

Global Markets Research

Daily Market Highlights

Key Takeaways

- Overall market sentiments remained subdued even as **data releases from the US and Eurozone continued to reaffirm a strengthening global economic recovery. Both housing starts and building permits rebounded more than expected in October**, offering some relief on signs of a softening US housing market. On the contrary, manufacturing activities expanded at a slower pace in Kansas City. **Over in Europe, ECB current surplus widened to €41.8b in Sept** from a downwardly adjusted €30.8b while **output in the construction sector accelerated** to 3.1% YOY in Sept. **Sustained exports from Japan and quicker exports growth from Singapore also reflect still firm global demand.**
- **Back home, economic growth registered a better than expected figure of 6.2% YOY in 3Q**, besting estimates and previous expansion of 5.8%. Acceleration was broad-based, with private consumption growing 7.2% in 3Q compared to 7.1% in 2Q. Investments grew 6.7% in 3Q, quickening from 4.1%, while growth in government consumption also accelerated to 4.2% in 3Q from 3.3%. **On the back of favourable growth and a hawkish tone from recent BNM policy statement, we expect the OPR to be raised by 25bps in 1H2018, as early as Jan 2018.**
- **USD ended mixed against the G10s** while the Dollar Index that opened lower slipped 0.29% to 93.66 amid a lack of buying interest even on firmer US data. **We turn bullish on USD** in anticipation of upside support from weakness in European majors but note that gains may be narrowed going into US session as buying interest remains subdued. The Dollar Index appears to be attempting a rebound, which we have previously noted to be capped by 94.17. Thereafter, a break below 93.81 is expected, with scope to slide below 93.56.
- **MYR strengthened 0.36% to 4.1610 against USD** and advanced 7 G10s, buoyed by better than expected Malaysia 3Q GDP that lifted expectations of a near-term OPR hike. **MYR is slightly bullish against USD**, supported by continued buying interest amid rising expectations of a near-term OPR hike. Downsides in USDMYR still prevail and the pair continues to edge towards 4.1523. Caution that risk of a rebound increases as the pair approaches 4.1500.
- **SGD ended mixed against the G10s but managed to eke out an 0.03% advance to 1.3561 against USD. We turn slightly bearish on SGD against a rebounding USD.** Signs of rebound have risen, but we reckon that gains are likely capped by 1.3579. Rebound may be brief and shallow as technical viewpoint still suggests a close below 1.3567 tomorrow.

Overnight Economic Data

Malaysia
US
EU
Japan
Singapore
New Zealand



What's Coming Up Next

Major Data

- US leading index
- Japan convenience store sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1708	1.1720	1.1744	1.1760	1.1789	↘
USDJPY	111.65	111.90	112.14	112.37	112.59	↘
GBPUSD	1.3171	1.3181	1.3205	1.3216	1.3227	↘
AUDUSD	0.7536	0.7552	0.7557	0.7573	0.7604	↘
EURGBP	0.8871	0.8878	0.8896	0.8906	0.8929	↘
USDMYR	4.1525	4.1550	4.1585	4.1600	4.1645	↘
EURMYR	4.8738	4.8802	4.8843	4.8921	4.9000	↘
JPYMYR	3.7024	3.7042	3.7078	3.7093	3.7153	↗
GBPMYR	5.4839	5.4883	5.4901	5.4974	5.5019	↘
SGDMYR	3.0628	3.0637	3.0648	3.0688	3.0700	↘
AUDMYR	3.1380	3.1403	3.1422	3.1443	3.1485	↘
NZDMYR	2.8200	2.8233	2.8277	2.8300	2.8389	↘
USDSGD	1.3530	1.3548	1.3566	1.3569	1.3579	↗
EURSGD	1.5901	1.5924	1.5936	1.5953	1.5985	↘
GBPSGD	1.7886	1.7900	1.7913	1.7924	1.7962	↘
AUDSGD	1.0200	1.0225	1.0249	1.0274	1.0300	↘

