

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks managed to stage a recovery to end up modestly higher overnight as investors took opportunities to buy into the low**, despite lingering concerns over slower global economic growth and the arrest of Huawei CFO still under the spotlight. The Dow, S&P 500 and NASDAQ each gained 0.14% (+34.3pts), 0.18% (+4.6pts) and 0.74% (+51.3pts). Yield on 10Y treasuries rose by 1bp to 2.86%. Elsewhere, **PM Theresa May abruptly postponed a parliamentary vote on her Brexit deal, leading the pound to plunge**. European and Asian stocks both ended in the red. Crude oil failed to hold on to Friday's momentum amidst a firmer dollar – WTI slid to \$51/barrel while Brent closed slightly below \$60 at \$59.97/barrel.
- At the data front, the **Sentix Investor Confidence Index for the Eurozone made a turn in direction, falling to -0.3 in December. UK monthly GDP growth managed to inch slightly higher to 0.1% MOM in October thanks mainly to the rebound in services sector** which recorded a faster growth of 0.2% MOM as total industrial production declined by 0.6% MOM. Visible trade deficit meanwhile widened to -£11,873m on a rebound in imports and slower exports growth. Japan Eco Watcher Survey for current condition rose to 51.0 in November while the index for outlook also picked up to 52.2. Australia home loan approvals rose unexpectedly by 2.2% MOM in October.
- **USD advanced against 8 G10s** as risk appetite in the FX space retreated while the DXY closed 0.73% higher at 97.21, climbing through Asian-European sessions before jumping in US afternoon following sharp risk-off in the UK. **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 weakened 0.11% to 4.1715 against USD** and retreated against 8 G10s amid prevailing risk aversion in the markets. **Expect a slightly bearish MYR against USD** on continued retreat in risk appetite in the markets. USDMYR remains inclined to the upside after gapping higher today. We set sights on a climb to 4.1815 next, above which 4.1860 will be eyed. USDMYR may be forming a bearish chart pattern that tops out circa 4.1860 – 4.1900.
- **SGD weakened 0.27% to 1.3737 against a firm USD** but ended mixed against the G10s. **Stay slightly bearish on SGD against USD** as risk appetite in the markets continues to retreat. Momentum has turned positive, and holding above 1.3740 is likely to allow USDSGD passage to 1.3765 next, above which 1.3788 will be challenged.

#### Overnight Economic Data

Eurozone	↓
UK	→
Japan	↑
Australia	↑

#### What's Coming Up Next

##### Major Data

- US NFIB Small Biz Optimism, PPI Final Demand
- Eurozone ZEW Expectations
- Japan Machine Tool Orders
- Australia NAB Business Conditions, Business Confidence

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1322	1.1344	1.1354	1.1358	1.1367	↘
GBPUSD	1.2500	1.2520	1.2555	1.2583	1.2600	↘
USDJPY	112.80	113.04	113.20	113.37	113.60	↘
AUDUSD	0.7163	0.7172	0.7189	0.7196	0.7213	↘
EURGBP	0.9023	0.9032	0.9042	0.9052	0.9066	↗
USDMYR	4.1740	4.1755	4.1772	4.1795	4.1815	↗
EURMYR	4.7386	4.7400	4.7443	4.7464	4.7550	↘
JPYMYR	3.6885	3.6897	3.6913	3.6941	3.6964	↘
GBPMYR	5.2400	5.2420	5.2468	5.2500	5.2550	↘
SGDMYR	3.0375	3.0390	3.0399	3.0424	3.0460	↘
AUDMYR	2.9963	3.0000	3.0018	3.0026	3.0050	↘
NZDMYR	2.8616	2.8672	2.8690	2.8723	2.8769	↘
USDSGD	1.3725	1.3740	1.3742	1.3749	1.3759	↗
EURSGD	1.5593	1.5597	1.5609	1.5620	1.5648	↗
GBPSGD	1.7200	1.7234	1.7259	1.7289	1.7300	↘
AUDSGD	0.9862	0.9870	0.9876	0.9889	0.9909	↘

\* 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	1,663.31	-1.03	-7.43	CRB Index	181.65	-1.36	-6.30
Dow Jones Ind.	24,423.26	0.14	-1.20	WTI oil (\$/bbl)	51.00	-3.06	-15.59
S&P 500	2,637.72	0.18	-1.34	Brent oil (\$/bbl)	59.97	-2.76	-10.32
FTSE 100	6,721.54	-0.83	-12.57	Gold (S/oz)	1,244.46	-0.39	8.10
Shanghai	2,584.58	-0.82	-21.85	CPO (RM/tonne)	1,742.50	0.43	-27.09
Hang Seng	25,752.38	-1.19	-13.93	Copper (\$/tonne)	6,145.00	1.24	-15.21
STI	3,072.44	-1.24	-9.71	Rubber (sen/kg)	374.50	-0.79	-19.03

