Global Markets Research

Daily Market Highlights

Key Takeaways

- **The rally in US stocks extended to Tuesday as Biden's transition news took centre stage while vaccine optimism continued to fuel risk-on sentiment.** The President-elect's office was granted formal approval by government agency to begin transition while names for several top cabinet positions were also dropped. Despite that, President Trump still did not concede the elections. The Dow Jones added nearly 455pts (+1.5%) to hit a record high of 30,046.24, its first time above the 30k mark. The S&P 500 also jumped by 1.6% to reach its all-time high while NASDAQ gained 1.3%. Energy shares are top gainers, followed by financials; the rally was broad-based across sectors.

- **Investors exited safe havens in favour of riskier assets.** Treasury yields rose further by 0.2 to 5.5bps; 10Y UST added 2.8bps to 0.882%. **Gold futures dipped** for the second session by 1.8% to $1805.6/oz alongside a weaker USD. **The DXY was down** by 0.4% to 92.15 as nearly all major currencies strengthened against the greenback. **Oil prices jumped** 4.0% to 8-month highs; Brent crude closed at $47.92/barrel while WTI settled at $44.81/barrel.

- **US data were mixed** as consumer confidence and regional manufacturing index came in weaker while house prices surged according to two key indexes. Other than that, Hong Kong trade data disappointed as both imports and exports growth fell short of expectations. **A barrage of key economic data is expected to be released this evening ahead of the US Thanksgiving Holiday.** These includes the second GDP reading, initial jobless claims, personal income and spending number, durable goods orders, advance trade data and new home sales, not forgetting FOMC minutes.

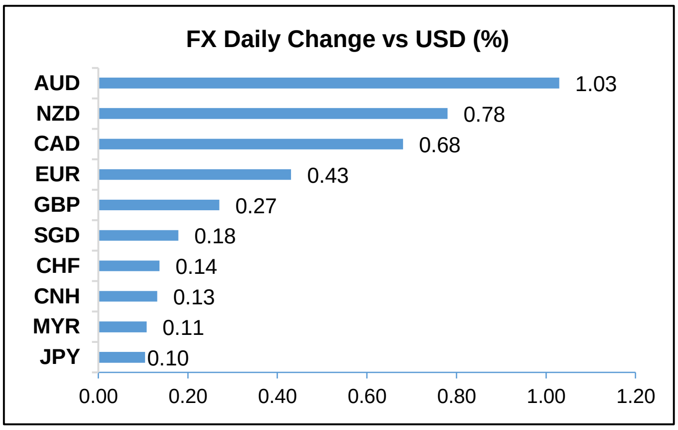
- DXY came off on bullish sentiments, down 0.38% on Tuesday. This brought DXY to a low of 92.129, before closing at 92.15. We stay **neutral-to-bearish on the USD** for the week ahead. However, post-US election risks and Covid-19 still remain. Low of 92.13 eyed before immediate support around 91.70, with a rebound likely to test 93.50 resistance.

- USD/MYR fell 0.11% to 4.0865 on Tuesday amid a resilient MYR. We remain **neutral to bearish on USD/MYR** on the back of upbeat sentiment. Renewed USD weakness overnight is likely to benefit MYR as there is still room for the pair to move lower, with potentials to break the 4.08 key support today. Our weekly expected range is 4.05-4.10.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	30,046.24	1.54	5.28
S&P 500	3,635.41	1.62	12.52
FTSE 100	6,432.17	1.55	-14.72
Hang Seng	26,588.20	0.39	-5.68
KLCI	1,578.39	-1.20	-0.65
STI	2,891.63	1.50	-10.28
Dollar Index	92.15	-0.38	-4.40
WTI oil ($/bbl)	44.81	4.06	-26.78
Brent oil ($/bbl)	47.92	4.04	-27.39
Gold (S/oz)	1,805.60	-1.75	18.55
CPO (RM/tonne)	3,441.00	-2.33	13.73

Source: Bloomberg



Source: Bloomberg

Overnight Economic Data

US	➔	Hong Kong	↓

Up Next

Date	Event	Prior
25/11	MA CPI YoY (Oct)	-1.4%
	US MBA Mortgage Applications (20 Nov)	-0.3%
	US Initial Jobless Claims (21 Nov)	742k
	US Advance Goods Trade Balance (Oct)	-$79.4b
	US GDP Annualized QoQ (3Q S)	33.1%
	US Durable Goods Orders (Oct P)	1.9%
	US Cap Goods Orders Nondef Ex Air (Oct	1.0%
	US Personal Income (Oct)	0.9%
	US Personal Spending (Oct)	1.4%
	US PCE Core Deflator YoY (Oct)	1.5%
	US U. of Mich. Sentiment (Nov F)	77.0
	US New Home Sales MoM (Oct)	-3.5%
26/11	US FOMC Meeting Minutes (05 Nov)	--
	NZ Trade Balance 12 Mth YTD NZD (Oct)	1,710m
	SG Industrial Production YoY (Oct)	24.2%

