

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks snapped losing streak overnight on a revival of trade optimism, driven by President Trump's remark that current talks with China on a limited trade deal were going well.** Headlines emerged that both parties are moving closer to agreeing the amount of tariffs to be rolled back despite tension over a recently approved Hong Kong bill. Wall Street benchmarks gained 0.5-0.6%, led by a broad based rally across sectors. **Treasuries yields recovered by 3-6bps** after falling sharply in the previous session. The greenback weakened against most of the major currencies as sentiment was lifted by positive trade headlines. The yen and gold price slipped, crude oil regained footing to rally around 3-4%. Brent crude closed at \$63/barrel.
- On the data front, **US private sector added 67k jobs in November**, fewer than expectations while the **ISM no-manufacturing index slipped** to 53.9 in the same month. Elsewhere, **Markit PMIs indicate growth in Eurozone, Japan and China services sectors but a contraction in the UK's**. Hong Kong Markit PMI plunged to the lowest level since the SARS outbreak. Singapore PMI staged a recovery above 50.0. **Malaysia exports continued to decline for the 3rd straight month** but at a smaller margin of 6.7% YOY in October, taking the brunt of slower demand and high base effect.
- The greenback weakened against most of the major currencies as sentiment was lifted by positive trade headlines. **The dollar index fell slightly to 97.65** on disappointing US data. **We are neutral on USD today** as markets digest trade headlines and weaker US data and ahead of tomorrow's nonfarm payroll report. **Short term outlook remains bullish** as the Fed is still expected to keep rate unchanged next week. Medium term outlook is bullish, supported by still solid 4Q US data especially in the consumer/retail sector.
- **MYR came off daily high of 4.1840 to finish virtually unchanged against the USD at 4.1755** amidst cautious sentiment marked by trade uncertainties. **We continue to expect ringgit to trade around recent ranges** of 4.1650-4.1850 today while markets await more concrete development regarding US-China mini trade deal. **Short term outlook is bearish** as the dollar will likely firm up when the Fed keeps rate unchanged next week. Medium term outlook is bearish supported by solid 4Q US data especially in the consumer/retail sector.
- **SGD closed 0.08% higher against the USD at 1.3633 amidst cautious sentiment. We are neutral on SGD today** while markets await more concrete development regarding US-China mini trade deal. **Short term outlook is bearish**, expecting the USD to firm up as the Fed kept rate unchanged next week. Medium term outlook bearish on weaker (although improving) Singapore fundamentals.

Overnight Economic Data

Malaysia	↓
US	↓
Eurozone	↑
UK	↓
Japan	↑
China	↑
Hong Kong	↓
Singapore	↑

What's Coming Up Next

Major Data

- US Initial Jobless claims, Trade balance, factory orders
- Eurozone Retail Sales, GDP
- Australia Trade Balance, Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1020	1.1050	1.1083	1.1100	1.1120	↗
GBPUSD	1.3050	1.3100	1.3109	1.3120	1.3150	↘
USDJPY	108.40	108.60	108.84	109.00	109.20	→
AUDUSD	0.6800	0.6830	0.6836	0.6860	0.6880	↘
EURGBP	0.8425	0.8450	0.8455	0.8480	0.8500	→
USDMYR	4.1650	4.1700	4.1735	4.1800	4.1850	→
EURMYR	4.6100	4.6200	4.6247	4.6300	4.6400	→
JPYMYR	3.8060	3.8207	3.8347	3.8550	3.8700	↘
GBPMYR	5.4280	5.4520	5.4708	5.4750	5.4800	↘
SGDMYR	3.0550	3.0600	3.0617	3.0650	3.0700	→
AUDMYR	2.8450	2.8500	2.8532	2.8600	2.8650	→
NZDMYR	2.7200	2.7300	2.7359	2.7400	2.7500	↗
USD SGD	1.3615	1.3630	1.3632	1.3650	1.3680	→
EUR SGD	1.5080	1.5090	1.5106	1.5120	1.5150	→
GBP SGD	1.7740	1.7800	1.7868	1.7880	1.7900	↘
AUD SGD	0.9300	0.9310	0.9318	0.9325	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	1,560.93	-0.09	-7.67	CRB Index	179.40	1.02	5.65
Dow Jones Ind.	27,649.78	0.53	18.53	WTI oil (\$/bbl)	58.43	4.15	28.67
S&P 500	3,112.76	0.63	24.17	Brent oil (\$/bbl)	63.00	3.58	17.10
FTSE 100	7,188.50	0.42	6.84	Gold (\$/oz)	1,474.59	-0.20	14.98
Shanghai	2,878.12	-0.23	15.41	CPO (RM/tonne)	2,644.50	0.49	35.44
Hang Seng	26,062.56	-1.25	0.84	Copper (\$/tonne)	5,815.00	-1.16	-2.51
STI	3,159.79	-0.42	2.97	Rubber (sen/kg)	449.00	-0.22	18.47

