

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global financial markets traded on a softer note last Friday** amid risk aversion that a delay in Trump's tax reform would have negative repercussion on the US economy that could spill over to other parts of the world. **Data flow also turned out on the softer side** on Friday. US consumer sentiments pulled back in November from a 13-year high a month ago as prospects of higher inflation and interest rates dented confidence level.
- **In the UK, data was a mixed bag but nothing too detrimental.** Both industrial production and construction output expanded at a slower pace, reflecting softer manufacturing and construction activities. Visible trade deficit narrowed in September but higher cumulative deficit for the 3Q suggests external trade could exert a drag on 3Q growth. Contrary to this, NIESR GDP estimated showed quicker expansion in the UK economy in October.
- **In Asia, the services industry moderated in Japan while Singapore retail sales surprised on the downside** with a 0.5% YOY contraction as consumers bought less cars. On a less downbeat note, **Hong Kong 3Q GDP growth moderated less than expected to 3.6% YOY** (2Q: +3.8%), as quicker growth in consumption from both the private and government sectors were offset by a decline in investment while exports stayed resilient.
- **USD ended mixed against the G10s** with losses to mostly European majors. Downside pressure from US tax reform plan disappointment persisted, pushing the Dollar Index 0.06% lower to 94.39. **USD remains bearish** amid a lack of major catalyst to drive buying interest. The Dollar Index appears to have completed a bearish chart pattern and is likely to extend its decline to circa 94.17. Rebounds cannot be ruled out but will be brief and limited to 94.86, otherwise current bearish technical landscape will change.
- **MYR strengthened 0.35% to 4.1918 against USD** and advanced against 7 G10s on firmer expectations of near-term OPR hike prospects. **Stay bullish on MYR against a softer overnight USD.** USDMYR remains tilted to the downside amid firmer bearish bias, with scope to test the recent low at 4.1825. Caution that breaking this sets a longer-term decline to 4.1523.
- **SGD eased 0.09% to 1.3602 against USD** and slipped against 7 G10s on the back of softer risk appetite in the markets. **We are still bullish on SGD against a soft USD.** USDSGD remains on a downward direction, taking aim at 1.3560. A break here would encourage a drop to 1.3519 next.

Overnight Economic Data

US	↓
UK	→
Japan	↓
Hong Kong	↓
Singapore	↓

What's Coming Up Next

Major Data

- UK Rightmove house prices
- Japan PPI, machine tool orders

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1605	1.1622	1.1648	1.1661	1.1685	↗
USDJPY	113.19	113.57	113.69	113.91	114.07	↘
GBPUSD	1.3058	1.3088	1.3115	1.3147	1.3170	↘
AUDUSD	0.7603	0.7624	0.7643	0.7656	0.7671	↘
EURGBP	0.8862	0.8872	0.8878	0.8883	0.8895	↗
USDMYR	4.1900	4.1950	4.1965	4.2000	4.2060	↘
EURMYR	4.8777	4.8802	4.8881	4.8921	4.9000	↘
JPYMYR	3.6764	3.6804	3.6939	3.6981	3.7011	↘
GBPMYR	5.5000	5.5012	5.5076	5.5100	5.5187	↘
SGDMYR	3.0780	3.0800	3.0824	3.0853	3.0880	↘
AUDMYR	3.2000	3.2059	3.2096	3.2137	3.2180	↘
NZDMYR	2.8977	2.9000	2.9045	2.9081	2.9100	↘
USDSGD	1.3584	1.3602	1.3618	1.3623	1.3640	↗
EURSGD	1.5832	1.5843	1.5861	1.5889	1.5907	↗
GBPSGD	1.7824	1.7851	1.7870	1.7907	1.07929	↘
AUDSGD	1.0380	1.0400	1.0413	1.0419	1.0428	↘

*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	1742.3	-0.3	6.1	CRB Index	191.6	-0.12	-0.4
Dow Jones Ind.	23422.2	-0.2	18.5	WTI oil (\$/bbl)	56.7	-0.75	5.6
S&P 500	2582.3	-0.1	15.3	Brent oil (\$/bbl)	63.7	0.27	7.4
FTSE 100	7433.0	-0.7	4.1	Gold (\$/oz)	1275.5	-0.80	8.1
Shanghai	3432.7	0.1	10.6	CPO (RM/tonne)	2784.5	0.63	-12.9
Hang Seng	29120.9	-0.1	32.4	Copper (\$/tonne)	6786.0	-0.32	22.6
STI	3420.1	-0.1	18.7	Rubber (sen/kg)	477.0	-2.55	-26.1

