

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rose overnight, resuming a year-end rally that led all major indexes to finish at record closes ahead of the holidays.** The S&P 500 notched its sixth consecutive highs, the longest streak since Jan-18, led by a broad-based gain across sectors. For the day, the Dow Jones, S&P 500 and NASDAQ added 0.5-0.7%. **Financials markets barely reacted to House Democrats' vote to impeach President Donald Trump as well as rather poor US data.** US bond yields were little changed, safe havens gold and yen rose before retreating from daily highs ahead of closing but nonetheless clung to gains. Dollar weakened across the board, pound continued to slip. Crude oils picked up around 0.5-0.6%. **US Treasury secretary Steven Mnuchin offered reassurance that the recently announced partial trade deal with China would be signed in early January.** Earlier today, the House has also voted to approve the "USMCA", short for United States Mexico Canada Agreement to replace the more than two-decade-old NAFTA. **UK PM Boris Johnson reinforced his message to deliver Brexit by 31 Jan 2020** in a foreword to the traditional Queen's Speech at the start of a new parliament. **The BOE, BOJ, BOT and BI left their benchmark interest rates unchanged.** Notably, **Riksbank**, the Swedish central bank that first applied negative interest rate on deposits, **moved its key rate back to zero.**
- **US data turned out to be rather disappointing** as existing home sales and initial jobless claims missed forecasts. **UK retail sales plunged** ahead of election. Japan's key inflation gauge picked up but remained benign. Australia job report beat expectations and **New Zealand consumer confidence picked up steam** at year-end.
- The greenback weakened against the board. **The dollar index barely changed at 97.38** as major currencies finished stronger but still largely hovered around recent ranges save for the sterling. **We are still 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 (+0.06%) against the USD at 4.1410** alongside its Asian peers that were kept around their recent ranges in another muted Thursday session that lacked any major catalyst. **MYR daily outlook remains neutral with a slightly bullish bias** on overnight dollar weakness. Expect upside to be capped heading into the weekend and MYR likely continues consolidating around 4.1300-4.1500.
- **SGD finished virtually unchanged at 1.3552** alongside regional peers that were kept around their recent ranges. **Daily outlook for SGD is neutral** expecting limited movement ahead of the weekend and holidays.

Overnight Economic Data

US	↓
UK	↓
Japan	↑
Australia	↑
New Zealand	↑

What's Coming Up Next

Major Data

- Malaysia CPI, Foreign Reserves
- US GDP, Personal Outlay Report, University of Michigan Sentiment
- Eurozone Consumer Confidence
- UK GfK Consumer Sentiment, GDP
- Hong Kong CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1100	1.1122	1.1150	1.1180	→
GBPUSD	1.2950	1.3000	1.3010	1.3100	1.3170	↘
USDJPY	108.40	109.00	109.34	109.70	110.00	→
AUDUSD	0.6850	0.6880	0.6892	0.6900	0.6930	↗
EURGBP	0.8450	0.8500	0.8548	0.8580	0.8600	→
USDMYR	4.1300	4.1350	4.1400	4.1500	4.1600	→
EURMYR	4.5875	4.5950	4.6041	4.6075	4.6180	→
JPYMYR	3.7675	3.7750	3.7864	3.7900	3.8000	↗
GBPMYR	5.3360	5.3600	5.3859	5.4350	5.4580	↘
SGDMYR	3.0500	3.0515	3.0553	3.0560	3.0600	→
AUDMYR	2.8420	2.8500	2.8533	2.8600	2.8650	↗
NZDMYR	2.7150	2.7300	2.7371	2.7420	2.7540	↗
USDSGD	1.3515	1.3530	1.3551	1.3575	1.3600	→
EURSGD	1.5030	1.5050	1.5067	1.5095	1.5120	→
GBPSGD	1.7500	1.7550	1.7627	1.7700	1.7800	↘
AUDSGD	0.9280	0.9300	0.9338	0.9350	0.9375	↗