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA Exports YOY	Oct	-6.7%	-6.7%	-12.3%
US MBA Mortgage Applications	Nov-29	-9.2%	1.5%	--
US ADP Employment Change	Nov	67k	121k (revised)	135k
US Markit Services PMI	Nov F	51.6	50.6	51.6
US ISM Non-Manufacturing Index	Nov	53.9	54.7	54.5
EU Markit Services PMI	Nov F	51.9	51.5	51.5
UK Markit/CIPS Services PMI	Nov F	49.3	50.0	48.6
JP Jibun Bank Japan PMI Services	Nov F	50.3	49.7	--
CN Caixin China PMI Services	Nov	53.5	51.1	51.2
HK Markit Hong Kong PMI	Nov	38.5	39.3	--
SG Markit Singapore PMI	Nov	50.4	47.4	--

Source: Bloomberg

- US private sector added fewer jobs than expected:** The ADP National Employment Report showed that US private sector added a mere 67k jobs in November (Oct: 121k revised), way below analysts' estimate of 135k. All job gains came from the services industry which saw a payroll gain of 85k, that was partly offset by the 18k reduction in the goods producing sector of which mining, construction and manufacturing each reported 6k of job losses.
- US ISM indicates slower growth in services activity:** The ISM Non-manufacturing Index slipped to 53.9 in November (Oct: 54.7), reflecting smaller output/production last month. Nonetheless details suggest that overall services sector remains healthy, supported by solid gain in new orders, employment as well as new exports orders. Meanwhile, the final reading of the IHS Markit US Services PMI was unrevised at 51.6 in November (Oct: 50.6), above previous month's print to suggest a faster upturn in the services sector.
- US mortgage applications slipped over lower refinancing demand:** US mortgage applications fell sharply by 9.2% for the week ended 29 November (previous: +1.5%) due to a nearly 16% plunge in refinancing applications. Applications to purchase a new home picked up a mere 0.9% in a week where borrowing costs were largely unchanged thanks to flat treasury rates.
- Eurozone services continued to drive Eurozone economy:** The final reading of the IHS Markit Eurozone Services PMI was revised from 51.5 to 51.9 in November (Oct: 52.2), lower than October's reading to suggest a moderation in Eurozone's services activity. The sector remained the primary driver of overall growth despite its waning contribution since October but was still better off than the ongoing contraction in the manufacturing industry.
- Decline in UK services activity amidst political uncertainty:** The final reading of the IHS Markit/CIPS UK Services PMI was revised upwards from 48.6 to 49.3 in November (Oct: 50.0), but still below the no-change level in the previous month to indicate a contraction in UK services activity. The decline reflects cautious business and consumer spending stemming from the current political uncertainty leading up to next week's elections.
- Japan services sector's returned to marginal growth:** The final reading of Jibun Bank Japan Services PMI was revised slightly lower from 50.4 to 50.3 in November (Oct: 49.7) to indicate Japanese services sector's return to growth following an October contraction that was driven by typhoon and a higher sales tax.
- China Markit PMI signaled solid growth in services sector:** Mirroring the solid rise in the official NBS Non-manufacturing PMI, the Caixin China Services PMI picked up more than 2pts to 53.5 in November (Oct: 51.1) to signal a solid and accelerated increase in activity midway through the final quarter of 2019.
- Hong Kong PMI signaled steepest downturn since SARS:** The IHS Markit Hong Kong PMI slipped further to 38.5 in November (Oct: 39.3) to signal the private sector's worst deterioration since April 2003 during the SARS pandemic outbreak. Political unrest continues to disrupt the day-to-day business activity and is showing no sign of a reprieve in the medium term, severely dampening business confidence and hence overall growth outlook.

