

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks slipped for the third consecutive session overnight as trade optimism faded** over President Trump's latest remarks that suggested that the US is up to fight a multi-front trade war with its key trading partners well into 2020. **Trump said that he was willing to wait until after next year's general election to strike a limited deal with China**, alongside Wilbur Ross' confirmation that a scheduled tariff hike on Chinese goods on 15 Dec would go into effect if a deal wasn't reached by then. **Trade tensions have also intensified with France as the nation threatened retaliation after the US proposed levies of up to 100% on French luxury goods** in response to France's new digital tax that targets large tech companies. **On Monday, Trump had also restored tariffs on Brazilian and Argentinian steels**. Taking cue from falling European equities, US benchmarks fell around 0.6-1.0%, benchmark treasuries yields tumbled by 6-10bps, gold and Japanese yen edged up on safe havens bidding. **Markets shunned dollars in a broad risk-off mode, pound surged after latest poll suggested wider Tories lead in next week's elections**. Crude oil benchmarks were mixed- WTI recovered 0.25% to \$56.10/barrel while Brent dropped to \$60.82/barrel.
- **The RBA kept cash rate unchanged as expected and appeared more upbeat over growth outlook**, stressing the impact of lower interest rates had on the economy. **Australia 3Q GDP growth missed forecast** to record a 0.4% QOQ reading, accompanied by an upward revision to 2Q figure. The AiG Performance of Services Index indicates moderating condition in the services sector. Elsewhere, **Eurozone factory gate inflation remained subdued** due to lower energy cost. **Singapore official PMI rose slightly but remained below 50**, indicating weak manufacturing condition.
- Markets shunned dollars in a broad risk-off mode, leading the greenback to weaken against most of its major peers. **The dollar index continued its third consecutive day of losses by 0.12% to 97.74**. **We are still bearish on USD** as overnight dollar weakness is likely spilling over to the Asian session following the US' re-ignition of trade tensions with multiple trading partners.
- **MYR finished slightly stronger by 0.10% against the USD at 4.1750** on Tuesday, benefitting slightly from previous session's dollar weakness amidst a largely cautious trading environment. **We are neutral to slightly bearish on MYR today despite overnight dollar weakness as risk-off mode likely lead markets to avoid riskier EM currencies**.
- **SGD extended winning streak against the USD by 0.12% at 1.3644** amidst broader dollar weakness. **We are neutral to slightly bearish on SGD today despite overnight dollar weakness as risk-off mode likely lead markets to avoid riskier EM currencies**.

Overnight Economic Data

Eurozone	↓
Singapore	↑
Australia	↓

What's Coming Up Next

Major Data

- Malaysia Exports
- Markit Services PMI for US, Eurozone, UK, Japan, China
- US ADP Employment, MBA Mortgage, ISM Services Index.
- Hong Kong Markit PMI
- Singapore Markit PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1020	1.1050	1.1084	1.1100	1.1120	↗
GBPUSD	1.2900	1.2950	1.2997	1.3000	1.3020	↗
USDJPY	108.20	108.50	108.59	109.80	109.00	↘
AUDUSD	0.6800	0.6830	0.6841	0.6860	0.6880	↘
EURGBP	0.8500	0.8510	0.8528	0.8550	0.8585	→
USDMYR	4.1650	4.1700	4.1795	4.1800	4.1850	↗
EURMYR	4.6100	4.6200	4.6319	4.6400	4.6500	↗
JPYMYR	3.8200	3.8340	3.8472	3.8550	3.8700	↗
GBPMYR	5.3950	5.4150	5.4321	5.4350	5.4400	↗
SGDMYR	3.0550	3.0600	3.0631	3.0700	3.0750	↗
AUDMYR	2.8500	2.8550	2.8595	2.8650	2.8700	↘
NZDMYR	2.7100	2.7200	2.7262	2.7300	2.7400	↗
USDSGD	1.3615	1.3630	1.3645	1.3655	1.3680	↗
EURSGD	1.5080	1.5100	1.5122	1.5150	1.5180	→
GBPSGD	1.7640	1.7700	1.7730	1.7750	1.7800	↗
AUDSGD	0.9300	0.9325	0.9336	0.9350	0.9380	↘

