

Highlights

Global: US major indexes came in mixed last night. The Dow and S&P rose 1.5% and 0.4%, respectively while Nasdaq edged modestly lower by 0.2%. Nonetheless, all three indexes posted gains for November against the backdrop of easing inflation data prints. Meanwhile, the UST 5Y and UST 10Y yields rose to 4.26% and 4.33% respectively. On data, US consumer spending, inflation and the labour market showed signs of cooling down. Personal spending rose moderately by 0.2% MoM in October from 0.7% in September. The moderation in personal spending could likely reflect the lagged impact of monetary policy tightening. Personal income rose by 0.2% in October from 0.4% in September while saving rates edged up slightly to 3.8% in October from 3.7% in the previous month. Core PCE did not surprise, printing at 3.5% YoY and 0.2% MoM for October from 3.7% and 0.3% in September respectively. US weekly jobless claims rose by 7000 (~3.3%) to 218K for the week ending 25 November. Similarly, continuing claims rose by 86K (~4.7%) to 1.93mn for the week ending 18 November. Overall, these data prints seem to highlight that the US economy may be slowing down. Cooler demand may reinforce the notion that the Fed is likely done tightening for the current cycle and help build expectations for the Fed to start cutting rates in Q2-2024. Still, New York Fed President John Williams expects that "it will be appropriate to maintain a restrictive stance for quite some time to fully restore balance and to bring inflation back to our 2% longer-run goal on a sustained basis". In Europe, November flash estimates for Eurozone headline and core CPI came off more-than-expected to 2.4% YoY and 3.6% YoY, from 2.9% and 4.2% in October. With a softer print, markets reinforce expectation for the first ECB cut to come in around April next year.

Market Watch: Asian markets are likely to open firmer today amid cooler inflation data in the U.S. as core PCE index fell further in October. Today's economic calendar comprises November inflation data from Indonesia, November manufacturing PMI data for Asia, UK, Germany, Eurozone, Canada, and the US. There is also US' November ISM manufacturing data and unemployment figures from Canada due later tonight.

Oil: Both WTI and Brent declined by 2.4% and 0.3% on Thursday to close at US\$76.0/bbl and US\$82.8/bbl respectively. Prices edged lower as the decision from yesterday's delayed OPEC+ meeting fell short of market expectations. The group has announced additional voluntary cuts of 2.2 million bpd for 1Q24. The additional voluntary cuts would come from Saudi Arabia and Russia rolling over their existing additional voluntary cut. As such, only ~900K bpd of additional cuts will take place in January and are largely voluntary in nature. The downside was further supported by data from the US Energy Information Administration which reported that US crude production rose to a record high of 13.2 million bpd in September.

Key Market Movements

Equity	Value	% chg
S&P 500	4567.8	0.4%
DJIA	35951	1.5%
Nikkei 225	33487	0.5%
SH Comp	3029.7	0.3%
STI	3073.0	-0.4%
Hang Seng	17043	0.3%
KLCI	1452.7	0.5%
	Value	% chg
DXY	103.497	0.7%
USDJPY	148.2	0.7%
EURUSD	1.0888	-0.7%
GBPUSD	1.2624	-0.6%
USDIDR	15510	0.7%
USDSGD	1.3373	0.3%
SGDMYR	3.4906	-0.1%
	Value	chg (bp)
2Y UST	4.68	3.47
10Y UST	4.33	7.12
2Y SGS	3.37	0.40
10Y SGS	2.97	1.62
3M LIBOR	5.64	0.00
3M SIBOR	4.06	0.00
3M SORA	3.75	-0.33
3M SOFR	5.35	0.00
	Value	% chg
Brent	80.86	-2.4%
WTI	75.96	-2.4%
Gold	2036	-0.4%
Silver	25.27	1.0%
Palladium	1010	-2.2%
Copper	8465	0.6%
BCOM	101.81	-0.5%

Source: Bloomberg

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Major Markets

CN: Official manufacturing and non-manufacturing PMIs edged down to 49.4 and 50.2 respectively in November (vs. 49.5 and 50.6 in October), suggesting further signs of weakness for the economy. Manufacturing activities contracted further amid off season and sluggish external demand. The output and new orders sub-index led the decline, falling by 0.2 and 0.1 percentage points respectively. Meanwhile, non-manufacturing activities (services and construction) remained expansionary, as the pace of infrastructure project construction stayed solid.

SG: Real incomes in 2023 fell 2.3% YoY for the median worker amid high inflation, according to the advance release of the Ministry of Manpower's (MOM) 2023 labour force report. Over the past ten years, however, real income achieved positive growth of 2.0% per annum since 2013. The MOM highlighted in their report that "economic headwinds will continue to weigh on the labour market going forward", and thus workers must make full use of available government programmes and must continue to upskill in order to remain competitive.

