

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks slipped overnight as trade uncertainty deepened further over a Reuters news story that said a US-China phase one trade deal may not be completed this year alongside an FOMC meeting minute that offered little clue on the Fed's next policy move.** Reuters reported that the inking of the highly anticipated trade deal could be delayed to next year, as opposed to the initial December target with issues on tariffs rollback serving as the main impediment. US main indexes fell by 0.4-0.5% from record highs, treasuries yields edged lower by 2-4bps, spurred by havens demand. **President Trump is expected to sign the Hong Kong Human Rights and Democracy Act that received a strong bipartisan support which would worsen the already fragile US-China relation** and risk jeopardising the current trade talk progress. **Markets are set to retreat into a cautious mode this morning** – JPY and gold were seen trading higher and stocks futures point to a weak start. Earlier yesterday, **the PBOC lowered its 1-year loan prime rate to 4.15% from 4.20% in a bid to ease financing conditions for the corporate sector.**
- **Data releases were limited on Tuesday.** US mortgage applications slipped 2.2% last week due to falling refinancing segment as applications to purchase a new house rose 6.7%. **Singapore final 3Q GDP growth turned out better than expected** at 0.5% YOY, higher than preliminary reading and consensus forecast. **Malaysia CPI saw a steady gain of 1.1% YOY** in October while core CPI growth tapered off to 1.4% YOY, reaffirming a stable and benign inflationary environment.
- The greenback regained footing to strengthen across the board as trade uncertainties deepened, but largely ignored the FOMC's "no future rate cut" stance. **The dollar index was little changed at 97.93. We are slightly bullish on USD today** as risk sentiment retreated over poor trade headlines and risk of a US-China confrontation regarding said Hong Kong bill, thus boosting demand for safe havens dollar.
- **MYR finished 0.19% weaker against the USD at 4.1650**, tracking lower Chinese yuan alongside weaker Asian regionals vis-à-vis a stronger dollar as trade uncertainties deepened amidst sluggish US-China negotiation progress. **We turn bearish on MYR today** taking cue from overnight USD strength as risks sentiments retreated further over poor trade headlines and risk of a US-China confrontation regarding the Hong Kong bill. Medium term outlook remains bearish, expecting the USD to strengthen as the Fed stays put.
- **SGD edged down by 0.1% against the USD at 1.3622** alongside weaker Asian regionals vis-à-vis a stronger dollar as trade uncertainties deepened amidst sluggish US-China negotiation progress. **We are bearish on SGD today** taking cue from overnight USD strength and retreating risks sentiments. **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

Malaysia	→
US	↓
Singapore	↑

What's Coming Up Next

Major Data

- US Philadelphia Fed Business Outlook, Initial Jobless Claims, Leading Index, Existing Home Sales
- Eurozone Consumer Confidence
- Japan All Industry Activity Index, Machine Tool Orders
- Hong Kong CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1020	1.1050	1.1078	1.1100	1.1150	→
GBPUSD	1.2800	1.2850	1.2927	1.2950	1.3000	→
USDJPY	108.00	108.30	108.45	108.80	109.00	↘
AUDUSD	0.6770	0.6780	0.6795	0.6800	0.6820	↘
EURGBP	0.8500	0.8530	0.8569	0.8600	0.8650	→
USDMYR	4.1550	4.1650	4.1735	4.1800	4.1900	↗
EURMYR	4.6000	4.6100	4.6253	4.6300	4.6400	↗
JPYMYR	3.8175	3.8320	3.8512	3.8550	3.8730	↗
GBPMYR	5.3400	5.3650	5.3968	5.4150	5.4400	↗
SGDMYR	3.0550	3.0575	3.0639	3.0650	3.0700	↗
AUDMYR	2.8230	2.8280	2.8367	2.8400	2.8450	↗
NZDMYR	2.6500	2.6650	2.6747	2.6870	2.6970	→
USDSGD	1.3575	1.3600	1.3625	1.3635	1.3650	↗
EURSGD	1.5030	1.5050	1.5094	1.5100	1.5120	↗
GBPSGD	1.7500	1.7550	1.7614	1.7650	1.7700	→
AUDSGD	0.9230	0.9245	0.9257	0.9275	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	1,601.14	-0.26	-5.29	CRB Index	178.96	1.02	5.40
Dow Jones Ind.	27,821.09	-0.40	19.26	WTI oil (\$/bbl)	57.11	3.44	25.77
S&P 500	3,108.46	-0.38	24.00	Brent oil (\$/bbl)	62.40	2.45	15.99
FTSE 100	7,262.49	-0.84	7.94	Gold (\$/oz)	1,471.61	-0.06	15.01
Shanghai	2,911.05	-0.78	16.73	CPO (RM/tonne)	2,516.00	0.98	28.86
Hang Seng	26,889.61	-0.75	4.04	Copper (\$/tonne)	5,875.00	0.77	-1.51
STI	3,229.78	-0.28	5.25	Rubber (sen/kg)	448.00	2.28	18.21

