

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks erased earlier gains to close marginally higher ahead of Thanksgiving holiday, led by the energy sector which was boosted by a rebound in oil prices.** Tech shares finished higher on bargain hunting on big tech companies such as Facebook and Amazon. The Dow was left unchanged whereas the S&P 500 and NASDAQ rose 0.30% (+8.0pts) and 0.92% (+63.4pts) respectively. Crude oil prices ended higher on improved prospect of production cuts - WTI rose to \$54.63/barrel (+2.25%) and Brent to \$63.48/barrel (+1.52%). Yield on 10Y treasuries yield was virtually unchanged at 3.06%.
- **The slew of overnight US data were mixed** – durable goods orders fell 4.4% MOM in October while core capital orders, a proxy for firms' capex remained unchanged. Initial jobless claims rose by 3k to 224k last week. The final reading of November University of Michigan Consumer Sentiment Index was revised lower to 97.5 after the midterm election. Conference Board Leading Index rose 0.1% MOM in October. Existing home sales rebounded to increase 1.4% MOM after 6 months of declines while mortgage applications fell for the fourth week by 0.1%. Elsewhere, **Japan headline inflation picked up to 1.4% YOY in October but core inflation remained subdued** at 1.0% YOY. **The final reading of Singapore 3Q GDP growth was revised down more than expected from 2.6% to 2.2% YOY, confirming further easing in growth momentum.**
- **USD fell against 8 G10s** while the DXY eased through Asian-European sessions before paring losses in US afternoon, closing 0.13% lower at 96.83 as refuge demand eased. **USD remains slightly bearish** as buying interest is likely to dip following closure of US market for Thanksgiving. Technical perspective continues to point to a softer DXY. Losses could extend today, with room to drop to circa 96.66 or below going forward.
- **MYR weakened 0.15% to 4.1935 against USD** but managed to claw back sharp early losses, tracing the retreating greenback. MYR advanced against 8 G10s. **MYR is likely neutral against USD** with scope for mild gains as Asian markets take cue from a slightly firmer overnight US market. Technical viewpoint suggests USDMYR is biased to the upside, though we are skeptical on how much more gain there is left given how neutral momentum currently is. A drop below 4.1915 will alter the technical landscape to a bearish tone, targeting 4.1850.
- **SGD ended mixed against the G10s but managed to climbed 0.15% to 1.3727 against a soft USD. Stay slightly bullish on SGD in anticipation of a softer USD** and amid support from receding risk appetite in the markets. Bearish trend continues to prevail and thus we expect further downsides. Current bearish trend suggests a close below 1.3731 today and below 1.3724 tomorrow.

Overnight Economic Data

US	➔
Japan	➔
Singapore	⬇

What's Coming Up Next

Major Data

- Malaysia Foreign Reserves
- Eurozone Consumer Confidence
- Japan Machine Tool Orders

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1367	1.1383	1.1390	1.1400	1.1420	↗
USDJPY	1.2750	1.2765	1.2776	1.2792	1.2813	⬇
GBPUSD	112.90	113.00	113.07	113.18	113.26	⬇
AUDUSD	0.7247	0.7251	0.7264	0.7277	0.7285	⬇
EURGBP	0.8899	0.8911	0.8915	0.8923	0.8936	↗
USDMYR	4.1915	4.1925	4.1940	4.1970	4.1990	➔
EURMYR	4.7714	4.7744	4.7772	4.7789	4.7800	↗
JPYMYR	3.7048	3.7068	3.7099	3.7125	3.7165	⬇
GBPMYR	5.3524	5.3560	5.3593	5.3603	5.3650	⬇
SGDMYR	3.0507	3.0525	3.0548	3.0555	3.0562	➔
AUDMYR	3.0401	3.0442	3.0472	3.0507	3.0556	↗
NZDMYR	2.8600	2.8628	2.8653	2.8670	2.8700	↗
USDSGD	1.3700	1.3719	1.3731	1.3740	1.3757	⬇
EURSGD	1.5620	1.5631	1.5638	1.5643	1.5656	↗
GBPSGD	1.7500	1.7527	1.7541	1.7556	1.7581	⬇
AUDSGD	0.9950	0.9966	0.9975	0.9990	1.0000	⬇

