

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Wall Street stocks took a severe beating overnight weighed down by renewed selling pressure in crude oil and continuous weakness in the tech sector as investors worried about slower global economic growth as well as rising interest rates** as we head towards the end of the year. The rout was led by the Dow which fell a whopping 2.21% (-551.8pts) whereas the S&P 500 and NASDAQ erased 1.82% (-48.8pts) and 1.70% (-116.7pts) respectively. Meanwhile **President Trump said on Tuesday that the Fed was to blame for the recent fall of the stock markets and he would like to see lower rates, which was not new.** 10Y treasuries yield ended the day unchanged at 3.06%. WTI fell by 5.9% to settle at \$53.43/barrel while Brent lost 6.38% to close at \$62.53/barrel.
- **In the US, data continued to reflect weakness in the housing market** – housing starts rose a mere 1.5% MOM in October whereas building permits fell 0.6% MOM. **UK manufacturing activities** improved as the CBI Trends Total Orders rebounded to 10.0 in November. **Japan convenience store sales fell** 1.5% YOY on same store basis in October whereas **Hong Kong CPI was held steady** at 2.7% but remained high. Australia leading index fell 0.08% in October, contrary to **RBA's upbeat growth assessment, but the central bank signalled no plan for a near term move.**
- **USD rallied to beat all G10s** while DXY advanced through European and US sessions to close 0.67% higher at 96.83, supported by increased refuge demand amid declines in equities and commodities. **Expect a slightly bearish USD** in anticipation of downside pressure from President Trump's remarks that he would "like to see the Fed with lower interest rate". 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 inched 0.1% firmer to 4.1875 against a soft USD** but fell against all G10s that also rallied on the back of improved market sentiment. **MYR is likely neutral against USD** with scope for mild losses amid likelihood of extended retreat in market sentiment. USDMYR needs to break below 4.1900 by tomorrow to retain the current bearish trend. Otherwise, a bullish bias will return and puts USDMYR on track towards 4.1980 – 4.2000.
- **SGD climbed against all other G10s but weakened 0.17% to 1.3748 against USD.** Stay slightly bullish on SGD in anticipation of a softer USD and amid support from receding risk appetite in the markets. Technical viewpoint suggests USDSGD is likely to slip below 1.3750 today, otherwise the technical landscape will be altered and a bullish bias will prevail.

#### Overnight Economic Data

|           |   |
|-----------|---|
| US        | ➔ |
| UK        | ➡ |
| Japan     | ➡ |
| Hong Kong | ➔ |
| Australia | ➡ |

#### What's Coming Up Next

##### Major Data

- US MBA Mortgage Applications, Durable Goods Orders, Initial Jobless Claims, Leading Index, Existing Home Sales, U. of Mich. Sentiment
- Japan All Industry Activity Index, Supermarket Sales

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

|        | S2     | S1     | Indicative | R1     | R2     | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1344 | 1.1367 | 1.1371     | 1.1380 | 1.1400 | ➔       |
| USDJPY | 1.2762 | 1.2775 | 1.2788     | 1.2795 | 1.2813 | ➔       |
| GBPUSD | 112.55 | 112.64 | 112.76     | 112.80 | 112.85 | ➡       |
| AUDUSD | 0.7180 | 0.7200 | 0.7220     | 0.7230 | 0.7247 | ➡       |
| EURGBP | 0.8880 | 0.8886 | 0.8892     | 0.8905 | 0.8911 | ➔       |
| USDMYR | 4.1905 | 4.1925 | 4.1940     | 4.1950 | 4.1970 | ➔       |
| EURMYR | 4.7620 | 4.7656 | 4.7690     | 4.7715 | 4.7744 | ➡       |
| JPYMYR | 3.7125 | 3.7166 | 3.7192     | 3.7220 | 3.7250 | ➔       |
| GBPMYR | 5.3560 | 5.3583 | 5.3633     | 5.3691 | 5.3720 | ➡       |
| SGDMYR | 3.0443 | 3.0486 | 3.0503     | 3.0528 | 3.0555 | ➔       |
| AUDMYR | 3.0232 | 3.0263 | 3.0282     | 3.0300 | 3.0325 | ➡       |
| NZDMYR | 2.8420 | 2.8450 | 2.8475     | 2.8500 | 2.8535 | ➡       |
| USDSGD | 1.3736 | 1.3740 | 1.3750     | 1.3755 | 1.376  | ➡       |
| EURSGD | 1.5620 | 1.5631 | 1.5635     | 1.5642 | 1.5649 | ➔       |
| GBPSGD | 1.7520 | 1.7556 | 1.7584     | 1.7600 | 1.7628 | ➡       |
| AUDSGD | 0.9900 | 0.9919 | 0.9928     | 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*          | 1,710.71   | 0.26  | -4.79  | CRB Index          | 183.78     | -2.64 | -5.20  |
| Dow Jones Ind. | 24,465.64  | -2.21 | -1.03  | WTI oil (\$/bbl)   | 53.43      | -5.87 | -11.73 |
| S&P 500        | 2,641.89   | -1.82 | -1.19  | Brent oil (\$/bbl) | 62.53      | -6.38 | -6.49  |
| FTSE 100       | 6,947.92   | -0.76 | -9.62  | Gold (\$/oz)       | 1,221.66   | -0.21 | 8.10   |
| Shanghai       | 2,645.85   | -2.13 | -20.00 | CPO (RM/tonne)*    | 1,734.50   | -0.66 | -27.43 |
| Hang Seng      | 25,840.34  | -2.02 | -13.63 | Copper (\$/tonne)  | 6,259.00   | 0.87  | -13.63 |
| STI            | 3,026.99   | -1.24 | -11.05 | Rubber (sen/kg)    | 375.50     | -0.53 | -18.81 |

