

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street ended sharply lower dragged down by tech, consumer discretionary, energy as well as financials shares.** The sell-off in Apple's stocks led tech rout after its supplier Lumentum slashed revenue guidance citing a request from an un-named "largest industrial and consumer customer" to reduce shipments whom many presumed to be Apple. Goldman Sachs' stocks tumbled to weigh down on financials. **The energy sector suffered on falling crude oil prices – WTI fell for the 11th consecutive session, settling below \$60/barrel**, the first time since February thanks to President Trump's tweet that he hoped OPEC didn't cut productions (WTI had found support earlier after OPEC and allies signaled willingness to reduce output). The Dow, S&P 500 and NASDAQ erased 2.32% (-602.1pts), 1.97% (-54.8pts) and 2.78% (-206.0pts) respectively. The bond market was closed for US Veterans Day.
- **Data flow was muted yesterday** – Japan October producer prices slowed to increase 2.9% YOY driven by slower factory gate inflation while machine tools orders contracted 1.1% YOY. Singapore retail sales rose 1.9% YOY in September due to a rebound in sales of motor vehicles.
- **USD rallied to beat all G10s** while the DXY jumped in Asian session before pushing higher in US morning to end 0.66% higher at 97.54, lifted by refuge demand amid a confluence of sell-off in US equities and risk aversion in European markets. **Keep a slightly bullish view on USD**, supported by continued demand for refuge amid weaker equities and risk appetite in European markets. Even as bullish trend is taking hold in DXY and suggests further upward push, we note that price-momentum divergence has emerged. This condition, if it perpetuates, is expected to lead to a bearish reversal that could potentially see DXY dropping below 96.66 going forward.
- **MYR weakened 0.22% to 4.1880 against USD** last Friday, weighed down by extended risk aversion in the markets, but managed to beat 7 G10s. **MYR remains slightly bearish against a strong USD**, further weighed down by extended risk aversion in the markets. USDMYR remains tilted to the upside and is now poised to test 4.1980 – 4.2000 in the next leg higher. However, we caution that price-momentum divergence has emerged, suggesting potential reversal lower may be in the works.
- **SGD weakened 0.37% to 1.3842 against USD** but managed to beat 8 G10s that were sent reeling on a strong greenback. **Stay bearish on SGD against USD** amid signs of receding risk appetite. USDSGD is technically bullish and is now a threat to 1.3863 – 1.3872. However, broader development on the chart points to USDSGD forming softer upward momentum despite strong rallies. We caution that this could potentially trigger a reversal lower.

Overnight Economic Data

Japan	↓
Singapore	↑

What's Coming Up Next

Major Data

- US NFIB Small Business Optimism
- EU ZEW Survey Expectations
- UK ILO Unemployment Rate, Employment Change
- AU NAB business confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1200	1.1215	1.1226	1.1238	1.1250	↘
GBPUSD	1.2800	1.2824	1.2859	1.2867	1.2897	↘
USDJPY	113.38	113.50	113.63	113.86	114.00	↘
AUDUSD	0.7146	0.7161	0.7172	0.7187	0.7200	↘
EURGBP	0.8712	0.8723	0.8731	0.8745	0.8754	↗
USDMYR	4.1930	4.1945	4.1955	4.1970	4.1980	↗
EURMYR	4.7020	4.7050	4.7092	4.7104	4.7143	↘
JPYMYR	3.6838	3.6898	3.6916	3.6958	3.6971	↗
GBPMYR	5.3907	5.3940	5.3953	5.3985	5.4000	↘
SGDMYR	3.0253	3.0290	3.0307	3.0319	3.0328	↘
AUDMYR	3.0020	3.0069	3.0099	3.0113	3.0150	↘
NZDMYR	2.8136	2.8150	2.8184	2.8200	2.8231	↘
USDSGD	1.3821	1.3833	1.3843	1.3854	1.3872	↗
EURSGD	1.5520	1.5531	1.5542	1.5550	1.5580	↘
GBPSGD	1.7759	1.7774	1.7801	1.7822	1.7831	↘
AUDSGD	0.9905	0.9921	0.9931	0.9937	0.9945	↘

