

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks finished lower on Friday taking cue from global equity which mostly ended in the red.** The Dow, S&P 500 and NASDAQ respectively lost 0.77% (-201.9pts), 0.92% (-25.8pts) and 1.65% (-124.0pts). **WTI extended decline in bear territory** to settle at \$60.29/barrel while Brent fell to \$70.18/barrel on oversupply concerns and slower Chinese economic growth. Bonds rallied as investors snapped up safe haven US treasuries amidst losses in equities - 10Y yield was last traded 6bps lower at 3.18%.
- **It was another mixed bag on the data front.** US producer prices unexpectedly rose by 2.9% YOY in October, wholesale inventories rose more than expected by 0.4% MOM in September while consumer sentiments were a tad softer in November. UK first reading of 3Q GDP growth clocked in at 0.6% QOQ as expected, industrial production flat-lined in September while goods trade deficit narrowed to £9.7b. In October, China consumer price inflation steadied at 2.5% YOY despite slower producer prices gain of 3.3% YOY. Australia home loan approvals fell 1.0% MOM. **Malaysia industrial production growth picked up slightly to 2.3% YOY but softer traction in 3Q signalled further deceleration in 3Q GDP growth, due this Friday.**
- **USD advanced against 8 G10s** while DXY jumped in US afternoon to close 0.19% higher at 96.90, lifted by a continually hawkish tone of the Fed and refuge demand amid renewed weakness in equities. **Keep a slightly bullish view on USD**, supported by continued demand for refuge amid weaker equities and risk appetite in European markets. DXY is still tilted to the upside and poised to challenge 97.11 – 97.20 range next, which poses strong rejection risk. Beating this exposes a move to 97.36.
- **MYR weakened 0.37% to 4.1790 against USD** last Friday, weighed down by risk aversion as the Fed maintained its hawkish tone, but managed to beat 9 G10s. **MYR remains slightly bearish against a strong USD**, further weighed down by renewed risk aversion in the markets. USDMYR remains tilted to the upside, with room to challenge 4.1850 next. Above this, USDMYR is likely to march towards 4.1890 – 4.1900.
- **SGD weakened 0.25% to 1.3791 against USD** but managed to advance against 6 G10s. **We maintain a slightly bearish view on SGD against USD** amid signs of softening risk appetite. USDSGD is technically bullish and is poised to challenge 1.3800 – 1.3809 next. Breaking this will solidify current bullish trend and expose USDSGD to a move to 1.3848 – 1.3850.

Overnight Economic Data

Malaysia	↑
US	→
UK	→
China	→
Australia	↓

What's Coming Up Next

Major Data

- Japan PPI, Machine Tool Orders
- Singapore Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1300	1.1316	1.1326	1.1347	1.1367	↘
USDJPY	1.2919	1.2937	1.2943	1.2968	1.2980	↘
GBPUSD	113.64	113.82	113.93	114.02	114.11	↘
AUDUSD	0.7205	0.7219	0.7224	0.7247	0.7271	↘
EURGBP	0.8737	0.8745	0.8748	0.8757	0.8767	↗
USDMYR	4.1800	4.1820	4.1830	4.1840	4.1850	↗
EURMYR	4.7320	4.7350	4.7371	4.7410	4.7440	↘
JPYMYR	3.6665	3.6700	3.6714	3.6741	3.6756	→
GBPMYR	5.4060	5.4093	5.4132	5.4152	5.4202	↘
SGDMYR	3.0306	3.0327	3.0333	3.0350	3.060	→
AUDMYR	3.0180	3.0200	3.0220	3.0232	3.0250	↘
NZDMYR	2.8150	2.8165	2.8175	2.8186	2.8200	→
USDSGD	1.3779	1.3787	1.3792	1.3800	1.3809	↗
EURSGD	1.5590	1.5600	1.5614	1.5628	1.5642	↘
GBPSGD	1.7810	1.7828	1.7846	1.7877	1.7891	↘
AUDSGD	0.9945	0.9953	0.9963	0.9967	0.9982	↘

