

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **BNM maintained the OPR at 3.00% at expected, but sounded slightly hawkish, thus suggesting tighter policy may be on the way.** Against a backdrop of firmer global and domestic economic conditions, BNM expressed that it “may consider reviewing the current degree of monetary accommodation”, at the same time maintaining that growth prospects are expected to remain strong in 2018. **We expect BNM to raise the OPR in 1H2018, barring any downside surprises in growth.**
- **Both European Commission and ECB also expressed increased optimism over growth prospects in the Euro region.** The European Commission upwardly revised Eurozone 2017 growth forecast to 2.2% from 1.7%, and expects the quicker pace of growth to sustain through 2018 (revised to 2.1% from 1.8%) before easing to 1.9% in 2019. Unemployment rate is expected to improve while inflation is expected to remain subdued. ECB’s economic bulletin revealed that the latest macro data are “consistent with a continued robust growth pattern in the second half of 2017”.
- **USD fell against 9 G10s** while the Dollar Index slipped through European-US sessions to close 0.44% lower at 94.44, pressured by details of Senate-prepared tax reform plan deemed less desirable by the markets as well as rebound in European majors. **Turn bearish on USD** amid market disappointment from delayed and altered tax reform plan. Strong overnight decline bypassing several firm supports has opened the path for more losses going forward. The Dollar Index could bounce off 94.17, otherwise it will take aim at 93.56.
- **MYR strengthened 0.54% to 4.2065 against USD** and advanced against 8 G10s, lifted by a hawkish-toned BNM. **Stay bullish on MYR against a softer overnight USD**, with support from improved market sentiment amid backing from a hawkish BNM. USDMYR bypassed the firm support at 4.2052, and is now poised to test 4.1875 in the next leg lower. Level to watch will be 4.1825; breaking this sets a longer-term path to 4.1523.
- **SGD advanced 0.21% to 1.3590 against a soft USD** but fell against 7 G10s, weighed down by retreating risk appetite in the markets. **We now turn bullish on SGD against USD** in anticipation of further weakness in the greenback. Overnight downside break of 1.3602 and emergence of a bearish bias have again established a downward direction, taking aim at 1.3560. A break here would encourage a drop to 1.3519 next.

#### Overnight Economic Data

Malaysia  
US  
Japan  
China



#### What's Coming Up Next

##### Major Data

- US University of Michigan sentiment
- UK industrial production, manufacturing production, construction output, visible trade balance, NIESR GDP est
- Japan tertiary industry index
- Hong Kong GDP
- Singapore retail sales

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1608	1.1622	1.1646	1.1661	1.1691	↗
USDJPY	112.90	113.19	113.37	113.48	113.85	↘
GBPUSD	1.3117	1.3131	1.3144	1.3167	1.3181	↘
AUDUSD	0.7654	0.7679	0.7684	0.7700	0.7715	↘
EURGBP	0.8813	0.8835	0.8864	0.8878	0.8895	↗
USDMYR	4.1875	4.1900	4.1955	4.1990	4.2035	↘
EURMYR	4.8777	4.8802	4.8875	4.8921	4.9000	↘
JPYMYR	3.6920	3.6981	3.7004	3.7043	3.7145	↘
GBPMYR	5.5050	5.5105	5.5146	5.5313	5.5411	↘
SGDMYR	3.0800	3.0850	3.0879	3.0909	3.0988	↘
AUDMYR	3.2150	3.2200	3.2236	3.2316	3.2359	↘
NZDMYR	2.9001	2.9109	2.9142	2.9173	2.9266	↘
USDSGD	1.3560	1.3572	1.3587	1.3602	1.3615	↘
EURSGD	1.5800	1.5814	1.5831	1.5832	1.5857	↗
GBPSGD	1.7824	1.7848	1.7861	1.7868	1.7880	↘
AUDSGD	1.0400	1.0431	1.0443	1.0457	1.0483	↘

\*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	1746.8	<div><div></div></div> 0.1	<div><div></div></div> 6.4	CRB Index	191.9	-0.01	-0.3
Dow Jones Ind.	23461.9	<div><div></div></div> -0.4	<div><div></div></div> 18.7	WTI oil (\$/bbl)	57.2	<div><div></div></div> 0.63	<div><div></div></div> 6.4
S&P 500	2584.6	<div><div></div></div> -0.4	<div><div></div></div> 15.4	Brent oil (\$/bbl)	63.9	<div><div></div></div> 0.69	<div><div></div></div> 12.5
FTSE 100	7484.1	<div><div></div></div> -0.6	<div><div></div></div> 4.8	Gold (\$/oz)	1285.1	0.30	<div><div></div></div> 10.8
Shanghai	3427.8	<div><div></div></div> 0.4	<div><div></div></div> 10.4	CPO (RM/tonne)	2767.0	0.16	<div><div></div></div> -13.5
Hang Seng	29136.6	<div><div></div></div> 0.8	<div><div></div></div> 32.4	Copper (\$/tonne)	6855.0	<div><div></div></div> 0.42	<div><div></div></div> 23.8
STI	3423.9	<div><div></div></div> 0.1	<div><div></div></div> 18.9	Rubber (sen/kg)	489.5	-1.11	<div><div></div></div> -24.1

