

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks slipped overnight as soft economic data and mixed trade headlines overshadowed upbeat Apple and Facebook's earnings. Chinese officials appeared to be wary over the possibility of a long-term trade deal** with the US according to Bloomberg which added to the recent concerns whether a so-called "phase one trade deal" could be signed following the cancellation of Chile's APEC summit. President Trump meanwhile tweeted a location scouting is underway for Xi and himself to ink agreement which makes up "about 60% of the total deal". Treasuries extended rallies leaving yields around 7-9bps lower, the greenback broadly weakened but managed to retrace some losses amidst falling equity and rising risk aversion. Crude oil benchmarks were dragged down by 0.6-1.6% over weakening sentiments. The BOJ held its ultra-loose monetary policy intact but modified its forward guidance to send a clear easing signal.
- **US data turned out weaker** as core PCE inflation slipped back to 1.7% YOY in September. Personal spending and income also experienced only a modest increase of 0.2% and 0.3% MOM. Initial jobless claims rose by 5k last week while the MNI Chicago PMI plunged to its lowest level in nearly four years. **European data were better than expected as 3Q GDP growth beat estimate to steady at 0.2% QOQ** while core CPI also ticked higher to 1.1% YOY. **Hong Kong slumped into a technical recession** as 3Q GDP dropped by 3.2% QOQ, marking its second back-to-back contraction. Elsewhere, **China NBS PMIs edged lower**, Japan jobless rate ticked up and New Zealand consumer confidence rebounded.
- **The greenback broadly weakened** but managed to retrace some losses amidst falling equity and rising risk aversion. The dollar index closed lower by 0.3% to 97.35, USD slipped against most major currencies. **We are neutral to slightly bullish on the USD** mainly on rising risk aversion but expect markets to turn cautious ahead of tonight's job report. We foresee the dollar to take a beating should the actual number meet or miss expectation.
- **USDMYR slipped by 0.06% to 4.1780** on Thursday as MYR traded stronger in tandem with other Asian currencies amidst broader dollar weakness following Fed's rate cut. **We are neutral to slightly bullish on USDMYR today** as markets turned cautious amidst weakening sentiments and ahead of tonight's nonfarm job report.
- **SGD finished stronger by 0.13% against the USD at 1.3603** in tandem with broad dollar weakness. **We are neutral to slightly bullish on USDSGD today** as markets turned cautious amidst weakening sentiments and ahead of tonight's nonfarm job report.

Overnight Economic Data

US	↓
Eurozone	↔
Japan	↓
Hong Kong	↓
China	↓
New Zealand	↑

What's Coming Up Next

Major Data

- Manufacturing PMI for US, UK, Japan, China and Vietnam
- US NFP, ISM Manufacturing, Construction Spending
- Hong Kong Retail Sales
- Australia AiG Manufacturing PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1100	1.1125	1.1149	1.1175	1.1200	↗
GBPUSD	1.2850	1.2894	1.2935	1.2950	1.3000	↘
USDJPY	107.60	107.80	108.02	108.30	108.60	→
AUDUSD	0.6850	0.6870	0.6885	0.6900	0.6925	↘
EURGBP	0.8575	0.8600	0.8620	0.8650	0.8700	↗
USDMYR	4.1700	4.1750	4.1800	4.1850	4.1900	→
EURMYR	4.6400	4.6500	4.6608	4.6700	4.6800	↗
JPYMYR	3.8460	3.8580	3.8697	3.8780	3.8850	↗
GBPMYR	5.3780	5.3900	5.4063	5.4200	5.4330	↘
SGDMYR	3.0650	3.0680	3.0708	3.0725	3.0750	→
AUDMYR	2.8650	2.8750	2.8781	2.8835	2.8880	↘
NZDMYR	2.6700	2.6750	2.6787	2.6870	2.6930	↘
USDSGD	1.3550	1.3580	1.3610	1.3625	1.3650	↗
EURSGD	1.5120	1.5150	1.5176	1.5200	1.5235	↗
GBPSGD	1.7500	1.7575	1.7606	1.7650	1.7700	↘
AUSGD	0.9340	0.9355	0.9370	0.9400	0.9430	↘

