

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US job reports were a mixed bag.** While the numbers of nonfarm jobs created picked up from last month's hurricane-related slump, the 261k jobs missed estimates for a pick-up to 312k in October. Unemployment rate inched lower to 4.1% but participation rate fell 0.4ppt to 62.7% reflecting a softer labour market. Wage gains were also stagnant and moderated on a YOY basis. The overall picture was not fantastic but enough to reaffirm the case of continuous recovery in the job market. **This, coupled with extended expansion in the services sector and firm business orders reinforced that recovery in the US economy remains intact.**
- **Services PMI data suggests firmer growth in the UK and China.** UK PMI climbed to 6-month high of 55.6 in Oct, up from 53.6 amid rebound in new orders even though employment showed a slight moderation. In China, services PMI managed a slight increase to 51.2 in Oct from 50.6, supported by new orders.
- **Back home, exports growth slowed in Sept,** gaining 14.8% YOY after surging 21.5% in Aug amid slower increases in manufacturing and commodities. Shipments to major destinations such as the US, Singapore and the EU also grew softer, offsetting firmer growth in exports to China.
- **USD rebounded to beat 7 G10s,** buoyed by firmer demand for refuge and more so relatively better US data. The Dollar Index rose 0.27% to 94.94. **Stay bullish on USD** supported by upside momentum stemming from positive data last Friday as well as refuge demand from potential extended weakness in European majors. Bullish bias still prevails and likely to support the Dollar Index's advance for another test at 95.15 going forward. Another rejection here, if any, is likely to trigger a drop to 93.56, otherwise, set sights on a climb to 96.20.
- **MYR** that opened on a firmer footing **returned all gains to close 0.13% weaker against USD at 4.2365** last Friday while closing mixed against the G10s. **Turn bearish on MYR against a firm USD** and on the back softer risk sentiment in the markets. A strong rebound last Friday and breaking of crucial resistances today have tilted USDMYR back into a bullish bias. The pair is now vulnerable to a move to 4.2480 – 4.2500 in the next leg higher.
- **SGD weakened 0.43% to 1.3649 against a firmer USD** but managed to close mixed against the G10s. **SGD is now bearish against USD** in our view, weighed down by prevailing risk aversion in the markets. Strong rebound that bypassed several resistances last Friday has altered the technical outlook. USDSGD is now bullish, and has likely renewed its attempt to test 1.3822 in the longer term. The pair could be heading towards 1.3714 in the coming days.

#### Overnight Economic Data

|           |   |
|-----------|---|
| Malaysia  | ↓ |
| US        | → |
| UK        | ↑ |
| China     | ↑ |
| Hong Kong | → |
| Singapore | ↑ |
| Australia | ↑ |

#### What's Coming Up Next

##### Major Data

- EU Markit services PMI and Sentix investor confidence
- Japan Nikkei PMI services