* 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	1,708.09	-0.77	-4.94	CRB Index	188.45	-0.66	-2.79
Dow Jones Ind.	25,989.30	-0.77	5.14	WTI oil (\$/bbl)	60.19	-0.79	-0.38
S&P 500	2,781.01	-0.92	4.02	Brent oil (\$/bbl)	70.18	-0.67	6.01
FTSE 100	7,105.34	-0.49	-7.58	Gold (\$/oz)	1,209.65	-1.17	8.10
Shanghai	2,598.87	-1.39	-21.42	CPO (RM/tonne)	1,941.50	-0.33	-18.77
Hang Seng	25,601.92	-2.39	-14.43	Copper (\$/tonne)	6,056.00	-1.61	-16.43
STI	3,077.97	-0.49	-9.55	Rubber (sen/kg)	393.00	-0.51	-15.03

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MY Industrial Production YOY	Sep	2.3%	2.2%	2.3%
US PPI Final Demand YOY	Oct	2.9%	2.6%	2.5%
US U. of Mich. Sentiment	Nov P	98.3	98.6	98.0
US Wholesale Inventories MOM	Sep F	0.4%	0.3%	0.3%
UK Visible Trade Balance GBP/Mn	Sep	-£9,731	-£11,724 (revised)	-£11,395
UK Industrial Production MOM	Sep	0.0%	0.0% (revised)	-0.1%
UK GDP QOQ	3Q P	0.6%	0.4%	0.6%
CH PPI YOY	Oct	3.3%	3.6%	3.3%
CH CPI YOY	Oct	2.5%	2.5%	2.5%
AU Home Loans MOM	Sep	-1.0%	-2.2% (revised)	-1.0%
AU Investment Lending	Sep	-2.8%	-1.4% (revised)	--

Source: Bloomberg

➤ Macroeconomics

- Higher than expected producer prices reaffirmed build-up of inflation in US:** Producer prices for final demand beat estimations to rise 0.6% MOM in October (Sep: +0.2%) while on a yearly basis, prices rose 2.9% YOY (Sep: +2.6%) suggesting that the build-up of inflationary pressure in the US economy is showing no sign of slowing down. Meanwhile the final reading of wholesale inventories growth was revised from 0.3% to 0.4% MOM in September (Aug: +0.9%). The preliminary November University of Michigan sentiment index fell only slightly to 98.3 (Oct: 98.6) indicating that consumer optimism remains high in the US.
- UK economy locked in best quarterly growth in nearly two years:** Preliminary reading shows that the UK economy matched consensus estimate to grow 0.6% QOQ in the third quarter of 2018 (2Q: +0.4%), the strongest growth in nearly two years. The faster growth was driven by stronger household consumptions (+0.5% vs +0.4%), as well as the rebound in the growth of general government consumption (+0.6% vs -0.4%), investment (+0.8% vs -0.5%) as exports (+2.7% vs -2.2%). Imports was flat in the quarter following a contraction in the 2Q (+0.0% vs -0.2%). The economy was buoyed by the better-than-expected consumer spending potentially due to the warmer weather in summer. Retail sales have been strong in the recent months whereas industrial productions growth has been lacklustre. Gain in IPI flat-lined for the second consecutive month in September (Aug: 0.0%) despite a faster growth in manufacturing production. We believe that the impressive 3Q growth will not be able to sustain its momentum in the current quarter as suggested by the PMI readings for both the manufacturing and services sectors. Separate release meanwhile shows that visible (goods) trade deficit narrowed to £9.7b in September (Aug: -£11.7b revised) as exports rose 1.7% MOM (Aug: -0.3% revised) while imports dropped 3.5% MOM (Aug: +3.0%).
- China consumer prices' gain held steady despite slower factory inflation:** China CPI grew 2.5% YOY in October (Sep: +2.5%) signalling that higher inflation in earlier months stemmed from the African Swine Flu has eased as growth in producer prices tapered further to 3.3% YOY in the same month (Sep: +3.6%). Consumer inflation remained below the PBOC target of 3% and is not a major concern for the central bank.
- RBA sees steady growth in household spending and still-subdued inflation:** In its latest Statement on Monetary Policy, RBA said the Australian economy is performing well and is a little stronger than expected. In the domestic economy, growth in household consumption has been resilient despite ongoing slow growth in household income. The current rate of consumption growth is forecast to continue but it remains uncertain how households may respond to significant housing price decline. Inflation remained low, primarily reflecting the spare capacity of the economy and lower wage growth. The RBA revised its 2018 GDP growth projection from 3.25% to 3.5% YOY, December 2018 unemployment rate from 5.5% to 5.0% and inflation from 1.75% to 2.0% YOY.
- Decline in Australia home loans approvals highlights prudential measures' effectiveness:** The number of home loans approved fell for the second consecutive month by 1.0% MOM in September (Aug: -2.2%). Value of home loans extended to investors also fell by 2.8% MOM in the same month (Aug: -1.4%) suggesting that macro prudential measures introduced by the Australian Prudential Regulation Authority (APRA) have been effective in curbing speculative activities in the Australian housing market.

