

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets turned a little risk averse overnight, somewhat unsettled by the US Tax Bill while Trump's official nomination for Jerome Powell to head the Fed sprang no surprises** and has had little impact on markets. Global equities were generally lower except in the UK and US treasuries rose, pushing yields lower by 2-3bps.
- **BOE voted 7-2 to raise its benchmark interest rate** for the first time in a decade, by 25bps to 0.5% as markets expected. **Accompanying remarks were dovish citing Brexit uncertainties implying another rate hike is not on the cards in the near term**, prompting sell off in the sterling but the FTSE and UK gilts rallied. BOE also kept its growth and inflation outlook broadly intact and projected that inflation will only bounce back above 2% in three years, further suggesting BOE will not resort to any aggressive policy move.
- We see **continued pleasant surprises from overnight dataflow** that reinforced the case of brightening global growth prospects. Recovery in the US job markets remained intact and so were momentum in manufacturing activities in the EU and Singapore. Higher exports led to a higher trade surplus in Australia while building approvals also grew for the first time in 13 months. On a less positive note, its services sector expanded at a softer pace in October.
- **USD fell against all G10s** while the Dollar Index slipped 0.14% to 94.68 as markets were disappointed with higher than expected tax on corporate cash repatriation from Trump's tax reform proposal. **Stay bullish on USD** amid bullish potential in US data and supported by likelihood of extended sell-off in GBP. 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.
- **MYR was barely changed against USD at 4.2308** but narrowed most of its early gains going into European session while sliding lower against 6 G10s. **MYR remains bullish against a softer overnight USD** but we reckon that gains will be marginal and likely narrowed going into European trade amid risk aversion ahead of US labour market data. Bullish bias continues to fade, limiting USDMYR's upside strength. Caution that closing below 4.2295 will tilt USDMYR firmly to the downside, setting a potential decline to 4.2227.
- **SGD strengthened 0.14% to 1.3591 against USD** but fell against 7 G10s. **We remain bullish on SGD against USD**, underpinned by firmer risk appetite in the markets. Caution that 1.3589 is a strong support level that could bounce USDSGD higher and overturn current technical outlook. But unless USDSGD closes above 1.3608 today, the pair remains tilted to the downside and poised to test 1.3556, or 1.3544 even, in the coming days.

Overnight Economic Data

US
EU
UK
Singapore
Australia



What's Coming Up Next

Major Data

- Malaysia exports
- US nonfarm payroll, jobless rate, trade balance, ISM & PMI services, factory orders, durable goods orders
- UK PMI services
- China Caixin PMI services
- Hong Kong retail sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1625	1.1641	1.1660	1.1687	1.1706	↘
USDJPY	113.71	113.97	114.03	114.28	114.45	↘
GBPUSD	1.3027	1.3043	1.3050	1.3062	1.3088	↘
AUDUSD	0.7650	0.7678	0.7691	0.7715	0.7738	↘
EURGBP	0.8913	0.8924	0.8929	0.8938	0.8950	↗
USDMYR	4.2251	4.2267	4.2292	4.2319	4.2344	↘
EURMYR	4.9220	4.9280	4.9300	4.9389	4.9450	↘
JPYMYR	3.7039	3.7074	3.7109	3.7153	3.7168	↘
GBPMYR	5.5168	5.5200	5.5211	5.5289	5.5313	↘
SGDMYR	3.1074	3.1097	3.1107	3.1126	3.1146	↗
AUDMYR	3.2432	3.2472	3.2516	3.2567	3.2613	↘
NZDMYR	2.9140	2.9222	2.9254	2.9293	2.9342	↗
USDSGD	1.3570	1.3589	1.3596	1.3602	1.3611	↘
EURSGD	1.5800	1.5826	1.5851	1.5875	1.5889	↘
GBPSGD	1.7700	1.7729	1.7750	1.7763	1.7772	↘
AUDSGD	1.0417	1.0425	1.0453	1.0463	1.0482	↘

