

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight US data continued to suggest recovery in the US economy is intact.** In tandem with upbeat housing starts and building permits released earlier, **existing home sales surprisingly picked up to increase 2.0% MOM in October**, adding to signs the US housing market is firming up and is recovering from hurricanes slump. **In the UK, data showed government finances improved in October.**
- **On the contrary, Japanese indicators were negative.** The MOM decline and YOY moderation in all industry activity index points to weaker momentum in economic activities. In addition, sales and supermarkets and departmental stores all contracted, denting hopes that consumer spending is bottoming out.
- **USD fell against all G10s** while the Dollar Index tumbled going into US session to close 0.14% lower at 93.95 as markets turned risk averse heading to Fed Chair Yellen's speech this morning. **USD is likely to remain slightly bullish**, supported by continued risk-off in European majors but caution that spectrum of gains will diminish as buying interest wanes heading into Thanksgiving on Thursday. It appears that the firm resistance at 94.17 proved tough to break. The Dollar Index could initiate another test here but we reckon it will more likely than not result in a rejection.
- **MYR advanced 0.23% to 4.1400 against USD** and strengthened against 7 G10s supported by positive local sentiment. **MYR is bullish against a soft overnight USD** amid continued support from positive local sentiment, more so if Malaysia CPI unexpectedly ticks higher. Downside momentum in USDMYR has strengthened after closing below 4.1500. We expect losses to circa 4.1200 – 4.1220 to prevail but caution that such downside strength is unsustainable and will result in a short-term rebound.
- **SGD ended lower against 6 G10s**, beaten by commodity majors but **strengthened 0.18% to 1.3545 against USD. A slightly bullish view persists in SGD against USD** amid signs of extended rebound in equities. Downward pressure in USDSGD prevails and that could push the pair lower to circa 1.3519 next.

Overnight Economic Data

US
UK
Japan
Hong Kong
Australia



What's Coming Up Next

Major Data

- Malaysia CPI & foreign reserves
- US MBA mortgage applications, initial jobless claims, durable goods orders, Uni. of Michigan consumer sentiment
- Eurozone consumer confidence

Major Events

- FOMC minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1708	1.1723	1.1739	1.1760	1.1783	↘
USDJPY	112.02	112.17	112.31	112.49	112.78	↘
GBPUSD	1.3216	1.3234	1.3245	1.3252	1.3262	↗
AUDUSD	0.7546	0.7570	0.7585	0.7593	0.7603	↗
EURGBP	0.8842	0.8863	0.8864	0.8873	0.8878	↘
USDMYR	4.1285	4.1300	4.1325	4.1350	4.1390	↘
EURMYR	4.8460	4.8500	4.8517	4.8609	4.8650	↘
JPYMYR	3.6700	3.6754	3.6787	3.6828	3.6872	↘
GBPMYR	5.4662	5.4696	5.4733	5.4770	5.4839	↘
SGDMYR	3.0480	3.0504	3.0522	3.0585	3.0600	↘
AUDMYR	3.1210	3.1300	3.1347	3.1403	3.1470	↘
NZDMYR	2.8200	2.8261	2.8297	2.8426	2.8551	↘
USDSGD	1.3519	1.3530	1.3539	1.3551	1.3566	↘
EURSGD	1.5876	1.5885	1.5894	1.5906	1.5934	↘
GBPSGD	1.7900	1.7919	1.7931	1.7956	1.7974	↗
AUDSGD	1.0223	1.0250	1.0270	1.0281	1.0307	↗

*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	1720.7	0.1	4.8	CRB Index	189.8	0.33	-1.4
Dow Jones Ind.	23590.8	0.7	19.4	WTI oil (\$/bbl)	56.7	1.12	5.6
S&P 500	2599.0	0.7	16.1	Brent oil (\$/bbl)	62.6	0.56	10.1
FTSE 100	7411.3	0.3	3.8	Gold (\$/oz)	1280.6	0.30	10.8
Shanghai	3410.5	0.5	9.9	CPO (RM/tonne)	2595.5	-2.41	-18.9
Hang Seng	29818.1	1.9	35.5	Copper (\$/tonne)	6828.0	0.75	23.3
STI	3423.4	1.1	18.8	Rubber (sen/kg)	458.5	-1.61	-28.9

