

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Data overnight were largely positive. Increases in US jobless claims softened from the week prior**, and were below market estimates, while growth in UK house prices picked up pace in Nov. **In the Eurozone, economic growth in 3Q remained unchanged from last estimate on QOQ basis, but was upwardly revised on YOY basis.** This suggests that growth outlook continues to remain firm.
- In Japan, leading and coincident indexes indicate that **upward momentum in economic activity may have peaked** and could moderate going forward. **But growth prospects remained positive amid upward revision to 3Q GDP**, supported by firmer business spending though signaling caution on private consumption. In **Malaysia, foreign reserves continue to rise.** Rounding up the dataflow was a much narrower Australia trade surplus in Oct.
- **MYR weakened 0.27% to 4.0875 against a firmer USD** but managed to advance against 7 G10s. **Stay slightly bearish on MYR against a firmer overnight USD** and risk aversion heading into the week's close that is likely to stem buying interest. USDMYR rebound may be impeded by resistance at 4.0929. Bypassing this exposes a move to 4.1125 - 4.1216 next. But given that the trend is still in deep bearish territory, we reckon that advances may be shallow and unlikely to be protracted.
- **USD strengthened against 9 G10s** while the Dollar Index settled 0.2% higher at 93.79 after rallying in late US afternoon on firmer US sentiment ahead of employment data that are largely seen to be improving. **USD remains bullish in our view** but expect some risk-off heading into US employment data; stronger performance will reignite the bulls. We continue to set sights on the Dollar Index climbing to 94.17. However, caution that recent gains could potentially result in a brief pullback; as long as the pullback does not break below 93.35, direction going forward remains up.
- **SGD advanced against 8 G10s on firmer equities but slipped 0.19% to 1.3516 against USD. Expect a bearish SGD against a firm USD.** USDSGD expectedly advanced to 1.3511 and higher; the pair now threatens to break 1.3530 and test 1.3542 next. Bypassing this exposes a move to 1.3575 next.

Overnight Economic Data

Malaysia
US
EU
UK
Japan
Australia



What's Coming Up Next

Major Data

- US nonfarm payrolls, unemployment rate, University of Michigan consumer sentiment
- UK industrial and construction output, trade balance, NIESR GDP estimate
- Japan Eco Watchers surveys
- China exports

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1733	1.1758	1.1774	1.1806	1.1816	↘
USDJPY	112.79	112.98	113.16	113.38	113.82	↗
GBPUSD	1.3414	1.3453	1.3469	1.3486	1.3500	↘
AUDUSD	0.7485	0.7500	0.7507	0.7517	0.7532	↘
EURGBP	0.8720	0.8731	0.8740	0.8755	0.8785	↘
USDMYR	4.0763	4.0800	4.0840	4.0850	4.0885	↗
EURMYR	4.8100	4.8118	4.8127	4.8206	4.8283	↘
JPYMYR	3.6000	3.6026	3.6119	3.6182	3.6200	↘
GBPMYR	5.5000	5.5037	5.5058	5.5155	5.5247	↗
SGDMYR	3.0185	3.0216	3.0226	3.0283	3.0325	↘
AUDMYR	3.0620	3.0650	3.0698	3.0742	3.0800	↘
NZDMYR	2.7800	2.7847	2.7905	2.7987	2.8000	↘
USDSGD	1.3501	1.3511	1.3527	1.3530	1.3542	↗
EURSGD	1.5898	1.5913	1.5925	1.5939	1.5953	↘
GBPSGD	1.8176	1.8200	1.8218	1.8230	1.8257	↘
AUDSGD	1.0120	1.0136	1.0156	1.0176	1.0192	↘

