

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks were sold off on Friday** as the persistent concerns over slower global economic growth as well as a looming partial shutdown of the US government weighed down on sentiment. **The Dow and S&P 500 lost 1.81% (-414.2pts) and 2.06% (-50.8pts) respectively** whereas the **NASDAQ dropped by 2.99% (-195.4pts)** effectively entering at the bear territory. The tech heavy benchmark is now 21.9% off its August's all-time high. **10Y treasuries yield rose by 2bps to 2.79%. Crude oil prices continued to fall- WTI closed at \$45.69/barrel (-0.63%) while Brent settled at \$53.82/barrel (-0.98%). The US government has been in partial shutdown** since Saturday after the White House failed to strike a budget deal with Congress. News report emerged over the weekend that Trump is considering to fire Fed Chair Jerome Powell but was denied by the White House press secretary.
- **US data were mixed**- 3Q GDP growth was revised downward to 3.4% QOQ, personal spending rose a solid 0.4% MOM in November, backed by a 0.2% MOM increase in personal income. Core PCE inflation inched higher to 1.9% YOY but remained below Fed's 2% target. Durable goods orders rebounded to increase 0.8% MOM, core capital orders declined by 0.6% MOM. Kansas City Manufacturing Index dropped to 3.0 in December while University of Michigan Consumer Sentiment Index inched up to 98.3 this month. UK 3Q GDP growth was unrevised at 0.6% QOQ, **Eurozone December flash Consumer Confidence Index weakened** to -6.2. **Malaysia foreign reserves ticked down** to \$101.4b.
- **USD jumped against 9 G10s** while the DXY rallied through European and US sessions to close 0.71% higher at 96.95, lifted by extended sell-off in the markets and increased refuge demand later on as US government headed into partial shutdown. **We maintain a slightly bearish view on USD**, anticipating thin trading as well as potentially softer downsides in equities to erode buying support. Despite the rally on Friday, DXY retains a bearish trend and looks to be headed for a drop below 96.46 again, unless it manages to beat 97.10 today. Another decline below 96.46 is likely to push DXY lower to challenge 96.04 going forward.
- **MYR ended 0.04% softer at 4.1790 against USD** after paring early losses on extended risk aversion in the markets, and retreated against 6 G10s. **MYR is neutral against USD**, with room for mild losses as risk aversion lingers in the markets ahead of the Christmas holiday. The bearish trend has been overturned by a gap up today, but with upward momentum still soft, we are skeptical if USDMYR can still push higher beyond 4.1925.

Overnight Economic Data

Malaysia	↓
US	→
Eurozone	↓
UK	↑

What's Coming Up Next

Major Data

- US Chicago Fed Nat Activity Index
- Singapore CPI, Core CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1357	1.1367	1.1376	1.1388	1.1394	↗
GBPUSD	1.2610	1.2634	1.2656	1.2676	1.2703	↗
USDJPY	110.80	110.93	111.02	111.20	111.25	↘
AUDUSD	0.7020	0.7038	0.7051	0.7060	0.7080	↘
EURGBP	0.8980	0.8985	0.8990	0.8995	0.9010	↘
USDMYR	4.1800	4.1830	4.1860	4.1870	4.1890	→
EURMYR	4.7530	4.7591	4.7633	4.7669	4.7710	↘
JPYMYR	3.7600	3.7633	3.7696	3.7720	3.7750	↗
GBPMYR	5.2867	5.2907	5.2974	5.3035	5.3103	↗
SGDMYR	3.0450	3.0470	3.0485	3.0495	3.0522	↘
AUDMYR	2.9480	2.9500	2.9530	2.9550	2.9580	↘
NZDMYR	2.8092	2.8136	2.8153	2.8178	2.8205	↘
USDSGD	1.3716	1.3721	1.3730	1.3737	1.3742	↘
EURSGD	1.5597	1.5613	1.5623	1.5643	1.5674	↗
GBPSGD	1.7339	1.7350	1.7375	1.7388	1.7400	↗
AUDSGD	0.9660	0.9673	0.9687	0.9695	0.9727	↘

