

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global financial markets bounced in cheers** in line with year end festive mood, reinforced by positive US jobless claims and Mastercard retail sales headlines that reinforced the case of a still sound US economy. US equities continued to rally following through from a higher opening and closed near their fresh record highs. **US treasuries ended little changed** with the yield curve flattening somewhat amid minute losses in the front end as well as muted gains in the long bonds. **Earlier, stocks traded mixed in the European and Asian markets** amid thin trading in the absence of fresh catalysts. **Gold and crude oil prices all trended higher** in line with positive market sentiments.
- **On the data front, releases were mixed to negative.** The decline in US initial jobless claims back to the long term trendline signaled a still solid job market but the housing market remained weak as evident in the back to back drop in mortgage applications. Similar observation in Japan – labour market remained healthy but retail sales were soft and the biggest decline in industrial production in nearly eight years signaled continued sluggishness in the Japan economy. Taking the hit from slower global trade, industrial production also plunged in Singapore dragged by broad-based declines, foretelling a bleak 4Q.
- The USD traded weaker against most of its peers with the **dollar index ended the day 0.10% lower at 97.53 amid thin trading. USD remained neutral with a slight bearish bias** in our view amid soft trading activities and lack of market-moving events as we approach the end of the year. **Medium term dollar outlook is still bullish**, supported by relatively solid US fundamentals and data.
- **MYR finished 0.06% firmer against the USD at 4.1340** riding on positive risk sentiments in the markets. **USDMYR outlook is technically neutral** and we maintain our view for the pair to continue hovering within 4.1300-4.1500 in muted trading as the year concludes. **MYR medium term outlook is still bearish** as the dollar is still expected to be well supported by relatively solid US data.
- **SGD finished marginally firmer against the USD at 1.3543. USDSGD remains neutral today** amid soft trading interest in a holiday week. **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

- China Industrial Profits
- Vietnam CPI, GDP, Exports, Trade Balance

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1065	1.1080	1.1100	1.1120	1.1130	➔
GBPUSD	1.2850	1.2900	1.2996	1.3000	1.3080	↗
USDJPY	109.00	109.32	109.57	109.70	110.00	➔
AUDUSD	0.6880	0.6900	0.6946	0.6950	0.6980	➔
EURGBP	0.8450	0.8500	0.8541	0.8600	0.8650	➔
USDMYR	4.1260	4.1300	4.1327	4.1370	4.1430	➔
EURMYR	4.5700	4.5800	4.5880	4.6000	4.6100	↗
JPYMYR	3.7675	3.7700	3.7744	3.7800	3.7910	➔
GBPMYR	5.3517	5.3616	5.3713	5.3825	5.3987	➔
SGDMYR	3.0480	3.0515	3.0526	3.0550	3.0600	➔
AUDMYR	2.8600	2.8686	2.8713	2.8750	2.8780	↗
NZDMYR	2.7473	2.7544	2.7581	2.7657	2.7728	↗
USDSGD	1.3515	1.3530	1.3538	1.3575	1.3600	➔
EURSGD	1.4970	1.5000	1.5028	1.5050	1.5095	➔
GBPSGD	1.7450	1.7500	1.7595	1.7625	1.7675	➔
AUDSGD	0.9370	0.9390	0.9404	0.9410	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	1,603.55	-0.04	-5.15	CRB Index	186.68	0.62	9.94
Dow Jones Ind.	28,621.39	0.37	22.69	WTI oil (\$/bbl)	61.11	0.97	35.83
S&P 500	3,239.91	0.51	29.24	Brent oil (\$/bbl)	67.20	1.22	62.69
FTSE 100	7,632.24	0.11	13.44	Gold (S/oz)	1,511.53	0.81	17.87
Shanghai	3,007.35	0.85	20.59	CPO (RM/tonne)	2,883.50	0.28	47.68
Hang Seng	27,864.21	-0.15	7.81	Copper (\$/tonne)	6,215.00	0.40	4.19
STI	3,222.99	0.04	5.03	Rubber (sen/kg)	456.00	0.22	20.32

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US MBA Mortgage Applications	20 Dec	-5.3%	-5.0%	--
US Initial Jobless Claims	21 Dec	222k	235k (revised)	220k
JP Jobless Rate	Nov	2.2%	2.4%	2.4%
JP Job-To-Applicant Ratio	Nov	1.57	1.57	1.57
JP Retail Sales YOY	Nov	-2.1%	-7.0% (revised)	-1.7%
JP Industrial Production YOY	Nov P	-8.1%	-7.7%	-8.1%
SG Industrial Production YOY	Nov	-9.3%	4.0%	-0.8%

