

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks took a severe battering on Friday** after staging a dramatic reversal on Thursday to end the week in the red, **as the arrest of Huawei CFO added to the uncertainties surrounding the already elusive US-China trade truce.** The Dow, S&P 500 and NASDAQ all ended sharply lower by 2-3%. Bonds rallied across the curve as the selloff in equity spurred safe haven bid leading 2Y and 10Y treasuries yield to fall by 5bps each to 2.71% and 2.85%. **Oil prices surged as OPEC and its allies reached a deal to cut oil production by 1.2million barrels per day for the first six months of 2019,** with exemptions granted to Iran, Venezuela and Libya - Brent crude rose by \$1.61 to \$61.67/barrel (+2.68%) whereas WTI inched up by \$1.12 to \$52.61/barrel (+2.18%). Elsewhere, European stocks rallied while Asian benchmarks were mixed.
- **At the data front, the US economy added fewer 155k jobs in November,** wage growth sustained a 3.1% YOY growth as expected while unemployment rate remained at 3.7%, heightening slowing growth concern. Eurozone final 3Q GDP growth was unrevised at 0.2% QOQ while UK house prices recorded the slowest growth since Dec-12 at 0.3% YOY. Japan economy contracted more than expected by 0.6% QOQ in the third quarter while leading and coincidence indexed both inched upwards. China exports rose a mere 5.4% YOY in November following months of front loading while imports increase 3.0% YOY. Malaysia foreign reserves fell \$0.1bn to \$102.0bn.
- **USD ended mixed against the G10s** with bigger gains, supported by refuge demand as risk appetite in the markets continue to sag. The DXY, however, fell 0.31% to 96.51 amid firm rebound in CAD. **USD remains slightly bearish in our view** on the back of recent soft US data and downside pressure from declining Treasury yields. Despite a gap-up at opening, DXY remains in a bearish trend. We set sights on extended declines going forward that could potentially test 96.27.
- **MYR slipped 0.05% to 4.1670 against USD** and retreated against all G10s as risk aversion ahead of the weekend and US labour market data stemmed buying interest. **MYR is neutral against a soft USD,** held back from extended gains by lingering risk aversion in the markets. Bearish trend in USDMYR has been overturned and is now inclined to the upside. Holding above 4.1660 is likely to allow passage to circa 4.1745 in the next leg higher.
- **SGD slipped 0.04% to 1.3700 against USD** and closed lower against 6 G10s on the back of softer risk sentiment in US market. **Stay slightly bearish on SGD against USD** as risk appetite in the markets continues to retreat. Expect USDSGD to sustain current upside bounce. USDSGD is still on track to break above 1.3712. which would set a course for 1.3726 next.

Overnight Economic Data

Malaysia	↓
US	→
EU	↓
UK	↓
Japan	↓
China	↓

What's Coming Up Next

Major Data

- EU Sentix Investor Confidence
- UK Visible Trade Balance, Industrial production, Monthly GDP
- Japan Eco Watcher Survey
- Australia Home Loans

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1388	1.1400	1.1404	1.1415	1.1427	↗
GBPUSD	1.2672	1.2700	1.2723	1.2754	1.2772	↘
USDJPY	112.31	112.46	112.50	112.56	112.67	↘
AUDUSD	0.7169	0.7182	0.7190	0.7200	0.7217	↘
EURGBP	0.8945	0.8956	0.8961	0.8968	0.8975	↗
USDMYR	4.1660	4.1670	4.1690	4.1720	4.1740	→
EURMYR	4.7500	4.7519	4.7545	4.7596	4.7622	↗
JPYMYR	3.6964	3.7006	3.7036	3.7078	3.7100	↗
GBPMYR	5.3000	5.3028	5.3050	5.3083	5.3106	↘
SGDMYR	3.0375	3.0392	3.0412	3.0423	3.0462	↘
AUDMYR	2.9967	3.0000	3.0015	3.0050	3.0085	↘
NZDMYR	2.8531	2.8570	2.8587	2.8616	2.8646	↘
USDSGD	1.3689	1.3700	1.3709	1.3726	1.2740	↗
EURSGD	1.5597	1.5620	1.5633	1.5648	1.5680	↗
GBPSGD	1.7400	1.7431	1.7446	1.7464	1.7490	↗
AUDSGD	0.9840	0.9858	0.9867	0.9876	0.9890	↘

