

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks ended on a mixed note overnight amidst a lack of progress at US-China trade front while weaker retail outlook raised concerns over US consumer spending.** Shares of Home Depot and Kohl's fell after the retailers slashed their sales/profit forecasts, weighing on the S&P 500 (-0.1%) and the Dow (-0.4%). NASDAQ rose 0.2%, supported by tech stocks. **President Trump again threatened trade war escalation as he said that he would "raise the tariffs even higher" on Chinese goods if no deal is made with China,** casting uncertainty surrounding the progress of the highly anticipated "phase one" trade deal in-the-making. Treasuries yields moved lower by 0-5bps. **The dollar traded mixed against major currencies** over the lack of key data and trade progress and markets largely ignored Trump's latest comments. **The pound slipped as PM Boris Johnson debated Labour leader Jeremy Corbyn.** Oil prices tumbled by 2.5-3.2% on oversupply concern and absence of trade talk progress. Brent crude settled at \$60.91/barrel. **RBA minutes were dovish signaling a cut is still on the horizon although we maintain our view that any further rate cut will come by next year.**
- **Overnight dataflow was a tad more positive.** Housing starts and building permits rebounded in October, offering some relieves of tentative recovery in the US housing market. Manufacturing sector in the UK remained weak despite the improvement seen in the CBI orders. Japan exports fell for the 11<sup>th</sup> straight month in October but trade balance managed to revert to a surplus amid bigger decline in imports.
- The dollar traded mixed against major currencies over the lack of key data and trade progress and markets largely ignored Trump's latest comments. **The dollar index was little changed at 97.86. We are neutral on USD today** over the absence of catalysts as progress in US-China trade deal remains lacking ahead of the release of FOMC meeting minutes tonight. We do not foresee any major surprise from the upcoming FOMC minutes that could drive market.
- **MYR finished virtually flat against the USD at 4.1570** as it continued to trade around recent ranges, alongside its Asian regional peers amidst a lack of key trades headlines. **MYR remains neutral** in our view and likely to range-trade while markets look for fresh leads at US-China trade front and ahead of the FOMC meeting minutes. **Medium term outlook remains bearish,** expecting the USD to strengthen as the Fed stays put, supported by relatively better US data.
- **SGD was little change against the USD at 1.3609,** alongside its Asian regional peers over the lack of key trade headlines. **We are neutral on SGD today,** expecting regional Asian currencies to range trade as markets look for fresh leads at US-China trade front. **SGD's medium term outlook is still bearish** on weaker Singapore fundamentals and we expect a stronger USD as the Fed holds rate steady.

#### Overnight Economic Data

US	↑
UK	↑
Japan	→
Australia	↓

#### What's Coming Up Next

##### Major Data

- Malaysia CPI
- US MBA Mortgage Applications

##### Major Events

- FOMC Meeting Minutes
- China Loan Prime Rate

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1020	1.1050	1.1077	1.1100	1.1150	→
GBPUSD	1.2800	1.2850	1.2923	1.2950	1.3000	→
USDJPY	108.00	108.30	108.53	108.85	109.00	→
AUDUSD	0.6760	0.6800	0.6828	0.6840	0.6880	→
EURGBP	0.8500	0.8530	0.8572	0.8600	0.8650	→
USDMYR	4.1400	4.1500	4.1603	4.1700	4.1800	→
EURMYR	4.5900	4.5980	4.6083	4.6180	4.6300	→
JPYMYR	3.8030	3.8235	3.8342	3.8480	3.8650	→
GBPMYR	5.3400	5.3650	5.3780	5.4150	5.4400	→
SGDMYR	3.0450	3.0500	3.0570	3.0600	3.0650	→
AUDMYR	2.8200	2.8335	2.8409	2.8500	2.8600	↗
NZDMYR	2.6500	2.6650	2.6762	2.6870	2.6970	↗
USDSGD	1.3575	1.3600	1.3614	1.3635	1.3650	→
EURSGD	1.5030	1.5050	1.5081	1.5100	1.5120	→
GBPSGD	1.7500	1.7550	1.7591	1.7650	1.7700	→
AUDSGD	0.9245	0.9270	0.9295	0.9300	0.9320	→