* 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	1,670.28	1.19	-7.04	CRB Index	172.13	-0.31	-11.21
Dow Jones Ind.	22,445.37	-1.81	-9.20	WTI oil (\$/bbl)	45.59	-0.63	-24.88
S&P 500	2,416.62	-2.06	-9.61	Brent oil (\$/bbl)	53.82	-0.98	-19.69
FTSE 100	6,721.17	0.14	-12.51	Gold (\$/oz)	1,256.94	-0.23	8.10
Shanghai	2,516.25	-0.79	-23.92	CPO (RM/tonne)	1,963.50	1.97	-17.85
Hang Seng	25,753.42	0.51	-13.92	Copper (\$/tonne)	5,991.00	-0.15	-17.33
STI	3,046.04	-0.15	-10.49	Rubber (sen/kg)	382.00	0.26	-17.41

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA Foreign Reserves	14 Dec	\$101.4b	\$102.0b	--
US GDP Annualized QOQ	3Q T	3.4%	4.3% (revised)	3.5%
US Durable Goods Orders	Nov P	0.8%	-4.3%	1.6%
US Cap Goods Orders Nondef Ex Air	Nov P	-0.6%	0.5% (revised)	0.2%
US Personal Income	Nov	0.2%	0.5%	0.3%
US Personal Spending	Nov	0.4%	0.8% (revised)	0.3%
US PCE Price YOY	Nov	1.8%	2.0%	1.8%
US Core PCE YOY	Nov	1.9%	2.0%	1.9%
US U. of Mich. Sentiment	Dec F	98.3	97.5	97.4
US Kansas City Fed Manf. Activity	Dec	3.0	15.0	13.0
EU Consumer Confidence	Dec A	-6.2	-3.9	-4.3
UK GDP QOQ	3Q F	0.6%	0.4%	0.6%

Source: Bloomberg

➤ Macroeconomics

- US Stocks sold off, US government in partial shutdown:** US stocks were sold off on Friday as the persistent concerns over slower global economic growth as well as a looming partial shutdown of the US government weighed down on sentiment. The Dow and S&P 500 lost 1.81% (-414.2pts) and 2.06% (-50.8pts) respectively whereas the NASDAQ dropped by 2.99% (-195.4pts) effectively entering at the bear territory; the tech heavy benchmark is now 21.9% off its August's all-time high. 10Y treasuries yield rose by 2bps to 2.79%. Crude oil prices continued to fall; WTI closed at \$45.69/barrel (-0.63%) while Brent settled at \$53.82/barrel (-0.98%). The US government has been in partial shutdown since Saturday after the White House failed to strike a budget deal with Congress. News report emerged over the weekend that Trump is considering to fire Fed Chair Jerome Powell but was denied by the White House press secretary.
- US 3Q GDP revised downward; Nov personal consumptions and income remained solid, core PCE inflation below Fed's target:** The final reading of US 3Q GDP growth was unexpectedly revised slightly lower from 3.5% QOQ to 3.4% QOQ (2Q: +4.2%), reflecting the markdown of personal consumption expenditure (PCE) and exports as well as the upward revision of private inventory investment in the third quarter. On a yearly basis, real GDP rose by 3.0% YOY in the third quarter (2Q: +2.9%). November PCE data was also released on the same day in a separate release- PCE or personal spending rose a solid 0.4% MOM in (Oct: +0.8% revised) while spending growth for the previous month was revised from 0.6% to 0.8% MOM. The strong gain in spending was supported by the continuous rise in personal income, which increased by 0.2% MOM in November (Oct: 0.5%), reaffirming views that strengthening wage growth continued to power up consumer demand in the US. The price index for PCE however, recorded a much slower gain of 1.8% YOY (Oct: +2.0%), driven by the softer growth in prices of energy goods and services as oil prices fell sharply last month. The core PCE price index, which excludes food and energy, the Fed's preferred gauge of inflation, managed to inch up by 1.9% YOY (Oct: +1.8%), still short of the central bank's target of 2.0%. The US economy remained generally the same, with spending still supported by the tax cut introduced in early 2018, and the trend will be extending into this month when consumers ramped up spending for Christmas.
- US manufactured durable goods orders rebounded, capex declined:** Durable goods orders rose 0.8% MOM in November (Oct: -4.3% revised) after a contraction in the previous month driven mainly by the rebound in orders of transportations equipment as well as both defense and non-defense aircrafts. Core capital orders, barometer of business capex meanwhile fell by 0.6% MOM (Oct: +0.5% revised) suggesting firms' lackluster investment. Meanwhile, the Kansas City Fed Manufacturing Index dropped sharply to 3.0 in December (Nov: 15.0) indicating a much slower factory activities in the Tenth District. The final reading of the University of Michigan Consumer Sentiment Index was confirmed to be at a favourable level of 98.3 in December (Nov: 97.5) suggesting still solid consumer confidence.
- Eurozone consumer confidence weakened further:** The flash estimate of European Commission consumer confidence indicator fell markedly to -6.2 in December (Nov: -3.9) suggesting a considerable weakening of the consumer sentiments in the euro area reflecting concerns over slower growth outlook, political uncertainties such as that of Italian budget and Brexit.

