

Global Markets Research

Daily Market Highlights

Key Takeaways

- The Fed Beige Book and second estimate of 3Q GDP growth reinforced expectations that recovery in the US economy remains firm. The Beige Book revealed that there is a slight improvement in the outlook and that all 12 districts have maintained modest to moderate growth pace. What's eye-catching is suggestion that inflationary pressures, a longstanding bane on the Fed monetary policy decision, are strengthening in the past month. The US economy expanded at a faster than initially estimated pace of 3.3% QOQ in 3Q (first estimate +3.0%), picking up from the 3.1% QOQ increase in 2Q, thanks to quicker gain in private investment and slightly higher contribution from net exports which offset slower increase in private consumption.
- Over in the Eurozone, sentiments continued to improve along with the brighter macroeconomic landscape. Economic confidence surged to a 17-year high while consumer confidence turned positive for the first time since 2001. Latest data showed momentum in the Vietnamese economy remained firm but still fragile in Japan. The housing market remained on the soft side in the US, UK and New Zealand.
- **USD climbed against 7 G10s** on a few positive catalysts such as optimism over imminent approval of US tax reform bill and upward revision to US 3Q GDP. However, the Dollar Index lost 0.11% to 93.16, pressured by sharp rally in GBP. **Expect a bullish USD**, supported by optimism over US tax reform bill and potential for further US data upsides. The Dollar Index remains tilted to the upside while above 93.08. It would likely trend higher to circa 94.04 – 94.17 before peaking, forming a bearish pattern thereafter that could potentially trigger losses to circa 91.50.
- **MYR again rallied strongly in Asian afternoon to advance 0.51% to 4.0817 against USD** and strengthen against 8 G10s amid inflow into local assets as markets continue to bet on continued appreciation in the local unit. **We continue to expect a slightly bearish MYR today against USD** as buying interest is likely to be dampened by close in Malaysian market for a holiday tomorrow while awaiting outcome of US tax reform bill. There is much less chance of a rebound now that USDMYR has broken below crucial psychological level at 4.1000. USDMYR could still climb higher on technical rebound before sliding lower thereafter.
- **SGD** was supported by firmer equities to beat 6 G10s but **slipped 0.07% to 1.3470 against a firmer USD**. **SGD is still bearish against a firm USD**. USDSGD is still rebounding from recent slump and is likely targeting a climb above 1.3511. Losses will likely be supported by 1.3450.

Overnight Economic Data

US	➔
EU	➔
UK	➔
Japan	➔
Vietnam	➔

What's Coming Up Next

Major Data

- US initial jobless claims, personal income and spending, PCE core and Chicago PMI
- EU unemployment rate and CPI estimate
- UK Nationwide house prices & GfK consumer confidence
- Japan housing starts and construction orders
- China manufacturing and services PMIs
- Hong Kong retail sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1806	1.1837	1.1854	1.1865	1.1883	➔
USDJPY	111.67	111.90	112.09	112.48	112.79	➔
GBPUSD	1.3387	1.3400	1.3412	1.3426	1.3448	➔
AUDUSD	0.7535	0.7550	0.7573	0.7576	0.7588	➔
EURGBP	0.8811	0.8824	0.8837	0.8847	0.8856	➔
USDMYR	4.0800	4.0820	4.0865	4.0885	4.0900	➔
EURMYR	4.8334	4.8400	4.8438	4.8484	4.8500	➔
JPYMYR	3.6350	3.6400	3.6452	3.6500	3.6583	➔
GBPMYR	5.4686	5.4744	5.4804	5.4835	5.4908	➔
SGDMYR	3.0248	3.0300	3.0326	3.0345	3.0392	➔
AUDMYR	3.0850	3.0900	3.0916	3.0945	3.0980	➔
NZDMYR	2.7850	2.7900	2.7941	2.8000	2.8056	➔
USDSGD	1.3450	1.3467	1.3475	1.3487	1.3500	➔
EURSGD	1.5935	1.5961	1.5973	1.5981	1.6000	➔
GBPSGD	1.8015	1.8045	1.8072	1.8080	1.8120	➔
AUDSGD	1.0150	1.0176	1.0195	1.0211	1.0228	➔