* 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	1,597.98	1.14	-5.48	CRB Index	176.89	-0.80	4.18
Dow Jones Ind.	27,046.23	-0.52	15.94	WTI oil (\$/bbl)	54.18	-1.60	19.31
S&P 500	3,037.56	-0.30	21.17	Brent oil (\$/bbl)	60.23	-0.63	10.82
FTSE 100	7,248.38	-1.12	7.73	Gold (S/oz)	1,512.99	1.16	17.92
Shanghai	2,929.06	-0.35	17.45	CPO (RM/tonne)	2,308.00	1.54	18.21
Hang Seng	26,906.72	0.90	4.11	Copper (\$/tonne)	5,908.00	-0.33	-0.96
STI	3,229.88	0.68	5.25	Rubber (sen/kg)	432.50	0.70	14.12

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Personal Income	Sep	0.3%	0.5% (revised)	0.3%
US Personal Spending	Sep	0.2%	0.2% (revised)	0.2%
US Core PCE YOY	Sep	1.7%	1.8%	1.7%
US Initial Jobless Claims	Oct-26	218k	213k (revised)	215k
US MNI Chicago PMI	Oct	43.2	47.1	48.0
EU Unemployment Rate	Sep	7.5%	7.5% (revised)	7.4%
EU GDP SA QOQ	3Q A	0.2%	0.2%	0.1%
EU Core CPI YOY	Oct P	1.1%	1.0%	1.0%
EU CPI YOY	Oct	0.7%	0.9%	0.7%
JP BOJ Policy Balance Rate	Oct-31	-0.1%	-0.1%	-0.1%
JP Jobless Rate	Sep	2.4%	2.2%	2.2%
HK GDP YOY	3QA	-2.9%	0.5%	-0.3%
CN Manufacturing PMI	Oct	49.3	49.8	49.8
CN Non-manufacturing PMI	Oct	52.8	53.7	53.6
NZ ANZ Consumer Confidence Index	Oct	118.4	113.9	--

Source: Bloomberg

- BOJ held policy intact but modified forward guidance to send easing signal:** The Bank of Japan left its ultra-loose monetary policy unchanged as widely expected as it kept its short-term policy balance rate at -0.1% and its target for 10Y JGB at around 0% while maintaining its guideline on JGB and ETF purchases. While still refraining from joining global peers to ease policy, it modified its forward guidance to send a clearer easing signal by saying that it now expects short and long term policy rates to remain at their present or lower levels as it is necessary, cautioning the possibility that inflation might not hit its 2% target. The BOJ expects the Japanese economy to grow temporarily below its potentials, taking into account weaker exports and the recent sales tax hikes against a backdrop of prolonged US-China trade friction. Median GDP growth forecasts for 2019 were revised downwards from 0.7% to 0.6% and for 2020, from 0.9% to 0.7%. Inflation projections were trimmed substantially, reflecting the central bank's dimmer price outlook - CPI ex fresh foods for 2019 was revised from 1.0% to 0.7%, and for 2020, from 1.3% to 1.1%.
- US Personal income, spending pulled back ahead of holiday season; inflation slipped:** US data were generally weaker overnight. Personal consumption expenditure (PCE), a key gauge of consumer spending in the US saw a modest increase of 0.2% MOM in September (Aug: +0.2% revised), unchanged from August's pace following a surge in July, suggesting that consumers are scaling back on spending in the months leading to holiday season. The softer spending was in tandem with the pull back in personal income growth at 0.3% MOM (Aug: +0.5% revised). Gain in core PCE price index, the Fed's preferred inflation gauge slipped back to 1.7% YOY (Aug: +1.8%), dampening some optimism that prices pressure is slowly picking up momentum to return to the Fed's 2% target. Initial jobless claims rose by 5k to 218k last week (previous: 213k revised). On another less brighter note, the MNI Chicago PMI plunged to 43.2 in October (Sep: 47.1), its lowest level in nearly four years, again highlighting the weakness in US manufacturing.
- Eurozone 3Q growth steadied; inflation still subdued:** The preliminary Eurozone third quarter real GDP growth topped estimates at 0.2% QOQ (2Q: +0.2%), unchanged from the pace of growth in the second quarter, offering some reprieves that the Euro area economy is not slipping into a stagnation. Analysts had been less optimistic, calling for a 0.1% QOQ growth. YOY, real GDP increased by 1.1% (2Q: +1.2%), pulling back from 2Q. Meanwhile, price pressure remained very much subdued as the headline HICP inflation edged lower to 0.7% YOY in October (Sep: +0.9%) over falling energy prices but the core reading managed to tick up to 1.1% YOY (Sep: +1.0%). Unemployment rate was unchanged at 7.5% in September (Aug: 7.5% revised) following a newly revised August print.
- Japanese firms scaled back on hiring:** Japan's jobless rate rose to 2.4% in September (Aug: 2.2%) as firms appeared to scale back on hiring. Job availability decreased as the job-to-applicant ratio slipped to 1.57 (Aug: 1.59) of which the number of new jobs offers fell by 3.6% MOM (Aug: +0.6%) despite a surge in the number of new applicants.
- China manufacturing downturn appeared deepening, services sector growth pulled back:** The official NBS manufacturing PMI slipped to 49.3 in October (Sep: 49.8), to mark its sixth month of sub-50 reading and suggest a further contraction of activities in China's manufacturing sector. The non-manufacturing PMI which serves as a gauge of the services industry also ticked lower to 52.8 (Sep: 53.7). While remaining above 50.0, the reading was the lowest recorded in nearly four years, signaling a slowdown in the industry.

