

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks were little changed overnight, hovering around all-time high amidst cautious sentiments.** The Dow Jones, S&P 500 and NASDAQ moved very little around -0.04% to +0.05%. **Notably, shares of delivery giant FedEx Corp tumbled by 10% as it reported a 40% fall in profit and 3% drop in revenue** in its fiscal second quarter while slashed its earnings targets for the fourth time this year amidst fierce competition from retailer Amazon. Benchmark treasuries yields rose around 1-4bps. **Dollar largely strengthened, sterling continued to slip and euro failed to ride on better German IFO index.** Gold price was flat while crude oils ended mixed. Brent crude picked up a little to \$66.17/barrel while WTI barely changed. **House Democrats are moving towards impeaching President Donald Trump** following a debate, making him the third president to be impeached in American history but his actual removal from office is unlikely given that the next trial would be set at a Republican-led Senate. **Markets will be looking towards BOJ and BOE meetings today and both central banks are expected to keep respective key interest rate unchanged.**
- On the data front, US mortgage applications dropped by 5.0% last week ahead of holidays. **Eurozone headline HICP inflation accelerated to 1.1% YOY** in November due to higher services inflation but we reckon that underlying inflation remained muted. **UK headline CPI growth was held steady at 1.5% YOY** in November and has now been running below the BOE's target of 2% for four months. **New Zealand 3Q GDP topped estimates to print an upbeat 0.7% QOQ growth** driven by manufacturing and construction and retail sectors.
- The dollar largely strengthened as it benefited from the lack of fresh trade-related and Brexit news with year-end holidays approaching. **The dollar index added another 0.18% to 97.40** as the sterling, euro, yen and Swedish Krona slipped. **We are neutral on broad US today** as holidays are expected to keep trading dull and given the lack of major driver in the short term.
- **MYR finished on a flattish note against the USD at 4.1390** alongside its Asian peers that were kept around their recent ranges in a muted Wednesday session that lacked any major catalyst. **MYR daily outlook remains neutral**, expecting the ringgit to continue consolidating around the range of 4.1350-4.1500 as year-end holidays approach and on generally lack of trade-related news.
- **SGD extended further minor losses against the USD at 1.3553** alongside regional peers that were kept around their recent ranges. **Daily outlook for SGD is still slightly bearish** as we expect the dollar to continue recovering against the Sing dollar after rebounding from its most recent trough.

#### Overnight Economic Data

US	↓
Eurozone	↑
UK	→
New Zealand	↑

#### What's Coming Up Next

##### Major Data

- US Philadelphia Fed Business Outlook, Initial Jobless Claims, Leading Index, Existing Home Sales
- UK Retail Sales
- Japan Machine Tool Orders
- Australia Job Report

##### Major Events

- Bank of England Bank Rate
- Bank of Japan Policy Balance Rate

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1100	1.1117	1.1120	1.1150	→
GBPUSD	1.2950	1.3000	1.3082	1.3100	1.3170	↘
USDJPY	108.40	109.00	109.60	109.70	110.00	→
AUDUSD	0.6815	0.6830	0.6868	0.6880	0.6900	↗
EURGBP	0.8400	0.8440	0.8498	0.8530	0.8560	→
USDMYR	4.1300	4.1350	4.1392	4.1500	4.1600	→
EURMYR	4.5875	4.5950	4.6014	4.6075	4.6180	↘
JPYMYR	3.7675	3.7750	3.7764	3.7900	3.8000	→
GBPMYR	5.3750	5.4000	5.4151	5.4550	5.4900	↘
SGDMYR	3.0500	3.0515	3.0526	3.0560	3.0600	→
AUDMYR	2.8300	2.8360	2.8431	2.8500	2.8500	↗
NZDMYR	2.7000	2.7150	2.7241	2.7340	2.7420	→
USDSGD	1.3515	1.3530	1.3550	1.3575	1.3600	↗
EURSGD	1.5030	1.5050	1.5074	1.5095	1.5120	→
GBPSGD	1.7650	1.7700	1.7740	1.7810	1.7888	↘
AUDSGD	0.9250	0.9280	0.9312	0.9330	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	1,599.11	1.41	-5.41	CRB Index	184.96	-0.17	8.93
Dow Jones Ind.	28,239.28	-0.10	21.06	WTI oil (\$/bbl)	60.93	-0.02	34.18
S&P 500	3,191.14	-0.04	27.30	Brent oil (\$/bbl)	66.17	0.11	22.99
FTSE 100	7,540.75	0.21	12.08	Gold (S/oz)	1,475.40	-0.06	15.04
Shanghai	3,017.04	-0.18	20.98	CPO (RM/tonne)	2,902.50	1.11	48.66
Hang Seng	27,884.21	0.15	7.89	Copper (\$/tonne)	6,200.00	0.02	3.94
STI	3,209.54	0.27	4.59	Rubber (sen/kg)	458.50	-0.54	20.98

