

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street rebounded to post decisive gains overnight on positive trade headlines as well as upbeat economic data.** The Financial Times reported that both China and US were working towards resolving current trade dispute ahead of both President Xi and Trump's side line meeting at the G20 end of this month, the US was said to have put on hold the next planned levies. Meanwhile **Fed Chair Jerome Powell said that despite facing global headwinds he was "very happy" with the state of the US economy. Investors seemed to look past the dramatic development in Brexit where ministerial resignations and potential leadership challenge to PM Theresa May dominated the U.K. news headlines.** The Dow, S&P500 and NASDAQ all ended higher by 0.8% - 1.7%. 10Y treasuries yield fell 2bps to 3.11%. Gain in crude oil prices were capped by EIA's report on further inventory build-up – WTI closed at \$56.46/barrel (+0.37%) while Brent at \$66.62 (+0.76%).
- **US data were generally positive - retail sales rebounded more than expected** to increase 0.8% MOM following two months of contractions. **Import price index also rose more quickly** by 0.5% MOM due to higher cost of fuels imports. Initial jobless claims rose by 2k to 216k last week but remained low. The Empire State Manufacturing Index inched up to 23.3 while the Philly Fed Manufacturing Index fell sharply to 12.9. **Eurozone trade surplus narrowed to €13.4b on lower exports while UK retail sales unexpectedly fell 0.5% MOM.** China new home prices rose 1.0% MOM but grew at a faster pace of 9.7% YOY on a yearly basis. New Zealand Performance of Manufacturing Index rose to 5-month high of 53.5.
- **USD fell against 8 G10s** as refuge demand in the US retreated amid rebound in US equities and continued speculation of US-China trade spat edging albeit slowly to a closure. However, the DXY climbed 0.13% to 96.92, lifted by sharp tumble in GBP. **Continue to expect a bearish USD** as refuge demand retreats and amid bearish potential in US data. Technically, we continue to expect further unraveling of price-momentum. Losses could extend today, with room to drop to circa 96.66 or below.
- **MYR advanced 0.1% to 4.1915 against a soft USD** but fell against 9 G10s that also rallied on the back of a soft USD. **We expect a slightly bullish MYR against a soft USD**, with buying interest likely to catch up with improving market sentiment after Malaysia GDP report. Price-momentum divergence has unraveled and yesterday's decline in USDMYR could be the onset of a reversal lower. Staying below 4.1880 today is likely to tilt USDMYR to the downside and push for a test at 4.1800 in the next leg lower.
- **SGD strengthened 0.3% to 1.3750 against USD** and climbed against 7 G10s, supported by improved risk appetite. **Stay slightly bullish on SGD in anticipation of a softer USD.** USDSGD expectedly tested 1.3754, and with downward momentum rising, it risks further losses. Immediate protection from further losses lies at 1.3740, but if this breaks, expect USDSGD to target 1.3711.

Overnight Economic Data

US	➔
Eurozone	⬇
UK	⬇
China	⬆
New Zealand	⬆

What's Coming Up Next

Major Data

- Malaysia 3Q GDP
- US Industrial Production
- Eurozone CPI, Core CPI
- Hong Kong 3Q GDP, Unemployment Rate
- Singapore Non-oil Domestic Exports
- New Zealand Performance of Services Index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1309	1.1320	1.1332	1.1350	1.1358	↗
USDJPY	1.2750	1.2763	1.2778	1.2800	1.2828	↘
GBPUSD	113.30	113.49	113.58	113.65	113.75	↘
AUDUSD	0.7247	0.7260	0.7277	0.7300	0.7315	↗
EURGBP	0.8835	0.8848	0.8864	0.8874	0.8888	↗
USDMYR	4.1820	4.1855	4.1880	4.1900	4.1925	↘
EURMYR	4.7400	4.7424	4.7441	4.7507	4.7561	↗
JPYMYR	3.6800	3.6849	3.6860	3.6887	3.6900	↘
GBPMYR	5.3344	5.3400	5.3523	5.3560	5.3622	↘
SGDMYR	3.0400	3.0421	3.0444	3.0467	3.0485	➔
AUDMYR	3.0425	3.0458	3.0487	3.0507	3.0520	➔
NZDMYR	2.8535	2.8569	2.8598	2.8609	2.8625	➔
USDSGD	1.3740	1.3750	1.3755	1.3760	1.3770	↘
EURSGD	1.5557	1.5574	1.5585	1.5598	1.5617	↗
GBPSGD	1.7540	1.7556	1.7582	1.7591	1.7600	↘
AUDSGD	0.9979	1.0000	1.0013	1.0030	1.0050	↗

