

Global Markets Research

Daily Market Highlights

Key Takeaways

- Despite the sharp deceleration in October a downwardly revised September sales data, the **surprised increase in new home sales to a 10-year high continued to reinforce expectations of a December Fed rate hike. Fed Kaplan also maintained his stance for an interest rate hike next month and also more hikes going into 2018** although he caution that monetary accommodation should be removed in a gradual and patient manner.
- **In Asia, PPI services confirmed there were still no signs of any pick-up in inflationary pressure.** PPI services eased off to 0.8% YOY in October from 0.9% YOY a month ago. **Over in China, growth in industrial profits moderated** but remained hefty nonetheless, spurred by improved efficiency and sustained sales. Meanwhile, **exports grew at a slower pace in Hong Kong**, as demand from major destinations namely China and the US softened.
- **USD rebounded to beat 8 G10s** while the Dollar Index bounced off session low to close 0.13% higher at 92.90 on improved sentiment over tax reform plan. **Stay bearish on USD** amid risk aversion ahead of speeches by several Fed officials that could potentially echo the less hawkish tone of Yellen. Bearish bias still prevails and this continues to put pressure on the Dollar Index that is still predisposed to a drop to 92.59. Caution that a drop below this level exposes a move to 91.98.
- **MYR managed to overturn a weaker opening to close 0.06% firmer at 4.1140 against USD** but was down against 7 G10s. **Stay slightly bearish on MYR against USD** on the back of rising risk aversion in the markets. We maintain that 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 dipped 0.02% to 1.3459 against USD** but advanced against 8 G10s. **We turn bearish on SGD against USD** in anticipation of rising risk aversion in the markets. USDSGD is showing signs of a rebound after bouncing off 1.3435 and could be heading back above 1.3511 in the next leg higher.

Overnight Economic Data

US
Japan
China
Hong Kong



What's Coming Up Next

Major Data

- US wholesale inventories, S&P CoreLogic house price, Conference Board consumer confidence, Richmond Fed manufacturing

Major Events

- OECD economic outlook

Daily Supports – Resistances (spot prices)*

| | S2 | S1 | Indicative | R1 | R2 | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1877 | 1.1886 | 1.1923 | 1.1965 | 1.1985 | ↗ |
| USDJPY | 110.71 | 111.03 | 111.12 | 111.36 | 111.78 | ↘ |
| GBPUSD | 1.3289 | 1.3300 | 1.3324 | 1.3337 | 1.3350 | ↘ |
| AUDUSD | 0.7572 | 0.7588 | 0.7604 | 0.7610 | 0.7629 | ↘ |
| EURGBP | 0.8917 | 0.8924 | 0.8933 | 0.8937 | 0.8950 | ↗ |
| USDMYR | 4.1112 | 4.1120 | 4.1147 | 4.1185 | 4.1200 | ↗ |
| EURMYR | 4.8917 | 4.8980 | 4.9001 | 4.9030 | 4.9116 | ↗ |
| JPYMYR | 3.6987 | 3.7000 | 3.7074 | 3.7103 | 3.7175 | ↗ |
| GBPMYR | 5.4766 | 5.4817 | 5.4836 | 5.4862 | 5.4890 | ↗ |
| SGDMYR | 3.0517 | 3.0546 | 3.0567 | 3.0580 | 3.0602 | ↗ |
| AUDMYR | 3.1200 | 3.1255 | 3.1298 | 3.1360 | 3.1424 | ↗ |
| NZDMYR | 2.8389 | 2.8426 | 2.8478 | 2.8508 | 2.8600 | ↗ |
| USDSGD | 1.3434 | 1.3451 | 1.3463 | 1.3467 | 1.3477 | ↗ |
| EURSGD | 1.6000 | 1.6026 | 1.6031 | 1.6053 | 1.6083 | ↗ |
| GBPSGD | 1.7917 | 1.7929 | 1.7941 | 1.7966 | 1.7984 | ↘ |
| AUDSGD | 1.0200 | 1.0225 | 1.0242 | 1.0255 | 1.0269 | ↘ |

*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 | 1719.9 | 0.2 | 4.8 | CRB Index | 191.6 | -0.31 | -0.5 |
| Dow Jones Ind. | 23580.8 | 0.1 | 19.3 | WTI oil (\$/bbl) | 58.1 | -1.26 | 8.2 |
| S&P 500 | 2601.4 | 0.0 | 16.2 | Brent oil (\$/bbl) | 63.8 | -0.03 | 12.4 |
| FTSE 100 | 7383.9 | -0.3 | 3.4 | Gold (\$/oz) | 1288.4 | -0.20 | 10.8 |
| Shanghai | 3322.2 | -0.9 | 7.0 | CPO (RM/tonne) | 2535.5 | 0.32 | -20.7 |
| Hang Seng | 29686.2 | -0.6 | 34.9 | Copper (\$/tonne) | 7002.0 | 0.56 | 26.5 |
| STI | 3436.4 | -0.2 | 19.3 | Rubber (sen/kg) | 475.0 | 0.42 | -26.4 |