- **Singapore private sector economy back into expansion:** The IHS Markit Singapore PMI bounced off October's low to 50.4 in November (Oct: 47.4) to indicate a minor expansion of the private sector economy following three months of contraction. The rebound reflects a surge in new orders after previous month's sharp decline amidst a revival of domestic demand but "underlying fragilities" were apparent as firms continued to cut output and exports sales continued to deteriorate.
- **Malaysia exports taking the brunt of slower demand and high base effect:** Exports continued to decline for the 3rd straight month, albeit at a smaller than expected pace of 6.7% YOY in October (Sept: -6.7% YOY revised), as slower global demand amid ongoing trade protectionism policies continued to take a toll on Malaysia exports, offsetting gains from trade diversion. Shipment of both manufacturing and commodity exports broadly moderated or contracted, and so is shipment to major export destinations, except for Singapore which registered a positive growth for the first time in three months. Meanwhile, imports fell again, proving last month's positive gain as just a blip. The 8.7% YOY decline was bigger than expected, attributable to contraction across all three major categories. On a MOM basis, exports halted two straight months of decline and grew 16.6% MOM in October (Sept: -4.5%) while imports also tracked similar pattern despite by a smaller increase of 5.6% MOM in October (Sept: -1.6%), widening the trade surplus to a record high of RM17.33bn (Sept: RM8.35bn revised). We believe a challenging external environment will continue to impede demand for Malaysia exports, hence overall economic growth going forward. We are maintaining our estimate for exports to remain contractionary this year and meantime have downgraded our full year growth forecast marginally from 4.7% to 4.5% this year, and from 4.6% to 4.3% for 2020, anticipating further moderation in growth momentum going forward.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
06/12	Malaysia	Foreign Reserves	Nov-29	--	\$103.2b	--
05/12	US	Initial Jobless Claims	Nov-30	215k	213k	--
		Trade Balance	Oct	-\$48.5b	-\$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%	--
06/12		Change in Nonfarm Payrolls	Nov	185k	128k	--
		Unemployment Rate	Nov	3.6%	3.6%	--
		Average Hourly Earnings YOY	Nov	3.0%	3.0%	--
		Wholesale Inventories MOM	Oct F	0.2%	0.2%	--
05/12	Eurozone	U. of Mich. Sentiment	Dec P	97.0	96.8	--
		Retail Sales MOM	Oct	-0.5%	0.1%	--
06/12	Japan	GDP SA QOQ	3Q F	0.2%	0.2%	--
		Labour Cash Earnings YOY	Oct	0.2%	0.8%	0.5%
05/12	Australia	Household Spending	Oct	-3.2%	9.5%	--
		Trade Balance	Oct	A\$6500m	A\$7180m	--
		Retail Sales MOM	Oct	0.3%	0.2%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1078	-0.04	1.1116	1.1067	-3.37
GBPUSD	1.3104	0.84	1.3120	1.2983	2.77
USDJPY	108.86	0.21	108.96	108.43	-0.75
AUDUSD	0.6849	0.03	0.6855	0.6813	-2.87
EURGBP	0.8454	-0.87	0.8531	0.8452	-5.95
USDMYR	4.1755	0.01	4.1840	4.1675	1.02
EURMYR	4.6234	-0.08	4.6375	4.6223	-2.20
JPYMYR	3.8517	0.65	3.8566	3.8406	2.50
GBPMYR	5.4520	0.54	5.4535	5.4201	3.50
SGDMYR	3.0619	0.06	3.0677	3.0566	0.86
AUDMYR	2.8489	-0.50	2.8644	2.8484	-2.54
NZDMYR	2.7174	-0.28	2.7288	2.7170	-2.21
CHFMYR	4.2368	0.46	4.2432	4.2277	0.90
CNYMYR	0.5910	-0.26	0.5921	0.5909	-2.35
HKDMYR	0.5337	0.09	0.5344	0.5326	1.04
USDSGD	1.3633	-0.08	1.3655	1.3619	0.02
EURSGD	1.5102	-0.12	1.5139	1.5086	-3.35
GBPSGD	1.7866	0.78	1.7872	1.7719	2.79
AUDSGD	0.9342	-0.04	0.9350	0.9297	-2.84

