

Highlights

Global	<p>Wall Street saw gains yesterday after days of decline as technology and energy shares rebounded. On the trade front, the South China Morning Post has reported that White House trade advisor, Peter Navarro would be excluded from the meeting between Trump and Xi Jinping that is to occur on the side-lines of the G20 summit. Meanwhile, regarding Brexit, UK Prime Minister Theresa May has said that she and other EU leaders “have given direction” to the negotiators to “resolve those remaining issues” as all parties work round the clock to keep the summit slated to be held on the 25th November 2018 on track. EU envoys are expected to receive a draft of a political declaration on Thursday morning. As for the Italian budget negotiations, Italy’s Deputy Prime Minister Matteo Salvini has said that he is open to small tweaks although he reassured that he won’t compromise on the main principles as the EU commission looks to start the excessive deficit procedure. The OECD also released its outlook where they have revised down the global growth forecast for 2019 from 3.7% yoy to 3.5% yoy as they see “investment and trade growth have proved softer than anticipated, financial market conditions have tightened, and confidence has continued to ease”. Asian markets are likely to see some reprieve today following the rebound in the US. The economic calendar is light today as releases include Japan CPI, French business confidence indexes and Malaysian foreign reserves.</p>
EU	<p>The EU said in its annual review of euro-area nations that it “confirms the existence of a particularly serious case of non-compliance” as they take their first step toward possibly fining Italy on the budget.</p>
UK	<p>Spain has also warned that they would veto the Brexit deal unless it is made clear that talks on her future relationship with Gibraltar will be a separate negotiation process that Spain must endorse. Back in the UK, the Prime Minister’s allies, the DUP has announced they will vote down the deal.</p>
SG	<p>The S’pore economy expanded by a slower than expected 2.2% yoy (3.0% qoq saar) in 3Q18, which is a downward revision of the earlier flash estimates of 2.6% yoy (4.7% qoq saar). This data was also lower than market expectations for 2.4% yoy, but in line with our forecast for 2.2% yoy. The main revision came from manufacturing (3Q now at 3.5% yoy versus 4.5% flash) and services (2.4% versus flash estimate of 2.9% yoy), whereas construction shrank less than initially tipped (-2.3% versus -3.1% yoy). In addition, IESingapore also revised its 2018 NODX forecast to 5.5-6.0%, but tips 2019 at 0-2% yoy. The external demand outlook is likely to be slightly weaker in 2019, with the manufacturing sector to see a more modest expansion amid the downside growth risks stemming from a further escalation of trade conflicts and a faster-than-expected tightening of global financial conditions. The government forecasts 2019 GDP growth at 1.5-3.5% yoy, versus 3-3.5% (which is a narrowing of the existing 2.5-3.5% yoy forecast) for this year. Our house forecast for 2019 GDP growth is 2.7% yoy, which is a slowdown from the 3.3% yoy this year. With the first three quarters already standing at a relatively robust 3.6% yoy, any moderation in 4Q18 is likely to be accommodated as outward-oriented sectors like manufacturing and finance & insurance should continue to expand by at a more modest pace. There was also no change to the inflation projections from October.</p>

Major Markets

- **US:** The University of Michigan Sentiment slipped to 97.5 (lowest since August) from 98.3 in October, which was also the median estimate for November, with rising interest rates likely dampening consumer confidence for purchases of big ticket items such as vehicles and housing. Meanwhile, durable goods orders in October fell 4.4% (lowest since July 2017), printing lower than the median estimate of -2.6% and the downwardly revised -0.1% figure from September. Lower commercial aircraft orders weakened orders, and are expected to exert downward pressure on shipments in the short-term going forward. Initial jobless claims printed at 224k, higher than consensus estimates of 215k and the upwardly revised figure of 221k from the previous session.
- Wall Street rose on Wednesday, with the S&P500 and Nasdaq composite gaining 0.30% and 0.92%, respectively, while the DJIA ended flat.
- Shares of Autodesk gained 9.74% after the design software firm reported 3Q results which saw adjusted earnings and revenue exceeding consensus estimates.
- Footlocker shares surged 14.91% on stronger-than-expected quarterly earnings on the back of Nike shoe sales, with same-store footwear sales growing after declining for 6 quarters consecutively.