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA CPI YOY	Oct	1.1%	1.1%	1.0%
US MBA Mortgage Applications	15 Nov	-2.2%	9.6%	--
CN 1-year Loan Prime Rate	Nov	4.15%	4.20%	4.20%
SG GDP YOY	3QF	0.5%	0.2%	0.4%

Source: Bloomberg

- No surprise from FOMC meeting minutes as Fed reiterated stance to keep rate steady:** The latest FOMC meeting minute turned out to be a non-event as widely expected as the Federal Reserve reiterated its stance to keep rate on hold after delivering the third rate cut in the late October meeting. Officials believe that a 25bps reduction in the Fed funds rate at this meeting was appropriate to provide “insurance” against potential downward risk to the economic outlook and to return inflation back to its 2% target, citing persistent weakness in global growth and “elevated” trade uncertainty. On policy outlook, the stance of policy after this 25bps cut would be “well calibrated” to support the outlook of moderate growth, a strong labour market and inflation near 2% and would “likely remain so” as long as incoming information about the economy “did not result in a material reassessment of the economic outlook”. Some officials judged that the Fed should reinforce in its statement to indicate that another reduction in the fed funds rate was unlikely in the near term unless data weakened.
- US mortgage applications slipped last week:** The MBA mortgage applications dropped by 2.2% for the week ended 15 Nov (previous: +9.6%) after a brief surge in the week before, driven by a fall in refinancing applications. The bright spot was that applications to purchase a new house rose 6.7% (previous: +5.1%), supported by lower borrowing costs.
- Singapore GDP growth surprised on the upside:** Singapore final reading of 3Q GDP growth clocked at 0.5% YOY (2Q: +0.2%), higher than preliminary reading of 0.1% and better than consensus estimate of 0.4%, due to smaller contraction in the manufacturing sector as the services sector continued to see softer growth. On a QOQ basis, GDP rebounded to increase 2.1% following a 2.7% contraction in 2Q. The final print offered tentative signs that the economy looks set to recover from the sluggish growth for most part of 2019, the government is projecting a 0.5-2.5% growth for 2020 compared to 0.5-0.1% this year.
- Steady increase in Malaysia CPI:** Consumer Price Index (CPI) continued to see modest gain, increasing 1.1% YOY in October (Sept: +1.1% YOY), on the back of softer increases in food prices and continuous decline in transport costs but this was offset by faster price gains in communication, healthcare and education. The pace of increase in core CPI tapered off to 1.4% YOY in October (Sept: +1.5% YOY) while services CPI posted a steady increase of 1.9% YOY (Sept: +1.9% YOY), reaffirming a stable and benign inflationary environment. MOM, inflation ticked slightly up by 0.2% MOM in October, after staying unchanged in September. CPI looks on track to achieve our full year forecast of 0.7% in 2019 based on expectations that inflation will continue to see steady increases in the remaining two months. CPI is only expected to see a spike in 1Q next year as the removal of price ceiling for RON95 kicks in in Peninsular Malaysia effective January 2020. Even then, the increase is expected to stay well-contained as the adjustment back to market pricing is expected to be done on a gradual basis.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
22/11	Malaysia	Foreign Reserves	Nov-15	--	\$103.2b	--
21/11	US	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%	--
22/11		Markit US Services PMI	Nov P	51.0	50.6	51.0
		Markit US Manufacturing PMI	Nov P	51.4	51.3	--
		U. of Mich. Sentiment	Nov F	95.7	95.7	--
21/11	Eurozone	Consumer Confidence	Nov A	-7.3	-7.6	--
22/11		Markit Eurozone Manufacturing PMI	Nov P	46.4	45.9	--
		Markit Eurozone Services PMI	Nov P	52.4	52.2	--
21/11	Japan	All Industry Activity Index MOM	Sep	1.5%	0.0%	--
		Machine Tool Orders YOY	Oct F	--	-37.4%	--
22/11		Natl CPI Ex Fresh Food YOY	Oct	0.4%	0.3%	--
		Jibun Bank Japan PMI Mfg	Nov P	--	48.4	--
		Jibun Bank Japan PMI Services	Nov P	--	49.7	50.3
21/11	Hong Kong	CPI Composite YOY	Oct	3.2%	3.2%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1073	-0.05	1.1081	1.1053	-3.39
GBPUSD	1.2924	-0.02	1.2931	1.2888	1.35
USDJPY	108.61	0.06	108.74	108.35	-1.09
AUDUSD	0.6803	-0.37	0.6831	0.6790	-3.55
EURGBP	0.8568	-0.03	0.8583	0.8560	-4.66
USDMYR	4.1650	0.19	4.1655	4.1550	0.76
EURMYR	4.6080	0.15	4.6115	4.6023	-2.52
JPYMYR	3.8424	0.50	3.8435	3.8319	2.25
GBPMYR	5.3698	-0.31	5.3784	5.3652	1.94
SGDMYR	3.0582	0.09	3.0589	3.0517	0.73
AUDMYR	2.8344	0.16	2.8419	2.8326	-3.03
NZDMYR	2.6702	0.32	2.6778	2.6674	-3.90
CHFMYR	4.2053	0.18	4.2055	4.1973	0.15
CNYMYR	0.5918	-0.03	0.5921	0.5914	-2.22
HKDMYR	0.5321	0.19	0.5322	0.5313	0.74
USDSGD	1.3622	0.10	1.3627	1.3606	-0.08
EURSGD	1.5082	0.04	1.5087	1.5049	-3.42
GBPSGD	1.7602	0.07	1.7614	1.7552	1.26
AUDSGD	0.9263	-0.30	0.9297	0.9252	-3.67