Source: Bloomberg

Forex

MYR

- **MYR came off daily high of 4.1840 to finish virtually unchanged against the USD at 4.1755** amidst cautious sentiment marked by trade uncertainties.
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USD

- The greenback weakened against most of the major currencies as sentiment was lifted by positive trade headlines. **The dollar index however fell slightly to 97.65** on disappointing US data.
- **We are neutral on USD today** as markets digest trade headlines and weaker US data and ahead of tomorrow's nonfarm payroll report. **Short term outlook remains bullish** as the Fed is still expected to keep rate unchanged next week. Medium term outlook is bullish, supported by still solid 4Q US data especially in the consumer/retail sector.

EUR

- **EUR broke above 1.1100 key level only to come off in later session to finish little changed against the USD at 1.1078.**
- **EUR is still slightly bullish**, but is likely consolidating around 1.1080 handle ahead of tomorrow's US job report. **Medium term outlook is still bearish**, dragged down by dismal growth and inflation outlook (despite a slight improvement in manufacturing PMI) and the ECB's looser monetary policy. We look towards next week's ECB meeting and Christine Lagarde's first press conference for further guidance.

GBP

- **GBP spiked by 0.84% to a seven-month high of 1.3104** over firmer expectations of a Tories win and that Britain would avoid a hung parliament following next week's election.
- **GBP continues to cling around 1.3100 resistance in Asian morning** and the >70 RSI indicates an overbought condition that is paving the way for a reversal today. **Short term outlook is neutral and likely remain volatile, driven by next week's election outcome** of which markets have priced in a Tory win.

JPY

- **JPY snapped winning streak against the USD to finish 0.21% weaker at 108.86** alongside recovering treasuries yields and equities as risk sentiment improved.
- **JPY is neutral today** as markets await latest development related to US-China trade talks. **Medium term outlook is still bullish** over Hong Kong's ongoing political unrests and heightening global trade tension.

AUD

- **AUD finished flat against the USD at 0.6849** as trade-inspired gain reversed earlier GDP-related losses.
- As of writing, AUD dropped around 20pips from morning high after retail sales missed expectations alongside a smaller trade surplus. **Daily outlook slightly bearish**, conflicted by weaker data and better trade optimism. **Short-to-medium term outlook is still slightly bullish**, expecting recovery with US-China trade-related headlines posting downside risks.

SGD

- **SGD closed 0.08% higher against the USD at 1.3633 amidst cautious sentiment.**
- **We are neutral on SGD today** while markets await more concrete development regarding US-China mini trade deal. **Short term outlook is bearish**, expecting the USD to firm up as the Fed kept rate unchanged next week. Medium term outlook bearish on weaker (although improving) Singapore fundamentals.

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