

Global Markets Research

Daily Market Highlights

Key Takeaways

➤ **Stocks eked out minor gains overnight as investors weighed trade headlines and anticipate tonight's nonfarm payroll report.** Wall Street's main benchmarks picked up around 0.1-0.2% following a rally in the previous session, as investor sentiment turned cautious awaiting further solid development in current US-China mini trade deal in-the-making. China's Commerce Ministry said yesterday that its negotiating team has been maintaining close contact with the US, following Trump's comment that talks have been "going well". **Benchmark treasuries yields continued to recover around 2-4bps, dollar weakened across the board** job report, gold prices barely changed and crude oil prices were largely flat. Brent crude closed at \$63.39/barrel.

➤ **US data came out largely positive** as headline factory orders rebounded, accompanied by rebounds in its sub-readings durable goods and core capital goods. Initial jobless claims slipped by 10k to 203k last week while its external trade deficit shrank to 17-month low of \$47.2b. Eurozone final 3Q GDP growth was unrevised at 0.2% QOQ while retail sales plunged 0.6% MOM ahead of holiday season. Japan wage growth steadied at 0.5% YOY and household spending tumbled by 5.1% as higher sales tax rate took effect. Australia retail sales was flat while trade surplus slipped to A\$4.5b.

➤ **The greenback weakened across the board**, slipping against almost all of the major currencies. The dollar index fell by 0.24% to 97.41. **We are neutral to slightly bearish on USD today** as markets stayed sidelined ahead of tonight's job report while awaiting more trade related headlines. **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 finished a little stronger by 0.17% against the USD at 4.1685** on Thursday alongside its regional Asian peers amidst broad-based dollar weakness. **We are neutral to slightly bullish on MYR** but continue to expect ringgit to trade around recent ranges while markets await more concrete development regarding US-China mini trade deal and ahead of tonight job report. 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 strengthened by 0.19% against the USD at 1.3607** alongside regional Asian peers in a weaker dollar environment. **We are neutral on SGD today** as markets await development regarding US-China mini trade deal and ahead of tonight job report. **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

US	↑
Eurozone	→
Japan	→
Australia	→

What's Coming Up Next

Major Data

- Malaysia Foreign Reserves
- US Nonfarm Job Report, Wholesale Inventories, University of Michigan Sentiment Index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1100	1.1104	1.1120	1.1150	→
GBPUSD	1.3100	1.3120	1.3160	1.3170	1.3200	↘
USDJPY	108.40	108.60	108.72	108.80	109.00	→
AUDUSD	0.6800	0.6830	0.6838	0.6860	0.6880	→
EURGBP	0.8400	0.8425	0.8438	0.8450	0.8480	→
USDMYR	4.1550	4.1600	4.1648	4.1700	4.1800	↘
EURMYR	4.6100	4.6200	4.6245	4.6300	4.6400	→
JPYMYR	3.8060	3.8207	3.8309	3.8430	3.8550	→
GBPMYR	5.4400	5.4650	5.4810	5.4850	5.4900	↘
SGDMYR	3.0550	3.0600	3.0614	3.0650	3.0700	→
AUDMYR	2.8400	2.8450	2.8477	2.8500	2.8550	↘
NZDMYR	2.7100	2.7200	2.7264	2.7300	2.7400	→
USDSGD	1.3580	1.3600	1.3604	1.3615	1.3630	→
EURSGD	1.5080	1.5090	1.5105	1.5120	1.5150	→
GBPSGD	1.7800	1.7865	1.7901	1.7930	1.7965	↘
AUDSGD	0.9265	0.9285	0.9302	0.9315	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	1,563.58	0.17	-7.51	CRB Index	180.07	0.37	6.05
Dow Jones Ind.	27,677.79	0.10	18.65	WTI oil (\$/bbl)	58.43	0.00	28.67
S&P 500	3,117.43	0.15	24.36	Brent oil (\$/bbl)	63.28	0.44	17.62
FTSE 100	7,137.85	-0.70	6.09	Gold (\$/oz)	1,476.00	0.10	15.10
Shanghai	2,899.47	0.74	16.26	CPO (RM/tonne)	2,696.00	1.60	38.08
Hang Seng	26,217.04	0.59	1.44	Copper (\$/tonne)	5,885.00	1.20	-1.34
STI	3,174.19	0.46	3.44	Rubber (sen/kg)	451.00	-0.44	19.00

