

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

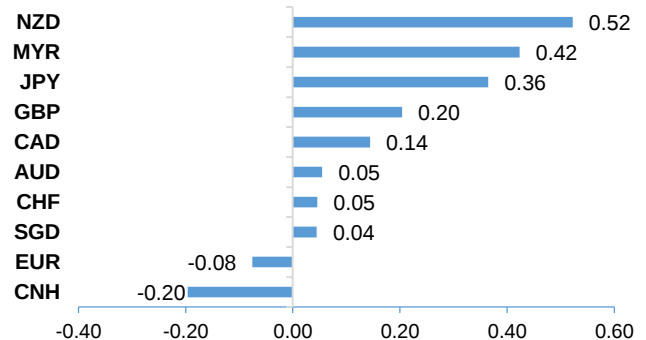
- US stocks extended losses as concerns over fresh restrictions outweighed vaccine optimism.** This comes as the US continued to record daily new Covid-19 cases of above 100k, prompting some states to introduce new restrictions; the latest being the closure of schools in New York City as ordered by Mayor Bill De Blasio. Pfizer and BioNTech said that their vaccine is confirmed to be 95% effective in final results and they are seeking authorisation from the FDA soon. The Dow and S&P500 continued to retreat from recent highs and both lost 1.2% DOD while NASDAQ shed 0.8%. Losses were broad-based across sectors, led by energy shares.
- Treasury yields were little changed** across the curve; overall yields moved by -0.6 to +1.6bps. 10Y UST yield was slightly higher (+1.3bps) at 0.87%. **Gold futures declined further** by 0.6% to \$1873.9/oz as the **dollar weakened**. NZD, JPY, GBP and CAD strengthened against the greenback while the AUD, CHF and EUR were flat. This left dollar index slightly weaker at 92.32. **Oil benchmarks rallied** as Brent crude rebounded from the small decline in the prior session, adding 1.4% to \$44.34; WTI was up by 0.9% to \$41.82.
- US homebuilding data underscored the robust housing sector buoyed by low interest rates.** Housing starts rose 4.9% MOM to a seasonally adjusted annual pace of 1.53mil units. Building permits were unchanged but still at multi-year record of 1.55mil units. **Eurozone HICP inflation fell 0.3% YOY** in October while **UK CPI inflation accelerated** to a three-month high of 0.7% YOY in the same month.
- DXY saw another volatile day with an intraday range of 92.21-92.51 before closing 0.11% down at 92.32, its lowest in eight days. Fresh restrictions to combat the pandemic spread in the US outweighed positive vaccine news from Pfizer. The USD weakened vs most G10s save for the EUR and DKK. We remain **neutral-to-bearish on the USD** for the week ahead, more for EM than G10 FX. However, post-US election risks and Covid-19 still remain. Low of 92.13 eyed before immediate support around 91.70, with a rebound likely to test 93.50 resistance.
- USD/MYR weakened for the fifth consecutive session on Wednesday, shedding 0.42% to close at 4.0870, its lowest level since late January on the back of broad-based dollar weakness. MYR was the top performer among its Asian peers. The pair has now breached 4.10 key support, paving way for more down moves and eyeing 4.08 next especially when the broad USD had continued to weaken overnight. We remain **neutral to bearish on USD/MYR** but are aware that it is almost approaching an oversold level, a potential rebound might ensue if it hits 4.08.

#### Market Snapshots

|                    | Last Price | DoD % | YTD %  |
|--------------------|------------|-------|--------|
| Dow Jones Ind.     | 29,438.42  | -1.16 | 3.15   |
| S&P 500            | 3,567.79   | -1.16 | 10.43  |
| FTSE 100           | 6,385.24   | 0.31  | -15.34 |
| Hang Seng          | 26,544.29  | 0.49  | -5.84  |
| KLCI               | 1,604.75   | -0.34 | 1.01   |
| STI                | 2,788.59   | 0.36  | -13.47 |
| Dollar Index       | 92.32      | -0.11 | -4.23  |
| WTI oil (\$/bbl)   | 41.82      | 0.94  | -31.51 |
| Brent oil (\$/bbl) | 44.34      | 1.35  | -39.98 |
| Gold (\$/oz)       | 1,873.90   | -0.59 | 18.76  |
| CPO (RM/tonne)     | 3,510.00   | 0.24  | 16.01  |

Source: Bloomberg

#### FX Daily Change vs USD (%)



Source: Bloomberg

#### Overnight Economic Data

|    |   |          |   |
|----|---|----------|---|
| US | ↑ | Eurozone | ↓ |
| UK | ↑ |          |   |

#### Up Next

| Date  | Event                                    | Prior  |
|-------|------------------------------------------|--------|
| 19/11 | AU Employment Change (Oct)               | -29.5k |
|       | AU Unemployment Rate (Oct)               | 6.9%   |
|       | US Initial Jobless Claims (14 Nov)       | 709k   |
|       | US Philadelphia Fed Business Outlook     | 32.3   |
|       | US Leading Index (Oct)                   | 0.7%   |
| 20/11 | US Existing Home Sales MoM (Oct)         | 9.4%   |
|       | US Kansas City Fed Manf. Activity (Nov)  | 13     |
|       | JP Natl CPI Ex Fresh Food YoY (Oct)      | -0.30% |
|       | UK GfK Consumer Confidence (Nov)         | -31    |
|       | JP Jibun Bank Japan PMI Mfg (Nov P)      | 48.7   |
|       | JP Jibun Bank Japan PMI Services (Nov P) | --     |
|       | NZ Credit Card Spending MoM (Oct)        | 1.00%  |
|       | MA Foreign Reserves (13 Nov)             | --     |
|       | UK Retail Sales Inc Auto Fuel MoM (Oct)  | 1.50%  |
|       | HK CPI Composite YoY (Oct)               | -2.20% |
|       | EU Consumer Confidence (Nov A)           | -15.5  |

