

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rose on Friday on positive trade headlines after President Trump said he was “very close” to a trade deal with China while President Xi made a rare comment that Beijing wanted to work out an interim phase deal with the US**, but would not back off from retaliatory actions if necessary. Wall Street main indexes picked up 0.2-0.4% on Friday but closed the week on a mildly weaker note. Bonds yields finished little changed along the curve. **Dollar gained ground to strengthen further against its major peers on better US PMI data.** Euro turned more bearish as PMIs continued to reflect gloomy outlook. Gold slid on more positive trade news, oil prices slipped around 0.9-1.4% - Brent crude closed at \$63.39/barrel on Friday. **Asian stocks are set for a mixed start this week as markets look towards trade headlines and Hong Kong district council election outcome** where pro-democracy candidates are up to take majority after scoring a landslide victory. **China said over the weekend that will raise penalties on violations of intellectual property rights in a bid to address a key sticking issue of the ongoing negotiation.**
- **Friday’s data bag comprised mostly flash Markit PMI readings which turned out mixed.** US manufacturing and services PMIs both edged up in November, alongside a favourable University of Michigan Consumer Index. Eurozone PMIs came in on the downside, pointing to ever weaker growth outlook. UK PMI deteriorated as both manufacturing and services gauges are at sub-50 levels this month. Japan meanwhile saw slight improvement in its PMI data but economic growth widely stagnated. **Malaysia foreign reserves was unchanged at \$103.2b as at 15 November.**
- Dollar gained ground to strengthen further against its major peers on better US PMI data. **The dollar index extended gaining streak to finish 0.28% higher at 98.27. We are neutral to slightly bearish on USD today** on the back of more positive trade headlines that would benefit trade sensitive currencies like Aussie, stronger pound post Boris Johnson’s manifesto but weaker euro and yen, while paying attention to development in Hong Kong.
- **MYR finished little changed against the USD at 4.1710** on Friday, alongside weaker Asian regional currencies amidst cautious sentiment ahead of the weekend. **We are neutral to slightly bullish on MYR today** as market digests more positive trade headlines and news surrounding Boris Johnson’s manifesto and Hong Kong election amidst improving sentiments.
- **SGD extended losses against the USD by 0.08% to 1.3642** alongside weaker Asian regional currencies amidst cautious sentiment ahead of the weekend. **We are neutral on SGD today** as market digests more positive trade headlines and news surrounding Boris Johnson’s manifesto and Hong Kong election amidst improving sentiments.

Overnight Economic Data

Malaysia	→
US	↑
Eurozone	→
UK	↓
Japan	↑

What’s Coming Up Next

Major Data

- US Chicago Fed Nat Activity Index, Dallas Fed Manf. Activity
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1000	1.1023	1.1050	1.1080	↘
GBPUSD	1.2770	1.2800	1.2853	1.2880	1.2900	↗
USDJPY	108.25	108.40	108.73	108.80	109.00	↗
AUDUSD	0.6770	0.6780	0.6792	0.6800	0.6820	↗
EURGBP	0.8500	0.8530	0.8576	0.8600	0.8650	→
USDMYR	4.1650	4.1700	4.1737	4.1800	4.1850	→
EURMYR	4.5800	4.5900	4.6006	4.6100	4.6200	↘
JPYMYR	3.8175	3.8320	3.8386	3.8550	3.8730	→
GBPMYR	5.3300	5.3500	5.3645	5.3800	5.4000	↘
SGDMYR	3.0550	3.0575	3.0596	3.0650	3.0700	↘
AUDMYR	2.8280	2.8300	2.8352	2.8380	2.8400	→
NZDMYR	2.6500	2.6650	2.6769	2.6800	2.6870	→
USDSGD	1.3575	1.3600	1.3641	1.3650	1.3665	→
EURSGD	1.5000	1.5020	1.5037	1.5050	1.5080	→
GBPSGD	1.7450	1.7500	1.7532	1.7550	1.7600	→
AUDSGD	0.9230	0.9245	0.9266	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	1,596.84	0.29	-5.54	CRB Index	180.37	-0.20	6.22
Dow Jones Ind.	27,875.62	0.39	19.50	WTI oil (\$/bbl)	57.77	-1.38	27.06
S&P 500	3,110.29	0.22	24.07	Brent oil (\$/bbl)	63.39	-0.91	17.88
FTSE 100	7,326.81	1.22	8.90	Gold (S/oz)	1,461.93	-0.17	13.84
Shanghai	2,885.29	-0.63	15.69	CPO (RM/tonne)	2,584.00	0.80	32.34
Hang Seng	26,595.08	0.48	2.90	Copper (\$/tonne)	5,855.00	0.45	-1.84
STI	3,225.65	1.05	5.11	Rubber (sen/kg)	449.50	-0.22	18.60