* 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	1,596.01	-0.19	-5.59	CRB Index	185.13	0.09	9.02
Dow Jones Ind.	28,376.96	0.49	21.65	WTI oil (\$/bbl)	61.22	0.48	34.82
S&P 500	3,205.37	0.45	27.86	Brent oil (\$/bbl)	66.54	0.56	23.68
FTSE 100	7,573.82	0.44	12.57	Gold (S/oz)	1,478.80	0.23	15.34
Shanghai	3,017.07	0.00	20.98	CPO (RM/tonne)	2,834.00	-2.36	45.15
Hang Seng	27,800.49	-0.30	7.56	Copper (\$/tonne)	6,174.50	-0.41	3.51
STI	3,207.42	-0.07	4.52	Rubber (sen/kg)	452.00	-1.20	19.26

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Philadelphia Fed Business Outlook	Dec	0.3	10.4	8.0
US Initial Jobless Claims	Dec-14	234k	252k	225k
US Leading Index	Nov	0.0%	-0.2% (revised)	0.1%
US Existing Home Sales MOM	Nov	-1.7%	1.5% (revised)	-0.4%
UK Retail Sales Inc Auto Fuel MOM	Nov	-0.6%	-0.1%	0.2%
UK Bank of England Bank Rate	Dec-19	0.75%	0.75%	0.75%
JP BOJ Policy Balance Rate	Dec-19	-0.1%	0.0% (revised)	-0.1%
JP Natl CPI Ex Fresh Food YOY	Nov	0.5%	0.4%	0.5%
AU Employment Change	Nov	39.9k	-24.8k (revised)	15.0k
AU Unemployment Rate	Nov	5.2%	5.3%	5.3%
NZ ANZ Consumer Confidence Index	Dec	123.3	120.7	--

Source: Bloomberg

- BOE left bank rate steady, still cautious ahead of Jan 2020 Brexit headline:** The Bank of England MPC voted 7-2 (unchanged) to keep bank rate steady at 0.75% as widely expected and reiterated its hawkish stance. Among key points being of the latest statement include that BOE expects growth to pick up from current below-potential rates, "supported by the reduction of Brexit-related uncertainties, an easing of fiscal policy and a modest recovery in global growth". Economic data were broadly in line with November Inflation Report, global growth offers signs of stabilising. The partial de-escalation of US-China trade war provides additional support to outlook but trade tensions remain elevated. BOE said that U.K. GDP is expected to grow marginally in 4Q and financial markets remained sensitive to domestic policy development. There are signs that the labour market is loosening, although it remains tight. Pay growth "has eased somewhat" but unit labour costs continued to grow at rates consistent to meet its 2% inflation in the medium term. CPI is still expected to fall to 1.25% by spring. BOE appeared to remain cautious in its latest statement, sticking to its "wait and see approach" ahead of key Jan 2020 Brexit deadline. It repeated that at this juncture, monetary policy could still respond in either direction and it will continue to monitor closely the responses of companies and households to Brexit developments as well as the prospects for a recovery in global growth. It reinforced its hawkish stance that "some modest tightening of policy, at a gradual pace and to a limited extent, may be needed to maintain inflation sustainably at the target", barring from the materialisations of Brexit and global growth risks.
- BOJ stood still and expected to remain so next year:** The BOJ left its monetary policy lever unchanged yesterday as widely expected. The Policy-Rate was left at -0.1% and it will continue to purchase JGBs so that 10-year JGB yields remain at around 0%. Guidelines on assets purchase were un-amended. BOJ acknowledged the continued weakness in exports, the effect of typhoons on industrial productions and that of sales tax hikes on consumption as well as unchanged inflation expectations. It expects the economy to continue on a moderate expanding trend, and is likely to slow down for the time being. Domestic demand however is expected to follow an uptrend supported by accommodative financial conditions and government spending. Exports are projected to be weak for the time being but likely to increase as overseas economies grow moderately. It concluded by reiterating its accommodative monetary policy stance in order to achieve its 2% inflation target and looks likely to remain so next year judging from its more positive growth outlook surrounding external trade and private spending. Financial markets barely reacted to the central bank's latest decision.
- US existing home sale, initial jobless claims missed forecast:** US data turned out to be rather disappointing. The Philadelphia Fed Business Outlook Survey reported that its headline index slipped by 10pts to 0.3 in December (Nov: 10.4) but stronger new orders and shipments reflect optimistic outlook. The Conference Board Leading Index was unchanged in November (Oct: -0.2% revised) as negative contributions from jobless claims and especially ISM new orders offset positive contributions from the rest of the sub-components. Initial jobless claims dropped to 234k for the week ended 14 December (previous: 252k), but missed forecast of 225k, reflecting potential Thanksgiving seasonal adjustment issue. Existing home sales in the US dropped more than expected by 1.7% MOM in November (Oct: +1.5% revised) to a five-month low of 5.35 mil annual rate, in contrast with the recent upbeat readings that gauge homebuilding activities, suggesting a continuous lack of inventory that is holding back potential buyers.
- UK retail sales plunged in November ahead of election:** UK retail sales plunged by 0.6% MOM in November (Oct: 0.0% revised), a major disappointment compared to a Bloomberg consensus call of a 0.2% MOM growth. The decline was a result of a broad-based contraction save for a rebound in household goods stores while online sales continued to fall for the fourth consecutive month (-0.3% vs -0.5%). Looking back, retail sales have been falling for three months within a four-month period, reflecting UK consumers' cautious spending pattern as Brexit uncertainties weighed on sentiments in the month leading to the recent general election.

