

Global Markets Research

Daily Market Highlights

Key Takeaways

- US stocks ended mostly higher on Friday driven by President Trump's positive comment that his Administration may not add new tariffs on China. The Dow and S&P 500 posted a modest gain of 0.49% (+124.Opts) and 0.22% (+6.1pts) respectively whereas the NASDAQ fell 0.15% (-11.2pts) as sentiments on the tech sector remained poor especially after chipmaker Nvidia's third quarter revenue missed expectations. US government bonds rallied after Fed's vice chair Richard Clarida said that the path of Fed's tightening since almost three years ago has been gradual and it is close to the point of being neutral on interest rates- 2Y treasuries yield fell to 2.80% (-5bps) while the 10Y yield inched lower to 3.06% (-5bps). Movement in crude oil prices stayed muted – Brent closed marginally higher at \$66.76/barrel while WTI was unchanged at \$56.46/barrel.
- Data flow was mixed. US industrial productions rose a mere 0.1% MOM in October while Kansas City Fed regional manufacturing index rose to 15.0 in November. Eurozone inflation rose to 2.2% YOY in October, the highest in nearly 6 years while core inflation also inched up higher to 1.1% YOY. Hong Kong GDP growth tapered off more than expected to 2.9% in 3Q, while Malaysia 3Q GDP growth also came in softer at 4.4% YOY. Singapore NODX rose 8.3% YOY in October.
- **USD fell against all G10s** amid dovish comment from Fed Vice Chair that US interest rate is nearing neutral and renewed optimism on US-China trade spat following a seemingly softer stance by the US. The DXY tumbled 0.48% to 96.47. **USD is expected to stay bearish** on softer risk-off in the markets although overall sentiments remain very fragile, susceptible to US-China trade headlines and European political risks. Technically, we continue to expect further unraveling of price-momentum. Losses is expected to stay extended today, with room to drop to circa 96.35.
- **MYR ended flat at 4.1915 against the USD** but was mixed against other G10s that advanced on the back of a softer greenback. **We expect MYR to continue rangetrade at current levels against a soft USD**, but buying interest will likely remain tepid ahead of Malaysia market closure tomorrow and still fragile market sentiments. Price-momentum divergence is taking shape but Friday's closing above 4.1880 suggests USDMYR still has room to test higher levels before heading down to 4.1800 in the next leg lower.
- **SGD strengthened 0.14% to 1.3731 against USD** but fell against all other G10s, which also rallied on the back of a soft greenback. **Stay slightly bullish on SGD** in anticipation of a softer USD. Bearish bias in USDSGD is picking up and is on track to head towards 1.3711. A break at this level could lead the pair lower to 1.3693 next.

Overnight Economic Data

| | |
|-------------|---|
| Malaysia | ↓ |
| US | → |
| Eurozone | ↑ |
| UK | ↓ |
| Japan | ↓ |
| Hong Kong | ↓ |
| Singapore | ↑ |
| New Zealand | ↑ |

What's Coming Up Next

Major Data

- US NAHB Housing Market Index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

| | S2 | S1 | Indicative | R1 | R2 | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1347 | 1.1374 | 1.1407 | 1.1426 | 1.1446 | ↗ |
| GBPUSD | 1.2769 | 1.2797 | 1.2827 | 1.2847 | 1.2869 | ↘ |
| USDJPY | 112.42 | 112.56 | 112.73 | 112.97 | 113.14 | ↘ |
| AUDUSD | 0.7290 | 0.7311 | 0.7319 | 0.7338 | 0.7351 | ↗ |
| EURGBP | 0.8870 | 0.8889 | 0.8893 | 0.8907 | 0.8928 | ↘ |
| USDMYR | 4.1820 | 4.1855 | 4.1870 | 4.1900 | 4.1925 | → |
| EURMYR | 4.7609 | 4.7704 | 4.7781 | 4.7978 | 4.8017 | ↗ |
| JPYMYR | 3.7051 | 3.7107 | 3.7164 | 3.7207 | 3.7269 | ↗ |
| GBPMYR | 5.3582 | 5.3687 | 5.3762 | 5.3813 | 5.3855 | ↗ |
| SGDMYR | 3.0423 | 3.0441 | 3.0487 | 3.0565 | 3.0590 | ↗ |
| AUDMYR | 3.0429 | 3.0510 | 3.0637 | 3.0688 | 3.0770 | ↗ |
| NZDMYR | 2.8600 | 2.8661 | 2.8745 | 2.8804 | 2.8872 | ↗ |
| USDSGD | 1.3701 | 1.3715 | 1.3736 | 1.3760 | 1.3770 | ↘ |
| EURSGD | 1.5624 | 1.5655 | 1.5670 | 1.5690 | 1.5704 | ↘ |
| GBPSGD | 1.7540 | 1.7597 | 1.7632 | 1.7662 | 1.7686 | ↘ |
| AUDSGD | 1.0013 | 1.0039 | 1.0047 | 1.0058 | 1.0072 | ↘ |

