

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks pared early gains to end slightly lower overnight** as tumbling crude oil prices continued to weigh on sentiment despite White House economic adviser, Larry Kudlow's remark that US and China were back into talking about trade. The trade sensitive industrial sector got a slight boost while the energy sector was the biggest loser overnight erasing as much as 2.39% DOD. **Crude oil prices continued to be battered** by concerns that slower global economic growth might stifle demand even as OPEC and its allies have signalled willingness to cut production; WTI locked in its 12th consecutive session of fall to close at \$55.69/barrel (-7.07% DOD) while Brent slid to \$65.47/barrel (-6.63% DOD). **The Dow and S&P 500 fell 0.40%** (-100.7pts) and 0.15% (-4.0pts) respectively while the NASDAQ was virtually unchanged. Given the volatility in the equity market, investors sought refuge in safe haven government debt- 10Y treasury yield slipped 4bps to 3.14%.
- At the data front, **US Small Business Optimism Index inched slightly lower** to 107.4 in October, **ZEW Investors survey for Eurozone dropped** to -22.0 in November. **The UK added 22k new jobs in September** but unemployment rate went up to 4.1%. Wage growth accelerated to 3.0% YOY. **Japan 3Q economy shrank 0.3% QOQ**. Australia business sentiments weakened but consumer confidence strengthened. Spring time lifted New Zealand home sales to a whopping 15.5% YOY growth in October.
- **USD eased against 9 G10s**, pulling back from its rally a day before while the DXY was lower through European and US sessions to close 0.25% lower at 97.30, weighed down by rebound in European majors. **We turn slightly bearish on USD** on technical reasons. We suspect that the price-momentum divergence that we noted yesterday to be unravelling, sending DXY lower. Losses could extend today, with room to drop below 97 level before attempting a push below 96.66.
- **MYR slipped 0.11% to 4.1925 against USD** and retreated against 5 G10s on the back of extended risk-off in the markets. **MYR is now slightly bullish against a soft USD**, but gains are likely mild. Today's gap down by USDMYR is likely the unravelling of price-momentum divergence that we pointed out yesterday. Further losses may prevail but if USDMYR fails to break below 4.1790 by tomorrow, bullish trend still prevails and thus risks another attempt at 4.1980 – 4.2000.
- **SGD strengthened 0.32% to 1.3798 against USD** but slipped against 6 G10s as risk appetite returned to the FX space. **Stay bearish on SGD against USD** amid likelihood of extended sell-off in equities. USDSGD remains technically bullish and is still a threat to 1.3863 – 1.3872. We continue to caution developing signs that could trigger a reversal lower.

Overnight Economic Data

US	↓
Eurozone	↓
UK	→
Japan	↓
Australia	→
New Zealand	↑

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, CPI
- Eurozone Industrial Production, GDP
- UK CPI, PPI
- Japan Industrial Production
- China Retail Sales, Industrial Production, Fixed Assets Ex Rural
- Australia Wage Price Index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1280	1.1300	1.1316	1.1336	1.1358	↗
GBPUSD	1.2980	1.3000	1.3014	1.3026	1.3055	↗
USDJPY	113.38	113.67	113.91	114.08	114.21	↘
AUDUSD	0.7200	0.7228	0.7236	0.7247	0.7271	↗
EURGBP	0.8670	0.8685	0.8692	0.8712	0.8720	↘
USDMYR	4.1850	4.1860	4.1880	4.1890	4.1900	↘
EURMYR	4.7300	4.7338	4.7358	4.7440	4.7461	↗
JPYMYR	3.6718	3.6745	3.6774	3.6800	3.6838	↘
GBPMYR	5.4390	5.4455	5.4492	5.4508	5.4563	↗
SGDMYR	3.0342	3.0363	3.0382	3.0400	3.0420	↗
AUDMYR	3.0200	3.0232	3.0257	3.0294	3.0339	↗
NZDMYR	2.8255	2.8314	2.8335	2.8350	2.8380	↗
USDSGD	1.3758	1.3770	1.3783	1.3792	1.3809	↗
EURSGD	1.5550	1.5570	1.5587	1.5600	1.5615	↘
GBPSGD	1.7900	1.7920	1.7935	1.7986	1.8000	↗
AUDSGD	0.9945	0.9950	0.9960	0.9977	0.9990	↗

* 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	1,687.57	-0.51	-6.08	CRB Index	184.54	-1.84	-4.81
Dow Jones Ind.	25,286.49	-0.40	2.29	WTI oil (\$/bbl)	55.69	-7.07	-7.83
S&P 500	2,722.18	-0.15	1.82	Brent oil (\$/bbl)	65.47	-6.63	-2.09
FTSE 100	7,053.76	0.01	-8.25	Gold (\$/oz)	1,202.23	0.15	8.10
Shanghai	2,654.88	0.93	-19.72	CPO (RM/tonne)	1,868.50	-1.63	-21.82
Hang Seng	25,792.87	0.62	-13.79	Copper (\$/tonne)	6,049.00	-0.12	-16.53
STI	3,053.60	-0.47	-10.27	Rubber (sen/kg)	388.00	-1.15	-16.11

