

Global Markets Research

Daily Market Highlights

Key Takeaways

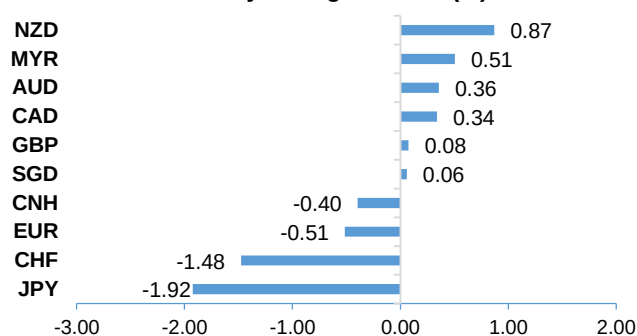
- **US stocks soared overnight as positive vaccine news added to Biden's presidential victory.** A vaccine developed by pharmaceutical giant Pfizer and BioNtech is said to be 90% effective in a late-stage clinical trial. The Dow Jones added a whopping 835pts or nearly 3.0% while the S&P500 gained 1.17% to level just short of its all-time high. Shares of Pfizer jumped by 7.7%. The tech-heavy NASDAQ however fell by 1.5% as the potential end of the pandemic dragged on tech shares. Online retailer Amazon's shares dropped by 5%.
- **10Y UST yield jumped by nearly 11bps to 0.92%, its highest since March** on the vaccine news. Overall yields rose 1.8 to 11.2bps across the curve. **Gold futures tumbled** by nearly 5.0% to \$1854.4/oz as **the dollar rebounded** against some of its major rivals. Oil prices rallied on vaccine news as well. Brent crude jumped by 7.5% to \$42.40/barrel while WTI settled 8.5% higher at \$40.29/barrel.
- **Data were limited on Monday.** The Eurozone Sentix Investor Confidence Index indicates weaker sentiment; Malaysia industrial production rose for the third straight month while New Zealand retail card spending recorded growth for second month.
- The dollar index gained 0.54% to 92.73 from the lower bound of 92.10 seen in Monday morning's gap-down. Haven JPY and CHF weakened dramatically against USD while the commodities currencies (AUD, NZD and CAD) strengthened on the back of higher oil prices. There are still uncertainties surrounding the US election and pandemic that could flip sentiments, and hence the USD intermittently, but we opine **USD will be overall bearish**. Immediate support around 91.7 before tests of 90.0, with a rebound likely to test 93.5 resistance. CPI key to watch this week.
- USD/MYR extended decline by 0.51% to 4.1085, its lowest closing since February this year amid broad-based dollar weakness as markets reacted to Joe Biden's presidential victory. **Daily USD/MYR outlook is bearish** as we expect more down moves for the pair as market becomes risk-on following the vaccine news while the surge in oil prices is likely to support MYR. The RSI indicator has yet to breach its oversold level despite recent sharp move, suggesting that there is still room for USD/MYR to go down further with 4.1000 being a key support level.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	29,157.97	2.95	2.17
S&P 500	3,550.50	1.17	9.90
FTSE 100	6,186.29	4.67	-17.98
Hang Seng	26,016.17	1.18	-7.71
KLCI	1,524.32	0.31	-4.06
STI	2,609.36	1.19	-19.04
Dollar Index	92.73	0.54	-3.80
WTI oil (\$/bbl)	40.29	8.48	-34.02
Brent oil (\$/bbl)	42.40	7.48	-42.60
Gold (\$/oz)	1,854.40	-4.99	18.45
CPO (RM/tonne)	3,427.50	0.88	13.29

Source: Bloomberg

FX Daily Change vs USD (%)



Source: Bloomberg

Overnight Economic Data

Eurozone	↓	New Zealand	↑
Malaysia	↑		

Up Next

Date	Event	Prior
10/11	AU NAB Business Confidence (Oct)	-4.0
	AU Home Loans Value MoM (Sep)	12.6%
	CN PPI YoY (Oct)	-2.1%
	CN CPI YoY (Oct)	1.7%
	UK Jobless Claims Change (Oct)	28.1k
	UK ILO Unemployment Rate 3Mths (Sep)	4.5%
	UK Employment Change 3M/3M (Sep)	-153k
	EU ZEW Survey Expectations (Nov)	52.3
	US NFIB Small Business Optimism (Oct)	104.0
	AU Westpac Consumer Conf SA MoM	11.9%
11/11	ŌZ RBNZ Official Cash Rate (11 Nov)	0.25%
	JP Machine Tool Orders YoY (Oct P)	-15.0%
	UK Industrial Production MoM (Sep)	0.3%
	US MBA Mortgage Applications (06 Nov)	--