* 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	1,680.54	↓0.17	↓6.47	CRB Index	184.15	↑1.57	↓-5.01
Dow Jones Ind.	24,388.95	↓2.24	↓-1.34	WTI oil (\$/bbl)	52.61	↑2.18	↓-12.93
S&P 500	2,633.08	↓2.33	↓-1.52	Brent oil (\$/bbl)	61.67	↑2.68	↓-7.51
FTSE 100	6,778.11	↑1.10	↓-11.83	Gold (S/oz)	1,249.31	↑0.93	↑8.10
Shanghai	2,605.89	↓0.03	↓-21.20	CPO (RM/tonne)	1,735.00	↑0.23	↓-27.41
Hang Seng	26,063.76	↓0.35	↓-12.86	Copper (\$/tonne)	6,145.00	↑1.24	↓-15.21
STI	3,111.12	↓0.14	↓-8.57	Rubber (sen/kg)	377.50	↑0.80	↓-18.38

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
MY Foreign Reserves	Nov 30	\$102.0b	\$102.1b	--
US Change in nonfarm payroll	Nov	155k	237k (revised)	198k
US Unemployment rate	Nov	3.7%	3.7%	3.7%
US Average hourly earnings YOY	Nov	3.1%	3.1%	3.1%
US Uni Michigan consumer sentiment	Dec P	97.5	97.5	97.0
EU GDP QOQ	3QF	0.2%	0.4%	0.2%
UK Halifax house prices YOY	Nov	0.3%	1.5%	1.0%
JP Leading index	Oct P	100.5	99.6 (revised)	104.9
JP Coincident index	Oct P	104.5	101.6	117.1
JP GDP SA QOQ	3Q F	-0.6%	0.8%	-0.5%
CN Exports YOY	Nov	5.4%	15.5% (revised)	9.7%
CN Imports YOY	Nov	3.0%	20.8% (revised)	14.0%
CN Trade Balance	Nov	\$44.74b (revised)	\$34.76b (revised)	\$34.4b
CN CPI YOY	Nov	2.2%	2.5%	2.4%
CH PPI YOY	Nov	2.7%	3.3%	2.7%