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	Dec-13	-5.0%	3.8%	--
EU CPI YOY	Nov F	1.0%	0.7%	1.0%
EU CPI Core YOY	Nov F	1.3%	1.3%	1.3%
UK CPI YOY	Nov	1.5%	1.5%	1.5%
NZ GDP SA QOQ	3Q	0.7%	0.1% (revised)	0.5%
NZ Exports NZD	Nov	5.23b	5.01b (revised)	5.10b

Source: Bloomberg

- US mortgage application dropped ahead of holidays:** Mortgage application in the US fell by 5.0% for the week ended 13 December (Previous: +3.8%), reflecting declines in both applications for purchases for new homes and refinancing ahead of the holidays.
- Eurozone inflation accelerated in November but remained benign:** The final reading of Eurozone HICP inflation was unchanged at 1.0%YOY in November (Oct: +0.7%), reflecting the higher cost of food, alcohol and tobacco (+2.0% vs +1.5%) and mainly higher services inflation (+1.9% vs +1.5%). Core CPI rose 1.3% YOY (Oct: +1.1%), its largest gain in seven months. The acceleration in price pressure is welcoming news for the ECB, which is battling low inflation and slower growth cutting deposit rate and by re-introducing asset purchase program (APP) in November. Nonetheless, the headline HICP rate is still far below the central bank's target of just below 2%. Underlying inflation has in fact remained weak, spurred mainly by services inflation that was driven by lower contributions from the cheaper package holiday prices in November.
- UK inflation held steady ahead of BOE:** UK headline CPI inflation stayed at a three-year low of 1.5% YOY in November (Oct: +1.5%), topping analysts' consensus forecast of 1.4%. Gain in core CPI which excludes tobacco, food, energy and alcohol was also held steady at 1.7% YOY (Oct: +1.7%). Looking back, CPI growth has been running below the Bank of England's 2% target for four consecutive months and alongside the recent fall in wage growth could possibly reinforce the BOE's recent dovish tilt. The BOE has remained a major central bank that is still maintaining its hawkish stance as its global peers slashed rates this year and is still expected to keep bank rate unchanged at 0.75% today.
- New Zealand 3Q GDP growth topped estimates:** New Zealand 3Q GDP growth came in at a better-than-expected 0.7% QOQ (2Q: +0.1% revised), an acceleration from the newly downwardly revised 0.1% QOQ growth in 2Q. Analysts had been expecting the economy to grow by 0.5% QOQ according to a Bloomberg survey. The robust print reflect a rebound in the primary (+1.1% vs -0.5%) and goods producing