

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended on a mixed note in a muted session overnight as last week's optimism surrounding US-China trade deal began to fade** amidst a lack of development and after Trump's referred to news of tariffs rollback being "incorrect" over the weekend. **The bond market was closed for Veterans Day.** The greenback maintained strength in the Asian session only to slip later rolling into the European and American sessions over fading trade optimism and scarce data. **The US dollar generally weakened against its major counterparts. The sterling surged by 0.63%, its largest jump in more than three weeks after Nigel Farage announced that his Brexit Party would not contest the Conservatives in the upcoming December general election,** effectively boosting Prime Minister Boris Johnson's chances in securing a majority. Oil prices went down- Brent crude settled 0.53% lower at \$62.18/barrel. Asian stocks seem poised to gain today as markets continue to await US-China trade development and monitor the increasingly turbulent domestic protests in Hong Kong.
- **UK data were a mixed bag. 3Q GDP growth fell short of expectation at 0.3% QOQ, but nonetheless was a rebound from the contraction in 2Q.** Industrial output slipped for the second month in September on declining manufacturing production while simultaneously recorded a larger goods trade deficit. Japan current condition index plunged as sales tax hike kicked off in October. Australia business confidence improved slightly in October. **Malaysia IPU sustained a 1.7% YOY gain in September amid slower manufacturing growth and extended decline in crude oil production. Weaker 3Q data prints to date suggest downside risks to our 3Q GDP growth forecast.**
- The greenback maintained strength in the Asian session only to slip later rolling into the European and American sessions over fading trade optimism and scarce data. **DXY lost 0.2% to 98.2,** as the dollar generally weakened against its major counterparts. **We are bearish on USD today** as the overnight weakness is likely to extend into today's Asian session.
- **MYR weakened against the stronger USD by 0.23% to 4.1440** alongside regional currencies on Monday. **We are neutral to slightly bullish on MYR today,** expecting the ringgit and its regional peers to firm up a little against the dollar following a broad-based weakening of the greenback overnight, while awaiting any US-China trade-related headlines/development.
- **SGD weakened by 0.13% against the USD at 1.3608** alongside its weaker regional peers. **We are neutral to slightly bullish on SGD today,** expecting the Singapore dollar and its regional peers to firm up a little against the dollar following a broad-based weakening of the greenback overnight, while awaiting any US-China trade-related headlines/development.

Overnight Economic Data

Malaysia	➔
UK	➔
Japan	➔
Australia	↑

What's Coming Up Next

Major Data

- US NFIB Small Business Optimism
- Eurozone ZEW Survey Expectations
- UK Job Report
- Japan Machine Tool Orders
- Singapore retail sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1000	1.1020	1.1036	1.1050	1.1080	➔
GBPUSD	1.2750	1.2800	1.2864	1.2900	1.2950	➔
USDJPY	108.50	108.80	109.04	109.50	109.80	➔
AUDUSD	0.6800	0.6830	0.6848	0.6880	0.6930	➔
EURGBP	0.8520	0.8550	0.8579	0.8600	0.8650	➔
USDMYR	4.1200	4.1350	4.1425	4.1500	4.1600	➔
EURMYR	4.5500	4.5600	4.5717	4.5800	4.5900	➔
JPYMYR	3.7650	3.7800	3.7984	3.8000	3.8200	➔
GBPMYR	5.2650	5.2880	5.3300	5.3500	5.3700	↗
SGDMYR	3.0375	3.0400	3.0451	3.0480	3.0500	➔
AUDMYR	2.8300	2.8350	2.8372	2.8400	2.8450	↘
NZDMYR	2.6295	2.6320	2.6366	2.6395	2.6430	➔
USDSGD	1.3550	1.3580	1.3603	1.3620	1.3650	↘
EURSGD	1.4950	1.4975	1.5010	1.5030	1.5050	➔
GBPSGD	1.7400	1.7450	1.7497	1.7550	1.7600	➔
AUDSGD	0.9280	0.9300	0.9315	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 %	YTD %
KLCI	1,608.15	-0.10	-4.88	CRB Index	179.41	-1.03	5.66
Dow Jones Ind.	27,691.49	0.04	18.71	WTI oil (\$/bbl)	56.86	-0.66	25.21
S&P 500	3,087.01	-0.20	23.14	Brent oil (\$/bbl)	62.18	-0.53	15.58
FTSE 100	7,328.54	-0.42	8.92	Gold (\$/oz)	1,455.86	-0.22	13.49
Shanghai	2,909.98	-1.83	16.68	CPO (RM/tonne)	2,425.00	0.62	24.20
Hang Seng	26,926.55	-2.62	4.18	Copper (\$/tonne)	5,924.00	-0.84	-0.69
STI	3,240.65	-0.72	5.60	Rubber (sen/kg)	431.50	0.70	13.85

