

Global Markets Research

Daily Market Highlights

Key Takeaways

- **PMI readings showed US manufacturing and services activities lost some steam in November, signaling growth momentum is turning a tad softer albeit still decent going into 4Q.** Services PMI slipped to its lowest in four months while manufacturing moderated from a 9-month high. **Leading indicators also showed the Japan economy is softening ahead** even though current conditions continued to show sustained strength. **Singapore industrial production picked up at a lesser than expected pace in November** as stronger gains in electronics and chemicals were negated by a decline in biomedical output.
- **Back home, October CPI tapered off for the first time in three months, rising 3.7% YOY in October** after picking up to 4.3% in Sept. The slowdown was due to a more moderate growth in cost of food (Oct: +4.4% vs Sept: +4.6%) and transport prices (Oct: +12.1% vs Sept: +15.8%). Expect further moderation in CPI in the next few months on waning base effect especially from the food and transport categories.
- **USD fell against 7 G10s** and the Dollar Index tumbled in US session to close 0.47% lower at 92.78 amid softer than expected PMIs that further dampened odds of post-Dec rate hike. **We are now bearish on USD** amid risk aversion ahead of speeches by several Fed officials that could potentially echo the less hawkish tone of Yellen. The Dollar Index broke below 93.08 and is now poised to test 92.59. Bearish bias prevails and if 92.59 is broken, the Dollar Index is likely to head to 91.98.
- **MYR pulled back 0.2% to 4.1163 against USD** after recent run of gains and slipped against 8 G10s as there was no further catalyst to boost buying interest. **Stay slightly bearish on MYR against USD** as buying interest continues to wane in the absence of any positive catalysts. USDMYR is likely to sustain the rebound while above 4.1085, with scope to climb to as high as 4.1458 in the coming weeks. Losses cannot be ruled out but will likely be supported by 4.1100.
- **SGD was similarly uninspired by firmer equities as it dipped 0.01% to 1.3456 against USD** and fell against 6 G10s. **A slightly bullish view persists in SGD against a weak USD.** 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

Malaysia
US
Japan
Singapore



What's Coming Up Next

Major Data

- US new home sales and Dallas Fed manufacturing
- Japan PPI services
- China industrial profits
- Hong Kong exports
- Vietnam CPI, retail sales, exports, industrial production

Major Events








- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1886	1.1900	1.1923	1.1965	1.1985	↗
USDJPY	111.03	111.30	111.60	111.90	112.29	↗
GBPUSD	1.3285	1.3300	1.3325	1.3350	1.3366	↗
AUDUSD	0.7585	0.7603	0.7613	0.7632	0.7650	↗
EURGBP	0.8923	0.8935	0.8946	0.8960	0.8974	↗
USDMYR	4.1112	4.1120	4.1163	4.1230	4.1312	↗
EURMYR	4.8991	4.9030	4.9076	4.9156	4.9225	↗
JPYMYR	3.6826	3.6856	3.6895	3.6936	3.6999	↘
GBPMYR	5.4736	5.4825	5.4861	5.4908	5.4974	↗
SGDMYR	3.0517	3.0550	3.0563	3.0588	3.0605	↗
AUDMYR	3.1250	3.1286	3.1335	3.1381	3.1414	↗
NZDMYR	2.8200	2.8253	2.8299	2.8330	2.8359	↗
USDSGD	1.3400	1.3420	1.3468	1.3466	1.3487	↘
EURSGD	1.6000	1.6033	1.6057	1.6076	1.6100	↗
GBPSGD	1.7909	1.7919	1.7950	1.7961	1.7984	↗
AUDSGD	1.0200	1.0225	1.0252	1.0268	1.0278	↘

*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	1717.2		-0.2	CRB Index	192.2	0.32	-0.2
Dow Jones Ind.	23558.0		0.1	WTI oil (\$/bbl)	58.9	1.52	9.6
S&P 500	2602.4		0.2	Brent oil (\$/bbl)	63.8	-0.17	12.2
FTSE 100	7409.6		-0.1	Gold (\$/oz)	1288.4	-0.20	10.8
Shanghai	3353.8		0.1	CPO (RM/tonne)	2527.5	-0.67	-21.0
Hang Seng	29866.3		0.5	Copper (\$/tonne)	7002.0	0.56	26.5
STI	3442.2		0.6	Rubber (sen/kg)	473.0	3.28	-26.7

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY CPI YOY	Oct	3.7%	4.3%	4.1%
US PMI manufacturing	Nov P	53.8	54.6	55.0
US PMI services	Nov P	54.7	55.3	55.3
JP Nikkei PMI manufacturing	Nov P	53.8	52.8	--
JP leading index	Sept F	106.4	106.6	--
JP coincident index	Sept F	116.2	115.8	--
SG industrial production YOY	Oct	14.6%	14.2%	16.0%

