

Highlights

Global: Last Friday, the Dow, S&P 500, and Nasdaq rose modestly by 0.8%, 0.6% and 0.6% respectively. Specifically, the benchmark S&P closed at its highest level of the year at 4,594.63, beating its previous high on 31 July. Fed Chair Powell on Friday pushed back on growing expectations of rate cuts in 1H24. He said that “it would be premature to conclude with confidence that they have achieved a sufficiently restrictive stance, or to speculate on when policy might ease”, and he has retained the option to hike further. He also noted that policy is “well into restrictive territory” and added that “having come so far so quickly, the FOMC is moving forward carefully as the risks of under and over tightening are becoming more balanced”. It is expected that Fed Chair Powell would stick to his recent rhetoric that disinflation trend is making progress, policymakers can afford a wait-and-see approach and that policy decision remains highly dependent on data. Nonetheless, markets seem to be encouraged by some of his comments. As a result, US major indexes rose and closed higher while UST yields and the dollar fell, with the 5Y UST and 10Y UST yields declining to 4.12% and 4.20%. Fed policymakers are now in their “blackout period” ahead of the 12th to 13th December policy meeting. On data, global manufacturing activity in November remained weak due to soft global demand. US ISM Manufacturing came in softer-than-expected to hold steady at 46.7 points as the lagged impact of monetary policy tightening continues to impact the goods producing industries. ISM Prices Paid remained subdued but printed higher than recent months, while ISM Employment declined amid slowing hiring and an increase in layoffs. The weakness in ISM Manufacturing data mirrors that of the S&P Manufacturing PMI. Elsewhere, S&P Manufacturing PMI from the UK, Eurozone and Japan remained in contractionary territory.

Market Watch: Today’s economic calendar comprises US’ durable goods orders, US’ factory orders, and Germany’s exports and imports data for October. In the week ahead, watch for the releases of November inflation data from South Korea, Philippines, Taiwan, Thailand, Japan, and Germany; 3Q GDP prints from South Korea, Australia, Eurozone, and Japan. Lastly, watch for labour market data from the US such as the ADP employment change, initial jobless claims, and change in nonfarm payrolls in November. On central banks, the Reserve Bank of Australia (Tuesday), Bank of Canada (Wednesday), and Reserve Bank of India (Friday) will be holding their meetings where they are likely to keep rates on hold.

Oil: WTI and Brent declined by 2.5% and 4.8% on Friday to close at US\$74.1/bbl and US\$78.9/bbl, respectively. Despite OPEC+ announcing cuts to its output, prices edged lower as markets remain uncertain of the effectiveness of the announced supply curb. The downside was further supported by sluggishness in global manufacturing activity. November manufacturing PMI data for US, UK, Eurozone, Japan, and Canada remained in contractionary territory due to soft global demand. Separately, industry data revealed that US oil rigs rose by 5 to 505 for the period ending 01 December.

Key Market Movements

Equity	Value	% chg
S&P 500	4594.6	0.6%
DJIA	36246	0.8%
Nikkei 225	33432	-0.2%
SH Comp	3031.6	0.1%
STI	3090.3	0.6%
Hang Seng	16830	-1.2%
KLCI	1456.4	0.3%
	Value	% chg
DXY	103.268	-0.2%
USDJPY	146.82	-0.9%
EURUSD	1.0884	0.0%
GBPUSD	1.2710	0.7%
USDIDR	15485	-0.2%
USDSGD	1.3335	-0.3%
SGDMYR	3.4991	0.2%
	Value	chg (bp)
2Y UST	4.54	-14.18
10Y UST	4.20	-13.08
2Y SGS	3.38	0.50
10Y SGS	2.99	2.09
3M LIBOR	5.64	0.59
3M SIBOR	4.06	0.00
3M SORA	3.75	-0.13
3M SOFR	5.35	0.02
	Value	% chg
Brent	78.88	-2.4%
WTI	74.07	-2.5%
Gold	2072	1.8%
Silver	25.49	0.8%
Palladium	1006	-0.3%
Copper	8611	1.7%
BCOM	101.47	-0.3%

Source: Bloomberg

Daily Treasury Outlook

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Major Markets

ID: Headline CPI rose by 2.9% YoY in November from 2.6% in October (Consensus: 2.7% & OCBC: 2.8% YoY). Core inflation held steady at 1.9% YoY in November. The inflation uptick mainly stemmed from higher food prices, with the 'food, beverage, and tobacco' component rising 6.7% YoY in November from 5.4% in October. 'Transportation' and 'Personal Care and Other Services' components also rose in November. By contrast, utilities and clothing inflation eased in November. The November print brings the year-to-date headline inflation to 3.8% YoY. Looking ahead, we maintain our full-year 2023 headline inflation forecast at 3.7%. This implies stable price pressures at the end of the year.