- Malaysia saw slight pick-up in industrial production growth:** Industrial production continued to expand at a moderate pace of 2.3% YOY in September, picking up slightly from the 2.2% YOY increase in August underpinned by further expansion in manufacturing and electricity production while mining output continued to contract for the 5th consecutive month. Manufacturing and electricity IPI grew 4.8% and 4.2% YOY respectively while mining production reported a steeper fall of 6.2% YOY, as both LNG and crude oil extended their declines. On a MOM seasonally adjusted basis, industrial production sustained a 0.4% MOM decline in September, pointing to continued weakness in production growth. Moving forward, overall outlook of the global manufacturing sector continued to turn bleaker. We maintain our view that ongoing fallout from the trade conflicts will continue to undermine global demand and trade flows. This should further weigh on the already less robust growth outlook in 2H2018. Taking cue from the softer IPI growth of 2.4% YOY in 3Q (2Q: +2.9%), which was its slowest in six years, and deceleration in construction and external trade indicators, we maintain our view for further deceleration in real GDP growth in 3Q. No change to our 2018 full year growth forecast of 4.4% for now (2017: +5.9%), below MOF's revised growth forecast of 4.8%, pending the release of 3Q GDP report on 16-Nov.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
13/11	US	NFIB Small Business Optimism	Oct	108.0	107.9	--
13/11	Eurozone	ZEW Survey Expectations	Nov	--	-19.4	--
13/11	UK	Average Weekly Earnings 3M/YOY	Sep	3.0%	2.7%	--
		ILO Unemployment Rate 3Mths	Sep	4.0%	4.0%	--
		Employment Change 3M/3M	Sep	25k	-5k	--
12/11	Japan	PPI YOY	Oct	2.8%	3.0%	--
		Machine Tool Orders YOY	Oct P	--	2.9%	--
10-15/11	China	Money Supply M2 YOY	Oct	8.4%	8.3%	--
		New Yuan Loans CNY	Oct	900.0b	1,380.0b	--
12/11	Singapore	Retail Sales YOY	Sep	2.1%	-0.4%	--
13/11	Australia	NAB Business Conditions	Oct	--	15.0	--
		NAB Business Confidence	Oct	--	6.0	--
12-14/11	New Zealand	REINZ House Sales YOY	Oct	--	-3.0%	--
08-13/11	Vietnam	Domestic Vehicle Sales YOY	Oct	--	24.7%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1336	-0.24	1.1369	1.1316	-3.67
GBPUSD	1.2972	-0.69	1.3072	1.2959	-4.26
USDJPY	113.83	0.21	114.09	113.64	1.02
AUDUSD	0.7226	-0.41	0.7271	0.7219	-7.45
EURGBP	0.8737	0.43	0.8744	0.8692	-1.44
USDMYR	4.1790	0.37	4.1805	4.1695	3.31
EURMYR	4.7381	-0.38	4.7462	4.7334	-2.35
JPYMYR	3.6730	0.41	3.6770	3.6497	2.14
GBPMYR	5.4360	-0.49	5.4559	5.4330	-1.01
SGDMYR	3.0333	-0.06	3.0361	3.0275	0.07
AUDMYR	3.0247	-0.21	3.0336	3.0231	-4.45
NZDMYR	2.8166	-0.18	2.8231	2.8107	-2.31
CHFMYR	4.1462	-0.12	4.1513	4.1383	0.17
CNYMYR	0.6016	0.27	0.6025	0.5986	-3.25
HKDMYR	0.5338	0.45	0.5340	0.5319	3.07
USDSGD	1.3791	0.25	1.3799	1.3748	3.23
EURSGD	1.5633	0.00	1.5659	1.5604	-2.69
GBPSGD	1.7891	-0.43	1.7987	1.7857	-1.27
AUDSGD	0.9964	-0.18	1.0007	0.9953	-4.54

