

Global Markets Research

Daily Market Highlights

Key Takeaways

- Overnight data flow was largely positive even though US data disappointed. Both factory orders and durable goods orders fell in October by 0.1% and 0.8% MOM respectively in October. The only comfort was the declines came in smaller than expected and that the final prints of durable goods orders were more upbeat vs the initial estimate.
- In the Eurozone, investors turned less upbeat about the future but remained confidence about current conditions while PPI also moderated led by smaller gain in energy prices. On the contrary, Japanese consumers turned the most upbeat in four years as expectations on income growth, employment and willingness to spend on durable goods all improved. In line with upticks seen in the majors, Nikkei PMI in Malaysia and Singapore PMI both nudged higher, benefitting from improvement in global demand.
- **Dollar Index** advanced for the first time in four days, **closing 0.33% stronger at 93.19** yesterday on optimism over the Trump's administration tax reforms. The greenback was firmer against 8 G10s. **Expect a bullish USD today**, supported by lingering tax reform optimism. 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** strength stayed unperturbed, extending its gain steadily through the day to **close 0.68% stronger at 4.0630** even against a firmer greenback. This strongest level in the MYR since Sept-16 was spurred by positive sentiments stemming from optimism over OPR hike and US tax plans, as well as oil output cut. MYR also outperformed all majors and regional peers. **USDMYR remains technically bearish** and looks set to break the 4.05 handle that could lead it towards 4.0257 next, followed by 3.9805 but not before some intermittent technical rebounds.
- **SGD softened 0.09% vs the USD at 1.3474** but was firmer against most G10s. **SGD is still bearish against a firm USD**. USDUSD's rebound from recent slump appears intact and is likely targeting a climb above 1.3511. Losses will likely be supported by 1.3450.

Overnight Economic Data

| | |
|-----------|---|
| Malaysia | ↑ |
| US | → |
| EU | ↓ |
| Japan | ↑ |
| Singapore | ↑ |
| Australia | ↑ |

What's Coming Up Next

Major Data

- US trade balance, PMI & ISM services
- EU PMI services, retail sales
- UK, Japan & China PMI services
- Hong Kong & Singapore Nikkei PMI
- Australia retail sales

Major Events

- RBA cash target rate

Daily Supports – Resistances (spot prices)*

| | S2 | S1 | Indicative | R1 | R2 | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1806 | 1.1847 | 1.1868 | 1.1883 | 1.1894 | ↘ |
| USDJPY | 112.14 | 112.38 | 112.55 | 112.83 | 112.99 | ↗ |
| GBPUSD | 1.3388 | 1.3440 | 1.3469 | 1.3503 | 1.3552 | ↘ |
| AUDUSD | 0.7564 | 0.7576 | 0.7605 | 0.7612 | 0.7626 | ↘ |
| EURGBP | 0.8758 | 0.8779 | 0.8811 | 0.8847 | 0.8856 | ↘ |
| USDMYR | 4.0270 | 4.0366 | 4.0515 | 4.0612 | 4.0817 | ↘ |
| EURMYR | 4.7955 | 4.7989 | 4.8077 | 4.8228 | 4.8415 | ↘ |
| JPYMYR | 3.5724 | 3.5962 | 3.5999 | 3.6081 | 3.6299 | ↘ |
| GBPMYR | 5.4085 | 5.4443 | 5.4566 | 5.4769 | 5.4932 | ↘ |
| SGDMYR | 3.0048 | 3.0057 | 3.0070 | 3.0211 | 3.0288 | ↘ |
| AUDMYR | 3.0561 | 3.0716 | 3.0813 | 3.0931 | 3.1074 | ↘ |
| NZDMYR | 2.7704 | 2.7762 | 2.7878 | 2.7924 | 2.8051 | ↘ |
| USDUSD | 1.3450 | 1.3467 | 1.3472 | 1.3487 | 1.3500 | ↗ |
| EURUSD | 1.5921 | 1.5956 | 1.5987 | 1.6016 | 1.6035 | ↘ |
| GBPUSD | 1.8112 | 1.8145 | 1.8148 | 1.8198 | 1.8231 | ↗ |
| AUDUSD | 1.0217 | 1.0225 | 1.0246 | 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 | 1713.1 | -0.3 | 4.3 | CRB Index | 188.7 | -1.05 | -2.0 |
| Dow Jones Ind. | 24290.1 | 0.2 | 22.9 | WTI oil (\$/bbl) | 57.5 | -1.53 | 7.0 |
| S&P 500 | 2639.4 | -0.1 | 17.9 | Brent oil (\$/bbl) | 62.5 | -2.01 | 9.9 |
| FTSE 100 | 7339.0 | 0.5 | 2.7 | Gold (\$/oz) | 1276.1 | -0.30 | 8.1 |
| Shanghai | 3309.6 | -0.2 | 6.6 | CPO (RM/tonne) | 2473.5 | 0.37 | -22.7 |
| Hang Seng | 29138.3 | 0.2 | 32.4 | Copper (\$/tonne) | 6833.0 | 1.05 | 23.4 |
| STI | 3438.5 | -0.3 | 19.4 | Rubber (sen/kg) | 493.5 | 2.60 | -23.5 |

