

Global Markets Research

Daily Market Highlights

Key Takeaways

- **The US markets reopened on Friday after Thanksgiving but trading remained relatively thin in a shorter session.** Main stock benchmarks slipped around 0.4-0.5%, weighed down by uncertainty and negative outlook surrounding US-China relation that could potentially hamper a mini trade deal in-the-making following President's Trump signing of a controversial bill related to Hong Kong's autonomy status. Retail stocks took a beating as sales at brick-and-mortar stores lost out to its online counterparts during the annual Black Friday frenzy. Benchmark treasuries yields barely moved (-0.3bps to +1.7bps) along the curve. Dollar strengthened only modestly against major currencies. **Crude oil plunged by a dramatic 2-5% on renewed trade worries and record high crude production as well as signs that an OPEC+ meeting this week would not result in further production cuts.** China's Global Times reported over the weekend that Beijing is insisting on a tariff's rollback as part of any phase one trade deal with Washington, adding to uncertainties as the US has yet to make any latest comment. Stocks are set for a muted start in the morning as markets weighed US-China uncertainties and better China PMI data.
- **On the data front, Eurozone all-items HICP inflation picked up to 1.0% YOY** in November while core CPI also rose to 1.3% YOY on stronger services inflation. **China official NBS manufacturing PMI went above 50 for the first time in seven months** to indicate manufacturing conditions' return to growth while the non-manufacturing PMI also recorded a solid 54.4 reading. Australia AiG Performance of Manufacturing Index slumped to its weakest level in three years on contracting new orders, exports sales and production that painted a weak demand narrative. Vietnam key economic data suggest the economy is still in a decent shape but the manufacturing sector is flashing weaker growth signals.
- Dollar strengthened only modestly against most of its major peers amidst thinner trading volumes, keeping its counterparts at recent ranges respectively. **The dollar index slipped by 0.1% to 98.23 on Friday. We are neutral on USD** as markets weigh US-China political uncertainties, UK politics and better China PMI data at the start of the week.
- **MYR weakened by 0.11% against the USD at 4.1780** alongside weaker regional Asian currencies ahead of the weekend amidst US-China political uncertainties. **We are neutral on MYR today expecting the ringgit to trade around recent ranges of 4.1650-4.1850** as markets await further US-China related headlines while digesting the better than expected China PMI data released over the weekend.
- **SGD closed 0.13% softer against the USD at 1.3677** alongside majority of its weaker Asian peers. **We are neutral on SGD today** as markets await further US-China related headlines while digesting the better than expected China PMI data released over the weekend.

Overnight Economic Data

Eurozone	↑
China	↑
Australia	↓
Vietnam	→

What's Coming Up Next

Major Data

- Markit Manufacturing PMI for Malaysia, US, Eurozone, UK, Japan, China, Vietnam
- US ISM Manufacturing, Construction Spending

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1000	1.1010	1.1016	1.1020	1.1050	→
GBPUSD	1.2850	1.2900	1.2914	1.2950	1.3000	→
USDJPY	109.00	109.30	109.64	109.80	109.00	↗
AUDUSD	0.6725	0.6750	0.6767	0.6780	0.6800	→
EURGBP	0.8490	0.8500	0.8531	0.8550	0.8585	→
USDMYR	4.1650	4.1700	4.1775	4.1800	4.1850	→
EURMYR	4.5800	4.5900	4.6024	4.6100	4.6200	↗
JPYMYR	3.8000	3.8050	3.8095	3.8200	3.8340	→
GBPMYR	5.3650	5.3793	5.3946	5.4000	5.4150	→
SGDMYR	3.0450	3.0500	3.0554	3.0585	3.0600	→
AUDMYR	2.8150	2.8200	2.8267	2.8300	2.8370	→
NZDMYR	2.6700	2.6793	2.6884	2.6915	2.6950	↗
USDSGD	1.3625	1.3650	1.3673	1.3680	1.3700	→
EURSGD	1.5020	1.5040	1.5066	1.5080	1.5100	↗
GBPSGD	1.7550	1.7600	1.7658	1.7700	1.7750	→
AUDSGD	0.9200	0.9230	0.9251	0.9265	0.9280	→

* 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	1,561.74	-1.39	-7.62	CRB Index	176.66	-2.05	4.04
Dow Jones Ind.	28,051.41	-0.40	20.25	WTI oil (\$/bbl)	55.17	-5.06	21.49
S&P 500	3,140.98	-0.40	25.30	Brent oil (\$/bbl)	62.43	-2.25	13.42
FTSE 100	7,346.53	-0.94	9.19	Gold (\$/oz)	1,463.98	0.53	14.00
Shanghai	2,871.98	-0.61	15.16	CPO (RM/tonne)	2,601.00	-0.38	33.21
Hang Seng	26,346.49	-2.03	1.94	Copper (\$/tonne)	5,864.00	-0.48	-1.69
STI	3,193.92	-0.21	4.08	Rubber (sen/kg)	447.00	0.34	17.94

