

Global Markets Research

Daily Market Highlights

Key Takeaways

- Markets were mired in risk-off mode as slide in commodity prices led global equities lower. **Overnight US retail sales and CPI, though not great, were enough to help reinforce expectations that the Fed policy normalization is intact.** CPI moderated to 2.0% YOY but **core CPI ticked higher for the first time in six months**, to 1.8% YOY in October. **Retail sales beat estimate for a stagnant month to increase 0.2% MOM in October**, marking its first back-to-back increase in sales since Apr-17, bolstering hope that consumer spending will continue to drive growth in 4Q. Weekly mortgage applications were higher on the week but Empire manufacturing saw sharply slower expansion in November.
- Data flow elsewhere came in mixed too. **Trade surplus widened in the Eurozone** thanks to higher exports and lower imports. **Job markets in the UK remained subdued** as evident in a decline in employment even though jobless claims fell. Unemployment rate is steady at 4.3% and wages sustained a 2.2% YOY increase in September (Aug: +2.3%). **Japan data confirmed an extended decline in industrial production** in September, as output fell across manufacturing and mining sectors.
- **USD** was supported by better than expected US data to erase early losses and beat 6 G10s while the Dollar Index bounced off intraday to close relatively unchanged at 93.82. **USD stays bearish in our view** as we continue to see little positive catalysts to spur further buying interest. Bearish bias increased overnight despite a rebound. The Dollar Index expectedly tested 93.56 and will continue to probe that level until a downside break happens, which would then put 93.08 on the target. Rebounds are not impossible, but likely limited by 94.17.
- **MYR advanced 0.45% to 4.1745 against USD** and strengthened against 6 G10s on continued buying interest supported by expectations of a near-term rate hike. **MYR remains bullish in our view against USD** amid extended buying interest on expectations of a near-term rate hike. Bearish bias in USDMYR has increased despite a higher opening today. We maintain a bearish view and continue to set sights on a longer-term decline to 4.1523.
- **SGD** remained a regional proxy for safety as it advanced against 9 G10s amid risk aversion in the markets and **strengthened 0.18% to 1.3571 against USD.** **Stay bullish on SGD against a soft USD**, anticipating continued support from refuge demand as risk appetite dims further. USDSGD remains weighed down by bearish bias and poised to break below 1.3560 to head to 1.3530.

Overnight Economic Data

US	➔
EU	➔
UK	➔
Japan	➔

What's Coming Up Next

Major Data

- US initial jobless claims, Philly Fed biz outlook, industrial production, NAHB housing market index
- EU CPI
- UK retail sales
- Japan machine tool orders
- Australia employment change, jobless rate

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1730	1.1760	1.1782	1.1800	1.1823	➔
USDJPY	112.53	112.72	112.93	113.00	113.19	➔
GBPUSD	1.3145	1.3168	1.3173	1.3189	1.3216	➔
AUDUSD	0.7535	0.7561	0.7590	0.7603	0.7621	➔
EURGBP	0.8912	0.8932	0.8942	0.8960	0.8992	➔
USDMYR	4.1720	4.1747	4.1795	4.1800	4.1825	➔
EURMYR	4.9105	4.9133	4.9228	4.9315	4.9391	➔
JPYMYR	3.6867	3.6916	3.6992	3.7042	3.7066	➔
GBPMYR	5.4922	5.5000	5.5038	5.5103	5.5232	➔
SGDMYR	3.0743	3.0760	3.0798	3.0809	3.0820	➔
AUDMYR	3.1625	3.1685	3.1741	3.1785	3.1800	➔
NZDMYR	2.8620	2.8650	2.8663	2.8698	2.8782	➔
USDSGD	1.3530	1.3560	1.3567	1.3580	1.3588	➔
EURSGD	1.5934	1.5953	1.5986	1.6000	1.6043	➔
GBPSGD	1.7848	1.7868	1.7874	1.7907	1.7929	➔
AUDSGD	1.0250	1.0284	1.0308	1.0325	1.0350	➔