industries (+0.5% vs -0.7%) that was supported by both manufacturing and construction. The services sector meanwhile experienced a pullback in growth (+0.4% vs +0.8%) amidst mixed performance across sub-sectors but retail spending was particularly strong (+2.4% vs +0.8%), a positive for consumer consumption. On a yearly basis, GDP growth met expectation at 2.3% YOY (2Q: +2.1%), a tad stronger than 2Q but was still below the above 3% level observed in 2018. Nonetheless, the faster pace of growth offer signs that the slowdown has come to an end, alongside recently huge improvement in business confidence and rising house prices, reducing bets that the RBNZ would further cut OCR in the first quarter of 2020. On a separate note by Stats NZ, New Zealand recorded a smaller trade deficit of NZD753m in November (Oct: -NZD1.04b) despite a slowdown in exports growth (+4.4% vs +14.9% MOM) as imports declined (-1.1% vs +6.5% MOM) last month.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
20/12	Malaysia	CPI YOY	Nov	1.1%	1.1%	--
		Foreign Reserves	Dec-13	--	\$103.2b	--
<b>19/12</b>	<b>US</b>	<b>Philadelphia Fed Business Outlook</b>	<b>Dec</b>	<b>8.0</b>	<b>10.4</b>	--
		<b>Initial Jobless Claims</b>	<b>Dec-14</b>	<b>225k</b>	<b>252k</b>	--
		<b>Leading Index</b>	<b>Nov</b>	<b>0.1%</b>	<b>-0.1%</b>	--
		<b>Existing Home Sales MOM</b>	<b>Nov</b>	<b>-0.4%</b>	<b>1.9%</b>	--
20/12		GDP Annualized QOQ	3Q T	2.1%	2.1%	--
		Personal Income	Nov	0.3%	0.0%	--
		Personal Spending	Nov	0.4%	0.3%	--
		PCE Core Deflator YOY	Nov	1.5%	1.6%	--
		U. of Mich. Sentiment	Dec F	99.2	99.2	--
20/12	Eurozone	Consumer Confidence	Dec A	-7.0	-7.2	--
<b>19/12</b>	<b>UK</b>	<b>Retail Sales Inc Auto Fuel MOM</b>	<b>Nov</b>	<b>0.2%</b>	<b>-0.1%</b>	--
		<b>Bank of England Bank Rate</b>	<b>Dec-19</b>	<b>0.75%</b>	<b>0.75%</b>	--
20/12		GfK Consumer Confidence	Dec	-14	-14	--
		GDP QOQ	3Q F	0.3%	0.3%	--
<b>19/12</b>	<b>Japan</b>	<b>Machine Tool Orders YOY</b>	<b>Nov F</b>	<b>--</b>	<b>-37.9%</b>	--
		<b>BOJ Policy Balance Rate</b>	<b>Dec-19</b>	<b>--</b>	<b>-0.1%</b>	--
20/12		Natl CPI YOY	Nov	0.5%	0.2%	--
		Natl CPI Ex Fresh Food YOY	Nov	0.5%	0.4%	--
20/12	China	1-Year Loan Prime Rate	Dec	4.10%	4.15%	--
20/12	Hong Kong	CPI Composite YOY	Nov	3.1%	3.1%	--
<b>19/12</b>	<b>Australia</b>	<b>Employment Change</b>	<b>Nov</b>	<b>15.0k</b>	<b>-19.0k</b>	--
		<b>Unemployment Rate</b>	<b>Nov</b>	<b>5.3%</b>	<b>5.3%</b>	--
20/12	New Zealand	ANZ Consumer Confidence Index	Dec	--	120.7	--

