

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended on a mixed note again overnight as fresh uncertainty on US-China trade deal kept investors on the sideline** following recent headlines that suggest trade talks might have been hindered over issues such as tariffs rollback and agricultural purchases. Meanwhile, **Fed Chair Jerome Powell testified before the Joint Economic Committee** and sent a clear signal that the central bank has no intention to cut rate further this year and fended off Trump's call for a negative interest policy. **The Dow Jones picked up 0.3% to hit another record high, led by the 7% rally in Walt Disney's shares** after its newly launched streaming service Disney+ was reported to have hit more than 10mil subscribers. S&P 500 and NASDAQ both traded little changed. Dollar was up, bond yields slipped by 3-5bps as trade uncertainties triggered a rush to safe havens. Oil prices reversed losses as OPEC sees positive growth outlook – Brent crude settled 0.5% higher at \$62.37/barrel. Earlier, the RBNZ surprised market to leave OCR unchanged at 1.0%.
- On the data front, **US CPI topped estimate to increase 1.8% YOY in October. Eurozone industrial output rose for the second month** by 0.1% MOM in September. **UK CPI moderated to a 1.5% YOY gain** in October. Japan 3Q GDP growth clocked at 0.1% QOQ, dragged down by net exports. **Australia October job report was a major disappointment** as the economy recorded a total of 19k job losses and unemployment rate edged up to 5.3%.
- **MYR finished 0.28% lower against the USD at 4.1540** alongside weaker regional peers as greenback gained strength amidst fresh trade uncertainties. **MYR remains slightly bearish today** on the back of a stronger USD overnight following better US CPI reading and renewed concerns over US-China trade talks. **Medium term outlook remains bearish** expecting the USD to strengthen as the Fed stays put, supported by better US data.
- **The dollar was up over stronger US CPI**, USD generally strengthened slightly against its major counterparts. The dollar index was little changed at 98.37. **We are slightly bullish on USD today** expecting overnight USD strength to spillover to Asian session amidst fresh trade uncertainties. **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.
- **SGD was little changed against the USD at 1.3628. We are slightly bearish on SGD today**, on the back of stronger USD amidst fresh US-China trade concerns. **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	↓
Australia	↓

What's Coming Up Next

Major Data

- US PPI Final Demand, Initial Jobless Claims
- Eurozone 3Q GDP
- China Fixed Assets Investment, Industrial Production, Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1000	1.1010	1.1030	1.1050	→
GBPUSD	1.2750	1.2800	1.2852	1.2900	1.2950	→
USDJPY	108.00	108.50	108.73	109.00	109.50	↘
AUDUSD	0.6780	0.6800	0.6809	0.6840	0.6880	↘
EURGBP	0.8520	0.8550	0.8567	0.8600	0.8650	→
USDMYR	4.1400	4.1500	4.1560	4.1600	4.1700	↗
EURMYR	4.5500	4.5600	4.5743	4.5800	4.5900	→
JPYMYR	3.7950	3.8085	3.8218	3.8300	3.8430	↗
GBPMYR	5.3100	5.3250	5.3399	5.3500	5.3700	→
SGDMYR	3.0430	3.0450	3.0485	3.0500	3.0530	→
AUDMYR	2.8200	2.8250	2.8284	2.8350	2.8400	↘
NZDMYR	2.6400	2.6500	2.6604	2.6700	2.6800	↘
USDSGD	1.3575	1.3600	1.3633	1.3650	1.3670	↗
EURSGD	1.4950	1.4975	1.5005	1.5030	1.5050	→
GBPSGD	1.7400	1.7450	1.7515	1.7550	1.7600	→
AUDSGD	0.9240	0.9260	0.9276	0.9300	0.9335	↘

* 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	1,597.22	-0.78	-5.52	CRB Index	180.31	0.28	6.19
Dow Jones Ind.	27,783.59	0.33	19.10	WTI oil (\$/bbl)	57.12	0.56	25.79
S&P 500	3,094.04	0.07	23.42	Brent oil (\$/bbl)	62.37	0.50	15.93
FTSE 100	7,351.21	-0.19	9.26	Gold (\$/oz)	1,463.58	0.50	14.17
Shanghai	2,905.24	-0.33	16.49	CPO (RM/tonne)	2,500.00	0.14	28.04
Hang Seng	26,571.46	-1.32	2.81	Copper (\$/tonne)	5,869.00	-0.16	-1.61
STI	3,239.22	-0.37	5.55	Rubber (sen/kg)	437.50	0.23	15.44