\* 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	1,605.31	0.06	-5.04	CRB Index	177.16	-1.13	4.33
Dow Jones Ind.	27,934.02	-0.36	19.75	WTI oil (\$/bbl)	55.21	-3.23	21.58
S&P 500	3,120.18	-0.06	24.47	Brent oil (\$/bbl)	60.91	-2.45	13.22
FTSE 100	7,323.80	0.22	8.85	Gold (\$/oz)	1,472.46	0.06	14.98
Shanghai	2,933.99	0.85	17.65	CPO (RM/tonne)	2,491.50	0.40	27.61
Hang Seng	27,093.80	1.55	4.83	Copper (\$/tonne)	5,830.00	-0.32	-2.26
STI	3,238.87	-0.61	5.54	Rubber (sen/kg)	439.50	-0.57	15.96

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Building Permits MOM	Oct	5.0%	-2.4% (revised)	-0.4%
US Housing Starts MOM	Oct	3.8%	-7.9% (revised)	5.1%
UK CBI Trends Total Orders	Nov	-26	-37	-30
JP Trade Balance	Oct	¥17.3b (revised)	-¥124.8b (revised)	¥229.3b
JP Exports YOY	Oct	-9.2%	-5.2%	-7.5%
AU Westpac Leading Index MOM	Oct	-0.07%	-0.12% (revised)	--

Source: Bloomberg

- Dovish RBA minutes reignited rate cut expectation:** Minutes revealed that a case could be made to ease rates at the last MPC meeting on 5-November, even though policy makers decided to pause and wait pending full assessment and evidence of the effects of the earlier monetary policy easing and tax cuts. The more dovish than expected minutes stoke investors and prompted a knee-jerk selloff in the Aussie, amid revived expectations for a December rate cut. We however maintain our view that RBA would refrain from easing in December pending more evidence of impact from earlier cuts. Odds of further policy easy remain valid beyond the December horizon given that risks to global growth remained tilted to the downside.
- US homebuilding activities rebounded in October:** Housing starts staged a minor recovery in October to increase 3.8% MOM (Sep: -7.9% revised), below analysts' expectation of a 5.1% gain. Building permits however topped estimates to record a solid 5.0% MOM gain (Sep: -0.4%). While this offers tentative signs of more robust homebuilding activities in the medium term, projects could be delayed due to holiday season and colder weather.
- British manufacturing sector remained weak:** The latest CBI Industrial Trends Survey reported that its headline total orders index went up to -26% in November (Oct: -37%), to signal an improvement in British manufacturing order book but the index remains well below its long run average of -13%. The result was a survey of 307 manufacturers this month and among key findings are better exports orders, continuous fall in output and steady average selling prices. CBI said that while the uncertainty surrounding a no-deal Brexit has lessened, the manufacturing sector remains under pressure from weak global trade and a subdued economy.
- Japan exports slipped for 11<sup>th</sup> month; imports plunged over typhoon, tax hike:** Japan exports fell more than expected by 9.2% YOY in October (Sep: -5.2%) according to official data this morning, marking its eleventh consecutive month of decline since December last year as the Japanese external trade sector continues to fall victim to current US-China trade uncertainty that has dragged on demand. Imports plunged 14.8% YOY (Sep: -1.5%) as domestic demand was disrupted over typhoon and the recent hike in sales tax, leaving the trade balance to swing to a surplus of ¥17.3b (Sep: -¥124.8b revised).
- Australia Leading Index points to weak economic momentum:** The Westpac-Melbourne Institute Leading Index edged lower by 0.07% in October (Sep: -0.12% revised) leading the six-month annualized growth rate at a slightly better -0.91% (Sep: -1.01%), materially below trend and continues to point to weak economic momentum heading into 2020.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
20/11	Malaysia	CPI YOY	Oct	1.0%	1.1%	--
20/11	US	MBA Mortgage Applications	15 Nov	--	9.6%	--
21/11		FOMC Meeting Minutes	30 Oct	--	--	--
		Philadelphia Fed Business Outlook	Nov	6.0	5.6	--
		Initial Jobless Claims	16 Nov	218k	225k	--
		Leading Index	Oct	-0.2%	-0.1%	--
		Existing Home Sales MOM	Oct	2.0%	-2.2%	--
21/11	Eurozone	Consumer Confidence	Nov A	-7.3	-7.6	--
21/11	Japan	All Industry Activity Index MoM	Sep	1.5%	0.0%	--
		Machine Tool Orders YOY	Oct F	--	-37.4%	--
20/11	China	1-year Loan Prime Rate	Nov	4.20%	4.20%	--
21/11	Hong Kong	CPI Composite YOY	Oct	3.2%	3.2%	--
21/11	Singapore	GDP YOY	3Q F	0.3%	0.1%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1078	0.05	1.1084	1.1063	-3.39
GBPUSD	1.2926	-0.21	1.2970	1.2911	1.36
USDJPY	108.54	-0.13	108.84	108.45	-1.15
AUDUSD	0.6828	0.25	0.6835	0.6785	-3.22
EURGBP	0.8570	0.26	0.8580	0.8538	-4.68
USDMYR	4.1570	0.02	4.1630	4.1565	0.57
EURMYR	4.6012	0.08	4.6100	4.5996	-2.67
JPYMYR	3.8231	0.29	3.8369	3.8231	1.74
GBPMYR	5.3865	0.08	5.3950	5.3814	2.26
SGDMYR	3.0555	0.07	3.0588	3.0547	0.65
AUDMYR	2.8298	-0.01	2.8310	2.8238	-3.19
NZDMYR	2.6618	0.05	2.6632	2.6561	-4.21
CHFMYR	4.1979	-0.05	4.2062	4.1957	-0.03
CNYMYR	0.5920	-0.06	0.5924	0.5918	-2.19
HKDMYR	0.5311	0.09	0.5317	0.5309	0.55
USDSGD	1.3609	0.03	1.3616	1.3598	-0.10
EURSGD	1.5076	0.07	1.5085	1.5054	-3.49
GBPUSD	1.7590	-0.19	1.7651	1.7573	1.26
AUDSGD	0.9291	0.33	0.9300	0.9236	-3.30

