

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street ended higher overnight boosted by Fed Chair Jerome Powell's remark that interest rates remained low by historical standards and were "just below" the neutral level.** Compared to what Powell said in October where rates were "long way" from neutral, the latest comment was interpreted as a shift towards a dovish stance hence sparking a rally in stocks as investors expect fewer number of rate hikes in the future. Yield on 10Y treasuries barely budged from yesterday's level at 3.06%. **Crude oil prices fell to 2018 low as EIA reported 10th straight weekly build-up in US crude stockpiles.** Brent broke below \$60/barrel level to close at \$58.76/barrel (-2.41%) while WTI slid nearer to \$50/barrel to end at \$50.29/barrel (-2.46%).
- Data in the US were mixed - **US 3Q GDP growth was unrevised at 3.5% QOQ in the second estimate**, firms raised wholesales and retail inventories by 0.7% and 0.9% MOM in October respectively ahead of holiday season. The advanced goods trade deficit meanwhile widened to -\$77.2b in the same month. Richmond Manufacturing Index fell slightly to 14.0 in November. New home sales plunged a whopping 8.9% MOM in October while mortgage applications rebounded to increase 5.5% last week. In Japan, retail sales bounced higher by 3.5% YOY in October.
- **USD slumped against all G10s** while the DXY reversed early gains with a sharp drop to close 0.6% lower at 96.78 as Fed Chair Powell turned less hawkish. **Expect a bearish USD** on extended downsides from easing expectations of Fed rate hikes; with downside bias prevailing, caution that misses in US data will add more pressure on USD. DXY was expectedly rejected near 97.50 and the resulting downward momentum could push it lower. A close below 96.71 today marks the end of current bullish trend and risks a drop to 96.33.
- **MYR weakened 0.3% to 4.2010 against USD** after tumbling in late Asian trading amid risk aversion ahead of various US risk events and still cautious market sentiment. MYR ended lower against all G10s. **Expect a slightly bullish MYR against USD** following improved market sentiment. 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 4.1900 today will add further credence to this view.
- **SGD strengthened 0.34% to 1.3729 against a weak USD** but fell against 8 G10s as refuge demand retreated following rebound in equities. **SGD is now slightly bullish against a weak USD.** Strong decline overnight that broke below strong supports has turned USDSGD technically bearish. Expect further losses from here, with scope to test 1.3700 in the next leg lower.

Overnight Economic Data

US	➔
Japan	⬆️

What's Coming Up Next

Major Data

- US Personal Income, Personal Spending, Core PCE, Initial Jobless Claims, Pending Home Sales
- Eurozone Economic Confidence
- UK Mortgage Approvals
- Vietnam Trade Balance, CPI, Industrial Production, Retail Sales
- New Zealand ANZ Business Confidence, Consumer Confidence

Major Events

- FOMC Meeting Minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1352	1.1360	1.1365	1.1370	1.1388	↗
USDJPY	1.2787	1.2800	1.2821	1.2839	1.2864	↗
GBPUSD	113.30	113.40	113.60	113.81	114.00	↘
AUDUSD	0.7264	0.7288	0.7303	0.7315	0.7328	↗
EURGBP	0.8847	0.8855	0.8864	0.8871	0.8884	↗
USDMYR	4.1900	4.1930	4.1940	4.1950	4.1965	↘
EURMYR	4.7550	4.7612	4.7663	4.7700	4.7736	↗
JPYMYR	3.6849	3.6891	3.6918	3.6967	3.7000	➔
GBPMYR	5.3662	5.3708	5.3762	5.3800	5.3821	↗
SGDMYR	3.0500	3.0513	3.0535	3.0555	3.0575	↗
AUDMYR	3.0557	3.0608	3.0625	3.0637	3.0677	↗
NZDMYR	2.8652	2.8700	2.8763	2.8783	2.8800	↗
USDSGD	1.3700	1.3715	1.3732	1.3740	1.3750	↘
EURSGD	1.5551	1.5575	1.5607	1.5615	1.5635	↗
GBPSGD	1.7556	1.7582	1.7605	1.7631	1.7653	↗
AUDSGD	1.0000	1.0012	1.0029	1.0055	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	1,686.55	0.09	-6.14	CRB Index	181.22	0.72	-6.52
Dow Jones Ind.	25,366.43	2.50	2.62	WTI oil (\$/bbl)*	50.29	-2.46	-16.77
S&P 500	2,743.79	2.30	2.62	Brent oil (\$/bbl)	58.76	-2.41	-12.13
FTSE 100	7,004.52	-0.18	-8.89	Gold (\$/oz)	1,221.23	0.51	8.10
Shanghai	2,601.74	1.05	-21.33	CPO (RM/tonne)	1,718.00	-1.86	-28.12
Hang Seng	26,682.56	1.33	-10.82	Copper (\$/tonne)	6,121.50	-1.09	-15.53
STI	3,094.48	0.13	-9.06	Rubber (sen/kg)	369.50	0.00	-20.11

