

Highlights

Global	<p>With the US markets celebrating Thanksgiving last Thursday, the key developments over the weekend were that a Brexit deal had been struck with the European Union (“there is not a better deal available” according to UK PM May) and the sustained slippage in crude oil prices with WTI now sinking below the US\$51 per barrel handle. Speculation that Saudi Arabia may pare back its record output, currently running in excess of 10.7 million barrels a day, amid pressure from US president Trump exacerbated global growth and demand concerns. With the 10-year UST bond yield again approaching the psychological 3% handle notwithstanding that markets have largely priced the fourth FOMC rate hike for the 19 December meeting implies less than warm conviction for the global growth story in 2019 and in turn market expectations for the subsequent FOMC rate hikes next year currently stand at a lukewarm 39% for one hike by June 2019 and 24% for another hike by December 2019. Asian markets may kickstart the week with a modest Brexit-fueled optimism, but market watchers may continue watching developing news headlines revolving around Brexit, Trump-Xi meeting on the sidelines of the G20 meeting this Friday and oil price volatility. The economic data calendar is relatively lightweight with the German IFO and S’pore industrial production (our forecast: 0.7% yoy and 0.5% mom sa). ECB’s Draghi is speaking to the European Parliament, while Praet, Coeure and Nowotny are also speaking. For the week ahead, Fed’s Clarida is speaking tomorrow, with Powell to follow on Wednesday, and FOMC minutes due on Thursday. RBNZ is also releasing its Financial Stability Report Wednesday, while BOK may finally hike 25bps to 1.75% on Friday.</p>
US	<p>While we are not anticipating a grand bargain from Trump-Xi this Friday, nevertheless, any deal struck to negotiate further and not implement any fresh tariffs should be taken as an improvement from the current status quo. We would interpret any signs that the US would postpone the 25% tariffs on all US\$505 billion of Chinese imports as a risk-on trigger in the short-term.</p>
CH	<p>On the positive front, China stepped up its opening of financial market to foreign investors. Allianz receives approval from CBIRC to set up China’s first fully owned foreign insurance holding companies while foreign bond investors will receive the tax exemption for their interest income for the next three years.</p>
SG	<p>October headline rose 0.7% yoy (-0.3% mom nsa) in line with our expectations, while core inflation came in at 1.9% versus our forecast for 2.0% yoy. This was mostly in line with expectations as well as anchored compared to September’s 0.7% yoy (0.0% mom nsa) and 1.8% respectively.</p>
MY	<p>Headline inflation accelerated to 0.6% yoy for the month of October (Sept 2018: 0.3% yoy). October saw larger increases percentage wise in the transport and food & non-alcoholic beverages categories.</p>
ID	<p>The government has announced that it is working to reduce the use of fuel and gas for electricity, a policy that is stipulated in a revision of the Electricity Procurement Plan (RUPTL) FROM 2019 – 2028. The state-owned electricity company PLN is looking to replace gas and fuel powered plants with hydropower and geothermal plants. Meanwhile, according to the Jakarta Post, the government will also be announcing a revision to its tax holiday policy this coming week.</p>

Major Markets

- **US:** IHS Markit flash PMI data for November fell from October and printed below market expectations, with the manufacturing index slipping to 55.4 from 55.7 last month with expectations of the same figure this month. Both composite and services flash PMI fell to 54.4 from 54.9 and 54.8 in October, respectively.
- Wall Street ended lower on Friday, with the S&P500 falling by 0.66%. The DJIA slipped 0.73%, while the Nasdaq composite saw a 0.48% decline. All 3 major indexes posted their worst Thanksgiving week performance since 2011.
- Walmart shares rose 0.99% after Adobe Analytics reported that Thanksgiving online shopping rose 28% from 2017, underscoring robustness in the online markets and the retail industry as a whole during this festive season.
- Energy firms reliant on oil saw their shares plummet as oil prices plunged more than 6% on Friday, with Chevron and ExxonMobil equity falling by 3.38% and 2.67%, respectively.
- Rockwell Collins surged 9.21% after Reuters reported that United Technologies Corporation (+2.64%) has received conditional approval by Chinese regulators to acquire the avionics giant.