Source: Bloomberg

➤ Macroeconomics

Economic Data

| | For | Actual | Last | Survey |
|-----------------------------|-----|--------|-------|--------|
| US new home sales MOM | Oct | 6.2% | 14.2% | -6.5% |
| US Dallas Fed manufacturing | Nov | 19.4 | 27.6 | 24.0 |
| JP PPI services YOY | Oct | 0.8% | 0.9% | -- |
| CH industrial profits YOY | Oct | 25.1% | 27.7% | -- |
| HK exports YOY | Oct | 6.7% | 9.4% | -- |

Source: Bloomberg

- The US churned another set of softer data. New home sales grew more moderately by 6.2% MOM in Oct, easing from a strong 14.5% in the preceding month but nonetheless bested estimates of a 6.5% decline. Manufacturing activity in Dallas cooled in Nov as indicated by the Dallas Fed index that fell to 19.4 from 27.6 in Oct.
- Hong Kong's exports growth moderated further in Oct to its slowest in 5 months. Exports grew 6.7% YOY from 9.4% in Sept amid easier demand from major buyers namely China (Oct: +6.4% vs Sept: +7.5%), the US (Oct: +0.2% vs Sept: +4.1%) and Japan (Oct: +14.8% vs Sept: +18.1%) though surging shipments to India (Oct: +36.5% vs Sept: +30.8%) helped cushion the headline figure. Imports grew 7.9% in Oct, softer than 9.7% in Sept while the trade deficit narrowed slightly to HK\$ 44.0b from a shortfall of HK\$ 44.7b.
- Still no sign of pick-up in inflationary pressure in Japan as producer prices in the services sector eased to 0.8% YOY in Oct, dipping from 0.9% previously. Prices continue to decline in finance & insurance sector (Oct: -0.1% vs Sept: -0.1%), negating the mild pick-up in both real estate (Oct: +1.5% vs Sept: +1.4%) and transportation (Oct: +1.7% vs Sept: +1.5%).
- Profits of China's industrial enterprises eased in Oct but remained robust, rising 25.1% YOY from 27.7% in Sept.

Economic Calendar Release Date

| Country | Date | Event | Reporting Period | Survey | Prior | Revised |
|---------|-------------|--------------------------------------|------------------|--------|-------|---------|
| US | 11/28 | Wholesale inventories MOM | Oct | 0.4% | 0.3% | -- |
| | | S&P CoreLogic house prices YOY | Sept | 6.04% | 5.92% | -- |
| | | Conference Board consumer confidence | Nov | 124.0 | 125.9 | -- |
| | | Richmond Fed manufacturing | Nov | 14 | 12 | -- |
| | 11/29 | MBA mortgage applications | Nov 24 | -- | 0.1% | -- |
| EU | 11/28 | GDP QOQ | 3Q S | 3.2% | 3.0% | -- |
| | | OECD economic outlook | | | | |
| | | Economic confidence | Nov | 114.6 | 114.0 | -- |
| | | Biz climate indicator | Nov | 1.51 | 1.44 | -- |
| | 11/29 | Consumer confidence | Nov F | 0.1 | 0.1 | -- |
| UK | 11/28–12/03 | Nationwide house prices YOY | Nov | 2.6% | 2.5% | -- |
| | 11/29 | Net consumer credit | Oct | 1.5b | 1.6b | -- |
| | | Mortgage approvals | Oct | 65.0k | 66.2k | -- |
| Japan | 11/29 | Retail sales MOM | Oct | 0.2% | 0.8% | -- |
| | | Retail trade YOY | Oct | 0.2% | 2.2% | 2.3% |
| | | Dept store supermarket sales | Oct | -0.8% | 1.9% | -- |
| Vietnam | 11/28-30 | CPI YOY | Nov | 2.80% | 2.98% | -- |
| | | Retail sales YTD YOY | Nov | -- | 10.7% | -- |
| | | Exports YTD YOY | Nov | 21.4% | 20.7% | -- |
| | | Industrial production YOY | Nov | -- | 17.0% | -- |