Source: Bloomberg

Forex

MYR

- **MYR finished 0.19% weaker against the USD at 4.1650**, tracking lower Chinese yuan alongside weaker Asian regionals vis-à-vis a stronger dollar as trade uncertainties deepened amidst sluggish US-China negotiation progress.
- **We turn bearish on MYR today** taking cue from overnight USD strength as risks sentiments retreated further over poor trade headlines and risk of a US-China confrontation regarding the Hong Kong bill. Medium term outlook remains bearish, expecting the USD to strengthen as the Fed stays put.

USD

- The greenback regained footing to strengthen across the board as trade uncertainties deepened, but largely ignored the FOMC's "no future rate cut" stance. **The dollar index was little changed at 97.93.**
- **We are slightly bullish on USD today** as risk sentiment retreated over poor trade headlines and risk of a US-China confrontation regarding said Hong Kong bill, thus boosting demand for safe havens dollar. **Medium term outlook remains bullish** over relatively better US data in 4Q and FOMC minutes reinforced view that the Fed will keep rate steady in December.

EUR

- **EUR finished minimally lower by 0.05% against the USD at 1.1073.**
- **We are neutral on EUR today** as we continue to expect markets to consolidate around 1.1075-1.1080 recent ranges below the strong 1.10 resistance amidst a lack of key data and uncertain trade headlines. **In the medium term, outlook remains bearish** as the ECB's plan for looser monetary policy weighs on EUR.

GBP

- **The sterling was little changed against the USD at 1.2924** over the lack of key Brexit development post Johnson-Corbyn debate.
- **We are still neutral on GBP today** as the sterling looks likely to stay supported above 1.2900 while market awaits more Brexit headlines. **Medium term outlook is mainly driven by headlines** surrounding Brexit and UK upcoming December ballots.

JPY

- **JPY slipped a little by 0.06% against the USD to 108.61** as the dollar firmed up across the board.
- **We are bullish on JPY today as safe havens likely find demand** amidst retreating risk sentiment, spurred by poor trade headlines and risk of a US-China confrontation regarding the Hong Kong bill. **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 reversed previous session's gain to slip 0.37% against the USD at 0.6803** on poor trade headlines.
- **We are bearish on AUD today** as AUD seems under pressure around the 0.6800 handle amidst poor trade sentiments and US lawmakers' passage of the Hong Kong bill. **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 edged down by 0.1% against the USD at 1.3622** alongside weaker Asian regionals vis-à-vis a stronger dollar as trade uncertainties deepened amidst sluggish US-China negotiation progress.
- **We are bearish on SGD today** taking cue from overnight USD strength as risks sentiments retreated further over poor trade headlines and risk of a US-China confrontation. **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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