

Global Markets Research

Daily Market Highlights

Key Takeaways

- **PMI manufacturing** took center stage, churning out a mixed bag of results for the month of November across the globe, **softening in the US and China but still rallying ahead in the EU, UK, Japan and Australia**. This suggests continuous expansion in global manufacturing activities tracking global demand will continue to **keep global recovery intact in 4Q**.
- **The official reading by ISM in the US** marked its **2nd straight month of softening trend**, tapered off more than expected to 58.2 in November but the Markit final print showed a smaller pullback to 53.9, vs the initial estimate of 53.8, down from the 9-month high of 54.6 in October dragged by employment and output. On the contrary, **manufacturing activities in the Eurozone expanded at its fastest pace in 17.5 years**, to 60.1 in November, thanks to a rally in new orders while the same gauge in the **UK also increased to a 4-year high** of 58.2. Contrary to the uptick seen in the official PMI print, Caixin PMI moderated more than expected by 0.2ppt to 50.8, its lowest in five months as an increase in output was offset by a decline in new orders.
- **Dollar Index retreated for a 3rd consecutive day and ended 0.17% weaker at 92.89**, its weakest in a week as newsflows on continuous investigations into President Trump's ties with Russia sent chills to the markets. **Expect a bullish USD today**, spurred by Senate passing of the US Tax Bills which has prompted a higher opening at 93.10 in early Asian trade. The Dollar Index remains tilted to the upside while above 93.08. It would likely trend higher to circa 94.04 – 94.17 before peaking, forming a bearish pattern thereafter that could potentially trigger losses to circa 91.50.
- MYR traded on a slightly softer tone ahead of the long weekend with wider losses seen towards late Asian trading but remaining below 4.10 level reflecting sustained buying interests. **The MYR closed 0.23% weaker at 4.0910 vs the USD** last Thursday, and was weaker against 7 G10s. **Renewed USD strength spurred by the passing of the US Tax Bills by the Senate could keep a lid on MYR strength today**. However, USDMYR remains technically bearish while below 4.1000, and we expect any upmove to be just temporary before the pair resumes its downward trajectory again.
- **SGD eked out a minute gain vs the USD at 1.3464** but was weaker against most other G10s. **SGD is still bearish against a firm USD**. USDSGD is still rebounding from recent slump and is likely targeting a climb above 1.3511. Losses will likely be supported by 1.3450.

Overnight Economic Data

US	➔
EU	↑
UK	↑
Japan	➔
Australia	↑

What's Coming Up Next

Major Data

- Malaysia Nikkei PMI
- US factory orders, durable goods orders
- EU Sentix investor confidence, PPI
- Japan consumer confidence
- Singapore PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1806	1.1847	1.1867	1.1883	1.1894	↘
USDJPY	112.20	112.50	112.75	112.83	112.99	↗
GBPUSD	1.3454	1.3475	1.3490	1.3517	1.3552	↗
AUDUSD	0.7564	0.7576	0.7594	0.7618	0.7626	↘
EURGBP	0.8758	0.8779	0.8800	0.8847	0.8856	↘
USDMYR	4.0815	4.0859	4.0900	4.0929	4.0981	↗
EURMYR	4.8498	4.8511	4.8556	4.8574	4.8637	↗
JPYMYR	3.6211	3.6249	3.6266	3.6325	3.6362	↘
GBPMYR	5.5108	5.5138	5.5172	5.5206	5.5274	↗
SGDMYR	3.0248	3.0300	3.0331	3.0345	3.0392	↗
AUDMYR	3.0937	3.1041	3.1062	3.1073	3.1145	↗
NZDMYR	2.7953	2.8033	2.8063	2.8114	2.8214	↗
USDSGD	1.3450	1.3467	1.3483	1.3487	1.3500	↗
EURSGD	1.5981	1.6000	1.6008	1.6016	1.6035	↘
GBPSGD	1.8112	1.8145	1.8183	1.8198	1.8231	↗
AUDSGD	1.0217	1.0225	1.0243	1.0253	1.0263	↘

*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	1717.9	-0.1	4.6	CRB Index	190.7	0.80	-0.9
Dow Jones Ind.	24231.6	-0.2	22.6	WTI oil (\$/bbl)	58.4	1.67	8.6
S&P 500	2642.2	-0.2	18.0	Brent oil (\$/bbl)	63.7	-0.08	12.1
FTSE 100	7300.5	-0.4	2.2	Gold (\$/oz)	1280.5	0.40	8.1
Shanghai	3317.6	0.0	6.9	CPO (RM/tonne)	2464.5	-0.56	-23.0
Hang Seng	29074.2	-0.4	32.2	Copper (\$/tonne)	6833.0	1.05	23.4
STI	3449.5	0.5	19.7	Rubber (sen/kg)	481.0	1.58	-25.4