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MY Industrial Production YOY	Sep	1.7%	1.7% (revised)	1.7%
UK GDP QOQ	3Q P	0.3%	-0.2%	0.4%
UK Industrial Production MOM	Sep	-0.3%	-0.6%	-0.1%
UK Visible Trade Balance GBP/Mn	Sep	-£12,541m	-£10,825m	-£10100m
JP Eco Watchers Survey Current SA	Oct	36.7	46.7	40.6
JP Eco Watchers Survey Outlook SA	Oct	43.7	36.9	41.9
AU NAB Business Confidence	Oct	2.0	0.0	--

Source: Bloomberg

• **UK 3Q GDP growth rebounded but at slower than expected pace:**

Preliminary report shows that the UK economy grew 0.3% QOQ in the third quarter of 2019 (2Q: -0.2%), short of analysts' expectation of 0.4% QOQ. The rebound came following a contraction in the second quarter and was driven mainly by net exports which made the largest positive contribution (+1.2%) to the headline quarterly growth. In comparisons, household (+0.2%) and government (+0.1%) consumptions made minor positive contributions whereas investment subtracted 1.2% from the headline growth, reflecting cautions on the part of consumers and businesses in the midst of Brexit uncertainties. The minor contribution by imports (+0.25%) further support views that demand remained very much subdued. YOY, GDP growth clocked at a softer 1.0% (2Q: +1.3%). On a separate note, industrial production dropped for the second month by 0.3% MOM in September (Aug: -0.7%) as manufacturing output continued to contract albeit at slower pace (-0.4% vs -0.7%). Goods trade deficit widened to £12.5b (Aug: -£10.8bn) as imports growth outweighed that of exports.

• **Japan current condition index tumbled after sales tax hike:**

The Economic and Social Research Institute in Tokyo reported that its Economy Watchers Survey current conditions index fell sharply by 10pts to 36.7 in October (Sep: 46.7) as sentiment slipped across households and businesses when the latest sales tax hike kicked in last month. It appears though that Japanese households and businesses are more optimistic over outlook of the economy as the expectations index picked up nearly 7pts to 43.7 in the same month (Sep: 36.9).

• **Australia business confidence improved in October:**

The headline NAB Business Confidence Index rose to 2.0 in October (Sep: -0.3) while the Business Conditions Index picked up a little to 3.0 (Sep: 2.0) to mark a marginal improvement in a relatively subdued business sentiment in Australia.

• **Malaysia IPI registered continuous modest gain:**

Industrial production growth sustained a 1.7% YOY increase in September after August's gain was revised downwards from 1.9% to 1.7% YOY. The smallest gain in seven months was dragged by much slower expansion in manufacturing production, taking the brunt of slower global demand, which more than offset the smaller contraction in mining and a commendable pick-up in electricity output. The sharper than expected moderation suggests 3Q real GDP growth due this Friday could disappoint from our initial projection of 4.7%. The magnitude of the pullback, will however be cushioned by continuous positive contribution from net exports. We are penciling in a 4.5% YOY growth for 3Q (2Q: +4.9%) following the weaker than expected dataflow in 3Q to-date. That said, resilient domestic growth outlook is expected to allow BNM to keep OPR unchanged at 3.00% going into next year, unless external risks escalate and spill over to the domestic economy.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
12/11	US	NFIB Small Business Optimism	Oct	102.0	101.8	--
13/11		MBA Mortgage Applications	08 Nov	--	-0.1%	--
		CPI YOY	Oct	1.7%	1.7%	--
12/11	Eurozone	ZEW Survey Expectations	Nov	--	-23.5	--
13/11		Industrial Production SA MOM	Sep	-0.2%	0.4%	--
12/11	UK	Average Weekly Earnings 3M/YOY	Sep	3.8%	3.8%	--
		ILO Unemployment Rate 3Mths	Sep	3.9%	3.9%	--
		Employment Change 3M/3M	Sep	-102k	-56k	--
13/11		CPI YOY	Oct	1.7%	1.7%	--
12/11	Japan	Machine Tool Orders YOY	Oct P	--	-35.5%	--
13/11		PPI YOY	Oct	-0.3%	-1.1%	--
12/11	Singapore	Retail Sales YOY	Sep	-3.0%	-4.1%	--
13/11	Australia	Westpac Consumer Conf Index	Nov	--	92.8	--
		Wage Price Index YOY	3Q	2.2%	2.3%	--
13/11	New Zealand	RBNZ Official Cash Rate	13 Nov	0.75%	1.0%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1033	0.14	1.1043	1.1017	-3.78
GBPUSD	1.2855	0.63	1.2898	1.2778	0.78
USDJPY	109.05	-0.19	109.26	108.90	-0.58
AUDUSD	0.6851	-0.17	0.6870	0.6847	-2.84
EURGBP	0.8584	-0.46	0.8623	0.8558	-4.52
USDMYR	4.1440	0.23	4.1445	4.1350	0.25
EURMYR	4.5704	0.13	4.5812	4.5551	-3.32
JPYMYR	3.8021	0.55	3.8102	3.7838	1.18
GBPMYR	5.3060	0.14	5.3205	5.2881	0.73
SGDMYR	3.0437	0.10	3.0566	3.0380	0.26
AUDMYR	2.8431	-0.02	2.8502	2.8338	-2.73
NZDMYR	2.6334	0.13	2.6349	2.6176	-5.23
CHFMYR	4.1582	0.18	4.1679	4.1438	-0.98
CNYMYR	0.5913	0.02	0.5922	0.5905	-2.30
HKDMYR	0.5290	0.17	0.5310	0.5278	0.15
USDSGD	1.3608	0.13	1.3620	1.3595	-0.15
EURSGD	1.5015	0.26	1.5027	1.4977	-3.94
GBPUSD	1.7492	0.70	1.7552	1.7357	0.63
AUDSGD	0.9322	-0.02	0.9346	0.9318	-2.98