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
EU Unemployment Rate	Oct	7.5%	7.5%	7.5%
EU CPI Estimate YOY	Nov P	1.0%	0.7%	0.9%
EU CPI Core YOY	Nov P	1.3%	1.1%	1.2%
CN NBS Manufacturing PMI	Nov	50.2	49.3	49.5
CN NBS Manufacturing PMI	Nov	54.4	52.8	53.6
AU AiG Perf of Mfg Index	Nov	48.1	51.6	--
VN CPI YOY	Nov	3.5%	2.2%	2.9%
VN Exports YOY	Nov	3.8%	-0.8%	7.3%
VN Industrial Production YOY	Nov	5.4%	9.2%	--
VN Retail Sales YTD YOY	Nov	11.8%	11.8%	--

Source: Bloomberg

- Eurozone inflation fastest in three months:** Eurozone all-items HICP inflation clocked at a faster pace of 1.0% YOY in November (Oct: +0.7%) according to flash estimate, its highest since August this year, led by the gains in prices of food, tobacco & alcohol (+2.0% vs +1.5%) and services (+1.9% vs +1.5%). Energy prices slipped for the fourth month (-3.2% vs -3.1%) due to lower global oil prices. Core inflation meanwhile continued its climb for the third straight month, picking up 1.3% YOY (Oct: +1.1%), offering signs of a rebound in Euro Area inflation but it is unlikely that prices would rise at a significant margin that would lead inflation back to the ECB's target of "just below 2%" given that the underlying economy remains weak. Unemployment rate was unchanged at 7.5% in October according to the another Eurostat release, a firm sign that labour market is tight but the higher wages costs do not yet seem to have significant effect on inflation.
- China manufacturing activity rose for 1st time in seven months; services sector strengthened:** The official NBS PMIs painted a better picture of the Chinese economy in November. The manufacturing PMI rose to 50.2 (Oct: 49.3), better than the expected 49.5 and marked its first above 50 reading since April as output increased the most in eight months while new orders and buying activity returned to growth. Sentiment rose to a seven-month high among manufacturers offering signs of a rebound for now. The non-manufacturing PMI jumped to an 8-month high of 54.4 (Oct: 52.8) as new orders returned to growth as well alongside higher confidence.
- Australia manufacturing conditions weakest in three years:** The AiG Performance of Manufacturing Index slipped to 48.1 in November (Oct: 51.6), its first contraction in five months and its worst reading its three years, led by the decline in production, new orders, employment, delivery and exports sales that offered signs of weaker than expected demand conditions, suggesting that effect of lower interest rates and income tax cut has not properly fed through consumer and business spending. The RBA is expected to keep cash rate unchanged at 0.75% tomorrow.
- Vietnam economy in decent shape:** A spate of monthly releases shows that the Vietnamese economy remains in decent shape despite flashing weaker signals in the industrial sector. Growth in industrial production pulled back sharply to 5.4% YOY in November (Oct: +9.2%), its slowest in nearly three years, led by continuous decline in mining & quarrying as well as smaller gains in manufacturing, electricity and water supply. On the retail front, retail sales picked up to increase 11.8% YOY for the period of Jan-Nov (Jan-Nov'18: +11.5%), faster than the same period last year. Inflation continued to accelerate as CPI rose 3.5% YOY in November (Oct: +2.4%), mainly reflecting the spike in the food basket (+5.6% vs +2.2%) as prices of pork climbed further amidst a swine-flu induced supply shortage. On the external front, exports rebounded to increase 3.8% YOY (Oct: -0.8%) after a minor decline while imports also rose 4.5% YOY (Oct: +3.5%).