*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	1723.0	-0.6	4.9	CRB Index	188.6	-0.22	-2.0
Dow Jones Ind.	23271.3	-0.6	17.8	WTI oil (\$/bbl)	55.3	-0.66	3.0
S&P 500	2564.6	-0.6	14.6	Brent oil (\$/bbl)	61.9	-0.55	8.9
FTSE 100	7372.6	-0.6	3.2	Gold (\$/oz)	1278.1	-0.20	8.1
Shanghai	3402.5	-0.8	9.6	CPO (RM/tonne)	2709.5	-0.88	-15.3
Hang Seng	28851.7	-1.0	31.1	Copper (\$/tonne)	6759.0	-1.97	22.1
STI	3368.7	-0.9	16.9	Rubber (sen/kg)	470.0	-0.32	-27.1

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US MBA mortgage application	Nov 10	3.1%	0.0%	--
US CPI	Oct	2.0%	2.2%	2.0%
US Empire manufacturing	Nov	19.4	30.2	25.1
US retail sales	Oct	0.2%	1.9%	0.0%
EU trade balance	Sept	€25.0b	€21.0b	€21.0b
UK jobless claims	Oct	1.1k	2.6k	--
UK unemployment rate	Sept	4.3%	4.3%	4.3%
UK employment change	Sept	-14k	94k	52k
JP industrial production	Sept F	-1.0%	-1.1%	--

Source: Bloomberg

➤ Macroeconomics

- US retail sales beat estimate for a stagnant month to increase 0.2% MOM in October, while September's gain was revised higher to 1.9% MOM. Even though the latest print marked a deceleration from September as a result of slower increases in sales of cars and gasoline, this first back-to-back increase in sales since Apr-17 suggests consumer demand is holding up, bolstering hope that consumer spending will continue to drive growth in 4Q. CPI continued to increase albeit at a softer pace of 2.0% YOY in October as expected but core CPI ticked a notch up to 1.8% YOY, adding to signs of sustained price pressure that could reinforce the case for the Fed to raise rates.
- In other releases in the US, MBA mortgage applications rose 3.1% WOW driven largely by a rebound in the refinancing index (+6.3% vs -0.5%) as the new purchases index sustained a 0.4% gain. On a less upbeat note, Empire manufacturing showed a much slower expansion with the latest reading pulling back to 19.4 in November.
- EU continued to demonstrate brighter macro conditions. Trade surplus unexpectedly widened to €25.0bn in September, on the back of faster growth in exports (+1.1% MOM) riding on increase in global demand and decline in imports (-1.2% MOM).
- UK job reports came in mixed too, pointing to a subdued labour market. Jobless claims change were lower at 1.1k in October but the job market lost 14k jobs in September, down from the 94k jobs added a month ago and missed estimate for a 52k gain. Average weekly wage growth was relatively steady, sustaining a 2.2% YOY increase in September (Aug: +2.3% revised) and unemployment rate was unchanged at 4.3%.
- Final print of industrial production confirmed a decline in Japanese output in September, though the final print was a tad better than initially estimated at 1.0% MOM. The decline was broad-based spanning across manufacturing and mining production, contrary to Nikkei PMI that showed sustained expansion.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/17	GDP YOY	3Q	5.7%	5.8%	--
US	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	--
		Housing starts MOM	Oct	5.6%	-4.7%	--
EU	11/17	Building permits MOM	Oct	2.0%	-4.5%	-3.7%
		CPI YOY	Oct F	1.4%	1.5%	--
		ECB current account	Sept	--	33.3b	--
UK	11/16	Construction output MOM	Sept	--	-0.2%	--
		Retail sales incl auto fuel MOM	Oct	0.2%	-0.8%	--
Japan	11/16	Machine tool orders YOY	Oct F	--	49.9%	--
Hong Kong	11/16	Unemployment rate	Oct	3.1%	3.1%	--
Singapore	11/17	NODX YOY	Oct	11.9%	-1.1%	--
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	--
		Biz NZ PMI manufacturing	Oct	--	57.5	--
		PPI Output QOQ	3Q	--	1.3%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1791	-0.06	1.1861	1.1785	12.1
USDJPY	112.88	-0.51	113.5	112.48	-3.6
GBPUSD	1.3171	0.05	1.3214	1.3131	6.8
AUDUSD	0.7589	-0.55	0.7633	0.7573	5.3
EURGBP	0.8952	-0.10	0.9015	0.8951	4.8
USDMYR	4.1745	-0.45	4.1885	4.1745	-6.9
EURMYR	4.9426	0.58	4.9528	4.9286	4.2
JPYMYR	3.7027	0.45	3.7070	3.6849	-3.3
GBPMYR	5.4855	-0.12	5.5199	5.4849	-0.2
SGDMYR	3.0778	-0.09	3.0819	3.0754	-0.7
AUDMYR	3.1687	-0.93	3.1957	3.1677	-2.1
NZDMYR	2.8777	-0.02	2.8843	2.8709	-7.9