Source: Bloomberg

## Macroeconomics

- **US homebuilding data highlight robust housing sector:**
  - Housing starts beat expectations to record a 4.9% MOM gain in October to a seasonally adjusted annualised rate of 1.53mil, the fastest pace since February this year. Analysts were expecting a smaller 3.2% growth. September number was also revised by 44k to nearly 1.46mil which translates to a 6.3% MOM growth.
  - Building permits was unchanged in October at 1.55mil annualised rate (Sep: 1.55mil), still a multi-year high. This follows a revised 4.7% growth in the prior month. Upbeat homebuilding data are in line with the surge in builders' sentiment to record high, underscoring the currently robust housing market buoyed by low interest rates.
  - MBA mortgage applications fell 0.3% WOW for the week ended 13 November (prior: -0.5%). The gain in purchases index was offset by the decline in the refinancing segment.
- **Eurozone inflation remained subdued:** The HICP inflation rate was higher at 0.2% MOM in October (Sep: +0.1%) but recorded a decline of 0.3% YOY compared to the same month last year (Sep: -0.3%). This marks inflation third consecutive month of negative reading since August as prices of energy continued to decline on a YOY basis, dragging on headline inflation. Cost of food, alcohol & tobacco rose continued to rise while services inflation retreated further. Core inflation was steady at 0.2% YOY (Sep: +0.2%), implying subdued underlying inflation.
- **UK inflation beat estimates:** UK headline CPI was unchanged (0.0%) in October, decelerating from the 0.4% MOM growth prior. On a yearly basis, CPI growth beat expectation at three-month high of 0.7% YOY (Sep: +0.5%). Consensus forecast stood at 0.5% YOY. This was driven by the rebound in prices of food & non-alcohol as well as clothing & footwear and household goods. Cost of transport also went up. Core CPI rose 1.5% YOY (Sep: +1.3%), also better than estimate of 1.3%.

## Forex

### MYR (Neutral-to-Bullish)

- USD/MYR weakened for the fifth consecutive session on Wednesday, shedding 0.42% to close at 4.0870, its lowest level since late January on the back of broad-based dollar weakness. MYR was the top performer among its Asian peers. The pair has now breached 4.10 key support, paving way for more down moves and eyeing 4.08 next especially when the broad USD had continued to weaken overnight. We remain neutral to bearish on USD/MYR but are aware that it is almost approaching an oversold level, a potential rebound might ensue if it hits 4.08.
- **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 saw another volatile day with an intraday range of 92.21-92.51 before closing 0.11% down at 92.32, its lowest in eight days. Fresh restrictions to combat the pandemic spread in the US outweighed positive vaccine news from Pfizer. The USD weakened vs most G10s save for the EUR and DKK. We remain **neutral-to-bearish** on the USD for the week ahead, more for EM than G10 FX. However, post-US election risks and Covid-19 still remain. Low of 92.13 eyed before immediate support around 91.70, with a rebound likely to test 93.50 resistance.
- **Factors supporting:** Risk aversion, Covid-19 resurgence
- **Factors against:** Fed accommodation, potential US stimulus, Buoyant sentiments

### EUR (Neutral)

- EUR/USD closed 0.08% lower at 1.1853, off its intraday high of 1.1891 on Wednesday. Momentum remained weak overall despite a weaker USD. Event risks and poor fundamentals may weigh on the EUR near-term. Resistance at 9 November high of 1.1920.
- **Factors supporting:** Economic data rebound
- **Factors against:** Risk aversion, Covid-19 outbreak

### GBP (Neutral)

- GBP/USD extended gains for the 4<sup>th</sup> consecutive days, advancing 0.20% to 1.3273 and traded mixed against its major peers. We are **neutral** on the GBP, likely to range trade between 1.30-1.33 (c.1.3269 at time of writing). Brexit negotiations remain slow as the deadline of a trade deal nears (transition period ends 31 December).
- **Factors supporting:** Breakthrough in news, USD weakness
- **Factors against:** Risk aversion, Brexit, twin deficits, Bank of England increasing monetary accommodation

### JPY (Neutral-to-slightly bullish)

- USD/JPY has been declining steadily over the past week, hitting a low of 103.65 yesterday before settling 0.36% lower at 103.82 at close. We turn **neutral to slightly bullish** on the JPY after the break below 104.00, heading towards the 103.30-103.50 range. Momentum has turned negative, which could be reinforced by further USD weakness.
- **Factors supporting:** BOJ policy, risk aversion
- **Factors against:** Weak fundamentals

#### AUD (Neutral-to-Bullish)

- AUD/USD also went through another volatile session before eking out minor gains (+0.05%) to 0.7305 at close. We see a range of 0.7100-0.7350, supported by risk sentiments. Trade tensions between Australia and China may weigh against further gains above 0.74. However, dollar weakness should provide ample support.
- **Factors supporting:** Fundamentals improve from current levels
- **Factors against:** Risk aversion, RBA policy

#### SGD (Neutral-to-Bullish)

- USD/SGD saw further modest downward moves again on Wednesday, settling 0.04% lower at 1.3422. We are **neutral-to-bullish** on the SGD for the following week, with resistance at 1.3582 and 1.3410 the support barrier.
- **Factors supporting:** Economic recovery, CNH strength
- **Factors against:** Risk aversion, trade war, US-China

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