

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks extended gains overnight, buoyed by rising sense of trade optimism that helped push Wall Street main indexes to finish at record highs.** Markets gained confidence from multiple reports from both the Chinese and American sources that suggest that the US and China could indeed reach a partial deal this year. **The Dow Jones, S&P 500 and NASDAQ rose 0.7%, 0.8% and 1.3%, led by a broad rally across sectors that saw tech shares reaping the biggest gain (+1.4%) overnight.** The trade sensitive Philadelphia Semiconductor index jumped by 2.4%, its largest increase in more than a month. **Treasuries yields however moved only a little, edging lower by around 1-2bps along the curve, offering signs that investors remained cautious.** The dollar strengthened against most of the major currencies but the dollar index picked up only a little on the back of a **stronger pound which was boosted by polls that showed the Conservatives are leading in December ballots.** Oil prices rose 0.4%. Brent crude closed at \$63.65/barrel.
- **Data flow was light at the start of the week.** US second-tier data were on weaker note as the Chicago Fed National Activity Index slipped further to -0.71 in October, suggesting a pull-back in growth last month while the Dallas Fed manufacturing index recorded its second negative monthly reading. Singapore headline CPI inflation eased to 0.4% YOY in October. New Zealand retail sales jumped more than expected by 1.6% QOQ in the third quarter this year.
- The dollar strengthened against most of the major currencies but the **dollar index picked up only minimally to 98.32** on the back of a stronger pound. **We are neutral on USD with a bullish bias** expecting GBP to consolidate and weaker EUR and AUD. **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.
- **MYR finished 0.18% weaker against the stronger USD at 4.1785** as market weighed headlines surrounding trade, UK politics and Hong Kong elections. **We are neutral on MYR today** with a bearish bias on the back of a stronger dollar in a risk-on but still somewhat cautious environment. **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.
- **SGD closed slightly lower by 0.04% against the USD at 1.3648.** **We are neutral on SGD today** with a bearish bias on the back of a stronger dollar in a risk-on but still somewhat cautious environment. **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.

Overnight Economic Data

US	↓
Singapore	↓
New Zealand	↑

What's Coming Up Next

Major Data

- US Advance Goods Trade Balance, Wholesale Inventories, FHFA House Price Index, S&P CoreLogic CS 20-City House Price Index, Richmond Fed Manufact. Index, Conf. Board Consumer Confidence, New Home Sales
- Singapore Industrial Production
- Hong Kong Exports

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1000	1.1010	1.1020	1.1050	↘
GBPUSD	1.2780	1.2850	1.2896	1.2900	1.2930	→
USDJPY	108.65	108.80	109.05	109.20	109.45	↗
AUDUSD	0.6760	0.6770	0.6776	0.6780	0.6800	↘
EURGBP	0.8500	0.8530	0.8538	0.8560	0.8600	→
USDMYR	4.1650	4.1700	4.1810	4.1850	4.1900	↗
EURMYR	4.5800	4.5900	4.6029	4.6100	4.6200	→
JPYMYR	3.8175	3.8250	3.8338	3.8500	3.8600	→
GBPMYR	5.3600	5.3750	5.3916	5.4000	5.4150	↗
SGDMYR	3.0550	3.0575	3.0629	3.0650	3.0700	↗
AUDMYR	2.8280	2.8300	2.8333	2.8380	2.8400	↘
NZDMYR	2.6650	2.6700	2.6794	2.6800	2.6870	→
USDSGD	1.3625	1.3635	1.3651	1.3665	1.3675	↗
EURSGD	1.5000	1.5020	1.5028	1.5050	1.5080	→
GBPSGD	1.7500	1.7575	1.7603	1.7650	1.7700	→
AUDSGD	0.9230	0.9240	0.9249	0.9265	0.9280	↘