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US MBA Mortgage Applications	23 Nov	5.5%	-0.1%	--
US Advance Goods Trade Balance	Oct	-\$77.2b	-\$76.3b (revised)	-\$77.0b
US Wholesale Inventories MOM	Oct P	0.7%	0.6% (revised)	0.4%
US Retail Inventories MOM	Oct	0.9%	0.1%	0.5%
US GDP Annualized QOQ	3Q S	3.5%	3.5%	3.5%
US New Home Sales MOM	Oct	-8.9%	1.0% (revised)	4.0%
US Richmond Fed Manufacturing Index	Nov	14.0	15.0	15.0
JP Retail Trade YOY	Oct	3.5%	2.2% (revised)	2.6%

Source: Bloomberg

➤ Macroeconomics

- Unrevised US second 3Q GDP readings supported by strong consumption growth, firms raised inventories ahead of holiday seasons:** The second estimate of the seasonally adjusted annualized real GDP growth for 3Q was unchanged at 3.5% QOQ (2Q: +4.2%) as expected while on an annual basis, GDP grew at a faster rate of 3.0% YOY in 3Q (2Q: +2.9%). Downward revisions to personal consumption expenditure (PCE) and government spending were offset by the upward revision to private domestic investment. Exports were also revised down further while imports growth changed only slightly. The update showed that the general picture of the US economy remained the same, reflecting the positive contributions from PCE, private investment and government spending which were partially offset by the negative contributions of net exports. We believe that the US economy remains in a solid state as consumptions are supported by a robust labour market with the help of this year's tax cut. Consumer confidence stayed at elevated levels suggesting that consumers are likely to splurge in this holiday season to further benefit retail businesses. Firms are also seen stocking up inventories' investments in anticipation of better sales in November and December as the advanced wholesale inventories rose 0.7% MOM in October (Sep: +0.6% revised) while retail inventories rose 0.9% MOM (Sep: +0.1%). Excluding motor vehicles and parts, retail inventories was also up by 0.7% MOM following a small decline in the previous month.
- Outlook for US trade uncertain as goods trade deficit widened:** Outlook for trade does not seem very positive for now, as we have earlier expected given the further widening of the advanced goods trade deficit to \$77.2b in October (Sep: -\$76.3b). Exports of goods fell 0.6% MOM (Sep: +2.0%) as shipments of foods, feeds and beverages extended further decline, exports of capital goods and automotive vehicles fell while industrial supplies rose only marginally. Gain in goods imports was also seen slowing substantially by 0.1% MOM (Sep: +1.7%). News regarding US-China trade dispute remains mixed and ambiguous, any impending resolution seems unlikely despite the fact that both countries' presidents have agreed to meet this weekend at the side line of the G20 Summit in Buenos Aires. That said, taking into account the still robust job market, the solid US growth is likely to persist at least until the first half of 2019 and hence the Fed will hike the federal funds rate for the fourth time this coming December.
- US new home sales resumed decline, mortgage applications rebounded:** Echoing the generally weakening housing data, new home sales plunged 8.9% MOM in October (Sep: +1.0% revised) as sales in all regions contracted led mainly by those in the Midwest. Meanwhile, mortgage applications rebounded to increase 5.5% for the week ended 23 November (previous: -0.1%) driven by the rise in both refinance and purchases categories. Interest rates rose or stayed the same generally except for the average rate of 30-year fixed rate mortgages which fell to 5.12% last week (previous: 5.16%). We reaffirm our dismal view of the US housing market given the recent slower gain of house prices and weak homebuilding activities, the revival in existing homes sales in October is likely to be temporary as rising interest rates and limited supply are expected to further curtail demand.
- US Fifth District manufacturing posted modest expansion:** The Richmond Fed Manufacturing Survey Composite Index came in a tad softer at 14.0 in November (Oct: 15.0) as it continued to ease from the high levels seen in summer. Higher shipment this month was dragged down by slower growth in new orders and employment. Lower employment reflects firms' challenge to fill up positions which thus led to higher growth in wages. Inflationary pressure eased a little as the fall in prices paid drove down prices received by firms.
- Japan retail sales growth saw substantial gain in October:** Retail sales bounced up higher by 3.5% YOY in October (Sep: +2.2% revised). Within total retail sales, department store and supermarket sales declined 0.2% YOY in the same month (Sep: +1.1%) while sales in convenience store were flat.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
29/11	US	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%	--
30/11		FOMC Meeting Minutes	Nov-08	--	--	--
		Chicago Purchasing Manager	Nov	58.5	58.4	--
29/11	Eurozone	Economic Confidence	Nov	109.1	109.8	--
30/11		Unemployment Rate	Oct	8.0%	8.1%	--
		CPI Core YOY	Nov A	1.1%	--	--
		CPI Estimate YOY	Nov	2.0%	2.2%	--
29/11	UK	Mortgage Approvals	Oct	64.6k	65.3k	--
30/11		GfK Consumer Confidence	Nov	-11.0	-10.0	--
		Lloyds Business Barometer	Nov	--	19.0	--
30/11	Japan	Job-To-Applicant Ratio	Oct	1.65	1.64	--
		Jobless Rate	Oct	2.3%	2.3%	--
		Industrial Production YOY	Oct P	2.5%	-2.5%	--
		Housing Starts YOY	Oct	-0.1%	-1.5%	--
		Construction Orders YOY	Oct	--	1.0%	--
30/11	Hong Kong	Retail Sales Value YOY	Oct	3.6%	2.4%	--
30/11	China	Non-manufacturing PMI	Nov	53.7	53.9	--
		Manufacturing PMI	Nov	50.2	50.2	--
29/11	New Zealand	ANZ Business Confidence	Nov	--	7.4	--
30/11		ANZ Consumer Confidence Index	Nov	--	115.4	--
		Building Permits MOM	Oct	--	-1.5%	--
29/11	Vietnam	Trade Balance	Nov	--	\$100m	--
		CPI YOY	Nov	3.8%	3.9%	--
		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

