

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks rallied to an all-time high on Friday, leading the Dow Jones Industrial Average to cross 28,000 mark for the first time in history over a renewed sense of trade optimism and a rebound in US retail sales data.** White House economic advisor Larry Kudlow said at a Council of Foreign Relations event that both the US and China were inching towards a trade deal, citing good and constructive progress, a welcoming news to markets following a week of uncertain headlines that suggested negotiations had balked over disagreement in farm purchases. The Dow alongside the S&P 500 and NASDAQ rose 0.7-0.8% to finish at record closings. **Treasuries yields picked up slightly by around 1-2bps along the curve, gold and JPY retreated while the dollar slipped.** Oil prices jumped by 1.6% over trade optimism - Brent crude settled at \$63.3/barrel, its highest in two months.
- **In the US, while retail sales rebounded to increase 0.3% MOM, manufacturing data were weak as industrial production slipped 0.8% and the New York Fed Empire State Manufacturing Index edged lower.** Import prices also fell by 3.0% YOY. **Eurozone final HICP inflation was unrevised** at 0.7% YOY while its trade surplus narrowed. UK house prices dropped again this month. Japan industrial production bounced off contraction to increase 1.3% YOY. **Malaysia saw easier 3Q GDP growth at 4.4% while Hong Kong slumped into technical recession** as GDP contracted for the second straight quarter. New Zealand services sector continued to recover.
- The greenback slipped across nearly all major peers except for the safe havens in a risk-on environment. **The dollar index finished 0.17% lower near the 98 mark. We turn neutral to slightly bearish on USD today** as the broader dollar weakness on Friday likely spillover into today's Asian session. Medium term outlook remains bullish over relatively better US data in 4Q and firmer views that the Fed would stay put for the rest of 2019.
- **MYR finished only slightly stronger against the USD at 4.1525** amidst cautious sentiment, awaiting US-China trade development heading into the weekend. **We are neutral to slightly bullish on MYR today,** expecting regional Asian currencies to track higher CNY and trade slightly stronger versus a weaker USD on renewed trade optimism. Medium term outlook remains bearish expecting the USD to strengthen as the Fed stays put.
- **SGD rose 0.11% against the USD at 1.3605 amidst broad dollar weakness. We are neutral to slightly bullish on SGD today,** expecting regional Asian currencies to track higher CNY and trade slightly stronger versus a weaker USD on renewed trade optimism. SGD's medium term outlook is still bearish, expecting a stronger USD as the Fed holds rate steady, not to mention the weaker Singapore fundamentals.

Overnight Economic Data

Malaysia	↓
US	→
Eurozone	→
UK	↓
Japan	↑
Hong Kong	↓
New Zealand	↑

What's Coming Up Next

Major Data

- US NAHB Housing Market Index
- Singapore Non-oil Domestic Exports

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1000	1.1020	1.1056	1.1080	1.1100	→
GBPUSD	1.2800	1.2850	1.2918	1.2950	1.3000	↗
USDJPY	108.00	108.30	108.70	108.85	109.00	→
AUDUSD	0.6760	0.6800	0.6816	0.6840	0.6880	→
EURGBP	0.8500	0.8530	0.8558	0.8600	0.8650	→
USDMYR	4.1300	4.1400	4.1510	4.1600	4.1700	→
EURMYR	4.5600	4.5750	4.5893	4.5950	4.6050	↗
JPYMYR	3.8000	3.8050	3.8179	3.8320	3.8480	→
GBPMYR	5.3100	5.3350	5.3622	5.3800	5.4150	↗
SGDMYR	3.0450	3.0480	3.0505	3.0550	3.0600	→
AUDMYR	2.8200	2.8250	2.8295	2.8350	2.8400	↗
NZDMYR	2.6300	2.6415	2.6565	2.6650	2.6750	↗
USD SGD	1.3575	1.3600	1.3609	1.3635	1.3650	→
EUR SGD	1.4950	1.5000	1.5046	1.5075	1.5100	→
GBP SGD	1.7460	1.7500	1.7582	1.7600	1.7650	↗
AUD SGD	0.9230	0.9245	0.9277	0.9300	0.9320	→