* 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	1,695.37	-0.90	-5.65	CRB Index	185.00	0.66	-4.57
Dow Jones Ind.	24,464.69	0.00	-1.03	WTI oil (\$/bbl)	54.63	2.25	-9.91
S&P 500	2,649.93	0.30	-0.89	Brent oil (\$/bbl)	63.48	1.52	-5.07
FTSE 100	7,050.23	1.47	-8.29	Gold (S/oz)	1,226.04	0.36	8.10
Shanghai	2,651.51	0.21	-19.83	CPO (RM/tonne)	1,730.50	-0.23	-27.59
Hang Seng	25,971.47	0.51	-13.19	Copper (\$/tonne)	6,184.00	-1.20	-14.67
STI	3,038.65	0.39	-10.70	Rubber (sen/kg)	373.00	-0.67	-19.35

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	16 Nov	-0.1%	-3.2%	--
US Durable Goods Orders	Oct P	-4.4%	-0.1% (revised)	-2.6%
US Cap Goods Orders Nondef Ex Air	Oct P	0.0%	-0.5% (revised)	0.2%
US Initial Jobless Claims	17 Nov	224k	221k (revised)	215k
US Leading Index	Oct	0.1%	0.6% (revised)	0.1%
US Existing Home Sales MOM	Oct	1.4%	-3.4%	1.0%
US U. of Michigan Sentiment	Nov F	97.5	98.6	98.3
JP All Industry Activity Index MOM	Sep	-0.9%	0.4% (revised)	-0.9%
JP Supermarket Sales YOY	Oct	-0.7%	1.9%	--
JP Nationwide Dept Sales YOY	Oct	1.6%	-3.0%	--
JP Natl CPI YOY	Oct	1.4%	1.2%	1.4%
JP Natl CPI Ex Fresh Food YOY	Oct	1.0%	1.0%	1.0%
SG GDP YOY	3Q F	2.2%	3.9%	2.4%

Source: Bloomberg

- Decline in US core capital orders signals weak capex:** Durable goods orders fell for the second consecutive month by 4.4% MOM in October (Sep: -0.1% revised) mainly driven by the fall in new orders for both defense and non-defense aircrafts and parts. Its sub category, the core capital orders were unchanged from the previous month (Sep: -0.5%) after two subsequent months of decline, raising concerns that the tax cut implemented by the Trump Administration did not lead to much intended increase in US firms' capex.
- US job market remained tight as jobless claims are still low:** Initial jobless claims rose by 3k to 224k for the week ended 17 Nov (previous: 221k) bringing the four-week moving average higher to 218.5k (previous: 216.5k). Continuous claims which measures the number of Americans receiving aids after an initial week of claims meanwhile fell by 2k to 1.668m for the week ended 10 Nov (previous: 1.670m). Overall jobless claims in the US remained low suggesting a still-tight labour market.
- US consumer confidence weakened slightly after midterm election but remained favourable:** The final reading of the University of Michigan Consumer Sentiment Index was revised lower from 98.3 to 95.5 in November (Oct: 98.6) following the midterm election but overall consumer sentiment remained largely unchanged at very favourable levels. The drop however was related more to income than politics – sentiments among those with incomes in the bottom third improved whereas those in the top third fell. Other release was the Conference Board Leading Index which recorded a monthly change of 0.1% MOM in October (Sep: +0.6%) bringing the 6-month annual change to narrow to 5.2% (Sep: +6.0%), hinting at slower growth ahead. Consumer expectations made the largest positive contributions whereas (falling) stock prices was the biggest negative contributor.
- US existing home sales rebounded, mortgage applications continued to fall:** Existing home sales which make up 90% of the US housing market rebounded to increase 1.4% MOM in October (Sep: -3.4%) after recording six consecutive months of contractions. The gain in sales were driven by higher sales in condos & co-ops as sales of single family homes inched up only modestly. Mortgage applications fell for the fourth consecutive week by a marginal 0.1% for the week ended 16 Nov (previous: -3.2%) where applications for refinancing dropped 5.0% (previous: -4.3%), the lowest level since Dec 2000 while the purchase index rose 3.1% (previous: -2.3%). The declines in treasuries yield last week led to a general fall in mortgage interest rates. The average rate of a 30-year fixed rate loan fell slightly to 5.16% but remained very much higher compared to 4.20% a year ago.
- Japan headline inflation picked up, core inflation remained subdued:** Headline CPI matched expectations to rise 1.4% YOY in October (Sep: +1.2%) led by the faster gain in prices of fresh food and utilities. The increase in core CPI which excludes fresh food was held steady at 1.0% YOY (Sep: +1.0%) suggesting that inflation in Japan remained subdued and way below the BOJ target of 2%. In separate releases yesterday, Japan All Industry Activity Index matched expectations for a 0.9% decline in September (Aug: +0.4% revised) as natural disasters disrupted activities in the month. Supermarket sales fell 0.7% in October (Sep: +1.9%) while department store sales rose 1.6% YOY in the same month (Sep: -3.0%).