##### Major Events

- Nil

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

|        | S2     | S1     | Indicative | R1     | R2     | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1575 | 1.1594 | 1.1609     | 1.1625 | 1.1645 | ↘       |
| USDJPY | 113.71 | 113.99 | 114.18     | 114.30 | 114.45 | ↗       |
| GBPUSD | 1.3040 | 1.3057 | 1.3076     | 1.3088 | 1.3100 | ↘       |
| AUDUSD | 0.7624 | 0.7639 | 0.7650     | 0.7677 | 0.7704 | ↘       |
| EURGBP | 0.8836 | 0.8853 | 0.8879     | 0.8896 | 0.8921 | ↗       |
| USDMYR | 4.2374 | 4.2407 | 4.2430     | 4.2447 | 4.2480 | ↗       |
| EURMYR | 4.9200 | 4.9233 | 4.9277     | 4.9298 | 4.9364 | ↘       |
| JPYMYR | 3.7074 | 3.7107 | 3.7155     | 3.7180 | 3.7223 | ↗       |
| GBPMYR | 5.5350 | 5.5424 | 5.5480     | 5.5510 | 5.5572 | ↘       |
| SGDMYR | 3.1058 | 3.1086 | 3.1093     | 3.1102 | 3.1126 | ↘       |
| AUDMYR | 3.2346 | 3.2396 | 3.2459     | 3.2501 | 3.2531 | ↘       |
| NZDMYR | 2.9200 | 2.9260 | 2.9321     | 2.9350 | 2.9400 | ↗       |
| USDSGD | 1.3602 | 1.3640 | 1.3647     | 1.3667 | 1.3688 | ↗       |
| EURSGD | 1.5800 | 1.5826 | 1.5848     | 1.5864 | 1.5881 | ↘       |
| GBPSGD | 1.7807 | 1.7824 | 1.7845     | 1.7858 | 1.7868 | ↘       |
| AUDSGD | 1.0400 | 1.0417 | 1.0440     | 1.0461 | 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           | 1740.9     | 0.0   | 6.0   | CRB Index          | 189.4      | 0.67  | -1.6  |
| Dow Jones Ind. | 23539.2    | 0.1   | 19.1  | WTI oil (\$/bbl)   | 55.6       | 2.02  | 3.6   |
| S&P 500        | 2587.8     | 0.3   | 15.6  | Brent oil (\$/bbl) | 62.1       | 2.40  | 5.1   |
| FTSE 100       | 7560.4     | 0.1   | 5.8   | Gold (\$/oz)       | 1269.9     | -0.50 | 10.8  |
| Shanghai       | 3371.7     | -0.3  | 8.6   | CPO (RM/tonne)     | 2802.0     | 0.02  | -12.4 |
| Hang Seng      | 28603.6    | 0.3   | 30.0  | Copper (\$/tonne)  | 6895.0     | -0.49 | 24.6  |
| STI            | 3382.3     | 0.1   | 17.4  | Rubber (sen/kg)    | 476.5      | -3.15 | -26.1 |

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

|                               | For    | Actual   | Last     | Survey   |
|-------------------------------|--------|----------|----------|----------|
| MY exports YOY                | Sept   | 14.8%    | 21.5%    | 20.0%    |
| US change in nonfarm payrolls | Oct    | 261k     | 18k      | 312k     |
| US unemployment rate          | Oct    | 4.1%     | 4.2%     | 4.2%     |
| US trade balance              | Sept   | -\$43.5b | -\$42.8b | -\$43.3b |
| US factory orders             | Sept   | 1.4%     | 1.2%     | 1.2%     |
| US durable goods orders       | Sept F | 2.0%     | 2.2%     | 2.0%     |
| US ISM services               | Oct    | 60.1     | 59.8     | 58.5     |
| US Markit PMI services        | Oct F  | 55.3     | 55.9     | 55.9     |
| UK Markit PMI services        | Oct    | 55.6     | 53.6     | 53.3     |
| CH Caixin PMI services        | Oct    | 51.2     | 50.6     | --       |
| HK Nikkei PMI                 | Oct    | 50.3     | 51.2     | --       |
| HK retail sales value YOY     | Sept   | 5.6%     | 2.7%     | 1.0%     |
| SG Nikkei PMI                 | Oct    | 54.2     | 53.7     | --       |
| AU retail sales MOM           | Sept   | 0.0%     | -0.6%    | 0.4%     |

