

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Major equity indices in the US ended mildly higher** but off their fresh record intraday high amid rejuvenated trade deal optimism and some positive vibes from US economic data. **President Trump said that a mini trade deal is in its “final throes”, spurring risk sentiments**, even though it was not the first time he had passed those remarks. UST came under pressure as a result, with the curve shifting lower by 1-2bps as the 10s settled at 1.74%. The Dollar Index traded within a narrow band of 98.23-98.38 before ending just slightly above its intraday low at 98.26, from 98.32 a day ago. Earlier, European and Asian stock indices closed mixed while sovereign bond yields were generally higher supported by risk-on sentiments in the markets. Brent crude extended its leg up to \$64.17/ barrel, as trade talk optimism helped shore up expectation of a recovery in demand. **RBA Governor Lowe said QE is not imminent, and that could only be an option if cash rate has been reduced to 0.25%.**
- **US data were mixed but enough to offer some relief.** Housing data continued to point to a recovering housing market supported by lower borrowing costs. Consumers were more confident about future outlook vs present situation and data showed consumers are selective with their spending. Trade deficit for goods narrowed as imports fell by a bigger magnitude vs exports. Manufacturing activities in Richmond Fed were weaker in line with other districts. Not surprisingly, Hong Kong exports extended its decline for a good one year now while Singapore production surprised on the upside driven by electronics and pharmaceutical products.
- **The dollar weakened against most majors** following President Trump's remark of near conclusion of a mini trade deal that dampened refuge demand for the greenback. The dollar index rangetraded within a narrow range before closing slightly weaker at 98.25. **We are neutral to slightly bullish on USD** pending the release of key US 3Q GDP and PCE reports today with upside capped by 98.45.
- **MYR weakened** a 7th straight day to close **0.12% weaker against the USD at 4.1830** on the back of a firming greenback amid trade and political uncertainties. **USDMYR remains bullish in our view** although today's advances may be capped by a lower opening and potential pullback in the USD as risk appetite improves tracking optimism surrounding a mini trade deal. **Medium term MYR 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 firmer by 0.05% against the USD at 1.3641.** **We are neutral to slightly bullish on SGD today** on the back of improving risk environment.

Overnight Economic Data

US	→
Hong Kong	↓
Singapore	↑
New Zealand	↑

What's Coming Up Next

Major Data

- US 3Q GDP, Core PCE Inflation, Personal Income & Spending, Durable Goods Orders, Initial Jobless Claims, MBA Mortgage Application, Pending Home Sales
- China Industrial Profits

Major Events

- Fed Beige Book

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1000	1.1018	1.1030	1.1050	↘
GBPUSD	1.2798	1.2834	1.2852	1.2880	1.2900	↘
USDJPY	108.65	108.80	109.11	109.20	109.45	↗
AUDUSD	0.6760	0.6770	0.6788	0.6800	0.6816	→
EURGBP	0.8530	0.8550	0.8573	0.8588	0.8600	→
USDMYR	4.1650	4.1700	4.1813	4.1850	4.1900	↗
EURMYR	4.5974	4.6020	4.6069	4.6100	4.6200	→
JPYMYR	3.8131	3.8260	3.8319	3.8418	3.8452	↘
GBPMYR	5.3591	5.3620	5.3735	5.4000	5.4150	↘
SGDMYR	3.0550	3.0575	3.0631	3.0650	3.0700	→
AUDMYR	2.8280	2.8311	2.8380	2.8400	2.8450	→
NZDMYR	2.6700	2.6784	2.6880	2.6895	2.6932	→
USDSGD	1.3625	1.3635	1.3650	1.3665	1.3675	→
EURSGD	1.5000	1.5020	1.5038	1.5050	1.5080	→
GBPSGD	1.7477	1.7511	1.7542	1.7572	1.7600	→
AUDSGD	0.9230	0.9249	0.9264	0.9274	0.9291	→

* 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	1,583.87	-0.47	-6.31	CRB Index	181.10	0.29	6.65
Dow Jones Ind.	28,121.68	0.20	20.55	WTI oil (\$/bbl)	58.32	0.53	28.63
S&P 500	3,140.52	0.22	25.28	Brent oil (\$/bbl)	64.17	0.82	46.74
FTSE 100	7,403.14	0.09	10.03	Gold (\$/oz)	1,461.39	0.42	13.96
Shanghai	2,907.06	0.03	16.57	CPO (RM/tonne)	2,645.50	1.46	35.49
Hang Seng	26,913.92	-0.29	4.13	Copper (\$/tonne)	5,868.00	0.22	-1.63
STI	3,207.85	-0.40	4.53	Rubber (sen/kg)	447.50	-0.67	18.07