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Initial Jobless Claims	Nov-30	203k	213k	215k
US Trade Balance	Oct	-\$47.2b	-\$51.1b (revised)	-\$48.5b
US Factory Orders	Oct	0.3%	-0.8% (revised)	0.3%
US Durable Goods Orders	Oct F	0.5%	-1.5%	0.6%
US Cap Goods Orders Nondef Ex Air	Oct F	1.1%	-0.5%	--
EU Retail Sales MOM	Oct	-0.6%	-0.2% (revised)	-0.5%
EU GDP SA QOQ	3Q F	0.2%	0.2%	0.2%
JP Labour Cash Earnings YOY	Oct	0.5%	0.5%	0.2%
JP Household Spending	Oct	-5.1%	9.5%	-3.2%
AU Trade Balance	Oct	A\$4,502m	A\$7,180m	A\$6,500m
AU Retail Sales MOM	Oct	0.0%	0.2%	0.3%

Source: Bloomberg

- US factory order rebounded; firms raised investment:** Factory order rebounded to increase 0.3% MOM in October (Sep: -0.8% revised) following two months of contraction, driven by the pickup in durable goods order (+0.5% vs -1.5%). Core capital orders that measures orders of non-defense capital goods excluding aircrafts registered a stronger gain of 1.1% MOM (Sep: -0.5%) after declining for two consecutive months, a welcoming sign that suggests US firms raising investment ahead of the holiday season and heading into 2020.
- US jobless claims slipped to more than 7-month low:** Initial jobless claims fell by 10k to 203k for the week ended 30 Nov (previous: 213k), its lowest level in more than seven months to reflect a tight labour market. The 4-week moving average moved even lower to 217.75k (previous: 219.75k).
- US recorded smallest trade deficit in 17 months:** On the external trade front, US recorded a smaller trade deficit of \$47.2b in October (Sep: -\$51.1b revised), its lowest level since May 2018 due to a larger decrease in exports (-0.2% MOM vs -0.9% MOM). Imports continued to decline but at smaller margin (-1.7% MOM vs -1.6% MOM). The trade deficit with China also slipped to \$27.8b (Sep: -\$28b) as goods imports from the Mainland dropped nearly 5% in October while shipment of goods plunged by 17% while both countries continued to engage in a trade dispute triggered since March last year.
- Eurozone final GDP unrevised; retail sales contracted in October ahead of holiday seasons:** The final reading of Eurozone 3Q GDP growth was unrevised at 0.2% QOQ (2Q: +0.2%) leaving the annual pace of growth unchanged as well at 1.2% (2Q: +1.2%). The latest employment data meanwhile showed that hiring continued to slowed in the third quarter recording a meagre 0.1% QOQ growth (2Q: +0.2%). Compared to the same period last year, employment growth also pulled back to 0.9% YOY (2Q: +1.2%). On the retail front, retail sales recorded its largest contraction this year at -0.6% MOM in October (Sep: -0.2% revised) following a newly downward revision to September figure, led by declines in sales of electrical goods, furniture, textiles, clothing, pharmaceuticals, non-food products. The decline nonetheless could be followed by a rebound in November as the holiday season began.
- Japan wage growth steadied; household spending plunged as sales tax hike took effect:** Japan labour cash earnings rose 0.5% YOY in October (Sep: +0.5% revised), marking its second month of steady growth, driven by faster gain in contracted earnings of which regular pay was seen picking up at faster pace as well. Overtime payment, a gauge of corporate activity was flat following a minor decline in September. Meanwhile, on a separate note, household spending slipped more than expected by 5.1% YOY in October (Sep: +9.5%), its largest decline since March 2016 as Japanese household cut spending in the month when a higher sales tax rate took effect. Household had earlier front-loaded their spending prior to the tax hike.
- Australia retail sales disappointed; trade surplus shrank:** Australia retail sales was flat in October (Sep: +0.2% revised), below consensus forecast of 0.3%, as the declines in sales of household goods, apparels and department store goods offset the minor increase in sales of food. On a separate note, trade surplus shrank to A\$4.5b in October (Sep: A\$6.8b revised) as total exports slipped by 5.1% MOM (Sep: +2.8%) while imports rose a mere 0.4% MOM (Sep: +2.6%).