- **China:** The latest PBoC balance sheet showed that the category of claim on central banks unexpectedly increased to CNY380 billion in October. The unexpected increase raised the speculation that the PBoC may have conducted the repo operation to withdraw liquidity from the system in October. This could be the signal sent by the PBoC that they will monitor the liquidity situation closely to keep the leverage in check.

- **Singapore:** The STI added 0.37% to close at 3052.49 on Friday, and given Brexit-fuelled hopes, may tread a firmer range of 3026-3080 in the interim. Morning cues from Nikkei and Kospi are also positive. With the current market bias for softer UST bond yields, SGS bonds may continue to trade with a supported tone as well.

- **Thailand:** A Bloomberg article claims that the Bangkok Post reports Prime Minister Prayuth Chan-Ocha has confirmed that general elections would be held on 24th February 2019. The same article also mentions that he will be meeting politicians on 7th December 2018 to discuss the lifting of a ban on political activities. Meanwhile, foreign reserves were at US\$202.6bn as of 16th November 2018.

- **Macau:** Retail sales growth softened from 23.6% yoy in 2Q to 12.8% yoy in 3Q. This was mainly attributed to weak visitor spending. The per-capita spending of visitors increased at the weakest pace since 2Q16 by 5.9% yoy. By item, sales of watches, clocks and jewellery merely increased by 2.6% yoy (the lowest since 3Q16). The growth in the sales of leather goods also decelerated to the lowest since 4Q16 at 18.2% yoy. Clearly, due to a stronger MOP, China's slowdown and Asia's muted economic outlook, inbound tourism and tourist spending took a hit. On a positive note, visitor arrivals growth accelerated from 3% yoy in September to 9.2% yoy in October thanks to the golden week holiday and the opening of HK-Zhuhai-Macau Bridge. However, same-day visitors who did not contribute much to the retail sector accounted for 50.9% (the highest since February) in October. As such, we do not expect the improved infrastructure to lend much support to the retail sector at this juncture. As global economy is fraught with uncertainties and the MOP remains relatively strong against major currencies, we still expect the growth in inbound tourism and tourist spending to slow down in the coming quarters.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with swap rates trading 1-2bps lower across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 157bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS was unchanged at 623bps. 10Y UST yields fell 4bps to 3.03%, the lowest in eight weeks on the back of safe haven demand due to continued weakness in stock and oil prices. Yields subsequently rose 1 bps to close at 3.04%.
- **New Issues:** CFLD (Cayman) Investment Ltd has priced a USD100mn re-tap of its CHFOTN 9.0%'21s (guaranteed by China Fortune Land Development Co Ltd) at 8.99%, tightening from the final price guidance of 9.0%. Bank of China, Tokyo Branch has priced a CNH800mn 2-year bond at 4.35%, tightening from its initial price guidance of 4.65%. Chongqing Nan'an Urban Construction & Development (Group) Co Ltd has scheduled for investor meetings from 26 Nov for its potential USD bond issuance. Guangxi Liuzhou Dongcheng Investment Development Group Co Ltd has scheduled for investor meetings from 26 Nov for its potential USD bond issuance. Huaibei City Construction Investment Holding Group Co Ltd has scheduled for investor meetings from 27 Nov for its potential USD bond issuance (standby letter of credit provider: Huishang Bank Corporation Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.916	0.21%	USD-SGD	1.3749	0.13%
USD-JPY	112.960	0.01%	EUR-SGD	1.5589	-0.44%
EUR-USD	1.1337	-0.58%	JPY-SGD	1.2175	0.16%
AUD-USD	0.7233	-0.29%	GBP-SGD	1.7618	-0.37%
GBP-USD	1.2814	-0.49%	AUD-SGD	0.9946	-0.15%
USD-MYR	4.1905	-0.13%	NZD-SGD	0.9326	-0.31%
USD-CNY	6.9485	0.24%	CHF-SGD	1.3788	-0.09%
USD-IDR	14540	-0.27%	SGD-MYR	3.0524	-0.08%
USD-VND	23336	-0.08%	SGD-CNY	5.0537	0.12%

Equity and Commodity

Index	Value	Net change
DJIA	24,285.95	-178.74
S&P	2,632.56	-17.37
Nasdaq	6,938.98	-33.27
Nikkei 225	21,646.55	--
STI	3,052.49	11.11
KLCI	1,695.88	0.26
JCI	6,006.20	15.39
Baltic Dry	1,093.00	75.00
VIX	21.52	0.72