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US PMI manufacturing	Nov F	53.9	53.8	54.0
US ISM manufacturing	Nov	58.2	58.7	58.3
US construction spending	Oct	1.4%	0.3%	0.5%
EU PMI manufacturing	Nov F	60.1	60.0	60.0
UK PMI manufacturing	Nov	58.2	56.6	56.5
JP jobless rate	Oct	2.8%	2.8%	2.8%
JP overall household spending	Oct	0.0%	-0.3%	-0.3%
JP national CPI	Oct	0.2%	0.7%	0.2%
JP Nikkei PMI manufacturing	Nov F	53.6	53.8	--
CH Caixin PMI manufacturing	Nov	50.8	51.0	50.9
AU AiG manufacturing	Nov	57.3	51.1	--

Source: Bloomberg

➤ Macroeconomics

- PMI manufacturing took center stage, churning out a mixed bag of results for the month of November across the globe, softening in the US and China but still rallying ahead in the EU, UK, Japan and Australia. This suggests continuous expansion in global manufacturing activities tracking global demand will continue to keep global recovery intact in 4Q.
- The official reading by ISM in the US marked its 2nd straight month of softening trend, tapered off more than expected to 58.2 in November but the Markit final print showed a smaller pullback to 53.9, vs the initial estimate of 53.8, down from the 9-month high of 54.6 in October dragged by employment and output.
- On the contrary, manufacturing activities in the Eurozone expanded at its fastest pace in 17.5 years, to 60.1 in November, thanks to a rally in new orders. Similarly, PMI manufacturing index in the UK also increased to a 4-year high of 58.2 in the same month under review, boosted by faster increases in new orders as well.
- China Caixin PMI manufacturing contrasted with the improvement seen in the official PMI print that improved more than expected by 0.2ppt to 51.8 in November. The Caixin gauge moderated more than expected by 0.2ppt to 50.8, its lowest in five months as an increase in output was offset by a decline in new orders.
- Down in Australia, AiG manufacturing index bounced back to 57.3 in November, but still shy of the 15-year high level seen three months ago in August (59.8). Higher new orders and employment led quicker gains in manufacturing activities during the month.
- Nikkei PMI manufacturing from Japan was a tad softer than the initial estimate of 53.8 at 53.6 in November, but still marked an uptick from 52.8 in October and its highest level on record, adding to signs recovery in the Japanese economy is gradually gaining traction. Separate releases showed jobless rate remained steady at 2.8% in October while household spending stagnated, rebounding from a 0.3% YOY decline in September. Inflationary pressure remained very soft with the national CPI softened to 0.2% YOY, as expected, dragged by a 1.3% decline in food prices. Even though core CPI ticked a notch higher to 0.8% YOY in October, it remained far off BOJ's 2% target that suggests much still need to be done to drive prices higher.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	12/04	Nikkei PMI	Nov	--	48.6	--
US	12/04	Factory orders	Oct	-0.4%	1.4%	--
		Durable goods orders	Oct F	-1.0%	-1.2%	--
	12/05	Trade balance	Oct	-\$47.4b	-\$43.5b	--
		Markit PMI services	Nov F	55.3	54.7	--
		ISM services	Nov	59.0	60.1	--
Eurozone	12/04	Sentix investor confidence	Dec	33.4	34.0	--
		PPI YOY	Oct	2.6%	2.9%	--
	12/05	Markit PMI services	Nov F	56.2	56.2	--
UK	12/05	Retail sales MOM	Oct	-0.7%	0.7%	--
		Markit PMI services	Nov	55.0	55.6	--
Japan	12/04	Consumer confidence	Nov	44.9	44.5	--
	12/05	Nikkei PMI services	Nov	--	53.4	--
China	12/05	Caixin PMI services	Nov	--	51.2	--
Hong Kong	12/05	Nikkei PMI	Nov	--	50.3	--
Singapore	12/04	PMI	Nov	--	52.6	--
	12/05	Nikkei PMI	Nov	--	54.2	--
		AiG services index	Nov	--	51.4	--
Australia	12/05	Retail sales MOM	Oct	0.3%	0.0%	--
		RBA cash target rate	Dec 5	1.50%	1.50%	--

