

Highlights

Global: US major indexes closed lower last night. The Dow, S&P 500, and Nasdaq declined 0.2%, 0.4% and 0.6% respectively. US Treasury yields declined, with the 5Y and 10Y UST yields both declining to around 4.1%. The Bank of England (BoE) released its half-yearly Financial Stability Report yesterday. In the report, the BoE said that the outlook for global economic growth remains subdued. It stated that persistent inflation, higher interest rates, and increased geopolitical tensions are risks that could weaken growth further. On policy rates, BoE Governor Andrew Bailey said that "rates are likely to need to remain at these levels for an extended period to bring inflation back to target on a sustained basis" and "the full effect of higher interest rates is yet to come through. Therefore, we remain vigilant to financial stability risks that might arise". As such, UK businesses and households will remain under pressure from higher borrowing costs. Nonetheless, the report indicated that the UK banking system is strong enough to support businesses and households, in the event of worsening economic and financial conditions. On data, US ADP National Employment reported a less-than-expected increase in private employment in November by 103K. This provided further evidence of a cooling labour market after Tuesday's decline in JOLTS job openings. Private employment change for the previous month was revised lower to 106K instead of the previously reported 113K. Meanwhile, US trade deficit widened more-than-expected in October. Trade deficit increased 5.1% MoM to US\$64.3bn, from September's revised figure of US\$61.2bn. Exports of goods and services fell 1.0% MoM while imports of goods and services rose by 0.2% MoM. Over in Europe, Eurozone retail sales declined 1.2% YoY in October, versus -2.9% the previous month. However, on a month-on-month basis, retail sales increased slightly by 0.1%, after September's revised figure of -0.1%. This is the first month-on-month increase after three consecutive months of decline. The main driver of the increase came from 'non-food products' and 'mail orders and internet' components.

Market Watch: Today's economic calendar comprises 3Q GDP final estimates for the Eurozone, November inflation data from Thailand, October's industrial production figures from Germany, China's trade figures for November, and US' initial jobless claims, continuing claims, and wholesale inventories.

ID: Bank Indonesia Deputy Governor Junda Agung has revealed that the central bank aims to expand its cross-border QR payment links to India, UAE, Japan, and China in 2024, as reported by Bloomberg. Additionally, the report indicates that BI will continue to develop the digital rupiah, which will enter a proof-of-concept stage in 2024.

Oil: WTI and Brent fell 4.1% and 3.8% yesterday to close at US\$69.4/bbl and US\$74.3/bbl, respectively. Prices continued to tumble on supply-side factors as an Energy Information Administration (EIA) report showed US gasoline stocks rose higher by 5.4 million barrels last week. Meanwhile, US crude inventories declined by 4.6 million barrels last week but did little to support prices.

Key Market Movements

Equity	Value	% chg
S&P 500	4549.3	-0.4%
DJIA	36054	-0.2%
Nikkei 225	33446	2.0%
SH Comp	2968.9	-0.1%
STI	3087.2	0.3%
Hang Seng	16463	0.8%
KLCI	1445.8	-0.3%
	Value	% chg
DXY	104.153	0.1%
USDJPY	147.31	0.1%
EURUSD	1.0764	-0.3%
GBPUSD	1.2560	-0.3%
USDIDR	15493	-0.1%
USDSGD	1.3421	0.1%
SGDMYR	3.4822	-0.1%
	Value	chg (bp)
2Y UST	4.59	1.62
10Y UST	4.10	-6.09
2Y SGS	3.34	-1.30
10Y SGS	2.88	-4.42
3M LIBOR	5.64	0.00
3M SIBOR	4.06	0.00
3M SORA	3.74	-0.08
3M SOFR	5.35	0.03
	Value	% chg
Brent	74.3	-3.8%
WTI	69.38	-4.1%
Gold	2026	0.3%
Silver	23.90	-1.1%
Palladium	947	1.0%
Copper	8286	-0.6%
BCOM	97.55	-2.0%

Source: Bloomberg

Daily Treasury Outlook

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Major Markets

HK & MO: Moody's cut Hong Kong and Macau's sovereign credit outlook from "Stable" to "Negative", a day after downgrading China's outlook, while affirming their ratings at Aa3. According to Moody's, the decision was to reflect the strong economic and trade ties between these two cities and mainland China, as well as the gradual weakening of China's potential growth and its broader implications on Hong Kong and Macau's credit profiles.

MY: Tourism Malaysia Deputy General (Promotion) Musa Yusof anticipates that the tourism sector will experience a full rebound in 2024, surpassing pre-COVID-19 levels. This rebound will be driven by enhanced flight connectivity, increased visitors from China and India, as well as revenge travel, as reported by The Edge. After recording a substantial 14.4 million arrivals in the first nine months of 2023, Malaysia has revised its full year forecast to 19.1 million, up from the previous estimate of 16.1 million. In 2022, tourist arrivals reached 10.1 million, which was still significantly lower than the 26.1 million arrivals in 2019.

