

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks rallied** on Friday to finish the week on a stronger note, **boosted mainly by the surprisingly good nonfarm payrolls, better Chinese manufacturing data as well as positive trade headlines.** US added 128k new jobs, China Markit manufacturing PMI ticked up while on the trade front, US officials said that a partial trade deal could be signed this month. According to Reuters, China Commerce Ministry said that both US and China had reached a “consensus on principles” over a phone call between key negotiators. Key indexes advanced by around 1%, the Dow Jones and S&P jumped to record closings. The recovery in sentiment led treasuries yields higher by around 1-3bps and the greenback to slip across the board. Oil prices rallied on Friday – WTI settled 3.7% higher at \$56.2/barrel and Brent crude was up by 2.4% to \$61.69/barrel. **Key events this week are RBA and BOE’s monetary policy meetings and we are expecting both central banks to keep respective benchmark rate unchanged. On the home front, BNM is also expected to hold OPR steady at 3.0%.**
- On the data front, **US added 128k new jobs in Oct following a 95k upward net revision to Aug and Sep numbers. Average hourly earnings rose by a modest 3.0% YOY and unemployment rate rose to 3.6%.** The Oct ISM Manufacturing Index ticked up slightly to 48.3 and construction spending growth accelerated to 0.5% MOM in Sep. Manufacturing sectors in the UK, and Japan remained contractionary while that of Australia slowed. China Caixin PMI edged up while Vietnam’s stagnated. Hong Kong retail sales continued to plunge amidst domestic unrests and Australia retail sales growth pulled back.
- **The greenback slipped across the board on Friday** as investors exited safe havens in favour of riskier asset amidst rising sentiment in response to positive trade headlines and job data. The dollar index finished lower by 0.12% at 97.24. **We are bearish USD today** mainly expecting the dollar to start the week on a weaker note and equities to rise.
- **USDMYR slipped by 0.30% to 4.1655** on Friday as MYR traded stronger in tandem with other regional Asian currencies in the midst of broad dollar weakness and supported by better manufacturing PMI. **We are bullish on MYR today** expecting the dollar to start the week on a weaker note and equities to rise as sentiment improves.
- **SGD finished stronger by 0.19% against the USD at 1.3577** on broad dollar weakness. **We are neutral to slightly bullish on SGD today amidst a lack of event but** expect dollar weakness to persist. **We are bearish SGD** 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.

#### Overnight Economic Data

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

#### What’s Coming Up Next

##### Major Data

- Malaysia Exports
- Eurozone Markit Manufacturing PMI, Sentix Investor Confidence
- Singapore Purchasing Managers Index

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1120	1.1150	1.1165	1.1180	1.1200	↗
GBPUSD	1.2850	1.2894	1.2936	1.2950	1.3000	↗
USDJPY	107.60	108.00	108.22	108.40	108.60	→
AUDUSD	0.6850	0.6885	0.6905	0.6930	0.6950	↘
EURGBP	0.8575	0.8600	0.8631	0.8650	0.8700	→
USDMYR	4.1500	4.1550	4.1575	4.1600	4.1650	↘
EURMYR	4.6300	4.6350	4.6420	4.6550	4.6650	↘
JPYMYR	3.8250	3.8350	3.8414	3.8540	3.8670	↘
GBPMYR	5.3550	5.3675	5.3779	5.4015	5.4200	↘
SGDMYR	3.0575	3.0600	3.0637	3.0650	3.0700	↘
AUDMYR	2.8650	2.8700	2.8706	2.8800	2.8850	↘
NZDMYR	2.6700	2.6740	2.6765	2.6870	2.6930	↘
USD SGD	1.3530	1.3550	1.3569	1.3580	1.3600	→
EUR SGD	1.5120	1.5135	1.5149	1.5200	1.5235	→
GBP SGD	1.7480	1.7520	1.7552	1.7600	1.7650	↘
AUD SGD	0.9355	0.9360	0.9371	0.9380	0.9400	↘

\* 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	1,593.34	-0.29	-5.75	CRB Index	180.27	1.91	6.17
Dow Jones Ind.	27,347.36	1.11	17.23	WTI oil (\$/bbl)	56.20	3.73	23.76
S&P 500	3,066.91	0.97	22.34	Brent oil (\$/bbl)	61.69	2.42	14.63
FTSE 100	7,302.42	0.75	8.54	Gold (\$/oz)	1,514.34	0.09	17.96
Shanghai	2,958.20	0.99	18.62	CPO (RM/tonne)	2,284.50	-1.02	17.00
Hang Seng	27,100.76	0.72	4.86	Copper (\$/tonne)	5,850.00	0.91	-1.93
STI	3,229.43	-0.01	5.24	Rubber (sen/kg)	434.50	1.28	14.64

