

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rallied on Friday on solid job numbers and better trade sentiment, to finish the week on a mixed note.** The US economy added 266k jobs in November defying recent expectations that hiring is slowing down in a labour market that is flashing signs of weakness. On top of this was the news that China is in the process of issuing waivers on tariffs over US goods such as pork and soy that signals a deal is in the making. White House Economic advisor Larry Kudlow meanwhile reassured that talks with China were constructive and happened on a daily basis. **Treasuries yields extended further climb – picking up 2-3bps along the curve.** Crude oil prices gained 1.3-1.6%. Brent crude finished at \$64.39/barrel. **Markets will focus on the Fed and ECB meetings as well as the UK election this week.** The Fed is expected to leave rates unchanged, so is the ECB but attention will be on Christine Lagarde's first press conference as central bank chief. The Tories meanwhile are likely to secure a victory in Thursday's election.
- **US job data turned out to be robust** with November nonfarm payroll printing a solid 266k, accompanied by a 41k net upward revision to both September and October. Unemployment rate slipped back to 3.5% on lower participation rate and wage growth sustained a 3.1% YOY gain. The University of Michigan Consumer Sentiment Index jumped to 99.2 this month to indicate very strong consumer confidence, another welcoming signs for the US economy. **Japan's final 3Q GDP growth surprised on the upside at 0.4% QOQ,** supported by business investment. **China exports unexpectedly dropped by 1.1% YOY** in November, dragged down by a 23% contraction in shipment to the US, while total imports rose 0.1% YOY. Malaysia foreign reserves was unchanged at \$103.2b as at end November.
- Dollar largely slipped against major currencies but strengthened against most of its G10 peers following robust job data. **The dollar index added 0.3% on Friday to 97.70. We are neutral to USD today** ahead of key events risk this week and lack of major data today. **Short term outlook remains bullish** as the Fed is expected to keep rate unchanged this week.
- **MYR extended gain against the USD to finish 0.23% stronger at 4.1590** on Friday amidst improving trade sentiment. **We are neutral on MYR,** ahead of key event risks this week and lack of major data today, expecting ringgit to trade around recent ranges of 4.1600-4.1800. Short term outlook is bearish as the dollar will likely firm up this week as Fed keeps rate unchanged.
- **SGD finished flat against the USD at 1.3606. We are neutral on SGD today** similarly ahead of key events risk. Short term outlook is bearish, expecting the USD to firm up this week as the Fed kept rate unchanged.

Overnight Economic Data

Malaysia	➔
US	⬆️
China	➔
Japan	⬆️

What's Coming Up Next

Major Data

- Eurozone Sentix Investor Confidence
- Japan Eco Watchers Survey

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1030	1.1050	1.11058	1.1080	1.1100	➔
GBPUSD	1.3100	1.3120	1.3148	1.3170	1.3200	➔
USDJPY	108.00	108.40	108.57	108.80	109.00	➔
AUDUSD	0.6800	0.6830	0.6834	0.6860	0.6880	➔
EURGBP	0.8360	0.8400	0.8410	0.8450	0.8480	➔
USDMYR	4.1550	4.1600	4.1610	4.1700	4.1800	➔
EURMYR	4.5800	4.5900	4.6012	4.6100	4.6200	⬇️
JPYMYR	3.8060	3.8200	3.8328	3.8430	3.8550	➔
GBPMYR	5.4250	5.4560	5.4712	5.4850	5.4900	➔
SGDMYR	3.0500	3.0550	3.0576	3.0600	3.0650	➔
AUDMYR	2.8350	2.8400	2.8438	2.8500	2.8550	⬇️
NZDMYR	2.7100	2.7200	2.7284	2.7300	2.7400	➔
USDSGD	1.3580	1.3600	1.3607	1.3615	1.3630	➔
EURSGD	1.5000	1.5020	1.5048	1.5090	1.5120	➔
GBPSGD	1.7800	1.7865	1.7891	1.7930	1.7965	➔
AUDSGD	0.9265	0.9285	0.9299	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	1,568.44	0.31	-7.22	CRB Index	181.19	0.62	6.71
Dow Jones Ind.	28,015.06	1.22	20.09	WTI oil (\$/bbl)	59.20	1.32	30.37
S&P 500	3,145.91	0.91	25.49	Brent oil (\$/bbl)	64.39	1.58	19.46
FTSE 100	7,239.66	1.43	7.60	Gold (S/oz)	1,460.17	-1.07	13.76
Shanghai	2,912.01	0.43	16.77	CPO (RM/tonne)	2,705.00	0.33	38.54
Hang Seng	26,498.37	1.07	2.53	Copper (\$/tonne)	5,990.00	1.73	0.42
STI	3,194.71	0.65	4.10	Rubber (sen/kg)	458.50	0.88	20.98