Source: Bloomberg

Economic Data

| | For | Actual | Last | Survey |
|-------------------------------|-------|--------|-------|--------|
| MY Nikkei PMI | Nov | 52.0 | 48.6 | -- |
| US factory orders | Oct | -0.1% | 1.7% | -0.4% |
| US durable goods orders | Oct F | -0.8% | -1.2% | -1.0% |
| EU Sentix investor confidence | Dec | 31.1 | 34.0 | 33.4 |
| EU PPI YOY | Oct | 2.5% | 2.8% | 2.6% |
| JP consumer confidence | Nov | 44.9 | 44.5 | 44.9 |
| SG PMI | Nov | 52.9 | 52.6 | -- |
| AU AiG services index | Nov | 51.7 | 51.4 | -- |

Source: Bloomberg

➤ Macroeconomics

- Overnight data flow was largely positive even though US data disappointed. Both factory orders and durable goods orders fell in October by 0.1% and 0.8% MOM respectively in October. The only comfort was the declines came in smaller than expected and that the final prints of durable goods orders were more upbeat vs the initial estimate. Orders ex-transportation indeed expanded, pointing to still positive underlying business spending. Factory orders ex-transportation rose 0.8% MOM in October (Sept: +1.1% revised) while growth in durable goods orders ex-transportation was revised higher to 0.9% MOM from the first estimate of 0.4% MOM even though it still marked a moderation from the 1.1% MOM gain in September.
- Over in the Eurozone, investor sentiments as reported by Sentix remained upbeat despite pulling back somewhat to 31.1 in December as investors turned less optimistic over the future even though they remained confident about current situation. A separate release showed PPI moderated more than expected to 2.5% YOY in October, dampened by smaller gains across all categories except intermediate goods, led by energy. Ex-energy, PPI picked up a tad to 2.3% YOY in October (Sept: +2.2%) suggesting sustained price pressure in the region.
- Japanese consumers were the most upbeat in four years, with the consumer confidence index ticking up 0.4pt to 44.9 in November as expected. Expectations over overall livelihood, income growth, employment and willingness to buy durable goods all improved, offering hopes that consumer spending will continue to support recovery in the Japanese economy going forward.
- Down under, AiG services index nudged 0.3pt higher to 51.7 in November, suggesting services were still holding up in the last nine months. Higher sales and new orders offset decline in employment.
- In Singapore, PMI climbed more than expected to 52.9 in November supported by an uptick in the electronics sector. This marked its 6th straight month of uptrend which reinforced expectations that manufacturing activities are gaining steam benefitting from global demand.
- Back home, Nikkei PMI bounced back above expansionary threshold for the first time in three months and hit a record high of 52.0 in November as output and new orders rose to near three-year high levels. Even though Nikkei PMI has not been a good gauge for Malaysia's economic performance, it nonetheless bolstered hopes growth would be able to sustain at favourable levels going into 4Q.

| Economic Calendar Release Date | | | | | | |
|--------------------------------|-------|---------------------------|------------------|----------|----------|---------|
| Country | Date | Event | Reporting Period | Survey | Prior | Revised |
| Malaysia | 12/06 | Exports | Oct | 17.5% | 14.8% | -- |
| US | 12/05 | Trade balance | Oct | -\$47.5b | -\$43.5b | -- |
| | | Markit PMI services | Nov F | 55.2 | 54.7 | -- |
| | | ISM services | Nov | 59.0 | 60.1 | -- |
| | | MBA mortgage applications | Dec 1 | -- | -3.1% | -- |
| Eurozone | 12/05 | ADP employment change | Nov | 190k | 235k | -- |
| | | Markit PMI services | Nov F | 56.2 | 56.2 | -- |
| | | Retail sales MOM | Oct | -0.7% | 0.7% | -- |
| | 12/06 | Retail PMI | Nov | -- | 51.1 | -- |
| UK | 12/05 | Markit PMI services | Nov | 55.0 | 55.6 | -- |
| Japan | 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 | 12/05 | Nikkei PMI | Nov | -- | 54.2 | -- |
| Australia | 12/05 | Retail sales MOM | Oct | 0.3% | 0.0% | -- |
| | | RBA cash target rate | Dec 5 | 1.50% | 1.50% | -- |
| | 12/06 | GDP SA QOQ | 3Q | 0.7% | 0.8% | -- |

