

Global Markets Research

Daily Market Highlights

Key Takeaways

- **President Trump's remarks at the Economic Club of New York kept US stock indices near their record highs. Focus was on his comment that a phase one US-China trade deal is "close" even though he stopped short of providing further details. In fact, he also threatened again that the US would substantially raise tariffs if China does not agree on a trade deal, and this was probably what sent markets off from their intraday highs. On top of that, his other remarks touting the success of current policies in boosting the US economy, as well as condemnation on the Fed for raising rates instead of bringing it closer to negative rates, were basically a regurgitation of previous stance. Across the Atlantic, European and Asian equities also closed largely higher earlier as gains set in at the start of European session. Global bond markets were traded a tad mixed but moves were rather muted generally with the UST curve shifted just about 1bp lower with the 10s ending at 1.935%. Crude oil were marginally lower with the Brent last settled at \$61.99/ barrel.**
- **Back to the data front, economic releases were more pleasant** with investor confidence improving in the US and Eurozone though optimism hinging on trade progress is fragile and could turn anytime. Labour market in the UK was a tad mixed with slower wage growth but lower jobless rate. Capex spending remained weak in Japan and factories remained mired in deflation. Singapore retail sales continued to fall albeit at slower rate. Consumer confidence as measured by Westpac normalized while wage growth saw sustained gains, lifting the pressure on RBA to cut for now.
- **The Dollar Index touched an intraday high of 98.42 (its highest in a month), before paring some gains to end the day 0.13% stronger at 98.32 amid revived trade deal optimism following President Trump's speech at The Economic Club of New York. We are slightly bullish on USD today** expecting overnight USD strength to spillover to Asian session but gains could be more muted as markets await Fed Chair Powell's testimony to the Congress tonight for more clues on the Fed policy guidance.
- **MYR traded firmer for the first time in three days, gaining 0.04% to 4.1425 vs the greenback** followed renewed strength in line with recovering risk sentiments in the afternoon session. **USDMYR remains slightly bullish today** on the back of overnight USD strength that could offset potential gains in the MYR amid risk-on mode. However, cautiousness ahead of Fed Chair Powell's congressional testimony will likely cap the pace of advance in USDMYR.
- **SGD weakened 0.08% to 1.3619 against a firmer USD. We are slightly bullish on USDSGD today**, expecting continued strength in the dollar. **We are bearish SGD in the medium term**, expecting a stronger USD as the Fed stays put, not to mention the weaker Singapore fundamentals.

Overnight Economic Data

US	↑
Eurozone	↑
UK	→
Japan	→
Singapore	↑
Australia	→

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, CPI
- Eurozone Industrial Production
- UK CPI

Major Events

- Fed Chair Powell testimony to the Congress
- RBNZ Official Cash Rate Decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0972	1.0990	1.1010	1.1027	1.1050	↘
GBPUSD	1.2750	1.2800	1.2850	1.2900	1.2950	→
USDJPY	108.50	108.80	108.90	109.50	109.80	→
AUDUSD	0.6800	0.6822	0.6834	0.6850	0.6880	↘
EURGBP	0.8520	0.8550	0.8568	0.8600	0.8650	↘
USDMYR	4.1350	4.1415	4.1512	4.1565	4.1610	↗
EURMYR	4.5500	4.5600	4.5709	4.5800	4.5900	→
JPYMYR	3.7900	3.7945	3.8117	3.8170	3.8270	↗
GBPMYR	5.2650	5.2880	5.3349	5.3500	5.3700	↗
SGDMYR	3.0375	3.0400	3.0466	3.0480	3.0500	↗
AUDMYR	2.8300	2.8350	2.8372	2.8400	2.8450	↗
NZDMYR	2.6176	2.6240	2.6296	2.6334	2.6395	↗
USDSGD	1.3576	1.3609	1.3626	1.3637	1.3650	↗
EURSGD	1.4950	1.4975	1.5003	1.5030	1.5050	→
GBPSGD	1.7400	1.7450	1.7511	1.7550	1.7600	↗
AUDSGD	0.9280	0.9300	0.9312	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	1,609.73	0.10	-4.78	CRB Index	179.80	0.22	5.89
Dow Jones Ind.	27,691.49	0.00	18.71	WTI oil (\$/bbl)	56.80	-0.11	25.08
S&P 500	3,091.84	0.16	23.34	Brent oil (\$/bbl)	61.99	-0.31	41.76
FTSE 100	7,365.44	0.50	9.47	Gold (\$/oz)	1,456.32	0.03	13.56
Shanghai	2,914.82	0.17	16.88	CPO (RM/tonne)	2,481.50	2.33	27.09
Hang Seng	27,065.28	0.52	4.72	Copper (\$/tonne)	5,878.50	-0.77	-1.45
STI	3,267.80	0.84	6.49	Rubber (sen/kg)	436.00	0.81	15.04