* 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	1,694.21	0.34	-5.71	CRB Index	185.54	-1.34	-4.29
Dow Jones Ind.	25,289.27	0.83	2.31	WTI oil (\$/bbl)	56.46	0.37	-6.55
S&P 500	2,730.20	1.06	2.12	Brent oil (\$/bbl)	66.62	0.76	-0.37
FTSE 100	7,038.01	0.06	-8.45	Gold (\$/oz)	1,213.36	0.20	8.10
Shanghai	2,668.17	1.36	-19.32	CPO (RM/tonne)	1,773.00	-3.69	-25.82
Hang Seng	26,103.34	1.75	-12.75	Copper (\$/tonne)	6,090.00	0.28	-15.97
STI	3,054.53	0.37	-10.24	Rubber (sen/kg)	381.00	-0.13	-17.62

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Empire Manufacturing	Nov	23.3	21.1	20.0
US Retail Sales Advance MOM	Oct	0.8%	-0.1% (revised)	0.5%
US Philadelphia Fed Business Outlook	Nov	12.9	22.2	20.0
US Import Price Index MOM	Oct	0.5%	0.2% (revised)	0.1%
US Initial Jobless Claims	Nov-10	216k	214k	213k
EU Trade Balance SA	Sep	€13.4b	€16.8b (revised)	€16.3b
UK Retail Sales Inc Auto Fuel MOM	Oct	-0.5%	-0.4% (revised)	0.2%
CH New Home Prices MOM	Oct	1.02%	1.0%	--
NZ BusinessNZ Manufacturing PMI	Oct	53.5	51.9 (revised)	--

Source: Bloomberg

- US retail sales rebounded; manufacturing data mixed:** Retail sales rebounded following two months of contractions to increase 0.8% MOM in September (Aug: -0.1% revised) driven by faster sales in motor vehicles & parts, fuel (gasoline stations) as well as electronics & appliances suggesting that consumer spending remained strong in the economy. Import price index rose at a quicker rate of 0.5% MOM in October (Sep: +0.2% revised) driven by a substantial gain in prices of fuel imports (+3.3% vs +0.7%). Initial jobless claims meanwhile remained steadily low in a tight labour market as they went up by 2k to 216k for the week ended 10 Nov (previous: 214k) bringing the four-week moving average to 215.3k (previous: 213.8k). Data at the manufacturing front were rather mixed as signs of tapering growth in the sector began to emerge - the Empire State Manufacturing Index beat expectations inching up to 23.3 in November (Oct: 21.1) while the Philly Fed Manufacturing Index went down sharply to 12.9 (Oct: 22.2) indicating a much slower expansion in the region's goods producing sector.
- Eurozone trade surplus narrowed on lower exports:** The preliminary trade report showed that exports fell 1.6% MOM in September (Aug: +2.0%) while imports grew 0.2% MOM (Aug: -0.3%) and this led the trade surplus to narrow to €13.4b (Aug: €16.8b revised).
- UK retail sales failed to maintain summer's momentum:** Retail sales unexpectedly fell 0.5% MOM in October (Sep: -0.4% revised) while on a yearly basis sales slowed to increase 2.2% YOY (Sep: +3.3% revised) further reaffirming that the strong GDP growth in the third quarter was only temporary. Spending had been especially strong when weather was warmer during summertime and this has helped 3Q GDP growth to reach 0.6% QOQ, the highest level in nearly two years.
- China new home prices rose despite signs of cooling housing market:** New home prices in China grew steadily at 1.0% MOM in October (Sep: +1.0%) but on a yearly basis prices grew at a much faster pace of 9.7% YOY (Aug: +8.9%), which is in contrast with the recent drop in transaction volumes in the secondary market as well as slower sales at the country's big developers.
- New Zealand manufacturing sector experienced faster growth:** The BusinessNZ Performance of Manufacturing Index rose to a 5-month high of 53.5 in October (Nov: 51.9). The much robust growth in the sector compared to the previous month was driven by a rebound in production, faster growth in new orders, employment as well as finished stocks.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
16/11	Malaysia	GDP YOY	3Q	4.6%	4.5%	--
16/11	US	Industrial Production MOM	Oct	0.2%	0.3%	--
		Capacity Utilization	Oct	78.2%	78.1%	--
17/11		Kansas City Fed Manf. Activity	Nov	11.0	8.0	--
19/11		NAHB Housing Market Index	Nov	67.0	68.0	--
16/11	Eurozone	CPI YOY	Oct F	2.2%	2.1%	--
		CPI Core YOY	Oct F	1.1%	1.1%	--
19/11	UK	Rightmove House Prices YOY	Nov	--	0.9%	--
		CBI Trends Total Orders	Nov	-4.0	-6.0	--
19/11	Japan	Trade Balance	Oct	-¥50.0.6b	¥139.6b	¥131.3b
		Exports YOY	Oct	9.1%	-1.2%	-1.3%
16/11	Hong Kong	GDP YOY	3Q	3.3%	3.5%	--
		Unemployment Rate SA	Oct	2.8%	2.8%	--
16/11	Singapore	Non-oil Domestic Exports YOY	Oct	1.0%	8.3%	--
19/11	New Zealand	Performance of Services Index	Oct	--	--	53.9