*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	1720.4	0.3	4.8	CRB Index	190.9	-0.16	-0.8
Dow Jones Ind.	23940.7	0.4	21.1	WTI oil (\$/bbl)	57.3	-1.19	6.7
S&P 500	2626.1	0.0	17.3	Brent oil (\$/bbl)	63.1	-0.79	11.1
FTSE 100	7393.6	-0.9	3.5	Gold (\$/oz)	1283.9	-0.80	8.1
Shanghai	3337.9	0.1	7.5	CPO (RM/tonne)	2478.5	-0.46	-22.5
Hang Seng	29623.8	-0.2	34.7	Copper (\$/tonne)	6805.0	-1.97	22.9
STI	3439.0	-0.1	19.4	Rubber (sen/kg)	476.5	-1.24	-26.1

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US MBA mortgage applications	Nov 24	-3.1%	0.1%	--
US GDP QOQ	3Q S	3.3%	3.0%	3.2%
US pending home sales MOM	Oct	3.5%	-0.4%	1.0%
EU economic confidence	Nov	114.6	114.1	114.6
EU biz climate indicator	Nov	1.49	1.44	1.51
EU consumer confidence	Nov	0.1	0.1	0.1
UK net consumer credit	Oct	£1.5b	£1.5b	£1.5b
UK mortgage approvals	Oct	64.6k	66.1k	65.0k
JP industrial production MOM	Oct P	0.5%	-1.0%	1.8%
VN CPI YOY	Nov	2.62%	2.98%	2.80%
VN retail sales YTD YOY	Nov	10.7%	10.7%	--
VN exports YTD YOY	Nov	21.1%	20.7%	21.4%
VN industrial production YOY	Nov	17.2%	17.0%	--
NZ building permits MOM	Oct	-9.6%	-2.5%	--