* 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	1,696.14	-0.70	-5.60	CRB Index	187.99	-0.24	-3.03
Dow Jones Ind.	25,387.18	-2.32	2.70	WTI oil (\$/bbl)	59.93	-0.43	-0.81
S&P 500	2,726.22	-1.97	1.97	Brent oil (\$/bbl)	70.12	-0.75	4.86
FTSE 100	7,053.08	-0.74	-8.26	Gold (\$/oz)	1,200.37	-0.77	8.10
Shanghai	2,630.52	1.22	-20.46	CPO (RM/tonne)	1,899.50	-2.16	-20.52
Hang Seng	25,633.18	0.12	-14.33	Copper (\$/tonne)	6,056.00	-1.61	-16.43
STI	3,068.15	-0.32	-9.84	Rubber (sen/kg)	393.00	0.00	-15.03

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
JP PPI YOY	Oct	2.9%	3.0%	2.8%
JP Machine Tool Orders YOY	Oct P	-1.1%	2.9%	--
SG Retail Sales YOY	Sep	1.9%	-0.4%	2.1%

Source: Bloomberg

Macroeconomics

- Japan factory gain inflation slowed signal still subdued inflation; machine tools orders normalized:** Producer prices rose 2.9% YOY in October (Sep: +3.0%) as driven by slower price gain in manufacturing as well as a contraction in prices in the agriculture sector, further suggesting that inflation in Japan is likely remain subdued in the near term. Preliminary reading of machine tools orders which measures orders placed with Japanese manufacturers fell 1.1% YOY in October (Sep: +2.9% YOY) marking its first contraction in nearly two years, largely due to the high base observed in the October last year (in fact orders growth peaked at 49.8%). Orders have been recording double-digit growths for 17 months since early 2017, and we view last month's decline mainly as a form of normalization as signs that trade war is dragging demand aren't yet concrete.
- Rebound in motor vehicle sales lifted Singapore retail sales:** Retail sales rebounded to increase 1.9% YOY in September (Aug: -0.4%) following two months of consecutive declines as sales of motor vehicles increased 2.6% YOY (Aug: -12.8%). Excluding motor vehicles, retail sales expanded at a slower pace of 1.8% YOY (Aug: +2.4%) suggesting weaker domestic demand in September.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
13/11	US	NFIB Small Business Optimism	Oct	108.0	107.9	--
14/11		MBA Mortgage Applications	Nov-09	--	-4.0%	--
		CPI YOY	Oct	2.5%	2.3%	--
		CPI Ex Food and Energy YOY	Oct	2.2%	2.2%	--
13/11	Eurozone	ZEW Survey Expectations	Nov	--	-19.4	--
14/11		Industrial Production SA MOM	Sep	-0.4%	1.0%	--
		GDP SA QOQ	3Q P	0.2%	0.4%	--
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	--
14/11		CPI YOY	Oct	2.5%	2.4%	--
		CPI Core YOY	Oct	1.9%	1.9%	--
		PPI Output NSA YoY	Oct	3.1%	3.1%	--
14/11	Japan	GDP SA QOQ	3Q P	-0.3%	0.7%	--
		Industrial Production YOY	Sep F	--	-2.9%	--
12-15/11	China	Money Supply M2 YOY	Oct	8.4%	8.3%	--
		New Yuan Loans CNY	Oct	904.5b	1,380.0b	--
14/11		Retail Sales YOY	Oct	9.2%	9.2%	--
		Industrial Production YOY	Oct	5.8%	5.8%	--
		Fixed Assets Ex Rural YTD YOY	Oct	5.5%	5.4%	--
13/11	Australia	NAB Business Conditions	Oct	--	15.0	--
		NAB Business Confidence	Oct	--	6.0	--
14/11		Wage Price Index YOY	3Q	2.3%	2.1%	--
14/11	New Zealand	REINZ House Sales YOY	Oct	--	-3.0%	--
12-13/11	Vietnam	Domestic Vehicle Sales YOY	Oct	--	24.7%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1218	-1.04	1.1332	1.1216	-0.50
GBPUSD	1.2849	-0.95	1.2964	1.2828	-0.87
USDJPY	113.84	0.01	114.21	113.65	0.91
AUDUSD	0.7173	-0.73	0.7246	0.7173	-0.14
EURGBP	0.8730	-0.08	0.8774	0.8709	-1.68
USDMYR	4.1880	0.22	4.1890	4.1795	3.63
EURMYR	4.7143	-0.50	4.7424	4.7084	-2.91
JPYMYR	3.6741	0.03	3.6745	3.6669	2.59
GBPMYR	5.3864	-0.91	5.4177	5.3790	-1.33
SGDMYR	3.0285	-0.16	3.0371	3.0269	-0.02
AUDMYR	3.0150	-0.32	3.0294	3.0109	-4.87
NZDMYR	2.8133	-0.12	2.8255	2.8092	-2.18
CHFMYR	4.1513	0.12	4.1621	4.1456	0.03
CNYMYR	0.6012	-0.07	0.6024	0.6010	-3.32
HKDMYR	0.5346	0.15	0.5347	0.5336	3.36
USDSGD	1.3842	0.37	1.3852	1.3781	3.65
EURSGD	1.5526	-0.68	1.5628	1.5526	-3.16
GBPSGD	1.7785	-0.69	1.7875	1.7741	-1.51
AUDSGD	0.9928	-0.36	0.9988	0.9928	-4.87