- **Singapore:** The STI rose 0.39% to close at 3038.65 yesterday. Whilst Wall Street gained overnight, and morning cues from Nikkei and Kospi are positive, nevertheless the somewhat disappointing 3Q18 GDP growth revision may dampen any short-term enthusiasm on the part of the STI. The STI's support and resistance are tipped at 3600 and 3060 respectively. With the UST bond yields trading a range overnight, SGS bonds may also hug a narrow range today.

- **Indonesia:** President Jokowi has called on his ministers to further evaluate policies on investment and tax incentives to ensure they were sufficient to attract investors. Meanwhile, the government will allow foreign investors to have full ownership in 25 business units of the 54 business units that were removed from the negative investment list (DNI) as stated in the 16th economic policy package.

- **Thailand:** Trade data for October showed that exports rebounded to rise by 8.7% yoy whilst imports climbed 11.2% yoy but overall there was a trade deficit of US\$280m.

- **Philippines:** Finance Secretary Carlos Dominguez has said that the Philippines intends to re-enter the Panda bond market in 2019 with a 6bn RMB offer following the signing of a pact with the Bank of China Chairman Chen Siqing.

- **Macau:** Inflation decelerated from 3.51% in September to 3.35% in October. For the two most heavily-weighted items, housing inflation slowed down to 2.96% while food inflation accelerated to 2.91%, the strongest level since March 2018. Faster food inflation was attributed to the rising charges for eating out and increasing prices of fresh foods. In terms of transport, the price index growth remained elevated at 6.31% yoy, mainly driven by higher gasoline prices and parking meter rates. On the flip side, despite low base effect, the inflation of recreation & culture retreated from 2.92% in September to 1.72% in October given the lowered charges for package tours. Moving forward, inflation is likely to ease gradually as low base effect will subside and gasoline prices may drop. Global oil prices have tumbled by around 30% from October's high. Furthermore, the inflationary risks from rising parking meter rates could prove to be transitory. All in all, we expect overall CPI growth to print around 3% in 2018 and drop below 3% in 2019.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates trading 3-4bps higher across most tenors (with the exception of the 12-year swap rates trading around 2bps higher). In the broader dollar space, the spread on the Itraxx Asia ex-Japan IG Index traded 3.1bps lower to 96.2bps. 10Y UST yields rose 2bps to 3.08% in the earlier part of the trading session as stock prices rebounded but fell 2bps to close at 3.06% after data showed that new orders for US made capital goods were weaker than expected.
- **New Issues:** Yunnan Energy Investment Overseas Finance Company Ltd has priced a USD200mn 3-year bond (guaranteed by Yunnan Provincial Energy Investment Group Co Ltd) at 6.75%, tightening from its initial price guidance of 6.9%. Hongkong Land Treasury Services (Singapore) Pte Ltd has priced a SGD140mn 10-year bond at 3.95%.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.712	-0.13%	USD-SGD	1.3727	-0.15%
USD-JPY	113.060	0.26%	EUR-SGD	1.5627	-0.03%
EUR-USD	1.1384	0.12%	JPY-SGD	1.2140	-0.47%
AUD-USD	0.7263	0.68%	GBP-SGD	1.7539	-0.24%
GBP-USD	1.2778	-0.08%	AUD-SGD	0.9969	0.52%
USD-MYR	4.1937	0.15%	NZD-SGD	0.9380	0.44%
USD-CNY	6.9270	-0.26%	CHF-SGD	1.3799	-0.14%
USD-IDR	14603	0.10%	SGD-MYR	3.0538	0.08%
USD-VND	23333	0.06%	SGD-CNY	5.0478	-0.09%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1729	--
2M	-0.3360	--	1M	2.3055	--
3M	-0.3160	--	2M	2.4585	--
6M	-0.2570	--	3M	2.6531	--
9M	-0.1960	--	6M	2.8633	--
12M	-0.1480	--	12M	3.0971	--