*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	1719.1	0.0	4.7	CRB Index	184.5	-0.14	-4.2
Dow Jones Ind.	24211.5	0.3	22.5	WTI oil (\$/bbl)	56.7	1.30	5.5
S&P 500	2637.0	0.3	17.8	Brent oil (\$/bbl)	62.2	1.60	9.5
FTSE 100	7320.8	-0.4	2.5	Gold (\$/oz)	1247.2	-1.30	10.8
Shanghai	3272.1	-0.7	5.4	CPO (RM/tonne)	2449.5	0.02	-23.4
Hang Seng	28303.2	0.3	28.6	Copper (\$/tonne)	6550.0	0.11	18.3
STI	3388.1	-0.3	17.6	Rubber (sen/kg)	511.0	0.99	-20.8

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY foreign reserves	Nov 30	\$101.9b	\$101.5b	--
US initial jobless claims	Dec 2	236k	238k	240k
EU GDP QOQ	3Q F	0.6%	0.6%	0.6%
UK Halifax house prices	Nov	0.5%	0.3%	0.2%
JP leading index	Oct P	106.1	106.4	106.1
JP coincident index	Oct P	116.5	116.2	116.2
JP GDP QOQ	3Q F	0.6%	0.3%	0.4%
AU trade balance	Oct	A\$105m	A\$1604m	A\$1400m
AU home loans MOM	Oct	-0.6%	-2.5%	-2.0%

Source: Bloomberg

- US initial jobless claims increased by 236k in the week ended Dec 2, lower than the 238k recorded a week prior. The figure bested estimates of a 240k increase.
- Eurozone's 3Q economic growth was affirmed at 0.6% QOQ, dipping slightly from 0.7% in 2Q. The headline figure was marred by softer expansion in household consumption (3Q: +0.3% vs 2Q: +0.5%) and government expenditure (3Q: +0.2% vs 2Q: +0.5%), both of which underperformed market estimates. Annually, there was upward revision to 3Q GDP growth from 2.5% YOY to 2.6% YOY, suggesting that outlook remains firm.
- House prices in the UK climbed more than expected in Nov, according to Halifax survey. Values rose 0.5% MOM, up from 0.3% increase previously as buyers compete for a limited number of houses for sale.
- Japan's leading index dipped to 106.1 in Oct early estimates, down from 106.4, while the coincident index inched higher to 116.5 in the same month, up from 116.2. Both measures a mixture of indicators such as industrial production, orders of durable consumer goods, retail sales value, job offers, machinery orders and consumer confidence, among others. The recent 3-month trend indicates that both may have peaked, suggesting that economic activity may be moderating going forward. Meanwhile, GDP grew more than initially estimated, rising 0.6% in 3Q final reading after expanding at the same pace in 2Q. Growth was driven by strong business spending that offset continued contraction in private consumption. Annually, economic growth eased to 2.5% YOY in 3Q, down from 2.9% in 2Q.
- The trade surplus of Australia narrowed sharply in Oct, tumbling to A\$ 105m from A\$ 1604m in Sept. This is the lowest level in 6 months amid decline in exports and firmer growth in imports. Home loans fell 0.6% MOM in Oct, softer than expected and an improvement from the 2.5% decline recorded in Sept.
- Malaysia's foreign reserves climbed to \$ 101.9b as at 30 Nov, up \$400m from the previous level.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	12/08	Change in nonfarm payroll	Nov	195k	261k	--
		Unemployment rate	Nov	4.1%	4.1%	--
		Uni Michigan consumer sentiment	Dec P	99.0	98.5	--
UK	12/08	Industrial production YOY	Oct	3.5%	2.5%	--
		Construction output YOY	Oct	1.8%	1.1%	--
		Trade balance	Oct	-£3300	-£2754	--
		NIESR GDP estimate	Nov	0.4%	0.5%	--
Japan	12/08	Eco Watchers current	Nov	52.1	52.2	--
		Eco Watchers outlook	Nov	54.0	54.9	--
China	12/11	Machine tool orders YOY	Nov P	--	49.8%	--
	12/08	Exports YOY	Nov	5.3%	6.9%	--
	12/09	CPI YOY	Nov	1.8%	1.9%	--
Australia	12/11 – 15	PPI YOY	Nov	5.8%	6.9%	--
		HIA new home sales MOM	Oct	--	-6.1%	--

