



# Economics & FX Highlights

- ❖ Fed's decision within market's projection
- ❖ MYR to fluctuate in the range of 4.1459 and 4.1606 against US dollar

## Global Highlights

The dollar index rebounded as it rose by 0.51% to 94.347 following the Fed's announcement of taper plan. The central bank stated that it will cut its US\$120bn monthly asset purchases by US\$15bn monthly cut. Although, the Chairman Jerome Powell reassured that there is no rush to hike interest rate. The greenback took a dip before it recovered which means that the market has priced in the monetary tightening move way before the plan is announced.

On the data front, the US trade deficit widened to a fresh record high of \$80.9 billion in September of 2021 while weekly new unemployment claim benefit report showed that the headline figure fell to 269k which is the new lowest since March 2020.

Equities were mixed when the Dow Jones fell 0.09% to 36,124 while the S&P500 rose 0.42% to 4,680. The UST 10-year benchmark was sent sharply lower by 7.7bps to 1.526%. Gold climbed 1.25% to US\$1,792/oz.

The euro lost 0.50% to 1.155, the lowest since early October following the divergent of stance between the ECB and the Fed.

The British pound tumbled significantly by 1.37% to 1.350. BoE officials agreed to hold its benchmark interest at a record low of 0.1% during its November meeting and to leave its bond-buying programme unchanged.

The Japanese yen strengthened by 0.22% to 113.76. Final report by Jibun Bank indicated that both the Services and Composite PMI rose to 50.7, above the growth level of 50, the first time since January 2020.

In the meantime, the Chinese yuan strengthened by 0.15% to close at 6.397.

Crude oil closed in the red when the Brent fell by 1.77% to US\$80.5 per barrel, touching its lowest in one-month while WTI dropped by as much as 2.54% to US\$78.8 per barrel. The decline came in after OPEC+ meeting to stick to plans to raise oil output by 400,000 barrels per day (bpd) on a monthly basis, despite calls from the United States for extra oil supply to cool rising prices.

## Malaysia Highlights:

By the end of Wednesday, the ringgit weakened by 0.13% to 4.154 and traded a high of 4.156 and low of 4.1502. On the monetary policy development, the BNM decided to keep its Overnight Policy Rate (OPR) unchanged at 1.75%. This is the 16<sup>th</sup> consecutive months the rate has stayed there induced by the covid outbreak.

Local bourses the FBM KLCI lost ground as it fell 0.41% to close at 1,531. Detailed transactions showed that both local institutions and retailers were the net buyers with RM14mil and RM80mil, respectively, while being offset by foreign investors with RM94mil total positions.

Over to the local bond market, the yield curve further steepened as the 3-years -4.5bps to 2.735%, 5-years -2.0bps to 3.240%, 7-years -1.0bps to 3.520%, and 10-years remained unchanged at 3.630%.

The IRS yield curve shifted downwards when the (3Y) -3.5bps to 2.795%, (5Y) -1.5bps to 3.015%, and (10Y) -3.0bps to 3.450%, while the (7Y) remained unchanged at 3.300%.

Against major currencies, the ringgit was mixed as it appreciated vs. AUD by 0.22% to 3.091, and vs. JPY by 0.12% to 3.644, but depreciated vs. EUR by 0.08% to 4.816, vs. GBP by 0.03% to 5.657, and vs. CNY by 0.02% to 1.542. Regionally, the ringgit was mixed as well going against other Asean peers. It strengthened vs. IDR by 0.37% to 3,449, and vs. PHP by 0.25% to 12.176, but weakened vs. THB by 0.12% to 8.014, and vs. VND by 0.13% to 5,475. However, it remained unchanged vs. SGD at 3.078.

## MYR Outlook For The Day

We expect the MYR to trade between our support level of 4.1376 and 4.1459 while our resistance is pinned at 4.1606 and 4.1657.

**Today's Events**

Country	Event/ Data Release	Consensus	Previous
PH	Inflation Rate YoY (Oct)	4.9%	4.8%
	Balance of Trade (Sep)	-	\$-3.577B
	Core Inflation Rate YoY (Oct)	3.4%	3.3%
	Exports YoY (Sep)	-	17.6%
	Imports YoY (Sep)	-	30.8%
<b>AU</b>	<b>RBA Statement on Monetary Policy</b>		
TH	Core Inflation Rate YoY (Oct)	0.3%	0.2%
	Inflation Rate YoY (Oct)	1.9%	1.7%
ID	GDP Growth Rate QoQ Q3	1.8%	3.3%
	GDP Growth Rate YoY Q3	3.8%	7.1%
SG	Retail Sales YoY (Sep)	-	-2.8%
EA	Construction PMI (Oct)	-	50
	Retail Sales YoY (Sep)	1.5%	0.0%
US	Non Farm Payrolls (Oct)	450K	194K
	Unemployment Rate (Oct)	4.7%	4.8%
	Nonfarm Payrolls Private (Oct)	400K	317K
	Average Hourly Earnings YoY (Oct)	4.9%	4.6%
	Average Weekly Hours (Oct)	34.8	34.8
	Government Payrolls (Oct)	-	-123K
	Participation Rate (Oct)	-	61.60%
	Manufacturing Payrolls (Oct)	29K	26K