Source: Bloomberg

## Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1114	-0.32	1.1154	1.1111	-3.06
GBPUSD	1.3078	-0.40	1.3134	1.3060	2.58
USDJPY	109.55	0.06	109.63	109.40	-0.11
AUDUSD	0.6853	0.03	0.6864	0.6839	-2.81
EURGBP	0.8497	0.06	0.8518	0.8484	-5.48
USDMYR	4.1390	-0.06	4.1445	4.1345	0.13
EURMYR	4.6079	-0.23	4.6186	4.6044	-2.53
JPYMYR	3.7817	0.08	3.7867	3.7775	0.64
GBPMYR	5.4194	-0.88	5.4385	5.4117	2.88
SGDMYR	3.0521	-0.09	3.0575	3.0485	0.53
AUDMYR	2.8328	-0.17	2.8387	2.8297	-3.09
NZDMYR	2.7136	-0.39	2.7208	2.7126	-2.34
CHFMYR	4.2164	0.18	4.2275	4.2147	0.41
CNYMYR	0.5914	-0.07	0.5918	0.5902	-2.29
HKDMYR	0.5314	-0.04	0.5322	0.5309	0.61
USDSGD	1.3553	0.02	1.3571	1.3549	-0.55
EURSGD	1.5064	-0.30	1.5118	1.5061	-3.60
GBPSGD	1.7725	-0.37	1.7808	1.7704	2.01
AUDSGD	0.9289	0.06	0.9302	0.9274	-3.34

Source: Bloomberg

### MYR

- **MYR finished on a flattish note against the USD at 4.1390** alongside its Asian peers that were kept around their recent ranges in a muted Wednesday session that lacked any major catalyst.
- **MYR daily outlook remains neutral**, expecting the ringgit to continue consolidating around the range of 4.1350-4.1500 as year-end holidays approach and on generally lack of trade-related news. **MYR medium term outlook is still bearish** as the dollar is still expected to be well supported by relatively solid US data.

### USD

- The dollar largely strengthened as it benefited from the lack of fresh trade-related and Brexit news with year-end holidays approaching. **The dollar index added another 0.18% to 97.40** as the sterling, euro, yen and Swedish Krona slipped.
- **We are neutral on broad US today** as holidays are expected to keep trading dull and given the lack of major driver in the short term. **Medium term dollar outlook is still bullish**, supported by relatively solid US fundamentals and data.

### EUR

- **EUR failed to benefit from better German IFO Business Climate Index** as it dropped below 1.1120 in the American session after hovering around 1.1130-1.1150 through the Asian and European sessions. **EUR closed 0.32% weaker at 1.1114.**
- **EUR is neutral today** with limited upside as it rolled into Asia morning below 1.1120 and is likely staying at the range of 1.1100 -1.1130 in a muted trading day given the lack of major catalysts. **Medium term outlook is bearish** on ECB's accommodative monetary policy stance and continued weaker growth outlook versus a more solid US economy.

### GBP

- **GBP slipped against the USD albeit at a smaller margin of 0.4% to 1.3078** as it continued to erase its recent election spike.
- **GBP remains bearish** as it trades below 1.3100 with technical indicators pointing to continued loss in momentum and the bears eyeing 1.3000. Downside is limited today ahead of today's BOE meeting and UK retail sales data. The central bank is expected to keep bank rate steady but markets are searching for any hints of a dovish tilts following weak manufacturing PMI, wage growth and CPI. **Medium term outlook is determined by Brexit development.**

### JPY

- **JPY finished little changed (+0.07%) against the USD at 109.55 alongside higher UST yields** in a muted session.
- **JPY daily outlook remains neutral today** as it continues to consolidate around 109.50 in a quiet market that lacks major driver. **Medium term outlook is neutral** over lower risks of US-China trade war escalation.

### AUD

- **AUD ended barely changed against the USD at 0.6852 over the lack of trade related news.**
- **Daily outlook is bullish** as AUD surged in response to upbeat Australia job report. The economy added nearly 40k new jobs and unemployment rate was lower at 5.2% in November. **Medium term outlook is neutral amidst** lower risk of a US-China trade war escalation and RBA 's accommodative stance .

### SGD

- **SGD extended further minor losses against the USD at 1.3553** alongside regional peers that were kept around their recent ranges.
- **Daily outlook for SGD is still slightly bearish** as we expect the dollar to continue recovering against the Sing dollar after rebounding from its most recent trough. **Medium term outlook is bearish** on relatively weaker albeit improving Singapore data versus a likely stronger dollar.

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