

Global Markets Research

Daily Market Highlights

Key Takeaways

- **The US is out for Thanksgiving holiday and focus was on ECB minutes, Eurozone PMI readings and UK 3Q GDP. ECB minutes offered little new insights** and stopped short of infusing fresh catalysts to the markets. It showed numerous options were put on the table for discussion and **policy makers were concern over unwarranted speculation on further extension on the QE programme come next year, which the central bank sees as not justifiable at the current juncture in the absence of major new shocks.** Similar to the Fed, there were discussions to replace reference made to inflation outlook to a broader dimension when deciding on monetary policy stance in the future.
- **Overnight data flow was positive. PMI readings in the Eurozone surprised on the upside in November**, with both the manufacturing and services indices recorded higher prints of 60.0 and 56.2 respectively. **The UK economy grew at a slightly faster pace of 0.4% QOQ in 3Q (2Q: +0.3%),** as quicker expansions in household and government spending was negated by slower investment growth and decline in net exports. Despite the slight uptick, overall growth outlook remained cloudy amid lingering Brexit uncertainties and in line with this, the Office of Budget Responsibility has downgraded this year's growth forecast from 2.0% to 1.5% earlier this week.
- **MYR managed to overturn an early rally in USD to close 0.08% firmer at 4.1080** but fell against other G10s that also rallied on a soft greenback. **We are slightly bearish on MYR against USD** as buying interest is likely to wane going into the weekend; however, expect a strong MYR rally should Malaysia CPI bets expectations. USDMYR appears to have initiated an attempt at rebound yesterday; expect this attempt to sustain while above 4.1085, with scope to climb to as high as 4.1458 in the coming week.
- **USD slipped against 7 G10s** while the Dollar Index eased 0.11% to 93.12 amid the absence of buying support from closed US markets. **Expect a bullish USD** today as buying interest is likely to return on re-opening of US markets; upsides will accelerate if US data outperforms. The Dollar Index appears to have found support at 93.08 and we suspect this level could trigger a bounce higher. Rebound is likely capped by 93.56 before tilting lower thereafter.
- **SGD** was supported by a firmer Singapore outlook as it beat 6 G10s and **strengthened 0.13% to 1.3454 against USD. A slightly bullish view persists in SGD against a weak USD** though gains are likely marginal given soft risk appetite in the markets. USDSGD continues to target 1.3425 next, but given reversion level at 1.3511, we suspect USDSGD may not linger below it for long.

Overnight Economic Data

Eurozone	↑
UK	↑
Singapore	→
New Zealand	↑

What's Coming Up Next

Major Data

- Malaysia CPI
- US PMI manufacturing & services
- Japan Nikkei PMI, leading index
- Singapore industrial production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1800	1.1823	1.1848	1.1858	1.1877	↘
USDJPY	111.03	111.20	111.34	111.50	111.90	↘
GBPUSD	1.3277	1.3285	1.3302	1.3325	1.3342	↘
AUDUSD	0.7591	0.7603	0.7620	0.7636	0.7650	↗
EURGBP	0.8883	0.8900	0.8906	0.8911	0.8917	↗
USDMYR	4.1085	4.1100	4.1155	4.1215	4.1250	↘
EURMYR	4.8649	4.8718	4.8746	4.8802	4.8877	↘
JPYMYR	3.6936	3.6946	3.6960	3.6997	3.7020	↗
GBPMYR	5.4600	5.4700	5.4730	5.4760	5.4825	↗
SGDMYR	3.0500	3.0517	3.0577	3.0585	3.0605	↗
AUDMYR	3.1250	3.1286	3.1365	3.1381	3.1417	↗
NZDMYR	2.8200	2.8253	2.8328	2.8367	2.8412	↗
USDSGD	1.3400	1.3420	1.3457	1.3466	1.3487	↘
EURSGD	1.5922	1.5934	1.5943	1.5953	1.5962	↘
GBPSGD	1.7858	1.7868	1.7900	1.7917	1.7929	↘
AUDSGD	1.0225	1.0244	1.0258	1.0281	1.0310	↗