- **Japan inflation rose after sales tax hike but remained benign:** Official data published this morning show that headline CPI met expectations to gain 0.5% YOY in November (Oct: +0.2%), its largest gain in four months. The BOJ's preferred inflation gauge, CPI ex fresh food rose 0.5% YOY (Oct: +0.4%), recording a faster pace of growth for the second month. Larger gain in prices came from food, housing, utilities as well as clothing & footwear after a 2ppts hike in sales tax in October that has curbed demand. Japan's overall inflation remains muted, amidst still low energy prices and weaker demand, with the key gauge still way below the BOJ's 2% target.
- **Australia job report beat expectations:** The latest job report shows that Australia added 39.9k jobs in November (Oct: -24.8k revised), beating analysts forecast of 15.0k increment which more than reversed the newly revised 24.8k losses recorded in October. The job additions came from full time (+4.2k) and mostly part-time (+35.k) employments. Unemployment rate went down a tad to 5.2% with the participation rate unchanged at 66.0%. The overall job report was a positive reading, which helped to drive the AUD higher in an otherwise muted session and was a relief for the RBA that is paying very close attention to the labour development market.
- **New Zealand consumer confidence picked up steam at year-end:** The ANZ Consumer Confidence Index rose by 2% to 123.3 in December (Nov: 120.7), marking its third back-to-back climb and signaled that consumer optimism gained traction in the final quarter of 2019. The latest reading left the index at just a tad above its historical average of 120 as households were reported to be more confident about both current and future conditions. This was in line with the recent improvement in business confidence, supported by lower interest rates as well as higher house prices in the year end, another welcoming news for the RBNZ following upbeat 3Q GDP growth as reported yesterday.