* 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	1,594.75	0.08	-5.67	CRB Index	181.00	0.51	6.60
Dow Jones Ind.	28,004.89	0.80	20.05	WTI oil (\$/bbl)	57.72	1.67	27.11
S&P 500	3,120.46	0.77	24.48	Brent oil (\$/bbl)	63.30	1.64	17.55
FTSE 100	7,302.94	0.14	8.54	Gold (\$/oz)	1,468.21	-0.22	14.48
Shanghai	2,891.34	-0.64	15.94	CPO (RM/tonne)	2,511.00	0.20	28.60
Hang Seng	26,326.66	0.01	1.86	Copper (\$/tonne)	5,849.00	0.64	-1.94
STI	3,238.86	0.22	5.54	Rubber (sen/kg)	437.00	-1.24	15.30

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA GDP YOY	3Q	4.4%	4.9%	4.4%
US Empire Manufacturing	Nov	2.9	4.0	6.0
US Import Price Index YOY	Oct	-3.0%	-1.6%	-2.2%
US Retail Sales Advance MOM	Oct	0.3%	-0.3%	0.2%
US Industrial Production MOM	Oct	-0.8%	-0.3% (revised)	-0.4%
EU Trade Balance SA	Sep	€18.3b	€19.7b (revised)	€18.7b
EU CPI Core YOY	Oct F	1.1%	1.0%	1.1%
EU CPI YOY	Oct F	0.7%	0.8%	0.7%
UK Rightmove House Prices MOM	Nov	-1.3%	0.6%	--
JP Industrial Production YOY	Sep F	1.3%	-4.7%	--
HK GDP YOY	3QF	-2.9%	0.4%	-2.9%
NZ Performance Services Index	Oct	55.4	54.4	--

Source: Bloomberg

- US retail sales rebounded:** Retail sales in the US rebounded to increase 0.3% MOM in October (Sep: -0.3% revised), supported by motor vehicles sales and higher gasolines higher prices. September's decline was its first in seven months. In October, the retail sales for control group, widely perceived as a more accurate gauge of core consumer spending also picked up 0.3% MOM (Sep: -0.1% revised), in line with expectations that Americans are raising spending ahead of Christmas amidst a largely solid consumer sentiment.
- US industrial production slipped as GM strike hit auto line:** Industrial production dropped 0.8% MOM in October (Sep: -0.3%), marking its second consecutive month of contraction and its largest decline since May-18, as the United Auto Workers (UAW) strike at General Motor (GM) severely disrupted production that led to a 7.1% decline in auto output. Excluding auto, production, dropped by 0.5% MOM reflecting weakness in the American factories that was in line with the recent slump in the ISM manufacturing index. On a separate note, the New York Fed Empire State manufacturing survey reported that its headline General Business Condition Index dropped to 2.9 in November (Oct: 4) to indicate little change in New York state manufacturing activity. Last but not least, the import price index registered a 0.5% MOM decline in October (Sep: +0.1% revised) and a sharper 3.0% YOY decrease (Sep: -1.6%) to indicate the absence of imported inflation in the US economy.
- Muted Eurozone inflation; narrowing trade surplus:** the final reading of Eurozone October HICP inflation was unrevised at 0.7% YOY (Sep: +0.8%) and similarly, the core reading was unchanged at 1.1% YOY (Sep: +1.0%), reflecting the ongoing lack of price pressure in the Euro area economy that has in part led to the ECB to add stimulus via deposit rate cut and a renewed Asset Purchase Program (APP). External trade weakened in September as exports recorded a 0.4% MOM decline (Aug: -0.5%) to mark its fourth straight contraction. Imports rebounded to increase 0.8% MOM (Sep: -0.2%), thus leaving trade surplus at a smaller €18.3b (Aug: €19.7b revised). Compared to the same period last, year, exports continued to slip and at a larger margin of 1.6% YOY (Aug: -1.3%) while imports picked up 0.7% YOY (Aug: -1.7%), again reflecting weakness in the global trade sector.
- UK house prices dropped in November:** Property website Rightmove said that its house price index slipped 1.3% MOM in November (Oct: +0.6%) which left its annual gain at 0.3% YOY (Oct: -0.2%), not a surprise reading as demand is likely to remain subdued alongside the country's Brexit conundrum.
- Japan industrial production bounced off contraction:** The final reading of Japan September industrial production growth was revised higher from 1.1% to 1.3% YOY (Aug: -4.7%), a modest rebound from sharp contraction observed in the previous month. MOM, output increased 1.7% (Aug: -1.2%), more than offset August's decline, led by a rebound in manufacturing output. Nonetheless forward indicator such as PMI suggests that the manufacturing sector remains as slower demand overseas continues to weigh on exports which in turn take a toll on the country's manufacturing health.
- Hong Kong mired in recession amidst domestic unrests and trade weakness:** Censtat's final report confirmed that Hong Kong economy has slumped into a technical recession as the seasonally adjusted real GDP slipped further by 3.2% QOQ in the third quarter of 2019 (2Q: -0.5%) to mark its second back-to-back contraction this year. Compared to the same period last year, real GDP also slipped by 2.9% YOY (2Q: +0.4%), its first contraction since ten years ago during the tail end of the global financial crisis, as the regional financial hub mired in domestic unrests that show no signs of abating alongside weaker Chinese demand that has severely hit its external trade sector.