* 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 | 1,706.38 | 0.72 | -5.03 | CRB Index | 187.30 | 0.95 | -3.39 |
| Dow Jones Ind. | 25,413.22 | 0.49 | 2.81 | WTI oil (\$/bbl) | 56.46 | 0.00 | -6.55 |
| S&P 500 | 2,736.27 | 0.22 | 2.34 | Brent oil (\$/bbl) | 66.76 | 0.21 | 0.19 |
| FTSE 100 | 7,013.88 | -0.34 | -8.77 | Gold (S/oz) | 1,221.50 | 0.67 | 8.10 |
| Shanghai | 2,679.11 | 0.41 | -18.99 | CPO (RM/tonne) | 1,743.50 | -2.00 | -27.05 |
| Hang Seng | 26,183.53 | 0.31 | -12.49 | Copper (\$/tonne) | 6,205.00 | 0.34 | -14.38 |
| STI | 3,083.60 | 0.95 | -9.38 | Rubber (sen/kg) | 377.50 | -0.66 | -18.38 |

Source: Bloomberg

Economic Data

| | For | Actual | Last | Survey |
|-----------------------------------|-------|---------|-------------------|--------|
| MA GDP YOY | 3Q | 4.4% | 4.5% | 4.6% |
| US Industrial Production MOM | Oct | 0.1% | 0.2% (revised) | 0.2% |
| US Capacity Utilization | Oct | 78.4% | 78.5% (revised) | 78.2% |
| US Kansas City Fed Manf. Activity | Nov | 15.0 | 8.0 | 11.0 |
| EU CPI YOY | Oct F | 2.2% | 2.1% | 2.2% |
| EU CPI Core YOY | Oct F | 1.1% | 0.9% | 1.1% |
| UK Rightmove House Prices YOY | Nov | -0.2% | 0.9% | -- |
| JP Trade Balance | Oct | ¥449.3b | ¥131.3b (revised) | ¥70.0b |
| JP Exports YOY | Oct | 8.2% | -1.3% (revised) | 8.9% |
| HK GDP YOY | 3Q | 2.9% | 3.5% | 3.3% |
| HK Unemployment Rate SA | Oct | 2.8% | 2.8% | 2.8% |
| SG Non-oil Domestic Exports YOY | Oct | 8.3% | 8.1% (revised) | 1.0% |
| NZ PPI Output QOQ | 3Q | 1.5% | 0.9% | -- |
| NZ Performance of Services Index | Oct | 55.4 | 54.2 (revised) | -- |

