Global Markets Research

Daily Market Highlights

Key Takeaways

- **US main stock benchmarks closed out Wednesday session on a mixed note;** after being weighed down by favourable vaccine news, **tech shares** snapped losing-streak and **rebounded**, helping to propel the overall market. The Dow was little changed; the S&P500 added 0.8% and NASDAQ rallied by 2.0%. Tech shares led the gains among the eleven S&P500 sectors, followed by consumer stocks. **The bond market was closed on Wednesday for US Veterans Day.**

- Gold futures pared previous session's gain, falling by 0.8% to $1861.6/oz. This comes as the dollar regained strength. Oil prices advanced for the third session. Brent crude added 0.25% to $43.72/barrel while WTI ticked up by 0.22% to $41.45/barrel. **The RBNZ maintained OCR at 0.25% as well as NZD100bn LSAP or QE program. Key change was it announced additional stimulus via a new Funding for Lending Programme (FLP).**

- **Alibaba posted record sales of $75b during its annual Single's Day online festival** as at 11 Nov, surpassing last year's $38b as it started the bonanza as early as 1 Nov. The number is watched closely by markets to gauge Chinese consumer spending which **indicates that demand is returning amid the current economic recovery.** Economic data were limited to US mortgage applications which fell 0.5% last week. UK RICS House Price Balance Index surged to highest since1999. Japan core machine orders and producer price index both came in negatives.

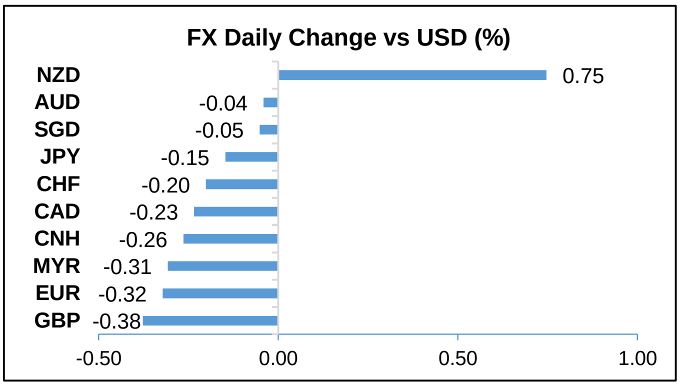
- DXY rose to a high of 93.21 on Wednesday before a slight retreat, overall registering a 0.26% gain. All key currencies weakened against the dollar except for the NZD. The kiwi was boosted by the RBNZ's more optimistic growth outlook comment that has lowered expectation of negative OCR. We have a **bearish bias on the dollar** this week as uncertainty dissipates. Low of 92.13 eyed before next support around 91.70, with a rebound likely to test 93.50 resistance. CPI key to watch this week.

- USD/MYR climbed further by 0.31% to 4.1325 after recent down move. Daily **USDMYR outlook is neutral to bullish** amid USD resurgence overnight but we reckon market is likely stabilizing ahead of tomorrow's Malaysia 3Q GDP report.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	29,397.63	-0.08	3.01
S&P 500	3,572.66	0.77	10.58
FTSE 100	6,382.10	1.35	-15.38
Hang Seng	26,226.98	-0.28	-6.96
KLCI	1,570.08	-0.32	-1.18
STI	2,713.28	0.31	-15.81
Dollar Index	92.99	0.26	-3.52
WTI oil ($/bbl)	41.45	0.22	-32.12
Brent oil ($/bbl)	43.72	0.25	-33.76
Gold (S/oz)	1,861.60	-0.79	22.22
CPO (RM/tonne)	3,400.00	0.34	12.38

Source: Bloomberg



Source: Bloomberg

Overnight Economic Data

US	↓	UK	↑
Japan	↓		

Up Next

Date	Event	Prior
12/11	UK Industrial Production YoY (Sep)	-6.4%
	UK Visible Trade Balance GBP/Mn (Sep)	-£9,010m
	UK GDP QoQ (3Q P)	-19.8%
	EU Industrial Production SA MoM (Sep)	0.7%
	US Initial Jobless Claims (07 Nov)	751k
	US CPI YOY (Oct)	1.4
13/11	NZ BusinessNZ Manufacturing PMI (Oct)	54.0
	MA GDP YoY (3Q)	-17.1%
	HK GDP YoY (3Q F)	-3.4%
	EU Trade Balance SA (Sep)	21.9b
	EU GDP SA QoQ (3Q P)	12.7%
	US PPI Final Demand YoY (Oct)	0.4%
	US U. of Mich. Sentiment (Nov P)	81.8