Source: Bloomberg

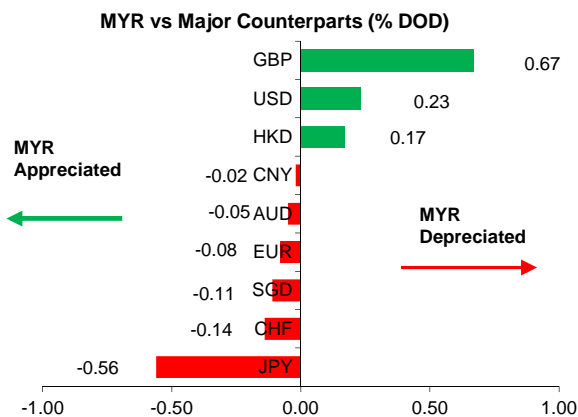
Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1896	-0.07	1.194	1.1851	12.8
USDJPY	112.17	-0.33	112.87	111.41	-3.6
GBPUSD	1.3477	-0.35	1.355	1.3445	9.3
AUDUSD	0.7613	0.62	0.7639	0.7552	5.3
EURGBP	0.8829	0.31	0.88441	0.8789	3.1
USDMYR	4.0910	0.23	4.2963	4.2820	-8.8
EURMYR	4.8407	-0.08	4.9042	4.8877	2.8
JPYMYR	3.6419	-0.56	3.7940	3.7789	-5.3
GBPMYR	5.5062	0.67	5.5687	5.5505	0.1
SGDMYR	3.0315	-0.11	3.1267	3.1181	-2.2
AUDMYR	3.0926	-0.05	3.3323	3.3182	-4.2
NZDMYR	2.7955	-1.02	3.1506	3.1392	-10.0

Source: Bloomberg

Note: closing for MYR crosses at 30-Nov



MYR

- MYR traded on a slightly softer tone ahead of the long weekend with wider losses seen towards late Asian trading but remaining below 4.10 level reflecting sustained buying interests. **The MYR closed 0.23% weaker at 4.0910 vs the USD** last Thursday, and was weaker against 7 G10s.
- **Renewed USD strength spurred by the passing of the US Tax Bills by the Senate could keep a lid on MYR strength today.** However, USDMYR remains technically bearish while below 4.1000, and we expect any upmove to be just temporary before the pair resumes its downward trajectory again.

USD

- **Dollar Index retreated for a 3rd consecutive day and ended 0.17% weaker at 92.89**, its weakest in a week as newsflows on continuous investigations into President Trump's ties with Russia sent chills to the markets.
- **Expect a bullish USD today**, spurred by Senate passing of the US Tax Bills which has prompted a higher opening at 93.10 in early Asian trade. The Dollar Index remains tilted to the upside while above 93.08. It would likely trend higher to circa 94.04 – 94.17 before peaking, forming a bearish pattern thereafter that could potentially trigger losses to circa 91.50.

EUR

- **EUR dipped 0.07% to 1.1896 against USD** and fell against 8 G10s as rosy Eurozone data that continued to reinforce growth optimism in the region was overshadowed by a reversal in the USD on US Tax Bill approval.
- **EUR is bearish against a rebounding USD** following the passing of the US Tax Bill by the Senate. Friday's closing above 1.1883 has dented its positive momentum but EURUSD remains technically bearish and is expected to slide below 1.1840 going forward.

GBP

- **GBP took a turn and underperformed all G10s again and closed 0.35% weaker vs the USD at 1.3477** as positive sentiments surrounding progress in Brexit negotiations fade.
- **Expect GBP to remain slightly bullish despite a firmer USD** on continued optimism over breakthrough in Brexit negotiations. Sustained upside momentum is placing GBPUUSD on track to test 1.3571 but we caution against a correction after recent sharp rally, that could push the pair towards circa 1.3292.

JPY

- **JPY traded mixed against the G10s and gained 0.33% against the USD to 112.17** on the back of rising risk aversion in the markets.
- **Stay bearish on JPY on the back of a rebounding USD.** USDJPY expectedly broke 111.90, and is now exposed to a move to as high as 112.98. We continue to note that bullish move is an extension of a bearish pattern that could facilitate a drop to lower levels in the coming months.

AUD

- **AUD strengthened against 7 G10s and advanced 0.62% to 0.7613 against USD** despite softer sentiments in the market and softer China data.
- **AUD is still bearish against a firmer USD** amid extended weakness in commodities. Risks of rebound still exists, but capped by 0.7617 and will slide lower thereafter. AUDUSD has room to drop to circa 0.7535, but with the pair still deep in bearish territory, do not rule out a break at 0.7500.

SGD

- **SGD eked out a minute gain vs the USD at 1.3464** but was weaker against most other G10s.
- **SGD is still bearish against a firm USD.** USDSGD is still rebounding from recent slump and is likely targeting a climb above 1.3511. Losses will likely be supported by 1.3450.

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

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.