SG: Manufacturing activity in November picked up pace for the third month in a row. Manufacturing PMI inched higher to 50.3 in November from 50.2 in the previous month. Primary drivers to the expansion were broad-based with improvements in new exports (50.6 in November vs. 50.2), employment (50.4 vs. 50.2), and factory output (50.5 vs. 50.3) gauges. Additionally, the electronics gauge breached above the 50-threshold in November to 50.1 after 15 months in contraction.

TH: Business Sentiment Index (BSI) declined 0.8% YoY, to 49.0 in November, from +2.3% YoY in October. This is the second consecutive month, where BSI remained below the 50-threshold. By industry, business sentiment in the manufacturing sector declined marginally to 48.6 while non-manufacturing sectors rose slightly to 49.4. "High Production Cost" remained the top constraint for doing business as stated by respondents of the survey. Meanwhile, the S&P Global reported a marginal increase in the country's November manufacturing PMI to 47.6 (October: 47.5). This is a fourth consecutive month of contraction and mirrors the weakness in the BSI in the manufacturing sector.

MY: The Malaysian Ringgit (MYR) is expected to recover along with the currencies of other emerging markets when the central banks of developed economies end their rate hikes, according to Bank Negara Malaysia (BNM) Governor Abdul Rasheed Ghaffour. Governor Abdul Rasheed Ghaffour said that the current policy rate (at 3%) is "slightly accommodative and it is appropriate for the economy at this point of time". He added that BNM is focused on ensuring that the local market can function orderly and with enough liquidity.

PH: According to data from the Bangko Sentral ng Pilipinas, short-term foreign investments registered a net outflow of US\$328.2mn in October versus a net outflow of US\$698mn in the previous month. This brought the year-to-date figure to a net outflow of US\$732.6mn against a net inflow of US\$320.2mn in the same period in 2022.

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MO: Casino gross gaming revenue was down by 17.7% MoM in November (+435.0% YoY), to MOP16.04bn, against the high base during the eight-day Golden week holiday. In November alone, the gross gaming revenue reached 70.1% of pre-Covid levels in 2019. As for the first 11 months of 2023, the figure returned to 61% of 2019 levels, largely in line with our estimates.

ESG Updates

SG: The government is willing to purchase carbon credits generated from the early retirement of coal-fired power plants, if they adhere to stringent environmental standards, according to Senior Minister and Coordinating Minister for National Security, Teo Chee Hean, announced during a speech in the United Nations climate change conference in Dubai, UAE. This implies that Singapore can acquire transition credits to fulfil its climate targets, referred to as nationally determined contributions (NDCs), as reported by CNA.

Rest of the world: Copenhagen Infrastructure Partners, a Danish firm, aims to raise US\$3.0bn for a new fund that will develop renewable energy projects in emerging and middle-income nations. The fund, known as Growth Markets Fund II, will focus on wind, solar, battery storage, and power-to-x projects (projects that convert electricity into carbon-neutral synthetic fuels), as reported by Reuters.

Credit Market Updates

Market Commentary: The SGD SORA curve traded mostly flat last Friday, with short tenors trading -2 to +1bps, belly tenors trading 0-1bps higher, and the 10Y trading 1bp higher. According to Bloomberg, China Evergrande Group ("EVERRE") will showcase its revised debt restructuring proposal for offshore creditors to Hong Kong's High Court today in attempt to avoid a possible liquidation. Ad-hoc bondholders who hold more than US\$6bn of the developer's US\$19bn offshore notes demands debt to be swapped for controlling stakes in EVERRE's two Hong Kong listed subsidiaries, Evergrande Property Services Group and China Evergrande New Energy Vehicle Group Ltd. The developer's ability to satisfy this group of bondholders remains a key determining factor. Last Friday, Bloomberg Asia USD Investment Grade spreads widened by 4bps to 109bps, and Asia USD High Yield spreads widened by 1bps to 818bps, per Bloomberg.