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Chicago Fed national activity index	Oct	0.65	0.36	0.20
US existing home sales MOM	Oct	2.0%	0.7%	0.2%
UK PSNCR	Oct	-£3.8b	£11.4b	--
JP all industry activity index MOM	Sept	-0.5%	0.2%	-0.4%
JP supermarket sales YOY	Oct	-1.9%	-0.3%	--
JP nationwide dept store sales YOY	Oct	-1.8%	4.4%	--
HK CPI YOY	Oct	1.5%	1.4%	1.7%
AU Westpac leading index MOM	Oct	0.13%	0.14%	--

Source: Bloomberg

- US data overnight held up the notion that growth remains on track. The Chicago Fed national activity index rose to 0.65 in Oct from 0.36, beating estimates of an increase to 0.20, suggesting that economic growth in Chicago remained above the long-term trend. Housing statistics also firmed up, the latest being existing home sales that gain 2.0% MOM in Oct, up from 0.7% in Sept, a sign that demand remains firm.
- UK government finances improved in Oct; the public sector net cash requirement (PSNCR), which is the amount of financing needed by the government, fell by £3.8b in Oct. The surplus came after a turnaround from a deficit of £11.4b in Sept.
- Improving growth outlook in Japan is under threat amid signs that recent upticks have peaked. Sales gauges declined in Oct, while overall activity slowed. The all industry activity index grew 1.0% YOY in Sept, slowest in 6 months after rising 1.7% in Aug. The index was softer on slower output at factories (Sept: +2.6% vs Aug: +5.3%) and in construction sector (Sept: +1.4% vs Aug: +4.5%).
- Meanwhile, decline in Japan's supermarket sales deepened, down 1.9% YOY from a 0.3% dip in Sept and debunked signs that downturn in spending has bottomed out. Supermarket sales fell on sharper falls in spending on food, clothing and housing goods. Sales at departmental stores also fell, down 1.8% after a hopeful 4.4% gain in Sept. Similarly, spending declined in clothing, food, at restaurants and on services.
- Inflation in Hong Kong picked up but by less than the 1.7% gain expected in Oct. The CPI rose 1.5% YOY, ticking higher from 1.4% on quicker increases in cost of food (Oct: +2.9% vs Sept: +2.4%), housing (Oct: +2.4% vs Sept: +2.3%) and rebound in utilities (Oct: +0.2% vs Sept: -0.2%).
- Australia's Westpac leading index rose 0.13% MOM in Oct, dipping just slightly from the 0.14% achieved in Sept, suggesting that growth is expected to moderate going forward.

