

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks extended further gains overnight over ongoing trade optimism, leading all major indexes higher by 0.4-0.6% to hit record highs.** Markets begin to view the partial US-China trade deal as promising, given that both sides spoke of progress on Friday and Commerce Secretary Wilbur Ross mentioned incoming approval of licenses for U.S. companies to sell components to blacklisted Chinese firms Huawei. Expectation has grown recently that a deal could be signed this month. Benchmark treasuries yields rose 3-7bps as risk-on mode prompted investors to exit safe havens. Dollar broadly rose. Oil prices went up by 0.6-0.7% on positive trade sentiment. U.K. parliament voted for a new speaker, Christine Lagarde delivered her first public speech as ECB chief but made no reference to monetary policy. **The RBA is expected to keep cash rate unchanged at 0.75% today and BNM to maintain OPR at 3.0%.**
- **Data were mixed in general.** US factory orders declined more than expected by 0.6% MOM of which durable goods and core capital orders registered contractions as well. Eurozone investor sentiment improved as seen in the jump of the Sentix Investor Confidence Index by 12pts. Manufacturing PMI meanwhile edged up slightly but remained below 50.0. Singapore official PMI stayed below 50.0 for the sixth consecutive month. Malaysia exports surprisingly dropped by 6.8% YOY in September. Australia services PMI rose to the strongest level last seen in late 2018.
- **Dollar erased earlier losses to strengthen broadly in the US session.** USD rose against nearly all major currencies and the dollar index picked up 0.27% to 97.51. **We are bullish on USD today** expecting currently upbeat sentiment to continue driving the greenback up in the Asian session. ISM non-manufacturing index is up next in the data calendar. 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.
- **MYR finished 0.36% higher against the USD at 4.1505, its strongest level in more than three months amidst broader dollar weakness during Monday's Asian session. We are bullish on MYR today,** expecting the local unit to continue riding on the current risk-on sentiment. We maintain our bearish view on MYR in the medium term as we are still bullish on USD over the Fed's clear signal that it would not ease policy further this year.
- **SGD finished 0.10% weaker against the USD at 1.3590** on broad dollar strength. **We are neutral to slightly bullish on SGD today** as SGD is likely trading stronger amidst in a risk-taking environment. **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	↓
Eurozone	↑
Australia	↑
Singapore	↑

#### What's Coming Up Next

##### Major Data

- US Trade Balance, Markit & ISM Services PMI
- Eurozone PPI
- UK Markit/CIPS Services PMI, China Caixin Services PMI, Hong Kong Markit PMI, Singapore Markit PMI

##### Major Events

- BNM MPC
- RBA Board Meeting

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1100	1.1120	1.1129	1.1150	1.1180	→
GBPUSD	1.2850	1.2880	1.2886	1.2900	1.2950	→
USDJPY	108.00	108.40	108.74	108.80	109.30	↗
AUDUSD	0.6850	0.6870	0.6891	0.6900	0.6930	→
EURGBP	0.8575	0.8600	0.8635	0.8650	0.8700	→
USDMYR	4.1400	4.1450	4.1480	4.1500	4.1550	↘
EURMYR	4.6050	4.6100	4.6170	4.6200	4.6250	↘
JPYMYR	3.8050	3.8100	3.8144	3.8250	3.8300	↘
GBPMYR	5.3250	5.3400	5.3451	5.3680	5.3830	↘
SGDMYR	3.0450	3.0500	3.0524	3.0550	3.0600	↘
AUDMYR	2.8500	2.8530	2.8561	2.8600	2.8650	↘
NZDMYR	2.6400	2.6500	2.6567	2.6600	2.6700	↘
USDSGD	1.3530	1.3550	1.3588	1.3600	1.3620	→
EURSGD	1.5085	1.5100	1.5122	1.5140	1.5155	→
GBPSGD	1.7450	1.7480	1.7512	1.7545	1.7600	↘
AUDSGD	0.9335	0.9350	0.9358	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	1,603.56	0.64	-5.15	CRB Index	181.09	0.45	6.65
Dow Jones Ind.	27,462.11	0.42	17.72	WTI oil (\$/bbl)	56.54	0.60	24.51
S&P 500	3,078.27	0.37	22.79	Brent oil (\$/bbl)	62.13	0.71	15.48
FTSE 100	7,369.69	0.92	9.54	Gold (\$/oz)	1,509.82	-0.30	17.71
Shanghai	2,975.49	0.58	19.31	CPO (RM/tonne)	2,361.50	3.37	20.95
Hang Seng	27,547.30	1.65	6.58	Copper (\$/tonne)	5,850.00	0.91	-1.93
STI	3,236.40	0.22	5.46	Rubber (sen/kg)	431.00	-0.81	13.72