*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	1741.1	-0.2	6.0	CRB Index	188.1	0.10	-2.3
Dow Jones Ind.	23516.3	0.3	19.0	WTI oil (\$/bbl)	54.5	0.44	1.5
S&P 500	2579.9	0.0	15.2	Brent oil (\$/bbl)	60.6	0.21	2.2
FTSE 100	7555.3	0.9	5.8	Gold (\$/oz)	1276.1	0.10	8.1
Shanghai	3383.3	-0.4	9.0	CPO (RM/tonne)	2801.0	-0.69	-12.4
Hang Seng	28518.6	-0.3	29.6	Copper (\$/tonne)	6929.0	-0.01	25.2
STI	3380.5	-0.3	17.3	Rubber (sen/kg)	487.0	2.31	-24.5

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US initial jobless claims	Oct 28	229k	234k	235k
EU PMI manufacturing	Oct F	58.5	58.6	58.6
UK PMI construction	Oct	50.8	48.1	48.5
UK BOE bank rate	Nov 2	0.50%	0.25%	0.50%
UK BOE asset purchase target	Nov	£435b	£435b	£435b
SG PMI	Oct	52.6	52.0	51.9
AU trade balance	Sept	A\$1745m	A\$873m	A\$1200m
AU building approvals YOY	Sept	0.2%	-15.1%	-2.4%
AU CBA PMI services	Oct	53.0	53.2	--
AU AiG services index	Oct	51.4	52.1	--

Source: Bloomberg

- BOE voted 7-2 to raise its benchmark interest rate for the first time in a decade, by 25bps to 0.5% as markets expected. Accompanying remarks were dovish citing Brexit uncertainties implying another rate hike is not on the cards in the near term, prompting sell off in the sterling but the FTSE and UK gilts rallied. Relatively "unscathed" growth and inflation outlook projected by BOE reaffirmed that inflation remains soft and will only bounce back above 2% in three years, further suggesting BOE will not resort to any aggressive policy move.
- On the data front, we continue to see pleasant surprises. US initial jobless claims unexpectedly fell to 229k for the week ended 28-Oct, reinforcing steady recovery in the US job market.
- Eurozone PMI manufacturing increased to a 6-year high of 58.5 in October, though the increase was a tad softer than the initial estimate of 58.6. This bolstered expectations of continuous recovery in the Euro region as new orders picked up along with global demand.
- UK PMI construction bounced back more than expected to 50.8 in October, shrugging off last month's dip into contraction but continued to hover at its lowest in more than a year as contractors' confidence deteriorated, reaffirming lingering concerns over housing market woes in the UK.
- Down in Singapore, PMI staged a surprised uptick to a 7-year high of 52.6 in October, boosted by higher new orders, output and employment, pointing to sustained momentum going into 4Q.
- Meanwhile, data bag from Australia turned out mixed. Trade surplus widened more than expected to A\$1745m in September, its highest in four months driven by higher exports gain of 3.0% MOM vs flat imports, thanks to higher commodity prices and shipment to China. The surprised 0.2% YOY rebound in building approvals, its first positive gain in 13 months, also offered some reprieve amid lingering concerns over a softening housing market. However, this morning's services readings from CBA and AiG both pointed to softer expansion in the services sector in October.