- Hong Kong slumped into technical recession amidst worsening political unrests:** Hong Kong advance real GDP slipped way more than expected by 3.2% QOQ in the third quarter of 2019 (2Q: -0.4%). The reading marks its second back-to-back contraction, leaving the economy in a technical recession, a situation when an economy experiences two consecutive quarters of QOQ declines. On a yearly basis, GDP also slipped more than estimated by 2.9% YOY (2Q: +0.5%), its first contraction since ten years ago during the tail end of the global financial crisis. Looking at details, the current domestic unrests took a serious toll on household spending (-3.5% YOY vs +1.5% YOY) and investment (-16.3% YOY vs -10.8% YOY). Exports of goods meanwhile dropped further by 7.0% YOY (2Q: -5.4%) as external trade sector continued to face headwinds amidst softer Chinese demand.
- New Zealand consumer rebounded in October:** The ANZ Roy Morgan Consumer Confidence Index rebounded by 4% to 118.4 in October (Sep: 113.9). The current condition gauge rose 2pts while the future conditions index jumped by 6pts, reflecting consumers' improving confidence over family finance in the year ahead and the economy in the next five years. The upbeat consumer sentiment was in contrast with the weaker business confidence that has been weighed down by softer activity outlook and profit expectations.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
01/11	Malaysia	Markit Malaysia PMI Mfg	Oct	--	47.9	--
04/11		Exports YOY	Sep	1.5%	-0.8%	--
01/11	US	Change in Nonfarm Payrolls	Oct	85k	136k	--
		Unemployment Rate	Oct	3.6%	3.5%	--
		Average Hourly Earnings YOY	Oct	3.0%	2.9%	--
		Markit US Manufacturing PMI	Oct F	51.5	51.5	--
		ISM Manufacturing	Oct	48.9	47.8	--
		Construction Spending MOM	Sep	0.2%	0.1%	--
04/11		Factory Orders	Sep	-0.5%	-0.1%	--
		Cap Goods Orders Nondef Ex Air	Sep F	--	-0.5%	--
04/11	Eurozone	Markit Eurozone Manufacturing PMI	Oct F	45.7	45.7	--
		Sentix Investor Confidence	Nov	--	-16.8	--
01/11	UK	Markit UK PMI Manufacturing SA	Oct	48.2	48.3	--
01/11	Japan	Jibun Bank Japan PMI Mfg	Oct F	--	48.5	--
01/11	Hong Kong	Retail Sales Value YOY	Sep	-25.6%	-23.0%	--
01/11	China	Caixin China PMI Mfg	Oct	51.0	51.4	--
04/11	Singapore	Purchasing Managers Index	Oct	--	49.5	--
01/11	Australia	AiG Perf of Mfg Index	Oct	--	54.7	--
04/11		Retail Sales MOM	Sep	0.4%	0.4%	--
01/11	Vietnam	Markit Vietnam PMI Mfg	Oct	--	50.5	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1152	0.01	1.1176	1.1132	-2.75
GBPUSD	1.2942	0.31	1.2976	1.2895	1.40
USDJPY	108.03	-0.75	108.90	107.93	-1.51
AUDUSD	0.6894	-0.13	0.6930	0.6883	-2.28
EURGBP	0.8617	-0.30	0.8647	0.8601	-4.08
USDMYR	4.1780	-0.06	4.1800	4.1735	1.08
EURMYR	4.6644	0.42	4.6669	4.6571	-1.33
JPYMYR	3.8431	-0.01	3.8475	3.8368	2.27
GBPMYR	5.4044	0.30	5.4086	5.3872	2.60
SGDMYR	3.0689	-0.07	3.0725	3.0672	1.09
AUDMYR	2.8886	0.48	2.8945	2.8805	-1.18
NZDMYR	2.6804	0.79	2.6867	2.6751	-3.54
CHFMYR	4.2274	0.24	4.2341	4.2218	0.67
CNYMYR	0.5935	0.11	0.5940	0.5925	-1.94
HKDMYR	0.5325	-0.21	0.5335	0.5325	0.81
USDSGD	1.3603	-0.13	1.3627	1.3597	-0.15
EURSGD	1.5171	-0.11	1.5214	1.5152	-2.90
GBPSGD	1.7605	0.18	1.7648	1.7560	1.24
AUDSGD	0.9379	-0.23	0.9427	0.9369	-2.43