ESG Updates

SG: The MAS launched the Singapore-Asia Taxonomy for Sustainable Finance, setting out detailed thresholds and criteria for defining green and transition activities that contribute to climate change mitigation across eight focus sectors. The Singapore-Asia Taxonomy adopts a traffic light classification system, such as green (activities aligned with 1.5 °C outcome) and amber (activities that move to 'green' over a defined period of time). It focuses on transition activities in eight sectors, i.e., energy, real estate, transportation, agriculture, forestry, and land use, industrial, information and communication technology, waste and circular economy, and carbon capture and sequestration.

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Credit Market Updates

Market Commentary: The SGD SORA curve traded mostly lower yesterday, with short tenors trading flattish to 4bps lower, belly tenors trading 4bps lower, and the 10Y trading 4bps lower. Moody's downgraded the outlook to Negative from Stable on eight Chinese banks (Agricultural Development Bank of China, China Development Bank, Export-Import Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Industrial & Commercial Bank, Postal Savings Bank of China) following the downgrade in outlook on China's government credit ratings. Meanwhile, the outlook on Hong Kong and Macau were also cut. According to a Hong Kong Exchange filing, Sunac China Holdings Ltd received conversion notices representing 69.23% of the original issue amount of mandatory convertible bonds (US\$2.75bn were issued) as part of its offshore debt restructuring. Yesterday, Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 107bps, and Asia USD High Yield spreads tightened by 3bps to 819bps, per Bloomberg.

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
06-Dec-2023	Huaxin Pharmaceutical Hong Kong Co Ltd (Keepwell Provider: Taizhou Huaxin Pharmaceutical Investment Co Ltd, SBLC Provider: Bank of Nanjing Co Ltd/ Taizhou)	Fixed	USD	42	3-Year	6.00%	6.20%

GLOBAL MARKETS RESEARCH

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.153	0.10%	USD-SGD	1.3421	0.07%
USD-JPY	147.310	0.11%	EUR-SGD	1.4446	-0.23%
EUR-USD	1.076	-0.31%	JPY-SGD	0.9110	-0.04%
AUD-USD	0.655	-0.05%	GBP-SGD	1.6856	-0.21%
GBP-USD	1.256	-0.28%	AUD-SGD	0.8789	0.02%
USD-MYR	4.669	0.06%	NZD-SGD	0.8238	0.22%
USD-CNY	7.161	0.19%	CHF-SGD	1.5341	0.08%
USD-IDR	15493	-0.08%	SGD-MYR	3.4822	-0.11%
USD-VND	24276	0.02%	SGD-CNY	5.3394	0.24%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8650	0.26%	1M	5.3549	0.05%
3M	3.9580	-0.10%	2M	5.3635	0.00%
6M	3.9530	0.20%	3M	5.3673	-0.01%
12M	3.7850	-0.24%	6M	5.2959	-0.09%
			1Y	5.0286	-0.20%

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	-0.128	-0.032	5.298
03/20/2024	-0.704	-0.176	5.154
05/01/2024	-1.411	-0.353	4.977
06/12/2024	-2.162	-0.540	4.789
07/31/2024	-2.858	-0.715	4.615
09/18/2024	-3.648	-0.912	4.418

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.38	-4.07%	Corn (per bushel)	4.648	-0.8%
Brent (per barrel)	74.30	-3.76%	Soybean (per bushel)	12.955	-0.8%
Heating Oil (per gallon)	257.62	-2.46%	Wheat (per bushel)	6.158	-0.8%
Gasoline (per gallon)	203.02	-3.80%	Crude Palm Oil (MYR/MT)	36.020	-0.9%
Natural Gas (per MMBtu)	2.57	-5.20%	Rubber (JPY/KG)	2.357	-1.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8286.00	-0.58%	Gold (per oz)	2025.6	0.3%
Nickel (per mt)	16218.00	0.46%	Silver (per oz)	23.9	-1.1%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/07/2023 08:30	AU Trade Balance	Oct	A\$7500m	--	A\$6786m
12/07/2023 09:00	CH Trade Balance	Nov	\$54.90b	--	\$56.53b
12/07/2023 09:00	CH Exports YoY	Nov	0.00%	--	-6.40%
12/07/2023 09:00	CH Imports YoY	Nov	3.90%	--	3.00%
12/07/2023 09:00	CH Foreign Reserves	Nov	\$3139.50b	--	\$3101.22b
12/07/2023 11:00	TH CPI YoY	Nov	-0.30%	--	-0.31%
12/07/2023 11:00	TH CPI Core YoY	Nov	0.60%	--	0.66%
12/07/2023 11:00	ID Foreign Reserves	Nov	--	--	\$133.10b
12/07/2023 15:00	GE Industrial Production SA MoM	Oct	0.20%	--	-1.40%
12/07/2023 18:00	EC GDP SA QoQ	3Q F	-0.10%	--	-0.10%
12/07/2023 18:00	EC GDP SA YoY	3Q F	0.10%	--	0.10%
12/07/2023 18:00	EC Govt Expend QoQ	3Q	--	--	0.20%
12/07/2023 21:30	US Initial Jobless Claims	Dec-02	220k	--	218k
12/07/2023 21:30	CA Building Permits MoM	Oct	2.10%	--	-6.50%
12/07/2023 21:30	US Continuing Claims	Nov-25	1910k	--	1927k
12/07/2023 23:00	US Wholesale Inventories MoM	Oct F	-0.20%	--	-0.20%

Source: Bloomberg

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