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	73.2%	73.2%	0.0%	0.0%	0.0%
01/30/2019	74.3%	71.2%	3.0%	0.0%	0.0%
03/20/2019	87.5%	47.9%	38.0%	1.6%	0.0%
05/01/2019	89.0%	43.5%	39.2%	6.1%	0.2%
06/19/2019	92.4%	33.6%	40.5%	16.2%	2.0%
07/31/2019	93.1%	31.2%	39.9%	18.4%	3.3%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	54.63	2.25%	Coffee (per lb)	1.103	-0.32%
Brent (per barrel)	63.48	1.52%	Cotton (per lb)	0.7651	1.65%
Heating Oil (per gallon)	1.9702	-1.00%	Sugar (per lb)	0.1268	1.77%
Gasoline (per gallon)	1.5107	0.99%	Orange Juice (per lb)	1.4020	0.72%
Natural Gas (per MMBtu)	4.4510	-1.59%	Cocoa (per mt)	2,084	-2.80%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,160.8	1.01%	Wheat (per bushel)	4.9875	-0.40%
Nickel (per mt)	11,044.0	--	Soybean (per bushel)	8.830	0.23%
Aluminium (per mt)	1,944.3	--	Corn (per bushel)	3.6175	0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,228.0	0.56%	Crude Palm Oil (MYR/MT)	1,822.0	1.22%
Silver (per oz)	14.502	1.63%	Rubber (JPY/KG)	133.2	0.83%

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

Equity and Commodity

Index	Value	Net change
DJIA	24,464.69	-0.95
S&P	2,649.93	8.04
Nasdaq	6,972.25	63.43
Nikkei 225	21,507.54	-75.58
STI	3,038.65	11.66
KLCI	1,695.37	-15.34
JCI	5,948.05	-57.24
Baltic Dry	1,003.00	--
VIX	20.80	-1.68