- Singapore final 3Q GDP revised lower to 2.2% YOY:** The final reading of GDP growth was revised down more than expected from 2.6% to 2.2% in the third quarter (2Q: +3.9%), but largely matching expectations that growth in the Singapore economy was bound to ease from the high levels in the first two quarters. Growth in the manufacturing industry slowed considerably to 3.5% YOY (2Q: +10.7%) and this led the overall goods producing industry to expand a mere 2.7% YOY (2Q: +7.5%). The services industry growth eased as well albeit at a relatively modest pace to 2.4% YOY (2Q: +2.8%) driven by slower gains in wholesale & retail trade, information & communications as well as finance & insurance. Looking ahead, we foresee growth to remain soft towards the end of 2018 given the continuously slower global demand in the electronic sector and the persistent uncertainty surrounding global trade policy. The government has revised its 2018 growth forecast from 2.5-3.5% YOY to 3.0-3.5% YOY, and expect the economy to grow between 1.5-3.5% in 2019. This shall build the case for MAS to stay pat next year to support growth.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
22/11	Malaysia	Foreign Reserves	15 Nov	--	\$101.7b	--
23/11		CPI YOY	Oct	0.6%	0.3%	--
23/11	US	Markit US Manufacturing PMI	Nov P	55.7	55.7	--
		Markit US Services PMI	Nov P	55.0	54.8	--
22/11	Eurozone	Consumer Confidence	Nov A	-3.0	-2.7	--
23/11		Markit Manufacturing PMI	Nov P	52.0	52.0	--
		Markit Services PMI	Nov P	53.6	53.7	--
22/11	Japan	Machine Tool Orders YOY	Oct F	--	2.9%	--
23/11		Nikkei Japan PMI Mfg	Nov P	--	52.9	--
23/11	Singapore	CPI YOY	Oct	0.8%	0.7%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1384	-0.12	1.1425	1.1365	-0.14
GBPUSD	1.2778	-0.08	1.282	1.2764	-0.46
USDJPY	113.06	-0.26	113.15	112.65	-0.30
AUDUSD	0.7263	-0.68	0.7277	0.7203	-0.03
EURGBP	0.8910	-0.20	0.8924	0.8887	-0.38
USDMYR	4.1935	-0.15	4.2005	4.1925	-0.64
EURMYR	4.7744	-0.25	4.7865	4.7618	-0.52
JPYMYR	3.7171	-0.07	3.7243	3.7150	-0.39
GBPMYR	5.3683	-0.42	5.3802	5.3525	-0.75
SGDMYR	3.0539	-0.06	3.0556	3.0453	-0.82
AUDMYR	3.0391	-0.80	3.0400	3.0219	-0.88
NZDMYR	2.8629	-0.14	2.8639	2.8431	-0.59
CHFMYR	4.2205	-0.63	4.2263	4.2087	-0.72
CNYMYR	0.6047	-0.22	0.6049	0.6042	-0.75
HKDMYR	0.5357	-0.13	0.5365	0.5347	-0.44
USDSGD	1.3727	-0.15	1.3767	1.3719	-0.81
EURSGD	1.5627	-0.03	1.5680	1.5624	-0.55
GBPSGD	1.7539	-0.24	1.7611	1.7527	-0.91
AUDSGD	0.9969	-0.52	0.9985	0.9904	-0.49