PH: The government's October budget deficit narrowed as revenues grew faster than government expenditures, according to the Bureau of Treasury (BTr). Revenue collections rose 33.6% YoY compared to expenditure growth of 8.3% YoY, resulting in a fiscal gap of PHP34.4bn in October against PHP99.1bn a year ago. Revenue growth was primarily driven by a 46.9% YoY surge in collections by the Bureau of Internal Revenue and a 3.8% YoY surge in collections by the Bureau of Customs. Government expenditures were driven by the Public Works, Defence, and Transportation departments. In the first nine months of 2023, the government budget deficit stood at 5.71% of GDP which is below the government's budget deficit ceiling of 6.10% of GDP for the full year. Separately, the S&P global ratings firm affirmed the nation's 'BBB+' rating while also keeping its 'stable' outlook for the economy.

HK: Due to a high base last year, the year-on-year growth in retail sales slowed to 5.6% and 2.7% respectively in value and volume terms in October, the lowest since January this year. Yet, on sequential terms, retail sales rebounded by 6.3% in value terms, ending the five-month losing streak, partly due to more mainland visitors during the Golden week holiday. For the first 10 months of 2023, the value of total retail sales surged by 17.2% YoY.

TH: Industrial production fell by 4.3% YoY in October, marking the 13th consecutive month of contraction, according to data from the Office of Industrial Economics (OIE). The October figures bring year-to-date industrial production down by 5.0% YoY, in contrast to 0.4% growth in 2022. Office of Industrial Economics Deputy Director-General Siripen Kiatfuengfoo added that the contraction was in part driven by the country's slow economic recovery, high levels of household debt, elevated interest rates, as well as lower-than-expected tourist arrivals. OIE expects industrial production to contract by 4.8% in 2023. Nonetheless, industrial production is expected to expand between 2%-3% in 2024, supported by a recovery in global trade, a

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delay in rising interest rates in major economies as well as improvements in the tourism and services sector. Separately, the current account balance posted a smaller surplus of US\$0.7bn in October from USD\$3.4bn in September. This was driven by import growth of 10.5% YoY versus -7.9% in September, which more than offset the pick-up in export growth (7.0% YoY from 1.0% in September).

ID: Investments in the upstream oil and gas sector is expected to reach US\$13.8bn this year (exceeding the initial target of US\$13bn) according to SKK Migas. SKK Migas Chief Dwi Soetjipto shared with parliament that the year-to-October investments into the sector stands at US\$10.2bn. Meanwhile, both crude oil and gas liftings are estimated to reach 606.3K bpd and 5,400mn standard cubic feet per day (scfd) in 2023, below their respective targets of 660K bpd and 6,160mn scfd. Chief Dwi Soetjipto attributed the drop in oil lifting to incidents in the aging facilities operated by Pertamina's units in offshore northwest Java and southeast Sumatra in 3Q23.

MY: The “progressive wage” programme, which intends to improve the wages of low-income workers as they become more skilled, is set to pilot test next June. Minister of Economic Affairs Rafizi Ramli, speaking to Parliament on 30 November, announced that the voluntary programme will target 1,000 firms for the pilot phase while focusing on micro, small, and medium enterprises as employees from multinational and government-linked companies are exempted. Employees who earn less than RM 5,000 per month are eligible for the programme. According to Minister Rafizi, 73.3% of the labour force earn less than RM 5,000 per month, stating that “the progressive wage policy model that will be introduced involves a progressive increase in wages, in line with the increase in employee productivity.”

ESG Updates

Rest of the world: According to a European Investment Bank (EIB) climate survey of more than 30,000 participants, citizens of Europe (60%), US (63%), China (74%), and Japan (72%) agree that their countries ought to compensate poorer countries to help address the impacts of climate change. Additional findings from the survey indicate that a large proportion of the participants surveyed in the EU (80%) and China (91%) feel the effects of climate change in their daily lives. However, this same perception is not as prevalent in the US (67%) and the UK (65%). The results are from the 5th edition of the annual climate survey conducted by the EIB. EIB vice president Ambroise Fayolle stated that, “the latest EIB Climate Survey underlines people's profound awareness of climate change and their commitment to tackle it head-on.”

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Credit Market Updates

Market Commentary: The SGD SORA curve traded mostly higher yesterday, with shorter tenors trading 1-2bps higher, belly tenors trading 3bps higher, and the 10Y trading 4bps higher. According to Bloomberg, key unit of Dalian Wanda Group Co., Wanda Properties International Co. received consent for a 1-year extension on its US\$600mn 7.25%-dollar bond (initially set to mature in January 2024) to December 2024. More than 93.3% of aggregate principal amount of the bonds voted in favour of the extension. Adani Energy Solutions has purchased US\$120mn of its ADANEM 3.949% '30s and will pay the early tender offer fee. Aggregate bonds outstanding is USD880mn, per Bloomberg. Next week's highlight could be China Evergrande Group's revised debt restructuring proposal for offshore creditors that is reportedly due to be presented on Monday at its winding up hearing in Hong Kong's High Court. Yesterday, Bloomberg Asia USD Investment Grade spreads tightened by 4bps to 106bps, and Asia USD High Yield spreads tightened by 15bps to 817bps, per Bloomberg.