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MY Markit Manufacturing PMI	Oct	49.3	47.9	--
US Change in Nonfarm Payrolls	Oct	128k	180k (revised)	85k
US Unemployment Rate	Oct	3.6%	3.5%	3.6%
US Average Hourly Earnings YOY	Oct	3.0%	3.0% (revised)	3.0%
US Markit Manufacturing PMI	Oct F	51.3	51.5	51.5
US ISM Manufacturing	Oct	48.3	47.8	48.9
US Construction Spending MOM	Sep	0.5%	-0.3% (revised)	0.2%
UK Markit Manufacturing PMI	Oct	49.6	48.3	48.2
JP Jibun Bank Manufacturing PMI	Oct F	48.4	48.9	--
HK Retail Sales Value	Sep	-18.3%	-23.0%	-25.6%
CN Caixin China PMI Mfg	Oct	51.7	51.4	51.0
AU AiG Perf of Manufacturing Index	Oct	51.7	54.7	--
AU Retail Sales MOM	Sep	0.2%	0.4%	0.4%
VN Vietnam Markit Manufacturing PMI	Oct	50.0	50.5	--

Source: Bloomberg

- US job numbers surprised to the upside; manufacturing activities declined at slower pace:** October Nonfarm payrolls topped estimates at a solid 128k (Sep: +180k revised), accompanied by a net upward revision of 95k for the past two months. The job gains came from primarily from the services sector as the manufacturing industry reported job losses in the midst of a GM workers' strike. Average hourly earnings sustained a modest 3.0% YOY increase (Sep: +3.0% revised), indicating benign wage growth. Unemployment rate meanwhile ticked up to 3.6% (Sep: 3.5%) as the labour force expanded given that the participation rate edged up to 63.3% (Sep: 63.2%). Overall October job report was a pleasant surprise, proving that the US labour market remains in a good shape and would support consumer spending in the holiday season.
- US manufacturing sector contracted for third month; construction spending rebounded:** The ISM manufacturing index came in at 48.3 in October (Sep: 47.8), a slight improvement compared to September but nonetheless marked its third month of sub-50 reading. New orders, employment and inventories continued to contract but at slower pace whereas the decline in production accelerated. New exports orders was the only bright spot as it rebounded by 9pts back above 50.0 to indicate growth. The prices paid index lost another 4pts to reflect a still subdued price pressure. On a separate note, the final reading of Markit US manufacturing PMI rose to a six-month high of 51.3 in October (Sep: 51.1). Nonetheless, the overall manufacturing picture remains grim in our view as concerns surrounding weakening global trade and US-China dispute continues to weigh down on confidence and outlook. Last but not least, construction spending beat expectations to register a 0.5% MOM growth in September (Aug: -0.3% revised) but the downside was spending in August was revised down to show a decline.
- UK manufacturing activities declined at slower pace:** UK Markit Manufacturing PMI rose to a six-month high of 49.6 in October (Sep: 47.8) to signal a slower pace of contraction in the UK manufacturing activities in a period plagued by ongoing uncertainties surrounding Brexit, economic outlook and political situation. Decreasing new orders and job losses continued to weigh on the overall sector, but there were firms that ramped up purchases to build up stocks in anticipation of Brexit alongside mild improvement in business confidence.
- Japan manufacturing sector stayed under pressure:** Japan's manufacturing sector slumped deeper into contraction as the final reading of Japan Jibun Bank Manufacturing PMI was revised lower from 48.5 to 48.4 in October (Sep: 48.9), to mark its sixth consecutive month of sub-50 reading and its lowest level in nearly 3.5 years. Steeper drop in demand as indicated by marked decline in new orders alongside stronger reduction in output were key culprits driving down the PMI, suggesting that the recent rebound in industrial production is likely to be short-lived.
- China Caixin PMI went up, contrasting official gauge:** China Caixin General Manufacturing PMI rose to 51.7 in October (Sep: 51.4) to signal an improvement in operating conditions for three months running, supported by rising new work, new exports and production. The reading was in contrast with the official NBS manufacturing gauge that has slipped lower in the same month.
- Hong Kong retail sales plummeted amidst unrest:** Hong Kong retail sales extended current trend of decline to plummet by 18.3% YOY in September (Aug: -22.9% revised) following a record plunge in August. The contraction was the eighth one in a row as domestic unrests continued to plague the city with no signs of improvement in the near to medium term.