Economic Calendar Release Date

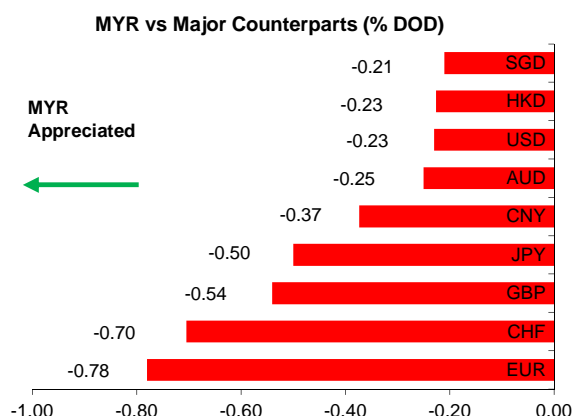
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/22	CPI YOY	Oct	4.1%	4.3%	--
		Foreign reserves	Nov 15	--	\$101.5b	--
US	11/22	MBA mortgage applications	Nov 17	--	3.1%	--
		Initial jobless claims	Nov 18	240k	249k	--
		Durable goods orders	Oct P	0.3%	2.0%	--
		Uni Michigan consumer sentiment	Nov F	98.0	97.8	--
	11/23	FOMC minutes				
Eurozone	11/22	Consumer confidence	Nov A	-0.8	-1.0	--
	11/23	Markit Eurozone manufacturing PMI	Nov A	58.2	58.5	--
		Markit Eurozone services PMI	Nov A	55.2	55.0	--
		ECB account of monetary policy meeting				
UK	11/23	GDP QOQ	3Q P	0.4%	0.4%	--
		CBI reported sales	Nov	3	-36	--
Singapore	11/23	GDP YOY	3Q F	5.0%	4.6%	--
		CPI YOY	Oct	0.5%	0.4%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1738	0.04	1.1758	1.1713	11.6
USDJPY	112.45	-0.15	112.7	112.18	-3.9
GBPUSD	1.3239	0.03	1.3267	1.3210	7.3
AUDUSD	0.7578	0.37	0.759	0.7532	5.1
EURGBP	0.8867	0.03	0.8886	0.8842	3.8
USDMYR	4.1400	-0.23	4.1533	4.1390	-7.7
EURMYR	4.8561	-0.78	4.8773	4.8484	2.8
JPYMYR	3.6823	-0.50	3.6887	3.6779	-3.9
GBPMYR	5.4808	-0.54	5.5024	5.4770	-0.6
SGDMYR	3.0547	-0.21	3.0617	3.0517	-1.5
AUDMYR	3.1321	-0.25	3.1381	3.1187	-3.3
NZDMYR	2.8212	-0.51	2.8323	2.8112	-9.5

Source: Bloomberg



Forex

MYR

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USD

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- **USD is likely to remain slightly bullish**, supported by continued risk-off in European majors but caution that spectrum of gains will diminish as buying interest wanes heading into Thanksgiving on Thursday. It appears that the firm resistance at 94.17 proved tough to break. The Dollar Index could initiate another test here but we reckon it will more likely than not result in a rejection.

EUR

- **EUR inched 0.04% firmer to 1.1738 against a sliding USD** but remained lower against 7 G10s amid political uncertainty in Germany.
- **Stay slightly bearish on EUR against USD**, weighed down by continued political concerns in Germany. EURUSD is attempting to break above 1.1760 but we are currently skeptical that it could. Even above this, there are risks of rejection approaching 1.1783 – 1.1800 range. EURUSD is still tilted to the downside. A close below 1.1708 will prolong the current bearish trend and push the pair to perhaps 1.1608.

GBP

- **GBP fell against 9 G10s** as risk aversion builds ahead of UK Budget tabling and as PM May responds to questions in the House of Commons, but managed to **pip a soft USD by 0.03% to 1.3239**.
- **Stay slightly bullish on GBP against USD** on continued upside support from risk aversion in European majors. GBPUSD is on track towards a test at 1.3282. Beating this exposes a move to 1.3343, but a drop that holds above 1.3216 is acceptable within the current technical landscape.

JPY

- **JPY retreated against 6 G10s** as commodity and risk-sensitive majors advanced but **managed to strengthen 0.15% to 112.45 against a soft USD**.
- **We keep a bullish JPY view against USD** as refuge demand is likely to still prevail in the markets. Technical viewpoint continues to suggest a downward path for USDJPY going forward. The pair is targeting a drop to 111.90; direction thereafter will depend on whether 111.90 is broken.

AUD

- **AUD** was buoyed by firmer equities and more so commodities to beat 7 G10s and **climb 0.37% to 0.7578 against a soft USD**.
- **AUD is now bullish in our view against USD**, supported by likelihood of extended rebounds in equities and commodities. AUDUSD appears to be attempting a technical rebound after extended declines. Gains are likely limited by 0.7588, otherwise bulls will find a firm up and lift AUDUSD above 0.7603.

SGD

- **SGD** ended lower against 6 G10s, beaten by commodity majors but **strengthened 0.18% to 1.3545 against USD**.
- **A slightly bullish view persists in SGD against USD** amid signs of extended rebound in equities. Downward pressure in USDSGD prevails and that could push the pair lower to circa 1.3519 next.

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