Source: Bloomberg

Forex

MYR

- **USDMYR slipped by 0.06% to 4.1780** on Thursday as MYR traded stronger in tandem with other Asian currencies amidst broader dollar weakness following Fed's rate cut.
- **We are neutral to slightly bullish on USDMYR today** as markets turned cautious amidst weakening sentiments and ahead of tonight's nonfarm job report. The medium term outlook is bullish for now expecting a stronger USD as the Fed sent a clear signal that it would not ease further this year.

USD

- **The greenback broadly weakened** but managed to retrace some losses amidst falling equity and rising risk aversion. The dollar index closed lower by 0.3% to 97.35, USD slipped against most major currencies.
- **We are neutral to slightly bullish on the USD** mainly on rising risk aversion but expect markets to turn cautious ahead of tonight's job report. We foresee the dollar to take a beating should the actual number meet or miss expectation. The medium term outlook is bullish for now expecting a stronger USD as the Fed sent a clear signal that it would not ease further this year. We look towards incoming data and the ECB's restart of its APP for further cues.

EUR

- **EUR closed little changed against the USD at 1.1152**, retracing earlier gains inspired by generally decent European data as the dollar gained strength in the later session amidst rising risk aversion.
- **We are mildly bullish EUR today** as investors digest better European data ahead of tonight's US job report where the NFP that meets or missed forecasts is likely to send the dollar down and the euro up. In the medium term, outlook is bearish as the ECB restarts APP this month.

GBP

- **GBP closed 0.31% stronger at 1.2942** amidst weaker USD.
- **We remain mildly bearish GBP in the interim** ahead of the strong 1.30 technical resistance and over UK election and Brexit uncertainty.

JPY

- **JPY surged against the USD by 0.75% at 108.03**, its strongest daily gain since late August this year amidst falling UST yields and equity as risk aversion took hold of markets over trade uncertainties.
- **We are neutral to mildly bullish on JPY** over retreating risk sentiments as Asian stocks futures point to declining equity today. **We remain bullish JPY over the medium term** on narrowing yield differentials between the dollar and yen as well as unresolved trade dispute and lingering Brexit and political uncertainties.

AUD

- **AUD closed 0.13% weaker against the USD at 0.6894**, torn between poorer Chinese PMI data and weaker USD in general.
- **We are bearish on AUD today** as rising risk aversion should send the Aussie lower. **We remain bearish AUD over the medium term** on slower global growth particularly that of China amidst prolonged trade uncertainty. The RBA is expected to keep cash rate unchanged at 0.75% next week.

SGD

- **SGD finished stronger by 0.13% against the USD at 1.3603** in tandem with broad dollar weakness.
- **We are neutral to slightly bullish on USDSGD today** as markets turned cautious amidst weakening sentiments and ahead of tonight's nonfarm job report. **We are bullish USDSGD** in the medium term, expecting a stronger USD as the Fed sent a clear signal that it would not ease further this year as well as weaker Singapore fundamentals.

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