Source: Bloomberg

Forex

MYR

- **MYR advanced 0.45% to 4.1745 against USD** and strengthened against 6 G10s on continued buying interest supported by expectations of a near-term rate hike.
- **MYR remains bullish in our view against USD** amid extended buying interest on expectations of a near-term rate hike. Bearish bias in USDMYR has increased despite a higher opening today. We maintain a bearish view and continue to set sights on a longer-term decline to 4.1523.

USD

- **USD** was supported by better than expected US data to erase early losses and beat 6 G10s while the Dollar Index bounced off intraday to close relatively unchanged at 93.82.
- **USD stays bearish in our view** as we continue to see little positive catalysts to spur further buying interest. Bearish bias increased overnight despite a rebound. The Dollar Index expectedly tested 93.56 and will continue to probe that level until a downside break happens, which would then put 93.08 on the crosshair. Rebounds are not impossible, but likely limited by 94.17.

EUR

- **EUR eased 0.06% to 1.1791 against a rebounding USD** after overturning early gains but managed to close firmer against 5 G10s.
- **Expect a slightly bullish EUR against a soft USD**, with chance to accelerate to the upside if Eurozone CPI data ticks higher. EURUSD remains on track to 1.1823 while above 1.1760. There is still 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** was supported by refuge demand in the FX space to advance against 7 G10s and **inched 0.05% higher to 1.3171 against USD**.
- **We maintain a bearish view on GBP even as USD stay soft** as risks from Brexit uncertainties and potentially softer UK data carry more downside weight. Continue to expect a bearish GBPUSD while below 1.3245, anticipating potential drop to below 1.3060 going forward.

JPY

- **JPY** was also supported by refuge demand as it rose to the top of the G10 list and **strengthened 0.51% to 112.88 against USD**.
- **JPY stays bullish in our view against a soft USD** supported by prevailing risk aversion in the markets. USDJPY has expectedly declined to 112.98 and while below this, the pair takes aim at 111.90.

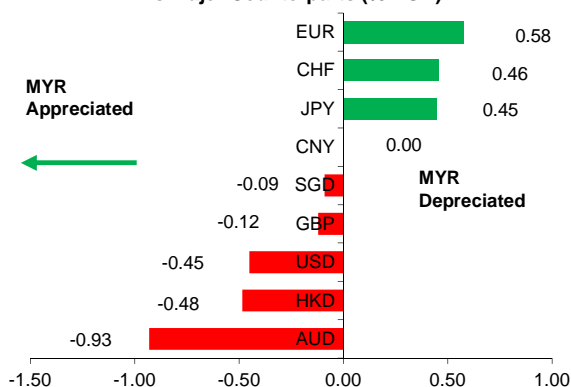
AUD

- **AUD** tumbled against 8 G10s and **weakened 0.55% to 0.7589 against USD** on softer than expected Australia wage data that dampened inflation expectations.
- **Expect AUD to remain bearish against USD** amid signs of retreating commodities and risk appetite in the markets. Bearish bias prevails and AUDUSD remains tilted to the downside while below 0.7603. The pair is likely targeting a drop to 0.7535 next, but caution that risk of a rebound increases approaching 0.7500.

SGD

- **SGD** remained a regional proxy for safety as it advanced against 9 G10s amid risk aversion in the markets and **strengthened 0.18% to 1.3571 against USD**.
- **Stay bullish on SGD against a soft USD**, anticipating continued support from refuge demand as risk appetite dims further. USDSGD remains weighed down by bearish bias and poised to break below 1.3560 to head to 1.3530.

MYR vs Major Counterparts (% DOD)



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