Source: Bloomberg

➤ Macroeconomics

- The Fed Beige Book and second estimate of 3Q GDP growth reinforced expectations that recovery in the US economy remains firm. The Beige Book revealed that there is a slight improvement in the outlook and that all 12 districts reported to have maintained modest to moderate growth pace. What's eye-catching is suggestion that inflationary pressures, a longstanding bane on the Fed monetary policy decision, are strengthening in the past month.
- Before the Beige Book release, report showed the US economy expanded at a faster than initially estimated pace of 3.3% QOQ in 3Q (first estimate +3.0%), picking up from the 3.1% QOQ increase in 2Q. Quicker gain in private investment (+7.3% vs 2Q's +3.9%) and slightly higher contribution from net exports offset slower increase in private consumption (+2.3% vs 2Q's +3.3%). The sharp deceleration in consumer spending, which is the main pillar of the US economy, spells risks to the US economy going forward. YOY, growth picked up a notch to 2.3% and averaged 2.2% in the first three quarters, suggesting full year growth will likely settle at the lower end of 2.0% as expected. Other releases on housing market were mixed, with pending home sales rebounded more than expected to increase 3.5% MOM in October but MBA mortgage applications fell for the first time in four weeks, by 3.1% WOW dragged by back-to-back decline in refinancing.
- Over in the Eurozone, sentiments continued to improve along with the brighter macroeconomic landscape. Overall economic confidence rose to 114.6 in November as expected, its highest in 17 years while consumer confidence turned positive for the first time since 2001, bouncing up to 0.1 in November. Sentiments surrounding business climate also improved to its best level in a decade, at 1.49 in November.
- UK net consumer credit increased £1.5b in Oct, maintaining the same rise in Sept. Meanwhile, housing sector remains under pressure as mortgage approvals fell to 64.6k in Oct, lowest since Sept 2016 and down from 66.2k in Sept.
- Over in Asia, Japan industrial production rebounded albeit at a slower than expected pace of 0.5% MOM in October, as increases in capital and construction goods offset declines in consumer goods.
- Reports from Vietnam suggest that the economy continues to grow at a firm pace. Retail sales growth maintained its previous pace of 10.7% YTD YOY in Nov. Meanwhile, industrial production growth inched higher to 17.2% YOY in Nov from 17.0%, lifted by stronger expansion in manufacturing and electricity production, both of which offset declines in output of mining & quarrying. External demand also showed signs of robustness as exports increased 21.1% YTD YOY in Nov, ticking higher from 20.7% previously. Prices, however, unexpectedly eased; CPI grew 2.62% YOY in Nov, down from 2.98% on quicker decline in cost of food, while price increases of housing / construction materials and transport eased.
- Tracking recent weaknesses seen in housing data, New Zealand building permits extended its decline for the 2nd straight month in October, falling 9.6% MOM dragged by a fall in housing especially apartments. This marked its biggest fall since Feb-15 and added to signs of a soft housing market in New Zealand.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	12/01	Nikkei PMI	Nov	--	48.6	--
US	11/30	Initial jobless claims	Nov 25	240k	239k	--
		Personal income	Oct	0.3%	0.4%	--
		Personal spending	Oct	0.3%	1.0%	--
		PCE core YOY	Oct	1.4%	1.3%	--
		Chicago PMI	Nov	63.0	66.2	--
		PMI manufacturing	Nov F	--	--	--
EU	11/30	ISM manufacturing	Nov	58.3	58.7	--
		Construction spending	Oct	0.5%	0.3%	--
		Unemployment rate	Oct	8.9%	8.9%	--
		CPI estimate YOY	Nov	1.6%	1.4%	--
UK	12/01	PMI manufacturing	Nov F	--	--	--
	11/30	Nationwide house prices YOY	Nov	2.7%	2.5%	--
Japan	12/01	GfK consumer confidence	Nov	-11	-10	--
		PMI manufacturing	Nov	--	56.3	--
		Housing starts YOY	Oct	-2.8%	-2.9%	--
		Construction orders YOY	Oct	--	-11.6%	--
		Jobless rate	Oct	2.8%	2.8%	--
		Overall household spending YOY	Oct	0.1%	-0.3%	--
		National CPI YOY	Oct	0.3%	0.7%	--
China	11/30	Nikkei PMI manufacturing	Nov F	--	--	--
		Manufacturing PMI	Nov	51.5	51.6	--
		Non-manufacturing PMI	Nov	--	54.3	--
Hong Kong	11/30	Retail sales value YOY	Oct	4.9%	5.6%	--
Australia	11/30	HIA new home sales MOM	Oct	--	-6.1%	--
		Building approvals MOM	Oct	-1.0%	1.5%	--
New Zealand	12/01	AiG manufacturing index	Nov	--	51.1	--
	11/30	Building permits MOM	Oct	--	-2.3%	--
		ANZ business confidence	Nov	--	-10.1	--
		12/01	QV house prices YOY	Nov	--	3.9%

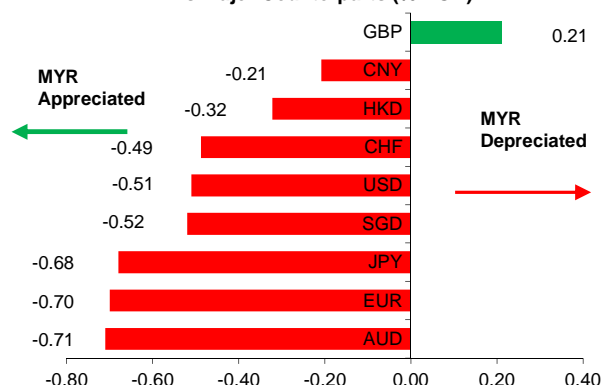
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1847	0.06	1.1883	1.1818	12.7
USDJPY	111.93	0.40	112.15	111.38	-4.2
GBPUSD	1.3409	0.52	1.3448	1.3339	8.7
AUDUSD	0.7570	-0.33	0.7608	0.7552	4.9
EURGBP	0.8835	-0.46	0.8878	0.8817	3.5
USDMYR	4.0817	-0.51	4.1093	4.0815	-8.9
EURMYR	4.8448	-0.70	4.8702	4.8429	2.5
JPYMYR	3.6623	-0.68	3.6881	3.6611	-4.8
GBPMYR	5.4694	0.21	5.4941	5.4671	-0.6
SGDMYR	3.0349	-0.52	3.0536	3.0345	-2.2
AUDMYR	3.0942	-0.71	3.1233	3.0937	-4.6
NZDMYR	2.8340	-0.57	2.8348	2.8190	-10.2

