

Highlights

Global	<p>There was further decline across Wall Street yesterday as the main indices and the US 10 Year Treasury yields fell. Financial and technology stocks led the decline as investors moved into safe havens. In the UK, Prime Minister Theresa May said she has secured cabinet backing for the draft Brexit deal although she did mention that it was a “collective” agreement for the deal that could possibly mean there may not have been unanimous support. The deal will still need to pass Parliament where both sides could oppose it. On the trade front, Democrat Congressman Bill Pascrell, who would be likely to chair the House Ways and Means Trade subcommittee, has said that a revised Nafta deal would need changes to pass whilst the Mexican government Chief Negotiator Jesus Seade said that he only expects the deal to pass in 2H 2019. The revised agreement had initially been set to be signed at the G-20 summit that begins on 30th November 2018. Meanwhile, Fed Chair Jerome Powell has said that he believes the “economy can grow and grow faster” whilst the Fed is thinking about “how much further to raise rates and the pace”. The Fed will also be holding press conferences after each FOMC starting next year, which Jerome Powell said means that all meetings are now “live” for possible rate increases. On the oil front, price rose after days of decline as OPEC and other producers are looking into production cuts as soon as next year. In Asia, the Bank of Thailand held rates although they strongly hinted at a possible rate hike in the near future. Asian markets will likely have a mixed start following the decline on Wall Street. Key data releases include US and Australian jobs data and Indian and Indonesian trade data.</p>
US	<p>Headline CPI rose 0.3% mom, while core CPI climbed 0.2% mom in October. Inflationary pressures from higher energy prices which drove headline inflation are expected to wane in November if oil prices continue to fall.</p>
UK	<p>UK Prime Minister May won the support from the cabinet on the Brexit plan with its 585-page being released to the public. Highlights include that 1) the UK will have to pay GBP39 billion divorce fee, 2) the UK also proposed a backstop solution to avoid a hard border in Northern Ireland, 3) the transition period may be extended beyond the end of 2020 if required and 4) both citizen rights of EU citizens living in the UK and UK citizen living in the EU are protected. The next timeline to watch out for is the EU summit in the later part of November which the Brexit plan is expected to be agreed by EU members. However, the key hurdle ahead is that PM May need to obtain approval from the members of Parliament. The date of vote in the Parliament remains unclear.</p>
EU	<p>The European Commission is to decide on how to respond to Italy’s budget. The commission may bring forward a financial assessment of Italy that is supposed to be released in spring 2019, of which would likely be on 21 Nov. Meanwhile, Germany reported its first GDP qoq contraction since 2015.</p>
CH	<p>China’s investment and production data stabilized in October while retail sales continued to decelerate distorted by upcoming single day sales. Investment in China’s manufacturing sector remained stable unaffected by the trade war.</p>
ID	<p>Bank Indonesia is set to release its decision on the benchmark interest rate with our expectations that it will probably hold this time around.</p>