*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	1721.3	-0.1	4.8	CRB Index	191.6	0.94	-0.5
Dow Jones Ind.	23526.2	-0.3	19.0	WTI oil (\$/bbl)	58.0	2.20	7.9
S&P 500	2597.1	-0.1	16.0	Brent oil (\$/bbl)	63.6	0.36	11.8
FTSE 100	7417.2	0.0	3.8	Gold (S/oz)	1291.3	-0.10	8.1
Shanghai	3351.9	-2.3	8.0	CPO (RM/tonne)	2544.5	-0.64	-20.5
Hang Seng	29707.9	-1.0	35.0	Copper (\$/tonne)	6954.0	0.65	25.6
STI	3423.2	-0.2	18.8	Rubber (sen/kg)	458.0	0.77	-29.0

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
EU PMI manufacturing	Nov P	60.0	58.5	58.2
EU PMI services	Nov P	56.2	55.0	55.2
UK GDP QOQ	3Q P	0.4%	0.3%	0.4%
UK index of services	Sept	0.1%	0.1%	0.2%
SG CPI YOY	Oct	0.4%	0.4%	0.5%
NZ trade balance (NZD)	Oct	-871m	-1156m	-760m

Source: Bloomberg

- ECB minutes offered little new insights and stopped short of infusing fresh catalysts to the markets. It showed numerous options were put on the table for discussion at the last meeting before policy makers decided on halving the QE size to €30bn and to extend it for another nine months beginning next January. The minutes also revealed policy maker's concern over unwarranted speculation on further extension on the QE programme come next year, which the central bank sees as not justifiable at the current juncture in the absence of major new shocks. The decision was "in line with market expectations' and hence "unlikely to trigger significant movements in financial prices". Similar to the Fed, there were discussions to replace reference made to inflation outlook to a broader dimension when deciding on monetary policy stance in the future.
- PMI readings in the Eurozone surprised on the upside in November, with both the manufacturing and services indices recorded higher prints of 60.0 and 56.2 respectively. The index showed manufacturing was expanding at its fastest pace in 17 years, spurred by a jump in new orders. Services activities also expanded at its best pace in six months, all reaffirming improving growth prospects of the euro region.
- The UK economy grew at a slightly faster pace of 0.4% QOQ in 3Q (2Q: +0.3%), as quicker expansions in household and government spending was negated by slower investment growth and decline in net exports. Private consumption grew more than expected by 0.6% QOQ (2Q: +0.2%) while investment spending slowed more than expected to 0.2% QOQ (2Q: +0.6%). Despite the slight uptick, overall growth outlook remained cloudy on Brexit uncertainties and the Office of Budget Responsibility has downgraded this year's growth forecast from 2.0% to 1.5% earlier this week. In a separate release, index of services maintained a 0.1% MOM increase in September, reflecting little change in momentum in the services sectors.
- Singapore CPI held steady at 0.4% YOY for the 3rd consecutive month in October, while core CPI also stabilized at 1.5% YOY, suggesting lack of upside price pressure in the system. Bigger increase in food prices were negated by steeper fall in housing & utilities prices while prices of most other categories saw steady gains. Subdued inflation suggest there is no urgency for MAS to tighten even as growth outlook is turning more favourable.
- New Zealand trade deficit narrowed to NZD871m in October, as imports rose at a slower pace of 10.2% MOM vs the 20.8% MOM increase in exports as a result of higher shipment to China and Australia.

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	--
	11/27	New home sales MOM	Oct	-6.5%	18.9%	--
		Dallas Fed manufacturing	Nov	24.0	27.6	--
Japan	11/24	Nikkei PMI manufacturing	Nov P	--	52.8	--
		Leading index	Sept F	--	106.6	--
		Coincident index	Sept F	--	115.8	--
	11/27	PPI services YOY	Oct	--	0.9%	--
China	11/27	Industrial profits YOY	Oct	--	27.7%	--
Hong Kong	11/27	Exports YOY	Oct	--	9.4%	--
Singapore	11/24	Industrial production YOY	Oct	16.0%	14.6%	--
Vietnam	11/25-30	CPI YOY	Nov	--	2.98%	--
		Retail sales YTD YOY	Nov	--	10.7%	--
		Exports YTD YOY	Nov	--	20.7%	--
		Industrial production YOY	Nov	--	17.0%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1851	0.25	1.1856	1.1813	12.7
USDJPY	111.22	0.00	111.38	111.07	-4.8
GBPUSD	1.3309	-0.12	1.3337	1.3285	7.8
AUDUSD	0.7625	0.11	0.7639	0.7604	5.8
EURGBP	0.8905	0.38	0.8912	0.8868	4.3
USDMYR	4.1080	-0.08	4.1215	4.0965	-8.4
EURMYR	4.8649	0.65	4.8786	4.8398	3.1
JPYMYR	3.6906	0.61	3.7057	3.6826	-3.7
GBPMYR	5.4663	0.34	5.4908	5.4547	-0.9
SGDMYR	3.0515	0.37	3.0575	3.0407	-1.6
AUDMYR	3.1326	0.79	3.1417	3.1171	-3.3
NZDMYR	2.8319	0.84	2.8367	2.8141	-9.3

