

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

➤ **Wall Street stocks ended Friday with meaningful gains as sentiments were boosted by positive headlines surrounding trade policy.** The US, Canada and China have also signed the new revised NAFTA Agreement during the G20 Summit. The Dow, S&P 500 and NASDAQ rose 0.79% (+199.6pts), 0.82% (+22.4pts) and 0.79% (+57.5pts) respectively. Bonds rallied ahead of the Xi-Trump meeting with the 10-year treasuries yield closing below 3.0% at 2.98% (-4bps). Crude oil pared early losses – WTI closed at \$50.93/barrel (-1.01%) while Brent ended at \$58.71/barrel (-1.34%).

➤ **Friday data releases were mixed.** US Chicago Business Barometer surged to 66.4 in November, lifted by revived order. Eurozone inflation eased to 2.0% YOY in November while UK Llyods Business Barometer rose to 24.0. Japan housing starts rebounded to increase 0.3% YOY but construction orders fell 16.5% YOY. **China official manufacturing PMI fell to 50.0 while non-manufacturing PMI also slipped further down to 53.4 in November.** Hong Kong retail sales bounced up by 5.9% YOY in October, thanks to improved sales across all major categories, potentially spurred by China golden week holiday. In line with the world, Australian manufacturing activities lost considerable momentum in November.

➤ **USD strengthened against 9 G10s** while the DXY jumped 0.51% to 97.27, lifted by risk aversion as markets turned more cautious going into the G20 meeting. **Expect a bearish USD** in anticipation of recovery in market risk appetite; downside surprises in US data will trigger more losses. DXY gap-down at opening is a sign of inability to push higher. We continue to expect further losses going forward, with room to test 96.66 next.

➤ **MYR closed unchanged at 4.1840 against a weak USD** but retreated against all other G10s that also rallied following a weakened greenback. **We turn slightly bullish on MYR against USD**, supported by improving risk appetite in the markets. USDMYR is likely to slide lower as price-momentum divergence unravels. There is room for a drop to 4.1750 – 4.1770 next, below which 4.1735 will likely be also broken in the process.

➤ **SGD slipped 0.15% to 1.3724 against a strong USD** but climbed against 7 G10s that were weighed down by risk aversion in the markets. **SGD is bullish against a weak USD**, further supported by improving risk appetite in the markets. USDSGD remains technically bearish and is now setting a course for a downside break at 1.3681. Below this, 1.3661 will be eyed.

#### Overnight Economic Data

US	↑
Eurozone	→
UK	↑
Japan	→
Hong Kong	↑
China	↓
Australia	↓

#### What's Coming Up Next

##### Major Data

- US ISM & Markit Manufacturing PMI, construction spending
- Eurozone & UK Markit Manufacturing PMI
- China Caixin Manufacturing PMI
- Japan, Vietnam, Malaysia Nikkei Manufacturing PMI
- Singapore Purchasing Managers Index
- Australia Building Approvals

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1300	1.1320	1.1336	1.1351	1.1367	↗
USDJPY	1.2720	1.2730	1.2751	1.2757	1.2771	↘
GBPUSD	113.27	113.43	113.69	113.85	114.04	↘
AUDUSD	0.7328	0.7352	0.7357	0.7365	0.7384	↗
EURGBP	0.8854	0.8867	0.8885	0.8901	0.8911	↗
USDMYR	4.1750	4.1780	4.1800	4.1830	4.1850	↘
EURMYR	4.7285	4.7301	4.7378	4.7464	4.7516	↘
JPYMYR	3.6720	3.6756	3.6772	3.6802	3.6823	↘
GBPMYR	5.3285	5.3300	5.3328	5.3358	5.3404	↘
SGDMYR	3.0480	3.0500	3.0514	3.0532	3.0555	↘
AUDMYR	3.0683	3.0700	3.0727	3.0741	3.0780	↗
NZDMYR	2.8760	2.8783	2.8807	2.8820	2.8848	→
USDSGD	1.3679	1.3687	1.3695	1.3700	1.3714	↘
EURSGD	1.5500	1.5515	1.5525	1.5531	1.5556	↗
GBPSGD	1.7420	1.7450	1.7474	1.7490	1.7526	↘
AUDSGD	1.0050	1.0060	1.0071	1.0100	1.0120	↗

\* 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	1,679.86	-0.97	-6.51	CRB Index	181.74	-0.32	-6.26
Dow Jones Ind.	25,538.46	0.79	3.31	WTI oil (\$/bbl)*	50.93	-1.01	-15.71
S&P 500	2,760.17	0.82	3.24	Brent oil (\$/bbl)	58.71	-1.34	-9.15
FTSE 100	6,980.24	-0.83	-9.20	Gold (S/oz)	1,222.50	-0.14	8.10
Shanghai	2,588.19	0.81	-21.74	CPO (RM/tonne)	1,762.00	1.70	-26.28
Hang Seng	26,506.75	0.21	-11.41	Copper (\$/tonne)	6,198.00	-0.23	-14.47
STI	3,117.61	0.26	-8.38	Rubber (sen/kg)	367.50	0.41	-20.54

