

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks managed to rebound from early losses to close modestly higher overnight on renewed optimism over easing US-China trade conflicts following comments by White House economic adviser Larry Kudlow that this weekend's G20 meeting provides an opportunity for the two countries to reach a deal** even though President Trump earlier said his Administration might go ahead with plan to increase tariffs on Chinese goods comes 1 January 2019. **There were also numerous Fed speaks but none shed new lights into the Fed rate hike path.** Yield on 10Y treasuries inched up by 1bp to 3.06%. Elsewhere, Asian stocks were mixed while European equity ended mostly lower. Oil prices gave up some minor gains made in the previous day - WTI closed at \$51.56/barrel (-0.14%) while Brent at \$60.21/barrel (-0.45%).
- **In the US, the Conference Board Consumer Confidence Index fell to 135.7 in November but remained at historically high levels. Housing data continued to be weak** as the S&P CoreLogic Case-Shiller Index rose 5.1% YOY in September, the slowest gain in almost two years while the FHFA House Price Index also posted a softer increase of 0.2% MOM thus confirming a slowdown in the US housing market. Meanwhile, **profit of China's industrial enterprises grew at a softer pace of 3.4% YOY in October as slower growth in sales and rising material cost led to further margin compressions.**
- **USD strengthened against 8 G10s** while the DXY rallied in European and US mornings to close 0.30% higher at 97.36, spurred by rising US-China trade concerns as sentiment ebbed ahead of G20 meeting this weekend. **Continue to expect a softer USD** as buying interest is likely to fade heading into Fed Chair Powell's speech, FOMC minutes and US GDP. We continue to suspect that DXY is forming a bearish pattern that could top soon before heading lower going forward. Expect rising risk of rejection as DXY approaches 97.50 – 97.60.
- **MYR ended 0.04% softer at 4.1885 against USD** but not before rallying and narrowing early losses going into late Asian session. MYR advanced against all G10s. **Stay neutral on MYR against USD** with scope for mild losses as markets sentiment remains weighed down by caution over US-China trade relations. We continue to caution lingering price-momentum divergence, formation of a bearish chart pattern and rising downward momentum to be pointing to a potential reversal lower. A close below 4.1960 today will add further credence to this view.
- **SGD slipped against 6 G10s and fell 0.20% to 1.3776 against USD** as sentiment in the markets dimmed on heightened concerns over US-China trade relations. **Stay slightly bearish on SGD against USD**, weighed down by extended weakness in market sentiment. USDSGD expectedly tested (and broke) 1.3763. It remains in a bullish bias and is likely eyeing a move to 1.3809 in the next leg higher.

Overnight Economic Data

US	➔
China	➘

What's Coming Up Next

Major Data

- US 3Q GDP, MBA Mortgage Applications, Advance Goods Trade Balance, Wholesale Inventories, New Home Sales, Richmond Fed Manufacturing Index
- Japan Retail Trade, Dept. Store, Supermarket Sales
- New Zealand ANZ Business Confidence

Major Events

- Fed Chair Powell speech

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1263	1.1278	1.1297	1.1300	1.1322	↗
USDJPY	1.2700	1.2720	1.2742	1.2762	1.2777	↘
GBPUSD	113.65	113.71	113.83	114.00	114.25	↗
AUDUSD	0.7212	0.7220	0.7235	0.7239	0.7254	↘
EURGBP	0.8837	0.8850	0.8865	0.8875	0.8880	↗
USDMYR	4.1905	4.1920	4.1937	4.1950	4.1960	➔
EURMYR	4.7298	4.7327	4.7345	4.7374	4.7400	↘
JPYMYR	3.6800	3.6823	3.6848	3.6859	3.6895	↘
GBPMYR	5.3359	5.3404	5.3421	5.3462	5.3500	↘
SGDMYR	3.0396	3.0412	3.0433	3.0442	3.0453	↘
AUDMYR	3.0231	3.0300	3.0325	3.0351	3.0368	➔
NZDMYR	2.8430	2.8449	2.8492	2.8515	2.8554	➔
USDSGD	1.3761	1.3770	1.3779	1.3788	1.3800	↗
EURSGD	1.5547	1.5557	1.5563	1.5573	1.5580	↗
GBPSGD	1.7520	1.7540	1.7555	1.7591	1.7600	↘
AUDSGD	0.9950	0.9960	0.9965	0.9979	0.9990	↘

