

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks plunged overnight on weaker than expected ISM manufacturing data and continuous trade uncertainties. The key manufacturing gauge recorded its sub-50 reading four months in a row**, a contraction in factory activities that weighs on growth outlook while construction spending fell for two straight months. There was still a lack of solid headlines related to US-China trade deal, but **President Trump's move to impose tariffs on Brazilian and Argentinian steels raised concerns that he might actually increase tariffs on Chinese goods comes 15 December**. Commerce Secretary Wilbur Ross's remark supported that notion, as he said that President Trump is prepared to levy more duties on Chinese goods if a deal is not reached. Earlier, China said it would ban the visit of US military to Hong Kong and announced sanctions against several US non-government organizations. As risk sentiment retreated, **benchmark treasuries yields rose around 2-6bps** at the belly-to-long end and slipped a little at the shorter part of the curve. **The yen surged on safe haven bidding. The dollar lost its strength on weak data**, weakening across the board against most of its major peers. Crude oil benchmarks were mixed. Brent crude slipped further by another 2.4% to \$60.92/barrel while WTI rebounded by 1.4% to \$55.96/barrel following Friday's huge losses. **As of writing, futures point to a drop in Asian stocks, the RBA is set to keep cash rate unchanged at 0.75% later in the morning.**
- **US data turned out to be a disappointment** as ISM manufacturing PMI contracted for the fourth month while construction spending saw sharper decline. **A spate of Markit PMI releases painted a slightly better picture of the global manufacturing sector** as PMIs in the Eurozone, UK and Japan registered higher readings albeit still below the 50.0 neutral threshold. On an even brighter note, Markit PMI for China and Vietnam both moved up to indicate a modest expansion in factory activities. Moving away from manufacturing gauges, **Hong Kong retail sales recorded another record plunge** in October as citizens halted spending and visitors shunned the once popular city amidst political unrests.
- The dollar lost its strength on poor ISM and construction data, weakening across the board against most of its major peers. **The dollar index plunged by 0.42% to 97.86 overnight, its largest fall in three months. We are only slightly bearish on USD** as overnight dollar weakness will likely spill over to the Asian session but losses are likely kept amidst a risk-off environment that often favours safe haven dollar.
- **MYR finished little changed against the USD at 4.1790** on Monday as the ringgit ranged traded throughout the quiet session amidst a lack of market driver. **We are slightly bullish on MYR today** expecting the ringgit to benefit from overnight's dollar weakness but gain in the local unit is likely limited in a risk-off environment that tend to disfavour riskier EM currencies.
- **SGD finished 0.12% stronger against the USD at 1.3661** amidst broader dollar weakness. **We are neutral to slightly bearish on SGD today** as risk-off environment tends to disfavour riskier EM currencies. **Medium term outlook is still bearish**, expecting the USD to strengthen as the Fed kept rate unchanged in December.

Overnight Economic Data

Malaysia	↑
US	→
Eurozone	↑
UK	↓
Japan	↑
China	↑
Hong Kong	↓
Vietnam	↑

What's Coming Up Next

Major Data

- Eurozone PPI
- Singapore PMI

Major Events

- RBA Cash Rate Decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1020	1.1050	1.1075	1.1080	1.1100	↗
GBPUSD	1.2850	1.2900	1.2934	1.2950	1.3000	→
USDJPY	108.60	108.80	109.10	109.50	109.70	→
AUDUSD	0.6750	0.6800	0.6824	0.6840	0.6880	→
EURGBP	0.8530	0.8550	0.8563	0.8585	0.8600	→
USDMYR	4.1650	4.1700	4.1730	4.1800	4.1850	↘
EURMYR	4.6000	4.6100	4.6217	4.6300	4.6400	↗
JPYMYR	3.8050	3.8200	3.8255	3.8450	3.8575	↗
GBPMYR	5.3800	5.3875	5.3977	5.4150	5.4350	→
SGDMYR	3.0450	3.0500	3.0538	3.0585	3.0600	↘
AUDMYR	2.8360	2.8420	2.8471	2.8500	2.8550	↗
NZDMYR	2.6900	2.7050	2.7121	2.7200	2.7300	↗
USDSGD	1.3625	1.3650	1.3665	1.3680	1.3700	→
EURSGD	1.5080	1.5100	1.5133	1.5150	1.5180	→
GBPSGD	1.7600	1.7640	1.7674	1.7700	1.7750	→
AUDSGD	0.9280	0.9300	0.9322	0.9330	0.9350	→

* 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	1,570.55	0.56	-7.10	CRB Index	177.12	0.27	4.31
Dow Jones Ind.	27,783.04	-0.96	19.10	WTI oil (\$/bbl)	55.96	1.43	23.23
S&P 500	3,113.87	-0.86	24.21	Brent oil (\$/bbl)	60.92	-2.42	13.23
FTSE 100	7,285.94	-0.82	8.29	Gold (S/oz)	1,462.44	-0.11	13.98
Shanghai	2,875.81	0.13	15.31	CPO (RM/tonne)	2,665.00	2.46	36.49
Hang Seng	26,444.72	0.37	2.32	Copper (\$/tonne)	5,864.00	-0.48	-1.69
STI	3,187.97	-0.19	3.88	Rubber (sen/kg)	447.50	0.11	18.07