Source: Bloomberg

**Economic Data**
**➤ Macroeconomics**

	For	Actual	Last	Survey
US Chicago Purchasing Manager	Nov	66.4	58.4	58.5
EU Unemployment Rate	Oct	8.1%	8.1%	8.0%
EU CPI Core YOY	Nov A	1.0%	1.1%	1.1%
EU CPI Estimate YOY	Nov	2.0%	2.2%	2.0%
UK Lloyds Business Barometer	Nov	24.0	19.0	--
JP Housing Starts YOY	Oct	0.3%	-1.5%	-0.1%
JP Construction Orders YOY	Oct	-16.5%	1.1%	--
HK Retail Sales Value YOY	Oct	5.9%	2.4%	3.6%
CH Services PMI	Nov	53.4	53.9	53.8
CH Manufacturing PMI	Nov	50.0	50.2	50.2
AU AiG manufacturing	Nov	51.3	58.3	

Source: Bloomberg

- Chicago Business Barometer surged to near one-year high:** The MNI Chicago Business Barometer surged to an 11-month high of 66.4 in November (Oct: 58.4) to end its three-month losing streak. The reading indicated that business activity in Chicago recorded the most impressive performance this year in November driven by resurgent order, solid output and higher unfinished orders.
- Eurozone saw easing price pressure, unemployment rate stable:** The flash estimate of the Eurozone HICP inflation rate for November clocked in at 2.0% YOY (Oct: +2.2%) driven by a broad-based softening across key components. Prices of food, alcohol & tobacco rose 2.0% YOY (Oct: +2.2%) while energy inched up 9.1% YOY (Oct: +10.7%). Excluding both categories, core inflation also eased to 1.0% YOY (Oct: +1.1%) as services inflation fell to 1.3% YOY (Oct: +1.5%). November flash reading suggests that underlying inflation remained muted in the Euro area following a slight pick-up in the previous month, something that the ECB has to grapple with amidst slowing economic growth. The labour market meanwhile remained strong as unemployment rate stayed at 8.1% in October (Sep: 8.1%).
- UK business sentiments improved in November:** Contrary to the deterioration in consumer confidence, sentiments of UK businesses improved in November as the Lloyds Business Barometer rose to 24.0 (Oct: 19.0). The upturn was driven by the surge in businesses' economic optimism (17 vs 8) as well as their improved perception over business activity in the next 12 months (31 vs 29).
- Japan building activities remained weak:** Housing starts rebounded to increase 0.3% YOY in October (Sep: -1.5%) as the surge in owner occupied starts were partly offset by those of housing for rent. Construction orders which measures Japan's largest 50 constructor orders by contract value fell by a whopping 16.5% YOY in October (Sep: +1.1%). Overall indicators suggest that construction activities remained weak in Japan.
- China manufacturing sector stagnated, services slowed down further:** The official NBS released Manufacturing PMI slid to 50.0 in November (Oct: 50.2), the lowest level since Jul-2016 and indicating that growth in China's manufacturing sector stagnated this month. Output and new orders were seen growing at a slower pace while inventories, employment, new export orders, continued to decline albeit at a slower rate. Growth in input prices eased substantially but output prices contracted suggesting further margin compressions. Meanwhile, the non-manufacturing PMI fell to 53.4 in the same month (Oct: 53.9) – growth in new orders was held steady, employment contracted and new exports orders expanded. Similar to the manufacturing, input prices grew at a softer pace yet selling price contracted. November prints reaffirmed view that the Chinese economy will continue to soften further with firms' thinner margins being a valid concern.
- Hong Kong retail sales bounced up higher in October:** Retail sales value rose 5.9% YOY in October (Sep: +2.4%) driven by faster growth in sales of fuels (+10.3% vs +6.7%), motor vehicles (+13.6% vs -11.6%), electronics (+16.1% vs +5.8%), department stores (+3.5% vs +1.7%) and jewelry, watches & clocks (+2.2% vs +1.9%). Sales of food, alcohol and tobacco meanwhile saw a decline of 2.0% YOY (Sep: +2.8%).
- Australia manufacturing pulled back sharply in November:** The manufacturing index by AiG showed activities in the sector grew at a sharply slower pace in November, with the index retreated sharply from 58.3 in October to a 22-month low of 51.3 in November. Slower growth in production and a massive fall in new orders led the decline which was also dragged by lower average selling prices and wages, signaling the manufacturing in Australia is losing momentum in line with the world.