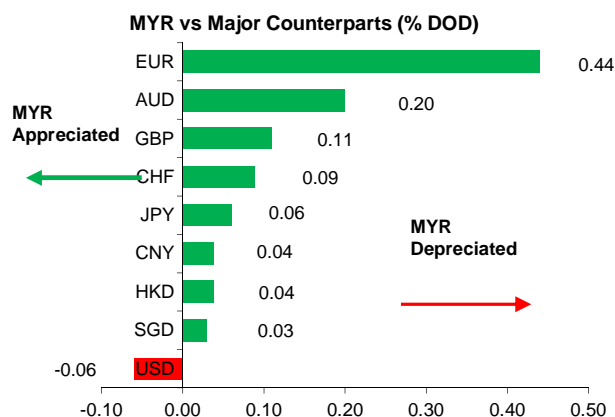
Source: Bloomberg

Forex

FX Table

| Name | Last Price | DoD % | High | Low | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.1898 | -0.29 | 1.1961 | 1.1896 | 13.2 |
| USDJPY | 111.09 | -0.39 | 111.69 | 110.84 | -5.0 |
| GBPUSD | 1.3318 | -0.14 | 1.3383 | 1.3310 | 7.9 |
| AUDUSD | 0.7602 | -0.20 | 0.7645 | 0.7593 | 5.5 |
| EURGBP | 0.8934 | -0.15 | 0.8967 | 0.8925 | 4.7 |
| USDMYR | 4.1140 | -0.06 | 4.1182 | 4.1125 | -8.3 |
| EURMYR | 4.9082 | 0.44 | 4.9185 | 4.9012 | 3.9 |
| JPYMYR | 3.6954 | 0.06 | 3.7017 | 3.6853 | -3.6 |
| GBPMYR | 5.4915 | 0.11 | 5.4947 | 5.4766 | -0.4 |
| SGDMYR | 3.0571 | 0.03 | 3.0596 | 3.0546 | -1.4 |
| AUDMYR | 3.1384 | 0.20 | 3.1398 | 3.1255 | -3.1 |
| NZDMYR | 2.8340 | 0.17 | 2.8375 | 2.8213 | -9.1 |

Source: Bloomberg



MYR

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USD

- **USD rebounded to beat 8 G10s** while the Dollar Index bounced off session low to close 0.13% higher at 92.90 on improved sentiment over tax reform plan.
- **Stay bearish on USD** amid risk aversion ahead of speeches by several Fed officials that could potentially echo the less hawkish tone of Yellen. Bearish bias still prevails and this continues to put pressure on the Dollar Index that is still predisposed to a drop to 92.59. Caution that a drop below this level exposes a move to 91.98.

EUR

- **EUR slipped 0.29% to 1.1898 against a rebounding USD** and retreated against 7 G10s as risk sentiment dimmed in European session.
- **Stay bullish on EUR against a soft USD.** Bullish bias persists in EURUSD while above 1.1886, and the pair remains exposed to a climb to circa 1.1952 – 1.1965. Caution that risk of rejection increases as EURUSD approaches 1.2000.

GBP

- **GBP eased 0.14% to 1.3318 against a rebounding USD** but managed to beat 7 G10s amid firmer demand on weakness in European majors.
- **We are again bearish on GBP against USD** in anticipation of risk aversion ahead of speeches by BOE officials. Technical viewpoint suggests that a mild weakness has emerged, and that price action is unlikely to challenge the highs of the last 2 days. This hints at GBPUSD unable to advance much further.

JPY

- **JPY beat 9 G10s and strengthened 0.39% to 111.09 against USD** on the back of revival in refuge demand as European majors slipped.
- **JPY is now bullish in our view against USD** amid rising risk-off in the markets ahead of various speeches by Fed officials. USDJPY is likely to extend its bounce off 111.03 and head to 111.90 in the next leg higher. Unless the pair manages to close below 110.67, bearish bias are expected to diminish going forward.

AUD

- **AUD climbed against 6 G10s** but was weighed down by softer commodities as it fell 0.2% to 0.7602 against USD.
- **We turn bearish on AUD against USD** amid signs of weakness in commodities, particularly metals and risk aversion in the markets. AUDUSD's attempt at rebound has ended after another rejection near 0.7645. The pair is now tilted to the downside; breaking below 0.7600 will trigger further drop to circa 0.7572.

SGD

- **SGD dipped 0.02% to 1.3459 against USD** but advanced against 8 G10s.
- **We turn bearish on SGD against USD** in anticipation of rising risk aversion in the markets. USDSGD is showing signs of a rebound after bouncing off 1.3435 and could be heading back above 1.3511 in the next leg higher.

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