

Highlights

Global	Risk sentiments are likely to begin the week unsettled amid concerns over the US-China trade tensions as US Vice President Mike Pence remarked that the US “would not change course until China changes its ways” and that the US offers countries in the region “a better option” compared to Beijing. The Asia-Pacific Economic Forum also failed to produce a joint communique, reflecting the tensions between the two nations. On the Brexit front, Theresa May fights to have the withdrawal deal carried through as Conservative leaders prepare a campaign to challenge her leadership whilst the Prime Minister attempts to appeal to business leader for support for the deal. The EU Chief Negotiator Michael Barnier has also raised the prospect that the UK could remain in EU control until the end of 2022. Meanwhile, in the US, President Donald Trump has said that he would not stop acting Attorney General Matthew Whitaker if the latter chooses to curtail Mueller’s investigation. The President also mentioned that the US will issue a “very full report” on the killing of Jamal Khashoggi whilst at the same time, he also claimed that the CIA hasn’t “assessed anything yet” and that what has been released “was a very premature report”. Asian markets are likely to trade cautiously today amid continued trade tensions. Key economic data releases this week include Japan trade data and CPI, PMIs for Japan, Australia and Europe, U. of Michigan sentiment indexes, US jobs data, Germany PPI, trade data and finalized 3Q 2018 GDP result, Thailand 3Q 2018 GDP and trade data and French jobs data.
US	Industrial production in October rose 0.1% mom, slightly below market estimates of 0.2% due to utilities and mining taking a hit. The recent declining trend of oil prices may hint further headwinds for mining production. However, the manufacturing component printed a stronger-than-expected growth of 0.3% (est. 0.2%), gaining for the fifth month in a row.
UK	The Prime Minister’s office is reportedly on standby as they prepare for a potential vote of no confidence in May’s leadership. Seven leading Conservatives, including Boris Johnson, David Davis and Dominic Raab are actively preparing a campaign against her. A total of 23 lawmakers have already publicly said they have submitted letters of no confidence in May although the threshold needed to trigger the vote is 48. May also said that there is “no alternative” to her Brexit deal.
CH	US Vice President Pence openly conflicted with China’s Belt and Road initiative in the latest APEC meeting saying the US does not offer a constricting belt and a one-way road. The latest speech set the tone that the US is likely to compete with China in the belt-and-road initiative going forwards.
HK	GDP growth continued to surprise to the downside and decelerated from 3.5% yoy in 2Q18 to a two-year low of 2.9% yoy in 3Q18.
MY	3Q 2018 GDP slowed further to 4.4% yoy (2Q 2018: 4.5% yoy) as the commodities continued sector continued to face supply issues. The current account surplus also narrowed to 1.04% of GDP (2Q 2018: 1.12% of GDP) mainly due to the primary account recording a larger deficit.

Major Markets

- **US:** Wall Street ended mixed on Friday, with the S&P500 and DJIA gaining 0.22% and 0.49%, respectively, while the Nasdaq composite slipped 0.15%.
- PG&E Corp. shares surged 37.54% after the Public Utilities Commission President Michael Picker said that “it’s not good policy to have utilities unable to finance the services and infrastructure the state of California needs”, suggesting that the utility giant would unlikely face bankruptcy on the claims stemming from the California wildfires
- Viacom stock climbed 2.49% as revenue and adjusted EPS beat market expectations, driven by growth in the entertainment business.
- NVIDIA equity plummeted 18.76% on quarterly earnings which missed market estimates, and fell short of guidance expectations for the fourth quarter.

- **China:** On a positive note, the risk for China to be isolated in the global trade stage diminished after Canada PM said the clause in the new US-Mexico-Canada trade agreement will not prevent Canada from negotiating a new trade deal with China.

- **Indonesia:** The government launched its 16th economic package aimed at relaxing regulations pertaining to investment. The three main points of the package are 1) the expansion of the tax holiday, 2) the adjustment to the negative investment list and 3) the provision of tax incentives for the mandatory saving of export earnings in Indonesian bank accounts.

- **Hong Kong:** The growth of exports and imports of goods accelerated in 3Q18, probably due to the front-loading of trade activities. However, we do not expect the growth to sustain should US-China trade war remain intact. In fact, the economy has started to feel the pain from trade war with weaker domestic consumption and exports of services. On top of trade war, the economy is facing other headwinds including monetary tightening and China’s slowdown. These headwinds could hit business/consumer sentiments, loan demand as well as inbound tourism. On a positive note, 2019 policy address delivers the government’s promise to increase public housing supply which may translate into faster public investments. This may help to ease some downside risks to the economy. All in all, we revise forecast on 2018 GDP growth from 3.6% yoy to 3.4% yoy and expect the growth will slow further to 2.7% yoy in 2019.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened last Friday, with swap rates for the shorter tenors trading 2-3bps higher while the longer tenors traded 1-2bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 153bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 602bps. Overall, 10Y UST yields fell 4bps to close at 3.06% after a top Federal Reserve official said US interest rates are nearing the central bank’s estimates of a neutral level, suggesting that the current tightening cycle may soon end.