Source: Bloomberg

Macroeconomics

- ***US data showed weaker consumer confidence, manufacturing growth but surging house prices:***
  - The Conference Board Consumer Confidence Index slipped to 96.1 in November (Oct: 101.4) as both gauges for present situation and expectations turned lower. The less optimistic sentiment came as the US registered daily new Covid-19 cases of above 100k since the first week of November.
  - The Richmond Fed Manufacturing Index edged down to 15 in November (Oct: 29).
  - The FHFA House Price Index beat expectations, registering a sharp gain of 1.7% MOM in September (Aug: +1.5%), marking its fourth straight month of above-1% increase since June. Analysts had projected prices to gain by a more modest 0.8%.
  - The S&P CoreLogic CaseSchiller house price index for 20 US largest cities also surprised on the upside with a 1.3% MOM growth in September; August's print was also revised from 0.5% to 1.4% MOM. YOY, the index climbed by a whopping 6.6% (Aug: +5.3%), its largest gain since Apr-18.

- ***Hong Kong trade data disappointed:***
  - Hong Kong exports fell 1.1% YOY in October after a robust 9.1% growth in the prior month, falling short of consensus forecast for a 9.0% growth. This reflects decline in shipments of goods to its major trading partner – the Mainland China as well as to the US, Japan, Singapore and India.
  - Imports also disappointed with a mere 0.6% YOY increase (Sep: +3.4%). Analysts had projected imports to rise 3.6% YOY.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR fell 0.11% to 4.0865 on Tuesday amid a resilient MYR. We remain neutral to bearish on the pair on the back of upbeat sentiment. Renewed USD weakness overnight is likely to benefit MYR as there is still room for the pair to move lower, with potentials to break the 4.08 key support today. Our weekly expected range is 4.05-4.10.
- **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 came off on bullish sentiments, down 0.38% on Tuesday. This brought DXY to a low of 92.129, before closing at 92.15. We stay **neutral-to-bearish on the USD** for the week ahead. 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 gained almost 0.5%, helped by buoyant sentiments. This gave EUR/USD a high of 1.1896 before a close nearby at 1.1892. Looking ahead, we expect event risks and poor fundamentals to continue cap upside on the EUR near-term. Resistance at 9 November high of 1.1920, before attention turns to 1.20.
- **Factors supporting**: Economic data rebound
- **Factors against**: Risk aversion, Covid-19 outbreak

GBP (Neutral)

- GBP/USD was up by 0.27% on Tuesday, towards a high of 1.338, although some profit taking brought it lower to 1.3357. Pair continues to trade in a bid tone on Wednesday open. No Brexit developments did not dampen bid tone, although we see some consolidation ahead.
- **Factors supporting**: Breakthrough in news, USD weakness
- **Factors against**: Risk aversion, Brexit, twin deficits, Bank of England increasing monetary accommodation

JPY (Neutral-to-Bullish)

- USD/JPY was relatively range bound, underperforming G10 currencies as risk sentiments stayed buoyant. Hence, pair stayed within the 104s, closing at 104.44. Newswire Sankei has reported that Japan may be considering a third supplementary budget of more than JPY 20trn for FY2020. For JPY, gains are still possible if dollar weakens, eyeing the low of 103.18 hit on 6 November.
- **Factors supporting**: BOJ policy, risk aversion
- **Factors against**: Weak fundamentals

AUD (Neutral-to-Bullish)

- AUD/USD was one of the gainers from buoyant market moods, up to a high of 0.7368 before retreating to 0.7361 at close. Pair opened Wednesday on a bid tone. We still stay constructive on the pair. However, trade tensions between Australia and China may weigh against significant gains above 0.74.
- **Factors supporting**: Fundamentals improve from current levels
- **Factors against**: Risk aversion, RBA policy

SGD (Neutral-to-Bullish)

- USD/SGD stayed in an offered tone on Tuesday and Wednesday open, with pair reaching a low of 1.3415 on Tuesday. 1.3400 is in sight as markets stay relatively positive after US market close. Singapore's industrial production figures, if positive, may support SGD more. We are **neutral-to-bullish** on the SGD over a 5-day period, support at 1.3400. Only a pullback above 1.3470 may signal at some consolidation.
- **Factors supporting**: Economic recovery, CNH strength
- **Factors against**: Risk aversion, trade war, US-China

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