

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Latest bag of economic releases turned out on the softer side, with the exception of Eurozone which showed continued improvement in its growth prospects.** Preliminary 3Q GDP print sustained a 0.6% QOQ increase, just a tad shy of the 0.7% QOQ increase in 2Q, and growth indeed accelerated to 2.5% on YOY terms, driven by hefty improvement in Germany (+2.3% vs +1.0%). ZEW survey also showed increased optimism while industrial production continued to expand albeit more moderately.
- **Contrary to Eurozone, 3Q GDP growth tapered off more than expected to 0.3% QOQ in Japan**, hurt by decline in consumption and slower gain in investment, reinforcing believes that the Japanese economy is slowing from 2Q's rally.
- China sprang another disappointment. **Data flow yesterday all showed the Chinese economy have lost some shines going into 4Q, taking the brunt of the government cooling measures.** Retail sales growth surprisingly moderated to 10.0% YOY, while industrial production and fixed asset investment reported softer growth of 6.2% and 7.3% YOY respectively as expected.
- **USD fell against 7 G10s** while the Dollar Index tumbled through European and US sessions, closing 0.7% lower at 93.82 on rallies in major components EUR, JPY and CHF, as well as dovish remarks from Fed official James Bullard. **We keep a bearish view on USD** in the absence of major catalysts to drive buying interest, on top of advances in EUR and JPY. Bearish bias increased sharply overnight. The Dollar Index is now poised to test 93.56, below which it would target 93.08. Rebounds are not impossible, but likely limited by 94.17.
- **MYR eased 0.05% to 4.1935 against USD** and slipped against 6 G10s amid softer oil prices and market sentiment. **Stay bullish on MYR against a softer overnight USD.** USDMYR appears to have broken the recent low at 4.1825, affirming continued bearish bias. A close below this will likely establish a longer-term decline to 4.1523.
- **SGD advanced against 6 G10s** as most commodity majors slipped and advanced 0.2% to 1.3591 against a softer USD. **We are again turning bullish on SGD against USD**, anticipating further weakness in the greenback. USDSGD technical landscape was again altered by a close below 1.3602. It is now tilted to the downside, with scope to slide to as low as 1.3566 next.

#### Overnight Economic Data

US	➔
EU	➔
UK	➔
Japan	➔
China	➔
Australia	➔

#### What's Coming Up Next

##### Major Data

- US MBA mortgage applications, CPI, Empire manufacturing, advance retail sales
- EU trade balance
- UK jobless claims, unemployment rate, employment change
- Japan industrial production

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1760	1.1770	1.1791	1.1800	1.1823	➔
USDJPY	113.19	113.29	113.42	113.65	113.91	➔
GBPUSD	1.3112	1.3135	1.3159	1.3167	1.3189	➔
AUDUSD	0.7603	0.7624	0.7632	0.7639	0.7663	➔
EURGBP	0.8927	0.8942	0.8961	0.8974	0.9000	➔
USDMYR	4.1780	4.1800	4.1820	4.1867	4.1885	➔
EURMYR	4.9296	4.9342	4.9304	4.9391	4.9488	➔
JPYMYR	3.6800	3.6826	3.6875	3.6916	3.6981	➔
GBPMYR	5.4920	5.5000	5.5021	5.5100	5.5165	➔
SGDMYR	3.0730	3.0750	3.0766	3.0792	3.0809	➔
AUDMYR	3.1802	3.1850	3.1897	3.1957	3.2000	➔
NZDMYR	2.8655	2.8700	2.8736	2.8843	2.8956	➔
USDSGD	1.3530	1.3566	1.3590	1.3602	1.3621	➔
EURSGD	1.5989	1.6012	1.6024	1.6040	1.6058	➔
GBPSGD	1.7848	1.7868	1.7878	1.7907	1.7929	➔
AUDSGD	1.0320	1.0350	1.0367	1.0377	1.0392	➔

\*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	1733.6	-0.2	5.6	CRB Index	189.1	-1.25	-1.8
Dow Jones Ind.	23409.5	-0.1	18.5	WTI oil (\$/bbl)	55.7	-1.87	3.7
S&P 500	2578.9	-0.2	15.2	Brent oil (\$/bbl)	62.2	-1.50	9.5
FTSE 100	7414.4	0.0	3.8	Gold (\$/oz)	1280.3	0.30	10.8
Shanghai	3429.5	-0.5	10.5	CPO (RM/tonne)	2733.5	-0.87	-14.5
Hang Seng	29152.1	-0.1	32.5	Copper (\$/tonne)	6895.0	1.61	24.6
STI	3399.1	-0.6	18.0	Rubber (sen/kg)	471.5	-0.42	-26.9