Source: Bloomberg

MYR

- **MYR weakened 0.22% to 4.1880 against USD** last Friday, weighed down by extended risk aversion in the markets, but managed to beat 7 G10s.
- **MYR remains slightly bearish against a strong USD**, further weighed down by extended risk aversion in the markets. USDMYR remains tilted to the upside and is now poised to test 4.1980 – 4.2000 in the next leg higher. However, we caution that price-momentum divergence has emerged, suggesting potential reversal lower may be in the works.

USD

- **USD rallied to beat all G10s** while the DXY jumped in Asian session before pushing higher in US morning to end 0.66% higher at 97.54, lifted by refuge demand amid a confluence of sell-off in US equities and risk aversion in European markets.
- **Keep a slightly bullish view on USD**, supported by continued demand for refuge amid weaker equities and risk appetite in European markets. Even as bullish trend is taking hold in DXY and suggests further upward push, we note that price-momentum divergence has emerged. This condition, if it perpetuates, is expected to lead to a bearish reversal that could potentially see DXY dropping below 96.66 going forward.

EUR

- **EUR plunged 1.04% to 1.1218 against USD** and fell against all G10s on continued risk aversion ahead of Italy's budget plan submission to the European Commission.
- **Stay slightly bearish on EUR against USD** on rising risk aversion amid likelihood of renewed clash between Italian government and the European Commission over budget plan. Technical outlook remains bearish. EURUSD now threatens 1.1200, below which a drop to as low as 1.1112 – 1.1132 can materialize.

GBP

- **GBP slumped 0.95% to 1.2849 against USD** and retreated against 6 G10s, pressured by fading optimism of EU-UK achieving a Brexit deal.
- **GBP remains bearish against USD** on fading Brexit deal optimism. GBP remains driven by Brexit developments, so expect positive headlines to quickly overturn current bearish bias. Technical viewpoint disfavours GBPUSD. Strong downside break below 1.2897 has increased the risk of a drop below 1.2824, which would leave 1.2763 vulnerable.

JPY

- **JPY strengthened against all G10s**, lifted by refuge demand but **slipped 0.01% to 113.84 against a firmer USD**.
- **Continue to expect a bullish JPY against USD**, supported by rise in refuge demand amid likelihood of extended losses in equities and risk aversion in Europe. We continue to expect extended downsides, pushing USDJPY lower towards 113.32 – 113.50.

AUD

- **AUD tumbled 0.73% to 0.7173 against USD** on continued downward pressure from sell-off in the markets but managed to advance against 5 G10s.
- **Maintain a bearish view on AUD against USD**, weighed down by rising risk-off in the markets. AUDUSD is on a firmer bearish path after breaking below both 0.7200. Amid receding upward momentum, AUDUSD now threatens 0.7166 and 0.7146, below which a drop to 0.7075 is likely.

SGD

- **SGD weakened 0.37% to 1.3842 against USD** but managed to beat 8 G10s that were sent reeling on a strong greenback.
- **Stay bearish on SGD against USD** amid signs of receding risk appetite. USDSGD is technically bullish and is now a threat to 1.3863 – 1.3872. However, broader development on the chart points to USDSGD forming softer upward momentum despite strong rallies. We caution that this could potentially trigger a reversal lower.

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