

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended on a flat note overnight as networking giant Cisco's weaker forward guidance alongside US-China trade deal uncertainties kept investors on the sideline.** Cisco, largely seen as a proxy for high tech hardware industry, said that it was expecting revenue fall in its fiscal second quarter, sending its shares to plunge by 7%. Major indexes were little changed as investors avoided riskier equity and bought bonds instead, leading treasuries yields to slip by 5-7bps. Benchmark 10Y UST yield lost 7 bps to 1.81%, gold extended further gain and JPY edged up. The greenback was mostly up through the Asian and European sessions but slipped in the American session. Crude oil prices slipped over higher American stockpiles. **Testifying before the House Budget Committee, Fed Chair Jerome Powell cited US-China trade dispute as among key factors contributing to decline in domestic manufacturing activity, but was confident that the Fed's rate cut this year would help support the US economy.**
- **Data were generally weaker – US producer prices inflation remained benign in October and initial jobless claims rose. The second reading of Eurozone 3Q GDP growth was unrevised at 0.2% QOQ** while the bloc's largest economy Germany managed to dodge technical recession after delivering a surprise 0.1% QOQ expansion. **Retail sales in the UK missed forecast** to record a 0.1% MOM decline but was ignored by market. **China key indicators namely industrial production, retail sales and fixed asset investment all turned in lower in October.** On a brighter note, **New Zealand manufacturing sector bounced back to growth** as PMI went above 50.0 for the first time in four months.
- The dollar was mostly up through the Asian and European sessions but slipped in the American session amidst lower UST yields. **The dollar index dropped by 0.2% to 98.16. We turn neutral to slightly bearish on USD today** as the broader dollar weakness overnight likely extend into today's Asian session. Key data to watch out for today are US retail sales and industrial production.
- **MYR finished flat against the USD at 4.1565** amidst cautious sentiment as markets await development in US-China trade deal that has appeared to hit a snag. **We are neutral on MYR today**, expecting investors to be kept on toes ahead of today's 3Q GDP report due 12pm. **Medium term outlook remains bearish** expecting the USD to strengthen as the Fed stays put, supported by relatively better US data.
- **SGD was little changed against the USD at 1.3620. We are neutral to SGD today** amidst cautious sentiments heading into the weekend. **SGD's medium term outlook is still bearish**, expecting a stronger USD as the Fed holds rate steady, not to mention the weaker Singapore fundamentals.

Overnight Economic Data

US	↓
Eurozone	→
UK	↓
China	↓
New Zealand	↑

What's Coming Up Next

Major Data

- Malaysia 3Q GDP
- US Empire Manufacturing, Import Prices, Retail Sales, Industrial Production
- Eurozone Trade Balance, HICP
- Japan Industrial Production
- Hong Kong 3Q GDP

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1000	1.1021	1.1050	1.1080	↘
GBPUSD	1.2800	1.2850	1.2881	1.2900	1.2950	→
USDJPY	108.00	108.30	108.47	108.80	109.00	↗
AUDUSD	0.6760	0.6780	0.6785	0.6800	0.6840	→
EURGBP	0.8520	0.8550	0.8557	0.8600	0.8650	→
USDMYR	4.1400	4.1500	4.1525	4.1600	4.1700	→
EURMYR	4.5600	4.5700	4.5766	4.5800	4.5900	→
JPYMYR	3.8000	3.8150	3.8274	3.8340	3.8480	→
GBPMYR	5.3200	5.3400	5.3489	5.3600	5.3750	→
SGDMYR	3.0450	3.0480	3.0496	3.0500	3.0530	→
AUDMYR	2.8100	2.8150	2.8185	2.8250	2.8300	↘
NZDMYR	2.6300	2.6415	2.6487	2.6570	2.6660	↘
USDSGD	1.3575	1.3600	1.3615	1.3635	1.3650	→
EURSGD	1.4950	1.4975	1.5008	1.5030	1.5050	→
GBPSGD	1.7460	1.7500	1.7536	1.7550	1.7600	→
AUDSGD	0.9200	0.9230	0.9244	0.9260	0.9300	→