* 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 %
KLCI	1,562.27	-0.53	-7.59	CRB Index	177.59	0.26
Dow Jones Ind.	27,502.81	-1.01	17.90	WTI oil (\$/bbl)	56.10	0.25
S&P 500	3,093.20	-0.66	23.39	Brent oil (\$/bbl)	60.82	-0.16
FTSE 100	7,158.76	-1.75	6.40	Gold (S/oz)	1,477.61	1.04
Shanghai	2,884.70	0.31	15.67	CPO (RM/tonne)	2,631.50	-1.26
Hang Seng	26,391.30	-0.20	2.11	Copper (\$/tonne)	5,883.00	0.32
STI	3,173.08	-0.47	3.40	Rubber (sen/kg)	449.50	0.67

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
EU PPI YOY	Oct	-1.9%	-1.2%	-1.8%
SG Purchasing Managers Index	Nov	49.8	49.6	49.8
AU RBA Cash Rate Target	03 Dec	0.75%	0.75%	0.75%
AU AiG Perf of Services Index	Nov	53.7	55.2 (revised)	--
AU GDP SA QOQ	3Q	0.4%	0.6% (revised)	0.5%

Source: Bloomberg

- RBA kept rate steady, appeared more optimistic over outlook:** The RBA kept cash rate unchanged at 0.75% as widely expected, while maintaining its dovish policy stance, it sounded more positive compared to the previous statement, mentioning that global risks have lessened recently and stressing the impact of monetary policy easing has thus far brought about to support the domestic economy. Apart from that, assessment of the Australian economic outlook remains largely the same with growth expected to pick up gradually to around 3% in 2021, unemployment to remain around 5.25% for some time before falling to 5% in 2021 while inflation close to 2% in 2020 and 2021. The easing of monetary policy this year (a cumulative 75bps cut since June) is said to be supporting employment and income growth and a return of inflation to the medium term target range. "The lower cash rate has also put downward pressure on the exchange rate, which is supporting activity across a range of industries. It has also boosted asset prices, which in time should lead to increased spending, including on residential construction. Lower mortgage rates are also boosting aggregate household disposable income, which, in time, will boost household spending". The RBA concluded by repeating that an extended period of low interest rates will be required in Australia to reach full employment and meet its inflation target and it is prepared to ease monetary policy further if needed.
- Benign Eurozone factory gate inflation:** The industrial producer prices index picked up a mere 0.1% MOM in October (Sep: +0.1%) to extend its current lacklustre trend that confirms a lack of prices pressure in Euro Area factories amidst an ongoing downturn. Compared to the previous year, PPI declined by a sharper 1.9% YOY (Sep: -1.2%) attributed to the continuous fall in prices of energy and intermediate goods.
- Australia 3Q GDP missed estimate:** Australia economy expanded by 0.4% QOQ in the third quarter of 2019 (2Q: +0.6% revised), missing analysts' forecast of a 0.5% growth but was accompanied by an upward revision to 2Q growth figure from 0.5 to 0.6%). The slowdown reflects continuous albeit smaller decline in consumption and investment and smaller increase in exports. Compared to the same period last year, GDP grew 1.7% (2Q: +1.6% revised). On a separate note, the AiG Performance of Services Index slipped by 1.5pts to 53.7 in November (Oct: 55.2 revised), marking the services sector fourth month of positive but moderating conditions.
- Singapore PMI suggests smaller manufacturing contraction:** Singapore official PMI rose by 0.2pts to 49.8 in November (Oct: 49.6) to indicate a smaller contraction in the manufacturing sector. The latest print marked the key factory gauge's seventh consecutive month of sub-50 reading that suggests that the industry remained under pressure amidst broadly weak demand.