Source: Bloomberg

➤ Macroeconomics

- US NFP disappointed, wage growth strengthened; consumer sentiments stayed strong:** Friday's job report showed that the US economy added 155k nonfarm payrolls in November (Oct: 237k revised) while net revision for October and September NFP was -12k. The number came in well below a Bloomberg consensus estimate of 198k, but nonetheless a healthy figure still. Job gains came from health care, manufacturing, and in transportation and warehousing. Wage growth continued to strengthen as the average hourly earnings grew by a consistent 3.1% YOY (Oct: +3.1%). Household survey also indicated that the unemployment rate stayed at 3.7% for the third consecutive month (Oct: 3.7%) with participation rate remained unchanged at 62.9%. In a separate release, the preliminary reading of the University of Michigan Consumer Sentiment Index also remained unchanged at a favourable level of 97.5 in December (Nov: 97.5).
- Final GDP reading confirmed Eurozone slowdown:** The final reading of the third quarter GDP growth for the Eurozone remained unchanged at 0.2% QOQ (2Q: +0.4%) confirming a slowdown in growth in the euro area economy. The weaker print was mainly dragged down by the contraction in Germany and Italy, two of the bloc's largest economies. Household consumption expenditure rose by 0.1% QOQ (2Q: +0.2%), investment slowed substantially and went up by a mere 0.2% (2Q: +1.5%). Exports fell by 0.1% QOQ (+1.0%) while imports rose 0.5% QOQ (+1.1%). The final release together with the recent weakness in PMI readings reaffirmed a softer outlook for the Eurozone as it failed to sustain the momentum seen in the last two quarters despite a strengthening labour market amidst softer global demand.
- Minimal growth in UK house prices affirmed weak housing market:** The Halifax House Price Index rose a mere 0.3% YOY in the three months to November (Oct: +1.5%), the lowest recorded rate since Dec-2012 as the housing market in the UK continued to soften. The average house price stood at £224,578.
- Earthquake and typhoon key culprit for Japan 3Q contraction:** The final reading of Japan third quarter GDP growth was unexpectedly revised downward from -0.3% QOQ to -0.6% QOQ (2Q: +0.8%) while on a yearly basis, the economy contracted by 2.5% YOY (2Q: -1.2%). Japan was struck by various natural disasters i.e. earthquake and typhoon in the third quarter leading to serious disruption in production. Business spending fell 2.8% QOQ while private consumption also declined by 0.2% QOQ. Separate release meanwhile showed that leading index rose to 100.5 in October (Sep: 99.6 revised) while coincident index increased to 104.5 (Sep: 101.6).
- China exports slowed amidst trade war:** Following months of frontloading by exports, China's exports growth in dollar term slowed substantially to 5.4% YOY in November (Oct: +15.6%) while imports also decelerated to a mere 3.0% YOY (Oct: +20.8%) thus leaving the country with a trade surplus of US\$44.74b (Oct: \$34.76b). Exports to the US slowed to 9.8% YOY (Oct: +13.2%) but nonetheless trade surplus with the country inched up to a record high of \$35.6b as imports for the country dropped sharply by a whopping 25.0% YOY (Oct: -1.8%). The much softer print confirmed our expectations that Chinese shipments were slowing towards the end of the year and is bound for a fall in earlier 2019. A separate release on Sunday meanwhile shows that consumer inflation eased further as per our expectations suggesting that the effect of price hikes arising from swine flu in mid-2018 has been eliminated. Factory gate inflation has slowed down consistently in the past few months as PPI eased to 2.7% YOY (Oct: 3.3%), reaffirming views that overheating inflation will not be a major concern for the PBOC considering the fact that it maintains an inflation target of 3%.
- Malaysia foreign reserves declined:** The international reserves BNM fell to US\$102.0b as at 30 Nov (previous: US\$102.1b). The reserves position is sufficient to finance 7.5 months of retained imports and is 1.0 time the short-term external debt.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
11/12	US	NFIB Small Biz Optimism	Nov	107.0	107.4	--
		PPI Final Demand YOY	Nov	2.5%	2.9%	--
10/12	Eurozone	Sentix Investor Confidence	Dec	8.3	8.8	--
11/12		ZEW Expectations	Dec	--	-22.0	--
10/12	UK	Visible Trade Balance GBP/Mn	Oct	-£10,500m	-£9,731m	--
		Industrial Production MOM	Oct	0.1%	0.0%	--
		Construction Output MOM	Oct	-0.5%	1.7%	--
		GDP MOM	Oct	0.1%	0.0%	--
11/12		Employment Change 3M/3M	Nov	25k	23k	--
		ILO Unemployment rate	Oct	4.1%	4.1%	--
10/12	Japan	Eco Watchers Survey Current	Nov	49.5	49.5	--
		Eco Watchers Survey Outlook	Nov	50.8	50.6	--
11/12		Machine Tool Orders YOY	Nov P	--	-0.7%	--
10/12	Australia	Home loans MOM	Oct	-0.4%	-1.0%	--
11/12		NAB Business Conditions	Nov	--	12	--
		NAB Business Confidence	Nov	--	4	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1379	0.04	1.1423	1.1360	-4.99
GBPUSD	1.2726	-0.43	1.2797	1.2711	-5.83
USDJPY	112.69	0.01	112.93	112.56	-0.18
AUDUSD	0.7208	-0.39	0.7242	0.7198	-7.90
EURGBP	0.8944	0.52	0.8968	0.8892	0.93
USDMYR	4.1670	0.05	4.1690	4.1610	2.98
EURMYR	4.7365	0.28	4.7431	4.7308	-2.31
JPYMYR	3.6934	0.09	3.6964	3.6854	2.73
GBPMYR	5.3123	0.25	5.3229	5.3106	-2.77
SGDMYR	3.0429	0.18	3.0446	3.0387	0.46
AUDMYR	3.0096	0.00	3.0136	3.0026	-4.81
NZDMYR	2.8667	0.21	2.8685	2.8616	-0.45
CHFMYR	4.1970	0.62	4.1985	4.1914	1.15
CNYMYR	0.6055	0.18	0.6061	0.6042	-2.62
HKDMYR	0.5332	0.08	0.5333	0.5326	2.95
USDSGD	1.3700	0.04	1.3711	1.3682	2.60
EURSGD	1.5595	0.12	1.5642	1.5562	-2.60
GBPSGD	1.7441	-0.35	1.7525	1.7427	-3.49
AUDSGD	0.9871	-0.34	0.9912	0.9862	-5.57