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	08 Nov	9.6%	-0.1%	--
US CPI YOY	Oct	1.8%	1.7%	1.7%
EU Industrial Production SA MOM	Sep	0.1%	0.4%	-0.2%
UK CPI YOY	Oct	1.5%	1.7%	1.7%
JP GDP SA QOQ	3Q P	0.1%	0.4% (revised)	0.2%
AU Employment Change	Oct	-19.0k	12.5k (revised)	15.0k
AU Unemployment Rate	Oct	5.3%	5.2%	5.2%
NZ RBNZ Official Cash Rate	13 Nov	1.0%	1.0%	0.75%

Source: Bloomberg

- RBNZ defied market expectations for a 25bps cut:** RBNZ surprisingly paused at 1.00%, after a cumulative 75bps cut over two separate meetings this year. Kiwi jumped nearly 100pips post announcement and managed to keep its momentum even going into European trading session. RBNZ commented that the current interest rate level is already stimulatory and that economic development since August does not warrant a change in rate. Despite the pause and seemingly positive tone, the door for further easing is not completely closed given near term downside risks to the economy. RBNZ highlighted that rates will need to remain at low levels for a prolonged period to ensure inflation reaches the mid-point of its target range and employment remains around its maximum sustainable level. If further reiterated that it will add further monetary stimulus if needed. We continue to see odds of further rate cut ahead although RBNZ may pause for now awaiting the spiral down effects from earlier cuts.
- US CPI topped estimates, no change in Fed's outlook:** Headline consumer price index (CPI) beat expectations to record a 0.4% MOM increase in October (Sep: +0.0%) , supported by higher energy prices, while core CPI that stripped out food and energy was also a tad stronger at 0.2% MOM (Sep: +0.1%). YOY, CPI rose 1.8% (Sep: +1.7%), its strongest gain in three months but growth in core CPI eased a little to 2.3% YOY (Sep: +2.4%), reflecting a modest pickup in the underlying trend. October CPI figures are unlikely to change the Fed's policy outlook in the medium term as it is still expected to hold rate steady in its last meeting in December. On a separate note, US mortgage applications surged by 9.6% last week (previous: -0.1%) after a month of lacklustre demand.
- Surprise gain in Eurozone industrial production:** Eurozone industrial output defied consensus estimate to pick up 0.1% MOM in September (Aug: +0.4%), marking its second month of back-to-back expansion, offering tentative signs of a moderation in the current manufacturing downturn. Analysts had been expecting output to record a 0.2% MOM contraction following a 0.4% MOM increase in the previous month. The September print was lifted by the expansion in capital goods and non-durable consumer goods production. Germany remains a core weakness among the bloc's member as its largest economy registered a 1.0% MOM decline in output (Aug: +0.7%), reversing August's gain.
- Softer price pressure in the UK:** Numerous price reports out of the UK confirmed absence of price pressure in the UK economy. CPI moderated more than expected to a near 3-year low of 1.5% YOY in October (Sept: +1.7% YOY), PPI output eased more than expected to 0.8% YOY (Sept: +1.2% YOY) while retail price index also posted a bigger than expected pullback to 2.1% YOY during the month (Sept: +2.4% YOY). Contrary to this, core CPI was seen steady at 1.7% YOY in October. Prices of food & non-alcohol, housing, household, communication, recreation and education registered smaller price gains.
- Japan 3Q GDP growth slowed more than expected:** Japan GDP missed the mark to record a slower 0.1% QOQ gain in the third quarter of 2019 (2Q: +0.4% revised) according to preliminary report. Analysts had been expecting growth to clock at 0.2% QOQ. Looking at details, the main drag on growth was the negative contribution by private inventories and net exports as exports has been contracting since late last year. Private consumption made a smaller contribution and recorded growth (0.4% QOQ vs +0.6% QOQ. Contribution from investment was smaller as well and growth was a tad weaker compared to 2Q (+0.9% QOQ vs +1.0% QOQ).