- **Vietnam manufacturing activities stagnated:** The IHS Markit Vietnam Manufacturing PMI slipped to a neutral reading of 50.0 in October (Sep: 50.5) to signal stagnating activities in Vietnam's factories as new order growth slowed alongside a back-to-back contraction in output. New exports orders were seen growing at a softer pace, adding distressing signs for external trade where exports declined for the first time in nine months.
- **Australia manufacturing weighed down by subdued demand, job losses; retail sales missed expectation:** The AiG Performance of Manufacturing Index slipped by 3pts to 51.7 in October (Sep: 54.7), weighed down by marked declines in new orders (-9pts), employment (-5pts) and finished stocks (-8pts), reflecting subdued demand condition and job cuts in Australian factories. On a separate note this morning, retail sales growth came below expectation at a softer 0.2% MOM in September (Aug: +0.4%), weighed down by declining sales of apparels and at department stores.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
04/11	Malaysia	Exports YOY	Sep	0.0%	-0.8%	--
05/11		BNM Overnight Policy Rate	Nov-05	3.0%	3.0%	--
04/11	US	Factory Orders	Sep	-0.4%	-0.1%	--
		Cap Goods Orders Nondef Ex Air	Sep F	--	-0.5%	--
05/11		Trade Balance	Sep	-\$52.5b	-\$54.9b	--
		Markit US Services PMI	Oct F	51.0	51.0	--
		ISM Non-Manufacturing Index	Oct	53.4	52.6	--
04/11	Eurozone	Markit Eurozone Manufacturing PMI	Oct F	45.7	45.7	--
		Sentix Investor Confidence	Nov	-13.8	-16.8	--
05/11		PPI YOY	Sep	-1.2%	-0.8%	--
05/11	UK	Markit/CIPS UK Services PMI	Oct	49.7	49.5	--
05/11	China	Caixin China Services PMI	Oct	51.1	51.3	--
05/11	Hong Kong	Markit Hong Kong PMI	Oct	--	41.5	--
04/11	Singapore	Purchasing Managers Index	Oct	49.5	49.5	--
05/11		Markit Singapore PMI	Oct	--	48.3	--
05/11	Australia	AiG Perf of Services Index	Oct	--	51.5	--
		RBA Cash Rate Target	Nov-05	0.75%	0.75%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1166	0.13	1.1172	1.1128	-2.63
GBPUSD	1.2946	0.03	1.2973	1.2927	1.43
USDJPY	108.19	0.15	108.32	107.89	-1.33
AUDUSD	0.6904	0.15	0.6921	0.6884	-1.97
EURGBP	0.8630	0.15	0.8637	0.8595	-3.99
USDMYR	4.1655	-0.30	4.1800	4.1640	0.77
EURMYR	4.6440	-0.44	4.6652	4.6429	-1.76
JPYMYR	3.8554	0.32	3.8728	3.8551	2.60
GBPMYR	5.3956	-0.16	5.4161	5.3950	2.43
SGDMYR	3.0662	-0.09	3.0770	3.0655	1.00
AUDMYR	2.8753	-0.46	2.8861	2.8749	-1.63
NZDMYR	2.6779	-0.09	2.6899	2.6774	-3.63
CHFMYR	4.2238	-0.09	4.2393	4.2220	0.59
CNYMYR	0.5916	-0.31	0.5936	0.5914	-2.25
HKDMYR	0.5312	-0.24	0.5335	0.5312	0.57
USDSGD	1.3577	-0.19	1.3612	1.3564	-0.40
EURSGD	1.5159	-0.08	1.5181	1.5118	-3.03
GBPSGD	1.7574	-0.18	1.7625	1.7546	1.02
AUDSGD	0.9382	0.03	0.9392	0.9360	-2.35

Source: Bloomberg

## Forex

### MYR

- **USDMYR slipped by 0.30% to 4.1655** on Friday as MYR traded stronger in tandem with other regional Asian currencies in the midst of broad dollar weakness and supported by better manufacturing PMI.
- **We are bullish on MYR today** expecting the dollar to start the week on a weaker note and equities to rise as sentiment improves. 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 slipped across the board on Friday** as investors exited safe havens in favour of riskier asset amidst rising sentiment in response to positive trade headlines and job data. The dollar index finished lower by 0.12% at 97.24.
- **We are bearish USD today** mainly expecting the dollar to start the week on a weaker note and equities to rise. 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 this month for further cues.

### EUR

- **EUR closed 0.13% stronger against the USD at 1.1166** amidst broad dollar weakness.
- **We are mildly bullish EUR today** expecting the dollar to trade weaker still at the beginning of the week, but watch out for Markit manufacturing PMI and Sentix Investor Confidence Index today. In the medium term, outlook remains bearish as the ECB restarts APP this month.

### GBP

- **GBP retraced earlier gain to close virtually unchanged against the USD at 1.2946.**
- **We turned slightly bullish on GBP today** amidst broad dollar weakness and expect the sterling to be supported by positive Brexit headlines over the weekend, but unlikely to breach the strong 1.30 technical resistance. **Medium term outlook is still bearish** but is mainly driven by headlines surrounding Brexit and UK upcoming ballots.

### JPY

- **JPY slipped against the USD by 0.15% to 108.19** amidst higher UST yields and equity as risk sentiment improved.
- **We are neutral on JPY** given the lack of events and light economic calendar. **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 0.15% stronger against the USD at 0.6904** on better Chinese Caixin PMI and broad dollar weakness.
- **We are bearish on AUD today** as AUD erased early morning's gain and tumbled immediately after retail sales missed estimates. **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% this week.

### SGD

- **SGD finished stronger by 0.19% against the USD at 1.3577** on broad dollar weakness.
- **We are neutral to slightly bullish on SGD today amidst a lack of event** but expect dollar weakness to persist. **We are bearish SGD** 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.

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damansara  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

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