Source: Bloomberg

MYR

- **MYR weakened 0.37% to 4.1790 against USD** last Friday, weighed down by risk aversion as the Fed maintained its hawkish tone, but managed to beat 9 G10s.
- **MYR remains slightly bearish against a strong USD**, further weighed down by renewed risk aversion in the markets. USDMYR remains tilted to the upside, with room to challenge 4.1850 next. Above this, USDMYR is likely to march towards 4.1890 – 4.1900.

USD

- **USD advanced against 8 G10s** while DXY jumped in US afternoon to close 0.19% higher at 96.90, lifted by a continually hawkish tone of the Fed and refuge demand amid renewed weakness in equities.
- **Keep a slightly bullish view on USD**, supported by continued demand for refuge amid weaker equities and risk appetite in European markets. DXY is still tilted to the upside and poised to challenge 97.11 – 97.20 range next, which poses strong rejection risk. Beating this exposes a move to 97.36.

EUR

- **EUR slipped 0.24% to 1.1336 against USD** amid emergence of risk aversion in Eurozone ahead of 13 Nov when the Italian government is to submit a new budget plan to the European Commission. EUR managed to beat 7 G10s.
- **Stay slightly bearish on EUR against USD** on rising risk aversion amid Italian budget contentions with the European Commission. EURUSD remains biased to the downside, with room to slide towards 1.1300. This is a strong support that could bounce EURUSD higher back to circa 1.1347, but if broken will trigger a decline to circa 1.1250 – 1.1280.

GBP

- **GBP slumped 0.69% to 1.2972 against USD** and tumbled against 8 G10s on signs of potential political instability in the UK after the Transport Minister Jo Johnson resigned in protest against the government's proposed Brexit deal.
- **GBP is bearish against USD** amid renewed concern over political clashes within the UK government that could threaten a Brexit deal. Technical outlook has deteriorated, especially after GBPUSD closed below 1.2980 and gapped lower at opening. Expect GBPUSD to now threaten 1.2919 and 1.2897, below which a return to 1.2839 is likely.

JPY

- **JPY advanced 0.21% to 113.83 against USD** and rallied to beat all G10s as refuge demand returned following renewed slides in equities and risk aversion in Europe.
- **We turn slightly bullish on JPY against USD**, supported by rise in refuge demand amid likelihood of extended losses in equities and risk aversion in Europe. Downward momentum from rejection by the upper Bollinger last Friday is likely to extend, pushing USDJPY lower towards 113.32 – 113.50.

AUD

- **AUD weakened 0.41% to 0.7226 against USD** and fell against 5 G10s, pressured by renewed weakness in risk appetite in the markets.
- **Expect a bearish AUD against USD**, weighed down by rising risk-off in the markets. A bearish trend has emerged, adding pressure to AUDUSD that lost 0.7247 in early trade. Expect losses to prevail, with room to test 0.7205 going forward.

SGD

- **SGD weakened 0.25% to 1.3791 against USD** but managed to advance against 6 G10s.
- **We maintain a slightly bearish view on SGD against USD** amid signs of softening risk appetite. USDSGD is technically bullish and is poised to challenge 1.3800 – 1.3809 next. Breaking this will solidify current bullish trend and expose USDSGD to a move to 1.3848 – 1.3850.

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