- **Australia job report a major disappointment:** The Australian economy experienced a total job losses of 19.0k in October (Sep: +12.5k), defying analysts' expectations of a 15k job gain. The job numbers were particularly worrying as both full-time (-10.3k vs +24.9k) and part-time (-8.7k vs -12.5k) employments recorded losses and were accompanied by newly revised downward revisions to September's figures. Unemployment rate rose to 5.3% (Sep: 5.2%) despite a fall in participation rate which indicates a shrinking labour force.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
15/11	Malaysia	GDP YOY	3Q	4.4%	4.9%	--
14/11	US	PPI Final Demand YOY	Oct	0.9%	1.4%	--
		Initial Jobless Claims	09 Nov	215k	211k	--
15/11		Empire Manufacturing	Nov	6.0	4.0	--
		Import Price Index YOY	Oct	-2.2%	-1.6%	--
		Retail Sales Advance MOM	Oct	0.2%	-0.3%	--
		Industrial Production MOM	Oct	-0.4%	-0.4%	--
14/11	Eurozone	GDP SA QOQ	3Q P	0.2%	0.2%	--
15/11		Trade Balance SA	Sep	18.7b	20.3b	--
		CPI Core YOY	Oct F	1.1%	1.1%	--
		CPI YOY	Oct F	0.7%	0.7%	--
14/11	UK	RICS House Price Balance	Oct	-3%	-2%	--
		Retail Sales Inc Auto Fuel MOM	Oct	0.2%	0.0%	--
15/11	Japan	Industrial Production YOY	Sep F	--	1.1%	--
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%	--
15/11	Hong Kong	GDP YOY	3QF	-2.9%	0.4%	--
15/11	New Zealand	BusinessNZ Manufacturing PMI	Oct	--	48.4	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1007	-0.02	1.1020	1.0995	-3.99
GBPUSD	1.2851	0.05	1.2862	1.2822	0.78
USDJPY	108.82	-0.17	109.15	108.66	-0.85
AUDUSD	0.6838	-0.04	0.6857	0.6821	-2.98
EURGBP	0.8565	-0.08	0.8589	0.8560	-4.72
USDMYR	4.1540	0.28	4.1540	4.1415	0.50
EURMYR	4.5759	0.12	4.5768	4.5616	-3.20
JPYMYR	3.8049	0.37	3.8130	3.8011	1.25
GBPMYR	5.3311	0.40	5.3405	5.3233	1.21
SGDMYR	3.0489	0.20	3.0497	3.0403	0.43
AUDMYR	2.8409	0.28	2.8461	2.8339	-2.81
NZDMYR	2.6576	1.28	2.6630	2.6245	-4.36
CHFMYR	4.1902	0.63	4.1929	4.1723	-0.21
CNYMYR	0.5919	0.15	0.5921	0.5909	-2.20
HKDMYR	0.5304	0.25	0.5306	0.5291	0.42
USDSGD	1.3628	0.07	1.3634	1.3613	-0.03
EURSGD	1.4999	0.04	1.5017	1.4984	-4.02
GBPSGD	1.7513	0.11	1.7524	1.7471	0.75
AUDSGD	0.9318	0.00	0.9338	0.9298	-3.00

Source: Bloomberg

MYR

- **MYR finished 0.28% lower against the USD at 4.1540** alongside weaker regional peers as greenback gained strength amidst fresh trade uncertainties.
- **MYR remains slightly bearish today** on the back of a stronger USD overnight following better US CPI reading and renewed concerns over US-China trade talks. **Medium term outlook remains bearish** expecting the USD to strengthen as the Fed stays put, supported by better US data.

USD

- **The dollar was up over stronger US CPI**, USD generally strengthened slightly against its major counterparts. The dollar index was little changed at 98.37.
- **We are slightly bullish on USD today** expecting overnight USD strength to spillover to Asian session amidst fresh trade uncertainties. **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 finished virtually unchanged against the USD at 1.1007** after an indecisive session as markets digested US CPI and Fed Powell's congressional testimony.
- **We are neutral on EUR today** over the lack of key data and market awaits development in US-China trade talks. **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 finished little changed against the USD at 1.2851** amidst a lack of fresh Brexit headlines while UK CPI failed to move market.
- **We are neutral on GBP today** as Brexit news remains scarce. **Medium term outlook is still bearish** but is mainly driven by headlines surrounding Brexit and UK upcoming December ballots.

JPY

- **JPY strengthened by 0.17% against the USD at 108.82** as fresh trade uncertainties triggered renewed demand for safe havens alongside lower US treasuries yields.
- **We are bullish on JPY today** as markets are risk-off with Asian equities trading lower in the morning. **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 rebounded from intra-day low to close little changed against the USD at 0.6838.**
- **We are bearish on AUD today** as the Australia job report was a major disappointment but watch out for China data dump in late morning. Medium term outlook remains slightly bullish expecting the RBA to stay put in early December.

SGD

- **SGD was little changed against the USD at 1.3628.**
- **We are slightly bearish on SGD today**, on the back of stronger USD amidst fresh US-China trade concerns. **We are bearish SGD in the medium term**, expecting a stronger USD as the Fed stays put, not to mention the weaker 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@hbb.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.