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1366	0.68	1.1388	1.1267	-0.30
GBPUSD	1.2825	0.61	1.2847	1.2733	-0.10
USDJPY	113.68	-0.10	114.04	113.44	0.77
AUDUSD	0.7306	1.12	0.7328	0.7221	-0.48
EURGBP	0.8863	0.02	0.8876	0.8811	-0.17
USDMYR	4.2010	0.30	4.2020	4.1920	0.82
EURMYR	4.7392	0.05	4.7407	4.7298	-0.25
JPYMYR	3.6874	-0.02	3.6909	3.6802	0.57
GBPMYR	5.3554	0.24	5.3558	5.3358	-0.98
SGDMYR	3.0462	0.00	3.0484	3.0399	0.57
AUDMYR	3.0363	0.24	3.0388	3.0271	-0.97
NZDMYR	2.8545	0.45	2.8570	2.8455	0.88
CHFMYR	4.2002	0.21	4.2028	4.1937	0.23
CNYMYR	0.6037	0.11	0.6041	0.6030	-0.91
HKDMYR	0.5362	0.15	0.5368	0.5352	0.53
USDSGD	1.3729	-0.34	1.3788	1.3715	0.78
EURSGD	1.5606	0.35	1.5624	1.5531	-0.74
GBPSGD	1.7605	0.26	1.7639	1.7543	-0.57
AUDSGD	1.0028	0.75	1.0052	0.9949	-0.97

Source: Bloomberg

Forex

MYR

- **MYR weakened 0.3% to 4.2010 against USD** after tumbling in late Asian trading amid risk aversion ahead of various US risk events and still cautious market sentiment. MYR ended lower against all G10s.
- **Expect a slightly bullish MYR against USD** following improved market sentiment. 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 4.1900 today will add further credence to this view.

USD

- **USD slumped against all G10s** while the DXY reversed early gains with a sharp drop to close 0.6% lower at 96.78 as Fed Chair Powell turned less hawkish.
- **Expect a bearish USD** on extended downsides from easing expectations of Fed rate hikes; with downside bias prevailing, caution that misses in US data will add more pressure on USD. DXY was expectedly rejection near 97.50 and the resulting downward momentum could push it lower. A close below 96.71 today marks the end of current bullish trend and risks a drop to 96.33.

EUR

- **EUR jumped 0.68% to 1.1366 against a weak USD** and climbed against 5 G10s as market sentiment improved.
- **EUR remains bullish against a soft USD.** Overnight rally has tilted EURUSD towards the upside and continues the formation of the bullish chart pattern we noted. Further gains are likely, with scope to test 1.1400 – 1.1416 in the next leg higher.

GBP

- **GBP jumped 0.61% to 1.2825 against a weak USD** but slipped against 5 G10s as concerns remain over the possibility of Northern Ireland's opposition of Brexit plans.
- **We now turn slightly bullish on GBP against a soft USD** but gains may be held back by continued cautiousness regarding Brexit progress. We continue to caution that Brexit headlines have the potential to quickly swing GBP to either sides. The strong rally overnight has again tilted GBPUSD to the upside. It is likely taking aim at 1.2864 in the next leg higher but upside bias will be lost if GBPUSD loses 1.2800.

JPY

- **JPY slipped 0.1% to 113.68 against USD** and retreated against 9 G10s as refuge demand fell following rebound in equities.
- **We turn bearish on JPY against USD** as improved market sentiment dampens refuge demand. It appears that USDJPY has been rejected at 114.00, and we reckon that the resulting downward momentum could push it lower still today, possibly testing 113.30 – 113.40.

AUD

- **AUD rallied to beat 8 G10s and surged 1.12% to 0.7306 against a weak USD,** supported by rebound in equities and a softer hawkish tone from the Fed.
- **AUD is now slightly bullish against a weak USD,** further spurred by improved risk appetite in the markets. Bearish trend has been nullified by a strong rally bypassing crucial resistances. AUDUSD is now tilted to the upside, with scope to test 0.7315 – 0.7328, but we caution that these strong resistances that have previously triggered reversal lower.

SGD

- **SGD strengthened 0.34% to 1.3729 against a weak USD** but fell against 8 G10s as refuge demand retreated following rebound in equities.
- **SGD is now slightly bullish against a weak USD.** Strong decline overnight that broke below strong supports has turned USDSGD technically bearish. Expect further losses from here, with scope to test 1.3700 in the next leg lower.

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