Major Markets

- **US:** Wall Street ended lower on Tuesday, with the S&P500 slipping by 0.76%. The DJIA dipped 0.81%, while the Nasdaq composite fell 0.90% at yesterday's close.
- **Europe:** Eurozone GDP grew 0.2% qoq and 1.7% yoy in 3Q18, slowest in 4 years, with industrial production tumbling to print -0.3% mom in September.
- Germany's GDP fell 0.2% qoq in the third quarter, more than market expectations of -0.1% and the nation's first contraction since 1Q15. The downturn was largely attributed to automobile emission tests which disrupted production for the industry.
- **Thailand:** The central bank held its benchmark rate at 1.5% although three out of seven members actually voted for a rate hike to 1.75%. Bank of Thailand actually released in a statement that "the committee viewed that monetary policy should remain accommodative, although the need for currently accommodative monetary policy would be gradually reduced". Therefore, there are now increased expectations of a rate hike possibly at their next meeting in December 2018. Regardless, this will probably also be dependent upon how economic data turns out like with both trade and 3Q 2018 GDP data due later this month.
- **Indonesia:** We expect a rate hike in December 2018 when the Fed is widely expected to also hike.
- **Philippines:** The senate has approved measures to liberalize rice imports, which has been seen as an attempt to cool inflation. Meanwhile, the central bank will release its decision today on its benchmark interest rate with our view that they will hold.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates for the shorter tenors trading 2-4bps lower while the longer tenors traded 5-7bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 151bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 10bps to 591bps. 10Y UST yields rose 2bps to 3.16% in the earlier part of the trading session on the back of continued optimism about Brexit from the European Union. However, yields subsequently fell 4bps to close at 3.12% due to the renewed weakness on Wall Street which could signal deeper problems in the US.
- **New Issues:** Sichuan Communications Overseas Development Co Ltd has priced a USD350mn 3-year bond (guaranteed by Sichuan Transportation Investment Group Corporation Ltd) at 4.98%, tightening from its initial price guidance of 5.3%. Everbright SHK (BVI) Ltd has priced a USD200mn 3-year bond (guaranteed by Everbright Sun Hung Kai Company Ltd) at 5.25%, tightening from its initial price guidance of 5.4%. SPIC 2018 USD Senior Perpetual Bond Company Ltd has priced a USD500mn Perp NC3.5 (guaranteed by State Power Investment Corporation Ltd) at 5.8%, tightening from its initial price guidance of 6.125%. KWG Group Holdings Ltd has priced a USD400mn 2-year bond (sub guarantors: certain non-PRC subsidiaries of issuer) at 9.85%, tightening from its initial price guidance of 10.0%.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.803	-0.51%	USD-SGD	1.3791	-0.05%
USD-JPY	113.630	-0.16%	EUR-SGD	1.5598	0.13%
EUR-USD	1.1310	0.18%	JPY-SGD	1.2138	0.12%
AUD-USD	0.7232	0.19%	GBP-SGD	1.7918	0.06%
GBP-USD	1.2992	0.12%	AUD-SGD	0.9973	0.12%
USD-MYR	4.1958	0.08%	NZD-SGD	0.9375	0.50%
USD-CNY	6.9505	-0.08%	CHF-SGD	1.3701	0.01%
USD-IDR	14787	-0.12%	SGD-MYR	3.0373	0.18%
USD-VND	23293	--	SGD-CNY	5.0377	0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1779	--
2M	-0.3390	--	1M	2.3065	--
3M	-0.3160	--	2M	2.4441	--
6M	-0.2570	--	3M	2.6161	--
9M	-0.1960	--	6M	2.8550	--
12M	-0.1470	--	12M	3.1321	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	71.8%	71.8%	0.0%	0.0%	0.0%
01/30/2019	73.0%	70.0%	3.0%	0.0%	0.0%
03/20/2019	90.6%	41.9%	46.8%	1.9%	0.0%
05/01/2019	91.5%	38.9%	46.3%	6.1%	0.2%
06/19/2019	95.7%	23.8%	42.6%	26.1%	3.1%
07/31/2019	96.0%	22.6%	41.5%	27.1%	4.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.25	1.01%	Coffee (per lb)	1.127	3.16%
Brent (per barrel)	66.12	0.99%	Cotton (per lb)	0.7639	0.70%
Heating Oil (per gallon)	2.0959	1.62%	Sugar (per lb)	0.1265	0.32%
Gasoline (per gallon)	1.5606	1.16%	Orange Juice (per lb)	1.3355	-0.45%
Natural Gas (per MMBtu)	4.8370	17.95%	Cocoa (per mt)	2,158	-2.40%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,974.5	0.86%	Wheat (per bushel)	5.0300	-0.94%
Nickel (per mt)	11,269.0	--	Soybean (per bushel)	8.705	0.37%
Aluminium (per mt)	1,926.0	--	Corn (per bushel)	3.6700	0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,210.1	0.72%	Crude Palm Oil (MYR/MT)	1,759.0	-3.62%
Silver (per oz)	14.080	0.74%	Rubber (JPY/KG)	135.0	-1.32%

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

Equity and Commodity

Index	Value	Net change
DJIA	25,080.50	-205.99
S&P	2,701.58	-20.60
Nasdaq	7,136.39	-64.48
Nikkei 225	21,846.48	35.96
STI	3,043.19	-10.41
KLCI	1,688.41	0.84
JCI	5,858.29	23.09
Baltic Dry	1,064.00	--
VIX	21.25	1.23

