25%	0.25%	0.25%	--
12/13/2018 20:45	EC ECB Deposit Facility Rate	Dec-13	-0.40%	-0.40%	-0.40%	--
12/13/2018 21:30	CA New Housing Price Index MoM	Oct	0.00%	0.00%	0.00%	--
12/13/2018 21:30	US Import Price Index MoM	Nov	-1.00%	-1.60%	0.50%	--
12/13/2018 21:30	US Initial Jobless Claims	Dec-08	226k	206k	231k	233k
12/13/2018 21:30	US Continuing Claims	Dec-01	1649k	1661k	1631k	1636k
12/13/2018 22:45	US Bloomberg Consumer Comfort	Dec-09	--	59.4	60.3	--
12/14/2018 03:00	US Monthly Budget Statement	Nov	-\$199.0b	-\$204.9b	-\$100.5b	--
12/14/2018 04:00	NZ REINZ House Sales YoY	Nov	--	2.60%	15.50%	--
12/14/2018 05:30	NZ BusinessNZ Manufacturing PMI	Nov	--	53.5	53.5	53.7
12/14/2018 07:50	JN Tankan Large Mfg Index	4Q	18	19	19	--
12/14/2018 07:50	JN Tankan Large Mfg Outlook	4Q	17	15	19	--
12/14/2018 07:50	JN Tankan Large Non-Mfg Index	4Q	21	24	22	--
12/14/2018 07:50	JN Tankan Large Non-Mfg Outlook	4Q	20	20	22	--
12/14/2018 07:50	JN Tankan Large All Industry Capex	4Q	12.80%	14.30%	13.40%	--
12/14/2018 08:30	JN Nikkei Japan PMI Mfg	Dec P	--	--	52.2	--
12/14/2018 10:00	CH Retail Sales YoY	Nov	8.80%	--	8.60%	--
12/14/2018 10:00	CH Retail Sales YTD YoY	Nov	9.10%	--	9.20%	--
12/14/2018 10:00	CH Industrial Production YoY	Nov	5.90%	--	5.90%	--
12/14/2018 10:00	CH Industrial Production YTD YoY	Nov	6.40%	--	6.40%	--
12/14/2018 10:00	CH Fixed Assets Ex Rural YTD YoY	Nov	5.80%	--	5.70%	--
12/14/2018 12:30	JN Capacity Utilization MoM	Oct	--	--	-1.50%	--
12/14/2018 12:30	JN Industrial Production MoM	Oct F	--	--	2.90%	--
12/14/2018 12:30	JN Industrial Production YoY	Oct F	--	--	4.20%	--
12/14/2018 14:30	IN Wholesale Prices YoY	Nov	4.64%	--	5.28%	--
12/14/2018 15:30	TH Foreign Reserves	Dec-07	--	--	\$203.2b	--
12/14/2018 16:15	FR Markit France Manufacturing PMI	Dec P	50.7	--	50.8	--
12/14/2018 16:15	FR Markit France Services PMI	Dec P	54.8	--	55.1	--
12/14/2018 16:15	FR Markit France Composite PMI	Dec P	54	--	54.2	--
12/14/2018 16:30	GE Markit Germany Manufacturing PMI	Dec P	51.7	--	51.8	--
12/14/2018 16:30	GE Markit Germany Services PMI	Dec P	53.5	--	53.3	--
12/14/2018 16:30	GE Markit/BME Germany Composite PMI	Dec P	52.4	--	52.3	--
12/14/2018 17:00	IT Industrial Orders NSA YoY	Oct	--	--	-0.90%	--
12/14/2018 17:00	IT Industrial Orders MoM	Oct	--	--	-2.90%	--
12/14/2018 17:00	EC Markit Eurozone Manufacturing PMI	Dec P	51.8	--	51.8	--
12/14/2018 17:00	EC Markit Eurozone Services PMI	Dec P	53.4	--	53.4	--
12/14/2018 17:00	EC Markit Eurozone Composite PMI	Dec P	52.8	--	52.7	--
12/14/2018 18:00	IT CPI EU Harmonized YoY	Nov F	1.70%	--	1.70%	--
12/14/2018 21:30	US Retail Sales Advance MoM	Nov	0.10%	--	0.80%	--
12/14/2018 21:30	US Retail Sales Ex Auto MoM	Nov	0.20%	--	0.70%	--
12/14/2018 21:30	US Retail Sales Ex Auto and Gas	Nov	0.40%	--	0.30%	--
12/14/2018 22:15	US Industrial Production MoM	Nov	0.30%	--	0.10%	--
12/14/2018 22:15	US Capacity Utilization	Nov	78.60%	--	78.40%	--
12/14/2018 22:45	US Markit US Composite PMI	Dec P	--	--	54.7	--
12/14/2018 22:45	US Markit US Manufacturing PMI	Dec P	55	--	55.3	--
12/14/2018 22:45	US Markit US Services PMI	Dec P	54.6	--	54.7	--
12/14/2018	IN Exports YoY	Nov	--	--	17.90%	--
12/14/2018	IN Imports YoY	Nov	--	--	17.60%	--

Source: Bloomberg

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