- **New Issues:** China State Construction Finance (Cayman) I Ltd has scheduled for investor meetings from 19 Nov for its potential USD bond issuance (Guarantor: China State Construction International Holdings Ltd). Huzhou Communications Investment Group Co Ltd has scheduled for investor meetings from 19 Nov for its potential CNY bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.465	-0.48%	USD-SGD	1.3731	-0.14%
USD-JPY	112.830	-0.71%	EUR-SGD	1.5677	0.64%
EUR-USD	1.1415	0.77%	JPY-SGD	1.2170	0.54%
AUD-USD	0.7332	0.76%	GBP-SGD	1.7635	0.39%
GBP-USD	1.2834	0.47%	AUD-SGD	1.0072	0.66%
USD-MYR	4.1915	--	NZD-SGD	0.9446	0.55%
USD-CNY	6.9380	-0.02%	CHF-SGD	1.3736	0.56%
USD-IDR	14612	-0.36%	SGD-MYR	3.0453	0.04%
USD-VND	23301	-0.03%	SGD-CNY	5.0556	0.24%

Equity and Commodity

Index	Value	Net change
DJIA	25,413.22	123.95
S&P	2,736.27	6.07
Nasdaq	7,247.87	-11.16
Nikkei 225	21,680.34	-123.28
STI	3,083.60	29.07
KLCI	1,706.38	12.17
JCI	6,012.35	56.61
Baltic Dry	1,031.00	11.00
VIX	18.14	-1.84

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	0.0020	O/N	2.1754	-0.0040
2M	-0.3380	0.0010	1M	2.3009	-0.0016
3M	-0.3160	--	2M	2.4521	0.0030
6M	-0.2570	--	3M	2.6445	0.0045
9M	-0.1960	--	6M	2.8626	0.0024
12M	-0.1470	--	12M	3.1236	0.0052

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.07 (--)	2.80 (-0.05)
5Y	2.22 (-0.02)	2.88 (-0.06)
10Y	2.45 (--)	3.06 (-0.05)
15Y	2.73 (--)	--
20Y	2.76 (--)	--
30Y	2.85 (--)	3.32 (-0.04)

Fed Rate Hike Probability

Meeting	Prob Hike	2.25-2.5	2.5-2.75	2.75-3	3-3.25
12/19/2018	65.6%	65.6%	0.0%	0.0%	0.0%
01/30/2019	67.0%	64.3%	2.7%	0.0%	0.0%
03/20/2019	84.9%	47.3%	36.1%	1.5%	0.0%
05/01/2019	86.4%	44.0%	37.2%	5.0%	0.2%
06/19/2019	91.6%	32.3%	39.8%	17.4%	2.0%
07/31/2019	92.3%	30.3%	39.2%	19.3%	3.3%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	30.24	0.49
EURIBOR-OIS	4.19	0.06
TED	30.21	1.78

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.46	--	Coffee (per lb)	1.126	2.32%
Brent (per barrel)	66.76	0.21%	Cotton (per lb)	0.7612	-0.17%
Heating Oil (per gallon)	2.0737	-0.02%	Sugar (per lb)	0.1269	0.32%
Gasoline (per gallon)	1.5770	1.31%	Orange Juice (per lb)	1.3730	3.16%
Natural Gas (per MMBtu)	4.2720	5.79%	Cocoa (per mt)	2,193	1.25%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,169.6	1.89%	Wheat (per bushel)	5.0675	0.25%
Nickel (per mt)	11,288.0	0.93%	Soybean (per bushel)	8.923	0.39%
Aluminium (per mt)	1,921.5	0.68%	Corn (per bushel)	3.6475	-0.75%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,223.0	0.66%	Crude Palm Oil (MYR/MT)	1,775.0	0.91%
Silver (per oz)	14.382	0.83%	Rubber (JPY/KG)	135.1	1.96%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 13 Nov 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Wheat	-13,129	-29,119	15,990	Gold	-22,931	12,210	-35,141
Natural Gas	17,034	3,711	13,323	Sugar	48,377	78,847	-30,470
Cocoa	-3,219	-5,781	2,562	Silver	-17,417	-2,788	-14,629
Palladium	13,720	13,604	116	Heating Oil	17,853	28,400	-10,547
Copper	2,775	5,624	-2,849	Corn	79,541	89,814	-10,273
Platinum	23,227	26,355	-3,128	Soybean	-44,994	-35,552	-9,442
Lean Hogs	28,679	31,999	-3,320	Live Cattle	79,214	87,603	-8,389
Cotton	47,698	51,371	-3,673	Nymex Crude	429,854	437,666	-7,812
Coffee	-29,615	-25,823	-3,792	RBOB Gasoline	79,465	86,814	-7,349