Source: Bloomberg

- Lower jobless claims and continued contraction in mortgage applications in the US:** Initial jobless claims fell 13k to 222k for the week ended 21-Dec, marking its 2nd straight week of decline to a 3-week low as claims normalized from seasonal swings. Continuous claims also moderated and offered comfort that the US labour market remained solid. In a separate release, MBA mortgage applications registered a back to back decline of 5.3% WOW, amid declines in applications for both refinancing and new purchases.
- Japan consumer and manufacturing sectors remained weak; labour market steady:** Japan jobless rate unexpectedly dropped to 2.2% in November (Oct: 2.4%) following a drop in the participation rate from 62.6% to 62.3% while job-to-application ratio steadied at 1.57x, indicating a stable labour market. However, industrial production and retail sales extended their declines, falling 2.1% and 8.1% YOY respectively in November (Oct: -7.0%; -7.7% YOY), signaling a still sluggish Japanese economy.
- Singapore industrial production resumed decline after brief rebound:** Industrial production contracted 9.4% MOM in November (Oct: +3.0% revised) after recording growth in October. YOY, industrial production declined by 9.3% YOY, a far cry from a Bloomberg's survey that called for a 0.8% YOY drop in output, highlighting the entrenched weakness in Singapore's manufacturing sector. Looking at breakdown, electronics production was the biggest drag on the headline number as it plunged by a whopping 20.9% YOY last month (Oct: +0.9%) of which production of semiconductors and computer peripherals recorded a nearly 26% and 32% decline. Biomedical manufacturing (-10.3% vs +24.1%) and chemicals output (-10.0% vs -9.4%) slumped as well, suggesting that outlook remains rather bleak for Singapore's factories in 4Q.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
30/12	US	Advance Goods Trade Balance	Nov	-\$69.0b	-\$66.5b	--
		Wholesale Inventories MOM	Nov P	0.1%	0.1%	--
		MNI Chicago PMI	Dec	48.0	46.3	--
		Pending Home Sales MOM	Nov	1.5%	-1.7%	--
		Dallas Fed Manf. Activity	Dec	0.0	-1.3	--
27/12	China	Industrial Profits YoY	Nov	--	-9.9%	--
27/12	Vietnam	CPI YOY	Dec	4.1%	3.52%	--
		GDP YOY	4Q	6.9%	7.31%	--
		Exports YOY	Dec	9.5%	3.8%	--
		Trade Balance	Dec	-\$155m	\$100m	--
28-30/12		Industrial Production YOY	Dec	--	5.4%	--
		Retail Sales YTD YOY	Dec	--	11.8%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1098	0.05	1.1109	1.1082	-3.23
GBPUSD	1.2993	0.25	1.3016	1.2951	1.92
USDJPY	109.63	0.23	109.68	109.33	-0.11
AUDUSD	0.6945	0.36	0.6950	0.6918	-1.49
EURGBP	0.8538	-0.25	0.8564	0.8530	-5.02
USDMYR	4.1340	-0.06	4.1375	4.1327	0.00
EURMYR	4.5849	0.08	4.6161	4.5838	-3.01
JPYMYR	3.7732	-0.25	3.7927	3.7723	0.41
GBPMYR	5.3703	0.33	5.4069	5.3644	1.95
SGDMYR	3.0511	-0.04	3.0721	3.0504	0.50
AUDMYR	2.8639	-0.02	2.8765	2.8633	-2.02
NZDMYR	2.7481	0.03	2.7677	2.7471	-1.10
CHFMYR	4.2150	0.09	4.2435	4.2134	0.38
CNYMYR	0.5904	-0.03	0.5951	0.5903	-2.45
HKDMYR	0.5308	-0.13	0.5344	0.5307	0.49
USDSGD	1.3543	-0.06	1.3557	1.3537	-0.65
EURSGD	1.5029	-0.04	1.5223	1.5013	-3.87
GBPSGD	1.7598	0.26	1.7623	1.7547	1.24
AUDSGD	0.9402	0.30	0.9408	0.9374	-2.11

Source: Bloomberg

MYR

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USD

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EUR

- **EUR** continued its baby steps up, **eking out a 0.05% gain against the USD at 1.1098.**
- **EUR daily outlook remains neutral** as thin trading volume looks likely to keep the currency constricted within 1.1070-1.1100 region although the pair is currently testing the 1.1100 handle. **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** outperformed the greenback for a 3rd straight day, **advancing 0.25% to 1.2993 against the USD.**
- **GBP is still bullish for now** challenging the 1.3000 handle but we expect gains to be more muted amid consolidation following recent rally. **Medium term outlook is neutral for now, determined by Brexit development.**

JPY

- **JPY fell 0.23% against the USD at 109.63** amid better risk appetite in the market.
- **USDJPY daily outlook remains neutral** with further advances capped by 110.00. **Medium term outlook is neutral** over lower risks of US-China trade war escalation.

AUD

- **AUD strengthened 0.36% at 0.6945 against the USD riding on improving risk sentiments.**
- **Daily outlook is neutral** as AUD likely stays above 0.6900 in the short term after breaking above 0.6900 key resistance, supported by ongoing optimistic US-China trade outlook. **Medium term outlook is neutral** amidst lower risk of a US-China trade war escalation and RBA's accommodative stance.

SGD

- **SGD finished marginally firmer against the USD at 1.3543.**
- **USDSGD remains neutral today** amid soft trading interest in a holiday week. **Medium term outlook is bearish** on relatively weaker albeit improving Singapore data versus a likely stronger dollar.

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