Source: Bloomberg

\*Last price on 19 Nov.

## ➤ Macroeconomics

| Economic Data                  |     |        |                  |        |
|--------------------------------|-----|--------|------------------|--------|
|                                | For | Actual | Last             | Survey |
| US Housing Starts MOM          | Oct | 1.5%   | -5.5%            | 2.0%   |
| US Building Permits MOM        | Oct | -0.6%  | 1.7%             | -0.8%  |
| UK CBI Trends Total Orders     | Nov | 10.0   | -6.0             | --     |
| JP Convenience Store Sales YOY | Oct | -1.5%  | 3.5%             | --     |
| HK CPI YOY                     | Oct | 2.7%   | 2.7%             | --     |
| AU Westpac Leading Index       | Oct | -0.08% | -0.02% (revised) | --     |

Source: Bloomberg

- US homebuilding weakness persisted:** As we have earlier expected, homebuilding activities in the US remained subdued as housing starts managed to rebound only 1.5% MOM in October (Sep: -5.5% revised) after a decline in the previous month. This modest growth is unlikely to sustain its momentum in November given that building permit fell 0.6% MOM in the same month (Sep: +1.7% revised) especially when the weather becomes colder and snowfall disrupting constructions in coming winter. Thus far all housing data continued to reflect a slowing housing market, most notable being the substantial easing of homebuilders confidence level- the latest NAHB housing market index fell sharply to 60 in November (Oct: 68) after hovering at 67-70 for the past 6 months suggesting that builders have become somewhat pessimistic over the sector's near term outlook.
- U.K. manufacturing activities rebounded in November:** The CBI Trend Total Orders rose to 10.0 in the three months to November (Oct: -6.0) suggesting that manufacturing activities in the U.K. managed to rebound after deteriorating in the previous month. The survey of 381 manufacturer's shows that output volume growth accelerated, exports orders improved marginally while average selling prices were expected to increase steadily. CBI expects the U.K. manufacturers to continue benefiting from the global economic expansion and weaker pound but overall economic growth remains subdued reflecting weak household income growth and the drag on investment from Brexit uncertainties.
- Hong Kong public rent increase led to higher inflation:** The composite CPI rose 2.7% YOY in October (Sep: +2.7%) following a similar inflation rate in the previous month. The higher rate of inflation in the past two months at 2.7% YOY (less than 2.5% from Apr- Aug) was mainly driven by the higher cost of housing due to the upward adjustment in public rent in September. Prices of food eased substantially whereas that of utilities, alcohol & tobacco and transport increased at a faster pace.
- Japan convenience store sales fell for the first time in five months:** Convenience store sales fell 1.5% YOY on same store basis (Sep: +3.5%), marking its first decline since May this year whereas overall total sales eased to increase 0.6% YOY (Sep: +5.2%).
- RBA upbeat about economy, near term movement in cash rate unlikely:** The November meeting minutes released yesterday morning shows that RBA was upbeat about the Australian domestic economy as the central bank noted that growth has been above estimates of potential growth, and GDP was expected to be around 3.5% on average over 2018 and 2019. Consumption has been strong despite low growth in household income. On residential building approvals, the large pipeline of work yet to be done was expected to support dwelling investment at a high level and strong population growth to provide some support to housing demand. Business investment had been stronger than expected and the recent strength in non-mining business investment was expected to continue and to make significant contribution to growth. Labour market conditions have been stronger than expected as well and members noted that much of the growth came from full-time employment with high participation rate. Unemployment rate was projected to fall to 4.75% by mid-2020 but there could be a more pronounced decline in the near term. Wage growth remained a key uncertainty - despite a recent lift in wage growth due to the higher minimum wage, average real earnings had not increased for six year. Inflation remained low due to the decline in government's administered prices and was still forecast to increase gradually over time as spare capacity in the economy declines. Despite an upbeat assessment, the RBA judged that the current stance of monetary policy would continue to support economic growth and returning inflation to the midpoint of the target, the next move was more likely to be an increase than a decrease but there was no strong case for a near term adjustment in monetary policy. In a separate release, Australia Leading Index fell 0.08% MOM in October (Sep: -0.02% revised) bringing the 6-month annualized growth to a slower 0.08% (Sep: +0.41%).