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
01-Dec-2023	Guangzhou Development District Holding Group Co Ltd	Green Fixed	USD	500	2-Year	6.30%	6.75%

GLOBAL MARKETS RESEARCH

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.268	-0.22%	USD-SGD	1.3335	-0.28%
USD-JPY	146.820	-0.93%	EUR-SGD	1.4515	-0.31%
EUR-USD	1.088	-0.04%	JPY-SGD	0.9085	0.68%
AUD-USD	0.668	1.06%	GBP-SGD	1.6952	0.41%
GBP-USD	1.271	0.68%	AUD-SGD	0.8902	0.77%
USD-MYR	4.673	0.23%	NZD-SGD	0.8282	0.63%
USD-CNY	7.129	-0.09%	CHF-SGD	1.5346	0.44%
USD-IDR	15485	-0.16%	SGD-MYR	3.4991	0.24%
USD-VND	24287	0.11%	SGD-CNY	5.3454	0.22%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8690	0.03%	1M	5.3478	0.07%
3M	3.9600	-0.10%	2M	5.3600	0.07%
6M	4.0040	-0.62%	3M	5.3660	0.15%
12M	3.9020	-0.61%	6M	5.3050	0.30%
			1Y	5.0293	0.69%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/13/2023	0.012	0.003	5.333
01/31/2024	-0.088	-0.022	5.307
03/20/2024	-0.683	-0.171	5.159
05/01/2024	-1.392	-0.348	4.982
06/12/2024	-2.187	-0.547	4.783
07/31/2024	-2.958	-0.740	4.590
09/18/2024	-3.786	-0.946	4.383

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.07	-2.49%	Corn (per bushel)	4.645	0.6%
Brent (per barrel)	78.88	-4.77%	Soybean (per bushel)	13.250	-1.3%
Heating Oil (per gallon)	266.15	-5.97%	Wheat (per bushel)	5.770	1.2%
Gasoline (per gallon)	212.11	-3.58%	Crude Palm Oil (MYR/MT)	37.330	-0.6%
Natural Gas (per MMBtu)	2.81	0.43%	Rubber (JPY/KG)	2.523	-2.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8610.50	1.72%	Gold (per oz)	2072.2	1.8%
Nickel (per mt)	17042.00	2.39%	Silver (per oz)	25.5	0.8%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/04/2023 05:45	NZ Terms of Trade Index QoQ	3Q	-2.20%	-0.60%	0.30%
12/04/2023 07:50	JN Monetary Base YoY	Nov	--	8.90%	--
12/04/2023 08:00	AU Melbourne Institute Inflation MoM	Nov	--	0.30%	--
12/04/2023 08:00	AU Melbourne Institute Inflation YoY	Nov	--	4.40%	--
12/04/2023 08:30	AU ANZ-Indeed Job Advertisements MoM	Nov	--	-4.60%	-3.40%
12/04/2023 08:30	AU Company Operating Profit QoQ	3Q	1.20%	-1.30%	-12.10%
12/04/2023 08:30	AU Inventories SA QoQ	3Q	-0.80%	1.20%	-1.30%
12/04/2023 15:00	GE Exports SA MoM	Oct	1.10%	--	-2.30%
12/04/2023 15:00	GE Imports SA MoM	Oct	0.80%	--	-1.80%
12/04/2023 17:30	EC Sentix Investor Confidence	Dec	-15.6	--	--
12/04/2023 21:00	CA Bloomberg Nanos Confidence	Dec-01	--	--	--
12/04/2023 23:00	US Durable Goods Orders	Oct F	-5.40%	--	--
12/04/2023 23:00	US Factory Orders	Oct	-3.00%	--	--
12/04/2023 23:00	US Durables Ex Transportation	Oct F	--	--	--
12/04/2023 23:00	US Cap Goods Orders Nondef Ex Air	Oct F	--	--	--
12/04/2023 23:00	US Cap Goods Ship Nondef Ex Air	Oct F	--	--	--

Source: Bloomberg

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