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US NFIB Small Business Optimism	Oct	102.4	101.8	102.0
EU ZEW Survey Expectations	Nov	-1.0	-23.5	--
UK Average Weekly Earnings 3M/YOY	Sep	3.6%	3.7% (revised)	3.8%
UK ILO Unemployment Rate 3Mths	Sep	3.8%	3.9%	3.9%
UK Employment Change 3M/3M	Sep	-58k	-56k	-102k
JP Machine Tool Orders YOY	Oct P	-37.4%	-35.5%	--
JP PPI YOY	Oct	-0.4%	-1.1%	-0.3%
SG Retail Sales YOY	Sep	-2.2%	-4.0% (revised)	-3.0%
AU Westpac Consumer Conf Index	Nov	97.0	92.8	--
AU Wage Price Index YOY	3Q	2.2%	2.3%	2.2%

Source: Bloomberg

- US small business turned more optimistic:** A gauge of small business confidence by NFIB showed small businesses are turning more optimistic in October following news of progress in inking a partial US-China trade deal, which could be quickly reversed should this fail to materialize. The index climbed more than expected to 102.4 in October (Sept: 101.8), even as it remained shy of the 105.0 level seen in May this year, as investors' views on hiring plans, selling prices, capex and expectation on economic outlook all improved.
- Investors' pessimism reduced significantly in the Eurozone:** ZEW investor expectations reading improved markedly to -1.0 in November (Oct: -23.5), helped by improvement in Germany (-2.1 vs -22.8), its highest in six months thanks to potential progress in inking of a partial US-China trade deal. Investors have turned positive on future outlook (22.5 vs -1.1) but remained pessimistic about current situation even though the degree of pessimism has been reduced (-19.6 vs -26.4).
- UK economy experienced fewer job losses than expected:** The UK job market is flashing signs of weakness in recent months as the ONS reported a total of 56k job losses in the economy in the three months to September (Aug: -56k), much lower than analysts' estimate of -102k. Other job figures painted a mixed picture altogether as wage growth appeared to have cooled as well at 3.6% YOY in the same period (Aug: +3.7%) while the brighter news was that unemployment rate slipped lower to 3.8% (Aug: 3.9%).
- Japan machine tools orders slipped:** Orders for Japanese machine tools dropped by 11.6% MOM in October (Sep: +11.9%), led by a sharp fall in domestic orders (-27.4% vs +22.7%) as foreign orders recorded modest increase for the second month (+2.1% vs +3.9%). YOY, machine orders extended further decline by 37.4% (Sep: -35.5%) reflecting the relatively poor demand compared to the same period a year ago. In a separate release this morning, PPI extended its decline for the 5th straight month, albeit at a slower pace of 0.4% YOY in October (Sept: -1.1%), confirming continued deflation in Japan that could cement the case for a BOJ rate cut as hinted at its previous MPC meeting.
- Singapore retail sales registered smaller decline:** In what was seen as a welcoming sign for the economy, Singapore retail sales rose more than expected by 1.9% MOM in September (Aug: -1.2% revised), following a contraction in the previous month, supported by a rebound in food & beverages, motor vehicles and watches & jewellery. YOY, retail sales slipped 2.2% (Aug: -4.0%), marking its eight back-to-back contraction since February this year. Excluding the volatile vehicles sales (-12.3% vs -20.3%) that has been down for pretty much of the year, retail sales registered a smaller 0.3% YOY contraction (Aug: -0.9%) and also its eighth consecutive decline.
- Australia consumer confidence jumped:** Westpac consumer confidence normalized to a reading of 97.0 in November (Oct: 92.8), but remained at the lower end of the 96-104 norms seen earlier in the year. Broad-based improvement in all aspects spanning from current and future expectations, as well as family finances and economic outlook, that are expected to be supportive of economic growth, are expected to allow the RBA to pause for the time being. The slight moderation in wage growth from 2.3% to 2.2% YOY in 3Q which is expected, shall not sway RBA policy stance too.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
13/11	US	MBA Mortgage Applications	08 Nov	--	-0.1%	--
		CPI YOY	Oct	1.7%	1.7%	--
14/11		PPI Final Demand YOY	Oct	0.9%	1.4%	--
		Initial Jobless Claims	09 Nov	215k	211k	--
13/11	Eurozone	Industrial Production SA MOM	Sep	-0.2%	0.4%	--
14/11		GDP SA QOQ	3Q P	0.2%	0.2%	--
13/11	UK	CPI YOY	Oct	1.6%	1.7%	--
14/11		RICS House Price Balance	Oct	-3%	-2%	--
		Retail Sales Inc Auto Fuel MOM	Oct	0.2%	0.0%	--
14/11	Japan	GDP SA QOQ	3Q P	0.2%	0.3%	--
14/11	China	Fixed Assets Ex Rural YTD YOY	Oct	5.4%	5.4%	--
		Industrial Production YOY	Oct	5.4%	5.8%	--
		Retail Sales YOY	Oct	7.8%	7.8%	--
14/11	Australia	Employment Change	Oct	15.0k	14.7k	--
		Unemployment Rate	Oct	5.2%	5.2%	--
13/11	New Zealand	RBNZ Official Cash Rate	13 Nov	0.75%	1.0%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1009	-0.22	1.1039	1.1003	-3.97
GBPUSD	1.2845	-0.05	1.2874	1.2816	0.75
USDJPY	109.01	-0.04	109.29	108.92	-0.65
AUDUSD	0.6841	-0.15	0.6857	0.6832	-2.94
EURGBP	0.8571	-0.15	0.8606	0.8558	-4.67
USDMYR	4.1425	-0.04	4.1445	4.1388	0.22
EURMYR	4.5704	0.00	4.5732	4.5634	-3.32
JPYMYR	3.7908	-0.30	3.7996	3.7873	0.88
GBPMYR	5.3096	0.07	5.3312	5.3096	0.80
SGDMYR	3.0428	-0.03	3.0472	3.0416	0.23
AUDMYR	2.8331	-0.35	2.8401	2.8311	-3.08
NZDMYR	2.6241	-0.35	2.6375	2.6213	-5.56
CHFMYR	4.1638	0.13	4.1726	4.1604	-0.84
CNYMYR	0.5910	-0.05	0.5984	0.5910	-2.35
HKDMYR	0.5291	0.02	0.5295	0.5288	0.17
USDSGD	1.3619	0.08	1.3626	1.3599	-0.05
EURSGD	1.4993	-0.15	1.5024	1.4988	-4.02
GBPSGD	1.7494	0.01	1.7527	1.7442	0.70
AUDSGD	0.9318	-0.04	0.9328	0.9304	-2.98