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	--
20/12	US	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	--
23/12		Chicago Fed Nat Activity Index	Nov	--	-0.71	--
		Durable Goods Orders	Nov P	1.5%	0.5%	--
		Cap Goods Orders Nondef Ex Air	Nov P	-0.2%	1.1%	--
		New Home Sales MOM	Nov	-0.4%	-0.7%	--
20/12	Eurozone	Consumer Confidence	Dec A	-7.0	-7.2	--
20/12	UK	GfK Consumer Confidence	Dec	-14	-14	--
		GDP QOQ	3Q F	0.3%	0.3%	--
23/12	Japan	All Industry Activity Index MOM	Oct	--	1.5%	--
		Leading Index CI	Oct F	--	91.8	--
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%	--
23/12	Singapore	CPI YOY	Nov	--	0.4%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1122	0.07	1.1144	1.1107	-3.01
GBPUSD	1.3009	-0.53	1.3133	1.2990	2.02
USDJPY	109.37	-0.16	109.68	109.18	-0.31
AUDUSD	0.6886	0.48	0.6888	0.6849	-2.34
EURGBP	0.8550	0.62	0.8557	0.8477	-4.90
USDMYR	4.1410	0.05	4.1435	4.1360	0.19
EURMYR	4.6119	0.09	4.6129	4.5999	-2.44
JPYMYR	3.7793	-0.06	3.7803	3.7738	0.57
GBPMYR	5.4242	0.09	5.4351	5.4123	2.97
SGDMYR	3.0552	0.10	3.0561	3.0503	0.64
AUDMYR	2.8468	0.49	2.8499	2.8368	-2.61
NZDMYR	2.7283	0.54	2.7313	2.7228	-1.81
CHFMYR	4.2239	0.18	4.2266	4.2191	0.59
CNYMYR	0.5908	-0.10	0.5919	0.5905	-2.39
HKDMYR	0.5309	-0.09	0.5319	0.5307	0.51
USDSGD	1.3552	-0.01	1.3561	1.3544	-0.59
EURSGD	1.5073	0.06	1.5106	1.5051	-3.58
GBPSGD	1.7630	-0.54	1.7801	1.7602	1.41
AUDSGD	0.9332	0.46	0.9333	0.9280	-2.90

Source: Bloomberg

MYR

- **MYR finished on a flattish note (+0.06%) against the USD at 4.1410** alongside its Asian peers that were kept around their recent ranges in another muted Thursday session that lacked any major catalyst.
- **MYR daily outlook remains neutral with a slightly bullish** bias on overnight dollar weakness. Expect upside to be capped heading into the weekend and MYR likely continues consolidating around 4.1300-4.1500. **MYR medium term outlook is still bearish** as the dollar is still expected to be well supported by relatively solid US data.

USD

- The greenback weakened against the board. **The dollar index barely changed at 97.38** as major currencies finished stronger but still largely hovered around recent ranges save for the sterling.
- **We are still 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** recovered from daily low to finish slightly stronger (+0.07%) against the USD at 1.1122.
- **EUR is neutral today** as we continue to expect the pair trading above 1.1110 within a band of 1.11-1.1140 heading into the weekend and holidays. **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 extended further decline against the US after BOE meeting and is** on its way to reverse pre-election gain. GBP closed 0.53% weaker at 1.3009.
- **GBP remains bearish**, rolling into the Asian session below 1.3020 and looks set to retest 1.3000 key support with technical indicators continue pointing to loss in momentum. **Medium term outlook is determined by Brexit development.**

JPY

- **JPY retreated from daily high but nonetheless clung to daily gain of 0.16% to finish at 109.37 against the USD.**
- **JPY daily outlook remains neutral** today with USD looks likely supported above 109.00 heading into the weekend and holidays amidst a lack of major driver. **Medium term outlook is neutral** over lower risks of US-China trade war escalation.

AUD

- **AUD finished 0.48% stronger against the USD at 0.6886** in response to upbeat Australia job report.
- **Daily outlook is bullish** as the bulls eye 0.6900 after breaching 0.6880 key resistance on strong Aussie jobs and Mnuchin's assurance that a trade deal will signed in early January. A failure to breach 0.6900 likely sends the pair back to 0.6860-0.6880. **Medium term outlook is neutral amidst** lower risk of a US-China trade war escalation and RBA's accommodative stance.

SGD

- **SGD finished virtually unchanged at 1.3552** alongside regional peers that were kept around their recent ranges.
- **Daily outlook for SGD is neutral** expecting limited movement ahead of the weekend and holidays. **Medium term outlook is bearish** on relatively weaker albeit improving Singapore data versus a likely stronger dollar.

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