Source: Bloomberg

- It was overall a set of positive US data even though those from the labour market was actually mixed. Nonfarm payrolls increased a firm 261k in Oct, while the figure in Sept was upwardly revised from a loss of 33k jobs to an addition of 18k jobs. Even though the unemployment rate inched lower to 4.1% in Oct from 4.2%, the labour market was actually softer as participation rate fell to 62.7% from 63.1% in Sept. On top of these, average hourly earnings growth stagnated on a monthly basis, and rose 2.4% YOY, slower than the 2.8% in Sept.
- US data was better in services sector from the demand side. Factory orders increased 1.4% MOM in Sept, rising from 1.2% and after discounting the generally volatile transportation orders, it increased 0.7% from 0.6%. Increase in durable goods orders was downwardly revised to 2.0% MOM in Sept final report from 2.2% initially estimated, therefore steadying from the pace in Aug.
- US services sector continues to grow at a solid pace according to both Markit and ISM gauges. The Markit PMI was revised lower to 55.3 in Oct from 55.9 in initial estimates, and was therefore unchanged from Sept level. The ISM index climbed to 60.1 in Oct from 59.8, indicating stronger growth that was underpinned by firmer expansion in business activity and employment.
- Services PMI data suggests firmer growth in the UK and China. UK PMI climbed to 6-month high of 55.6 in Oct, up from 53.6 amid rebound in new orders even though employment showed a slight moderation. In China, services PMI managed a slight increase to 51.2 in Oct from 50.6, supported by new orders. Business activity in Hong Kong slowed in Oct, as indicated by the PMI that slipped to 50.3 from 51.2 in Sept. Over in Singapore however, activity firmed up in Oct, with PMI rising to 54.2 from 53.7 as growth in output, new orders and employment accelerated.
- Meanwhile, Hong Kong retail sales increased more than expected by 5.6% YOY in Sept after rising 2.7% in Aug. The strongest growth since Feb 2015 was buoyed by quicker increase in visitor arrivals to Hong Kong, lifting spending in jewelry, watches & clocks (Sept: +15.0% vs Aug: +10.4%), medicines & cosmetics (Sept: +13.2% vs Aug: +2.3%) and clothing & footwear (Sept: +2.1% vs Aug: -2.3%).
- In Australia, retail sales stagnated in Sept after falling 0.6% MOM, while it was expected to rebound by 0.4%. Spending on household goods, apparel and other retailing sectors declined, netting the effect of rebounds in food and cafes & restaurant.
- Back home, exports growth slowed in Sept, gaining 14.8% YOY after surging 21.5% in Aug amid slower increases in manufacturing and commodities. Shipments to major destinations such as the US, Singapore and the EU also grew softer, offsetting firmer growth in exports to China. Imports growth tapered off to 15.2% in Sept from 22.4%, driven by broad-based moderation in imports of capital, intermediate and consumption goods. Trade surplus narrowed to RM 8.6bn in Sept from a surplus of RM 10.0 bn.

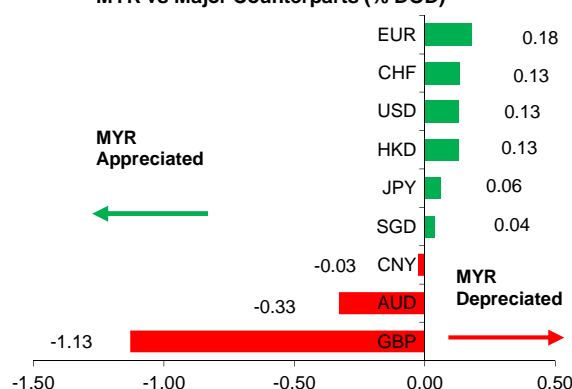
| Economic Calendar Release Date |       |                                       |                  |        |       |         |
|--------------------------------|-------|---------------------------------------|------------------|--------|-------|---------|
| Country                        | Date  | Event                                 | Reporting Period | Survey | Prior | Revised |
| EU                             | 11/06 | Markit Eurozone services PMI          | Oct F            | 54.9   | 54.9  | --      |
|                                |       | Sentix investor confidence            | Nov              | 31.0   | 29.7  | --      |
|                                |       | PPI YOY                               | Sept             | 2.7%   | 2.5%  | --      |
|                                | 11/07 | Markit Eurozone retail PMI            | Oct              | --     | 52.3  | --      |
|                                |       | Retail sales YOY                      | Sept             | 2.8%   | 1.2%  | --      |
| UK                             | 11/07 | Halifax house price MOM               | Oct              | 0.1%   | 0.8%  | --      |
| Japan                          | 11/06 | Nikkei Japan PMI services             | Oct              | --     | 51.0  | --      |
| Australia                      | 11/07 | RBA cash rate target                  | Nov 7            | 1.50%  | 1.50% | --      |
|                                |       | AiG performance of construction index | Oct              | --     | 54.7  | --      |

