

Global Markets Research

Daily Market Highlights

Key Takeaways

- **FOMC minutes basically reaffirmed that a December Fed rate hike is on the table despite debates on still below target inflation outlook.** The minutes showed further rate hike “was likely to be warranted in the near term”, expressing concerns over financial stability. The minutes also showed policy makers remained confident over the labour market and above-trend economic growth even though they diverged in terms of the timing of interest rate increases depending on evolution of inflation.
- **Overnight US headline data disappointed but underlying details were not as bad.** Durable goods orders ex volatile transportation pointed to continued expansion in capital spending albeit at a slower rate in October. Consumer sentiments softened but remained near a 13-year high while lower initial jobless claims added to signs of a firm job market. Another notable development was **consumers in the Eurozone have turned optimistic for the first time since Jan-01**, in line with improving growth outlook in the region.
- **Just released final print of 3Q GDP showed the Singapore economy grew at a faster than initially estimated pace of 5.2% YOY and 8.8% QOQ**, spurred by faster expansion in manufacturing and services, which offset extended declines in construction. This marked its fastest growth pace in nearly four years, and signaled full year growth is set to surpass 3%. As a result, MTI has revised full year growth forecast higher to 3.0-3.5% for 2017, up from 2.0-3.0% previously.
- **USD slumped against all G10s** while the Dollar Index tumbled 0.78% to 93.22 amid lack of buying interest heading into Thanksgiving holiday as well as pressured by Fed officials' persisting concern over low inflation that may hamper odds of quicker rate hikes going forward. **Expect a bearish USD** amid pressure from easing expectations of future Fed rate hikes and absence of buying support from closed US market. The Dollar Index broke through several firm supports and is now tilted to the downside. There is scope to break below 93.08 going forward, which if it does will initiate a longer-term decline to circa 95.59.
- **MYR strengthened 0.7% to 4.1112 against USD** and advanced against 8 G10s on continually firm local sentiment. **MYR is still bullish against a weak overnight USD**; we reckon that markets are still looking for further catalysts for MYR strength ahead of Malaysia CPI. USDMYR is deep in bearish territory but even though declines are more likely than not to sustain going forward, the quantum of losses is expected to diminish. The pair has ventured below the reversion level at 4.1747 and we note that risk of a reversal has emerged.
- **SGD strengthened 0.55% to 1.3471 against a weak USD** but fell against 8 G10 amid pressure from sliding equities. **A slightly bullish view persists in SGD against a weak USD** though gains are likely marginal given soft risk appetite in the markets. USDSGD is now firmly bearish after sliding below 1.3500. The pair is targeting 1.3425 next, but given reversion level at 1.3511, we suspect USDSGD may not linger below it for long.

Overnight Economic Data

Malaysia	→
US	→
Eurozone	↑
Singapore	↑

What's Coming Up Next

Major Data

- EU PMI manufacturing and services
- UK 3Q GDP, CBI reported sales
- Singapore CPI

Major Events

- ECB minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1771	1.1800	1.1819	1.1858	1.1886	↗
USDJPY	110.38	111.03	111.24	111.49	111.90	↘
GBPUSD	1.3269	1.3291	1.3316	1.3330	1.3350	↘
AUDUSD	0.7593	0.7602	0.7610	0.7638	0.7650	↗
EURGBP	0.8854	0.8864	0.8873	0.8878	0.8891	↗
USDMYR	4.0965	4.1000	4.1015	4.1050	4.1096	↘
EURMYR	4.8334	4.8421	4.8462	4.8480	4.8550	↘
JPYMYR	3.6750	3.6826	3.6875	3.6936	3.6982	↗
GBPMYR	5.4500	5.4547	5.4623	5.4739	5.4825	↗
SGDMYR	3.0380	3.0409	3.0433	3.0480	3.0500	↘
AUDMYR	3.1032	3.1146	3.1203	3.1250	3.1300	↗
NZDMYR	2.8050	2.8100	2.8166	2.8200	2.8233	↘
USDSGD	1.3450	1.3464	1.3471	1.3480	1.3491	↘
EURSGD	1.5886	1.5906	1.5917	1.5934	1.5953	↘
GBPSGD	1.7903	1.7919	1.7939	1.7964	1.7983	↗
AUDSGD	1.0225	1.0234	1.0252	1.0275	1.0292	↗