* 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	1,684.97	-1.00	-6.22	CRB Index	179.92	-0.21	-7.19
Dow Jones Ind.	24,748.73	0.44	0.12	WTI oil (\$/bbl)*	51.56	-0.14	-14.66
S&P 500	2,682.17	0.33	0.32	Brent oil (\$/bbl)	60.21	-0.45	-9.96
FTSE 100	7,016.85	-0.27	-8.73	Gold (\$/oz)	1,215.05	-0.60	8.10
Shanghai	2,574.68	-0.04	-22.15	CPO (RM/tonne)	1,749.00	-0.99	-26.82
Hang Seng	26,331.96	-0.17	-11.99	Copper (\$/tonne)	6,189.00	-0.29	-14.60
STI	3,090.40	-0.10	-9.18	Rubber (sen/kg)	369.50	-0.54	-20.11

Source: Bloomberg

Economic Data
➤ Macroeconomics

	For	Actual	Last	Survey
US FHFA House Price Index MOM	Sep	0.2%	0.4% (revised)	0.4%
US S&P CoreLogic CS 20-City YOY NSA	Sep	5.1%	5.5%	5.2%
US Conf. Board Consumer Confidence	Nov	135.7	137.9	135.9
CH Industrial Profits YOY	Oct	3.4%	4.1%	--

Source: Bloomberg

- US consumer confidence declined but remained solid:** The Conference Board Consumer Confidence Index fell to 135.7 in November (Oct: 137.9) as the Present Situation Index (consumers' assessment of current business and labor market conditions) improved slightly while the Expectations Index (consumers' short-term outlook for income, business and labor market conditions) declined. Despite that, overall consumer confidence remained at historically high levels and in line with the solid University of Michigan Consumer Sentiments Index, this is set to benefit retailers as consumers are expected to spend more in December as the holiday season has begun in the US.
- Slower gain in house prices confirmed slowdown in US housing market:** The S&P CoreLogic Case-Shiller 20-City Composite Index rose 5.1% YOY in September (Aug: +5.5%), the slowest gain in almost two years while the FHFA House Price Index rose 0.2% MOM in September (Aug: +0.4% revised). Slower gain in house prices together with weak home sales as well as housing starts and building permits confirmed the slowdown in US housing market and is unlike to regain momentum seen early this year. Rising interest rates as a result of Fed's tightening and recent steady increase in house prices have made owning houses increasingly unaffordable while limited supplies in both new and existing homes drove potential buyers especially first time millennial buyers away.
- China industrial profits growth softened further in October:** Profit of China's industrial enterprises grew at a softer pace of 3.4% YOY in October (Sep: +4.1%) as slower growth in sales and rising material cost led to further margin compressions in a rather challenging time for the Chinese economy. Year-to-date profits rose 13.6% YOY (Sep: +14.7%), marking its fourth consecutive month of slowdown while all key industries i.e. mining, manufacturing and power supply recorded lower profit growth compared to the previous month.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
28/11	US	MBA Mortgage Applications	Nov-23	--	-0.1%	--
		Advance Goods Trade Balance	Oct	-\$77.0b	-\$76.0b	-\$76.3b
		Wholesale Inventories MOM	Oct P	0.4%	0.4%	--
		Retail Inventories MOM	Oct	0.5%	0.1%	--
		GDP Annualized QOQ	3Q S	3.5%	3.5%	--
		New Home Sales MOM	Oct	4.0%	-5.5%	--
29/11		Richmond Fed Manufacturing Index	Nov	15.0	15.0	--
		Personal Income	Oct	0.4%	0.2%	--
		Personal Spending	Oct	0.4%	0.4%	--
		Core PCE YOY	Oct	1.9%	2.0%	--
		Initial Jobless Claims	Nov-24	220k	224k	--
		Pending Home Sales MOM	Oct	0.5%	0.5%	--
29/11	Eurozone	Economic Confidence	Nov	109.1	109.8	--
29/11	UK	Mortgage Approvals	Oct	64.5k	65.3k	--
29/11	Japan	Retail Trade YOY	Oct	2.7%	2.1%	2.2%
		Dept. Store, Supermarket Sales	Oct	0.8%	0.4%	--
29/11	New Zealand	ANZ Business Confidence	Nov	--	-37.1	--
29/11	Vietnam	Trade Balance	Nov	--	\$100m	--
		CPI YOY	Nov	--	3.89%	--
		Imports YTD YOY	Nov	--	11.8%	--
		Exports YTD YOY	Nov	--	14.2%	--
		Industrial Production YOY	Nov	--	7.7%	--
		Retail Sales YTD YOY	Nov	--	11.4%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1289	-0.34	1.1344	1.1278	-3.89
GBPUSD	1.2747	-0.62	1.283	1.2725	-5.71
USDJPY	113.79	0.18	113.84	113.42	0.94
AUDUSD	0.7225	0.06	0.7269	0.7199	-7.43
EURGBP	0.8861	0.21	0.8888	0.8838	-0.16
USDMYR	4.1885	0.04	4.1950	4.1875	3.50
EURMYR	4.7369	-0.53	4.7566	4.7367	-2.30
JPYMYR	3.6882	-0.31	3.6984	3.6875	2.59
GBPMYR	5.3426	-0.69	5.3755	5.3404	-2.22
SGDMYR	3.0462	-0.19	3.0523	3.0449	0.57
AUDMYR	3.0290	-0.50	3.0489	3.0252	-4.20
NZDMYR	2.8416	-0.30	2.8515	2.8324	-1.33
CHFMYR	4.1913	-0.36	4.2036	4.1901	1.02
CNYMYR	0.6030	-0.19	0.6043	0.6028	-3.02
HKDMYR	0.5354	-0.07	0.5362	0.5352	3.38
USDSGD	1.3776	0.20	1.3797	1.3740	3.10
EURSGD	1.5551	-0.14	1.5600	1.5547	-3.05
GBPSGD	1.7560	-0.40	1.7631	1.7518	-2.89
AUDSGD	0.9953	0.25	0.9989	0.9918	-4.64