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1328	0.16	1.1362	1.1271	-0.66
GBPUSD	1.2774	1.68	1.303	1.2724	-0.46
USDJPY	113.64	0.01	113.71	113.10	0.76
AUDUSD	0.7277	0.62	0.7298	0.7229	-0.83
EURGBP	0.8867	1.87	0.8889	0.8697	-0.18
USDMYR	4.1915	0.10	4.1975	4.1855	3.58
EURMYR	4.7303	0.03	4.7561	4.7295	-2.43
JPYMYR	3.6933	0.21	3.6996	3.6883	2.73
GBPMYR	5.4009	0.74	5.4613	5.3912	-1.15
SGDMYR	3.0440	0.22	3.0486	3.0412	0.50
AUDMYR	3.0507	1.04	3.0557	3.0325	-3.51
NZDMYR	2.8548	0.38	2.8569	2.8447	-0.87
CHFMYR	4.1663	0.12	4.1749	4.1617	0.41
CNYMYR	0.6039	0.07	0.6048	0.6034	-2.87
HKDMYR	0.5349	0.15	0.5361	0.5345	3.28
USDSGD	1.3750	0.30	1.3797	1.3740	2.99
EURSGD	1.5577	0.13	1.5612	1.5536	-2.93
GBPSGD	1.7567	1.96	1.7933	1.7518	-2.74
AUDSGD	1.0006	0.33	1.0033	0.9968	-4.12

Source: Bloomberg

MYR

- **MYR advanced 0.1% to 4.1915 against a soft USD** but fell against 9 G10s that also rallied on the back of a soft USD.
- **We expect a slightly bullish MYR against a soft USD**, with buying interest likely to catch up with improving market sentiment after Malaysia GDP report. Price-momentum divergence has unraveled and yesterday's decline in USDMYR could be the onset of a reversal lower. Staying below 4.1880 today is likely to tilt USDMYR to the downside and push for a test at 4.1800 in the next leg lower.

USD

- **USD fell against 8 G10s** as refuge demand in the US retreated amid rebound in US equities and continued speculation of US-China trade spat edging albeit slowly to a closure. However, the DXY climbed 0.13% to 96.92, lifted by sharp tumble in GBP.
- **Continue to expect a bearish USD** as refuge demand retreats and amid bearish potential in US data. Technically, we continue to expect further unraveling of price-momentum. Losses could extend today, with room to drop to circa 96.66 or below.

EUR

- **EUR climbed 0.16% to 1.1328 against a soft USD**, with some support from increased buying interest amid strong decline in GBP. EUR however, ended lower against 6 G10s.
- **Expect a bullish EUR against USD** on technical reasons; expect upside boosts to EUR if Eurozone CPI ticks higher or if GBP extends its slump. EURUSD has overturned its recent bearish trend and is now inclined to the upside. We expect a potential break above 1.1367 soon, above which EURUSD will set sights on 1.1418.

GBP

- **GBP capitulated** following news of resignation of UK Brexit Secretary, which raised the likelihood of a hard-Brexit. **GBP plunged 1.68% to 1.2774 against USD** and slumped against all G10s.
- **GBP is now bearish against USD** amid extended downside pressure from pessimistic Brexit sentiment. GBPUSD has returned to a bearish trend, which increases the likelihood of it closing below 1.2774 by Wed next week. Meantime, expect downsides to prevail and possibly challenge 1.2696 – 1.2700.

JPY

- **JPY retreated** against 8 G10s and **slipped 0.01% to 113.64 against USD** as demand for refuge receded on rebound in US equities.
- **Continue to expect a bullish JPY in anticipation of a soft USD.** A bearish trend lingers, tilting USDJPY to the downside. We continue to expect USDJPY lower, pushing towards 113.32 – 113.50, or even below.

AUD

- **AUD was boosted** by firmer Australian jobs data as well as rebound in equities and commodities, rising against all G10s and **jumping 0.62% to 0.7277 against USD.**
- **AUD is slightly bullish against USD**, boosted by continued rebound in equities and commodities. AUDUSD remains biased to the upside, back by a close above 0.7271 and firmer upward momentum. Expect further gains going forward that could potentially test 0.7315 – 0.7331.

SGD

- **SGD strengthened 0.3% to 1.3750 against USD** and climbed against 7 G10s, supported by improved risk appetite.
- **Stay slightly bullish on SGD in anticipation of a softer USD.** USDSGD expectedly tested 1.3754, and with downward momentum rising, it risks further losses. Immediate protection from further losses lies at 1.3740, but if this breaks, expect USDSGD to target 1.3711.

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