

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks gained in another record-setting streak, boosted by trade optimism after President Trump said over the weekend that a partial trade deal with China would be signed "shortly".** All three main indexes finished at all-time highs - the Dow Jones (+0.34%) was boosted by the nearly 3% surge in the share price of its largest component, Boeing after the crisis ridden plane maker ousted its CEO Dennis Muilenberg. The S&P 500 gained a little by 0.1% while NASDAQ picked up 0.2%. Bond yields moved up slightly but changes were constrained within 1-2bps along the curve. The greenback's performance was uneven across the FX board. Gold prices rose 0.51% ahead of the holidays whereas crude oils picked up a mere 0.2-0.4%. Brent crude was last seen trading at \$66.39/barrel on Monday.
- On the data front, **US durable goods orders declined by 2.0% MOM in November whereas core capital orders, a key gauge of business capex was nearly unchanged.** The Chicago Fed National Activity Index (CFNAI) rose to +0.56 in November, pointing to a rebound in economic growth last month. New home sales picked up 1.3% MOM in the same month as buyers flocked to the primary market amidst limited inventory in the secondary market. Japan's All Industry Activity Index plunged by 4.3% MOM in October due to typhoon and sales tax hike. Singapore headline CPI rose faster by 0.6% YOY in November while core CPI gain was flat at 0.6% YOY.
- The greenback's performance was uneven across the FX board with daily gain/losses against the major currencies limited below 0.6%. **The dollar index finished barely changed at 97.66. We remain neutral 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 little changed against the USD at 4.1425** on Monday in another muted session in the year end. **Expect MYR to continue hovering within 4.1300-4.1500 this week** ahead of the holiday as the year comes to an end. MYR medium term outlook is still bearish as the dollar is still expected to be well supported by relatively solid US data.
- **SGD finished little changed against the USD at 1.3558** amidst dull trading. **Daily outlook for SGD remains 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

US	➔
Japan	⬇
Singapore	⬆

What's Coming Up Next

Major Data

- US Richmond Fed Manufacturing Index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1065	1.1080	1.1094	1.1100	1.1120	➔
GBPUSD	1.2850	1.2900	1.2946	1.3000	1.3080	⬇
USDJPY	108.40	109.00	109.38	109.70	110.00	➔
AUDUSD	0.6880	0.6900	0.6930	0.6950	0.6980	⬆
EURGBP	0.8450	0.8500	0.8569	0.8600	0.8650	⬆
USDMYR	4.1300	4.1350	4.1415	4.1500	4.1600	➔
EURMYR	4.5700	4.5800	4.5946	4.6000	4.6100	➔
JPYMYR	3.7675	3.7750	3.7867	3.7950	3.8015	➔
GBPMYR	5.3250	5.3450	5.3614	5.3825	5.4150	⬇
SGDMYR	3.0480	3.0515	3.0554	3.0600	3.0630	➔
AUDMYR	2.8560	2.8600	2.8699	2.8750	2.8815	⬆
NZDMYR	2.7250	2.7333	2.7474	2.7540	2.7630	⬆
USDSGD	1.3515	1.3530	1.3555	1.3575	1.3600	➔
EURSGD	1.4970	1.5000	1.5037	1.5050	1.5095	➔
GBPUSD	1.7450	1.7500	1.7547	1.7625	1.7675	⬇
AUDSGD	0.9250	0.9370	0.9390	0.9400	0.9430	⬆

* 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	1,614.18	0.25	-4.52	CRB Index	184.47	-0.31	8.64
Dow Jones Ind.	28,551.53	0.34	22.39	WTI oil (\$/bbl)	60.52	0.13	33.25
S&P 500	3,224.01	0.09	28.61	Brent oil (\$/bbl)	66.39	0.38	23.40
FTSE 100	7,623.59	0.54	13.31	Gold (\$/oz)	1,485.79	0.51	15.85
Shanghai	2,962.75	-1.40	18.80	CPO (RM/tonne)	2,884.00	1.16	47.71
Hang Seng	27,906.41	0.13	7.97	Copper (\$/tonne)	6,175.00	-0.64	3.52
STI	3,214.00	0.05	4.73	Rubber (sen/kg)	454.50	-0.11	19.92

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Nov	0.56	-0.76 (revised)	-0.31
US Durable Goods Orders	Nov P	-2.0%	0.5%	1.5%
US Cap Goods Orders Nondefense Ex. Aircraft	Nov P	0.1%	1.1%	0.2%
US New Home Sales MOM	Nov	1.3%	-2.7% (revised)	-0.4%
JP All Industry Activity Index MOM	Oct	-4.3%	1.9% (revised)	-4.3%
JP Leading Index CI	Oct F	91.6	91.8	--
SG CPI YOY	Nov	0.6%	0.4%	0.6%

