

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **The FOMC expectedly kept the Fed Fund Rate unchanged at 1.00 - 1.25% range** but slightly altered its assessment on the economy, stated to be "rising at a solid rate". The economy was last said to be expanding "moderately" in Sept FOMC announcement. **This has likely paved the way for a rate hike in Dec**, backed by recent upticks in US data despite still subdued inflation. On prices, the FOMC maintained its view that it would be "somewhat below 2% in the near term" before stabilizing around 2% "over the medium term".
- **Data was positive from the US and the UK**, affirming recent upsides that suggest continued expansion. Manufacturing sector in the US stays solid, while the labour market continues to improve. UK's manufacturing sector also firmed up, extending the PMI uptrend. In the housing market, UK house prices grew at a softer pace, affirming the cooldown in an overheated market.
- Manufacturing sector in China remains expansionary, growing at a steady pace, but factory activities were softer in Japan, similarly in Vietnam as well. In Malaysia, the PMI remains in contractionary territory, suggesting that activities continue to ease.
- **MYR returned most gains made in Asian afternoon to close barely changed at 4.2315 against USD** while settling mixed against the G10s. **MYR remains bullish against USD**, supported by continued buying interest in the local unit amid positive regional sentiment. Bullish bias continues to fade, limiting USDMYR's upside strength. Caution that closing below 4.2294 will tilt USDMYR firmly to the downside, setting a potential decline to 4.2227.
- **USD advanced against 6 G10s** while the Dollar Index was boosted by firmer US data and expectations of a Dec Fed rate hike to strengthen 0.28% to 94.55. **Stay bullish on USD** supported by firmer signs of Fed rate hike in Dec and potential policy continuity amid rising speculation on the choice of Fed Chair nominee. Bullish bias still prevails and likely to support the Dollar Index's advance for another test at 95.15 going forward. Another rejection here is likely to trigger a drop to 93.56, otherwise, set sights on a climb to 96.20.
- **SGD strengthened 0.13% to 1.3610 against USD** and beat 6 G10s, supported by firmer equities. **We now turn bullish on SGD against USD**, underpin by firmer risk appetite in the markets. Another close below 1.3629 has weakened USDSGD's attempt to push higher. The pair is now on the defensive and likely to slide to circa 1.3555 in the next leg lower.

#### Overnight Economic Data

Malaysia	↓
US	↑
UK	↑
Japan	↓
China	→

#### What's Coming Up Next

##### Major Data

- US initial jobless claims
- EU PMI manufacturing
- UK PMI construction
- Singapore PMI
- Australia trade balance and building approvals.

##### Major Events

- BOE policy decision

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1585	1.1600	1.1628	1.1641	1.1665	↘
USDJPY	113.81	113.97	114.16	114.28	114.53	↘
GBPUSD	1.3196	1.3216	1.3259	1.3289	1.3300	↘
AUDUSD	0.7624	0.7656	0.7680	0.7693	0.7715	↘
EURGBP	0.8746	0.8759	0.8770	0.8793	0.8810	↘
USDMYR	4.2227	4.2267	4.2292	4.2309	4.2358	↘
EURMYR	4.9120	4.9155	4.9209	4.9280	4.9327	↘
JPYMYR	3.7000	3.7039	3.7100	3.7115	3.7198	↘
GBPMYR	5.6000	5.6031	5.6102	5.6126	5.6175	↗
SGDMYR	3.1043	3.1065	3.1094	3.1126	3.1143	↗
AUDMYR	3.2382	3.2432	3.2472	3.2522	3.2576	↘
NZDMYR	2.9100	2.9141	2.9165	2.9232	2.9293	↘
USDSGD	1.3555	1.3592	1.3604	1.3610	1.3629	↘
EURSGD	1.5785	1.5801	1.5822	1.5835	1.5850	↘
GBPSGD	1.8012	1.8027	1.8043	1.8077	1.8100	↘
AUDSGD	1.0400	1.0425	1.0448	1.0455	1.0483	↘

\*at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1743.9	-0.2	6.2	CRB Index	187.9	0.20	-2.4
Dow Jones Ind.	23435.0	0.2	18.6	WTI oil (\$/bbl)	54.3	-0.15	1.1
S&P 500	2579.4	0.2	15.2	Brent oil (\$/bbl)	60.5	-0.74	2.0
FTSE 100	7488.0	-0.1	4.8	Gold (\$/oz)	1274.7	0.30	10.8
Shanghai	3395.9	0.1	9.4	CPO (RM/tonne)	2820.5	0.46	-11.8
Hang Seng	28594.1	1.2	30.0	Copper (\$/tonne)	6839.0	-0.41	23.5
STI	3391.6	0.5	17.7	Rubber (sen/kg)	470.0	2.29	-27.1