*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	1721.7	<div><div></div></div>	0.2	<div><div></div></div>	4.9	CRB Index	190.4	<div><div></div></div>	1.14	<div><div></div></div>	-1.1
Dow Jones Ind.	23358.2	<div><div></div></div>	-0.4	<div><div></div></div>	18.2	WTI oil (\$/bbl)	56.6	<div><div></div></div>	2.56	<div><div></div></div>	5.3
S&P 500	2578.9	<div><div></div></div>	-0.3	<div><div></div></div>	15.2	Brent oil (\$/bbl)	62.7	<div><div></div></div>	2.20	<div><div></div></div>	10.1
FTSE 100	7380.7	<div><div></div></div>	-0.1	<div><div></div></div>	3.3	Gold (\$/oz)	1292.4	<div><div></div></div>	1.10	<div><div></div></div>	10.8
Shanghai	3382.9	<div><div></div></div>	-0.5	<div><div></div></div>	9.0	CPO (RM/tonne)	2686.0	<div><div></div></div>	-0.26	<div><div></div></div>	-16.0
Hang Seng	29199.0	<div><div></div></div>	0.6	<div><div></div></div>	32.7	Copper (\$/tonne)	6777.0	<div><div></div></div>	0.59	<div><div></div></div>	22.4
STI	3382.4	<div><div></div></div>	1.2	<div><div></div></div>	17.4	Rubber (sen/kg)	466.0	<div><div></div></div>	-0.75	<div><div></div></div>	-27.8

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY GDP YOY	3Q	6.2%	5.8%	5.7%
US housing starts MOM	Oct	13.7%	-4.7%	5.6%
US building permits MOM	Oct	5.9%	-3.7%	2.0%
US Kansas City Fed manufacturing	Nov	16	23	21
EU ECB current account	Sept	€41.8b	€30.8b	--
EU construction output MOM	Sept	0.1%	0.0%	--
JP trade balance	Oct	¥285.4	¥667.7b	¥330.0b
SG NODX YOY	Oct	20.9%	-1.1%	11.9%
NZ services index	Oct	55.6	55.9	--

Source: Bloomberg

- US housing market indicators picked up in Oct; start of new housing construction surged 13.7% MOM after sliding 4.7% previously, while building permits increased 5.9% in Oct, rebounding from a 3.7% decline. Both suggest that demand outlook is positive. Meanwhile, manufacturing sector within the Kansas City Fed area grew at a softer pace in Nov; the index fell to 16 from 23 in Oct.
- Eurozone data continues to affirm an improving economic backdrop, with a wider current account surplus and quicker growth in construction output. The ECB current surplus widened to €41.8b in Sept from a downwardly adjusted €30.8b. Output in the construction sector accelerated in Sept, rising 3.1% YOY from 1.9% previously. Month-on-month, output rose 0.1% after stagnating in Aug.
- Global trade outlook continues to firm up as Singapore's non-oil domestic exports surged 20.9% YOY in Oct after dipping 1.1% in Sept. Exports were driven by surging growth in non-electronic products while electronic product shipments also recovered in Oct from a decline in the previous month.
- Exports growth cooled in Japan but remains commendable at double-digit, affirming that global demand continues to hold firm. Exports increased 14.0% YOY in Oct, easing from 14.1% in Sept. Meanwhile, imports surged 18.9% in Oct, up from 12.1% and suggest that demand is on track towards recovery after extending the robust gains since Mar. The trade surplus, however, narrowed to ¥ 285.4b in Oct, down from ¥ 667.7b in Sept.
- Back home, economic growth registered a better than expected figure of 6.2% YOY in 3Q, besting estimates and previous expansion of 5.8%. Acceleration was broad-based, with private consumption q 7.2% in 3Q compared to 7.1% in 2Q. Investments grew 6.7% in 3Q, quickening from 4.1%, while growth in government consumption also accelerated to 4.2% in 3Q from 3.3%. On the back of favourable growth and a hawkish tone from recent BNM policy statement, we expect the OPR to be raised by 25bps in 1H2018, as early as Jan 2018.
- The services sector of New Zealand grew at the slowest pace in 6 months as the measuring index slipped to 55.6 in Oct from 55.9. Weighing down the index was softer growth in unemployment even though new orders and sales expanded at a firmer pace.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	11/20	Leading index	Oct	0.6%	-0.2%	--
	11/21	Chicago Fed national activity index	Oct	--	0.17	--
		Existing home sales MOM	Oct	0.4%	0.7%	--
UK	11/21	PSNCR	Oct	--	11.2b	--
Japan	11/20	Convenience store sales YOY	Oct	--	-0.0%	--
	11/21	All industry activity index MOM	Sept	-0.4%	0.1%	--
		Supermarket sales YOY	Oct	--	-0.3%	--
		Nationwide dept store sales YOY	Oct	--	4.4%	--
Hong Kong	11/21	CPI YOY	Oct	1.7%	1.4%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1790	0.17	1.1822	1.1765	11.6
USDJPY	112.10	-0.85	113.14	111.95	-4.2
GBPUSD	1.3215	0.15	1.326	1.3170	7.0
AUDUSD	0.7564	-0.32	0.7608	0.7536	4.8
EURGBP	0.8923	0.02	0.8954	0.8898	4.1
USDMYR	4.1610	-0.36	4.1740	4.1563	-7.2
EURMYR	4.9075	-0.21	4.9230	4.9022	3.9
JPYMYR	3.6977	0.24	3.7050	3.6913	-3.5
GBPMYR	5.5140	0.17	5.5183	5.4993	0.0
SGDMYR	3.0666	-0.39	3.0800	3.0660	-1.1
AUDMYR	3.1421	-0.93	3.1686	3.1403	-3.0
NZDMYR	2.8272	-1.19	2.8665	2.8233	-9.4