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Advance Goods Trade Balance	Oct	-\$66.5b	-\$70.5b (revised)	-\$71.0b
US Wholesale Inventories MOM	Oct P	0.2%	-0.7% (revised)	0.2%
US FHFA House Price Index MOM	Sep	0.6%	0.2%	0.3%
US S&P CoreLogic CS 20-City YOY NSA	Sep	2.1%	2.0%	2.0%
US Richmond Fed Manufact. Index	Nov	-1.0	8.0	5.0
US Conf. Board Consumer Confidence	Nov	125.5	126.1 (revised)	127.0
US New Home Sales MOM	Oct	-0.7%	4.5% (revised)	0.6%
HK Exports YOY	Oct	-9.2%	-7.3%	-8.4%
SG Industrial Production YOY	Oct	4.0%	0.7% (revised)	-1.4%
NZ Exports NZD	Oct	5.03b	4.36b (revised)	5.00b
NZ Trade Balance NZD	Oct	-1,013m	-1,319m (revised)	-1,000m

Source: Bloomberg

- US new home sales fell but house prices ticked up:** New home sales surprisingly fell 0.7% MOM in October dragged by lower sales in Northeast and the South but this was soothed by the upward revision in previous month's figure from a 0.7% decline to a 4.5% gain. S&P CaseShiller house prices for the 20 major cities rose more than expected by 2.1% YOY in September (Aug: +2.0%), thanks to improving demand for housing amid lower mortgage rates. A separate report by FHFA also showed house prices rose more than expected by 0.6% MOM in September (Aug: +0.2%). This, coupled with earlier data showing positive home sales, housing starts, building permits and home builder confidence, reinforced signs of a recovery in the US housing market.
- US consumers turned less upbeat but expectations rose:** Conference Board consumer confidence softened for the 4th straight month to 125.5 in October (Sept: 126.1 revised) as optimism surrounding present situation weakened along with lower confidence over labour market conditions, raising risks of slower consumer spending in the final quarter of the year. However, its outlook component covering future expectation climbed higher to 97.9 during the said month (Sept: 94.5), suggesting growth may still stay supported in the medium term.
- US wholesale inventories rose; trade deficit for goods narrowed:** Wholesale inventories rebounded to increase 0.2% MOM in October as expected but September figure was revised to show a bigger decline of 0.7% MOM (from -0.4%). The rebound was led by a turnaround in nondurable goods which offset extended decline in durable goods, a sign of discretionary spending by consumers. In a separate release, advance goods trade balance saw a surprisingly smaller trade deficit of \$66.5bn in October (Sept: -\$70.5bn revised), as imports plunged by a bigger magnitude (-2.4% MOM) vs the 0.7% MOM decline in exports amid ongoing trade spat that has resulted in higher tariffs, hence impacting trade activities.
- Richmond Fed manufacturing surprisingly fell:** Manufacturing activities reported by the Richmond Fed have been flipping in the last few months, with the latest reading for November dipping into negative again (-1 vs 8 in October) as shipment and new orders turned negative. Today's negative print echoed similar recent readings from the Dallas Fed and Kansas City Fed, reaffirming weaker factory activities as global demand slowed.
- Hong Kong exports contracted for one full year:** Hong Kong exports contracted 9.2% YOY in October (Sep: -7.3%), marking a full year of decline as it continues to fall victim to weak overseas demand particularly from China. Imports also slipped by 11.5% YOY (Sep: -10.3%) as domestic consumption was hit by protests that have significantly weighed down on overall demand, leaving the trade deficit at a slightly narrow HKD30.6b (Sep: -HKD31.6b).
- Singapore industrial production staged a strong recovery:** Singapore industrial production beat expectations to increase 3.4% MOM in October (Sep: +4.0% revised), leading the YOY gain at 4.0% (Sep: +0.7% revised), way above consensus estimate of a 1.4% YOY contraction. The rebound was led by a minor rebound in electronics goods (+0.4% vs -8.9%) and the larger gain in biomedical manufacturing (+24% vs +23.4%) that was boosted by the continuous spike in pharmaceutical products. Production of chemicals meanwhile registered a larger decline of 9.6% YOY (Sep: -4.0%). The latest IPI reading came after the better than expected 3Q GDP growth released last week, indicating that the economy started 4Q at a strong footing, but we caution against reading too much into the figure as overall demand condition remains weak both domestically and internationally especially when the current US-China trade war was still yet to be resolved.