Source: Bloomberg

- The set of Nov PMI estimates that came out of the US showed slower growth in services and manufacturing sectors. The services PMI dipped to 4-month low of 54.7 from 55.3, but new orders and employment continue to grow at quicker paces. The manufacturing PMI fell to 53.8 from 54.6 though still remaining at a decent level after retreating from 9-month high.
- Japan's leading index, a gauge of future economic trend, was downwardly revised to 106.4 from 106.6 in Sept final report, which is lower than 107.2 in Aug. Meanwhile, coincident index was upwardly revised to 116.2 from 115.8, which is still decline from 117.7 in Aug. Both measures a mixture of indicators such as industrial production, orders of durable consumer goods, retail sales value, job offers, machinery orders and consumer confidence, among others; they have been trending higher since May 2016. A separate report showed the manufacturing PMI climbed to 53.8 in Nov estimate, up from 52.8 in Oct. The quicker growth in Nov was attributed firmer expansion in output, new orders, new export orders and employment.
- Industrial production of Singapore missed estimates but nonetheless surged 14.6% YOY in Oct, picking up slightly from 14.4% in Sept. Production was led by stronger gains in output of electronics (Oct: +45.1% vs Sept: +33.1%) and chemicals (Oct: +15.0% vs Sept: +9.7%), both of which offset the sharp decline in biomedical output (Oct: -24.2% vs Sept: +8.3%).
- Malaysia's consumer prices eased in Oct, rising 3.7% YOY after picking up to 4.3% in Sept. The slowdown was due to a more moderate growth in cost of food (Oct: +4.4% vs Sept: +4.6%) and transport prices (Oct: +12.1% vs Sept: +15.8%), while cost of housing / utilities / fuel steadied (Oct: +2.4% vs Sept: +2.4%).

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	11/27	New home sales MOM	Oct	-6.5%	18.9%	--
		Dallas Fed manufacturing	Nov	24.0	27.6	--
	11/28	Wholesale inventories MOM	Oct	0.4%	0.3%	--
		S&P CoreLogic house prices YOY	Sept	6.00%	5.92%	--
		Conference Board consumer confidence	Nov	123.5	125.9	--
		Richmond Fed manufacturing	Nov	14	12	--
EU	11/28	OECD economic outlook				
UK	11/28-12/03	Nationwide house prices YOY	Nov	--	2.5%	--
Japan	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%	--
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%	--

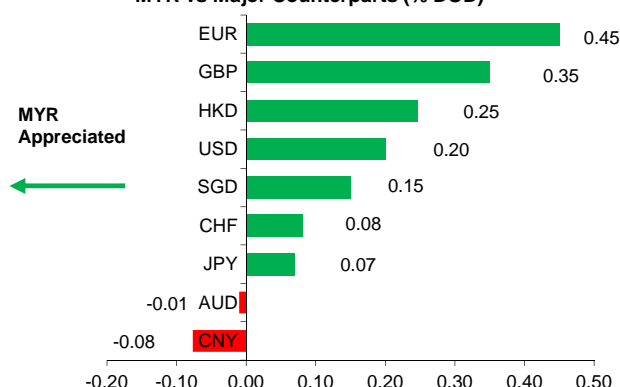
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1933	0.69	1.1944	1.1837	13.4
USDJPY	111.53	0.28	111.62	111.20	-4.5
GBPUSD	1.3337	0.21	1.336	1.3279	8.0
AUDUSD	0.7617	-0.10	0.7632	0.7607	5.6
EURGBP	0.8947	0.47	0.8962	0.8893	4.9
USDMYR	4.1163	0.20	4.1230	4.0975	-8.2
EURMYR	4.8868	0.45	4.8887	4.8626	3.5
JPYMYR	3.6933	0.07	3.7020	3.6852	-3.6
GBPMYR	5.4855	0.35	5.4907	5.4592	-0.5
SGDMYR	3.0562	0.15	3.0626	3.0498	-1.4
AUDMYR	3.1322	-0.01	3.1421	3.1286	-3.3
NZDMYR	2.8293	-0.09	2.8403	2.8253	-9.3

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR pulled back 0.2% to 4.1163 against USD** after recent run of gains and slipped against 8 G10s as there was no further catalyst to boost buying interest.
- **Stay slightly bearish on MYR against USD** as buying interest continues to wane in the absence of any positive catalysts. USDMYR is likely to sustain the rebound while above 4.1085, with scope to climb to as high as 4.1458 in the coming weeks. Losses cannot be ruled out but will likely be supported by 4.1100.

USD

- **USD fell against 7 G10s** and the Dollar Index tumbled in US session to close 0.47% lower at 92.78 amid softer than expected PMIs that further dampened odds of post-Dec rate hike.
- **We are now bearish on USD** amid risk aversion ahead of speeches by several Fed officials that could potentially echo the less hawkish tone of Yellen. The Dollar Index broke below 93.08 and is now poised to test 92.59. Bearish bias prevails and if 92.59 is broken, the Dollar Index is likely to head to 91.98.

EUR

- **EUR rallied 0.69% to 1.1933 against a weak USD** and climbed to the top of the G10 list on the back of firmer risk sentiment.
- **Expect a bullish EUR to prevail on the back of a weak USD.** Bullish bias has increased after breaking through strong resistances at 1.1858 and 1.1886. EURUSD is now exposed to a move to 1.1965, above which 1.2000 is poised to be broken.

GBP

- **GBP beat 5 G10s and rose 0.21% to 1.3337 against a weak USD.**
- **We turn bullish on GBP on the back of extended weakness in USD.** GBPUSD remains tilted upwards, with potential to advance to 1.3366 in the next leg higher. Declines cannot be ruled out after recent strong advances but likely to remain above 1.3309 in the coming days.

JPY

- **JPY weakened 0.28% to 111.53 against USD** and fell against all G10s as risk appetite improved.
- **We now turn bearish on JPY against USD** in anticipation of further rebound in market sentiment that dampens demand for refuge. USDJPY appears to have bounced off 111.03 and may be heading to 111.90. We are skeptical if USDJPY could break this level.

AUD

- **AUD failed to shine despite firmer equities and commodities, sliding against 7 G10s and slipping 0.1% to 0.7617 against USD.**
- **Stay bullish on AUD in anticipation of further USD weakness,** supported by firmer risk appetite 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 similarly uninspired by firmer equities as it **dipped 0.01% to 1.3456 against USD** and fell against 6 G10s.
- **A slightly bullish view persists in SGD against a weak USD.** 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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