Source: CFTC, Bloomberg, OCBC Bank

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
11/16/2018 05:30	NZ BusinessNZ Manufacturing PMI	Oct	--	53.5	51.7	51.9
11/16/2018 08:30	SI Non-oil Domestic Exports SA MoM	Oct	3.60%	4.20%	-4.30%	-4.40%
11/16/2018 08:30	SI Electronic Exports YoY	Oct	--	-3.50%	-0.90%	-1.30%
11/16/2018 08:30	SI Non-oil Domestic Exports YoY	Oct	1.00%	8.30%	8.30%	8.10%
11/16/2018 10:00	NZ Non Resident Bond Holdings	Oct	--	57.10%	57.40%	--
11/16/2018 12:00	MA GDP YoY	3Q	4.60%	4.40%	4.50%	--
11/16/2018 12:00	MA BoP Current Account Balance MYR	3Q	9.3b	3.8b	3.9b	--
11/16/2018 15:30	TH Foreign Reserves	Nov-09	--	\$201.3b	\$202.1b	--
11/16/2018 16:30	HK GDP YoY	3Q	3.30%	2.90%	3.50%	--
11/16/2018 16:30	HK GDP SA QoQ	3Q	0.60%	0.10%	-0.20%	--
11/16/2018 16:30	HK Unemployment Rate SA	Oct	2.80%	2.80%	2.80%	--
11/16/2018 17:00	IT Industrial Sales WDA YoY	Sep	--	3.90%	3.20%	3.20%
11/16/2018 17:00	IT Industrial Sales MoM	Sep	--	0.00%	1.20%	1.30%
11/16/2018 17:00	IT Industrial Orders NSA YoY	Sep	--	-0.90%	0.90%	0.80%
11/16/2018 17:00	IT Industrial Orders MoM	Sep	--	-2.90%	4.90%	4.90%
11/16/2018 18:00	EC CPI Core YoY	Oct F	1.10%	1.10%	1.10%	--
11/16/2018 18:00	EC CPI YoY	Oct F	2.20%	2.20%	2.20%	--
11/16/2018 18:00	EC CPI MoM	Oct	0.20%	0.20%	0.50%	--
11/16/2018 18:00	IT Trade Balance Total	Sep	--	1274m	2564m	2491m
11/16/2018 19:00	IT CPI EU Harmonized YoY	Oct F	1.70%	1.70%	1.70%	--
11/16/2018 21:30	CA Int'l Securities Transactions	Sep	--	7.70b	2.82b	2.63b
11/16/2018 21:30	CA Manufacturing Sales MoM	Sep	0.10%	0.20%	-0.40%	-0.50%
11/16/2018 22:15	US Industrial Production MoM	Oct	0.20%	0.10%	0.30%	0.20%
11/16/2018 22:15	US Capacity Utilization	Oct	78.20%	78.40%	78.10%	78.50%
11/17/2018 05:00	US Total Net TIC Flows	Sep	--	-\$29.1b	\$108.2b	\$108.1b
11/17/2018 05:00	US Net Long-term TIC Flows	Sep	\$62.7b	\$30.8b	\$131.8b	\$131.7b
11/19/2018 05:45	NZ PPI Output QoQ	3Q	--	1.50%	0.90%	--
11/19/2018 05:45	NZ PPI Input QoQ	3Q	--	1.40%	1.00%	--
11/19/2018 07:50	JN Trade Balance	Oct	¥70.0b	--	¥139.6b	¥131.3b
11/19/2018 07:50	JN Trade Balance Adjusted	Oct	¥48.3b	--	¥238.9b	--
11/19/2018 07:50	JN Exports YoY	Oct	8.90%	--	-1.20%	-1.30%
11/19/2018 08:01	UK Rightmove House Prices MoM	Nov	--	--	1.00%	--
11/19/2018 08:01	UK Rightmove House Prices YoY	Nov	--	--	0.90%	--
11/19/2018 10:30	TH GDP YoY	3Q	4.20%	--	4.60%	--
11/19/2018 10:30	TH GDP SA QoQ	3Q	0.60%	--	1.00%	--
11/19/2018 16:30	HK Composite Interest Rate	Oct	--	--	0.76%	--
11/19/2018 17:00	EC ECB Current Account SA	Sep	--	--	23.9b	--
11/19/2018 23:00	US NAHB Housing Market Index	Nov	67	--	68	--
11/19/2018	PH BoP Overall	Oct	--	--	-\$2696m	--
11/19/2018 11/24	TH Car Sales	Oct	--	--	88706	--

Source: Bloomberg

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