Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks were battered again, weighed down by financials and tech shares**. Apple's shares continued to be pounded by lingering concerns over slower sales and this dragged down the tech sector as a whole. Meanwhile remarks made by Maxine Waters, the incoming chair of the House Financials Services Committee, that easing banking regulation will "come to an end" sent financials to become the worst performing sector overnight. **Prospect of production cuts by OPEC and its allied lifted crude oil prices** - WTI snapped 12-day losing streak, rebounding to close at $56.25/barrel while Brent rose to $66.12/barrel. Yield on 10Y treasuries closed 1bp lower at 3.13%.

- **It was a mixed bag at the data front. US CPI picked up to 2.5% YOY in October due to faster gain in prices of energy, but core CPI came in softer at 2.1% YOY.** Mortgage applications fell 3.2% due to rising borrowing cost. **The preliminary Eurozone 3Q GDP growth eased to 0.2% QOQ,** September industrial production meanwhile fell 0.3% MOM. **UK CPI growth was held steady at 2.4% YOY while core CPI also remained unchanged at 1.9% YOY. China data were mixed, with slower retail sales growth signalling moderating consumption but investment and industrial productions showed signs of some marginal pick-up in October**. Japan industrial output fell 2.5% YYOY in September due to natural disasters. Australia wage growth quickened to 2.3% YOY in 3Q lifted by the increase in minimum wage.

- **USD retreated against 7 G10s** while DXY weakened through US session amid improved sentiment in the FX and commodity markets, as well as softer than expected US CPI, closing 0.51% lower at 96.80. **Stay slightly bearish on USD** on risk aversion ahead of US data; caution that another disappointment will add further downside pressure on USD. Technically, we continue to expect further unravelling of price-momentum. Losses could extend today, with room to drop to circa 96.66 or below.

- **MYR slipped 0.08% to 4.1960 against USD** and retreated against all G10s on cautious interest as markets gauge the potential outcome of US-China trade talks. **We expect a neutral MYR against USD**; despite a softer overnight greenback and firmer market sentiment, we reckon that buying interest in MYR is likely weighed down ahead of Malaysia 3Q GDP report tomorrow. Price-momentum divergence continues to prevail and hints at another reversal lower going forward. In the meantime, bullish trend lingers and could still put 4.1990 – 4.2020 under threat.

- **SGD inched 0.05% higher to 1.3791 against a soft USD** but retreated against 7 G10s that also climbed on a soft greenback. **We turn slightly bullish on SGD in anticipation of a softer USD**. USDSGD is now tilted to the downside after losing 1.3800 overnight. With downward momentum rising, expect losses to test 1.3754 in the next leg lower.

Overnight Economic Data

US	→
Eurozone	↓
UK	→
Japan	↓
China	→
Australia	↑

What's Coming Up Next

Major Data

- US Empire Manufacturing, Retail Sales, Philadelphia Fed Business Outlook, Import Price Index, Initial Jobless Claims
- Eurozone Trade Balance
- UK Retail Sales Inc Auto Fuel
- China New Home Prices

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1285	1.1300	1.1312	1.1336	1.1358	↗
USDJPY	1.2966	1.2980	1.2990	1.3001	1.3025	↗
GBPUSD	113.46	113.58	113.64	113.70	113.83	↘
AUDUSD	0.7239	0.7247	0.7269	0.7271	0.7300	↗
EURGBP	0.8703	0.8709	0.8713	0.8720	0.8730	↘
USDMYR	4.1900	4.1925	4.1950	4.1965	4.1990	→
EURMYR	4.7440	4.7460	4.7474	4.7495	4.7539	↗
JPYMYR	3.6850	3.6895	3.6923	3.6950	3.6967	↗
GBPMYR	5.4392	5.4440	5.4468	5.4492	5.4556	↗
SGDMYR	3.0412	3.0430	3.0451	3.0480	3.0500	↗
AUDMYR	3.0480	3.0500	3.0531	3.0550	3.0580	↗
NZDMYR	2.8484	2.8500	2.8545	2.8580	2.8600	↗
USDSGD	1.3754	1.3770	1.3780	1.3784	1.3791	↘
EURSGD	1.5557	1.5584	1.5593	1.5607	1.5631	↗
GBPSGD	1.7870	1.7880	1.7885	1.7888	1.7921	↗
AUDSGD	1.0000	1.0010	1.0025	1.0035	1.0057	↗