Source: Bloomberg

MYR

- **MYR ended 0.04% softer at 4.1885 against USD** but not before rallying and narrowing early losses going into late Asian session. MYR advanced against all G10s.
- **Stay neutral on MYR against USD** with scope for mild losses as markets sentiment remains weighed down by caution over US-China trade relations. We continue to caution lingering price-momentum divergence, formation of a bearish chart pattern and rising downward momentum to be pointing to a potential reversal lower. A close below 4.1960 today will add further credence to this view.

USD

- **USD strengthened against 8 G10s** while the DXY rallied in European and US mornings to close 0.30% higher at 97.36, spurred by rising US-China trade concerns as sentiment ebbed ahead of G20 meeting this weekend.
- **Continue to expect a softer USD** as buying interest is likely to fade heading into Fed Chair Powell's speech, FOMC minutes and US GDP. We continue to suspect that DXY is forming a bearish pattern that could top soon before heading lower going forward. Expect rising risk of rejection as DXY approaches 97.50 – 97.60.

EUR

- **EUR fell 0.34% to 1.1289 against USD** and retreated against 7 G10s on firmer risk aversion in relation to rising trade concerns heading into G20 meeting.
- **Expect a slightly bullish EUR in line with our view of a soft USD.** Despite a breach below 1.1300, we note the formation of a bullish chart pattern to continue. Losses cannot be ruled out, and a close below 1.1263 will likely be the nullification of this chart pattern. Until that happens, we maintain the view that a reversal may be near.

GBP

- **GBP tumbled 0.62% to 1.2747 against USD** and fell against all G10s on concerns that Northern Ireland would oppose UK's Brexit plans.
- **We turn bearish on GBP against USD**, weighed down by rising jitters over potential opposition to current Brexit plans by Northern Ireland. We continue to caution that Brexit headlines have the potential to quickly swing GBP to either sides. Overnight decline has tilted GBPUSD to the downside. Expect further losses while below 1.2787, which could potentially test 1.2700 next.

JPY

- **JPY weakened 0.18% to 113.79 against USD** and slipped against G10s as equities and oil rebounded.
- **Stay bearish on JPY against USD** as rising cautiousness on US-China trade relations is likely to still be supportive of the greenback. Upside break of 113.75 yesterday has left USDJPY exposed to a test near 114.00 – 114.25. But we caution that the risk of rejection increases as USDJPY approaches 114.10 – 114.15.

AUD

- **AUD inched 0.06% firmer to 0.7225 against USD** and climbed against 8 G10s, supported by rebound in equities and oil.
- **AUD remains slightly bearish against USD**, weighed down by prevailing risk aversion in the markets stemming from US-China trade relations. Gains, if any, are likely modest and premising on USD weakness. Prevailing bearish trend and rising downward momentum suggest that a bounce, though cannot be ruled out, is unlikely to sustain. AUDUSD remains inclined to the downside but 0.7200 support looks strong, thus losses may be limited going forward.

SGD

- **SGD slipped against 6 G10s and fell 0.20% to 1.3776 against USD** as sentiment in the markets dimmed on heightened concerns over US-China trade relations.
- **Stay slightly bearish on SGD against USD**, weighed down by extended weakness in market sentiment. USDSGD expectedly tested (and broke) 1.3763. It remains in a bullish bias and is likely eyeing a move to 1.3809 in the next leg higher.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.