* 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	1,591.35	-0.34	-5.87	CRB Index	180.57	0.11	6.34
Dow Jones Ind.	28,066.47	0.68	20.32	WTI oil (\$/bbl)	58.01	0.42	27.59
S&P 500	3,133.64	0.75	25.00	Brent oil (\$/bbl)	63.65	0.41	18.31
FTSE 100	7,396.29	0.95	9.93	Gold (S/oz)	1,455.26	-0.46	13.37
Shanghai	2,906.17	0.72	16.53	CPO (RM/tonne)	2,607.50	0.91	33.55
Hang Seng	26,993.04	1.50	4.44	Copper (\$/tonne)	5,855.00	0.45	-1.84
STI	3,220.63	-0.16	4.95	Rubber (sen/kg)	450.50	0.22	18.87

Source: Bloomberg

➤ Macroeconomics

	Economic Data			
	For	Actual	Last	Survey
US Chicago Fed National Activity Index	Oct	-0.71	-0.45	-0.2
US Dallas Fed Manufacturing Activity	Nov	-1.3	-5.1	-3.8
SG CPI YOY	Oct	0.4%	0.5%	0.5%
NZ Retail Sales Ex Inflation QOQ	3Q	1.6%	0.2%	0.5%

Source: Bloomberg

- Chicago Fed National Activity Index points to slower US growth:** The Chicago Fed National Activity Index slipped further to -0.71 in October (Sep: -0.45), led by the declines in production related indicators, suggesting a pull-back in growth last month. All four categories of indicators namely production, sales & orders, employment and personal consumption & housing made negative contributions to the headline index.
- Texas factory activity continued to decline:** The Dallas Fed's Texas Manufacturing Outlook Survey reported that its general business activity index was at -1.3 in November (Oct: -5.1), marking its second month of negative reading that suggests continuous albeit smaller contraction in Texas factory activity. The production index fell to -2.4, its first venture into the negative territory since June-16, offering signs of weakening conditions amidst softer company outlook and elevated uncertainty.
- Singapore inflation pulled back in October:** Singapore headline CPI inflation eased to 0.4% YOY in October (Sep: +0.5%) due to a steeper decline in the cost of electricity & gas (-12.5% vs -8.3%) and lower services inflation (+1.2% vs +1.4%) that offset a smaller contraction in accommodation cost and a pickup in food and private road transport inflation. Lower utilities costs reflect lower electricity tariffs and the effect of the nationwide launch of the Open Electricity Market (OEM) on electricity prices. The MAS core inflation meanwhile slipped to 0.6% YOY (Sep: +0.7%). MOM, CPI declined 0.4% (Sep: 0.0%) after a flat reading, reflecting the lack of inflationary pressure in the economy. As such, MAS expects external sources of inflation to remain benign amidst weak demand conditions, and generally well-supplied food and oil commodity markets. Softening domestic labour market conditions would also lower wage growth in 2019 and 2020 while subdued retail rents and any cost pass-through to consumers would be constrained by weaker economic environment. Headline CPI is thus expected to range 0.5% in 2019 and 0.5-1.5% in 2020 and MAS core inflation at 1-2% in 2019 and 0.5-1.5% in 2020.
- New Zealand retail sales jumped more than expected:** New Zealand retail sales excluding inflation topped estimate to increase 1.6% QOQ in the third quarter of 2019 (2Q: +0.2%), its strongest in three quarters, led by the jump in sales of motor vehicles, groceries, furniture & housewares as well as continuous gain in electrical and electronic goods.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
26/11	US	Advance Goods Trade Balance	Oct	-\$71.0b	-\$70.4b	--
		Wholesale Inventories MOM	Oct P	0.2%	-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	5.0	8.0	--
		Conf. Board Consumer Confidence	Nov	127.0	125.9	--
		New Home Sales MOM	Oct	0.6%	-0.7%	--
		27/11		MBA Mortgage Applications	22 Nov	--
GDP Annualized QOQ	3Q S			1.9%	1.9%	--
Durable Goods Orders	Oct P			-0.9%	-1.2%	--
Cap Goods Orders Nondef Ex Air	Oct P			-0.2%	-0.6%	--
Initial Jobless Claims	23 Nov			221k	227k	--
MNI Chicago PMI	Nov			47.0	43.2	--
Personal Income	Oct			0.3%	0.3%	--
Personal Spending	Oct			0.3%	0.2%	--
PCE Core Deflator YOY	Oct			1.7%	1.7%	--
Pending Home Sales MOM	Oct			0.2%	1.5%	--
27/11	China	Industrial Profits YOY	Oct	--	-5.3%	--
26/11	Hong Kong	Exports YOY	Oct	-8.4%	-7.3%	--
26/11	Singapore	Industrial Production YOY	Oct	-1.4%	0.1%	--
27/11	New Zealand	Exports NZD	Oct	5.00b	4.47b	--
		Trade Balance NZD	Oct	-1,000m	-1,242m	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1014	-0.06	1.1032	1.1004	-3.99
GBPUSD	1.2900	0.51	1.2912	1.2841	1.14
USDJPY	108.93	0.25	108.98	108.64	-0.62
AUDUSD	0.6779	-0.10	0.6803	0.6768	-3.90
EURGBP	0.8539	-0.59	0.8600	0.8530	-5.05
USDMYR	4.1785	0.18	4.1790	4.1720	1.08
EURMYR	4.6017	-0.26	4.6065	4.5963	-2.66
JPYMYR	3.8362	-0.08	3.8416	3.8333	2.09
GBPMYR	5.3791	-0.10	5.3791	5.3579	2.12
SGDMYR	3.0613	0.00	3.0631	3.0567	0.84
AUDMYR	2.8369	0.06	2.8403	2.8327	-2.95
NZDMYR	2.6820	0.17	2.6851	2.6745	-3.48
CHFMYR	4.1889	-0.15	4.1916	4.1818	-0.25
CNYMYR	0.5936	0.20	0.5940	0.5932	-1.92
HKDMYR	0.5336	0.13	0.5339	0.5331	1.02
USDSGD	1.3648	0.04	1.3658	1.3634	0.16
EURSGD	1.5032	-0.02	1.5053	1.5020	-3.83
GBPSGD	1.7605	0.59	1.7627	1.7496	1.31
AUDSGD	0.9251	-0.06	0.9275	0.9242	-3.74