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA Foreign Reserves	Nov-15	\$103.2b	\$103.2b	--
US Markit Services PMI	Nov P	51.6	50.6	51.0
US Markit Manufacturing PMI	Nov P	52.2	51.3	51.4
US U. of Mich. Consumer Sentiment	Nov F	96.8	95.7	95.7
EU Markit Manufacturing PMI	Nov P	46.6	45.9	46.4
EU Markit Services PMI	Nov P	51.5	52.2	52.4
UK Markit/CIPS Manufacturing PMI	Nov P	48.3	49.6	48.9
UK Markit/CIPS Services PMI	Nov P	48.6	50.0	50.1
JP Jibun Bank PMI Mfg	Nov P	48.6	48.4	--
JP Jibun Bank PMI Services	Nov P	50.4	49.7	--

Source: Bloomberg

- US business activities growth quickened in November; consumer sentiment picked up:** The flash US Manufacturing PMI rose to a seven-month high of 52.2 in November (Oct: 51.3) to reflect an improvement in manufacturing conditions at US factories that were supported by sharper and solid expansion in production and new orders. The services PMI went up to 51.6 (Oct: 50.6) but Markit reported that upturn in new business was historically weak and optimism dipped this month. Nonetheless, the overall report was a welcoming one that points to a quicker expansion of US activities in November. On a separate note, the University of Michigan Consumer Sentiment Index rose to 96.8 in November (Oct: 95.5) driven by better consumer expectations. Notably, consumers expected favourable gains in their personal financial situation, a likely boost to consumer spending.
- Eurozone economy neared stagnation for the third month:** The flash PMI readings indicate that the Euro area economy remained close to stagnant for third month running as the manufacturing PMI went up by only a tad higher to 46.6 in November (Oct: 45.9). The Services PMI meanwhile slipped to a 10-month low of 51.5 (Oct: 52.2), suggesting that the ongoing manufacturing downturn is spreading further to the services sector. The general growth outlook remains gloomy as businesses remain concerned by trade wars, Brexit and a general slowdown in demand.
- UK private sector output dropped in November:** IHS Markit/CIPS released its first report on UK Flash Composite PMI on Friday. The Flash UK manufacturing PMI slipped to a two-month low of 48.3 in November (Oct: 49.6), pointing to worsening manufacturing conditions as a result of lower levels of output, new orders and employment and a sharpest fall in stocks purchases that reversed the stock building activities ahead of the 31 Oct Brexit deadline. The Flash Services PMI meanwhile fell back below 50 to 48.6 (Oct: 50.0) to suggest a modest reduction in services output, reflecting weaker demand due to delayed decision making in the face of political uncertainty especially among large corporates.
- Japan economy broadly stagnated in November:** The flash Jibun Bank Manufacturing PMI rose to 48.6 in November (Oct: 48.4) but the sub-50 reading continues to signal difficult business condition for Japanese factories where new orders and output remain in contraction. The flash services PMI meanwhile managed to rebound from October's low and back above the 50.0 neutral threshold (50.4 vs 49.7) to signal a marginal growth in the services sector. IHS Markit said that October data had been difficult to interpret due to the temporary disruption of typhoon as well as the newly implemented sales tax hike. The latest November readings proved that the Japanese economy struggles to rebound and recovered October's losses, pointing to a potential contraction in 4Q.
- Malaysia foreign reserves unchanged in mid-Nov:** The international reserves of Bank Negara Malaysia amounted to \$103.2 billion as at 15 November 2019, unchanged from end-October. The reserves position is sufficient to finance 7.7 months of retained imports and is 1.1 times total short-term external debt.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
25/11	US	Chicago Fed Nat Activity Index	Oct	-0.2	-0.45	--
		Dallas Fed Manf. Activity	Nov	-3.8	-5.1	--
26/11		Advance Goods Trade Balance	Oct	-\$71.2b	-\$70.4b	--
		Wholesale Inventories MOM	Oct P	0.1%	-0.4%	--
		FHFA House Price Index MOM	Sep	0.3%	0.2%	--
		S&P CoreLogic CS 20-City YOY NSA	Sep	2.0%	2.0%	--
		Richmond Fed Manufact. Index	Nov	6.0	8.0	--
		Conf. Board Consumer Confidence	Nov	127.0	125.9	--
		New Home Sales MOM	Oct	1.0%	-0.7%	--
		Exports YOY	Oct	-8.4%	-7.3%	--
25/11	Singapore	CPI YOY	Oct	0.5%	0.5%	--
26/11		Industrial Production YOY	Oct	-1.4%	0.1%	--
26/11	New Zealand	Retail Sales Ex Inflation QOQ	3Q	0.5%	0.2%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1021	-0.34	1.1087	1.1015	-3.89
GBPUSD	1.2834	-0.62	1.2928	1.2824	0.71
USDJPY	108.66	0.03	108.73	108.48	-0.90
AUDUSD	0.6786	-0.0	0.6803	0.6781	-3.72
EURGBP	0.8589	0.27	0.8605	0.8561	-4.55
USDMYR	4.1710	0.02	4.1715	4.1650	0.91
EURMYR	4.6135	-0.20	4.6216	4.6077	-2.41
JPYMYR	3.8391	-0.08	3.8414	3.8314	2.16
GBPMYR	5.3847	-0.20	5.3897	5.3798	2.22
SGDMYR	3.0614	-0.01	3.0619	3.0574	0.84
AUDMYR	2.8351	-0.01	2.8364	2.8277	-3.01
NZDMYR	2.6774	-0.09	2.6788	2.6672	-3.65
CHFMYR	4.1951	-0.35	4.2013	4.1904	-0.10
CNYMYR	0.5924	-0.01	0.5932	0.5922	-2.11
HKDMYR	0.5329	0.00	0.5333	0.5323	0.89
USDSGD	1.3642	0.08	1.3649	1.3617	0.11
EURSGD	1.5035	-0.26	1.5102	1.5032	-3.79
GBPSGD	1.7502	-0.53	1.7617	1.7498	0.81
AUDSGD	0.9257	0.05	0.9264	0.9245	-3.60