Source: Bloomberg

Forex

MYR

- **MYR strengthened 0.36% to 4.1610 against USD** and advanced 7 G10s, buoyed by better than expected Malaysia 3Q GDP that lifted expectations of a near-term OPR hike.
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USD

- **USD ended mixed against the G10s** while the Dollar Index that opened lower slipped 0.29% to 93.66 amid a lack of buying interest even on firmer US data.
- **We turn bullish on USD** in anticipation of upside support from weakness in European majors but note that gains may be narrowed going into US session as buying interest remains subdued. The Dollar Index appears to be attempting a rebound, which we have previously noted to be capped by 94.17. Thereafter, a break below 93.81 is expected, with scope to slide below 93.56.

EUR

- **EUR climbed 0.17% to 1.1790 against USD** and advanced against 6 G10s on continued firm sentiment after recent data upsides.
- **EUR is now bearish in our view against USD**, weighed down by renewed political concerns in Germany as political parties failed to reach an agreement to form a coalition government. EURUSD has been rejected by 1.1823 and broke below 1.1760 as at writing. A test at 1.1700 appears appropriate at this juncture, and below that, a downside break at 1.1681 is highly likely.

GBP

- **GBP rose 0.15% to 1.3215 against USD** and climbed against 5 G10s.
- **Expect a bearish GBP on the back of a rebounding USD**, and also weighed down by prevailing Brexit uncertainties as well as risk aversion ahead of UK Budget tabling. Continue to expect a bearish GBPUSD while below 1.3245, anticipating potential drop to below 1.3060 going forward.

JPY

- **JPY strengthened against all G10s and jumped 0.85% to 112.10 against USD** on refuge demand amid risk-off in equities and FX space.
- **JPY stays bullish in our view against USD** as risk aversion in European majors is likely to spur demand for safety. USDJPY has tested 111.90 as previously noted and we expect a downside break here, and possibly even 111.65, that would trigger a move lower to circa 111.03.

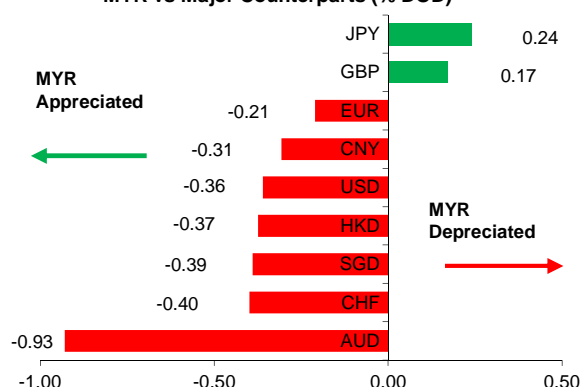
AUD

- **AUD was weighed down by risk-off in the markets** as it slipped against 6 G10s and fell 0.32% to 0.7564 against USD.
- **AUD is likely to remain bearish against USD** on continued risk-off in the FX market as well as risk aversion ahead of RBA meeting minutes tomorrow. AUDUSD continues to target a drop to 0.7535 next, but caution that risk of a rebound increases approaching 0.7500.

SGD

- **SGD ended mixed against the G10s but managed to eke out an 0.03% advance to 1.3561 against USD.**
- **We turn slightly bearish on SGD against a rebounding USD.** Signs of rebound have risen, but we reckon that gains are likely capped by 1.3579. Rebound may be brief and shallow as technical viewpoint still suggests a close below 1.3567 tomorrow.

MYR vs Major Counterparts (% DOD)



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