Source: Bloomberg

➤ Macroeconomics

- US industrial production eased due to marginal disruption from hurricanes:** Industrial productions rose a mere 0.1% MOM in October (Sep: +0.2% revised) as the steady growth in manufacturing output was offset by the further contractions in mining and utilities output. Hurricanes were said to have disrupted productions in both September and October but their effects were only marginal according to the Fed. Capacity utilizations meanwhile fell to 78.4% (Sep: 78.5% revised) again due to the drop in capacity in both mining and utilities sector. Looking ahead, output is likely to rebound higher albeit at moderate pace towards the end of the year as effect of hurricanes is eliminated and colder weather lifted utilities output. Meanwhile, Kansas City Fed Manufacturing composite index rose to 15.0 in November (Oct: 8.0) driven by higher production, shipments and new orders.
- Eurozone inflation near 6-year high:** The final reading of the HICP annual inflation rate for the Euro area was confirmed to be 2.2% YOY in October (Sep: +2.1%), its highest in nearly six years driven by higher prices of energy (+10.7% vs +9.5%) as gain in prices of foods seen easing from the previous month (+2.2 vs +2.6%). The rise in services inflation (+1.5% vs +1.3%) drove core inflation (excluding energy, food, alcohol & tobacco) higher to 1.1% YOY (Aug: +0.9%). Despite higher inflation, we do not foresee the ECB to change the course of its policy plan and we expect key rates to stay at current levels at least through the summer of 2019 especially when economic growth has slowed in the third quarter (preliminary reading placed 3Q GDP growth at 0.2% QOQ compared to 0.4% in Q1 and Q2).
- UK house prices fell for the first time in seven years:** Rightmove house prices fell 0.2% YOY in November, its first decline in seven years, confirming further weakness in the UK housing market. The decline was led by lower house prices in London, which fell 2.4% YOY and 1.7% MOM to £614.3k during the month, vs the national average of £302.0k.
- Wider trade deficit in Japan:** Japan trade balance reversed to a bigger than expected deficit of ¥449.3bn in October, from a surplus position in September as imports grew at a much faster pace of 16.8% MOM vs the 7.8% increase in exports. Exports to the US, EU and China all declined on a YOY basis while shipment to Asia continued to see marginal gains.
- Hong Kong economic growth tapered off in 3Q:** Hong Kong GDP rose a modest 2.9% YOY in the third quarter of 2018 (2Q: +3.5%), substantially slower than the previous two quarters, reaffirming our view that the country's over dependence on demand from neighbouring China as well as a slowdown in the property sector had started to bite into growth. The government refined earlier 2018 GDP growth forecast from 3-4% to 3.2%. A separate release meanwhile shows that unemployment rate remained steady at 2.8% in October (Sep: 2.8%).
- Singapore NODX improved in October:** Growth in non-oil domestic exports extended further climb to 8.3% YOY in October (Sep: +8.1% revised) driven by faster growth in non-electronics shipments. Electronics shipments continued to decline as external demand for Singaporean electronic products weakened after global electronics demand came off its peak.
- Malaysia experienced further moderation in growth:** The Malaysian economy witnessed further moderation in growth as expected, growing at a slightly slower pace of 4.4% YOY in 3Q (2Q: +4.5%). This came above our expectation for a slowdown to 4.2% YOY but against market consensus for a pick-up to 4.6% YOY. This marked its 4th straight quarter of easier growth, and its slowest in two years, as the drag from negative net exports offset further acceleration in domestic demand. Looking ahead, expansion in the Malaysian economy remains at risk of further moderation, dampened by a softer external environment while the domestic economy has to grapple with policy adjustments that have resulted in short term swings in consumption and investment. The tax holiday related consumption boost that has brought forward purchases to 3Q would mean 4Q will be payback time which will likely make it the weakest quarter for the year, compounded by noticeable weakening in global demand. As a result, we expect further moderation in 4Q growth but full year growth is being tweaked higher to 4.6% YOY for 2018 taking into account the stronger than expected 3Q performance. We however foresee downside risks to our 4.8% growth forecast for 2019, much would depend on the momentum in private sector activities and the extent of global fallout.
- Pick-up in New Zealand services activities and PPI:** Growth in the New Zealand services sector picked up steam in October, with the services index rising to 55.4 from an upwardly revised 54.2 in September. The highest reading in five months was boosted by quicker growth in sales, employment and new orders. A separate release showed an acceleration in inflationary pressure, with PPI output and PPI input both quickened to its highest in about 1.5 years in 3Q, to 1.5% and 1.4% QOQ respectively (2Q: +0.9% and +1.0%), as a result of higher energy costs.

| Economic Calendar | | | | | | |
|-------------------|-----------|----------------------------------|------------------|-------------|-------------|---------|
| Date | Country | Events | Reporting Period | Survey | Prior | Revised |
| 19/11 | US | NAHB Housing Market Index | Nov | 67.0 | 68.0 | -- |
| 20/11 | | Housing Starts MOM | Oct | 1.6% | -5.3% | -- |
| | | Building Permits MOM | Oct | -0.8% | -0.6% | 1.7% |
| 19-25/11 | UK | CBI Trends Total Orders | Nov | -5.0 | -6.0 | |
| 20/11 | Japan | Convenience Store Sales YOY | Oct | -- | 3.5% | -- |
| 20/11 | Hong Kong | CPI Composite YOY | Oct | 2.7% | 2.7% | -- |
| 20/11 | Australia | RBA Nov. Meeting Minutes | | | | |