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
MY Nikkei PMI	Oct	48.6	49.9	--
US FOMC FFTR decision	Nov	1.00- 1.25%	1.00- 1.25%	1.00- 1.25%
US MBA mortgage applications	Oct 27	-2.6%	-4.6%	--
US ADP employment change	Oct	235k	110k	200k
US PMI manufacturing	Oct F	54.6	54.5	54.5
US ISM manufacturing	Oct	59.8	60.8	59.5
US construction spending	Sept	0.3%	0.5%	-0.2%
UK PMI manufacturing	Oct	56.3	56.0	55.9
UK Nationwide house prices YOY	Oct	2.5%	2.3%	2.2%
JP Nikkei PMI manufacturing	Oct F	52.8	52.9	--
CH Caixin PMI manufacturing	Oct	51.0	51.0	51.0
VN Nikkei PMI	Oct	51.6	53.3	--
NZ QV house prices YOY	Oct	3.9%	4.3%	--

Source: Bloomberg

- The FOMC expectedly kept the Fed Fund Rate unchanged at 1.00 – 1.25% range but slightly altered its assessment on the economy, stated to be “rising at a solid rate”. The economy was last said to be expanding “moderately” in Sept FOMC announcement. This has likely paved the way for a rate hike in Dec, backed by recent upticks in US data despite still subdued inflation. On prices, the FOMC maintained its view that it would be “somewhat below 2% in the near term” before stabilizing around 2% “over the medium term”.
- US continued its run of data upticks, supporting the notion that growth is still firming up. ADP employment change recorded an increase of 235k jobs in Oct, indicating that labour market continues to perform well, through the figure in Sept was downwardly revised to 110k from 135k. Construction spending unexpectedly increased 0.3% MOM in Sept, led by firmer growth in public construction, though still a tad slower than 0.5% in Aug.
- US manufacturing prints contrasted but nonetheless painted a solid picture. The PMI gauge was upwardly revised to 54.6 in Oct final print from 54.5 previously, and rising from 53.1 in Sept. The ISM measure slipped to 59.8 in Oct from 13y-high of 60.8 in Sept, but remains at a strong level. Rounding up the data flow was MBA mortgage applications, which fell 2.6% in the week ended 27 Oct, but pace of decline softened from the 4.6% drop a week before.
- Manufacturing sector in the UK grew at a quicker pace in Oct, continuing the uptrend that began in Jul 2016. Manufacturing PMI inched higher to 56.3 in Oct, up from 56.0. On a less negative note, Nationwide house prices continued to grow at a slightly faster pace for the 2<sup>nd</sup> consecutive month although the pace of increase remained near 4-year low as the Brits grappled with growth and income uncertainties. House prices rose 2.5% YOY in October.
- Caixin manufacturing PMI showed sustained expansion in China manufacturing. The index held steady at 51.0 in October as expected as higher new orders offset decline in production, reaffirming expectations that China will remain resilient as the economy continues to forge ahead with economic reforms.
- Nikkei PMI showed activities softened across the board in the region in the month of October. In Japan, the index retreated from 52.9 to 52.8 as lower new orders offset the increase in output, but this final reading was more upbeat than initial estimate of 52.5. The index for Malaysia remained in contractionary territory, slipping for a 2<sup>nd</sup> straight month to 48.6 in October as output and new orders fell while the similar gauge in Vietnam pulled back more sharply from 53.3 to 51.6, its lowest in five months, dragged by lower output and new orders as well.
- House prices in New Zealand grew at the softest pace since Apr 2012, rising 3.9% YOY in Oct and down from 4.3% in Sept, indicating that housing market continues to cool.