- **UK 3Q GDP growth at near two-year high:** The final reading of UK 3Q GDP growth was unrevised at 0.6% QOQ (2Q: +0.4%), the fastest rate recorded since 4Q2016. The upturn was driven by a strong 0.5% QOQ increase in household consumptions where UK consumers were seen ratcheting up spending in a warmer than usual summer as evident in the strong retail sales data in the period. At the output level, the services sector remained the strongest contributor to growth albeit easing slightly from the previous quarter while both manufacturing and constructions output also provided positive contribution. Looking ahead, we expect consumer spending to ease from the higher level in 3Q but remain solid in 4Q due to holiday season, but outlook of the UK economy is skewed towards the softer end given Brexit uncertainty and generally slower global economic conditions.
- **Foreign reserves fell in Malaysia:** Foreign reserves fell to \$101.4b as at 14 December (previous: \$102.0b) which is sufficient to finance 7.4 months of retained imports and is 1.0 time the short-term external debt.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
24/12	US	Chicago Fed Nat Activity Index	Nov	--	0.24	--
25/12	Japan	Leading Index CI	Oct F	--	100.5	--
		Coincident Index	Oct F	--	104.5	--
24/12	Singapore	CPI YOY	Nov	0.6%	0.7%	--
		CPI Core YOY	Nov	1.9%	1.9%	--
25-31/12	Vietnam	Trade Balance	Dec	--	-\$400m	--
		Exports YTD YOY	Dec	--	14.4%	--
		GDP YOY	4Q	--	6.88%	--
		CPI YOY	Dec	--	3.46%	--
		Industrial Production YOY	Dec	--	9.6%	--
		Retail Sales YTD YOY	Dec	--	11.5%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1372	-0.65	1.1474	1.1356	-3.27
GBPUSD	1.2645	-0.09	1.2698	1.2618	-6.44
USDJPY	111.22	-0.05	111.46	110.93	-1.38
AUDUSD	0.7040	-0.96	0.7123	0.7032	-9.71
EURGBP	0.8998	0.28	0.9051	0.8983	1.28
USDMYR	4.1790	0.04	4.1820	4.1770	3.27
EURMYR	4.7758	-0.39	4.7957	4.7710	-1.50
JPYMYR	3.7623	0.66	3.7633	3.7491	4.65
GBPMYR	5.2966	0.03	5.3073	5.2843	-3.06
SGDMYR	3.0532	0.03	3.0549	3.0489	0.80
AUDMYR	2.9684	-0.26	2.9772	2.9678	-6.12
NZDMYR	2.8221	-0.05	2.8386	2.8205	2.00
CHFMYR	4.2345	0.40	4.2385	4.2316	2.06
CNYMYR	0.6055	-0.08	0.6074	0.6054	-2.61
HKDMYR	0.5340	0.00	0.5343	0.5336	3.11
USDSGD	1.3738	0.23	1.3754	1.3683	2.84
EURSGD	1.5625	-0.42	1.5706	1.5610	-2.66
GBPSGD	1.7379	0.19	1.7430	1.7311	-3.88
AUDSGD	0.9674	-0.72	0.9756	0.9667	-7.21