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA Foreign Reserves	Nov-29	\$103.2b	\$103.2b	--
US Change in Nonfarm Payrolls	Nov	266k	156k (revised)	183k
US Unemployment Rate	Nov	3.5%	3.6%	3.6%
US Average Hourly Earnings YOY	Nov	3.1%	3.2% (revised)	3.0%
US Wholesale Inventories MOM	Oct F	0.1%	0.2%	0.2%
US U. of Michigan Consumer Sentiment	Dec P	99.2	96.8	97.0
CN Exports YOY	Nov	-1.1%	-0.8% (revised)	0.8%
CN Trade Balance	Nov	\$38.73b	\$42.5b (revised)	\$44.1b
JP GDP SA QOQ	3Q F	0.4%	0.1%	0.2%

Source: Bloomberg

- Solid job numbers eased growth concerns:** Nonfarm payroll for November came in at a better-than-expected 226k print (Oct: +158k revised) alongside a net 41k upward revision for October and September, a major relief to rising concerns that the super tight labour market is flashing signs of weakness amidst softening growth. Nearly 80% of the job gains (+206k vs +188k) came from the services sector, in line with the ISM non-manufacturing employment index as well as the ADP private sector payroll numbers. Manufacturing added 48k jobs following a 25k decline in October during the GM UAW strike. Meanwhile, gain in average hour earnings, a key gauge of wage growth pulled back to 3.0% YOY (Oct: +3.2% revised) following an upward revision to Oct's growth. Unemployment rate slipped lower to 3.5% (Oct: 3.6%) due to lower participation rate (65.6% vs 65.7%).
- US consumer sentiment jumped in December:** The preliminary reading of University of Michigan Consumer Sentiment Index jumped to 99.2 in December (Nov: 96.8), to indicate a favorable improvement in American consumer confidence. The index has now averaged 97.0 in the past three years, the highest sustainable level since the all-time high during the Clinton Administration. December gain originated mostly from upper middle-income households who reported record gains in household wealth due to higher stock prices. On a separate note, the final reading of wholesale inventory growth was revised down from a growth of 0.2% to 0.1% MOM in October (Sep: -0.7%), a tiny gain in inventory investment following a contraction in the previous month.
- Japan's final GDP growth better than expected:** The final reading of Japan's 3Q GDP growth surprised on the upside as it was revised from 0.1% to 0.4% QOQ (2Q: +0.4%) to mark a steady pace of growth for the last two quarters. The better-than-expected reading reflects a larger increase in business spending (+1.8% vs +0.9%) as private consumption growth slowed (+0.5% vs +0.6%), suggesting that firms continued to raise investment ahead of the 2020 Summer Olympics next year. We look towards the BSI Large Manufacturing Survey as well as the BOJ Tankan Survey this week to further assess Japanese firms' business outlook.
- China exports slumped as trade dispute stays unresolved:** China exports unexpectedly slipped 1.1% YOY in November (Oct: -0.8% revised), proving that the country's trade sector was pressured further by the current trade dispute with the US as shipment to the latter plunged by a whopping 23% YOY last month (Oct: -16.2%). Imports meanwhile rose for the first time in seven months, recording a meagre 0.3% YOY growth (Oct: -6.2%). November trade surplus was smaller at \$38.7b (Oct: \$42.5b revised).
- Malaysia foreign reserves unchanged in November:** The international reserves of Bank Negara Malaysia were unchanged at \$103.2 billion as at 29 November (previous: \$103.2b). The reserves position is sufficient to finance 7.7 months of retained imports and is 1.1 times total short-term external debt.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
10/12	US	NFIB Small Business Optimism	Nov	103.0	102.4	--
09/12	Eurozone	Sentix Investor Confidence	Dec	-5.3	-4.5	--
10/12		ZEW Survey Expectations	Dec	--	-1.0	--
10/12	UK	Monthly GDP (MOM)	Oct	0.1%	-0.1%	--
		Industrial Production MOM	Oct	0.2%	-0.3%	--
		Visible Trade Balance GBP/Mn	Oct	-£11700m	-£12541m	--
09/12	Japan	Eco Watchers Survey Current SA	Nov	39.7	36.7	--
		Eco Watchers Survey Outlook SA	Nov	44.6	43.7	--
10/12		Machine Tool Orders YOY	Nov P	--	-37.4%	--
10/12	China	CPI YOY	Nov	4.4%	3.8%	--
		PPI YOY	Nov	-1.5%	-1.6%	--
10/12	Singapore	Retail Sales YOY	Oct	-1.0%	-2.2%	--
10/12	Australia	NAB Business Confidence	Nov	--	2.0	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1060	-0.46	1.1110	1.1040	-3.55
GBPUSD	1.3140	-0.13	1.3166	1.3101	3.02
USDJPY	108.58	-0.17	108.92	108.53	-0.95
AUDUSD	0.6841	0.10	0.6857	0.6824	-3.01
EURGBP	0.8417	-0.26	0.8468	0.8411	-6.36
USDMYR	4.1590	-0.23	4.1680	4.1585	0.62
EURMYR	4.6150	-0.19	4.6293	4.6144	-2.38
JPYMYR	3.8303	0.02	3.8338	3.8264	1.93
GBPMYR	5.4636	-0.28	5.4858	5.4610	3.72
SGDMYR	3.0589	-0.14	3.0645	3.0573	0.76
AUDMYR	2.8474	-0.12	2.8503	2.8449	-2.59
NZDMYR	2.7307	0.18	2.7319	2.7244	-1.73
CHFMYR	4.2143	-0.08	4.2224	4.2102	0.36
CNYMYR	0.5915	-0.16	0.5919	0.5905	-2.23
HKDMYR	0.5313	-0.28	0.5325	0.5313	0.59
USDSGD	1.3606	-0.01	1.3616	1.3593	-0.17
EURSGD	1.5045	-0.41	1.5119	1.5030	-3.72
GBPSGD	1.7874	-0.16	1.7912	1.7832	2.84
AUDSGD	0.9308	0.13	0.9323	0.9290	-3.15