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA Markit PMI Mfg	Nov	49.5	49.3	--
US Markit Manufacturing PMI	Nov F	52.6	52.2	52.2
US ISM Manufacturing	Nov	48.1	48.3	49.2
US Construction Spending MOM	Oct	-0.8%	-0.3% (revised)	0.3%
EU Markit Manufacturing PMI	Nov F	46.9	45.9	46.6
UK Markit PMI Manufacturing SA	Nov F	48.9	49.6	48.3
JP Jibun Bank PMI Mfg	Nov F	48.9	48.4	48.6
CN Caixin PMI Mfg	Nov	51.8	51.7	51.5
HK Retail Sales Value YOY	Oct	-24.3%	-18.2% (revised)	-21.8%
VN Markit PMI Mfg	Nov	51.0	50.0	--

Source: Bloomberg

- Dismal US ISM manufacturing PMI raised questions on outlook:** The ISM Manufacturing Index fell to 48.1 in November (Oct: 48.3) to mark its fourth consecutive sub-50 reading that signaled an ongoing contraction in the American manufacturing sector, raising a renewed worries over US growth outlook that has thus far being supported by resilient consumer spending. The marginal decrease in the headline index reflects the continuous contractions across all sub categories save for supplies deliveries. Notably, new orders and employments plunged further last month while productions saw a smaller decline. The survey showed that firms' main concerns remained uncertainty surrounding tariffs which led to more careful consideration on spending amidst a largely cautious sentiment. On a separate note, in contrast with the dismal ISM index, the final reading of the IHS Markit US Manufacturing PMI was revised upwards from 52.2 to 52.6 in November (Oct: 51.3) to indicate expansion.
- Sharper decline in construction spending cast weaker outlook on US housing market:** Adding to the poor ISM reading was the sharper 0.8% MOM decline in US October construction spending that was accompanied by a large downward revision to September print (from +0.5% to -0.3%) that suggests limited growth in the housing market. Both residential and non-residential spending recorded declines as investments turned weaker despite lower interest rates, casting doubt over recent optimism that the housing market is set for a strong recovery in 4Q and heading into 2020.
- Eurozone factory activity remained in contraction:** The final reading of November's IHS Eurozone Manufacturing PMI was revised from 46.6 to 46.9 (Oct: 45.9) to indicate a continuous but smaller contraction in the Euro area's manufacturing sector. November's print was the PMI's 10th consecutive month of sub-50 reading, reflecting weak underlying demand for Eurozone-produced goods that is likely weighing down on the economy as a whole in 4Q.
- UK manufacturing activities experienced sharper decline:** The final reading of the IHS Markit/CIPS Manufacturing PMI was revised upward from 48.3 to 48.9 in November (Oct: 49.6) but was still lower than October's print, marking its seventh month below the 50 neutral threshold. Downturn in UK's manufacturing industry carried on as businesses responded to the delay to Brexit in the middle of renewed uncertainty surrounding the upcoming election, dragging down new orders and output.
- Japan manufacturing sector stuck in downturn:** The final reading of the Jibun Bank Japan Manufacturing PMI was revised from 48.6 to 48.9 in November (Oct: 48.4), to signal a marginal improvement in Japan's factory conditions but was broadly indicative of an ongoing downturn. The sector in general continued to see contraction in new orders and new exports orders that reportedly stemmed from China alongside softer prices and subdued business confidence.
- China Caixin PMI suggests modest growth in factories:** The Caixin China General Manufacturing PMI picked up marginally to 51.8 in November (Oct: 51.7) to suggest a modest improvement in overall manufacturing condition amidst solid increases in output and new business and stable employment.
- Hong Kong retail sales saw another record plunge as crisis deepened:** Hong Kong retail sales slumped more than expected by 24.3% YOY in October (Sep: -18.2% revised) in the middle of a political crisis that has fractured the economy as local citizens were halted spending while visitors shunned the city over security concerns.