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.08 (+0.02)	2.81 (+0.01)
5Y	2.23 (+0.02)	2.89 (--)
10Y	2.45 (+0.02)	3.06 (--)
15Y	2.72 (--)	--
20Y	2.74 (--)	--
30Y	2.83 (--)	3.32 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	31.11	-0.17
EURIBOR-OIS	3.40	-0.76
TED	27.40	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/21/2018 07:30	AU Westpac Leading Index MoM	Oct	--	0.08%	-0.06%	-0.02%
11/21/2018 10:00	NZ Credit Card Spending YoY	Oct	--	6.30%	7.80%	--
11/21/2018 11:30	TH Customs Exports YoY	Oct	4.00%	8.70%	-5.20%	--
11/21/2018 11:30	TH Customs Imports YoY	Oct	6.80%	11.23%	9.90%	--
11/21/2018 11:30	TH Customs Trade Balance	Oct	-\$193m	-\$280m	\$487m	--
11/21/2018 12:30	JN All Industry Activity Index MoM	Sep	-0.90%	-0.90%	0.50%	0.40%
11/21/2018 13:00	JN Supermarket Sales YoY	Oct	--	-0.70%	1.90%	--
11/21/2018 13:30	JN Nationwide Dept Sales YoY	Oct	--	1.60%	-3.00%	--
11/21/2018 13:30	JN Tokyo Dept Store Sales YoY	Oct	--	2.60%	0.30%	--
11/21/2018 15:16	MU GDP YoY	3Q	--	1.60%	6.00%	5.90%
11/21/2018 16:00	SI Automobile COE Open Bid Cat A	Nov-21	--	25000	28199	--
11/21/2018 16:00	SI Automobile COE Open Bid Cat B	Nov-21	--	31101	32302	--
11/21/2018 16:00	SI Automobile COE Open Bid Cat E	Nov-21	--	30959	32000	--
11/21/2018 17:06	MU CPI Composite YoY	Oct	--	3.35%	3.51%	--
11/21/2018 17:30	UK PSNB ex Banking Groups	Oct	6.1b	8.8b	4.1b	2.8b
11/21/2018 17:30	UK Public Sector Net Borrowing	Oct	5.6b	8.0b	3.3b	2.0b
11/21/2018 17:30	UK Public Finances (PSNCR)	Oct	--	-3.3b	15.8b	18.3b
11/21/2018 18:00	EC OECD Economic Forecasts					
11/21/2018 20:00	US MBA Mortgage Applications	Nov-16	--	-0.10%	-3.20%	--
11/21/2018 21:30	CA Wholesale Trade Sales MoM	Sep	0.30%	-0.50%	-0.10%	--
11/21/2018 21:30	US Durable Goods Orders	Oct P	-2.60%	-4.40%	0.70%	-0.10%
11/21/2018 21:30	US Durables Ex Transportation	Oct P	0.40%	0.10%	0.00%	-0.60%
11/21/2018 21:30	US Cap Goods Orders Nondef Ex Air	Oct P	0.20%	0.00%	-0.10%	-0.50%
11/21/2018 21:30	US Cap Goods Ship Nondef Ex Air	Oct P	0.30%	0.30%	-0.10%	-0.20%
11/21/2018 21:30	US Initial Jobless Claims	Nov-17	215k	224k	216k	221k
11/21/2018 21:30	US Continuing Claims	Nov-10	1653k	1668k	1676k	1670k
11/21/2018 22:45	US Bloomberg Consumer Comfort	Nov-18	--	61.3	60.5	--
11/21/2018 22:45	US Bloomberg Economic Expectations	Nov	--	56	58.5	--
11/21/2018 23:00	US Leading Index	Oct	0.10%	0.10%	0.50%	0.60%
11/21/2018 23:00	US Existing Home Sales	Oct	5.20m	5.22m	5.15m	--
11/21/2018 23:00	US Existing Home Sales MoM	Oct	1.00%	1.40%	-3.40%	--
11/21/2018 23:00	US U. of Mich. Sentiment	Nov F	98.3	97.5	98.3	--
11/22/2018 07:30	JN Natl CPI YoY	Oct	1.40%	1.40%	1.20%	--
11/22/2018 07:30	JN Natl CPI Ex Fresh Food YoY	Oct	1.00%	1.00%	1.00%	--
11/22/2018 07:50	JN Japan Buying Foreign Bonds	Nov-16	--	--	¥1620.8b	--
11/22/2018 07:50	JN Japan Buying Foreign Stocks	Nov-16	--	--	¥203.9b	--
11/22/2018 07:50	JN Foreign Buying Japan Bonds	Nov-16	--	--	¥413.3b	--
11/22/2018 07:50	JN Foreign Buying Japan Stocks	Nov-16	--	--	¥360.9b	--
11/22/2018 08:00	SI GDP SAAR QoQ	3Q F	4.00%	3.00%	4.70%	--
11/22/2018 08:00	SI GDP YoY	3Q F	2.40%	2.20%	2.60%	--
11/22/2018 14:00	JN Machine Tool Orders YoY	Oct F	--	--	-1.10%	--
11/22/2018 15:00	MA Foreign Reserves	Nov-15	--	--	\$101.7b	--
11/22/2018 15:45	FR Manufacturing Confidence	Nov	103	--	104	--
11/22/2018 15:45	FR Production Outlook Indicator	Nov	--	--	7	--
11/22/2018 15:45	FR Own-Company Production Outlook	Nov	--	--	10	--
11/22/2018 16:00	TA Unemployment Rate	Oct	3.70%	--	3.70%	--
11/22/2018 23:00	EC Consumer Confidence	Nov A	-3	--	-2.7	--

Source: Bloomberg

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