* 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	1,593.55	-0.23	-5.74	CRB Index	180.09	-0.12	6.06
Dow Jones Ind.	27,781.96	-0.01	19.10	WTI oil (\$/bbl)	56.77	-0.61	25.02
S&P 500	3,096.63	0.08	23.53	Brent oil (\$/bbl)	62.28	-0.14	42.42
FTSE 100	7,292.76	-0.80	8.39	Gold (S/oz)	1,471.40	0.53	14.72
Shanghai	2,909.87	0.16	16.68	CPO (RM/tonne)	2,506.00	0.24	28.35
Hang Seng	26,323.69	-0.93	1.85	Copper (\$/tonne)	5,835.00	-0.58	-2.18
STI	3,231.85	-0.23	5.31	Rubber (sen/kg)	442.00	0.34	16.62

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US PPI Final Demand YOY	Oct	1.1%	1.4%	0.9%
US Initial Jobless Claims	09 Nov	225k	211k	215k
EU GDP SA QOQ	3Q P	0.2%	0.2%	0.2%
UK RICS House Price Balance	Oct	-5%	-3% (revised)	-3%
UK Retail Sales Inc Auto Fuel MOM	Oct	-0.1%	0.0%	0.2%
CN Fixed Assets Ex Rural YTD YOY	Oct	5.2%	5.4%	5.4%
CN Industrial Production YOY	Oct	4.7%	5.8%	5.4%
CN Retail Sales YOY	Oct	7.2%	7.8%	7.8%
NZ BusinessNZ Manufacturing PMI	Oct	52.6	48.4	--

Source: Bloomberg

- US factory gate inflation remained benign; initial jobless claims rose 14k:** The producer prices index for final demand accelerated by 0.4% MOM in October (Sep: -0.3%), driven by a rebound in cost of services, the underlying reading rose 0.3% MOM (Sep: -0.3%). YOY, gain in PPI eased to 1.1% (Sep: +1.4%) while the core reading also pulled back to 1.6% YOY (Sep: +2.0%), reaffirming the weakness in factory gate inflation. Meanwhile, initial jobless claims rose by 14k to 225k last week (previous: 211k), its highest since the end of June, potentially reflecting seasonal adjustment and data irregularities during holidays.
- UK retail sales slipped in October; housing market subdued amidst Brexit uncertainty:** UK headline retail sales missed forecast to record a 0.1% MOM decline in October (Sep: 0.0%) following a flat reading in the previous month, despite a rebound in sales of auto fuel. Excluding auto fuels, sales experienced an even bigger contraction of 0.3% MOM (Sep: +0.2%), reflecting consumers' more cautious spending behavior as the holiday season approaches. Sales of textile, clothing and footwear as well as household goods items declined while online sales contracted for the third month but at a slower rate. On a separate note, the Royal Institute of Chartered Surveyor reported that its House Price Balance index slipped to -5% in October (Sep: -3%), a clear sign that the housing market remains soft in the face of Brexit uncertainties.
- Eurozone economic growth steadied; Germany staved off recession:** The second reading of Eurozone 3Q GDP growth was unrevised from its first estimate at 0.2% QOQ (1Q: +0.2%) and was unchanged from 2Q growth, leaving the YOY expansion at a steady 1.2% (2Q: +1.2%). Notably, Germany staved off technical recession to deliver a surprise 0.1% QOQ gain (1Q: -0.2% revised), led by consumer and government spending. The expansion was welcoming but the marginal gain nonetheless reflects the economy's ongoing weakness, particularly its industrial sector.
- China economy experienced slower start to 4Q:** China latest data bag continues to paint a weaker picture of the economy compared to a year ago. Industrial production growth again pulled back to a weaker 4.7% YOY in October (Sep: +5.8%), led by softer gain in mining and manufacturing output as the country's factories mired deflation and poorer demand. Fixed asset investment rose 5.2% YOY for the period of Jan- Oct (Jan-Oct'18: +5.7%), a deceleration compared to the same period last year. Retail sales increased 7.2% YOY in October (Sep: +7.8%) amidst a broad-based slowdown in sales in most key categories possibly in anticipation of the Singles' Day sales in November. The overall figures unsurprisingly reflect the ongoing slowdown of the world's second largest economy as it continues to engage in a trade dispute with the US while battling domestic headwinds at home.
- New Zealand manufacturing sector roared back to growth:** The BusinessNZ Manufacturing PMI rebounded off contraction territory to record a solid 52.6 reading in October (Sep: 48.8 revised), its first above 50 reading in four months. The positive print suggests that the manufacturing sector returned to growth last month following three months of contraction, led by increase in production, new orders and deliveries, offering relieves to the RBNZ which had hold rate steady at its most recent meeting this week.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
15/11	Malaysia	GDP YOY	3Q	4.4%	4.9%	--
15/11	US	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%	--
18/11		NAHB Housing Market Index	Nov	71.0	71.0	--
15/11	Eurozone	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%	--
18/11	UK	Rightmove House Prices YOY	Nov	--	-0.2%	--
15/11	Japan	Industrial Production YOY	Sep F	--	1.1%	--
15/11	Hong Kong	GDP YOY	3QF	-2.9%	0.4%	--
18/11	Singapore	Non-oil Domestic Exports YOY	Oct	-10.1%	-8.1%	--
18/11	New Zealand	Performance Services Index	Oct	--	54.4	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1022	0.14	1.1028	1.0989	-3.88
GBPUSD	1.2882	0.24	1.2888	1.2825	1.00
USDJPY	108.42	-0.37	108.86	108.24	-1.18
AUDUSD	0.6786	-0.76	0.6841	0.6770	-3.73
EURGBP	0.8556	-0.10	0.8582	0.8545	-4.82
USDMYR	4.1565	0.06	4.1608	4.1500	0.56
EURMYR	4.5724	-0.08	4.5791	4.5703	-3.28
JPYMYR	3.8259	0.55	3.8287	3.8164	1.81
GBPMYR	5.3390	0.15	5.3432	5.3326	1.36
SGDMYR	3.0504	0.05	3.0528	3.0471	0.48
AUDMYR	2.8255	-0.54	2.8412	2.8245	-3.34
NZDMYR	2.6571	-0.02	2.6653	2.6564	-4.38
CHFMYR	4.2094	0.45	4.2101	4.1939	0.24
CNYMYR	0.5920	0.01	0.5929	0.5919	-2.18
HKDMYR	0.5311	0.13	0.5316	0.5303	0.55
USDSGD	1.3620	-0.06	1.3636	1.3617	-0.07
EURSGD	1.5012	0.09	1.5021	1.4980	-3.94
GBPSGD	1.7546	0.19	1.7564	1.7483	0.94
AUDSGD	0.9243	-0.80	0.9322	0.9229	-3.78