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.06 (-0.01)	2.87 (-0.02)
5Y	2.28 (-0.03)	2.96 (-0.03)
10Y	2.48 (-0.02)	3.13 (-0.01)
15Y	2.75 (-0.02)	--
20Y	2.78 (-0.02)	--
30Y	2.86 (-0.03)	3.37 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	27.91	--
EURIBOR-OIS	4.13	0.07
TED	26.93	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/14/2018 03:00	US Monthly Budget Statement	Oct	-\$100.0b	-\$100.5b	-\$63.2b	--
11/14/2018 04:00	NZ REINZ House Sales YoY	Oct	--	15.50%	-3.00%	--
11/14/2018 07:00	SK Unemployment rate SA	Oct	4.00%	3.90%	4.00%	--
11/14/2018 07:30	AU Westpac Consumer Conf SA MoM	Nov	--	2.80%	1.00%	--
11/14/2018 07:50	JN GDP SA QoQ	3Q P	-0.30%	-0.30%	0.70%	0.80%
11/14/2018 07:50	JN GDP Annualized SA QoQ	3Q P	-1.00%	-1.20%	3.00%	--
11/14/2018 07:50	JN GDP Nominal SA QoQ	3Q P	-0.30%	-0.30%	0.70%	0.60%
11/14/2018 07:50	JN GDP Deflator YoY	3Q P	-0.10%	-0.30%	0.10%	0.00%
11/14/2018 08:30	AU Wage Price Index QoQ	3Q	0.60%	0.60%	0.60%	0.50%
11/14/2018 08:30	AU Wage Price Index YoY	3Q	2.30%	2.30%	2.10%	--
11/14/2018 10:00	CH Retail Sales YoY	Oct	9.20%	8.60%	9.20%	--
11/14/2018 10:00	CH Retail Sales YTD YoY	Oct	9.30%	9.20%	9.30%	--
11/14/2018 10:00	CH Industrial Production YoY	Oct	5.80%	5.90%	5.80%	--
11/14/2018 10:00	CH Industrial Production YTD YoY	Oct	6.30%	6.40%	6.40%	--
11/14/2018 10:00	CH Fixed Assets Ex Rural YTD YoY	Oct	5.50%	5.70%	5.40%	--
11/14/2018 12:30	JN Tertiary Industry Index MoM	Sep	-0.40%	-1.10%	0.50%	0.40%
11/14/2018 12:30	JN Capacity Utilization MoM	Sep	--	-1.50%	2.20%	--
11/14/2018 12:30	JN Industrial Production MoM	Sep F	--	-0.40%	-1.10%	--
11/14/2018 12:30	JN Industrial Production YoY	Sep F	--	-2.50%	-2.90%	--
11/14/2018 14:30	IN Wholesale Prices YoY	Oct	4.93%	5.28%	5.13%	--
11/14/2018 15:00	GE GDP SA QoQ	3Q P	-0.10%	-0.20%	0.50%	--
11/14/2018 15:00	GE GDP NSA YoY	3Q P	1.20%	1.10%	2.30%	--
11/14/2018 15:00	GE GDP WDA YoY	3Q P	1.30%	1.10%	2.00%	--
11/14/2018 15:05	TH BoT Benchmark Interest Rate	Nov-14	1.50%	1.50%	1.50%	--
11/14/2018 15:45	FR CPI EU Harmonized MoM	Oct F	0.10%	0.10%	0.10%	--
11/14/2018 15:45	FR CPI EU Harmonized YoY	Oct F	2.50%	2.50%	2.50%	--
11/14/2018 15:45	FR CPI MoM	Oct F	0.10%	0.10%	0.10%	--
11/14/2018 15:45	FR CPI YoY	Oct F	2.20%	2.20%	2.20%	--
11/14/2018 17:30	UK CPI MoM	Oct	0.20%	0.10%	0.10%	--
11/14/2018 17:30	UK CPI YoY	Oct	2.50%	2.40%	2.40%	--
11/14/2018 17:30	UK CPI Core YoY	Oct	1.90%	1.90%	1.90%	--
11/14/2018 17:30	UK Retail Price Index	Oct	284.6	284.5	284.1	--
11/14/2018 17:30	UK RPI MoM	Oct	0.20%	0.10%	0.00%	--
11/14/2018 17:30	UK RPI YoY	Oct	3.40%	3.30%	3.30%	--
11/14/2018 17:30	UK PPI Output NSA MoM	Oct	0.20%	0.30%	0.40%	--
11/14/2018 17:30	UK PPI Output NSA YoY	Oct	3.10%	3.30%	3.10%	--