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	2.1770	-0.0035
2M	-0.3360	--	1M	2.3219	0.0070
3M	-0.3160	--	2M	2.4954	0.0153
6M	-0.2570	--	3M	2.6912	0.0019
9M	-0.1960	--	6M	2.8863	-0.0010
12M	-0.1470	0.0010	12M	3.1208	0.0113

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.08 (-0.02)	2.81 (--)
5Y	2.20 (-0.02)	2.87 (-0.02)
10Y	2.42 (-0.02)	3.04 (-0.02)
15Y	2.69 (-0.02)	--
20Y	2.72 (-0.02)	--
30Y	2.81 (-0.02)	3.30 (-0.01)

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	72.6%	72.6%	0.0%	0.0%	0.0%
01/30/2019	74.0%	70.3%	3.8%	0.0%	0.0%
03/20/2019	86.4%	49.3%	35.3%	1.8%	0.0%
05/01/2019	88.0%	44.8%	37.0%	5.9%	0.2%
06/19/2019	91.5%	35.3%	39.3%	15.0%	1.9%
07/31/2019	92.2%	33.3%	39.0%	16.8%	2.9%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	33.27	0.77
EURIBOR-OIS	4.21	0.03
TED	29.50	0.25

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.42	-7.71%	Coffee (per lb)	1.072	-2.86%
Brent (per barrel)	58.80	-6.07%	Cotton (per lb)	0.7492	-2.08%
Heating Oil (per gallon)	1.8762	-4.77%	Sugar (per lb)	0.1247	-1.66%
Gasoline (per gallon)	1.3913	-7.90%	Orange Juice (per lb)	1.4160	1.00%
Natural Gas (per MMBtu)	4.3080	-3.21%	Cocoa (per mt)	2.061	-1.10%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,099.1	-1.00%	Wheat (per bushel)	4.9975	0.20%
Nickel (per mt)	10,863.5	-0.49%	Soybean (per bushel)	8.810	-0.23%
Aluminium (per mt)	1,951.3	0.05%	Corn (per bushel)	3.5900	-0.76%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,223.2	-0.39%	Crude Palm Oil (MYR/MT)	1,866.0	-0.64%
Silver (per oz)	14.243	-1.79%	Rubber (JPY/KG)	135.2	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 20 Nov 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	429,854	429,854	0	Nymex Crude	429,854	429,854	0
Heating Oil	17,853	17,853	0	Heating Oil	17,853	17,853	0
Natural Gas	17,034	17,034	0	Natural Gas	17,034	17,034	0
RBOB Gasoline	79,465	79,465	0	RBOB Gasoline	79,465	79,465	0
Coffee	-29,615	-29,615	0	Coffee	-29,615	-29,615	0
Cocoa	-3,219	-3,219	0	Cocoa	-3,219	-3,219	0
Cotton	47,698	47,698	0	Cotton	47,698	47,698	0
Sugar	48,377	48,377	0	Sugar	48,377	48,377	0
Copper	2,775	2,775	0	Copper	2,775	2,775	0