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US NFIB Small Business Optimism	Oct	107.4	107.9	108.0
EU ZEW Survey Expectations	Nov	-22.0	-19.4	
UK Average Weekly Earnings 3M/YOY	Sep	3.0%	2.8% (revised)	3.0%
UK ILO Unemployment Rate 3Mths	Sep	4.1%	4.0%	4.0%
UK Employment Change 3M/3M	Sep	23k	-5k	25k
JP GDP SA QOQ	3Q P	-0.3%	0.7%	-0.3%
AU NAB Business Conditions	Oct	12.0	15.0	--
AU NAB Business Confidence	Oct	4.0	6.0	--
Westpac Consumer Conf Index	Nov	104.5	101.5	--
NZ REINZ House Sales YOY	Oct	15.5%	-3.0%	--

Source: Bloomberg

Macroeconomics

- US small business remained optimistic over economy:** The NFIB Small Business Optimism Index fell slightly to 107.4 in October (Sep: 107.9), the third highest reading since the inception of the survey and marking the longest streak of small business optimism in history as small business owners in the US remained optimistic about the US economy. Survey result shows significant rise in capital spending in the past few months, solid average employment change per firm, buildup in inventories and new record compensation increases.
- German investors' sentiments on Eurozone fell to six-year low:** The ZEW Survey of expectations for the Eurozone fell to 22.0 in November (Oct: -19.4), the lowest reading since July 2012 when the euro area was in a recession and marking its sixth consecutive month in the negative territory. The similar expectations survey for Germany improved slightly to 24.1 (Oct: 24.7). Overall investors were concerned over slower economic growth, uncertainties regarding Brexit and Italian politics.
- UK wage growth accelerated as job market strengthened:** The UK added 23k new jobs in the three months to September (Aug: -5k) while unemployment rate went up to 4.1% (Aug: 4.0%). Wage growth meanwhile accelerated to 3.1% YOY (Sep: +2.8% revised) as the labour market continues to tighten further but we do not expect the BOE to take any action for now (despite strong 3Q GDP growth) as it awaits the announcement of Brexit terms by 29 March next year.
- Japan 3Q economy contracted:** Preliminary reading shows that Japan economy shrank in the third quarter as GDP growth clocked in at -0.3% QOQ (2Q: +0.7%) following a strong second quarter. The contraction was driven by the fall in private consumption, household spending, public investment and exports.
- Australia business sentiments weakened but consumer confidence improved:** Business sentiments in Australia weakened in October as the NAB Business Confidence Index inched lower to 4.0 (Sep: 6.0) while the Conditions Index fell to 12.0 (Sep: 15.0) driven by slower profitability growth as well as lower employment. The Westpac Consumer Confidence Index however rose 2.8% MOM to 104.3 (Oct: 101.5) as consumers expected better family finances in a year ahead. Consumers were very upbeat over the Australian long term economic growth with expectations regarding the economy in the next 5 years improving tremendously to 9.7% (Oct: +0.1%).
- New Zealand house sales experienced sharp jump in springtime:** The Real Estate Institute of New Zealand reported that home sales jumped a whopping 15.5% YOY in October (Sep: -3.0%) after a few lackluster months as the warmer weather in spring lifted demand. Median home price rose 6.0% YOY (Sep: +5.9%) to NZ\$562k.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
14/11	US	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%	--
15/11		Empire Manufacturing	Nov	20.0	21.1	--
		Retail Sales Advance MoM	Oct	0.5%	0.1%	--
		Philadelphia Fed Business Outlook	Nov	20.0	22.2	--
		Import Price Index MoM	Oct	0.1%	0.5%	--
		Initial Jobless Claims	Nov-10	213k	214k	--
14/11	Eurozone	Industrial Production SA MOM	Sep	-0.4%	1.0%	--
		GDP SA QOQ	3Q P	0.2%	0.4%	--
15/11		Trade Balance SA	Sep	16.3b	16.6b	--
14/11	UK	CPI YOY	Oct	2.5%	2.4%	--
		CPI Core YOY	Oct	1.9%	1.9%	--
		PPI Output NSA YoY	Oct	3.1%	3.1%	--
15/11		Retail Sales Inc Auto Fuel MoM	Oct	0.2%	-0.8%	--
14/11	Japan	Industrial Production YOY	Sep F	--	-2.9%	--
14/11	China	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%	--
15/11		New Home Prices MoM	Oct	--	1.0%	--
14/11	Australia	Wage Price Index YOY	3Q	2.3%	2.1%	--
15/11		Employment Change		20.0k	5.6k	--
		Unemployment Rate	Oct	5.1%	5.0%	--
		Participation Rate	Oct	65.5%	65.4%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1290	0.64	1.1294	1.1217	-0.75
GBPUSD	1.2977	1.00	1.3047	1.2842	-0.60
USDJPY	113.81	-0.03	114.15	113.58	0.97
AUDUSD	0.7218	0.63	0.7224	0.7164	-0.52
EURGBP	0.8701	-0.34	0.8742	0.8656	-0.20
USDMYR	4.1925	0.11	4.1965	4.1900	0.61
EURMYR	4.7103	-0.08	4.7188	4.7002	-0.85
JPYMYR	3.6755	0.04	3.6928	3.6734	0.24
GBPMYR	5.4130	0.49	5.4157	5.3852	-0.93
SGDMYR	3.0317	0.11	3.0363	3.0246	0.09
AUDMYR	3.0184	0.11	3.0262	3.0044	-0.54
NZDMYR	2.8261	0.46	2.8314	2.8136	-0.86
CHFMYR	4.1515	0.00	4.1560	4.1441	0.06
CNYMYR	0.6028	0.27	0.6033	0.6019	-0.06
HKDMYR	0.5355	0.17	0.5357	0.5347	0.40
USDSGD	1.3798	-0.32	1.3854	1.3791	0.20
EURSGD	1.5578	0.33	1.5584	1.5522	-0.81
GBPSGD	1.7907	0.69	1.8001	1.7774	-0.62
AUDSGD	0.9961	0.33	0.9977	0.9921	-0.64