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA Exports YOY	Sep	-6.8%	-0.8%	0.0%
US Factory Orders	Sep	-0.6%	-0.1%	-0.5%
US Durable Goods Orders	Sep F	-1.2%	0.2%	-1.1%
US Cap Goods Orders Nondef Ex Air	Sep F	-0.6%	-0.8%	--
EU Markit Manufacturing PMI	Oct F	45.9	45.7	45.7
EU Sentix Investor Confidence	Nov	-4.5	-16.8	-13.8
AU AiG Services Index	Oct	54.2	51.5	--
SG Purchasing Managers Index	Oct	49.6	49.5	49.5

Source: Bloomberg

- Decline in US factory orders reflect subdued demand; firms cut capex:** Leading indicators show that demand for American manufactured goods remained subdued at the end of 3Q as the headline factory orders slipped more than expected by 0.6% MOM in September (Aug:-0.1%), its largest decline in four months. The sub-category, durable goods orders dropped 1.2% MOM (Aug: +0.2%) more than initially expected in the preliminary report, pointing to likely decline in manufacturing production in October. Core capital orders (Non-defense capital orders excluding aircrafts) contracted for the second month by 0.6% MOM (Aug: -0.8%), reflecting US firms' capex cut.
- Eurozone manufacturing contracted for ninth month; investors sentiment improved:** The final reading of IHS Markit Eurozone Manufacturing PMI for October was revised higher from 45.7 to 45.9 (Sep: 45.7), marking its ninth consecutive month of sub-50 reading to indicate a continuous contraction of the Euro area's manufacturing sector. Germany remained the primary source of weakness despite a recent improvement. Meanwhile, the Sentix Investor Confidence Index jumped substantially to -4.5 in November (Oct: -16.8) driven by the increase of both indexes for current situation and expectations, as European investors turned less pessimistic following the extension of the Brexit deadline that has reduced the likelihood of a no-deal withdrawal alongside more positive trade news.
- Australia services sector experienced solid growth:** The AIG Performance of Services Index rose to 54.2 in October (Sep: 51.5), its highest level since late 2018, to mark a stronger rise in services activities. The upbeat reading was driven by the recovery in sales (+7.5pts) as well as higher new orders, employment and wages. Selling prices however continued to decline, pointing to continuously benign inflation.
- Singapore manufacturing sector stayed under pressure:** The official PMI reading rose slightly to 49.6 in October (Sep: 49.5), marking its six month of back-to-back contraction to indicate that Singapore's manufacturing industry remained under pressure. Output managed to tick up above 50.0 neutral threshold but new orders and new exports orders continued to edge lower below 50.0 amidst broadly lacklustre demand.
- Extended decline in Malaysia exports:** Exports surprised on the downside for yet another month, registering a bigger decline of 6.8% YOY in September, (Aug: -0.8%) below consensus estimate for stagnant growth and ours for a 1.4% YOY decline. Exports to major export markets namely Singapore and China saw steeper falls, while that to the US grew slower for the 4th straight month. In addition, demand for most Malaysian export products deteriorated, led by E&E products. Contrary to the back-to-back decline in exports, imports rebounded to increase for the first time in four months, by 2.4% YOY in September (Aug: -12.5%). On a MOM basis, exports also extended its decline for a 2nd straight month, falling 4.5% MOM in September (Aug: -7.5%) and imports fell 1.6% MOM (Aug: -4.4%), leading to a smaller trade surplus of RM8.3bn in September (Aug: RM10.9b). Based on our observation on the latest external trade report, we deduced that the worst is not over. The US and China may be approaching a partial trade deal but we believe a comprehensive and amicable resolution is still remote. In addition, adverse impact from earlier tariff spat on global trade and world growth is still making its way through the global supply chain and the chain effects have yet to be fully felt. Indeed, there appears to be trade disappearance as compared to earlier signs of trade diversion. Against such challenges and prospects of a slowing global economy, we maintain our view for soft exports outlook ahead. However, positive net exports as a result of the sharper fall in imports (-5.4% YOY) vis-à-vis exports (-2.0% YOY) in 3Q is expected to continue provide the much needed support to overall growth. We therefore maintain our full year real GDP growth forecast of 4.7% and OPR pause view for this year.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
05/11	Malaysia	<b>BNM Overnight Policy Rate</b>	Nov-05	3.0%	3.0%	--
05/11	US	<b>Trade Balance</b>	Sep	-\$52.4b	-\$54.9b	--
		<b>Markit US Services PMI</b>	Oct F	51.0	51.0	--
		<b>ISM Non-Manufacturing Index</b>	Oct	53.5	52.6	--
06/11		MBA Mortgage Applications	Nov-01	--	0.6%	--
05/11	Eurozone	<b>PPI YOY</b>	Sep	-1.2%	-0.8%	--
06/11		Markit Eurozone Services PMI	Oct F	51.8	51.8	--
		Retail Sales MoM	Sep	0.0%	0.3%	--
05/11	UK	<b>Markit/CIPS UK Services PMI</b>	Oct	49.7	49.5	--
06/11	Japan	Jibun Bank Japan PMI Services	Oct F	--	52.8	--
05/11	China	<b>Caixin China Services PMI</b>	Oct	51.1	51.3	--
05/11	Hong Kong	<b>Markit Hong Kong PMI</b>	Oct	--	41.5	--
05/11	Singapore	<b>Markit Singapore PMI</b>	Oct	--	48.3	--
05/11	Australia	<b>RBA Cash Rate Target</b>	Nov-05	0.75%	0.75%	--
06/11	New Zealand	Employment Change QOQ	3Q	0.2%	0.8%	0.70%
		Unemployment Rate	3Q	4.1%	3.9%	--
		Pvt Wages Inc Overtime QOQ	3Q	0.6%	0.8%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1128	-0.34	1.1175	1.1125	-2.97
GBPUSD	1.2884	-0.48	1.2946	1.2876	1.02
USDJPY	108.58	0.36	108.65	108.18	-0.99
AUDUSD	0.6884	-0.29	0.6925	0.6877	-2.38
EURGBP	0.8638	0.10	0.8648	0.8621	-3.93
USDMYR	4.1505	-0.36	4.1650	4.1500	0.41
EURMYR	4.6340	-0.22	4.6510	4.6319	-1.97
JPYMYR	3.8327	-0.59	3.8486	3.8312	1.99
GBPMYR	5.3706	-0.46	5.3886	5.3694	1.96
SGDMYR	3.0605	-0.19	3.0690	3.0598	0.81
AUDMYR	2.8721	-0.11	2.8805	2.8702	-1.74
NZDMYR	2.6798	0.07	2.6855	2.6738	-3.56
CHFMYR	4.2061	-0.42	4.2251	4.2049	0.16
CNYMYR	0.5911	-0.09	0.5915	0.5906	-2.34
HKDMYR	0.5300	-0.23	0.5315	0.5297	0.34
USDSGD	1.3590	0.10	1.3590	1.3559	-0.29
EURSGD	1.5123	-0.24	1.5168	1.5116	-3.26
GBPSGD	1.7507	-0.38	1.7604	1.7493	0.72
AUDSGD	0.9356	-0.28	0.9395	0.9345	-2.65