Source: Bloomberg

MYR

- **MYR ended 0.04% softer at 4.1790 against USD** after paring early losses on extended risk aversion in the markets, and retreated against 6 G10s.
- **MYR is neutral against USD**, with room for mild losses as risk aversion lingers in the markets ahead of the Christmas holiday. The bearish trend has been overturned by a gap up today, but with upward momentum still soft, we are skeptical if USDMYR can still push higher beyond 4.1925.

USD

- **USD jumped against 9 G10s** while the DXY rallied through European and US sessions to close 0.71% higher at 96.95, lifted by extended sell-off in the markets and increased refuge demand later on as US government headed into partial shutdown.
- **We maintain a slightly bearish view on USD**, anticipating thin trading as well as potentially softer downsides in equities to erode buying support. Despite the rally on Friday, DXY retains a bearish trend and looks to be headed for a drop below 96.46 again, unless it manages to beat 97.10 today. Another decline below 96.46 is likely to push DXY lower to challenge 96.04 going forward.

EUR

- **EUR weakened 0.65% to 1.1372 against USD** as sentiment sagged in the European markets but managed to beat 5 G10s.
- **Keep a slightly bullish view on EUR in line with our view of a softer USD.** The tumble on Friday has increased EURUSD vulnerability to further losses. It must now recapture above 1.1388 to sustain an upside bias that would help push it higher to attempt another test at 1.1486. A close above 1.1472 is required to complete the bullish chart pattern that we have mentioned, which would then threaten 1.1580.

GBP

- **GBP dipped 0.09% to 1.2645 against USD** but managed to beat 8 G10s, lifted by stronger than expected UK GDP figures.
- **Expect a slightly bearish GBP against USD**, supported by receding Brexit jitters heading into the Christmas holiday. A slight bullish prevails in GBPUSD, thus we expect some gains going forward. Caution that risk of rejection is likely to increase approaching 1.2676.

JPY

- **JPY inched 0.05% higher to 111.22 against USD** and rallied to beat all other G10s, supported by firmer refuge demand.
- **JPY remains bullish in our view against USD** as Asian markets are likely to take cue from sharp declines in US equities last Friday, supporting refuge demand. Bearish trend prevails in USDJPY and we expect further losses below 111.00 to accumulate going forward.

AUD

- **AUD plunged 0.96% to 0.7040 against USD** and tumbled against all G10s, weighed down by extended sell-off in the markets.
- **Maintain a bearish view on AUD against USD**, weighed down by extended loss of risk appetite in Asian session. Bearish bias still prevails in AUDUSD and we set sights on a drop to circa 0.7020 – 0.7040 in the next leg lower. However, we caution as AUDUSD approaches the support at 0.7000, which could spark a strong bounce in the coming weeks.

SGD

- **SGD weakened 0.23% to 1.3738 against USD** as risk aversion extended but managed to beat 8 G10s.
- **Continue to expect a slightly bullish SGD in line with our view of a soft USD.** Despite the rally on Friday, failure to close above 1.3742 raised our suspicion over USDSGD's upside strength. We stay bearish and set sights on a drop below 1.3700 going forward.

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