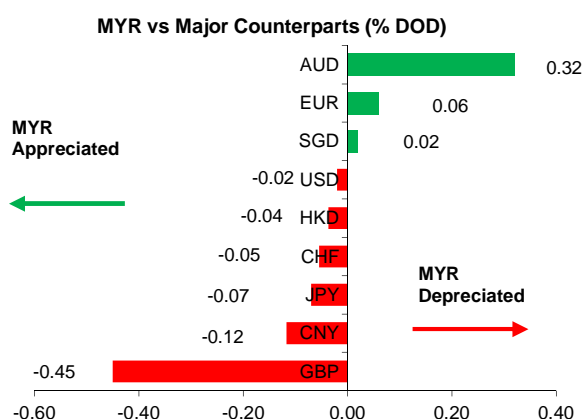
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/03	Exports YOY	Sept	20.0%	21.5%	--
US	11/03	Change in nonfarm payroll	Oct	312k	-33k	--
		Unemployment rate	Oct	4.2%	4.2%	--
		Trade balance	Sept	-\$43.3b	-\$42.4b	--
		ISM services	Oct	58.5	59.8	--
		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	11/06	Markit PMI services	Oct F	--	54.9	--
		Sentix investor confidence	Nov	--	29.7	--
		PPI YOY	Sept	--	2.5%	--
UK	11/03	Markit PMI services	Oct	53.3	53.6	--
Japan	11/09	Nikkei PMI services	Oct	--	51.0	--
China	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	11/03	Nikkei PMI	Oct	--	53.7	--
Australia	11/03	Retail sales MOM	Sept	0.4%	-0.6%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1658	0.34	1.1687	1.1613	10.9
USDJPY	114.08	-0.09	114.22	113.54	-2.5
GBPUSD	1.3059	-1.40	1.3299	1.3043	5.8
AUDUSD	0.7713	0.48	0.7730	0.7673	7.0
EURGBP	0.8927	1.77	0.89389	0.8767	4.6
USDMYR	4.2308	-0.02	4.2330	4.2250	-5.7
EURMYR	4.9254	0.06	4.9316	4.9177	4.4
JPYMYR	3.7102	-0.07	3.7153	3.7039	-3.2
GBPMYR	5.6003	-0.45	5.6205	5.5996	0.1
SGDMYR	3.1104	0.02	3.1140	3.1072	0.3
AUDMYR	3.2604	0.32	3.2666	3.2472	0.7
NZDMYR	2.9245	-0.08	2.9332	2.9154	-6.3

Source: Bloomberg



Forex

MYR

- **MYR was barely changed against USD at 4.2308** but narrowed most of its early gains going into European session while sliding lower against 6 G10s.
- **MYR remains bullish against a softer overnight USD** but we reckon that gains will be marginal and likely narrowed going into European trade amid risk aversion ahead of US labour market data. Bullish bias continues to fade, limiting USDMYR's upside strength. Caution that closing below 4.2295 will tilt USDMYR firmly to the downside, setting a potential decline to 4.2227.

USD

- **USD fell against all G10s** while the Dollar Index slipped 0.14% to 94.68 as markets were disappointed with higher than expected tax on corporate cash repatriation from Trump's tax reform proposal.
- **Stay bullish on USD** amid bullish potential in US data and supported by likelihood of extended sell-off in GBP. 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 climbed 0.34% to 1.1658 against a retreating USD** and beat 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 1.1690 before sliding lower thereafter.

GBP

- **GBP plunged 1.40% to 1.3059 against USD** and plummeted against all G10s, pressured by views that the BOE is done with its policy tightening and will keep interest rate unchanged for a prolonged period of time.
- **We maintain a bearish view on GBP against USD** on extended downside pressure from dimming prospects of further BOE rate hikes. The loss of several key supports and renewed emergence of bearish bias have tilted GBPUSD to the downside. Expect further losses to circa 1.3000 going forward.

JPY

- **JPY retreated against 7 G10s** amid firmer risk appetite in the FX space but **inched 0.09% firmer to 114.08 against a soft USD.**
- **We stay bullish on JPY against USD** as risk aversion is likely to turn firmer ahead of US labour market data and likelihood of continued sell-off in GBP. USDJPY continues to fail to push higher, raising our doubts over its upside strength. While gains are still possible, we reckon that they would be modest and caution rising risk of rejection approaching 114.45.

AUD

- **AUD beat all G10s and jumped 0.48% to 0.7713 against a soft USD,** buoyed by firmer risk appetite in the markets and relatively firmer Australia data.
- **Stay bearish on AUD against a firmer USD,** likely weighed down by early releases of softer than expected Australia data and potential for greenback rebound. There is scope for AUDUSD to slide to 0.7656 in the coming 2 days but unless this is broken, we reckon that thinning bearish momentum will eventually prevent the pair from sliding lower and move higher before the next week is out.

SGD

- **SGD strengthened 0.14% to 1.3591 against USD** but fell against 7 G10s.
- **We remain bullish on SGD against USD,** underpin by firmer risk appetite in the markets. Caution that 1.3589 is a strong support level that could bounce USDSGD higher and overturn current technical outlook. But unless USDSGD closes above 1.3608 today, the pair remains tilted to the downside and poised to test 1.3556, or 1.3544 even, in the coming days.

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