Source: Bloomberg

Macroeconomics

- **Eurozone investor confidence weakened in November:** The Sentix Investor Confidence for Eurozone slipped to -10 in November (Oct: -8.3), better than expectation of -15.0. This marked the index's second month of decline after having gradual improvement for five months from May to September, reflecting renewed concerns over the surge in coronavirus cases in the continent.
- **Continuous recovery in Malaysia industrial production:**
 - Growth in industrial production extended its modest gain for a 3rd straight month, increasing 1.0% YOY in September (Aug: +0.2% YOY revised). Recovery in the manufacturing sector contributed to the quicker gain, offsetting continuous declines in the mining as well as electricity production, both had been contracting since March.
 - MOM, industrial production regained some grounds and grew 0.5% MOM (Sept: -1.2% MOM), offering some comfort of sustained recovery.
 - This, coupled with the sharp rebound in exports released earlier pointed to a sharp improvement in 3Q economic activities. We are penciling in a -5% to -6% contraction in 3Q GDP (due for release on 13 November), pending the release of services and construction indicators today, and would potentially be looking to review our full year projection of -4.9% given the recent spike in new virus cases that has led to partial lockdown in most states nationwide that would derail the recovery in 4Q.
- **New Zealand retail card spending rose in October:** New Zealand's retail card spending rose by 8.8% MOM in October (Sep: +5.4%), marking its second month of consecutive growth since the lockdown of Auckland was lifted in August.

Forex

MYR (Bullish)

- USD/MYR extended decline by 0.51% to 4.1085, its lowest closing since February this year amid broad-based dollar weakness. Daily outlook is bearish as we expect more down moves as market becomes risk-on following the vaccine news while the surge in oil prices is likely be MYR supportive. The RSI has yet to breach its oversold level despite recent sharp move, suggesting that there is still room for USD/MYR to go down further with 4.1000 being a key support level.
- **Factors supporting:** Economic recovery, less dovish MPC, USD weakness
- **Factors against:** Risk aversion, domestic politics, second lockdown.

USD (Neutral-to-Bearish Outlook over 1 Week Horizon)

- DXY managed a rebound thanks to vaccine news, trending back to 92.90 ranges from the lower bound of 92.10 seen in Monday morning's gap-down. There are still uncertainties surrounding the US election and pandemic that could flip sentiments, and hence the USD intermittently, but we opine USD will be overall bearish. Immediate support around 91.7 before tests of 90.0, with a rebound likely to test 93.5 resistance. CPI key to watch this week.
- **Factors supporting:** Risk aversion
- **Factors against:** US election result, potential US stimulus

EUR (Neutral-to-Bullish)

- EUR/USD broke down in US trading session following a resurgence in the USD, closing the day lower by 0.51% at 1.1813. The pair briefly surged pass the 1.19 immediate resistance and could be testing 1.20 in its next leg up. Still, event risks and poor fundamentals may weigh on the EUR near-term as the triumph over vaccine news wanes. For the week ahead, second reading of 3Q GDP, industrial production and ZEW survey are key data on the deck.
- **Factors supporting:** Economic data rebound
- **Factors against:** Risk aversion, Covid-19 outbreak

GBP (Neutral)

- GBP/USD went through a volatile session yesterday between 1.3119-1.3208 ahead of the 15-Nov Brexit deadline. The pair closed the day only 0.08% slightly higher at 1.3166. Heightened Brexit noises, dovish BOE coupled with the pandemic risks will likely continue weigh on the GBP near term. Hence, our neutral outlook on GBP/USD. Watch resistance of 1.32 and support of 1.2850. 3Q GDP, industrial production and job data are up next.
- **Factors supporting:** Breakthrough in news, USD weakness
- **Factors against:** Risk aversion, Brexit, twin deficits, Bank of England increasing monetary accommodation

JPY (Neutral-to-Bullish)

- JPY weakened again tracking movement in the broader FX markets as positive vaccine news dampened demand for safety. JPY touched a high of 105.65 before closing 1.92% weaker at 105.38 vs the USD. We remain neutral-to-bullish on JPY, as event risks and market concerns will keep haven currencies like JPY supported. Immediate support at 104.70 followed by 104.00 next.
- **Factors supporting:** BOJ policy
- **Factors against:** Weak fundamentals, risk sentiments

AUD (Neutral-to-Bullish)

- AUD/USD traded on a bid tone touching a high of 0.7340 yesterday before paring some gains to 0.7284 at close. We turn neutral-to-bullish on AUD/USD amid dollar weakness and improved risk sentiments after weeks of uncertainty. A break of 0.73 resistance looks close enough before a move towards the 0.74s.
- **Factors supporting:** Fundamentals improve from current levels
- **Factors against:** Risk aversion, RBA policy

SGD (Neutral-to-Bullish)

- USD/SGD touched a low of 1.3410 on 9 November following dollar weaknesses but has since bounced back up to close flat at 1.3478. The pair is trading little changed at 1.3472 this morning. Move has now turn attention towards our 4Q forecast of 1.34. A break of 1.35 will likely push the pair towards 1.3440/50.
- **Factors supporting:** Economic recovery, CNH strength
- **Factors against:** Risk aversion, trade war, US-China

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