Source: CFTC, Bloomberg, OCBC Bank

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/23/2018 06:00	AU CBA Australia PMI Mfg	Nov P	--	54.5	54.5	--
11/23/2018 06:00	AU CBA Australia PMI Services	Nov P	--	52.6	51.7	--
11/23/2018 06:00	AU CBA Australia PMI Composite	Nov P	--	52.9	52	--
11/23/2018 10:30	MA Survey (Table)					
11/23/2018 12:00	MA CPI YoY	Oct	0.60%	0.60%	0.30%	--
11/23/2018 12:06	MU Visitor Arrivals	Oct	--	3154t	2561t	--
11/23/2018 12:07	MU Retail Sales Value YoY	3Q	--	13%	24%	--
11/23/2018 13:00	SI CPI YoY	Oct	0.80%	0.70%	0.70%	--
11/23/2018 13:00	SI CPI Core YoY	Oct	1.90%	1.90%	1.80%	--
11/23/2018 13:00	SI CPI NSA MoM	Oct	-0.20%	-0.30%	0.00%	--
11/23/2018 15:00	GE GDP SA QoQ	3Q F	-0.20%	-0.20%	-0.20%	--
11/23/2018 15:00	GE GDP NSA YoY	3Q F	1.10%	1.10%	1.10%	--
11/23/2018 15:00	GE GDP WDA YoY	3Q F	1.10%	1.10%	1.10%	--
11/23/2018 15:30	TH Foreign Reserves	Nov-16	--	\$202.6b	\$201.3b	--
11/23/2018 16:00	TA Industrial Production YoY	Oct	3.55%	8.25%	1.54%	1.64%
11/23/2018 16:15	FR Markit France Manufacturing PMI	Nov P	51.2	50.7	51.2	--
11/23/2018 16:15	FR Markit France Services PMI	Nov P	55	55	55.3	--
11/23/2018 16:15	FR Markit France Composite PMI	Nov P	53.9	54	54.1	--
11/23/2018 16:20	TA Money Supply M2 Daily Avg YoY	Oct	--	3.39%	3.34%	--
11/23/2018 16:30	GE Markit Germany Manufacturing PMI	Nov P	52.2	51.6	52.2	--
11/23/2018 16:30	GE Markit Germany Services PMI	Nov P	54.5	53.3	54.7	--
11/23/2018 16:30	GE Markit/BME Germany Composite PMI	Nov P	53.1	52.2	53.4	--
11/23/2018 17:00	EC Markit Eurozone Manufacturing PMI	Nov P	52	51.5	52	--
11/23/2018 17:00	EC Markit Eurozone Services PMI	Nov P	53.6	53.1	53.7	--
11/23/2018 17:00	EC Markit Eurozone Composite PMI	Nov P	53	52.4	53.1	--
11/23/2018 21:30	CA Retail Sales MoM	Sep	0.00%	0.20%	-0.10%	0.00%
11/23/2018 21:30	CA Retail Sales Ex Auto MoM	Sep	0.30%	0.10%	-0.40%	--
11/23/2018 21:30	CA CPI NSA MoM	Oct	0.10%	0.30%	-0.40%	--
11/23/2018 21:30	CA CPI YoY	Oct	2.20%	2.40%	2.20%	--
11/23/2018 22:45	US Markit US Manufacturing PMI	Nov P	55.7	55.4	55.7	--
11/23/2018 22:45	US Markit US Services PMI	Nov P	55	54.4	54.8	--
11/23/2018 22:45	US Markit US Composite PMI	Nov P	--	54.4	54.9	--
11/26/2018 05:45	NZ Retail Sales Ex Inflation QoQ	3Q	1.00%	0.00%	1.10%	--
11/26/2018 08:30	JN Nikkei Japan PMI Mfg	Nov P	--	--	52.9	--
11/26/2018 13:00	SI Industrial Production YoY	Oct	2.60%	--	-0.20%	--
11/26/2018 13:00	SI Industrial Production SA MoM	Oct	1.50%	--	-4.90%	--
11/26/2018 13:00	JN Leading Index Cl	Sep F	--	--	103.9	--
11/26/2018 13:00	JN Coincident Index	Sep F	--	--	114.6	--
11/26/2018 16:30	HK Exports YoY	Oct	9.50%	--	4.50%	--
11/26/2018 16:30	HK Imports YoY	Oct	9.50%	--	4.80%	--
11/26/2018 16:30	HK Trade Balance HKD	Oct	-47.7b	--	-47.7b	--
11/26/2018 17:00	GE IFO Business Climate	Nov	102.3	--	102.8	--
11/26/2018 17:00	GE IFO Expectations	Nov	99.2	--	99.8	--
11/26/2018 17:00	GE IFO Current Assessment	Nov	105.3	--	105.9	--
11/26/2018 17:30	UK UK Finance Loans for Housing	Oct	38150	--	38505	--
11/26/2018 21:30	US Chicago Fed Nat Activity Index	Oct	0.18	--	0.17	--
11/26/2018 23:30	US Dallas Fed Manf. Activity	Nov	24.5	--	29.4	--
11/26/2018	PH Budget Balance PHP	Oct	--	--	-96.2b	--

Source: Bloomberg

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