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
02/12	Malaysia	Markit Malaysia PMI Mfg	Nov	--	49.3	--
02/12	US	Markit US Manufacturing PMI	Nov F	52.2	52.2	--
		ISM Manufacturing	Nov	49.2	48.3	--
		Construction Spending MOM	Oct	0.3%	0.5%	--
02/12	Eurozone	Markit Eurozone Manufacturing PMI	Nov F	46.6	46.6	--
03/12		PPI YOY	Oct	-1.8%	-1.2%	--
02/12	UK	Markit UK PMI Manufacturing SA	Nov F	48.3	48.3	--
02/12	Japan	Jibun Bank Japan PMI Mfg	Nov F	48.6	48.6	--
02/12	China	Caixin China PMI Mfg	Nov	51.5	51.7	--
02/12	Hong Kong	Retail Sales Value YoY	Oct	-21.8%	-18.3%	--
03/12	Singapore	Purchasing Managers Index	Nov	49.8	49.6	--
03/12	Australia	RBA Cash Rate Target	Dec-03	0.75%	0.75%	--
02/12	Vietnam	Markit Vietnam PMI Mfg	Nov	--	50.0	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1018	0.08	1.1028	1.0981	-3.92
GBPUSD	1.2925	0.10	1.2944	1.2879	1.24
USDJPY	109.49	-0.02	109.67	109.40	-0.15
AUDUSD	0.6763	-0.10	0.6780	0.6754	-4.04
EURGBP	0.8519	-0.10	0.8543	0.8514	-5.08
USDMYR	4.1780	0.11	4.1780	4.1690	1.07
EURMYR	4.5974	0.02	4.5976	4.5920	-2.75
JPYMYR	3.8120	-0.02	3.8135	3.8065	1.44
GBPMYR	5.3890	-0.17	5.3938	5.3808	2.30
SGDMYR	3.0561	0.06	3.0564	3.0514	0.67
AUDMYR	2.8303	0.25	2.8303	2.8215	-3.17
NZDMYR	2.6867	0.21	2.6867	2.6764	-3.36
CHFMYR	4.1793	0.04	4.1818	4.1757	-0.47
CNYMYR	0.5945	0.20	0.5946	0.5930	-1.77
HKDMYR	0.5335	0.08	0.5336	0.5326	1.00
USDSGD	1.3677	0.13	1.3678	1.3656	0.36
EURSGD	1.5070	0.23	1.5080	1.5016	-3.58
GBPSGD	1.7687	0.29	1.7702	1.7597	1.60
AUDSGD	0.9249	0.02	0.9265	0.9237	-3.70

Source: Bloomberg

Forex

MYR

- **MYR weakened by 0.11% against the USD at 4.1780** alongside weaker regional Asian currencies ahead of the weekend amidst US-China political uncertainties.
- **We are neutral on MYR today expecting the ringgit to trade around recent ranges of 4.1650-4.1850** as markets await further US-China related headlines while digesting the better than expected China PMI data released over the weekend. Medium term MYR outlook remains bearish, expecting the USD to strengthen as the Fed kept rate unchanged in December, supported by better 4Q US data.

USD

- Dollar strengthened only modestly against most of its major peers amidst thinner trading volumes, keeping its counterparts at recent ranges respectively. **The dollar index slipped by 0.1% to 98.23 on Friday.**
- **We are neutral on USD** as markets weigh US-China political uncertainties, UK politics and better China PMI data at the start of the week. **Medium term outlook remains bullish**, expecting the USD to strengthen as the Fed kept rate unchanged in December, supported by better 4Q US data, not to mention that a (potential) trade war escalation would keep the greenback supported.

EUR

- **EURUSD rose slightly by 0.08% against the USD at 1.1018** in a quiet market that lacked major driver on Friday.
- **EUR is neutral to slightly bullish** and is expected to stay supported above 1.10 today again due to the lack of key driver. **Medium term outlook is still bearish**, weighed down by weaker growth outlook and the ECB's plan for looser monetary policy.

GBP

- **GBP gained 0.1% against the USD at 1.2925** as markets consolidated around the 1.2900 handle on Friday.
- **We are neutral on GBP today** in the midst of limited major Brexit/UK politics-themed driver. **Medium term outlook is still driven by Brexit headlines** and December election outcome and again, a Tories win is likely to keep GBP supported.

JPY

- **JPY finished little changed (-0.02%) against the USD at 109.49** in a quiet Friday session.
- **JPY is bearish today** on broader albeit modest dollar strength amidst a lack of solid headlines. **Medium term outlook is bullish** over Hong Kong unrests, lingering Brexit and trade uncertainties.

AUD

- **AUD slipped by 0.1% against the USD at 0.6763.**
- **AUD is neutral today** as markets weigh conflicting factors namely US-China political uncertainties, better China PMI data and poor Australian manufacturing PMI ahead of RBA meeting tomorrow. The central bank is expected to keep cash rate steady at 0.75% and maintain that it would ease policy if necessary thus a "no-surprise" statement should keep the AUD supported in the short term. **We look towards the RBA statement to gauge medium term outlook.**

SGD

- **SGD closed 0.13% softer against the USD at 1.3677** alongside majority of its weaker Asian peers.
- **We are neutral on SGD today** as markets await further US-China related headlines while digesting the better than expected China PMI data released over the weekend. **Medium term outlook is still bearish**, expecting the USD to strengthen as the Fed kept rate unchanged in December.

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