

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US tax reforms made a marked progress with the first hurdle out as the House passed the US Tax Bills yesterday**, reviving risk sentiments as it helped remove weeks-long concerns over a potential delay. **We also saw hawkish policy speaks in the works – Fed Mester expressed confidence over a pick-up in inflation ahead** which would pave the way for the Fed to raise interest rates gradually; and **BOE Governor Carney said the central bank will probably need to raise interest rates a couple more times over the next few years.**
- **Overnight data flow was relatively positive.** Industrial production picked up more than expected in October spurred by post-hurricanes reconstruction, homebuilders' confidence rose to its best level in eight months in November and initial jobless claims remained at healthy levels despite the weekly increase, overshadowing the pullback in business outlook in the Philadelphia region. The faster than expected rebound in UK retail sales was broad-based but the easier CPI print in Eurozone suggests underlying price pressure remains soft.
- **USD strengthened against 6 G10s** while the Dollar Index pushed 0.12% higher to 93.93 after climbing in US session on firmer US industrial output data. **Stay bearish on USD** as upsides appear muted despite the first leg passing of the US tax reform bill, suggesting lack of buying interest. Signs suggest that the Dollar Index could still rebound but gains will be capped by 94.17. Thereafter, a break below 93.81 is expected, with scope to slide below 93.56.
- **MYR ended 0.04% softer at 4.1760 against USD** after trending mostly sideways through Asian trade but managed to advance against 8 G10s. **MYR is slightly bullish against a soft USD** with scope for strong gains if Malaysia GDP data outperforms. Downsides in USDMYR still prevail and the pair remains on track towards 4.1523 in the longer-term. In the near-term, extended closings below the reversion level at 4.1747 will likely lead to a moderate rebound before resuming declines.
- **SGD inched 0.01% firmer to 1.3565 against USD** and advanced against 5 G10s, supported by firmer equities. **Stay bullish on SGD against a soft USD**, anticipating continued support from refuge demand as risk appetite in the FX market 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
Australia
New Zealand



What's Coming Up Next

Major Data

- Malaysia 3Q GDP
- US housing starts, building permits
- EU current account, construction output
- Singapore NODX

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1715	1.1760	1.1786	1.1800	1.1823	↗
USDJPY	112.53	112.80	112.93	113.00	113.19	↘
GBPUSD	1.3170	1.3189	1.3202	1.3214	1.3226	↘
AUDUSD	0.7535	0.7560	0.7586	0.7603	0.7621	↘
EURGBP	0.8878	0.8903	0.8924	0.8929	0.8951	↗
USDMYR	4.1675	4.1698	4.1725	4.1747	4.1795	↘
EURMYR	4.9100	4.9133	4.9205	4.9277	4.9391	↘
JPYMYR	3.6872	3.6916	3.6974	3.7000	3.7028	↘
GBPMYR	5.5000	5.5074	5.5116	5.5200	5.5232	↘
SGDMYR	3.0717	3.0760	3.0795	3.0812	3.0846	↘
AUDMYR	3.1580	3.1607	3.1652	3.1677	3.1700	↘
NZDMYR	2.8550	2.8592	2.8623	2.8650	2.8680	↘
USDSGD	1.3530	1.3540	1.3550	1.3555	1.3562	↘
EURSGD	1.5934	1.5953	1.5970	1.5981	1.6000	↗
GBPSGD	1.7848	1.7868	1.7892	1.7907	1.7929	↘
AUDSGD	1.0250	1.0268	1.0280	1.0300	1.0323	↘

*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	1718.1	-0.3	4.7	CRB Index	188.2	-0.21	-2.2
Dow Jones Ind.	23458.4	0.8	18.7	WTI oil (\$/bbl)	55.1	-0.34	2.6
S&P 500	2585.6	0.8	15.5	Brent oil (\$/bbl)	61.4	-0.82	8.0
FTSE 100	7386.9	0.2	3.4	Gold (\$/oz)	1278.7	0.00	8.1
Shanghai	3399.3	-0.1	9.5	CPO (RM/tonne)	2693.0	-0.63	-15.8
Hang Seng	29018.8	0.6	31.9	Copper (\$/tonne)	6773.0	0.21	22.4
STI	3341.3	-0.8	16.0	Rubber (sen/kg)	469.5	-0.11	-27.2