*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	1723.5	<div><div></div></div>	0.2	<div><div></div></div>	5.0	CRB Index	191.6	<div><div></div></div>	0.94	<div><div></div></div>	-0.5
Dow Jones Ind.	23526.2	<div><div></div></div>	-0.3	<div><div></div></div>	19.0	WTI oil (\$/bbl)	58.0	<div><div></div></div>	2.20	<div><div></div></div>	7.9
S&P 500	2597.1	<div><div></div></div>	-0.1	<div><div></div></div>	16.0	Brent oil (\$/bbl)	63.3	<div><div></div></div>	1.20	<div><div></div></div>	11.4
FTSE 100	7419.0	<div><div></div></div>	0.1	<div><div></div></div>	3.9	Gold (S/oz)	1292.0	<div><div></div></div>	0.90	<div><div></div></div>	8.1
Shanghai	3430.5	<div><div></div></div>	0.6	<div><div></div></div>	10.5	CPO (RM/tonne)	2560.0	<div><div></div></div>	-1.37	<div><div></div></div>	-20.0
Hang Seng	30003.5	<div><div></div></div>	0.6	<div><div></div></div>	36.4	Copper (\$/tonne)	6909.0	<div><div></div></div>	1.19	<div><div></div></div>	24.8
STI	3430.0	<div><div></div></div>	0.2	<div><div></div></div>	19.1	Rubber (sen/kg)	454.5	<div><div></div></div>	-0.87	<div><div></div></div>	-29.5

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY foreign reserves	Nov 15	\$101.5b	\$101.5b	--
US MBA mortgage applications	Nov 17	0.1%	3.1%	--
US Initial jobless claims	Nov 18	239k	252k	240k
US durable goods orders	Oct P	-1.2%	2.2%	0.3%
US Uni Michigan consumer sentiments	Nov F	98.5	97.8	98.0
EU consumer confidence	Nov A	0.1	-1.1	-0.8
SG GDP YOY	3Q F	5.2%	4.6%	5.0%

Source: Bloomberg

- FOMC minutes basically reaffirmed that a December Fed rate hike is on the table despite debates on still below target inflation outlook. The minutes showed further rate hike "was likely to be warranted in the near term", expressing concerns over financial stability. The minutes also showed policy makers remained confident over the labour market and above-trend economic growth even though they diverged in terms of the timing of interest rate increases depending on evolvement of inflation.
- Overnight US headline data disappointed but underlying details were not as bad. Taking center stage was the surprised 1.2% MOM fall in durable goods orders in October. Orders ex volatile transportation however still managed a 0.4% MOM gain, albeit marking a deceleration from the upwardly revised 1.1% MOM gain in September, suggesting capital spending was still expanding albeit at a more moderate pace. Consumer sentiments weakened less than initially estimated to 98.5 in November, but still hovered near a 13-year high of 100.7 in October as consumers turned less upbeat over current condition and future outlook. Softer inflation expectations also raised concerns over the pace and timing of the Fed policy normalization. On the housing front, MBA mortgage applications grew a mere 0.1% WOW, as a 4.8% decline in refinancing negated faster gain (+5.3% vs +0.4%) in new purchases. On a less downbeat note, initial jobless claims fell to 239k for the week ended 18-Nov, reaffirming continuous recovery in the job market.
- Consumer confidence in the Eurozone surprisingly turned optimistic. The index registered a positive reading for the first time since Jan-01, at 0.1 in November, in tandem with improving growth outlook in the region.
- Malaysia foreign reserves stabilized at \$101.5bn as at 15-November, after a steady rise since end-March, underpinned by continuous trade surpluses and funds inflows. The latest level of reserves is sufficient to finance 7.5 months of retained imports and is 1.1x the short term external debt.
- Singapore grew at a faster pace of 5.2% YOY and 8.8% QOQ in 3Q (2Q: +2.9% YOY), spurred by quicker gains in manufacturing and services which offset continuous declines in construction. This marked its fastest growth pace in nearly four years, and signaled full year growth is set to surpass 3%. As a result, MTI has revised full year growth forecast higher to 3.0-3.5% for 2017, up from 2.0-3.0% previously.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/24	CPI YOY	Oct	4.1%	4.3%	--
US	11/24	PMI manufacturing	Nov P	55.0	54.6	--
		PMI services	Nov P	55.3	55.3	--
Eurozone	11/23	Markit Eurozone manufacturing PMI	Nov A	58.2	58.5	--
		Markit Eurozone services PMI	Nov A	55.2	55.0	--
UK	11/23	ECB account of monetary policy meeting				--
		GDP QOQ	3Q P	0.4%	0.4%	
		CBI reported sales	Nov	3	-36	--
Japan	11/24	Nikkei PMI manufacturing	Nov P	--	52.8	--
		Leading index	Sept F	--	106.6	--
		Coincident index	Sept F	--	115.8	--
Singapore	11/23	CPI YOY	Oct	0.5%	0.4%	--
	11/24	Industrial production YOY	Oct	16.0%	14.6%	--
New Zealand	11/24	Trade balance NZD	Oct	-760m	-1143m	--