| Economic Calendar |           |  |                  |              |              |         |
|-------------------|-----------|--|------------------|--------------|--------------|---------|
| Date              | Country   | Events                                 | Reporting Period | Survey       | Prior        | Revised |
| 22/11             | Malaysia  | Foreign Reserves                       | 15 Nov           | --           | \$101.7b     | --      |
| 21/11             | US        | <b>MBA Mortgage Applications</b>       | <b>16 Nov</b>    | --           | <b>-3.2%</b> | --      |
|                   |           | <b>Durable Goods Orders</b>            | <b>Oct P</b>     | <b>-2.6%</b> | <b>0.7%</b>  | --      |
|                   |           | <b>Cap Goods Orders Nondef Ex Air</b>  | <b>Oct P</b>     | <b>0.2%</b>  | <b>-0.1%</b> | --      |
|                   |           | <b>Initial Jobless Claims</b>          | <b>17 Nov</b>    | <b>215k</b>  | <b>216k</b>  | --      |
|                   |           | <b>Leading Index</b>                   | <b>Oct</b>       | <b>0.1%</b>  | <b>0.5%</b>  | --      |
|                   |           | <b>Existing Home Sales MOM</b>         | <b>Oct</b>       | <b>1.0%</b>  | <b>-3.4%</b> | --      |
|                   |           | <b>U. of Mich. Sentiment</b>           | <b>Nov F</b>     | <b>98.3</b>  | <b>98.6</b>  | --      |
| 22/11             | Eurozone  | Consumer Confidence                    | Nov A            | -3.0         | -2.7         |         |
| 21/11             | Japan     | <b>All Industry Activity Index MOM</b> | <b>Sep</b>       | <b>-0.9%</b> | <b>0.5%</b>  | --      |
|                   |           | <b>Supermarket Sales YOY</b>           | <b>Oct</b>       | --           | <b>1.9%</b>  | --      |
| 22/11             |           | Natl CPI YOY                           | Oct              | 1.4%         | 1.2%         | --      |
|                   |           | Natl CPI Ex Fresh Food YOY             | Oct              | 1.0%         | 1.0%         | --      |
|                   |           | Machine Tool Orders YOY                | Oct F            | --           | --           | --      |
| 22/11             | Singapore | GDP YOY                                | 3Q F             | 2.4%         | 3.9%         | --      |