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Uni Michigan consumer sentiments	Nov P	97.8	100.7	100.8
UK industrial production YOY	Sept	2.5%	1.8%	1.9%
UK construction output YOY	Sept	1.1%	3.9%	1.7%
UK visible trade balance	Sept	-£11253m	-£12350m	-£12800m
UK NIESR GDP estimate	Oct	0.5%	0.0%	--
JP tertiary industry index MOM	Sept	-0.2%	-0.1%	-0.1%
HK GDP YOY	3Q	3.6%	3.8%	3.5%
SG Retail sales YOY	Sept	-0.5%	3.5%	3.0%

Source: Bloomberg

- US University Michigan consumer sentiments defied expectations for a rise and fell 2.9 points to 97.8 in November, remaining near its highest in 13 years nevertheless. This month's pullback from a 13-year high was dented by softer confidence over both current conditions and future expectations as consumers were weighed down by higher inflation and prospects of further increase in interest rates. Delay in Trump's tax plan could further dampen consumer optimism in our view, keeping a lid on consumer spending going forward.
- UK data was mixed and decent. Industrial production grew at a faster than expected pace of 2.5% YOY in September (Aug: +1.8% revised), supported by sustained gains in manufacturing (+2.7% vs +2.8%), and rebounds in mining & quarrying (+1.3% vs -4.4%), electricity (+1.6% vs -0.3%) and oil & gas (+1.1% vs -5.8%). On the contrary, construction output decelerated more than expected to increase only 1.1% YOY in September, its smallest gain in three months and fell the most in 18 months on a MOM basis, by 1.6% (Aug: +0.8%), tracking weakness in the housing market. Visible trade deficit narrowed to £11.3bn in September, as exports rose at a faster pace of 4.5% MOM vs the 0.4% MOM increase in imports. The bigger deficit in 3Q implied exports would be a drag on overall economic growth but NIESR GDP estimate showed growth in the UK economy is quickening in October (+0.5% vs 0.0%).
- Releases from neighbouring Asian economies turned out on the softer side. Japan tertiary industry index extended its decline in September, falling 0.2% MOM led by declines in activities of wholesale trade, medical & healthcare, and information & services, suggesting a still soft services sector and domestic consumption.
- Singapore retail sales also surprised on the downside, staging a surprised contraction of 0.5% YOY in September, its first decline in seven months as consumers bought lesser cars. Sales ex-auto however managed to gain 3.3% YOY, but marked a slowdown from the 3.9% YOY increase in August, supported by higher sales at department stores, supermarkets, wearing apparels & footwear, and watches & jewelry, a sign domestic consumption is still holding up.
- On a less downbeat note, Hong Kong 3Q GDP growth moderated less than expected to 3.6% YOY (2Q: +3.8%), as quicker growth in consumption from both the private and government sectors were offset by a decline in investment while exports stayed resilient. QOQ, growth momentum also softened to 0.5% in 3Q, from +1.0% in 1Q, in line with expectations of moderating growth outlook going into year end. As a result, full year growth is estimated to average 3.7% this year, against the 3.9% growth registered YTD, and closer to the higher end of the official forecast of 3-4%.