MYR

- MYR traded firmer for the first time in three days, **gaining 0.04% to 4.1425 vs the greenback** followed renewed strength in line with recovering risk sentiments in the afternoon session.
- **USDMYR remains slightly bullish today** on the back of overnight USD strength that could offset potential gains in the MYR amid risk-on in the markets. However, cautiousness ahead of Fed Chair Powell's congressional testimony will likely cap the pace of advance in USDMYR.

USD

- **The Dollar Index** touched an intraday high of 98.42 (its highest in a month), before paring some gains to end the day **0.13% stronger at 98.32** amid revived trade deal optimism following President Trump's speech at The Economic Club of New York.
- **We are slightly bullish on USD today** expecting overnight USD strength to spillover to Asian session but gains could be more muted as markets await Fed Chair Powell's testimony to the Congress tonight for more clues on the Fed policy guidance. **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 fell 0.22% to 1.1009 against a stronger USD** at close, proving yesterday's gain as a blip despite improvement in the euro bloc's investor confidence.
- **We are bearish on EUR today**, expecting demand for the single currency to take a backseat amid improving risk sentiments and a broadly firmer greenback. **In the medium term, outlook remains bearish** as the ECB restarts its balance sheet expansion while the Fed stays put on further rate cut.

GBP

- **The sterling reversed previous day's hefty gain to fall 0.08% to 1.2845 vs broad-based USD strength.**
- **We are neutral to slightly bearish on GBP today** ahead of today's UK price reports that would likely confirm that CPI remains below the BOE's target. **Medium term outlook is still bearish** but is mainly driven by headlines surrounding Brexit and UK upcoming December ballots.

JPY

- **JPY strengthened by 0.04% against the USD at 109.01 on refuge demand** as President Trump threatened that the US could still impose substantial tariffs on Chinese goods should a trade deal fail.
- **We are neutral on JPY today** as markets await US-China trade development and Fed Powell's congressional testimony. **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 0.15% to 0.6841 amid broad USD strength.**
- **We are slightly bearish on AUD today**, taking cue from overnight USD strength and lingering possibility of a trade war escalation. **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 0.08% to 1.3619 against a firmer USD.**
- **We are slightly bullish on USDSGD today**, expecting continued strength in the dollar. **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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