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
MY industrial production YOY	Sept	4.7%	6.8%	6.3%
MY manufacturing sales YOY	Sept	10.6%	16.5%	--
MY BNM overnight policy rate	Nov 9	3.00%	3.00%	3.00%
US initial jobless claims	Nov 4	239k	229k	232k
US wholesale inventories MOM	Sept F	0.3%	0.3%	0.3%
JP Eco Watchers current	Oct	52.2	51.3	50.8
JP Eco Watchers outlook	Oct	54.9	51.0	51.5
CH CPI YOY	Oct	1.9%	1.6%	1.8%
CH PPI YOY	Oct	6.9%	6.9%	6.6%

Source: Bloomberg

- The European Commission upwardly revised Eurozone 2017 growth forecast to 2.2% from 1.7%, and expects the quicker pace of growth to sustain through 2018 (revised to 2.1% from 1.8%) before easing to 1.9% in 2019. Touching on unemployment, it is expected to extend a downtrend to 8.5% in 2018 and 7.9%, though such levels suggest much slack remains. Meanwhile, price pressure is expected to remain subdued despite core inflation heading higher; headline inflation is expected to average at 1.5% this year, dipping to 1.4% in 2018 before climbing to 1.6% in 2019.
- ECB's economic bulletin revealed that the latest macro data are "consistent with a continued robust growth pattern in the second half of 2017", a sign of confidence that economic expansion will extend going forward. The bulletin also states that "private consumption is underpinned by rising employment" while rising business investments remains supported by "favourable financing conditions".
- BNM maintained the OPR at 3.00% at expected, but sounded more hawkish, thus suggesting tighter policy may be on the way. Against a backdrop of firmer global and domestic economic conditions, BNM expressed that it "may consider reviewing the current degree of monetary accommodation", at the same time maintaining that growth prospects are expected to remain strong in 2018. We expect BNM to raise the OPR in 1H2018, barring any downside surprises in growth.
- Onward to the data front, US jobless claims increased by 10k to 239k in the week ended Nov 4, up from the 229k in the week before. Wholesale inventories increased 0.3% MOM in Sept, unchanged from early estimates and dipping from a 0.8% increase in Aug.
- Eco Watchers surveys revealed firmer sentiment in Japan, suggesting continued upside momentum in tandem with recent upticks in data. The current conditions index increased from 51.3 to 52.2 in Oct, highest since Mar 2014, driven by firmer sentiment in businesses, manufacturers, non-manufacturers and employment, though the downside was that sentiment of households deteriorated. Outlook also improved, lifting the outlook index from 51.0 to 54.9 in Oct, highest since Dec 2013 amid improved expectations in all categories surveyed.
- Consumer prices in China picked up pace in Oct, while producer prices steadied. CPI increased the most in 9 months, rising 1.9% YOY from 1.6% in Sept amid softer decline in cost of food (Oct: -0.4% vs Sept: -1.4%) and costlier transport & telecoms (Oct: +0.8% vs Sept: +0.5%). Producer prices steadied at 6.9% against expectations of a downtick to 6.6%, supported by softer supply as output was curbed amid factory shutdowns to combat pollution.
- Malaysia's industrial production grew at a more moderate pace in Sept, rising 4.7% YOY after expanding 6.8% previously. All three main categories recorded softer growth, led by manufacturing (Sept: +5.7% vs Aug: 7.6%) amid slower export- and domestic-oriented subsectors. Output growth also slowed in mining sector (Sept: +2.1% vs Aug: +5.3%) and electricity supply (Sept: +2.2% vs Aug: +3.0%). Meanwhile, manufacturing sales value grew 10.6% in Sept, slower than 16.5% in Aug.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	11/10	University of Michigan sentiment	Nov P	100.9	100.7	--
UK	11/10	Industrial production YOY	Sept	1.9%	1.6%	--
		Manufacturing production YOY	Sept	2.4%	2.8%	--
		Construction output YOY	Sept	1.7%	3.5%	--
		Visible trade balance GBP/mil	Sept	-£12800	-£14245	--
		NIESR GDP estimate	Oct	--	0.4%	--
Japan	11/10	Tertiary industry index MOM	Sept	-0.1%	-0.2%	--
	11/13	PPI YOY	Oct	3.0%	3.0%	--
		Machine tool orders YOY	Oct P	--	45.0%	--
China	11/10 – 18	FDI YOY	Oct	--	17.3%	--
Hong Kong	11/10	GDP YOY	3Q	3.5%	3.8%	--
Singapore	11/10	Retail sales YOY	Sept	3.0%	3.5%	--