Source: Bloomberg

Forex

| | Last Price | DoD % | High | Low | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.1415 | 0.77 | 1.142 | 1.1322 | -0.91 |
| GBPUSD | 1.2834 | 0.47 | 1.2878 | 1.2762 | -0.02 |
| USDJPY | 112.83 | -0.71 | 113.65 | 112.64 | 0.00 |
| AUDUSD | 0.7332 | 0.76 | 0.7338 | 0.7250 | -0.27 |
| EURGBP | 0.8896 | 0.32 | 0.8906 | 0.8825 | 0.15 |
| USDMYR | 4.1915 | 0.00 | 4.1970 | 4.1870 | 3.58 |
| EURMYR | 4.7537 | 0.49 | 4.7656 | 4.7425 | -0.95 |
| JPYMYR | 3.6975 | 0.11 | 3.7048 | 3.6859 | 2.85 |
| GBPMYR | 5.3601 | -0.76 | 5.3806 | 5.3462 | -0.90 |
| SGDMYR | 3.0452 | 0.04 | 3.0507 | 3.0428 | 0.53 |
| AUDMYR | 3.0462 | -0.15 | 3.0556 | 3.0433 | -0.66 |
| NZDMYR | 2.8551 | 0.01 | 2.8670 | 2.8551 | -0.86 |
| CHFMYR | 4.1624 | -0.09 | 4.1708 | 4.1565 | 0.32 |
| CNYMYR | 0.6033 | -0.11 | 0.6043 | 0.6032 | -0.98 |
| HKDMYR | 0.5351 | 0.04 | 0.5358 | 0.5345 | 3.32 |
| USDSGD | 1.3731 | -0.14 | 1.3770 | 1.3717 | 2.75 |
| EURSGD | 1.5677 | 0.64 | 1.5685 | 1.5574 | -2.37 |
| GBPSGD | 1.7635 | 0.39 | 1.7685 | 1.7554 | -2.51 |
| AUDSGD | 1.0072 | 0.66 | 1.0075 | 0.9983 | -3.79 |

Source: Bloomberg

MYR

- **MYR ended flat at 4.1915 against the USD** but was mixed against other G10s that advanced on the back of a softer greenback.
- **We expect MYR to continue range trade at current levels against a soft USD**, but buying interest will likely remain tepid ahead of Malaysia market closure tomorrow and still fragile market sentiments. Price-momentum divergence is taking shape but Friday's closing above 4.1880 suggests USDMYR still has room to test higher levels before heading down to 4.1800 in the next leg lower.

USD

- **USD fell against all G10s** amid dovish comment from Fed Vice Chair that US interest rate is nearing neutral and renewed optimism on US-China trade spat following a seemingly softer stance by the US. The DXY tumbled 0.48% to 96.47.
- **USD is expected to stay bearish** on softer risk-off in the markets although overall sentiments remain very fragile, susceptible to US-China trade headlines and European political risks. Technically, we continue to expect further unraveling of price-momentum. Losses is expected to stay extended today, with room to drop to circa 96.35.

EUR

- **EUR rallied 0.77% to 1.1415 against a soft USD** and gained against all G10s except for the minor loss against DKK, spurred by hawkish comments from President Draghi on sustained growth despite trade risks, contrary to the dovish Fed speak.
- **Bullish bias in EUR remains**, underpinned by expectation for extended weakness in the greenback but we caution against a pullback after Friday's rally. Bullish trend in EURUSD is gaining grounds, and we expect the pair to target 1.1429 next.

GBP

- **GBP rebounded to strengthen 0.47% against the USD to 1.2834**, following easing tension on a hard Brexit. However, the sterling continued to underperform 8 G10s.
- **GBP remains bearish against USD** amid Brexit uncertainties and dimming growth outlook. Bearish trend in GBPUSD persists, and we expect the pair to stay on track to close below 1.2774 by Wednesday, after which, the pair could challenge 1.2696 – 1.2700 next.

JPY

- **JPY advanced against 7 G10s and gained 0.71% to 112.83 against the USD** following a selloff in the greenback in early US trade.
- **Continue to expect a bullish JPY in anticipation of a soft USD**. A bearish trend lingers and momentum indicator has turned negative, tilting USDJPY to the downside. Although USDJPY may see some technical correction today, we continue to expect USDJPY to trend lower, possibly pushing towards 112.49.

AUD

- **AUD was boosted by improving sentiments surrounding US-China trade conflict**, rising against 8 G10s and **strengthening 0.76% to 0.7332 against USD**.
- **AUD is slightly bullish against a soft USD**, but lingering risk-off sentiments in the market could keep a lid on further gains in the Aussie. Bullish bias remains for AUDUSD although the pair looks poised for a turn lower to 0.7292 first before any upward move again.

SGD

- **SGD strengthened 0.14% to 1.3731 against USD** but fell against all other G10s, which also rallied on the back of a soft greenback.
- **Stay slightly bullish on SGD in anticipation of a softer USD**. Bearish bias in USDSGD is picking up and is on track to head towards 1.3711. A break at this level could lead the pair lower to 1.3693 next.

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