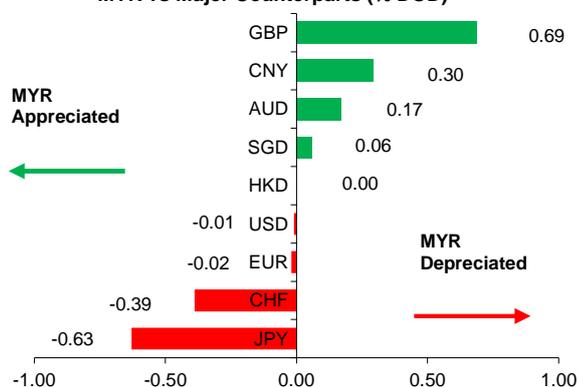
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/03	Exports YOY	Sept	20.0%	21.5%	--
US	11/02	Initial jobless claims	Oct 28	235k	233k	--
	11/03	Change in nonfarm payroll	Oct	312k	-33k	--
		Unemployment rate	Oct	4.2%	4.2%	--
		Trade balance	Sept	-\$43.3b	-\$42.4b	--
		ISM services	Oct	58.5	59.8	--
		Factory orders	Sept	1.2%	1.2%	--
		Durable goods orders	Sept F	2.0%	2.2%	--
		Markit PMI services	Oct F	55.9	55.9	--
	EU	11/02	Markit Eurozone manufacturing PMI	Oct F	58.6	58.6
UK	11/02	Markit / CIPS UK construction	Oct	48.5	48.1	--
		BOE bank rate	Nov 2	0.50%	0.25%	
		BOE asset purchase target	Nov	£435b	£435b	--
		BOE inflation report				--
China	11/03	Markit PMI services	Oct	53.3	53.6	--
	11/03	Caixin PMI services	Oct	--	50.6	--
HK	11/03	Nikkei PMI	Oct	--	51.2	--
		Retail sales value YOY	Sept	1.0%	2.7%	--
Singapore	11/02	Purchasing managers index	Oct	51.9	52.0	--
	11/03	Nikkei PMI	Oct	--	53.7	--
Australia	11/02	Trade balance	Sept	A\$1200m	A\$989m	--
		Building approvals YOY	Sept	-2.4%	-15.5%	--
	11/03	CBA PMI services	Oct	--	53.2	--
		AiG services index	Oct	--	52.1	--
		Retail sales MOM	Sept	0.4%	-0.6%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1619	-0.23	1.1657	1.1606	10.5
USDJPY	114.18	0.48	114.28	113.61	-2.4
GBPUSD	1.3245	-0.29	1.3321	1.3241	7.4
AUDUSD	0.7676	0.26	0.7696	0.7648	6.5
EURGBP	0.8772	0.06	0.8784	0.8733	2.8
USDMYR	4.2315	-0.01	4.2352	4.2288	-5.7
EURMYR	4.9223	-0.02	4.9900	4.9220	4.2
JPYMYR	3.7129	-0.63	3.7677	3.7115	-3.1
GBPMYR	5.6256	0.69	5.6942	5.6170	2.0
SGDMYR	3.1097	0.06	3.1483	3.1034	0.3
AUDMYR	3.2500	0.17	3.2884	3.2382	0.3
NZDMYR	2.9267	1.11	2.9597	2.9141	-6.2

Source: Bloomberg

**MYR vs Major Counterparts (% DOD)**


## Forex

### MYR

- **MYR returned most gains made in Asian afternoon to close barely changed at 4.2315 against USD** while settling mixed against the G10s.
- **MYR remains bullish against USD**, supported by continued buying interest in the local unit amid positive regional sentiment. Bullish bias continues to fade, limiting USDMYR's upside strength. Caution that closing below 4.2294 will tilt USDMYR firmly to the downside, setting a potential decline to 4.2227.

### USD

- **USD advanced against 6 G10s** while the Dollar Index was boosted by firmer US data and expectations of a Dec Fed rate hike to strengthen 0.28% to 94.55.
- **Stay bullish on USD** supported by firmer signs of Fed rate hike in Dec and potential policy continuity amid rising speculation on the choice of Fed Chair nominee. Bullish bias still prevails and likely to support the Dollar Index's advance for another test at 95.15 going forward. Another rejection here is likely to trigger a drop to 93.56, otherwise, set sights on a climb to 96.20.

### EUR

- **EUR fell 0.23% to 1.1619 against a firmer USD** but managed to hold firm against 5 G10s.
- **EUR remains bearish against a well-supported USD.** We continue to set sights on a drop to 1.1511 in the next leg lower as part of a move suggested by chart pattern completion. Rebounds are possible but likely restricted below 1.1670 before sliding lower thereafter.

### GBP

- **GBP fell 0.29% to 1.3245 against USD** and retreated against 6 G10s as buying interest wanes ahead of BOE policy decision.
- **GBP is now bearish in our view against USD**, as we suspect a modest pullback after BOE policy decision but expect a bigger drop if BOE fails to hike rates as widely expected. Even as bullish bias prevails, overnight rejection by 1.3316 is likely to put GBPUSD on the defensive for a short while. Bullish bias will still prevail as long as the pair holds above 1.3216.

### JPY

- **JPY weakened 0.48% to 114.18 against a firmer USD** and fell against 8 G10s, weighed down by improved risk appetite in the markets.
- **We stay bearish on JPY against USD** as risk aversion is likely to turn firmer ahead of the announcement on Fed Chair nominee. We suspect that a modest retreat is warranted after USDJPY rallied for 2 consecutive days. Moreover, 113.97 is a reversion level that would see the pair slide below it after consecutive closings above.

### AUD

- **AUD climbed 0.26% to 0.7676 against USD** and advanced against 9 G10s, supported by firmer equities and commodities.
- **Stay bearish on AUD against a firmer USD** but we reckon that losses are likely modest given rising risk appetite in the markets supporting AUD. Unless AUDUSD breaks above 0.7700, we would view recent upsides as technical rebounds and maintain a bearish view, while setting sights on a drop to 0.7624, below which a decline to 0.7603 is highly likely.

### SGD

- **SGD strengthened 0.13% to 1.3610 against USD** and beat 6 G10s, supported by firmer equities.
- **We now turn bullish on SGD against USD**, underpin by firmer risk appetite in the markets. Another close below 1.3629 has weakened USDSGD's attempt to push higher. The pair is now on the defensive and likely to slide to circa 1.3555 in the next leg lower.

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Menara Hong Leong  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: [HLMarkets@hbb.hongleong.com.my](mailto:HLMarkets@hbb.hongleong.com.my)

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.