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
30-Nov-2023	Keppel DC Reit Mtn Pte Ltd (Guarantor: Perpetual Asia Ltd)	FRN	SGD	90	3-Year	SORA +35bps	N.A.

GLOBAL MARKETS RESEARCH

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	103.497	0.71%	USD-SGD	1.3373	0.33%
USD-JPY	148.200	0.65%	EUR-SGD	1.4560	-0.42%
EUR-USD	1.089	-0.74%	JPY-SGD	0.9024	-0.32%
AUD-USD	0.661	-0.18%	GBP-SGD	1.6883	-0.24%
GBP-USD	1.262	-0.56%	AUD-SGD	0.8834	0.15%
USD-MYR	4.663	0.23%	NZD-SGD	0.8230	0.29%
USD-CNY	7.135	0.12%	CHF-SGD	1.5279	0.16%
USD-IDR	15510	0.75%	SGD-MYR	3.4906	-0.07%
USD-VND	24261	-0.04%	SGD-CNY	5.3339	-0.31%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8540	0.18%	1M	5.3470	0.02%
3M	3.9750	0.51%	2M	5.3615	0.00%
6M	4.0500	0.60%	3M	5.3700	0.00%
12M	3.9830	-0.80%	6M	5.3242	-0.14%
			1Y	5.0830	-0.33%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/13/2023	0.036	0.009	5.338
01/31/2024	-0.064	-0.016	5.313
03/20/2024	-0.544	-0.136	5.193
05/01/2024	-1.185	-0.296	5.032
06/12/2024	-1.947	-0.487	4.842
07/31/2024	-2.644	-0.661	4.668
09/18/2024	-3.417	-0.854	4.474

Equity and Commodity

Index	Value	Net change
DJIA	35,950.89	520.47
S&P	4,567.80	17.22
Nasdaq	14,226.22	-32.27
Nikkei 225	33,486.89	165.67
STI	3,072.99	-11.71
KLCI	1,452.74	6.67
JCI	7,080.74	44.65
Baltic Dry	2,696.00	305.00
VIX	12.92	-0.06

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.37 (--)	4.68 (--)
5Y	2.92 (-0.01)	4.27 (+0.06)
10Y	2.97 (+0.02)	4.33 (+0.07)
15Y	3 (+0.02)	--
20Y	3.01 (+0.02)	--
30Y	2.98 (+0.02)	4.49 (+0.06)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	446.30	(--)
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	5.31
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	75.96	-2.44%	Corn (per bushel)	4.618	2.7%
Brent (per barrel)	82.83	-0.32%	Soybean (per bushel)	13.428	-0.3%
Heating Oil (per gallon)	283.05	-2.01%	Wheat (per bushel)	5.703	2.6%
Gasoline (per gallon)	219.98	-3.67%	Crude Palm Oil (MYR/MT)	37.540	0.5%
Natural Gas (per MMBtu)	2.80	-0.07%	Rubber (JPY/KG)	2.586	-1.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8464.50	0.58%	Gold (per oz)	2036.4	-0.4%
Nickel (per mt)	16645.00	-2.79%	Silver (per oz)	25.3	1.0%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/01/2023 07:30	JN Jobless Rate	Oct 2.60%	2.50%	2.60%	--
12/01/2023 08:00	SK Exports YoY	Nov 5.00%	--	5.10%	--
12/01/2023 08:30	JN Jibun Bank Japan PMI Mfg	Nov F --	--	48.1	--
12/01/2023 08:30	SK S&P Global South Korea PMI Mfg	Nov --	--	49.8	--
12/01/2023 08:30	TA S&P Global Taiwan PMI Mfg	Nov --	--	47.6	--
12/01/2023 08:30	VN S&P Global Vietnam PMI Mfg	Nov --	--	49.6	--
12/01/2023 08:30	ID S&P Global Indonesia PMI Mfg	Nov --	--	51.5	--
12/01/2023 09:45	CH Caixin China PMI Mfg	Nov 49.6	--	49.5	--
12/01/2023 13:00	IN S&P Global India PMI Mfg	Nov --	--	55.5	--
12/01/2023 16:55	GE HCOB Germany Manufacturing PMI	Nov F 42.3	--	42.3	--
12/01/2023 17:00	EC HCOB Eurozone Manufacturing PMI	Nov F 43.8	--	43.8	--
12/01/2023 17:30	UK S&P Global/CIPS UK Manufacturing PMI	Nov F 46.7	--	46.7	--
12/01/2023 21:30	CA Unemployment Rate	Nov 5.80%	--	5.70%	--
12/01/2023 22:30	CA S&P Global Canada Manufacturing PMI	Nov --	--	48.6	--
12/01/2023 22:45	US S&P Global US Manufacturing PMI	Nov F 49.5	--	49.4	--
12/01/2023 23:00	US ISM Manufacturing	Nov 47.8	--	46.7	--

Source: Bloomberg

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