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
US NFIB small biz optimism	Oct	103.8	103.0	104.0
US PPI final demand MOM	Oct	0.4%	0.4%	0.1%
EU industrial production YOY	Sept	3.3%	3.9%	3.2%
EU ZEW expectations	Nov	30.9	26.7	--
EU GDP SA QOQ	3Q P	0.6%	0.7%	0.6%
UK CPI YOY	Oct	3.0%	3.0%	3.1%
UK RPI YOY	Oct	4.0%	3.9%	4.1%
UK PPI output YOY	Oct	2.8%	3.3%	2.9%
JP GDP QOQ	3Q P	0.3%	0.6%	0.4%
CH FDI YOY	Oct	5.0%	17.3%	--
CH retail sales YOY	Oct	10.0%	10.3%	10.5%
CH fixed asset investment YOY	Oct	7.3%	7.5%	7.3%
CH industrial production YOY	Oct	6.2%	6.6%	6.2%
AU NAB biz conditions	Oct	21	14	--
AU NAB biz confidence	Oct	8	8	--
AU Westpac consumer confidence index	Nov	99.7	101.4	--

Source: Bloomberg

## ➤ Macroeconomics

- Data from the US was mixed. The NFIB survey found that small business optimism improved slightly in Oct, pushing the index up to 103.8 from 103.0. Producer prices steadied at 0.4% MOM in Oct, beating expectations of a soft 0.1% rise. Annually, producer prices rose quicker, up 2.8% YOY compared to 2.6% in Sept.
- Economic outlook in the Eurozone continues to improve, backed by a set of positive data though not without a few misses. GDP was estimated to have risen by 0.6% QOQ in 3Q, a tad softer than the 0.7% in 2Q, but annually, the figure ticked higher to 2.5% YOY from 2.3% in 2Q. More importantly, Germany's GDP, a major driver of the region's economic activity, grew 2.3% YOY in 3Q estimates and up from 1.0% in 2Q. Industrial output increased 3.3% YOY in Sept, easing from 3.9% previously. Meanwhile, ZEW survey on economic sentiment returned improved responses, lifting the index to 30.9 in Nov from 26.7 previously.
- UK inflation gauges mostly disappointed in Oct and gave no incentive for BOE to consider further tightening. Consumer prices steadied at 3.0% YOY when it was expected to tick higher as slower increases in transport, communication, clothing & footwear and household items offset acceleration in food and housing. Retail prices accelerated, but still missed the expected 4.1%; retail prices rose 4.0% from 3.9% in Oct. Producer prices slowed to 2.8% in Oct, down from 3.3% previously, weighed down by slower prices of manufactured and petroleum products.
- Japan's economy expanded 0.3% QOQ according to early 3Q estimates, moderating from a 0.6% increase in 2Q and raising doubts over the sustainability of recent upsidest in economic activity. Consumption remains weak, registering a 0.5% decline after gaining 0.8% in 2Q, a sign that marginal wage growth remains a bane. Meanwhile, business spending also lost momentum, gaining just 0.2% in 3Q after rising 0.5% in 2Q.
- Data from China moderated in Oct as measures to rein in credit growth cooled economic activity. Retail sales growth eased to 10.0% YOY from 10.3% in Sept, weighed down by softer spending on construction materials (Sept: +6.1% vs Aug: +9.5%), jewelry (Sept: +2.5% vs Aug: +5.3%) and automobiles (Sept: +6.9% vs Aug: +7.9%).
- China's industrial production and fixed asset investment also grew slower in Oct. Industrial production registered a 6.2% YOY increase from 6.6% in Sept amid slower output growth in supply of industrial equipment and declines in output of commodity segments. Fixed asset investment grew 7.3% YOY through Jan – Oct this year, easing from 7.5% through Jan – Sept, due to slower investments in manufacturing and services sectors. Meanwhile, foreign direct investment slowed sharply to 5.0% YOY in Oct, down from 17.3%.
- Business sentiment improved in Australia, according to surveys by National Australia Bank. The business conditions index increased to 21 in Oct from 14, suggesting conditions improved while business confidence index steadied at 8 in Oct. However, Westpac's consumer confidence index dipped to 99.7 in Nov from 101.4, suggesting consumer sentiment diverged from that of businesses.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	11/15	MBA mortgage applications	Nov 10	--	0.0%	--
		CPI YOY	Oct	2.0%	2.2%	--
		Empire manufacturing	Nov	25.1	30.2	--
		Advance retail sales MOM	Oct	0.0%	1.6%	--
	11/16	Initial jobless claims	Nov 11	235k	239k	--
		Philly Fed biz outlook	Nov	24.6	27.9	--
		Industrial production	Oct	0.5%	0.3%	--
		NAHB housing market index	Nov	67	68	--
EU	11/15	Trade balance	Sept	£21.0b	£21.6b	--
	11/16	CPI YOY	Oct F	1.4%	1.5%	--
UK	11/15	Jobless claims change	Oct	--	1.7k	--
		ILO unemployment rate	Sept	4.3%	4.3%	--
		Employment change 3M/3M	Sept	52k	94k	--
	11/16	Retail sales incl auto fuel MOM	Oct	0.2%	-0.8%	--
Japan	11/15	Industrial production MOM	Sept F	--	-1.1%	--
	11/16	Machine tool orders YOY	Oct F	--	49.9%	--
Hong Kong	11/16	Unemployment rate	Oct	3.1%	3.1%	--
Australia	11/16	Employment change	Oct	18.8k	19.8k	--
		Unemployment rate	Oct	5.5%	5.5%	--
New Zealand	11/16	ANZ consumer confidence	Nov	--	126.3	--