- **Vietnam PMI returned to growth:** The IHS Vietnam Manufacturing PMI registered a reading of 51.0 in November (Oct: 50.0) to indicate that manufacturing condition returned to growth last month, lifted by higher output and accelerating gain in new orders. The PMI remained substantially lower compared to the 52-57 range recorded in 2018, in line with the recently softer reading of industrial production.
- **Malaysia manufacturing conditions continued to improve:** The IHS Markit Malaysia PMI increased for the third straight month to 49.5 in November (Oct: 49.3), its highest level in 14 months, supported by a rise in new export orders originated from the Middle East, APAC region as well as the US alongside a higher output and broadly stable employment.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
04/12	Malaysia	Exports YOY	Oct	-12.3%	-6.8%	--
		Trade Balance MYR	Oct	11.00b	8.34b	--
04/12		MBA Mortgage Applications	Nov-29	--	1.5%	--
		ADP Employment Change	Nov	140k	125k	--
		Markit US Services PMI	Nov F	51.6	51.6	--
		ISM Non-Manufacturing Index	Nov	54.5	54.7	--
03/12	Eurozone	PPI YOY	Oct	-1.8%	-1.2%	--
04/12		Markit Eurozone Services PMI	Nov F	51.5	51.5	--
04/12	UK	Markit/CIPS UK Services PMI	Nov F	48.6	48.6	--
04/12	Japan	Jibun Bank Japan PMI Services	Nov F	--	50.4	--
04/12	China	Caixin China PMI Services	Nov	51.3	51.1	--
04/12	Hong Kong	Markit Hong Kong PMI	Nov	--	39.3	--
03/12	Singapore	Purchasing Managers Index	Nov	49.8	49.6	--
04/12		Markit Singapore PMI	Nov	--	47.4	--
03/12	Australia	RBA Cash Rate Target	Dec-03	0.75%	0.75%	--
04/12		AiG Perf of Services Index	Nov	--	54.2	--
		GDP SA QOQ	3Q	0.5%	0.5%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1079	0.55	1.1090	1.1003	-3.40
GBPUSD	1.2939	0.11	1.2949	1.2896	1.47
USDJPY	108.98	-0.47	109.73	108.93	-0.60
AUDUSD	0.6819	0.83	0.6826	0.6756	-3.28
EURGBP	0.8562	0.50	0.8575	0.8515	-4.79
USDMYR	4.1790	0.02	4.1840	4.1745	1.11
EURMYR	4.6033	0.13	4.6088	4.5986	-2.62
JPYMYR	3.8116	-0.01	3.8158	3.8073	1.43
GBPMYR	5.3988	0.18	5.4037	5.3911	2.49
SGDMYR	3.0547	-0.05	3.0597	3.0529	0.62
AUDMYR	2.8368	0.23	2.8370	2.8238	-2.95
NZDMYR	2.7022	0.58	2.7027	2.6856	-2.75
CHFMYR	4.1810	0.04	4.1837	4.1720	-0.43
CNYMYR	0.5936	-0.16	0.5946	0.5935	-1.92
HKDMYR	0.5340	0.09	0.5342	0.5332	1.10
USDSGD	1.3661	-0.12	1.3691	1.3654	0.26
EURSGD	1.5138	0.45	1.5147	1.5057	-3.15
GBPSGD	1.7676	-0.06	1.7707	1.7637	1.73
AUDSGD	0.9316	0.72	0.9326	0.9247	-3.01

Source: Bloomberg

Forex

MYR

- **MYR finished little changed against the USD at 4.1790** on Monday as the ringgit ranged traded throughout the quiet session amidst a lack of market driver.
- **We are slightly bullish on MYR today** expecting the ringgit to benefit from overnight's dollar weakness but gain in the local unit is likely limited in a risk-off environment that tend to disfavour riskier EM currencies. **Medium term MYR outlook remains bearish**, expecting the USD to strengthen as the Fed kept rate unchanged in December, supported by still solid 4Q US data especially in the consumer/retail sector.

USD

- The dollar lost its strength on poor ISM and construction data, weakening across the board against most of its major peers. **The dollar index plunged by 0.42% to 97.86 overnight, its largest fall in three months.**
- **We are only slightly bearish on USD** as overnight dollar weakness will likely spill over to the Asian session but losses are likely kept amidst a risk-off environment that often favours safe haven dollar. **Medium term outlook remains bullish**, expecting the USD to strengthen as the Fed kept rate unchanged in December, supported by still solid 4Q US data especially in the consumer/retail sector.

EUR

- **EURUSD spiked against the USD by 0.55% to 1.1079**, its largest jump in more than two months on dismal US data.
- **EUR is bullish as the pair tests the 1.1080 resistance** of which a break above the handle would open up further upside movement towards the 1.1100 key level. **Medium term outlook is still bearish**, weighed down by weaker growth outlook and the ECB's plan for looser monetary policy.

GBP

- **GBP gained 0.11% against the USD at 1.2939 on broad dollar weakness.**
- **We are neutral on GBP** as the pound is likely supported above 1.2900 in the short term given the lack of key Brexit headlines and markets seem to have factored in a Tory victory. **Medium term outlook is still driven by Brexit headlines** and December election outcome and a Tory win would keep GBP well supported.

JPY

- **JPY strengthened against the USD by 0.47% at 108.98** as investors sought refuge in a risk-off environment.
- **JPY is neutral but might make a tiny reversal following the spike overnight.** **Medium term outlook is bullish** over Hong Kong unrests as well as heightening US-China political and trade uncertainties.

AUD

- **AUD jumped dramatically by 0.83% against the USD at 0.6819** ahead of today RBA's cash rate decision.
- **AUD is neutral ahead of RBA statement.** Markets have priced in an unchanged cash rate but are looking to the central bank's potential change in language and stance to gauge medium term outlook.

SGD

- **SGD finished 0.12% stronger against the USD at 1.3661** amidst broader dollar weakness.
- **We are neutral to slightly bearish on SGD today** as risk-off environment tends to disfavour riskier EM currencies. **Medium term outlook is still bearish**, expecting the USD to strengthen as the Fed kept rate unchanged in December.

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