

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks extended broad rallies on Friday to finish the week at record highs, lifted by trade optimism and better US data as the year comes to an end.** The Dow Jones, S&P 500 and NASDAQ continued their gaining streak to close 0.3-0.5% higher on Friday, **barely reacting to House Democrats' vote to impeach President Donald Trump.** Treasuries yields barely moved with 10Y UST yield hovering at 1.92%. The dollar strengthened against major currencies ahead of the holidays, boosted by upbeat US data. Gold recovered slightly by 0.2%, crude oils slipped –Brent crude last traded on Friday at \$66.14/barrel. **Over the weekend, President Trump said that the US and China would sign the recently announced “phase one” trade deal “very shortly”,** but trade-related news are likely to take a backseat this week alongside thin trading as traders are away for Christmas and year-end holidays.
- On the data front, **US 3Q annualized GDP growth was unrevised** at 2.1% QOQ. The separate Personal Outlay Report meanwhile showed that **personal income experienced a robust 0.5% MOM growth** in November that supported a 0.4% lift in personal spending. However inflation remained muted as the core PCE price index picked up a mere 1.6% YOY in the same month. **Consumer sentiment gained in the US and UK but slipped in the Eurozone. UK 3Q GDP growth was revised higher to 0.4% QOQ.** Hong Kong inflation moderated for the third month to 3.0% YOY whereas **Malaysia CPI saw a modest 1.9% YOY gain.**
- The greenback strengthened against major currencies ahead of the holidays, boosted by upbeat US data. **The dollar index added 0.32% to 97.69** as the euro, Swiss franc and Canadian dollar weakened. **We are neutral to slightly bullish on broad USD today** as holidays are expected to keep trading dull and given the lack of major data in the short term. **Medium term dollar outlook is still bullish,** supported by relatively solid US fundamentals and data.
- **MYR finished unchanged against the USD at 4.1410** on Friday alongside its Asian peers that were still kept around their recent ranges ahead of holidays. **MYR daily outlook remains neutral** and likely continues consolidate around 4.1300-4.1500 in a muted trading week. MYR medium term outlook is still bearish as the dollar is still expected to be well supported by relatively solid US data.
- **SGD finished unchanged against the USD at 1.3552** alongside regional Asian peers that were kept around their recent ranges ahead of the holidays. **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.

Overnight Economic Data

Malaysia	↓
US	↑
Eurozone	↓
UK	↑
Hong Kong	↓

What's Coming Up Next

Major Data

- US Chicago Fed Nat Activity Index, Durable Goods Orders, Cap Goods Orders Nondef Ex Air, New Home Sales
- Japan All Industry Activity Index, Leading Index
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1050	1.1065	1.1079	1.1100	1.1120	↘
GBPUSD	1.2950	1.3000	1.3009	1.3100	1.3170	↘
USDJPY	108.40	109.00	109.47	109.70	110.00	→
AUDUSD	0.6880	0.6900	0.6905	0.6920	0.6940	↗
EURGBP	0.8450	0.8500	0.8516	0.8550	0.8600	→
USDMYR	4.1300	4.1350	4.1415	4.1500	4.1600	→
EURMYR	4.5700	4.5800	4.5882	4.6000	4.6100	↘
JPYMYR	3.7675	3.7750	3.7834	3.7950	3.8015	→
GBPMYR	5.3360	5.3600	5.3866	5.4200	5.4540	→
SGDMYR	3.0480	3.0515	3.0568	3.0600	3.0630	→
AUDMYR	2.8500	2.8550	2.8586	2.8650	2.8700	↗
NZDMYR	2.7150	2.7300	2.7352	2.7420	2.7540	↗
USDSGD	1.3515	1.3530	1.3548	1.3575	1.3600	→
EURSGD	1.4970	1.5000	1.5009	1.5050	1.5095	→
GBPSGD	1.7500	1.7550	1.7622	1.7700	1.7800	→
AUDSGD	0.9280	0.9300	0.9352	0.9375	0.9400	↗

* 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	1,610.18	0.89	-4.76	CRB Index	185.04	-0.04	8.98
Dow Jones Ind.	28,455.09	0.28	21.98	WTI oil (\$/bbl)	60.44	-1.27	33.03
S&P 500	3,221.22	0.49	28.50	Brent oil (\$/bbl)	66.14	-0.60	22.70
FTSE 100	7,582.48	0.11	12.70	Gold (S/oz)	1,481.64	0.19	15.25
Shanghai	3,004.94	-0.40	20.49	CPO (RM/tonne)	2,851.00	0.60	46.02
Hang Seng	27,871.35	0.25	7.84	Copper (\$/tonne)	6,175.00	-0.64	3.52
STI	3,212.39	0.15	4.68	Rubber (sen/kg)	455.00	0.44	20.05