* at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %
KLCI	1,688.41	0.05	-6.03
Dow Jones Ind.	25,080.50	-0.81	1.46
S&P 500	2,701.58	-0.76	1.05
FTSE 100	7,033.79	-0.28	-8.51
Shanghai	2,632.24	-0.85	-20.41
Hang Seng	25,654.43	-0.54	-14.25
STI	3,043.19	-0.34	-10.57

Name	Last Price	DoD %	YTD %
CRB Index	188.06	1.91	-3.00
WTI oil ($/bbl)	56.25	1.01	-6.90
Brent oil ($/bbl)	66.12	0.99	-1.12
Gold (S/oz)	1,210.88	0.72	8.10
CPO (RM/tonne)	1,841.00	-1.47	-22.97
Copper ($/tonne)	6,090.00	0.28	-15.97
Rubber (sen/kg)	383.00	-1.42	-17.19

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	09 Nov	-3.2%	-4.0%	--
US CPI YOY	Oct	2.5%	2.3%	2.5%
US CPI Ex Food and Energy YOY	Oct	2.1%	2.2%	2.2%
EU Industrial Production SA MOM	Sep	-0.3%	1.1% (revised)	-0.4%
EU GDP SA QOQ	3Q P	0.2%	0.4%	0.2%
UK CPI YOY	Oct	2.4%	2.4%	2.5%
UK CPI Core YOY	Oct	1.9%	1.9%	1.9%
UK PPI Output NSA YOY	Oct	3.3%	3.1%	3.1%
JP Industrial Production YOY	Sep F	-2.5%	-2.9%	--
CH Retail Sales YOY	Oct	8.6%	9.2%	9.2%
CH Industrial Production YOY	Oct	5.9%	5.8%	5.8%
CH Fixed Assets Ex Rural YTD YOY	Oct	5.7%	5.4%	5.5%
AU Wage Price Index YOY	3Q	2.3%	2.1%	2.3%
AU Employment Change	Oct	32.8k	7.8k (revised)	20.0k
AU Unemployment Rate	Oct	5.0%	5.0%	5.1%
AU Participation Rate	Oct	65.6%	65.5% (revised)	65.5%

Source: Bloomberg

➢ Macroeconomics

- ***Higher energy prices boosted US CPI but price gains remain muted:*** CPI rose at a faster pace of 2.5% YOY in October (Sep: +2.3%) driven by higher energy inflation as gain in prices of food and services generally slowed. Core inflation came in softer at 2.1% (Aug: +2.2%) as cost of shelter and transportation services grew at a slower pace compared to the previous month. Overall consumer inflation were rather muted for the past three months further affirming that the buildup in inflationary pressure remains steady in the economy shrugging off concerns that the Fed might raise federal funds rate at a faster than expected pace. Mortgage applications extended further decline by 3.2% for the week ended 9 Nov (previous: -0.7%) as rising borrowing cost deters existing homeowners to refinance their houses and drives potential buyers away from the housing market. The average rate of a fixed-rate 30-year loan rose to 5.17% last week (previous: 5.15%), the highest since April 2010, compared to only 4.18% a year ago.