Source: TradingEconomics/Bloomberg/AmBank Research

**Key Financial Market Movements**
**Table 1 : Currency pair against the dollar**

	Last Close	d/d (%)	YTD (%)
Dollar Index	94.35	0.5	5.0
EURUSD	1.16	-0.5	-5.3
GBPUSD	1.35	-1.4	-0.7
USDJPY	113.8	-0.2	10.3
AUDUSD	0.74	-0.6	-3.9
NZDUSD	0.71	-0.8	-1.3
USDCNY	6.40	-0.1	-1.0
USDCNH	6.40	0.0	-1.0
USDINR	74.46	0.0	2.0
USDSGD	1.35	0.2	2.4
USDKRW	1183	0.1	9.3
USDPHP	50.63	0.1	5.4
USDTHB	33.34	0.1	11.4
USDIDR	14366	0.4	3.4
USDMYR	4.15	0.1	3.6

Source: Bloomberg/AmBank Research

**Table 2 : Regional Equity Market Performance**

	Last Close	d/d (%)	YTD (%)
Dow Jones	36,124	-0.1	19.5
S&P 500	4,680	0.4	26.5
Euro Stoxx 50	4,333	0.6	21.6
FTSE 100 Index (UK)	7,280	0.4	10.8
DAX (Germany)	16,030	0.4	16.8
Nikkei	29,794	0.9	9.3
Hang Seng	25,225	0.8	-8.2
Shanghai Comp.	3,527	0.8	0.7
India	60,068	0.5	24.7
KOSPI (S. Korea)	2,983	0.3	1.3
Singapore	3,220	0.0	12.6
SE Thai	1,626	0.9	10.8
PSEi (Philippines)	7,204	0.3	0.1
Jakarta Comp.	6,586	0.5	7.9
FBM KLCI	1,531	-0.4	-4.5

Source: Bloomberg/AmBank Research

**Table 3 : Currency pair against the ringgit**

	Last Close	d/d (%)	YTD (%)
EUR/MYR	4.82	0.1	-2.1
GBP/MYR	5.66	0.0	3.0
AUD/MYR	3.09	-0.2	-0.3
JPY/MYR	3.64	-0.1	-6.1
CNY/MYR	1.54	0.0	-4.2
SGD/MYR	3.08	0.0	1.2
THB/MYR	8.01	-0.1	7.3
IDR/MYR	3449	0.4	-0.6
PHP/MYR	12.18	0.3	1.6
VND/MYR	5475	-0.1	-5.0

Source: Bloomberg/AmBank Research

**Table 4 : Regional 10-year Government Bond Performance**

	Last Close (%)	d/d (bps)	YTD (bps)
US	1.526	-7.7	61.3
Euro	-0.227	-5.7	37.9
UK	0.938	-13.3	76.7
Japan	0.069	-0.4	5.2
China	2.916	-1.6	-25.6
India	6.359	0.0	53.5
Singapore	1.804	0.0	93.2
Thailand	1.947	1.3	67.1
Indonesia	6.052	-0.9	18.2
Malaysia	3.623	0.0	103.6

Source: Bloomberg/AmBank Research

**Table 5: Malaysia Government Securities Yield (MGS)**

	Last Close (%)	d/d (bps)	YTD (bps)
3-year	2.762	-1.6	90.2
5-year	3.239	-1.4	113.9
7-year	3.504	-0.6	112.4
10-year	3.623	0.0	103.3
15-year	4.113	-0.4	94.3
20-year	4.234	0.6	92.4
30-year	4.383	0.3	55.3

Source: Bloomberg/AmBank Research

**Table 6: Key Financial Data**

	Last Close (%)	d/d (bps)	YTD (bps)
3-year IRS (%)	2.795	-3.5	78.5
5-year IRS (%)	3.015	-1.5	79.2
7-year IRS (%)	3.300	0.0	92.5
10-year IRS (%)	3.450	-3.0	86.9
3-months KLIBOR (%)	1.940	0.0	0.0
MY 5-year CDS (bps)	55.34	-1.1%	51.2%

Source: Bloomberg/AmBank Research

**Table 7: Commodities Price**

	Last Close	d/d (%)	YTD (%)
WTI	78.8	-2.5	65.5
Brent	80.5	-1.8	57.6
Gold	1,792	1.25	-7.76
FCPO 3M (RM)	5,279	0.0	82.5

Source: Bloomberg/AmBank Research

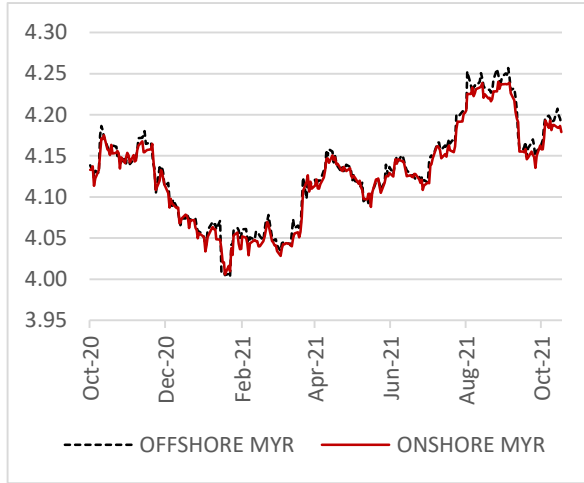
**Table 8: KLCI Participation 1-Day Before**