Source: Bloomberg

## Forex

|        | Last Price | DoD % | High   | Low    | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.1370     | -0.73 | 1.1472 | 1.1359 | -3.26 |
| GBPUSD | 1.2788     | -0.51 | 1.2883 | 1.2777 | -5.37 |
| USDJPY | 112.77     | 0.20  | 112.84 | 112.31 | 0.06  |
| AUDUSD | 0.7214     | -1.10 | 0.7301 | 0.7212 | -7.54 |
| EURGBP | 0.8892     | -0.22 | 0.8923 | 0.8875 | 0.14  |
| USDMYR | 4.1875     | -0.10 | 4.1925 | 4.1840 | 3.65  |
| EURMYR | 4.7862     | 0.68  | 4.7892 | 4.7744 | -1.62 |
| JPYMYR | 3.7146     | 0.46  | 3.7220 | 3.7106 | 3.47  |
| GBPMYR | 5.3711     | 0.21  | 5.3900 | 5.3623 | -1.84 |
| SGDMYR | 3.0521     | 0.23  | 3.0550 | 3.0476 | 0.70  |
| AUDMYR | 3.0637     | 0.57  | 3.0690 | 3.0608 | -4.23 |
| NZDMYR | 2.8668     | 0.41  | 2.8783 | 2.8665 | -1.06 |
| CHFMYR | 4.1941     | 0.76  | 4.1971 | 4.1860 | 1.60  |
| CNYMYR | 0.6033     | 0.01  | 0.6032 | 0.6043 | -2.97 |
| HKDMYR | 0.5350     | -0.02 | 0.5353 | 0.5344 | 3.40  |
| USDSGD | 1.3748     | 0.17  | 1.3755 | 1.3704 | 2.92  |
| EURSGD | 1.5632     | -0.55 | 1.5739 | 1.5607 | -2.57 |
| GBPSGD | 1.7581     | -0.34 | 1.7680 | 1.7555 | -2.71 |
| AUDSGD | 0.9917     | -0.94 | 1.0015 | 0.9914 | -4.92 |

Source: Bloomberg

\* MYR pairs last closed on 19 Nov 2018

### MYR

- **MYR inched 0.1% firmer to 4.1875 against a soft USD** but fell against all G10s that also rallied on the back of improved market sentiment.
- **MYR is likely neutral against USD** with scope for mild losses amid likelihood of extended retreat in market sentiment. USDMYR needs to break below 4.1900 by tomorrow to retain the current bearish trend. Otherwise, a bullish bias will return and puts USDMYR on track towards 4.1980 – 4.2000.

### USD

- **USD rallied to beat all G10s** while DXY advanced through European and US sessions to close 0.67% higher at 96.83, supported by increased refuge demand amid declines in equities and commodities.
- **Expect a slightly bearish USD** in anticipation of downside pressure from President Trump's remarks that he would "like to see the Fed with lower interest rate". 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 tumbled 0.73% to 1.1370 against USD** and fell against 5 G10s amid rising cautiousness over EU-Italy budget contention.
- **Stay slightly bullish on EUR against USD** on technical reasons. EURUSD remains in a bullish trend unless it fails to beat 1.1415 by tomorrow, which would then tilt it lower and threaten 1.1311. Until that happens, we set sights on a test at 1.1420.

### GBP

- **GBP advanced against 7 G10s** amid improved Brexit sentiment but **fell 0.51% to 1.2788 against a firm USD**.
- **GBP is slightly bullish to the extent of a soft USD**. GBP remains highly sensitive to Brexit headlines, which have the potential to swing it to extreme ends of the gains / losses spectrum. A mild bullish trend prevails for GBPUSD but must beat 1.2830 by tomorrow to sustain further upsides and challenge 1.2898 in the longer run. Otherwise, GBPUSD is at risk of sliding back towards 1.2720.

### JPY

- **JPY strengthened against 8 G10s**, supported by refuge demand on the back of decline in risk appetite but **slipped 0.20% to 112.77 against a firmer USD**.
- **Continue to expect a bullish JPY against USD** on continued support from extended sell-off in equities. A bearish trend lingers, suggesting a lower USDJPY and potential downside break below 112.55 going forward.

### AUD

- **AUD plunged 1.10% to 0.7214 against USD** and fell against 8 G10s amid losses in equities and commodities.
- **We are bearish on AUD against USD**, weighed down by extended declines in equities and commodities. Gains, if any, will likely be modest and premising on a weak USD. Losing both 0.7271 and 0.7246 overnight has dampened AUDUSD bulls. AUDUSD is now poised to test 0.7200, below which a return to 0.7139 is expected.

### SGD

- **SGD climbed against all other G10s** but **weakened 0.17% to 1.3748 against USD**.
- **Stay slightly bullish on SGD in anticipation of a softer USD** and amid support from receding risk appetite in the markets. Technical viewpoint suggests USDSGD is likely to slip below 1.3750 today, otherwise the technical landscape will be altered and a bullish bias will prevail.

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