Source: Bloomberg

Forex

MYR

- **MYR managed to overturn an early rally in USD to close 0.08% firmer at 4.1080** but fell against other G10s that also rallied on a soft greenback.
- **We are slightly bearish on MYR against USD** as buying interest is likely to wane going into the weekend; however, expect a strong MYR rally should Malaysia CPI bets expectations. USDMYR appears to have initiated an attempt at rebound yesterday; expect this attempt to sustain while above 4.1085, with scope to climb to as high as 4.1458 in the coming week.

USD

- **USD slipped against 7 G10s** while the Dollar Index eased 0.11% to 93.12 amid the absence of buying support from closed US markets.
- **Expect a bullish USD** today as buying interest is likely to return on re-opening of US markets; upsides will accelerate if US data outperforms. The Dollar Index appears to have found support at 93.08 and we suspect this level could trigger a bounce higher. Rebound is likely capped by 93.56 before tilting lower thereafter.

EUR

- **EUR climbed 0.25% to 1.1851 against a soft USD** and advanced against 8 G10s, lifted by stronger than expected Eurozone PMIs.
- **We turn bearish on EUR against a USD that has potential to rebound.** There remains potential for EURUSD to climb to 1.1858 – 1.1886 going forward, but we stay skeptical that the pair can gain further ground beyond this range. A rejection by this range will set a course for 1.1760.

GBP

- **GBP fell against 9 G10s and slipped 0.12% to 1.3309 against USD** as it lost support from refuge demand as European majors rebounded, also on residual downside pressure from a soft UK outlook going forward.
- **Stay slightly bearish on GBP against USD** as pressure from softer UK could still weigh on GBP. Despite current decline, technical viewpoint suggests GBPUSD is likely to close above 1.3325 by Tue, otherwise the technical landscape will turn less optimistic.

JPY

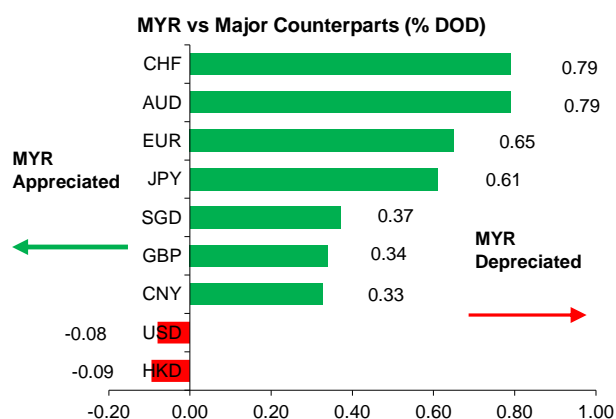
- **JPY retreated against 7 G10s** as demand for higher yielding assets rebounded, but was **unchanged against USD at 111.22**.
- **Maintain a bullish JPY view against a soft USD** as refuge demand is likely to still prevail going into the weekend. USDJPY is still poised to break below 111.03, below which it would target 110.44.

AUD

- **AUD rose 0.11% to 0.7625 against a soft USD** but ended lower against 5 G10s that were mostly European and commodity majors.
- **Stay bullish on AUD against a soft USD**, though gains may be toned down by softer risk sentiment in the markets. Holding above 0.7603 on top of rising upside momentum will continue to support AUDUSD. The pair is targeting 0.7672 next but direction thereafter is less certain at this juncture.

SGD

- **SGD was supported by a firmer Singapore outlook** as it beat 6 G10s and **strengthened 0.13% to 1.3454 against USD**.
- **A slightly bullish view persists in SGD against a weak USD** though gains are likely marginal given soft risk appetite in the markets. USDSGD continues to target 1.3425 next, but given reversion level at 1.3511, we suspect USDSGD may not linger below it for long.



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