Source: Bloomberg

- US durable goods order slipped in November; capex flat:** Preliminary report shows that orders of durable goods i.e. goods that last for more than three years declined by 2.0% MOM in November (Oct: +0.2% revised), following a newly revised smaller gain in October. The fall in orders reflect decline in orders of the volatile commercial aircrafts (-1.8% vs +8.8%) and defense aircrafts (-35.6% vs +11.9%) as well as machinery (-1.6% vs +0.9%). The key investment gauge – orders of nondefense capital goods excluding aircrafts, normally known as “core capital orders” was nearly unchanged, recording a minimal 0.1% MOM growth (Oct: +1.1%), suggesting that business capex is likely to be flat in 4Q.
- Chicago Fed National Index points to November rebound:** The Chicago Fed National Activity Index (CFNAI) rose to +0.56 in November (Oct: -0.76), led by improvements in production-related indicators, pointing to a rebound in economic growth last month. All four broad categories of indicators recorded increases two of them made positive contributions to the index. The index reflected the MOM rebound in industrial production (+1.1% vs -0.9%) as the GM UAW auto strike ended, the robust NFP job numbers (+266k vs +156k) and lower unemployment rate as well as higher personal consumption and housing starts in November.
- US new home sales rebounded in November:** New home sales picked up 1.3% MOM in November (Oct: -2.7% revised), partially offset the newly revised larger contraction in October. Total sales amounted to an annualized pace of 719k unit (Oct: 710k revised), driven by higher sales in the Northeast and West. Potential buyers flocked into the primary market last month to take advantage of cheaper borrowing costs as inventory in the secondary market remains lean. Existing home sales had recorded a 1.7% MOM decline in the same month as limited supply pressured overall sales.
- Japan activity declined in October due to typhoon; tax hike:** The All Industry Activity Index plunged by 4.3% MOM in October (Sep: +1.9%) reflecting the decline in activity in Japan’s manufacturing, construction and tertiary industries due to the temporary disruption caused by typhoon and sales tax hike. Separately, the Economic and Social Research Institute’s leading index slipped to 91.6 in the same month (Sep: 91.9), marking it third month of lower reading.
- Singapore inflation remained subdued :** Singapore headline CPI met expectation to increase 0.6% YOY in November (Oct: +0.4%), its largest gain in five months, led by the rise in cost of transport (+2.1% v s+1.2%), household durables & services (+0.8% vs +0.3%), communication (+0.7% vs -1.0%) as well as the smaller decline in prices of clothing & footwear (-1.1% vs -1.8%) and housing & utilities (-1.4% vs -1.6%). The MAS core inflation was unchanged at 0.6% YOY (Oct: +0.6%), still way below its more 1-2% range observed in the past three years, reaffirming the lack of price pressure in the economy.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
24/12	US	Richmond Fed Manufacturing Index	Dec	1	-1	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1089	0.09	1.1096	1.1070	-3.27
GBPUSD	1.2936	-0.48	1.3032	1.2905	1.47
USDJPY	109.40	-0.04	109.54	109.34	-0.26
AUDUSD	0.6922	0.32	0.6929	0.6892	-1.86
EURGBP	0.8573	0.63	0.8592	0.8498	-4.65
USDMYR	4.1425	0.04	4.1460	4.1385	0.22
EURMYR	4.5916	-0.29	4.5949	4.5839	-2.87
JPYMYR	3.7878	-0.02	3.7898	3.7817	0.80
GBPMYR	5.3958	-0.09	5.3987	5.3825	2.43
SGDMYR	3.0550	-0.04	3.0570	3.0529	0.63
AUDMYR	2.8649	0.28	2.8660	2.8559	-1.99
NZDMYR	2.7422	0.28	2.7438	2.7332	-1.31
CHFMYR	4.2229	-0.08	4.2255	4.2114	0.56
CNYMYR	0.5908	-0.03	0.5913	0.5906	-2.39
HKDMYR	0.5319	0.11	0.5321	0.5309	0.70
USDSGD	1.3558	0.04	1.3568	1.3548	-0.52
EURSGD	1.5035	0.15	1.5045	1.5008	-3.78
GBPSGD	1.7538	-0.44	1.7672	1.7501	0.94
AUDSGD	0.9385	0.37	0.9392	0.9339	-2.36

Source: Bloomberg

Forex

MYR

- **MYR finished little changed against the USD at 4.1425** on Monday in another muted session in the year end.
- **Expect MYR to continue hovering within 4.1300-4.1500 this week** ahead of the holiday as the year comes to an end. 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's performance was uneven across the FX board with daily gain/losses against the major currencies limited below 0.6%. **The dollar index finished barely changed at 97.66**
- **We remain neutral 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 recovered slightly by 0.09% against the USD at 1.1096.**
- **EUR is hovering at 1.1093 as of writing**, with a breach above 1.1100 needed to clear the way for more convincing gains. Daily outlook is neutral as thin trading volume ahead of Christmas looks likely to keep the currency constricted within 1.1070-1.1100. **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 reversed minor gains in the Asian session to finish 0.48% weaker against the USD at 1.2936** on deepening concerns regarding a hard Brexit.
- **GBP is still bearish** as it appeared pressured below 1.2950 this morning and looks set to continue the current losing streak ahead of Christmas. Immediate support is seen at 1.2900. Upside is limited given the absence of major data and worry over Brexit likely lingers today. **Medium term outlook is neutral for now, determined by Brexit development.**

JPY

- **JPY continued to trade little changed against the USD at 109.40.**
- **JPY daily outlook remains neutral** today as the currency continues to hover around 109.40 amidst dull trading and lack of major driver ahead of Christmas. **Medium term outlook is neutral** over lower risks of US-China trade war escalation.

AUD

- **AUD extended further gain of 0.032% against the USD right at 0.6922.**
- **Daily outlook is bullish** as AUD continues its bullish ascend after breaking above 0.6900 key resistance. Medium term outlook is neutral amidst lower risk of a US-China trade war escalation and RBA's accommodative stance.

SGD

- **SGD finished little changed against the USD at 1.3558** amidst dull trading.
- **Daily outlook for SGD remains 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.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.