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US initial jobless claims	Nov 11	249k	239k	235k
US Philly Fed biz optimism	Nov	22.7	27.9	24.6
US industrial production MOM	Oct	0.9%	0.4%	0.5%
US NAHB housing market index	Nov	70	68	67
EU CPI YOY	Oct F	1.4%	1.5%	1.4%
UK retail sales MOM	Oct	0.3%	-0.7%	0.2%
JP machine tool orders YOY	Oct F	49.8%	49.9%	--
HK unemployment rate	Oct	3.0%	3.1%	3.1%
AU consumer inflation expectations	Nov	3.7%	4.3%	--
AU employment change	Oct	3.7k	26.6k	18.8k
AU unemployment rate	Oct	5.4%	5.5%	5.5%
NZ ANZ consumer confidence	Nov	123.7	126.3	--
NZ BizNZ manufacturing PMI	Oct	57.2	57.6	--

Source: Bloomberg

- US data turned in largely positive. Industrial production picked up to increase at a faster than expected pace of 0.9% MOM in October, lifted by a 1.3% MOM jump in manufacturing production and a 2.0% rebound in utilities, offsetting the 1.3% MOM decline in mining as post-hurricanes reconstruction boosted production. Capacity utilization rose to 77.0%, its highest since Apr-15.
- On the housing front, NAHB index unexpectedly climbed higher to 70 in November, suggesting homebuilders' confidence was at its best in eight months, riding on optimism over economic growth prospects and a steady job market. Even though initial jobless claims staged a surprised 10k increase to 249k for the week ended 11-Nov, it remains at healthy levels confirming steady traction in the job market. On a less positive note, Philly Fed business outlook slipped in November, with the reading pulling back more than expected to 22.7, dragged by lower shipment and employment.
- Eurozone CPI moderated to 1.4% YOY in October as initially estimated while core CPI tapered off for the 2nd straight month to 0.9% YOY during the month, as a result of smaller gains in the prices of energy and services. This signals underlying inflation remains soft and there are still no concrete signs inflation is on a firm upward trajectory, implying ECB monetary policy normalization will be gradual.
- UK retail sales rebounded slightly more than expected by 0.3% MOM in October, proving last month's decline as just a blip and that consumers are still willing to spend. The increase in sales was largely broad-based, with non-food stores and non-specialized stores staging turnarounds from the declines a month ago. Household goods stores also continued to expand albeit at softer pace.
- Japan final print of machine tool orders confirmed a 49.8% YOY increase in October, marking a 4th straight month of pick-up reflecting improving business spending by both local and foreign manufacturers.
- Hong Kong jobless rate inched a notch lower to 3.0% in October, its lowest since 1998, pointing to an improving labour market as the Hong Kong economy recovers.
- In Australia, job reports remained mixed. Jobless rate inched lower to 5.4% in October, its lowest since Feb-13 but employment added fewer than expected jobs of only 3.7k, suggesting while the labour market is tightening, momentum remains soft.
- New Zealand consumer confidence pulled back for the 2nd straight month to 123.7 in November, as confidence surrounding family finances and the economic outlook ahead all turned less optimistic. BizNZ PMI manufacturing also softened somewhat, with the index inching 0.4ppt lower to 57.2 in October, marking its 2nd straight month of moderation hit by a slower new orders and inventories.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/17	GDP YOY	3Q	5.7%	5.8%	--
US	11/17	Housing starts MOM	Oct	5.6%	-4.7%	--
		Building permits MOM	Oct	2.0%	-4.5%	-3.7%
		Kansas City Fed manufacturing	Nov	21	23	--
EU	11/20	Leading index	Oct	0.6%	-0.2%	--
	11/17	ECB current account	Sept	--	33.3b	
		Construction output MOM	Sept	--	-0.2%	
Japan	11/20	Trade balance	Oct	¥334.5b	¥670.2b	¥667.7b
		Convenience store sales YOY	Oct	--	-0.0%	--
Singapore	11/17	NODX YOY	Oct	11.9%	-1.1%	--
New Zealand	11/20	Performance services index	Oct	--	56.0	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1770	-0.18	1.1801	1.1757	12.0
USDJPY	113.06	0.16	113.33	112.74	-3.4
GBPUSD	1.3195	0.18	1.3208	1.3135	7.0
AUDUSD	0.7588	-0.01	0.7609	0.7571	5.3
EURGBP	0.8921	-0.35	0.8968	0.8912	4.5
USDMYR	4.1760	0.04	4.1810	4.1725	-7.0
EURMYR	4.9177	-0.50	4.9282	4.9156	4.0
JPYMYR	3.6888	-0.38	3.7046	3.6872	-3.6
GBPMYR	5.5048	0.35	5.5075	5.4883	-0.1
SGDMYR	3.0785	0.02	3.0812	3.0750	-0.8
AUDMYR	3.1715	0.09	3.1785	3.1638	-2.3
NZDMYR	2.8612	-0.57	2.8721	2.8598	-8.3