Source: Bloomberg

Forex

MYR

- **MYR finished little changed against the USD at 4.1710** on Friday, alongside weaker Asian regional currencies amidst cautious sentiment ahead of the weekend.
- **We are neutral to slightly bullish on MYR** today as market digests more positive trade headlines and news surrounding Boris Johnson's manifesto and Hong Kong election amidst improving sentiments. Medium term outlook remains bearish, expecting the USD to strengthen as the Fed reinforced intention to keep the Fed funds rate unchanged in December, supported by better 4Q US data.

USD

- Dollar gained ground to strengthen further against its major peers on better US PMI data. **The dollar index extended gaining streak to finish 0.28% higher at 98.27.**
- **We are neutral to slightly bearish on USD** today on the back of more positive trade headlines that would benefit trade sensitive currencies like Aussie, stronger pound post Boris Johnson's manifesto but weaker euro and yen, while paying attention to development in Hong Kong. **Medium term outlook remains bullish**, expecting the USD to strengthen as the Fed reinforced intention to keep the Fed funds rate unchanged in December, supported by better 4Q US data.

EUR

- **EUR extended losing streak on Friday to finish 0.34% weaker against the USD at 1.1021** as the shared currency came under selling pressure on weak Eurozone PMI data versus stronger US PMIs.
- **EUR remains bearish as it hovers around 1.1020 handle in Asian morning and looks set to test the 1.100 support today** over weaker sentiment regarding its growth outlook. **In the medium term, outlook remains bearish** as the ECB's plan for looser monetary policy weighs on EUR.

GBP

- **GBP plunged by 0.62% against the USD at 1.2834** on weaker UK PMI, supported by broader dollar strength.
- **GBP is only mildly bullish today**, struggling to break above 1.2900 handle over mixed assessment of the newly released Conservative Party's manifesto that offers a soft Brexit but dubious fiscal policies. Medium term outlook is neutral with a bearish bias, driven by Brexit and election headlines where the Tories are largely expected to secure a majority as well as increasingly weaker fundamentals.

JPY

- **JPY finished little changed against the USD at 108.66** in another choppy session.
- **We are bearish on JPY today on better risk sentiment**, supported by positive trade headlines. **We remain bullish on JPY over the medium term** over narrowing yield differentials between the dollar and yen, alongside concerns over Hong Kong unrests, lingering Brexit uncertainty and have not ruled out scenario of a US-China trade war escalation.

AUD

- **AUD finished flat against the USD at 0.6786 in an indecisive session.**
- **We turn bullish on AUD today as risk-on sentiment returns** on the back of positive trade headlines. Short term outlook is bullish as the RBA expected to keep cash rate steady next week.

SGD

- **SGD extended losses against the USD by 0.08% to 1.3642** alongside weaker Asian regional currencies amidst cautious sentiment ahead of the weekend.
- **We are neutral on SGD today** as market digests more positive trade headlines and news surrounding Boris Johnson's manifesto and Hong Kong election amidst improving sentiments. **Medium term outlook is still bearish**, expecting the USD to strengthen as the Fed reinforced intention to keep the Fed funds rate unchanged in December.

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