Source: Bloomberg

Forex

MYR

- **MYR finished flat against the USD at 4.1565** amidst cautious sentiment as markets await development in US-China trade deal that has appeared to hit a snag.
- **We are neutral on MYR today**, expecting investors to be kept on toes ahead of today's 3Q GDP report due 12pm. **Medium term outlook remains bearish** expecting the USD to strengthen as the Fed stays put, supported by relatively better US data.

USD

- The dollar was mostly up through the Asian and European sessions but slipped in the American session amidst lower UST yields. **The dollar index dropped by 0.2% to 98.16.**
- **We turn neutral to slightly bearish on USD today** as the broader dollar weakness overnight likely extend into today's Asian session. Key data to watch out for today are US retail sales and industrial production. **Medium term outlook remains bullish** over relatively better US data in 4Q and firmer views that the Fed would stay put for the rest of 2019.

EUR

- **EUR finished 0.14% firmer against the USD at 1.1022** as the dollar slipped amidst lower UST yields.
- **EUR remains bearish** despite an overnight rebound but is likely supported above 1.10 ahead of key US data tonight. **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 0.24% stronger against the USD at 1.2882**, supported by dollar weakness and amidst a lack of fresh Brexit headlines. Market largely ignored UK retail sales data.
- **We are still neutral on GBP today** as key 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 extended further gain against the USD by 0.37% at 108.42** alongside lower UST yields in a risk-off environment that triggered demand for safe havens assets.
- **We are neutral to slightly bearish on JPY** as USD likely stages a minor rebound from last session's low with Asian equities heading for a mixed today. **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 lost ground on poor job report as it tumbled by 0.76% against the USD to a near-one-month low of 0.6786.**
- **We are neutral on AUD today** expecting consolidation around current ranges amidst cautious sentiment. **Medium term outlook remains slightly bullish** expecting the RBA to stay put in early December.

SGD

- **SGD was little changed against the USD at 1.3620.**
- **We are neutral to SGD today** amidst cautious sentiments heading into the weekend. **SGD's medium term outlook is still bearish**, expecting a stronger USD as the Fed holds rate steady, not to mention the weaker Singapore fundamentals.

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