Source: Bloomberg

Forex

MYR

- **MYR ended 0.04% softer at 4.1760 against USD** after trending mostly sideways through Asian trade but managed to advance against 8 G10s.
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USD

- **USD strengthened against 6 G10s** while the Dollar Index pushed 0.12% higher to 93.93 after climbing in US session on firmer US industrial output data.
- **Stay bearish on USD** as upsides appear muted despite the first leg passing of the US tax reform bill, suggesting lack of buying interest. Signs suggest that the Dollar Index could still rebound but gains will be capped by 94.17. Thereafter, a break below 93.81 is expected, with scope to slide below 93.56.

EUR

- **EUR slipped the most in European trade to close 0.18% lower at 1.1770 against a firmer USD** while sliding against 7 G10s.
- **EUR remains bullish in our view against USD**, with chance to accelerate to the upside on firmer Eurozone data. EURUSD remains on track to 1.1823 while above 1.1760. Chances of a break at 1.1858 has diminished though we are still not ruling this out.

GBP

- **GBP was supported by better than expected UK retail sales data** as it pushed higher against 7 G10s and **beat USD by 0.18% to close at 1.3195**.
- **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 weakened 0.16% to 113.06 against USD** and fell against 6 G10s as demand for refuge retreated in line with firmer equities and commodity majors.
- **JPY stays bullish in our view against a soft USD** as risk appetite is likely to dim going into the week's close. USDJPY continues to take aim at 111.90.

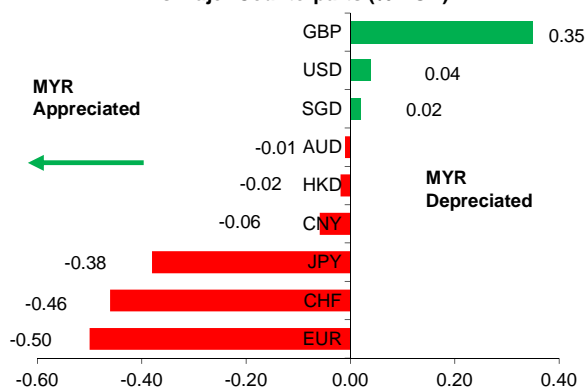
AUD

- **AUD was led higher by commodity majors to beat 5 G10s but nonetheless dipped 0.01% to 0.7588 against USD**.
- **Expect AUD to remain bearish against USD** as risk appetite dims going into the week's close. 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 inched 0.01% firmer to 1.3565 against USD** and advanced against 5 G10s, supported by firmer equities.
- **Stay bullish on SGD against a soft USD**, anticipating continued support from refuge demand as risk appetite in the FX market 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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