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR again rallied strongly in Asian afternoon to advance 0.51% to 4.0817 against USD** and strengthen against 8 G10s amid inflow into local assets as markets continue to bet on continued appreciation in the local unit.
- **We continue to expect a slightly bearish MYR today against USD** as buying interest is likely to be dampened by close in Malaysian market for a holiday tomorrow while awaiting outcome of US tax reform bill. There is much less chance of a rebound now that USDMYR has breached below crucial psychological level at 4.1000. USDMYR could still climb higher on technical rebound before sliding lower thereafter.

USD

- **USD climbed against 7 G10s** on a few positive catalysts such as optimism over imminent approval of US tax reform bill and upward revision to US 3Q GDP. However, the Dollar Index lost 0.11% to 93.16, pressured by sharp rally in GBP.
- **Expect a bullish USD**, supported by optimism over US tax reform bill and potential for further US data upsides. The Dollar Index remains tilted to the upside while above 93.08. It would likely trend higher to circa 94.04 – 94.17 before peaking, forming a bearish pattern thereafter that could potentially trigger losses to circa 91.50.

EUR

- **EUR inched 0.06% higher to 1.1847 against USD** and advanced against 7 G10s on firmer Eurozone data, also partially due to technical rebound.
- **EUR is bearish against USD** that is likely still buoyed by optimism over US tax plan and bullish potential from US data. EURUSD remains bearish while below 1.1883; there may be room for a technical rebound to circa 1.1933, but the pair will eventually slide lower from there and slide below 1.1840 going forward.

GBP

- **GBP again sat atop the G10 list and jumped 0.52% to 1.3409 against USD** on continued optimism over positive progress in Brexit negotiations.
- **Stay bullish on GBP against USD** on continued positive sentiment from progress in Brexit negotiations. Overnight rally and further rise in upside momentum have put GBPUSD towards the next hurdle at 1.3571. But we caution that after recent sharp rally, GBPUSD is at risk of a moderate retracement, possibly to circa 1.3292.

JPY

- **JPY tumbled against all G10s and weakened 0.4% to 111.93 against USD** on the back of extended retreat in risk appetite.
- **Stay bearish on JPY on the back of a rebounding USD** on top of continued retreat in demand for refuge. USDJPY expectedly broke 111.90, and is now exposed to a move to as high as 112.98. We continue to note that bullish move is an extension of a bearish pattern that could facilitate a drop to lower levels in the coming months.

AUD

- **AUD** was pressured by extended softness in metals as it fell against 7 G10s and **weakened 0.33% to 0.7570 against USD** even as risk appetite improved.
- **AUD is still bearish against a firm USD** amid extended weakness in commodities, particularly metals. Risks of rebound still exists, but capped by 0.7617 and will slide lower thereafter. AUDUSD has room to drop to circa 0.7535, but with the pair still deep in bearish territory, do not rule out a break at 0.7500.

SGD

- **SGD** was supported by firmer equities to beat 6 G10s but **slipped 0.07% to 1.3470 against a firmer USD**.
- **SGD is still bearish against a firm USD**. USDSGD is still rebounding from recent slump and is likely targeting a climb above 1.3511. Losses will likely be supported by 1.3450.

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