- New Zealand services sector gained strength in October:** The Performance of Services Index rose to 55.4 in October (Sep: 54.5 revised), extending a current trend of recovery that was driven by a surge in activity/sales and new orders. BNZ which published the index said that the PI now indicates annual GDP growth of closer to 3% than 1% portrayed just months ago.
- Broad-based slowdown in 3Q Malaysia GDP growth:** The Malaysian economy expanded at its slowest pace in a year, growing 4.4% YOY in 3Q19 (2Q: +4.9% YOY), as moderating global growth spilled over to the domestic economy. This was a tad below our expectation for a 4.5% growth but in line with consensus. Growth in domestic demand tapered off rather substantially to 3.5% YOY in 3Q19 (2Q: +4.6%) to mark its slowest growth in eleven quarters, amid slower growth momentum in the private sector and bigger contraction in the public sector. Contribution from net exports (+1.0ppt vs +1.4ppt) also narrowed as exports succumbed to global trade headwinds and fell 1.4% YOY during the quarter (2Q: +0.1% YOY), even on the back of a bigger decline in imports (-3.3% vs -2.1% YOY). On a seasonally adjusted basis, 3Q GDP sustained a 0.9% QOQ increase (2Q: +1.0%). Looking ahead, overall growth outlook of the Malaysian economy is expected to remain subdued tracking slower growth in the world economy. Even as we expect mounting challenges ahead, we are of view that year-end festive spending, government cash assistance, the kicking-in effects from the preemptive OPR cut back in May, as well as improving CPO prices, will keep overall growth supported in 4Q. We are therefore tweaking our full year real GDP growth forecast slightly lower from 4.7% to 4.5% for 2019. The still decent growth outlook suggests a near term adjustment in the OPR is not imminent. However, we believe BNM would stand ready to act should there be worsening financial conditions and bigger than expected escalation in external risks that could subject the domestic economy to further downside risks.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
18/11	US	NAHB Housing Market Index	Nov	71.0	71.0	--
19/11		Building Permits MOM	Oct	-0.8%	-2.7%	-2.4%
		Housing Starts MOM	Oct	5.1%	-9.40%	--
19/11	UK	CBI Trends Total Orders	Nov	-30	-37	--
18/11	Singapore	Non-oil Domestic Exports YOY	Oct	-10.0%	-8.1%	--
21/11		GDP YOY	3Q F	0.3%	0.1%	--
19/11	Australia	RBA Minutes of Nov. Policy Meeting				