Source: Bloomberg

Macroeconomics

- ***RBNZ added stimulus via new program:***
  - The RBNZ maintained official cash rate at 0.25% and its NZD100bn Long Term Asset Purchase Program (QE).
  - It announced additional stimulus provided through a new "Funding for Lending Programme" (FLP), commencing in December and aiming to reduce banks' funding costs and lower interest rates.
  - Importantly Governor Adrian Orr said that the New Zealand economy has been more resilient than previously expected, effectively lowering expectation of RBNZ cutting OCR to negative level. RBNZ has repeatedly mentioned negative OCR as being one of its policy tools to combat the pandemic downturn.
  - Minutes of the meeting showed that officials agreed that there was substantial uncertainty around how the economy would adjust.
  - "Implications of closed international borders meant service export industries, such as tourism, would operate well below capacity for a prolonged period". In its baseline scenario, the labour market was projected to weaken further in the near term; CPI inflation is also expected to remain at the lower end of the remit target range.

- ***US mortgage applications fell last week:*** Mortgage applications fell 0.5% last week (prior: +3.8%) following two consecutive weekly gains. This reflects the second weekly decline in the purchases segment (-2.6%) as refinancing applications rose slightly.

- ***Less optimistic UK housing outlook:*** The RICS House Price Balance Index surged to 68% in October (Sep: 62%), its highest level since Sep-1999, beating expectation of 54% as more real estate agents in the UK reported higher house prices in the country. However the outlook for the housing market was slightly down compared to the prior survey with both price and sales expectations easing. New buyer enquiries, new instruction as well as agreed sales also came off, as the second nationwide lockdown is likely to weigh on the sector.

- ***Japan core machine orders decline in Sep; factory mired in deflation:***
  - Japan core machine orders, a key gauge of business spending in the private sector fell 11.5% MOM fell more than expected by 4.4% MOM in September (Aug: +0.2%) following two months of growth. This translates to another double-digit YOY decline of 11.5% (Aug:-15.2%).
  - Producer prices index fell 0.2% MOM in October (Sep: -0.2%) and 2.1% YOY (Sep: -0.8%), marking the manufacturing sector's eighth consecutive month in deflation.

Forex

MYR (Neutral-to-Bearish)

- USD/MYR climbed further by 0.3% to 4.1325 after recent down move. Daily USDMYR outlook is neutral to bullish amid USD resurgence overnight but we reckon market is likely stabilizing ahead of tomorrow's Malaysia 3Q GDP report.
- **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 rose to a high of 93.21 on Wednesday before a slight retreat, overall registering a 0.26% gain. We have a bearish bias on the dollar this week as uncertainty dissipates. Low of 92.13 eyed before next support around 91.70, with a rebound likely to test 93.50 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 reached a low of 1.1746 before a rebound to 1.1777 at close. This is partly due to USD strength on Wednesday. We see some potential for a rebound, despite event risks and poor fundamentals weighing on the EUR near-term. We watch 1.17 support and 1.19 resistance for now.
- **Factors supporting**: Economic data rebound
- **Factors against**: Risk aversion, Covid-19 outbreak

GBP (Neutral)

- GBP/USD fell on Wednesday and hit an intraday low of 1.3192 before a slight rebound to close at 1.3222. After the previous rebound, GBP is at elevated levels and we may see correction from Brexit risks.
- **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 was relatively stable for a second consecutive range, within 105.01-105.68 intraday. Risk sentiments not helping yen for now. Keep an eye on 106.11 (7 Nov high) for resistance. Event risks and market concerns may strengthen the JPY later on, and we eye 105 support.
- **Factors supporting**: BOJ policy
- **Factors against**: Weak fundamentals, risk sentiments

AUD (Neutral-to-Bullish)

- AUD/USD stayed relatively range-bound on Wednesday, perhaps torn between NZD strength and USD strength. Another 0.73 resistance breakthrough may turn attention to 0.7414. This comes after RBNZ turned less dovish for negative rates. RBNZ has said that it is less likely to introduce negative interest rates if banks use its new program of cheap loans to lower borrowing costs.
- **Factors supporting**: Fundamentals improve from current levels
- **Factors against**: Risk aversion, RBA policy

SGD (Neutral-to-Bullish)

- USD/SGD initially saw a move lower to a low of 1.3457. Some dollar strength however, turned the pair towards a 1.3494 close. We stay constructive on the SGD, anticipating slight strength after recent rally. Low of 1.3410 the barrier to break if immediate support of around 1.3460 is broken.
- **Factors supporting**: Economic recovery, CNH strength
- **Factors against**: Risk aversion, trade war, US-China

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