Source: Bloomberg

**FX Table**

| Name   | Last Price | DoD % | High   | Low    | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.1608     | -0.43 | 1.169  | 1.1599 | 10.4  |
| USDJPY | 114.07     | -0.01 | 114.43 | 113.64 | -2.4  |
| GBPUSD | 1.3077     | 0.14  | 1.3132 | 1.3040 | 6.0   |
| AUDUSD | 0.7650     | -0.82 | 0.7716 | 0.7639 | 6.1   |
| EURGBP | 0.8877     | -0.56 | 0.8935 | 0.8873 | 4.0   |
| USDMYR | 4.2365     | 0.13  | 4.2370 | 4.2285 | -5.6  |
| EURMYR | 4.9342     | 0.18  | 4.9395 | 4.9298 | 4.5   |
| JPYMYR | 3.7125     | 0.06  | 3.7157 | 3.7078 | -3.1  |
| GBPMYR | 5.5369     | -1.13 | 5.5378 | 5.5187 | 0.4   |
| SGDMYR | 3.1115     | 0.04  | 3.1145 | 3.1083 | 0.3   |
| AUDMYR | 3.2496     | -0.33 | 3.2629 | 3.2494 | 0.3   |
| NZDMYR | 2.9338     | 0.32  | 2.9423 | 2.9222 | -5.9  |

Source: Bloomberg

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


## Forex

### MYR

- **MYR** that opened on a firmer footing **returned all gains to close 0.13% weaker against USD at 4.2365** last Friday while closing mixed against the G10s.
- **Turn bearish on MYR against a firm USD** and on the back softer risk sentiment in the markets. A strong rebound last Friday and breaking of crucial resistances today have tilted USDMYR back into a bullish bias. The pair is now vulnerable to a move to 4.2480 – 4.2500 in the next leg higher.

### USD

- **USD rebounded to beat 7 G10s**, buoyed by firmer demand for refuge and more so relatively better US data. The Dollar Index rose 0.27% to 94.94.
- **Stay bullish on USD** supported by upside momentum stemming from positive data last Friday as well as refuge demand from potential extended weakness in European majors. Bullish bias still prevails and likely to support the Dollar Index's advance for another test at 95.15 going forward. Another rejection here, if any, is likely to trigger a drop to 93.56, otherwise, set sights on a climb to 96.20.

### EUR

- **EUR weakened 0.43% to 1.1608 against USD** and slipped against 5 G10s following renewed weakness in European majors.
- **Expect EUR to remain bearish against a firm USD**, more so if Eurozone data disappoints. 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** rebounded to beat 8 G10s and **climbed 0.14% to 1.3077 against USD**, supported by better than expected UK data and weakness in European majors.
- **Keep a bearish view on GBP against USD** on extended downside pressure from Brexit talk uncertainties. We view the overnight advance as a technical rebound after recent slump and continue to set sights on extended declines going forward, with scope to break below 1.3000.

### JPY

- **JPY** was also supported by retreated in European majors to beat 7 G10s and **inched 0.01% firmer to 114.07 against USD**.
- **We now turn slightly bearish on JPY against a firmer USD**. Bullish bias prevails but upside strength remains scant, raising our doubts that USDJPY can sufficiently challenge 114.76 even if the pair manages to push higher going forward.

### AUD

- **AUD** fell against all G10s and **tumbled 0.82% to 0.7650 against USD**, pressured by soft Australia data in early trade and risk aversion in the FX space.
- **Expect AUD to stay bearish against USD** on potential for firmer risk aversion in the FX space. Bearish momentum persists and therefore, AUDUSD is still threatening 0.7603 going forward.

### SGD

- **SGD weakened 0.43% to 1.3649 against a firmer USD** but managed to close mixed against the G10s.
- **SGD is now bearish against USD** in our view, weighed down by prevailing risk aversion in the markets. Strong rebound that bypassed several resistances last Friday has altered the technical outlook. USDSGD is now bullish, and has likely renewed its attempt to test 1.3822 in the longer term. The pair could be heading towards 1.3714 in the coming days.

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