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	US	MBA Mortgage Applications	Nov-29	--	1.5%	--
		ADP Employment Change	Nov	135k	125k	--
		Markit US Services PMI	Nov F	51.6	51.6	--
		ISM Non-Manufacturing Index	Nov	54.5	54.7	--
05/12		Initial Jobless Claims	Nov-30	215k	213k	--
		Trade Balance	Oct	-\$48.6b	-\$52.5b	--
		Factory Orders	Oct	0.3%	-0.6%	--
		Durable Goods Orders	Oct F	0.6%	0.6%	--
		Cap Goods Orders Nondef Ex Air	Oct F	--	1.2%	--
04/12	Eurozone	Markit Eurozone Services PMI	Nov F	51.5	51.5	--
05/12		Retail Sales MoM	Oct	-0.5%	0.1%	--
		GDP SA QoQ	3Q F	0.2%	0.2%	--
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	51.2	51.1	--
04/12	Hong Kong	Markit Hong Kong PMI	Nov	--	39.3	--
04/12	Singapore	Markit Singapore PMI	Nov	--	47.4	--
05/12	Australia	Trade Balance	Oct	A\$6500m	A\$7180m	--
		Retail Sales MoM	Oct	0.3%	0.2%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1082	0.03	1.1094	1.1066	-3.35
GBPUSD	1.2995	0.43	1.3011	1.2931	1.9
USDJPY	108.63	0.32	109.21	108.48	-0.95
AUDUSD	0.6847	0.41	0.6862	0.6815	-2.82
EURGBP	0.8528	0.39	0.8565	0.8512	-5.15
USDMYR	4.1750	0.10	4.1775	4.1715	1.00
EURMYR	4.6273	0.52	4.6290	4.6189	-2.12
JPYMYR	3.8270	0.40	3.8337	3.8205	1.84
GBPMYR	5.4227	0.44	5.4229	5.3947	2.94
SGDMYR	3.0601	0.18	3.0601	3.0521	0.80
AUDMYR	2.8633	0.93	2.8633	2.8442	-2.04
NZDMYR	2.7250	0.84	2.7266	2.7119	-1.93
CHFMYR	4.2174	0.87	4.2176	4.2030	0.43
CNYMYR	0.5926	0.18	0.5931	0.5923	-2.10
HKDMYR	0.5332	0.15	0.5338	0.5328	0.95
USDSGD	1.3644	0.12	1.3668	1.3636	0.07
EURSGD	1.5120	0.12	1.5143	1.5109	-3.30
GBPSGD	1.7728	0.29	1.7759	1.7655	1.97
AUDSGD	0.9346	0.32	0.9361	0.9310	-2.75

Source: Bloomberg

Forex

MYR

- **MYR finished slightly stronger by 0.10% against the USD at 4.1750** on Tuesday, benefitting slightly from previous session's dollar weakness amidst a largely cautious trading environment.
- **We are neutral to slightly bearish on MYR today despite overnight dollar weakness as risk-off mode likely lead markets to avoid riskier EM currencies.** Medium term MYR outlook remains bearish, as the dollar will likely firm up when the Fed keeps rate unchanged in December, supported by still solid 4Q US data especially in the consumer/retail sector.

USD

- Markets shunned dollars in a broad risk-off mode, leading the greenback to weaken against most of its major peers. **The dollar index continued its third consecutive day of losses by 0.12% to 97.74.**
- **We are still bearish on USD** as overnight dollar weakness is likely spilling over to the Asian session following the US' re-ignition of trade tensions with multiple trading partners. **Medium term outlook remains bullish** as the Fed is still expected to keep rate unchanged in December, supported by still solid 4Q US data especially in the consumer/retail sector.

EUR

- **EUR slightly higher against the USD at 1.1082** as the pair consolidated around the 1.1080 handle amidst a risk-off environment.
- **EUR is still bullish as the pair breached above 1.1080** and seems on course to test 1.1100 key resistance level, **supported by a broadly weak USD. Medium term outlook is still bearish**, weighed down by weaker growth outlook and the ECB's plan for looser monetary policy.

GBP

- **GBP extended its gaining streak against the USD to finish 0.43% stronger at 1.2995**, driven by a latest poll result that showed widening lead for the Tories in next week's election.
- **GBP is bullish today, heading towards 1.3000 key resistance**, supported by firmer expectation of a Tories win and broader USD weakness. **Short term outlook is bullish, but still driven by Brexit headlines** and December election outcome. Markets have priced in a Tory win which if materialized would still keep GBP well supported.

JPY

- JPY continued to be a top performer alongside falling equities and treasuries yields as retreating risk sentiment drove investors into safer assets. **JPY strengthened by 0.32% against the USD at 108.63**
- **JPY is neutral to slightly bullish** as markets turned cautious amidst a broadly risk-off environment. **Medium term outlook is still bullish** over Hong Kong's ongoing political unrests and heightened global trade tension.

AUD

- **AUD finished 0.41% higher against the USD** after the RBA kept cash rate unchanged and sounded more upbeat over growth outlook.
- **AUD daily outlook is bearish** as Australia 3Q GDP missed estimate. **Short-to-medium term outlook is slightly bullish**, expecting recovery with US-China trade-related headlines posting downside risks.

SGD

- **SGD extended winning streak against the USD by 0.12% at 1.3644** amidst broader dollar weakness.
- **We are neutral to slightly bearish on SGD today** despite overnight dollar weakness as risk-off mode likely lead markets to avoid 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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