11/14/2018 18:00	EC Industrial Production SA MoM	Sep	-0.40%	-0.30%	1.00%	1.10%
11/14/2018 18:00	EC Industrial Production WDA YoY	Sep	0.30%	0.90%	0.90%	1.10%
11/14/2018 18:00	EC GDP SA QoQ	3Q P	0.20%	0.20%	0.20%	--
11/14/2018 18:00	EC GDP SA YoY	3Q P	1.70%	1.70%	1.70%	--
11/14/2018 20:00	US MBA Mortgage Applications	Nov-09	--	-3.20%	-0.70%	--
11/14/2018 21:30	US CPI MoM	Oct	0.30%	0.30%	0.10%	--
11/14/2018 21:30	US CPI Ex Food and Energy MoM	Oct	0.20%	0.20%	0.10%	--
11/14/2018 21:30	US CPI YoY	Oct	2.50%	2.50%	2.30%	--
11/14/2018 21:30	US CPI Ex Food and Energy YoY	Oct	2.20%	2.10%	2.20%	--
11/15/2018 07:50	JN Japan Buying Foreign Bonds	Nov-09	--	--	-¥167.3b	--
11/15/2018 07:50	JN Foreign Buying Japan Stocks	Nov-09	--	--	¥107.6b	--
11/15/2018 08:30	AU Employment Change	Oct	20.0k	--	5.6k	--
11/15/2018 08:30	AU Unemployment Rate	Oct	5.10%	--	5.00%	--
11/15/2018 08:30	AU Full Time Employment Change	Oct	--	--	20.3k	--
11/15/2018 08:30	AU Participation Rate	Oct	65.50%	--	65.40%	--
11/15/2018 08:30	AU RBA FX Transactions Market	Oct	--	--	A\$640m	--
11/15/2018 11:00	JN Tokyo Condominium Sales YoY	Oct	--	--	13.20%	--
11/15/2018 12:00	ID Exports YoY	Oct	1.10%	--	1.70%	--
11/15/2018 12:00	ID Trade Balance	Oct	-\$343m	--	\$227m	--
11/15/2018 16:00	PH BSP Overnight Borrowing Rate	Nov-15	4.75%	--	4.50%	--
11/15/2018 17:30	UK Retail Sales Ex Auto Fuel MoM	Oct	0.20%	--	-0.80%	--
11/15/2018 17:30	UK Retail Sales Ex Auto Fuel YoY	Oct	3.40%	--	3.20%	--
11/15/2018 17:30	UK Retail Sales Inc Auto Fuel MoM	Oct	0.20%	--	-0.80%	--
11/15/2018 17:30	UK Retail Sales Inc Auto Fuel YoY	Oct	2.80%	--	3.00%	--
11/15/2018 21:30	US Empire Manufacturing	Nov	20	--	21.1	--
11/15/2018 21:30	US Philadelphia Fed Business Outlook	Nov	20	--	22.2	--
11/15/2018 21:30	US Retail Sales Advance MoM	Oct	0.50%	--	0.10%	--
11/15/2018 21:30	US Retail Sales Ex Auto MoM	Oct	0.50%	--	-0.10%	--
11/15/2018 21:30	US Retail Sales Ex Auto and Gas	Oct	0.40%	--	0.00%	--
11/15/2018 21:30	US Import Price Index MoM	Oct	0.10%	--	0.50%	--
11/15/2018 21:30	US Initial Jobless Claims	Nov-10	213k	--	214k	--
11/15/2018 21:30	US Continuing Claims	Nov-03	1625k	--	1623k	--
11/15/2018 22:45	US Bloomberg Consumer Comfort	Nov-11	--	--	61.3	--
11/15/2018	ID Bank Indonesia 7D Reverse Repo	Nov-15	5.75%	--	5.75%	--
11/15/2018	IN Exports YoY	Oct	--	--	-2.20%	--
11/15/2018	IN Imports YoY	Oct	--	--	10.50%	--
11/15/2018	PH Overseas Workers Remittances	Sep	\$2348m	--	\$2476m	--
11/15/2018	PH Overseas Remittances YoY	Sep	7.70%	--	-0.90%	--

Source: Bloomberg

OCBC Treasury Research	
<p>Macro Research</p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p>	<p>Credit Research</p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p>

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