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1051	0.26	1.1057	1.1015	-3.62
GBPUSD	1.2897	0.12	1.2919	1.2868	1.31
USDJPY	108.80	0.35	108.86	108.38	-0.90
AUDUSD	0.6817	0.46	0.6822	0.6781	-3.32
EURGBP	0.8567	0.13	0.8574	0.8550	-4.84
USDMYR	4.1525	0.10	4.1565	4.1475	0.46
EURMYR	4.5754	0.07	4.5812	4.5717	-3.21
JPYMYR	3.8280	0.05	3.8306	3.8184	1.87
GBPMYR	5.3496	0.20	5.3544	5.3416	1.56
SGDMYR	3.0507	0.01	3.0528	3.0473	0.49
AUDMYR	2.8203	-0.18	2.8236	2.8169	-3.51
NZDMYR	2.6510	-0.23	2.6561	2.6480	-4.60
CHFMYR	4.2011	-0.20	4.2035	4.1934	0.05
CNYMYR	0.5925	0.08	0.5927	0.5919	-2.11
HKDMYR	0.5306	-0.09	0.5308	0.5297	0.45
USDSGD	1.3605	-0.11	1.3626	1.3600	-0.19
EURSGD	1.5035	0.15	1.5042	1.4997	-3.81
GBPSGD	1.7547	0.01	1.7581	1.7517	1.11
AUDSGD	0.9279	0.39	0.9281	0.9235	-3.50

Source: Bloomberg

Forex

MYR

- **MYR finished only slightly stronger against the USD at 4.1525** amidst cautious sentiment, awaiting US-China trade development heading into the weekend.
- **We are neutral to slightly bullish on MYR today**, expecting regional Asian currencies to track higher CNY and trade slightly stronger versus a weaker USD on renewed trade optimism. Medium term outlook remains bearish expecting the USD to strengthen as the Fed stays put, supported by relatively better US data in 4Q.

USD

- The greenback slipped across nearly all major peers except for the safe havens in a risk-on environment. **The dollar index finished 0.17% lower near the 98 mark.**
- **We turn neutral to slightly bearish on USD today** as the broader dollar weakness on Friday likely spillover into today's Asian session. **Medium term outlook remains bullish** over relatively better US data in 4Q and firmer views that the Fed would stay put for the rest of 2019.

EUR

- **EUR finished 0.26% firmer against the USD at 1.1051** amidst broad dollar weakness.
- **We are neutral on EUR today** over the lack of key data. **In the medium term, outlook remains bearish** as EUR's failure to benefit from recent improvement in Eurozone data spell further downside risk while the ECB's plan of looser monetary policy weighs on the shared currency.

GBP

- **The sterling finished 0.12% stronger against the USD at 1.2897**, supported by dollar weakness and mainly increasing confidence that the Tories would secure a majority in December ballots, hence higher chance of Boris Johnson's Brexit deal being passed in Parliament.
- **We are bullish on GBP today** as the said Brexit optimism is likely keeping the sterling well supported in the short term. **Medium term outlook is** mainly driven by headlines surrounding Brexit and UK upcoming December ballots.

JPY

- **JPY snapped winning streak against the USD to finish 0.35% lower at 108.80** as safe havens struggled to find demand in a risk-on environment.
- **We are neutral on JPY** as Asian equities are set for a mixed open while awaiting further development in the US-China trade deal. **We remain bullish JPY over the medium term** on narrowing yield differentials between the dollar and yen, alongside heightening concerns over Hong Kong protests, lingering Brexit worries and have not ruled out the risk of a US-China trade war escalation.

AUD

- **AUD snapped losing streak to recover 0.46% against the USD at 0.6817**, supported by trade optimism and broad dollar weakness.
- **We are neutral on AUD today** over the lack of data while markets await development in US-China trade deal. **Medium term outlook remains slightly bullish** expecting the RBA to stay put in early December.

SGD

- **SGD rose 0.11% against the USD at 1.3605 amidst broad dollar weakness.**
- **We are neutral to slightly bullish on SGD today**, expecting regional Asian currencies to track higher CNY and trade slightly stronger versus a weaker USD on renewed trade optimism. **SGD's medium term outlook is still bearish**, expecting a stronger USD as the Fed holds rate steady, not to mention the weaker Singapore fundamentals.

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