Source: Bloomberg

MYR

- **MYR slipped 0.05% to 4.1670 against USD** and retreated against all G10s as risk aversion ahead of the weekend and US labour market data stemmed buying interest.
- **MYR is neutral against a soft USD**, held back from extended gains by lingering risk aversion in the markets. Bearish trend in USDMYR has been overturned and is now inclined to the upside. Holding above 4.1660 is likely to allow passage to circa 4.1745 in the next leg higher.

USD

- **USD ended mixed against the G10s** with bigger gains, supported by refuge demand as risk appetite in the markets continue to sag. The DXY, however, fell 0.31% to 96.51 amid firm rebound in CAD.
- **USD remains slightly bearish in our view** on the back of recent soft US data and downside pressure from declining Treasury yields. Despite a gap-up at opening, DXY remains in a bearish trend. We set sights on extended declines going forward that could potentially test 96.27.

EUR

- **EUR inched 0.04% higher to 1.1379 against USD** after returning most early gains to risk-off sentiment in US session. EUR ended higher against 6 G10s.
- **Expect a slightly bullish EUR against a soft USD.** Capturing above 1.1400 in early trade is likely to give EURUSD a bullish boost. We set sights on a test at 1.1427 next, but caution that this is near where EURUSD has been previously rejected on 7 occasions.

GBP

- **GBP fell 0.43% to 1.2726 against USD** and tumbled against 8 G10s, pressured by risk aversion ahead of Brexit plan parliamentary vote on 11 Dec.
- **GBP is now slightly bearish against USD** as market position is likely to turn softer heading into Brexit plan parliamentary vote. GBP remains highly sensitive to swings in Brexit headlines that could quickly turn gains into losses. GBPUSD has returned to a bearish tone, with room to test 1.2672 in the next leg lower. This was where GBPUSD previously bounced higher, so do not rule out potential reversal from here.

JPY

- **JPY slipped 0.01% to 112.69 against USD** and retreated against 5 G10s but managed to narrow losses from risk-on in Asian and European sessions.
- **We maintain a slightly bullish view on JPY against a soft USD**, anticipating risk-off sentiment to prevail amid extended sell-off in equities and risk event in the UK. A bearish trend continues to lurk in USDJPY and now hints at a test at 112.17.

AUD

- **AUD weakened 0.39% to 0.7208 against USD** and fell against 7 G10s as risk aversion extends in equities on top of relatively softer Australian data.
- **AUD remains bearish against USD**, weighed down by further downsides in risk appetite. While below 0.7200, there is room for a test at 0.7140 in the next leg lower. We reckon that this could be the level on which AUDUSD rebounds higher, but caution that losing this, 0.7089 will be targeted.

SGD

- **SGD slipped 0.04% to 1.3700 against USD** and closed lower against 6 G10s on the back of softer risk sentiment in US market.
- **Stay slightly bearish on SGD against USD** as risk appetite in the markets continues to retreat. Expect USDSGD to sustain current upside bounce. USDSGD is still on track to break above 1.3712, which would set a course for 1.3726 next.

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