Source: Bloomberg

Forex

MYR

- **MYR extended gain against the USD to finish 0.23% stronger at 4.1590** on Friday amidst improving trade sentiment.
- **We are neutral on MYR**, ahead of key event risks this week and lack of major data today, expecting ringgit to trade around recent ranges of 4.1600-4.1800. Short term outlook is bearish as the dollar will likely firm up this week as Fed keeps rate unchanged. Medium term outlook is bearish supported by solid 4Q US data especially in the consumer/retail sector.

USD

- Dollar largely slipped against major currencies but strengthened against most of its G10 peers following robust job data. **The dollar index added 0.3% on Friday to 97.70.**
- **We are neutral to USD today** ahead of key events risk this week and lack of major data today. **Short term outlook remains bullish** as the Fed is expected to keep rate unchanged this week. Medium term outlook is bullish, supported by still solid 4Q US data especially in the consumer/retail sector.

EUR

- **EUR reversed its gain to finish 0.4% lower against the USD at 1.1060** as a robust US job data boosted the dollar on Friday.
- **EUR is neutral today ahead of key event risk.** Key data up next is the Sentix Investor Confidence Index. Short and medium term outlook is bearish, weighed down by dismal growth and inflation outlook. We look towards this week's ECB meeting and Christine Lagarde's first press conference for further guidance.

GBP

- **GBP erased a little of its recent gains to close 0.13% lower against the USD at 1.3140**, due to post-job data dollar strength.
- **Daily outlook is neutral.** GBP remains strong and we expect the pair to hover around 1.3100 ahead of the election this week but key data tomorrow namely monthly GDP and industrial production could challenge the bulls and lead to a reversal in an overbought condition. **Short term outlook is volatile, driven by the election outcome** of which markets have priced in a Tories win.

JPY

- **JPY finished 0.17% stronger against the USD at 108.58** as robust job data pushed the dollar higher on Friday.
- **JPY is neutral today, ignoring upbeat Japanese 3Q GDP**, ahead of key events risk while markets await development regarding US-China trade deal. **Medium term outlook is still bullish** over Hong Kong's ongoing political unrests, uncertain US-China trade talk outcome, rising global trade tension as well as domestic political risks multiple countries.

AUD

- **AUD closed 0.1% stronger against the USD at 0.6841.**
- **We are neutral on AUD** as the Aussie dollar continued to be in recovery mode and was unmoved by China trade data. **Short term outlook is slightly bearish** over expected dollar strength this week. **Medium term outlook is still slightly bullish**, expecting continuous recovery with US-China trade-related headlines posting as downside risk.

SGD

- **SGD finished flat against the USD at 1.3606.**
- **We are neutral on SGD today** similarly ahead of key events risk. **Short term outlook is bearish**, expecting the USD to firm up this week as the Fed kept rate unchanged. Medium term outlook is bearish on relatively weaker (although improving) Singapore fundamentals.

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