- ***Eurozone growth tapered off following two solid quarters, dragged down by Germany:*** The preliminary 3Q GDP growth tapered off to 0.2% QOQ, (2Q: +0.4%) mainly driven by a 0.2% QOQ contraction in Germany (2Q: +0.5%). On a yearly basis, the euro area economy grew at a faster pace of 1.7% YOY (2Q: +1.4%). A separate release by the Euro Stat also shows that industrial production fell 0.3% MOM in September (Aug: +1.1% revised) due to a cut in output in nearly all key categories (intermediate goods, energy, durable and non-durable consumer goods). Both releases affirmed that growth in the Eurozone has peaked in 2017 where exports growth was particularly strong. Looking ahead, slower global demand amidst rising protectionist backdrop is set to weigh down on overall growth in the euro area.

- ***UK inflation held steady:*** CPI growth held steady at 2.4% YOY in October (Sep: +2.4%) driven by slower growth in prices of food & non-alcohol, health and transport as well as the contraction of prices of clothing & footwear. Core inflation also remained unchanged at 1.9% YOY but producer prices grew at a faster pace of 3.3% YOY (Sep: +3.1%).

- ***Japan industrial productions disrupted by natural disaster:*** The final reading of Japan September industrial production showed a smaller than earlier estimated contraction of 2.5% YOY (Aug: +0.2%). The monthly contraction reflects temporary disruptions to productions in a month full of natural disasters i.e. typhoon and floods.

- ***China key indicators continued to point to economic slowdown:*** The NBS released key economic indicators yesterday - industrial productions growth rose slightly to 5.9% YOY in October (Sep: +5.8%) driven by faster growth in mining and manufacturing, year-to-date fixed investment grew 5.7% YOY (Sep: +5.4%) a considerable improvement after three months of sluggish gain. Retail sales however slowed to increase 8.6% YOY after a strong September (Sep: +9.2%) but is likely to bounce up higher in November due to the nationwide Singles Day sales.

- ***Australia job market experienced broad based strengthening; wage growth lifted by higher minimum wage:*** The Australian economy added 32.8k in October (Sep: +7.8k revised) driven by higher addition of full –time jobs. Unemployment rate remained unchanged at 5.0% (Sep: 5.0%) with the participation rate increasing to 65.6% (Sep: 65.5% revised). The wage price index released yesterday also met expectation to grow 2.3% YOY in the third quarter (2Q: +2.1%), the fastest annual pace in almost three years reflecting the increase of minimum wages effective July this year. Overall data show that the labour market in Australia is in a healthy mode and is expected to strengthen further.

Economic Calendar						
Date	**Country**	**Events**	**Reporting Period**	**Survey**	**Prior**	**Revised**
16/11	Malaysia	GDP YOY	3Q	4.6%	4.5%	--
15/11	**US**	**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**	**--**
16/11		Industrial Production MOM	Oct	0.2%	0.3%	--
		Capacity Utilization	Oct	78.2%	78.1%	--
15/11	**Eurozone**	**Trade Balance SA**	**Sep**	**16.3b**	**16.6b**	**--**
16/11		CPI YOY	Oct F	2.2%	2.1%	
		CPI Core YOY	Oct F	--	1.1%	--
15/11	**UK**	**Retail Sales Inc Auto Fuel MOM**	**Oct**	**0.2%**	**-0.8%**	**--**
16/11	Hong Kong	GDP YOY	3Q	3.3%	3.5%	--
		Unemployment Rate SA	Oct	2.8%	2.8%	--
15/11	**China**	**New Home Prices MOM**	**Oct**	**--**	**1.0%**	**--**
16/11	Singapore	Non-oil Domestic Exports YOY	Oct	1.0%	8.3%	--
16/11	New Zealand	BusinessNZ Manufacturing PMI	Oct	--	51.7	--