Source: Bloomberg

## Forex

### MYR

- **MYR finished virtually flat against the USD at 4.1570** as it continued to trade around recent ranges, alongside its Asian regional peers amidst a lack of key trades headlines.
- **MYR remains neutral** in our view and likely to range-trade while markets look for fresh leads at US-China trade front and ahead of the FOMC meeting minutes. **Medium term outlook remains bearish**, expecting the USD to strengthen as the Fed stays put, supported by relatively better US data.

### USD

- The dollar traded mixed against major currencies over the lack of key data and trade progress and markets largely ignored Trump's latest comments. **The dollar index was little changed at 97.86**
- **We are neutral on USD today** over the absence of catalysts as progress in US-China trade deal remains lacking ahead of the release of FOMC meeting minutes tonight. We do not foresee any major surprise from the upcoming FOMC minutes that could drive market. **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 a little stronger by 0.05% against the USD at 1.1078** as it clung to gain amidst a lack of trade progress.
- **We are neutral on EUR today** as markets likely consolidate around 1.1075-1.1080 recent ranges below the strong 1.10 resistance amidst a lack of catalyst. We do not foresee any major surprise from the upcoming FOMC minutes that could drive market. **In the medium term, outlook remains bearish** as the ECB's plan for looser monetary policy weighs on the shared currency.

### GBP

- **The sterling slipped 0.21% against the USD at 1.2926** as PM Boris Johnson's debate with Labour leader Jeremy Corbyn produced mixed outcomes.
- **We turn neutral on GBP today** as the sterling looks likely to stay supported above 1.2900 while market awaits more Brexit headlines after the debate. **Medium term outlook is** mainly driven by headlines surrounding Brexit and UK upcoming December ballots.

### JPY

- **JPY firmed up against the USD by 0.13% to 108.54 alongside lower UST yields.**
- **We are neutral on JPY today amidst** a lack of key trade headlines. **We remain bullish JPY over the medium term** on narrowing yield differentials between the dollar and yen, alongside heightening concerns over Hong Kong protests, Brexit uncertainty and the risk of a US-China trade war escalation.

### AUD

- **AUD recouped RBA-inspired losses to increase 0.25% against the USD at 0.6828.**
- **We are neutral on AUD today expecting Aussie to stay supported above 0.68** as markets await development in US-China trade deal. **Medium term outlook is slightly bullish** as the RBA is still expected to stay put in December's meeting despite a dovish minutes that has revived some rate-cut expectations.

### SGD

- **SGD was little change against the USD at 1.3609**, alongside its Asian regional peers over the lack of key trades headlines
- **We are neutral on SGD today**, expecting regional Asian currencies to range trade as markets look for fresh leads at US-China trade front. **SGD's medium term outlook is still bearish** on weaker Singapore fundamentals and we expect a stronger USD as the Fed holds rate steady.

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