Source: Bloomberg

Forex

MYR

- **MYR finished 0.18% weaker against the stronger USD at 4.1785** as market weighed headlines surrounding trade, UK politics and Hong Kong elections.
- **We are neutral on MYR today** with a bearish bias on the back of a stronger dollar in a risk-on but still somewhat cautious environment. **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

- The dollar strengthened against most of the major currencies but the **dollar index picked up only minimally to 98.32** on the back of a stronger pound.
- **We are neutral on USD with a bullish bias** expecting GBP to consolidate and weaker EUR and AUD. **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 finished 0.06% lower against the USD at 1.1014**, pressured by still-weak German IFO reading as it struggled to stay above 1.1000 in the American session.
- **EUR remains bearish rolling into Asian morning** as it stays below the 1.1020 handle, and again looks set to test 1.1000 support amidst weaker Eurozone growth sentiment. **Medium term outlook is still bearish** as the ECB's plan for looser monetary policy weighs on EUR.

GBP

- **GBP was the top performer overnight as it surged by 0.51% to close right at 1.2900 level against the USD**, boosted by polls that showed the Conservatives are leading in December ballots.
- **Daily outlook is neutral, expecting GBP to consolidate around 1.2900**. Medium term outlook is driven by Brexit headlines and December election outcome where a Tories majority is likely to keep GBP supported.

JPY

- **JPY slipped against the USD by 0.25% to 108.93 as risk sentiment returned to the market.**
- **We are bearish on JPY today** as the safe haven currency struggles to find demand in a risk-on environment that led USDJPY to breach 109.00 in Asian morning. **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 0.10% weaker against the USD at 0.6779 on the back of a stronger dollar.**
- **AUD is bearish today**, responding to weaker consumer confidence data that slipped to a four-year low but is looking towards to a few key RBA speeches for further guidance. **Short term outlook is bullish** as the RBA expected to keep cash rate steady next week.

SGD

- **SGD closed slightly lower by 0.04% against the USD at 1.3648.**
- **We are neutral on SGD today** with a bearish bias on the back of a stronger dollar in a risk-on but still somewhat cautious environment. **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.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

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.