- **Fourth straight month of trade deficit in New Zealand:** Trade deficit narrowed to NZD1.01bn in October (Sept: -NZD1.32bn revised) as the increase in exports outweighed that of imports. Exports rose 15.4% MOM to NZD5.03bn amid higher shipment to most export destination except Europe and Australia while imports grew 6.4% MOM to NZD6.05bn. This marked its fourth straight month of trade deficit bringing 12-month YTD deficit to NZD5.04bn.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
27/11	US	MBA Mortgage Applications	22 Nov	--	-2.2%	--
		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%	--
28/11		U.S. Federal Reserve Beige Book				
28/11	Eurozone	Economic Confidence	Nov	101.0	100.8	--
		Consumer Confidence	Nov F	--	-7.2	--
28/11	UK	Nationwide House Px NSA YOY	Nov	0.2%	0.4%	--
28/11	Japan	Retail Sales YOY	Oct	-3.8%	9.1%	9.2%
27/11	China	Industrial Profits YOY	Oct	--	-5.3%	--
28/11	New Zealand	ANZ Business Confidence	Nov	--	-42.4	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1021	0.06	1.1026	1.1007	-3.87
GBPUSD	1.2866	-0.26	1.2908	1.2836	0.83
USDJPY	109.05	0.11	109.21	108.88	-0.57
AUDUSD	0.6788	0.13	0.6795	0.6769	-3.75
EURGBP	0.8566	0.32	0.8580	0.8532	-4.67
USDMYR	4.1830	0.12	4.1858	4.1780	1.20
EURMYR	4.6076	0.13	4.6115	4.5998	-2.53
JPYMYR	3.8426	0.17	3.8438	3.8280	2.26
GBPMYR	5.3884	0.17	5.3956	5.3835	2.29
SGDMYR	3.0635	0.07	3.0649	3.0605	0.91
AUDMYR	2.8368	0.00	2.8389	2.8306	-2.95
NZDMYR	2.6853	0.12	2.6878	2.6775	-3.36
CHFMYR	4.1936	0.11	4.1984	4.1894	-0.13
CNYMYR	0.5944	0.14	0.5951	0.5942	-1.78
HKDMYR	0.5346	0.19	0.5347	0.5338	1.21
USDSGD	1.3641	-0.05	1.3668	1.3640	0.10
EURSGD	1.5034	0.01	1.5062	1.5021	-3.79
GBPSGD	1.7551	-0.31	1.7615	1.7528	0.92
AUDSGD	0.9259	0.09	0.9279	0.9245	-3.64

Source: Bloomberg

Forex

MYR

- **MYR weakened** a 7th straight day to close **0.12% weaker against the USD at 4.1830** on the back of a firming greenback amid trade and political uncertainties.
- **USDMYR remains bullish in our view** although today's advances may be capped by a lower opening and potential pullback in the USD as risk appetite improves tracking optimism surrounding a mini trade deal. **Medium term MYR 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 weakened against most majors** following President Trump's remark of near conclusion of a mini trade deal that dampened refuge demand for the greenback. The dollar index rangetraded within a narrow range before closing slightly weaker at 98.25.
- **We are neutral to slightly bullish on USD** pending the release of key US 3Q GDP and PCE reports today with upside capped by 98.45. **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 firmed up by 0.06% against a weaker USD at 1.1021**, after a day of muted trading in the Asian and European session amid lack of fresh leads.
- **EUR remains bearish** and looks on track to test the 1.1000 support amidst weaker Eurozone growth outlook vis-à-vis the US. **Medium term outlook is still bearish** as the ECB's plan for looser monetary policy weighs on EUR.

GBP

- **GBP fell 0.26% to 1.2866 against the USD** at close, failing to hang on to early Asian session gains on renewed fear over political uncertainties after a poll showed the Conservative lead is narrowing.
- **We are slightly bearish on GBP today**, amid lingering political noises as the December election draws closer. Medium term outlook is driven by Brexit headlines and December election outcome where a Tories majority is likely to keep GBP supported.

JPY

- **JPY weakened against the USD again, by 0.11% to 109.05** as risk sentiment returned to the market following positive remarks by President Trump on near resolution of a mini trade deal.
- **We are slightly bearish on JPY today** expecting reduced demand for refuge. **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 and trade uncertainties.

AUD

- **AUD regained some grounds to strengthen 0.13% against the USD at 0.6788** following the return of risk appetite.
- **AUD is expected to stay slightly bullish today**, amid risk-on sentiments and RBA Governor's hint that QE is unlikely in the near term. **Short term outlook is bullish** as the RBA expected to keep cash rate steady next week.

SGD

- **SGD closed slightly firmer by 0.05% against the USD at 1.3641.**
- **We are neutral to slightly bullish on SGD today** on the back of improving risk 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.