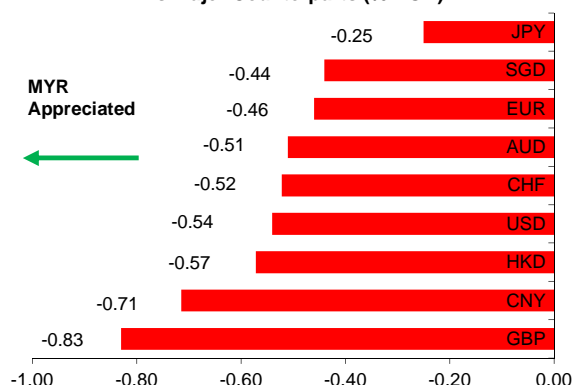
Source: Bloomberg

## FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1642	0.41	1.1655	1.1586	10.7
USDJPY	113.47	-0.35	114.07	113.09	-3.1
GBPUSD	1.3145	0.22	1.3166	1.3085	6.5
AUDUSD	0.7680	0.03	0.7694	0.7650	6.5
EURGBP	0.8856	0.18	0.8877	0.8824	3.8
USDMYR	4.2065	-0.54	4.2288	4.2060	-6.2
EURMYR	4.8804	-0.46	4.9088	4.8777	3.3
JPYMYR	3.7073	-0.25	3.7271	3.7053	-3.2
GBPMYR	5.5082	-0.83	5.5547	5.5082	-0.1
SGDMYR	3.0891	-0.44	3.1059	3.0877	-0.4
AUDMYR	3.2266	-0.51	3.2509	3.2266	-0.4
NZDMYR	2.9271	0.12	2.9469	2.9267	-6.1

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



## Forex

### MYR

- **MYR strengthened 0.54% to 4.2065 against USD** and advanced against 8 G10s, lifted by a hawkish-toned BNM.
- **Stay bullish on MYR against a softer overnight USD**, with support from improved market sentiment amid backing from a hawkish BNM. USDMYR bypassed the firm support at 4.2052, and is now poised to test 4.1875 in the next leg lower. Level to watch will be 4.1825; breaking this sets a longer-term path to 4.1523.

### USD

- **USD fell against 9 G10s** while the Dollar Index slipped through European-US sessions to close 0.44% lower at 94.44, pressured by details of Senate-prepared tax reform plan deemed less desirable by the markets as well as rebound in European majors.
- **Turn bearish on USD** amid market disappointment from delayed and altered tax reform plan. Strong overnight decline bypassing several firm supports has opened the path for more losses going forward. The Dollar Index could bounce off 94.17, otherwise it will take aim at 93.56.

### EUR

- **EUR strengthened 0.41% to 1.1642 against a soft USD** and advanced against 6 G10s, supported by upbeat economic forecasts of the European Commission.
- **We turn bullish on EUR against USD** in anticipation of further weakness in the greenback amid tax reform plan delay. Given a change in technical outlook to a bullish bias, we reckon that EURUSD has room to climb to as high as 1.1733 before relenting. We still maintain that, in time, EURUSD will head to 1.1511.

### GBP

- **GBP retreated** on pressure from UK political risks and Brexit talks, sliding against 6 G10s but nonetheless **climbed 0.22% to 1.3145 against a soft USD**.
- **Stay bearish on GBP against USD** as we are still cautious on downside risks from news flows on Brexit negotiations as well as bearish potential from UK data. Expect a bearish GBPUSD while below 1.3245, anticipating potential drop to below 1.3060 going forward.

### JPY

- **JPY** was mixed but recorded relatively bigger gains versus losers while **advancing 0.35% to 113.47 against a soft USD**.
- **Stay bullish on JPY against USD** as refuge demand is likely to build amid retreats in the greenback and equities. USDJPY has tested 113.19 as expected; we expect the pair to break below this level soon, and potentially head to 112.26.

### AUD

- **AUD inched 0.03% higher to 0.7680 against a soft USD** but fell against 8 G10s amid declining risk appetite in the markets.
- **Expect AUD to remain bearish against USD**, weighed down by retreating risk appetite in the markets. Improved technical outlook has increased the chances of a break at 0.7700. Nonetheless, strong resistance at 0.7715 is likely to end that rebound and lead AUDUSD lower to 0.7624.

### SGD

- **SGD advanced 0.21% to 1.3590 against a soft USD** but fell against 7 G10s, weighed down by retreating risk appetite in the markets.
- **We now turn bullish on SGD against USD** in anticipation of further weakness in the greenback. Overnight downside break of 1.3602 and emergence of a bearish bias have again established a downward direction, taking aim at 1.3560. A break here would encourage a drop to 1.3519 next.

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