<b>Economic Calendar</b>						
<b>Date</b>	<b>Country</b>	<b>Events</b>	<b>Reporting Period</b>	<b>Survey</b>	<b>Prior</b>	<b>Revised</b>
03/12	Malaysia	Nikkei Malaysia PMI	Nov	--	49.2	--
03/12	US	Markit US Manufacturing PMI	Nov F	55.4	55.4	--
		Construction Spending MOM	Oct	0.4%	0.0%	--
		ISM Manufacturing	Nov	57.5	57.7	--
		ISM Prices Paid	Nov	70.0	71.6	--
03/12	Eurozone	Markit Eurozone Manufacturing PMI	Nov F	51.5	52.0	--
04/12		PPI YOY	Oct	4.5%	4.5%	--
03/12	UK	Markit UK PMI Manufacturing SA	Nov	51.7	51.1	--
04/12		Markit/CIPS UK Construction PMI	Nov	52.5	53.2	--
03/12	Japan	Nikkei Japan PMI Mfg	Nov F	--	51.8	--
03/12	China	Caixin China PMI Mfg	Nov	50.1	50.1	--
03/12	Singapore	Purchasing Managers Index	Nov	51.5	51.9	--
03/12	Australia	Building Approvals MOM	Oct	-1.5%	3.3%	--
04/12		RBA Cash Rate Target	04 Dec	1.5%	1.5%	--
03/12	Vietnam	Nikkei Vietnam PMI Mfg	Nov	--	53.9	--

Source: Bloomberg

## Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1317	-0.67	1.14	1.1306	-5.59
GBPUSD	1.2749	-0.33	1.281	1.2735	-5.65
USDJPY	113.57	0.08	113.71	113.34	0.91
AUDUSD	0.7306	-0.18	0.7326	0.7285	-5.69
EURGBP	0.8874	-0.39	0.8925	0.8861	0.09
USDMYR	4.1840	0.00	4.1900	4.1840	3.40
EURMYR	4.7579	0.01	4.7747	4.7577	-2.19
JPYMYR	3.6923	-0.08	3.6961	3.6891	2.70
GBPMYR	5.3614	0.07	5.3642	5.3474	-2.36
SGDMYR	3.0560	0.03	3.0589	3.0537	0.88
AUDMYR	3.0627	-0.12	3.0683	3.0599	-2.53
NZDMYR	2.8759	-0.06	2.8772	2.8699	0.37
CHFMYR	4.2064	-0.20	4.2072	4.1990	0.99
CNYMYR	0.6032	0.03	0.6035	0.6028	-3.00
HKDMYR	0.5354	0.00	0.5351	0.5359	3.28
USDSGD	1.3724	0.15	1.3732	1.3692	2.49
EURSGD	1.5534	-0.51	1.5621	1.5518	-3.31
GBPSGD	1.7498	-0.16	1.7550	1.7472	-3.40
AUDSGD	1.0032	0.02	1.0039	0.9994	-3.42

Source: Bloomberg

### MYR

- **MYR closed unchanged at 4.1840 against a weak USD** but retreated against all other G10s that also rallied following a weakened greenback.
- **We turn slightly bullish on MYR against USD**, supported by improving risk appetite in the markets. USDMYR is likely to slide lower as price-momentum divergence unravels. There is room for a drop to 4.1750 – 4.1770 next, below which 4.1735 will likely be also broken in the process.

### USD

- **USD strengthened against 9 G10s** while the DXY jumped 0.51% to 97.27, lifted by risk aversion as markets turned more cautious going into the G20 meeting.
- **Expect a bearish USD** in anticipation of recovery in market risk appetite; downside surprises in US data will trigger more losses. DXY gap-down at opening is a sign of inability to push higher. We continue to expect further losses going forward, with room to test 96.66 next.

### EUR

- **EUR tumbled 0.67% to 1.1317 against USD** and fell against 8 G10s amid some deterioration in Eurozone data.
- **Stay bullish on EUR against USD**, supported by easing trade tensions. Despite last Friday's tumble, EURUSD sustains a bullish bias and we continue to set sights on a test circa 1.1400 – 1.1416 in the next leg higher. We note that beating 1.1456 is seen as completion of a bullish chart pattern that suggests a move to circa 1.1560 – 1.1580.

### GBP

- **GBP fell 0.33% to 1.2749 against USD** and retreated against 5 G10s amid heightened concerns following BOE warning on the outcome of a no-deal Brexit.
- **Continue to expect a slightly bearish GBP against USD** as Brexit uncertainties prevail. We continue to caution that Brexit headlines have the potential to quickly swing GBP to either sides. A bearish bias continues to prevail in GBPUSD and remains on track to test 1.2725 soon.

### JPY

- **JPY slipped 0.08% to 113.57 against USD** but strengthened against 7 G10s on firmer refuge demand.
- **JPY is slightly bullish against a soft USD**. A bearish trend continues to prevail in USDJPY. Unless there is a close above 113.79 today, further losses are expected going forward, with room to break below 113.35.

### AUD

- **AUD fell 0.18% to 0.7306 against a strong USD** but managed to outperform 6 G10s that were all European majors.
- **AUD remains slightly bullish against a weak USD**, also supported by improving risk appetite in the markets. AUDUSD is still tilted to the upside, with room to test 0.7370 – 0.7380 next. However, price-momentum divergence has emerged, on top of a formation of a bearish chart pattern, all of which suggests a reversal soon.

### SGD

- **SGD slipped 0.15% to 1.3724 against a strong USD** but climbed against 7 G10s that were weighed down by risk aversion in the markets.
- **SGD is bullish against a weak USD**, further supported by improving risk appetite in the markets. USDSGD remains technically bearish and is now setting a course for a downside break at 1.3681. Below this, 1.3661 will be eyed.

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