Source: Bloomberg

## Forex

### MYR

- **MYR finished 0.36% higher against the USD at 4.1505, its strongest level in more than three months amidst broader dollar weakness during Monday's Asian session.**
- **We are bullish on MYR today**, expecting the local unit to continue riding on the current risk-on sentiment. We maintain our bearish view on MYR in the medium term as we are still bullish on USD over the Fed's clear signal that it would not ease policy further this year.

### USD

- **Dollar erased earlier losses to strengthen broadly in the US session**, USD rose against nearly all major currencies and the dollar index picked up 0.27% to 97.51.
- **We are bullish on USD today** expecting currently upbeat sentiment to continue driving the greenback up in the Asian session. ISM non-manufacturing index is up next in the data calendar. 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.

### EUR

- **EUR finished 0.34% lower against the USD at 1.1128** as the dollar was boosted by positive trade sentiment in the American session.
- **We are neutral on EUR today** as the single currency is likely trading around recent ranges amidst a lack of key events, but watch out for US ISM non-manufacturing index. In the medium term, outlook remains bearish as the ECB restarts APP this month.

### GBP

- **GBP closed 0.48% lower against the USD at 1.2884 amidst broad dollar strength.**
- **We are neutral on GBP today** expecting the sterling to stay above 1.2880 support level given the lack of key event risks. Data on the deck is the Markit Services PMI. **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 0.36% to 108.58 amidst higher UST yields and equity in a risk-on environment.**
- **We are bearish on JPY** expecting investors to continue exiting safe havens. **We remain bullish JPY over the medium term** on narrowing yield differentials between the dollar, alongside lingering Brexit concerns and have not ruled out the risk of trade war escalation.

### AUD

- **AUD fail to benefit from positive trade sentiment and closed 0.29% weaker against the USD at 0.6884** on broad dollar strength.
- **We are neutral on AUD today** ahead of RBA's cash rate decision at Malaysian time 11.30am. AUD had spiked in early Asian morning as markets are expecting the RBA to keep cash rate steady and we believe positive trade sentiment is likely lending some support. **We look to RBA's statement today to gauge the AUD's medium term outlook.**

### SGD

- **SGD finished 0.10% weaker against the USD at 1.3590** on broad dollar strength.
- **We are neutral to slightly bullish on SGD today** as SGD is likely trading stronger amidst a risk-taking environment. **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.

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