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
06/12	Malaysia	Foreign Reserves	Nov-29	--	\$103.2b	--
06/12	US	Change in Nonfarm Payrolls	Nov	183k	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%	--
		U. of Mich. Sentiment	Dec P	97.0	96.8	--
09/12	Eurozone	Sentix Investor Confidence	Dec	--	-4.5	--
09/12	Japan	GDP SA QOQ	3Q F	0.2%	0.1%	--
		Eco Watchers Survey Current SA	Nov	39.6	36.7	--
		Eco Watchers Survey Outlook SA	Nov	44.6	43.7	--
08/12	China	Exports YOY	Nov	0.8%	-0.9%	--
		Trade Balance	Nov	\$44.1b	\$42.8b	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1104	0.23	1.1108	1.1078	-3.16
GBPUSD	1.3157	0.40	1.3166	1.3103	3.18
USDJPY	108.76	-0.09	109.00	108.66	-0.86
AUDUSD	0.6834	-0.22	0.6855	0.6821	-3.09
EURGBP	0.8439	-0.17	0.8456	0.8430	-6.12
USDMYR	4.1685	-0.17	4.1740	4.1680	0.85
EURMYR	4.6239	0.01	4.6275	4.6204	-2.19
JPYMYR	3.8295	-0.58	3.8365	3.8285	1.91
GBPMYR	5.4789	0.49	5.4845	5.4689	4.08
SGDMYR	3.0633	0.05	3.0654	3.0609	0.90
AUDMYR	2.8509	0.07	2.8609	2.8498	-2.47
NZDMYR	2.7257	0.31	2.7386	2.7232	-1.91
CHFMYR	4.2178	-0.45	4.2265	4.2166	0.44
CNYMYR	0.5924	0.23	0.5925	0.5912	-2.12
HKDMYR	0.5328	-0.17	0.5333	0.5325	0.87
USDSGD	1.3607	-0.19	1.3634	1.3604	-0.17
EURSGD	1.5107	0.03	1.5118	1.5086	-3.32
GBPSGD	1.7903	0.21	1.7918	1.7850	3.00
AUDSGD	0.9296	-0.49	0.9342	0.9287	-3.24

Source: Bloomberg

MYR

- **MYR finished a little stronger by 0.17% against the USD at 4.1685** on Thursday alongside its regional Asian peers amidst broad-based dollar weakness.
- **We are neutral to slightly bullish on MYR** but continue to expect ringgit to trade around recent ranges while markets await more concrete development regarding US-China mini trade deal and ahead of tonight job report. 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.

USD

- **The greenback weakened across the board**, slipping against almost all of the major currencies. The dollar index fell by 0.24% to 97.41.
- **We are neutral to slightly bearish on USD today** as markets stayed sidelined ahead of tonight's job report while awaiting more trade related headlines. **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 finished stronger by 0.23% against the USD at 1.1104**, supported by broad dollar strength despite largely weak data.
- **EUR is neutral to slightly bullish** and likely to hover around 1.1100 key handle ahead of US job report tonight. **Medium term outlook is still bearish**, dragged down by dismal growth and inflation outlook, confirmed by weak German factory orders as well as ECB's plan for looser monetary policy. We look towards next week's ECB meeting and Christine Lagarde's first press conference for further guidance.

GBP

- **GBP continued its winning streak against the USD, as it finished stronger by 0.40% at seven-month high of 1.3157**, supported by weaker US dollar and firmer expectation of a Tories victory in next week election.
- **We are still bearish GBP amidst an overbought RSI condition (>72 as of writing)** that paves way for a reversal today. US job number is a key driver that would determine the dollar direction - a better reading likely boost the USD and triggered an instant fall in the sterling. **Short term outlook is neutral and likely remain volatile, driven by next week's election outcome** of which markets have priced in a Tories win.

JPY

- **JPY closed little changed against the USD at 108.76 amidst cautious sentiment.**
- **JPY is still neutral today** as markets await latest US-China trade related headlines and anticipate tonight's job report. **Medium term outlook is still bullish** over Hong Kong's ongoing political unrests, uncertain US-China trade talk outcome and in general, rising global trade tension.

AUD

- **AUD finished 0.22% weaker against the USD at 0.6834** in an indecisive session marked by weak Aussie retail sales and mixed US-China trade headlines.
- We turn neutral on AUD today expecting the pair to trade around 0.6830 as investors weighed trade headlines and ahead of US job data. **Short-to-medium term outlook is still slightly bullish**, expecting recovery with US-China trade-related headlines posting downside risks.

SGD

- **SGD strengthened by 0.19% against the USD at 1.3607** alongside regional Asian peers in a weaker dollar environment.
- **We are neutral on SGD today** as markets await development regarding US-China mini trade deal and ahead of tonight job report. **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.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hibb.hongleong.com.my**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.