Source: Bloomberg

MYR

- **MYR weakened 0.15% to 4.1935 against USD** but managed to claw back sharp early losses, tracing the retreating greenback. MYR advanced against 8 G10s.
- **MYR is likely neutral against USD** with scope for mild gains as Asian markets take cue from a slightly firmer overnight US market. Technical viewpoint suggests USDMYR is biased to the upside, though we are skeptical on how much more gain there is left given how neutral momentum currently is. A drop below 4.1915 will alter the technical landscape to a bearish tone, targeting 4.1850.

USD

- **USD fell against 8 G10s** while the DXY eased through Asian-European sessions before paring losses in US afternoon, closing 0.13% lower at 96.83 as refuge demand eased.
- **USD remains slightly bearish** as buying interest is likely to dip following closure of US market for Thanksgiving. Technical perspective continues to point to a softer DXY. Losses could extend today, with room to drop to circa 96.66 or below going forward.

EUR

- **EUR inched 0.12% higher to 1.1384 against a soft USD** but ended lower against 6 G10s.
- **Continue to expect a slightly bullish on EUR in anticipation of USD staying soft.** Overnight bounce off 1.1367 and rising upward momentum are both supportive of further EURUSD upsides. Bullish trend will emerge once EURUSD beats 1.1415.

GBP

- **GBP dipped 0.08% to 1.2778 against USD** and fell against 8 G10s as buying interest pulled back ahead of the EU Summit on Sunday, where the UK and EU are expected to come to some form of consensus regarding a Brexit deal.
- **We turn slightly bearish on GBP against USD**, weighed down by extended risk aversion ahead of EU Summit. GBPUSD remains pressured by firmer downward momentum and failure to hold above 1.2800. Expect a drop to 1.2750 in the next leg lower, below which 1.2700 will be eyed.

JPY

- **JPY weakened 0.26% to 113.06 against USD** and fell against all G10s as risk appetite returned to the markets.
- **Continue to expect a bullish JPY in anticipation of a soft USD.** A bearish trend lingers, suggesting a lower USDJPY and potential downside break below 112.55 going forward.

AUD

- **AUD jumped 0.68% to 0.7263 against a soft USD** and climbed to the top of the G10 list, supported by the rebound in equities and commodities.
- **We keep a slight bearish view on AUD against USD** as we expect downsides in equities and commodities have not yet subsided. Gains, if any, will likely be modest and premising on a weak USD. Despite recapturing above 0.7251, AUDUSD remains in a bearish trend that suggests a drop below 0.7214 soon. Failure to beat 0.7332 today, or 0.7294 tomorrow, will continue to support a bearish trend.

SGD

- **SGD ended mixed against the G10s but managed to climbed 0.15% to 1.3727 against a soft USD.**
- **Stay slightly bullish on SGD in anticipation of a softer USD** and amid support from receding risk appetite in the markets. Bearish trend continues to prevail and thus we expect further downsides. Current bearish trend suggests a close below 1.3731 today and below 1.3724 tomorrow.

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