Source: Bloomberg

Forex

MYR

- **MYR weakened against the stronger USD by 0.23% to 4.1440** alongside regional currencies on Monday.
- **We are neutral to slightly bullish on MYR today**, expecting the ringgit and its regional peers to firm up a little against the dollar following a broad-based weakening of the greenback overnight, while awaiting any US-China trade-related headlines/development. **Medium term MYR outlook remains bearish**, expecting a stronger USD as the Fed stays put, supported by better US data in 4Q

USD

- The greenback maintained strength in the Asian session only to slip later rolling into the European and American sessions over fading trade optimism and scarce data. **DXY lost 0.2% to 98.2**, as the dollar generally weakened against its major counterparts.
- **We are bearish on USD today** as the overnight weakness is likely to extend into today's Asian session. **The medium term outlook remains bullish** over better US data in 4Q and views that the Fed would stay put for the rest of 2019.

EUR

- **EUR strengthened by 0.14% against the USD to close at 1.1033** to mark its first gain in week amidst broader dollar weakness.
- **We are neutral on EUR today**, expecting the single currency to trade around recent ranges given the lack of key data and trade headlines in the interim. **In the medium term, outlook remains bearish** as the ECB restarts its APP program while the Fed stays put.

GBP

- **The sterling surged by 0.63% to 1.2855 against the USD**, its largest jump in more than three weeks after Nigel Farage announced that his Brexit Party would not contest the Conservatives in the upcoming December general election, effectively boosting Prime Minister Boris Johnson's chances in securing a majority.
- **We are neutral on GBP today** ahead of today's UK job report due at 5.30pm Malaysian time. **Medium term outlook is still bearish** but is mainly driven by headlines surrounding Brexit and UK upcoming December ballots.

JPY

- **JPY strengthened by 0.19% against the USD at 109.05 amidst broad dollar weakness.**
- **We are neutral on JPY today** as markets await US-China trade development and monitor the increasingly turbulent domestic protests in Hong Kong. **We remain bullish JPY over the medium term** on narrowing yield differentials between the dollar and yen, alongside heightening concerns over Hong Kong protests, lingering hard-Brexit worries and have not ruled out the risk of a US-China trade war escalation.

AUD

- **AUD slipped against the USD by 0.17% to 0.6851 over fading trade optimism.**
- **We are neutral on AUD today**, awaiting further development in US-China trade deal. **Medium term outlook is slightly bullish** as the RBA is expected to stay put in December's meeting, barring any trade-war escalation.

SGD

- **SGD weakened by 0.13% against the USD at 1.3608** alongside its weaker regional peers.
- **We are neutral to slightly bullish on SGD today**, expecting the Singapore dollar and its regional peers to firm up a little against the dollar following a broad-based weakening of the greenback overnight, while awaiting any US-China trade-related headlines/development. **We are bearish SGD in the medium term**, expecting a stronger USD as the Fed stays put, not to mention the weaker Singapore fundamentals.

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