Source: Bloomberg

MYR

- **MYR slipped 0.11% to 4.1925 against USD** and retreated against 5 G10s on the back of extended risk-off in the markets.
- **MYR is now slightly bullish against a soft USD**, but gains are likely mild. Today's gap down by USDMYR is likely the unravelling of price-momentum divergence that we pointed out yesterday. Further losses may prevail but if USDMYR fails to break below 4.1790 by tomorrow, bullish trend still prevails and thus risks another attempt at 4.1980 – 4.2000.

USD

- **USD eased against 9 G10s**, pulling back from its rally a day before while the DXY was lower through European and US sessions to close 0.25% lower at 97.30, weighed down by rebound in European majors.
- **We turn slightly bearish on USD** on technical reasons. We suspect that the price-momentum divergence that we noted yesterday to be unravelling, sending DXY lower. Losses could extend today, with room to drop below 97 level before attempting a push below 96.66.

EUR

- **EUR rebounded 0.64% to 1.1290 against USD** and climbed against 6 G10s as risk appetite recovered in Eurozone amid a lack of bearish response to the Italian government's continued defiance of EU's budget regulations.
- **Expect a slightly bullish EUR against a softening USD**, but gains are likely mild on unabated downside risks from fiscal plan contention between Italy and EU. Caution that downside surprises in Eurozone data will accelerate the bears. Unless EURUSD closes above 1.1362 today or at least hovers above 1.1336 tomorrow, it remains in a bearish trend that points to a drop below 1.1218 before the week is out.

GBP

- **GBP surged 1.0% to 1.2977 against USD** and advanced against all G10s, lifted by a report that suggested support of PM May's Brexit plans by UK ministers.
- **We turn slightly bullish on GBP against USD**, buoyed by improved Brexit sentiment. GBP remains driven by Brexit developments, so expect negative headlines to quickly overturn current bullish bias. GBPUSD needs to hold above 1.2972 by tomorrow to overturn current bearish trend. If it does, a climb to 1.3064 beckons, otherwise, expect a drop below 1.2849 before the week is out.

JPY

- **JPY tumbled against all G10s** as risk appetite in FX space recovered but **inched 0.03% firmer to 113.81 against a soft 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 USDJPY lower, pushing towards 113.32 – 113.50, or even below.

AUD

- **AUD jumped 0.63% to 0.7218 against USD** and strengthened against 7 G10s amid improved risk appetite in the FX space.
- **We turn bullish on AUD against USD**, supported by rising expectations of a cool-off in US-China trade spat. But technically, AUDUSD remains in a bearish trend and thus our view remains for a potential break below 0.7200. Bearish trend will only be overturned by a close above 0.7226 tomorrow, which if happens will expose AUDUSD to a break above 0.7271 in the next leg higher.

SGD

- **SGD strengthened 0.32% to 1.3798 against USD** but slipped against 6 G10s as risk appetite returned to the FX space.
- **Stay bearish on SGD against USD** amid likelihood of extended sell-off in equities. USDSGD remains technically bullish and is still a threat to 1.3863 – 1.3872. We continue to caution developing technical signs that could trigger a reversal lower.

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