Source: Bloomberg

➢Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1310	0.18	1.1348	1.1263	-5.75
GBPUSD	1.2992	0.12	1.3072	1.2882	-3.83
USDJPY	113.63	-0.16	114.01	113.30	0.84
AUDUSD	0.7232	0.19	0.7254	0.7188	-7.34
EURGBP	0.8705	0.04	0.8758	0.8667	-1.96
USDMYR	4.1960	0.08	4.1975	4.1810	3.69
EURMYR	4.7288	0.39	4.7430	4.7276	-2.46
JPYMYR	3.6855	0.27	3.6860	3.6731	2.51
GBPMYR	5.4411	0.52	5.4565	5.4368	-0.42
SGDMYR	3.0372	0.18	3.0427	3.0347	0.27
AUDMYR	3.0192	0.03	3.0314	3.0190	-4.51
NZDMYR	2.8439	0.63	2.8535	2.8317	-1.25
CHFMYR	4.1614	0.24	4.1677	4.1599	0.30
CNYMYR	0.6035	0.12	0.6039	0.6026	-2.94
HKDMYR	0.5357	0.04	0.5359	0.5343	3.44
USDSGD	1.3791	-0.05	1.3822	1.3764	3.20
EURSGD	1.5598	0.13	1.5644	1.5557	-2.80
GBPSGD	1.7918	0.06	1.7994	1.7775	-0.85
AUDSGD	0.9973	0.12	0.9986	0.9932	-4.45

Source: Bloomberg

MYR

- **MYR slipped 0.08% to 4.1960 against USD** and retreated against all G10s on cautious interest as markets gauge the potential outcome of US-China trade talks.
- **We expect a neutral MYR against USD**; despite a softer overnight greenback and firmer market sentiment, we reckon that buying interest in MYR is likely weighed down ahead of Malaysia 3Q GDP report tomorrow. Price-momentum divergence continues to prevail and hints at another reversal lower going forward. In the meantime, bullish trend lingers and could still put 4.1990 – 4.2020 under threat.

USD

- **USD retreated against 7 G10s** while DXY weakened through US session amid improved sentiment in the FX and commodity markets, as well as softer than expected US CPI, closing 0.51% lower at 96.80.
- **Stay slightly bearish on USD** on risk aversion ahead of US data; caution that another disappointment will add further downside pressure on USD. Technically, we continue to expect further unravelling of price-momentum. Losses could extend today, with room to drop to circa 96.66 or below.

EUR

- **EUR extended its rebound to rise 0.18% to 1.1310 against USD** and bested 7 G10s as Italy-EU budget plan wrangling failed to capture markets attention.
- **EUR is likely to maintain its slight bullish bias against a soft USD**, while recent lack of response to Italy-EU budget contention may support further advances. Unless it falls below 1.1218 today, EURUSD is likely en route to overturn its current bearish trend. Direction going forward is likely inclined to the upside, with scope to challenge 1.1358.

GBP

- **GBP climbed 0.12% to 1.2992 against USD** after news of PM May's Brexit plan receiving support from Cabinet members helped overturn sharp early losses.
- **Stay 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 today to prevent a return of bearish trend. In doing so, GBPUSD is exposed to climb to 1.3060.

JPY

- **JPY strengthened 0.16% to 113.63 against USD** and advanced against 5 G10s on continued support from refuge demand amid extended sell-off in US equities.
- **Continue to expect a bullish JPY against a soft USD**. A bearish trend has emerged, tilting USDJPY to the downside. We continue to expect USDJPY lower, pushing towards 113.32 – 113.50, or even below.

AUD

- **AUD climbed 0.19% to 0.7232 against USD** and advanced against 8 G10s, supported by firmer commodities, improved sentiment in FX space and quicker wage growth in Australia.
- **AUD remains bullish against USD**, boosted by better than expected Australian labour market data. The recent bearish trend has been overturned, while AUDUSD breaking above 0.7247 is to us a bullish signal. Expect further gains going forward that could potentially test 0.7315.

SGD

- **SGD inched 0.05% higher to 1.3791 against a soft USD** but retreated against 7 G10s that also climbed on a soft greenback.
- **We turn slightly bullish on SGD in anticipation of a softer USD**. USDSGD is now tilted to the downside after losing 1.3800 overnight. With downward momentum rising, expect losses to test 1.3754 in the next leg lower.

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