Source: Bloomberg

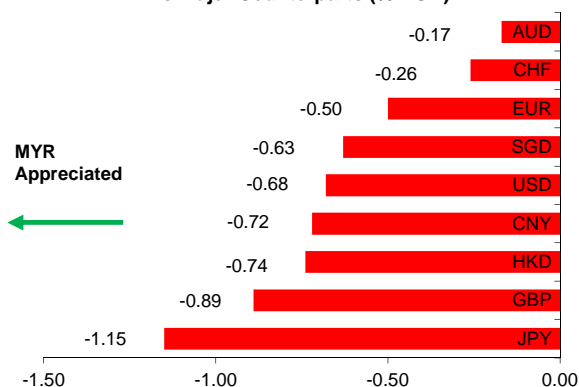
Forex

FX Table

| Name | Last Price | DoD % | High | Low | YTD % |
|--------|------------|-------|---------|--------|-------|
| EURUSD | 1.1866 | -0.25 | 1.1888 | 1.1829 | 12.9 |
| USDJPY | 112.41 | 0.21 | 113.09 | 112.37 | -3.8 |
| GBPUSD | 1.3480 | 0.02 | 1.3539 | 1.3414 | 9.2 |
| AUDUSD | 0.7598 | -0.20 | 0.7618 | 0.7580 | 5.5 |
| EURGBP | 0.8803 | -0.30 | 0.88333 | 0.8756 | 3.2 |
| USDMYR | 4.0630 | -0.68 | 4.2963 | 4.2820 | -9.4 |
| EURMYR | 4.8165 | -0.50 | 4.9042 | 4.8877 | 2.0 |
| JPYMYR | 3.6002 | -1.15 | 3.7940 | 3.7789 | -6.0 |
| GBPMYR | 5.4572 | -0.89 | 5.5687 | 5.5505 | -1.0 |
| SGDMYR | 3.0124 | -0.63 | 3.1267 | 3.1181 | -2.9 |
| AUDMYR | 3.0872 | -0.17 | 3.3323 | 3.3182 | -4.7 |
| NZDMYR | 2.7882 | -0.26 | 3.1506 | 3.1392 | -10.6 |

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



MYR

- **MYR** strength stayed unperturbed, extending its gain steadily through the day to **close 0.68% stronger at 4.0630** even against a firmer greenback. This strongest level in the MYR since Sept-16 was spurred by positive sentiments stemming from optimism over OPR hike and US tax plans, as well as oil output cut. MYR also outperformed all majors and regional peers.
- **USDMYR remains technically bearish** and looks set to break the 4.05 handle that could lead it towards 4.0257 next, followed by 3.9805 but not before some intermittent technical rebounds.

USD

- **Dollar Index** advanced for the first time in four days, **closing 0.33% stronger at 93.19** yesterday on optimism over the Trump's administration tax reforms. The greenback was firmer against 8 G10s.
- **Expect a bullish USD today**, supported by lingering tax reform optimism. 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 weakened 0.25% to 1.1866 against USD** and traded mixed against the G10s on the back of slightly softer Eurozone data.
- **EUR is bearish against the USD** which still exhibits some upside bias. EURUSD remains technically bearish and is expected to slide below 1.1840 going forward.

GBP

- **GBP** hit an intraday low of 1.3414 before paring all losses to **end the day 3pips higher at 1.3480**. The sterling was also stronger vs 9 G10s despite another seemingly deadlock in Brexit negotiations between the UK and the EU.
- **Expect GBP to turn slightly bearish amid a firmer USD** and dampened optimism over breakthrough in Brexit negotiations. Sustained upside momentum is placing GBPUSD 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** continued to trade mixed against the G10s but **weakened 0.21% against the USD to 112.41** on the back of improving risk appetite in the markets.
- **Stay bearish on JPY on the back of a still firm USD**. USDJPY remains on track for 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 but **fell 0.20% to 0.7598 against a rebound in the USD**.
- **AUD is still bearish against a firmer USD**. 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 softened 0.09% vs the USD at 1.3474** but was firmer against most G10s.
- **SGD is still bearish against a firm USD**. USDSGD's rebound from recent slump appears intact 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@hlbb.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.