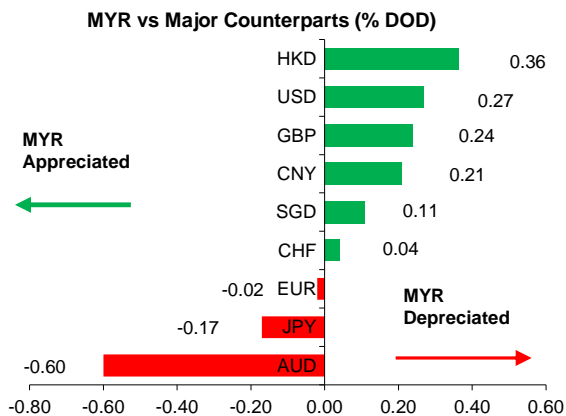
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1773	0.20	1.1815	1.1772	12.0
USDJPY	113.09	0.71	113.16	112.22	-3.2
GBPUSD	1.3474	0.60	1.3485	1.3320	9.3
AUDUSD	0.7511	0.70	0.757	0.7505	4.2
EURGBP	0.8737	0.80	0.8850	0.8734	2.3
USDMYR	4.0875	0.27	4.0885	4.0750	-8.9
EURMYR	4.8189	0.02	4.8243	4.8118	2.0
JPYMYR	3.6284	0.17	3.6355	3.6272	-5.3
GBPMYR	5.4690	0.24	5.4717	5.4557	-0.8
SGDMYR	3.0275	0.11	3.0302	3.0220	-2.4
AUDMYR	3.0768	0.60	3.0898	3.0736	-5.0
NZDMYR	2.7969	0.55	2.8127	2.7929	-10.3

Source: Bloomberg



MYR

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USD

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- **USD remains bullish in our view** but expect some risk-off heading into US employment data; stronger performance will reignite the bulls. We continue to set sights on the Dollar Index climbing to 94.17. However, caution that recent gains could potentially result in a brief pullback; as long as the pullback does not break below 93.35, direction going forward remains up.

EUR

- **EUR dipped 0.2% to 1.1773 against USD** but advanced against 8 G10s on the back of sustained growth outlook in the Eurozone.
- **Expect a bearish EUR on the back of a firmer USD**; direction will rely on performance of the greenback amid an absence of catalysts. We opine that EURUSD remains on track towards 1.1758, a level that could trigger a rebound. Caution that a close below 1.1758 will invigorate the bears and push EURUSD lower to 1.1709.

GBP

- **GBP jumped 0.6% to 1.3474 against USD** and beat all G10s, responding to newsflow on potential progress in Brexit negotiations ahead of EU summit.
- **We stay bearish on GBP against USD** amid uncertainties in Brexit negotiation progress, on which GBP direction is strongly reliant. Technical outlook suggests that, unless GBPUSD manages to close above 1.3480 today, the overall direction remains down and likely to close below 1.3393 in the coming days.

JPY

- **JPY fell against 8 G10s and weakened 0.71% to 113.09 against USD** as refuge demand retreated amid gains in equities.
- **We turn bearish on JPY in view of a potentially firmer USD.** Overnight break at 112.98 has increased the chances of USDJPY heading higher, but unless it manages to close above 113.38, we reckon that the formation of a bearish pattern that we last spoke of extends.

AUD

- **AUD** was pressured by losses in metals and narrowed Australia trade surplus, sliding against 7 G10s and **tumbled 0.7% to 0.7511 against USD.**
- **AUD is still bearish against a firmer USD** and weighed down by likelihood of extended retreat in metals. There is now a threat of AUDUSD closing below 0.7500, which if it does unleashes a fresh wave of bearishness that could take the pair to 0.7440 next.

SGD

- **SGD** advanced against 8 G10s on firmer equities but **slipped 0.19% to 1.3516 against USD.**
- **Expect a bearish SGD against a firm USD.** USDSGD expectedly advanced to 1.3511 and higher; the pair now threatens to break 1.3530 and test 1.3542 next. Bypassing this exposes a move to 1.3575 next.

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