	Net Flow (RM''m)	Participation (%)
Local Institution	+14	46.48
Local Retailers	+80	31.57
Foreign Investors	-94	21.95

Source: Bloomberg/AmBank Research

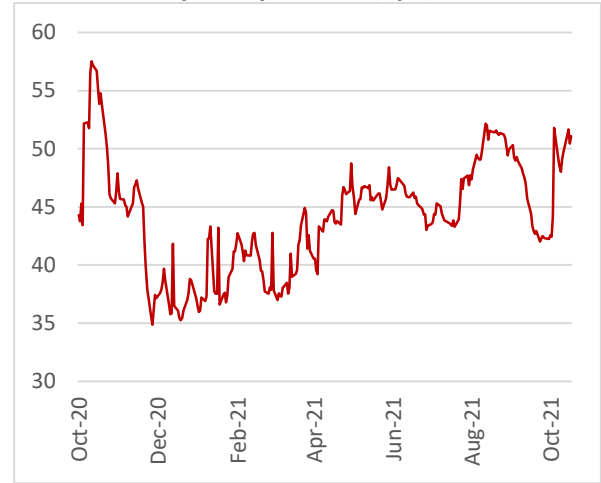
**Key Daily FX Charts**

**Chart 1: Onshore & Offshore MYR**



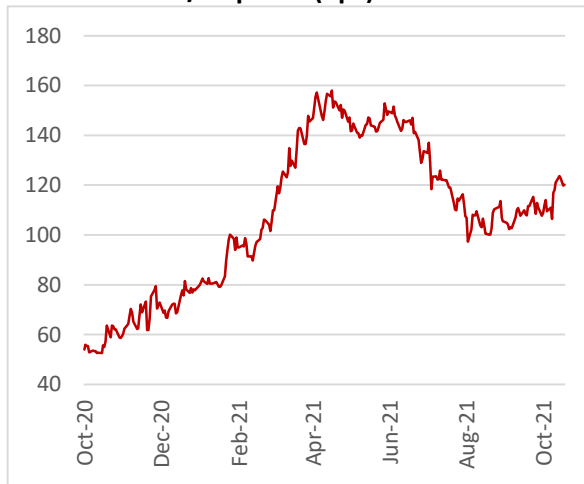
Source: Bloomberg/AmBank Research

**Chart 2: Malaysia 5-year CDS (bps)**



Source: Bloomberg/AmBank Research

**Chart 3: UST10/2 Spread (bps)**



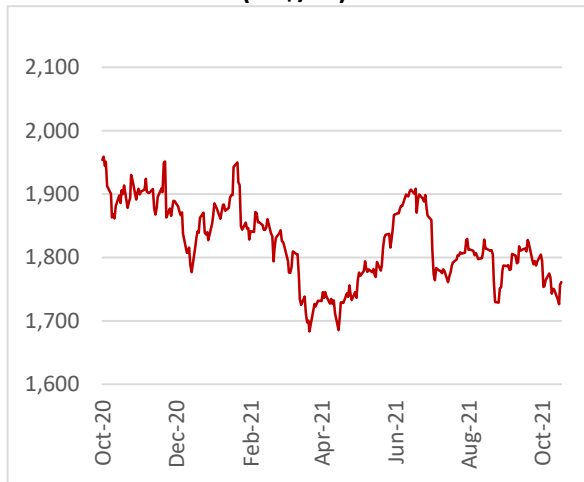
Source: Bloomberg/AmBank Research

**Chart 4: MGS10/3 Spread (bps)**



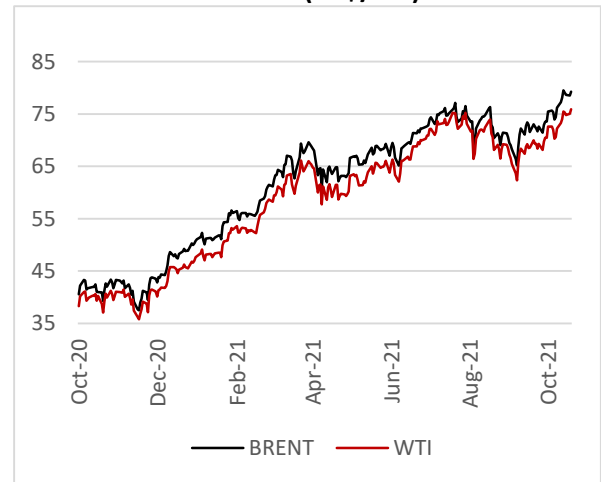
Source: Bloomberg/AmBank Research

**Chart 5: Gold Price (US\$/oz)**



Source: Bloomberg/AmBank Research

**Chart 6: Crude Oil Price (US\$/bbl)**



Source: Bloomberg/AmBank Research

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