Source: Bloomberg

## FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1798	1.12	1.1805	1.1662	12.1
USDJPY	113.46	-0.14	113.91	113.31	-3.0
GBPUSD	1.3165	0.37	1.3187	1.3075	6.7
AUDUSD	0.7631	0.10	0.765	0.7610	5.9
EURGBP	0.8961	0.73	0.8975	0.8889	5.0
USDMYR	4.1935	0.05	4.1950	4.1870	-6.5
EURMYR	4.9139	0.71	4.9151	4.8860	4.0
JPYMYR	3.6862	-0.30	3.6916	3.6813	-3.8
GBPMYR	5.4922	0.20	5.5054	5.4839	-0.4
SGDMYR	3.0806	0.10	3.0809	3.0760	-0.7
AUDMYR	3.1986	-0.18	3.2013	3.1915	-1.3
NZDMYR	2.8782	-0.59	2.8942	2.8702	-7.7

Source: Bloomberg

## Forex

### MYR

- **MYR eased 0.05% to 4.1935 against USD** and slipped against 6 G10s amid softer oil prices and market sentiment.
- **Stay bullish on MYR against a softer overnight USD.** USDMYR appears to have broken the recent low at 4.1825, affirming continued bearish bias. A close below this will likely establish a longer-term decline to 4.1523.

### USD

- **USD fell against 7 G10s** while the Dollar Index tumbled through European and US sessions, closing 0.7% lower at 93.82 on rallies in major components EUR, JPY and CHF, as well as dovish remarks from Fed official James Bullard.
- **We keep a bearish view on USD** in the absence of major catalysts to drive buying interest, on top of advances in EUR and JPY. Bearish bias increased sharply overnight. The Dollar Index is now poised to test 93.56, below which it would target 93.08. Rebounds are not impossible, but likely limited by 94.17.

### EUR

- **EUR** was boosted by upbeat Eurozone data to **surge 1.12% to 1.1798 against USD** and jumped to the top of the G10 list.
- **EUR remains bullish against USD**, boosted by firming outlook amid recent outperformance in dataflow. EURUSD breaking 1.1733 exposes a move to 1.1823 in the next leg higher. There is potential for a break at 1.1858 but we note that this is a reversion level that would reject the pair lower after protracted closings above it.

### GBP

- **GBP** reversed early losses post UK CPI data to beat 6 G10s amid extended sags in commodity majors and **climbed 0.37% to 1.3165 against a soft USD**.
- **Expect a bearish bias in GBP to prevail against USD** on continued downside risks emanating from Brexit uncertainties and potentially weak UK data. Continue to expect a bearish GBPUSD while below 1.3245, anticipating potential drop to below 1.3060 going forward.

### JPY

- **JPY** remained supported by refuge demand to beat 5 G10s and **advanced 0.14% to 113.46 against USD**.
- **JPY is still bullish in our view against a soft USD** supported by prevailing risk aversion in the markets. A close below 113.65 continues to affirm our view of a potential decline to 112.98. Below this, USDJPY takes aim at 111.90.

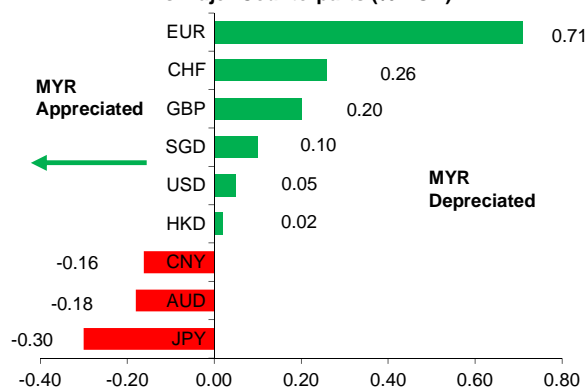
### AUD

- **AUD** fell against 5 G10s amid downside pressure from risk-off in the markets and softer China data but **managed a 0.1% gain to 0.7631 against a softer USD**.
- **Stay bearish on AUD against USD** amid signs of retreating commodities and emergence of risk aversion ahead of Australia data tomorrow. Despite an overnight rebound, the lack of uptick in momentum sustains the view of a lower AUDUSD going forward. We set sights on a test at 0.7603, with potential break lower to target 0.7562 next.

### SGD

- **SGD** advanced against 6 G10s as most commodity majors slipped and **advanced 0.2% to 1.3591 against a softer USD**.
- **We are again turning bullish on SGD against USD**, anticipating further weakness in the greenback. USDSGD technical landscape was again altered by a close below 1.3602. It is now tilted to the downside, with scope to slide to as low as 1.3566 next.

MYR vs Major Counterparts (% DOD)



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