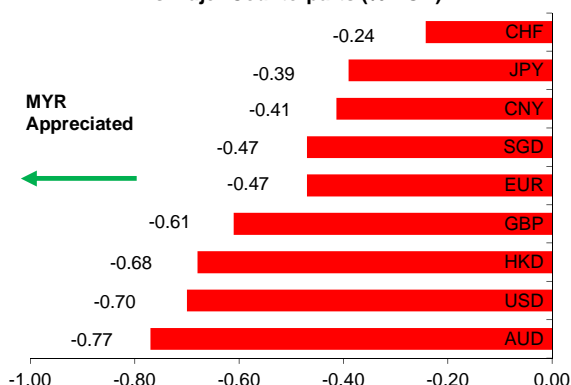
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1822	0.72	1.1827	1.1733	12.4
USDJPY	111.22	-1.09	112.5	111.14	-4.9
GBPUSD	1.3325	0.65	1.333	1.3214	7.9
AUDUSD	0.7617	0.51	0.7624	0.7555	5.6
EURGBP	0.8871	0.05	0.8892	0.8854	4.0
USDMYR	4.1112	-0.70	4.1355	4.1110	-8.5
EURMYR	4.8334	-0.47	4.8609	4.8334	2.7
JPYMYR	3.6681	-0.39	3.6828	3.6673	-3.7
GBPMYR	5.4476	-0.61	5.4843	5.4451	-0.8
SGDMYR	3.0403	-0.47	3.0585	3.0392	-1.7
AUDMYR	3.1079	-0.77	3.1408	3.1063	-3.5
NZDMYR	2.8082	-0.46	2.8330	2.8056	-9.5

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR strengthened 0.7% to 4.1112 against USD** and advanced against 8 G10s on continually firm local sentiment.
- **MYR is still bullish against a weak overnight USD**; we reckon that markets are still looking for further catalysts for MYR strength ahead of Malaysia CPI. USDMYR is deep in bearish territory but even though declines are more likely than not to sustain going forward, the quantum of losses is expected to diminish. The pair has ventured below the reversion level at 4.1747 and we note that risk of a reversal has emerged.

USD

- **USD slumped against all G10s** while the Dollar Index tumbled 0.78% to 93.22 amid lack of buying interest heading into Thanksgiving holiday as well as pressured by Fed officials' persisting concern over low inflation that may hamper odds of quicker rate hikes going forward.
- **Expect a bearish USD** amid pressure from easing expectations of future Fed rate hikes and absence of buying support from closed US market. The Dollar Index broke through several firm supports and is now tilted to the downside. There is scope to break below 93.08 going forward, which if it does will initiate a longer-term decline to circa 95.59.

EUR

- **EUR jumped 0.72% to 1.1822 against a weak USD** but remained lower against 5 G10s on continued political concerns in Germany.
- **We turn bullish on EUR in anticipation continued decline in USD**. Technical outlook has improved for EURUSD; there is now potential for a climb to 1.1858 – 1.1886 in the next leg lower, but we remain skeptical that the pair can gain further ground beyond this range.

GBP

- **GBP retreated against 7 G10s** amid softer UK economic outlook as tabled in the UK Budget but managed to **jump 0.65% to 1.3325 against a weak USD**.
- **We turn slightly bearish on GBP against USD** today, anticipating a mild pullback after overnight rally, and further weighed down by less optimistic UK growth outlook. GBPUSD broke through several firm resistances and we reckon that the pair would take a breather before resuming its upsides. Holding above 1.3269 continues to keep GBPUSD in the bullish territory.

JPY

- **JPY rallied to beat 9 G10s and surged 1.09% to 111.22 against USD** amid sell-off in US markets ahead of Thanksgiving.
- **Maintain a bullish JPY view against USD** as refuge demand is likely to still prevail in the markets. USDJPY has firmly broken below 111.90 and is poised to break 111.03; below this level there is room to slide to 110.38.

AUD

- **AUD climbed 0.51% to 0.7617 against a weak USD** but fell against 9 G10s amid pressure from rising risk-off in the markets.
- **Stay bullish on AUD against a soft USD**, though gains may be toned down by softer risk sentiment in the markets. AUDUSD has risen above 0.7603, which will give added impetus for further gains to circa 0.7650 – 0.7672 next. Caution that risk of rejection increases as the pair moves closer to 0.7672.

SGD

- **SGD strengthened 0.55% to 1.3471 against a weak USD** but fell against 8 G10 amid pressure from sliding equities.
- **A slightly bullish view persists in SGD against a weak USD** though gains are likely marginal given soft risk appetite in the markets. USDSGD is now firmly bearish after sliding below 1.3500. The pair is targeting 1.3425 next, but given reversion level at 1.3511, we suspect USDSGD may not linger below it for long.

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