Economic Calendar Release Date

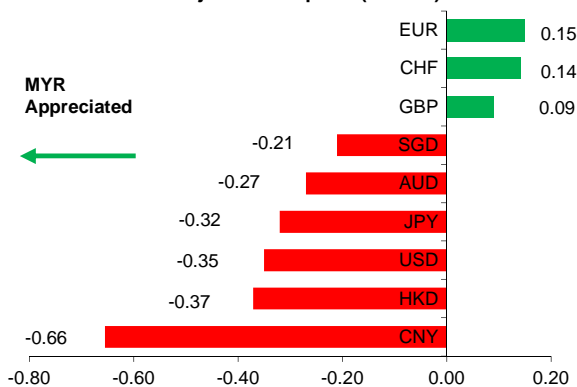
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	11/14	NFIB small biz optimism	Oct	104.0	103.0	--
		PPI final demand MOM	Oct	0.1%	0.4%	--
EU	11/14	Industrial production MOM	Sept	-0.6%	1.4%	--
		ZEW expectations	Nov	--	26.7	--
		GDP SA QOQ	3Q P	0.6%	0.6%	--
UK	11/13	Rightmove house prices YOY	Nov	--	1.4%	--
	11/14	CPI YOY	Oct	3.1%	3.0%	--
		RPI YOY	Oct	4.1%	3.9%	--
Japan	11/13	PPI Output YOY	Oct	2.9%	3.3%	--
		PPI YOY	Oct	3.1%	3.0%	--
		Machine tool orders YOY	Oct P	--	45.0%	--
China	11/13 – 18	FDI YOY	Oct	--	17.3%	--
	11/14	Retail sales YOY	Oct	10.5%	10.3%	--
		Fixed asset investment YOY	Oct	7.3%	7.5%	--
Australia	11/14	Industrial production YOY	Oct	6.2%	6.6%	--
		NAB business conditions	Oct	--	14	--
		NAB business confidence	Oct	--	7	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1665	0.20	1.1678	1.1623	10.9
USDJPY	113.53	0.05	113.64	113.22	-2.8
GBPUSD	1.3196	0.39	1.323	1.3113	6.3
AUDUSD	0.7661	-0.25	0.7695	0.7654	6.1
EURGBP	0.8841	-0.16	0.8875	0.8812	4.1
USDMYR	4.1918	-0.35	4.1990	4.1900	-6.6
EURMYR	4.8878	0.15	4.8990	4.8738	3.5
JPYMYR	3.6956	-0.32	3.7096	3.6899	-3.5
GBPMYR	5.5132	0.09	5.5284	5.4974	-0.2
SGDMYR	3.0825	-0.21	3.0956	3.0792	-0.7
AUDMYR	3.2178	-0.27	3.2316	3.2137	-1.0
NZDMYR	2.9122	-0.51	2.9197	2.9016	-6.9

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR strengthened 0.35% to 4.1918 against USD** and advanced against 7 G10s on firmer expectations of near-term OPR hike prospects.
- **Stay bullish on MYR against a softer overnight USD.** USDMYR remains tilted to the downside amid firmer bearish bias, with scope to test the recent low at 4.1825. Caution that breaking this sets a longer-term decline to 4.1523.

USD

- **USD ended mixed against the G10s** with losses to mostly European majors. Downside pressure from US tax reform plan disappointment persisted, pushing the Dollar Index 0.06% lower to 94.39.
- **USD remains bearish** amid a lack of major catalyst to drive buying interest. The Dollar Index appears to have completed a bearish chart pattern and is likely to extend its decline to circa 94.17. Rebounds cannot be ruled out but will be brief and limited to 94.86, otherwise current bearish technical landscape will change.

EUR

- **EUR climbed 0.20% to 1.1665 against USD** and advanced against 6 G10s as European majors recovered.
- **We maintain a bullish daily outlook on EUR against a soft USD.** There is still scope for EURUSD to extend its recent rebound to 1.1733 before relenting. Current upsides will be terminated by a close below 1.1587. In the longer-term, we still set sights on a drop to 1.1511.

GBP

- **GBP jumped to the top of the G10 list and strengthened 0.39% to 1.3196 against USD** after UK data outperformed last Friday.
- **Stay bearish on GBP against USD** amid brewing downside risks on the political front in the UK. Continue to expect a bearish GBPUSD while below 1.3245, anticipating potential drop to below 1.3060 going forward.

JPY

- **JPY retreated against 6 G10s and slipped 0.05% to 113.53 against USD.**
- **Expect JPY to stay bullish against a soft USD** amid rising risk-off in the FX space. Technical signs point to potential rebound to circa 113.91 next couple of days but that has not deterred us from setting sights on USDJPY dropping to 112.98 in the longer-term.

AUD

- **AUD weakened 0.25% to 0.7661 against USD** and fell against all G10s after RBA lowered inflation forecasts and further weighed down by soft risk appetite.
- **We keep a bearish view on AUD against USD,** weighed down by retreating risk appetite in the markets and brewing political uncertainties in Australia. AUDUSD failed even to test 0.7700 and has relented since. We continue to set sights on a downside break at 0.7624 and a test at 0.7603 going forward.

SGD

- **SGD eased 0.09% to 1.3602 against USD** and slipped against 7 G10s on the back of softer risk appetite in the markets.
- **We are still bullish on SGD against a soft USD.** USDSGD remains on a downward direction, taking aim at 1.3560. A break here would encourage a drop to 1.3519 next.

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