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA CPI YOY	Nov	0.9%	1.1%	1.1%
MA Foreign Reserves	13 Dec	\$103.3b	\$103.2b	--
US GDP Annualized QOQ	3Q T	2.1%	2.1%	2.1%
US Personal Income	Nov	0.5%	0.1% (revised)	0.3%
US Personal Spending	Nov	0.4%	0.3%	0.4%
US PCE Core Deflator YOY	Nov	1.6%	1.7% (revised)	1.5%
US U. of Mich. Sentiment	Dec F	99.3	96.8	99.2
EU Consumer Confidence	Dec A	-8.1	-7.2	-7.0
UK GfK Consumer Confidence	Dec	-11	-14	-14
UK GDP QOQ	3Q F	0.4%	-0.2%	0.3%
HK CPI Composite YOY	Nov	3.0%	3.1%	3.1%

Source: Bloomberg

- US 3Q GDP unrevised; personal income beat estimate; inflation muted:** The final reading of US 3Q annualized GDP growth was unrevised at 2.1% QOQ (2Q: +2.0%) as widely expected. Notably on Friday, the BEA monthly Personal Outlay Report detailed the better-than-expected 0.5% MOM growth in US personal income in November (Oct: +0.1% revised). This helped lift personal consumption expenditure (PCE) by 0.4% MOM (Oct: +0.3%), ahead of the holiday season. In the same report, the price index for core PCE, the Federal Reserve's key inflation gauge picked up 1.6% YOY (Oct: +1.7% revised), another firm sign that inflation remained muted in the system.
- US consumer confidence at favourable level:** The final reading of December University of Michigan Consumer Sentiment Index remained largely unchanged from its initial estimate, recording a favourable level of 99.3 (Nov: 96.8) that largely reflects the gain in confidence among upper income household.
- Eurozone consumer confidence deteriorated in December:** Eurozone consumer confidence slipped to -8.1 in December (Nov: -7.2) according to the European Commission's flash report, worse than what analysts had expected.
- UK 3Q GDP revised upwards, consumer confidence improved:** The final reading of UK 3Q GDP growth was revised upward from 0.3% to 0.4% QOQ (2Q: -0.2%) reflecting positive contribution from household consumption and net trade. Investment and government expenditure made negative contributions. By sectors, services remained the strongest driver of growth, supported by both manufacturing and construction. The GfK Consumer Confidence Index went up by 3pt to a five-month high of -11 in December (Nov: -14) ahead of the recent general election, reflecting consumers' more optimistic outlook over personal finance for the next 12 months.
- Hong Kong inflation moderated for third month:** Gain in headline CPI pulled back to 3.0% YOY in November (Oct: +3.1%) to mark its third month of moderating growth but was nonetheless high compared to levels recorded last year. Underlying CPI which stripped out government subsidies related distortion eased to 2.9% YOY. November print again reflects elevated food prices (+6.3% vs +6.1%) as the shortage of pork supply from mainland China continued to keep this preferred choice of poultry expensive. Mainland China supplies more than 90% of total pork to Hong Kong households. Cost of housing experienced smaller gain (+3.0% vs +3.1%) as gain in public rent normalized since September following a one-time upward adjustment last year.
- Malaysia CPI saw continuous modest gain:** Consumer Price Index (CPI) met our expectation to register a slightly softer gain of 0.9% YOY in November, after increasing at a steady pace of 1.1% YOY in the preceding two months. This marked its smallest gain since May, as a result of a marked pull-back in alcohol & tobacco, smaller increases in food & beverages, furnishings & household as well as slightly bigger decline in transport costs. The latest CPI print continued to reaffirm benign price pressure in the system, with core CPI hovering at 1.4% YOY in November (Oct: +1.4% YOY) while services CPI posted a steady increase of 1.9% YOY (Oct: +1.9% YOY). MOM, inflation eased a little to 0.1% in November, as key categories either experienced mild increase or no change at all. Year-to-date November, CPI rose a mere 0.6% YOY, and still 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 December. As mentioned before, 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, in addition to a backdrop of low global crude oil prices in the \$60/ barrel handle.