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
EU Sentix Investor Confidence	Dec	-0.3	8.8	8.3
UK Visible trade balance	Oct	-£11873m	-£10681m (revised)	-£10500m
UK GDP MOM	Oct	0.1%	0.0%	0.1%
UK Industrial production MoM	Oct	-0.6%	0.0%	0.2%
UK Index of Services MOM	Oct	0.2%	-0.1%	0.1%
UK Construction Output MOM	Oct	-0.2%	1.7%	-0.5%
JP Eco Watchers Current	Nov	51.0	49.5	49.5
JP Eco Watchers Outlook	Nov	52.2	50.6	50.9
AU Home Loans MOM	Oct	2.2%	-1.0%	-0.4%

Source: Bloomberg

**Macroeconomics**

- Investors' confidence for Eurozone plunged to four-year low:** The Sentix Investor Confidence Index for the Eurozone made a turn in direction, falling to -0.3 in December (Nov: 8.8), the lowest level since December 2014 and marking its first time falling to negative territory in four years. Sentiments of the 1,076 investors surveyed deteriorated amidst slowing economic growth in the euro area as well as uncertainties surrounding unsettled trade dispute, riots in France, Italian budget deficit and Brexit.
- Services sector helped lift UK economy as manufacturing growth slowed:** The monthly GDP growth released by the ONS managed to inch slightly higher to 0.1% MOM in October (Sep: 0.0%) thanks mainly to the rebound in services sector which recorded a faster growth of 0.2% MOM (Sep: -0.1%) as total industrial production declined by 0.6% MOM in October (Sep: +0.0%) after flatlining in the previous month. The fall was driven by a contraction in factories activities where manufacturing output fell 0.9% MOM (Nov: +0.2%) which more than offset the rebound in mining and quarrying outputs. Construction output meanwhile fell by 0.2% MOM in the same month (Oct: +1.7%) indicating slower building activities. Visible trade deficit meanwhile widened to -£11,873m (Sep: -£10,681m) as imports rebounded to 3.5% MOM (Sep: -4.5%) while exports slowed to increase 0.8% MOM (Sep: +1.4%). Despite an upturn in the services sector, the decline in production suggests that the UK economy is unlikely to sustain the impressive momentum seen in the third quarter amidst softer external demand.
- Japan economic survey indicates improved optimism:** The Eco Watcher Survey for Japan's current economic condition rose to 51.0 in November (Oct: 49.5) while the index for outlook also inched up to 52.2 (Oct: 50.6) suggesting improvement in optimism regarding current and future economic conditions.
- Australia home loans saw surprised pick-up:** The number of home loan approved rose unexpectedly by 2.2% MOM in October (Sep: -1.0%) driven by higher approvals for construction, existing home purchase and refinancing. Total financing for dwellings in Aussie dollar rose 2.6% MOM (Sep: -4.2%) due to a rebound in both owner occupied lending (+3.5% vs -5.0%) and investment lending (+0.6% vs -2.6%), likely a result of delays in processing applications in previous months given the tighter credit standards introduced by the Australian Prudential Regulation Authority (APRA).

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
12/12	Malaysia	Industrial Production YOY	Oct	3.0%	2.3%	--
<b>11/12</b>	<b>US</b>	<b>NFIB Small Biz Optimism</b>	<b>Nov</b>	<b>107.0</b>	<b>107.4</b>	--
		<b>PPI Final Demand YOY</b>	<b>Nov</b>	<b>2.5%</b>	<b>2.9%</b>	--
12/12		MBA Mortgage Applications	07 Dec	--	2.0%	--
		CPI YOY	Nov	2.2%	2.5%	--
		CPI Ex Food and Energy YOY	Nov	2.2%	2.1%	--
<b>11/12</b>	<b>Eurozone</b>	<b>ZEW Expectations</b>	<b>Dec</b>	--	<b>-22.0</b>	--
12/12		Industrial Production SA MoM	Oct	0.1%	-0.3%	--
12/12	UK	ILO Unemployment Rate 3Mths	Oct	4.1%	4.1%	--
		Employment Change 3M/3M	Oct	22k	23k	--
<b>11/12</b>	<b>Japan</b>	<b>Machine Tool Orders YOY</b>	<b>Nov P</b>	--	<b>-0.7%</b>	--
12/12		PPI YOY	Nov	2.4%	2.9%	--
		Core Machine Orders MoM	Oct	9.7%	-18.3%	--
12/12	Singapore	Retail Sales YOY	Oct	1.8%	1.9%	--
<b>11/12</b>	<b>Australia</b>	<b>NAB Business Conditions</b>	<b>Nov</b>	--	<b>12.0</b>	--
		<b>NAB Business Confidence</b>	<b>Nov</b>	--	<b>4.0</b>	--
12/12		Westpac Consumer Conf SA MOM	Dec	--	2.8%	--