- **Malaysia foreign reserves a tad higher in mid-Dec:** The international reserves of Bank Negara Malaysia amounted rose to \$103.3 billion as at 13 December (previous: \$103.2b) The reserves position is sufficient to finance 7.8 months of retained imports and is 1.1 times total short-term external debt.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
23/12	US	Chicago Fed Nat Activity Index	Nov	-0.31	-0.71	--
		Durable Goods Orders	Nov P	1.5%	0.5%	--
		Cap Goods Orders Nondefense Ex. Aircraft	Nov P	0.2%	1.1%	--
		New Home Sales MOM	Nov	-0.4%	-0.7%	--
24/12		Richmond Fed Manufacturing Index	Dec	1	-1	--
23/12	Japan	All Industry Activity Index MOM	Oct	-4.3%	1.5%	--
		Leading Index CI	Oct F	--	91.8	--
23/12	Singapore	CPI YOY	Nov	0.6%	0.4%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1079	-0.39	1.1125	1.1066	-3.38
GBPUSD	1.2999	-0.08	1.3080	1.2979	1.98
USDJPY	109.44	0.06	109.53	109.26	-0.19
AUDUSD	0.6900	0.20	0.6907	0.6883	-2.13
EURGBP	0.8519	-0.36	0.8552	0.8477	-5.25
USDMYR	4.1410	0.00	4.1440	4.1355	0.18
EURMYR	4.6050	-0.15	4.6094	4.5968	-2.59
JPYMYR	3.7886	0.25	3.7919	3.7824	0.82
GBPMYR	5.4006	-0.44	5.4014	5.3838	2.52
SGDMYR	3.0561	0.03	3.0570	3.0505	0.67
AUDMYR	2.8568	0.35	2.8576	2.8518	-2.26
NZDMYR	2.7346	0.23	2.7383	2.7306	-1.59
CHFMYR	4.2261	0.05	4.2333	4.2254	0.64
CNYMYR	0.5909	0.02	0.5912	0.5900	-2.36
HKDMYR	0.5313	0.08	0.5315	0.5303	0.59
USDSGD	1.3552	0.00	1.3564	1.3546	-0.57
EURSGD	1.5013	-0.40	1.5081	1.4997	-3.93
GBPSGD	1.7616	-0.08	1.7721	1.7587	1.42
AUDSGD	0.9350	0.19	0.9358	0.9325	-2.68

Source: Bloomberg

Forex

MYR

- **MYR finished unchanged against the USD at 4.1410** on Friday alongside its Asian peers that were still kept around their recent ranges ahead of holidays.
- **MYR daily outlook remains neutral** and likely continues consolidate around 4.1300-4.1500 in a muted trading week. 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 strengthened against major currencies ahead of the holidays, boosted by upbeat US data. **The dollar index added 0.32% to 97.69** as the euro, Swiss franc and Canadian dollar weakened.
- **We are neutral to slightly bullish on broad USD today** as holidays are expected to keep trading dull and given the lack of major data in the short term. **Medium term dollar outlook is still bullish**, supported by relatively solid US fundamentals and data.

EUR

- **EUR** slipped against the USD by 0.39% to 1.1079 on poor consumer confidence reading and upbeat US data.
- **EUR is mildly bearish today after breaching below 1.1100** key handle but the lack of key data is likely to keep the currencies constrained within 1.1050-1.1100 in the short term with the bears eyeing its immediate support of 1.1065. **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 came off daily high to finish little changed against the USD at 1.2999.**
- **GBP remains bearish and likely stays under pressure around 1.3000 key handle** as technical indicators continue pointing to a loss in momentum in the currency. **Medium term outlook is neutral for now**, determined by Brexit development.

JPY

- **JPY was little changed against the USD at 109.44.**
- **JPY daily outlook remains neutral** today with USD looks likely supported above 109.00 ahead of the holidays and amidst a lack of major driver. **Medium term outlook is neutral** over lower risks of US-China trade war escalation.

AUD

- **AUD extended further gain of 0.20% against the USD right at 0.6900.**
- **Daily outlook is slightly bullish** after breaking above 0.6900 key resistance and likely benefiting from the positive trade news over the weekend. **Medium term outlook is neutral amidst** lower risk of a US-China trade war escalation and RBA's accommodative stance.

SGD

- **SGD finished unchanged against the USD at 1.3552** alongside regional Asian peers that were kept around their recent ranges ahead of the holidays.
- **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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