Source: Bloomberg

## Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1356	-0.20	1.1443	1.1351	-5.41
GBPUSD	1.2561	-1.30	1.2769	1.2507	-7.03
USDJPY	113.33	-0.57	113.37	112.24	0.48
AUDUSD	0.7190	-0.25	0.7227	0.7172	-7.91
EURGBP	0.9041	-1.08	0.9088	0.8930	1.77
USDMYR	4.1715	-0.11	4.1730	4.1620	3.09
EURMYR	4.7607	-0.51	4.7720	4.7459	-1.81
JPYMYR	3.7020	-0.23	3.7133	3.6980	2.97
GBPMYR	5.3057	-0.12	5.3228	5.2936	-2.89
SGDMYR	3.0440	-0.04	3.0466	3.0350	0.50
AUDMYR	3.0099	-0.01	3.0141	2.9889	-4.80
NZDMYR	2.8721	-0.19	2.8802	2.8482	-0.27
CHFMYR	4.2144	-0.41	4.2236	4.2053	1.57
CNYMYR	0.6035	-0.33	0.6057	0.6034	-2.94
HKDMYR	0.5340	-0.15	0.5342	0.5325	3.11
USDSGD	1.3737	-0.27	1.3749	1.3690	2.84
EURSGD	1.5602	-0.04	1.5677	1.5594	-2.80
GBPSGD	1.7256	-1.06	1.7490	1.7188	-4.50
AUDSGD	0.9877	-0.06	0.9900	0.9832	-5.37

Source: Bloomberg

### MYR

- **MYR weakened 0.11% to 4.1715 against USD** and retreated against 8 G10s amid prevailing risk aversion in the markets.
- **Expect a slightly bearish MYR against USD** on continued retreat in risk appetite in the markets. USDMYR remains inclined to the upside after gapping higher today. We set sights on a climb to 4.1815 next, above which 4.1860 will be eyed. USDMYR may be forming a bearish chart pattern that tops out circa 4.1860 – 4.1900.

### USD

- **USD advanced against 8 G10s** as risk appetite in the FX space retreated while the DXY closed 0.73% higher at 97.21, climbing through Asian-European sessions before jumping in US afternoon following sharp risk-off in the UK.
- **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 slipped 0.2% to 1.1356 against a firm USD** but managed to beat 6 G10s following sharp risk-off in the UK.
- **We turn slightly bearish on EUR against USD** as risk-off sentiment emanating from the UK could weigh down Europe. EURUSD again failed to beat 1.1427 at closing and we opine that the resulting downward momentum drag this pair lower. Nonetheless, unless there is a close below 1.1344 today, we maintain that bullish trend still prevails and is likely to lead EURUSD higher in the coming days.

### GBP

- **GBP plunged 1.3% to 1.2561 against USD** and tumbled against all G10s following postponement of a parliamentary vote of the Brexit plan that spiked worries of a disorderly separation.
- **GBP remains bearish against USD** as Brexit jitters continue to pressure. GBP remains highly sensitive to Brexit headlines and could quickly swing into gains / losses. Downward momentum continues to increase and likely to lead GBPUSD lower going forward. There is room to test 1.2500, but we caution that this strong support could potentially bounce GBPUSD higher going forward.

### JPY

- **JPY weakened 0.57% to 113.33 against USD** and fell against 7 G10s as demand for refuge was dampened by better performing equities.
- **We maintain a slightly bullish view on JPY against USD**, anticipating risk-off sentiment to prevail. Despite overnight rally, USDJPY remains tilted to the downside and we set sights on a decline to 112.70 going forward.

### AUD

- **AUD fell 0.25% to 0.7190 against a firm USD** but managed to advance against 5 G10s.
- **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 weakened 0.27% to 1.3737 against a firm USD** but ended mixed against the G10s.
- **Stay slightly bearish on SGD against USD** as risk appetite in the markets continues to retreat. Momentum has turned positive, and holding above 1.3740 is likely to allow USDSGD passage to 1.3765 next, above which 1.3788 will be challenged.

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.