

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Another bout of positive economic releases from the US and EU, that reaffirmed prospects of continuous economic recovery.** Conference Board consumer confidence rose to a 7-year high in October, Chicago PMI showed improved business conditions and S&P CoreLogic house prices quickened in August.
- **In the Eurozone, GDP grew an estimated 0.6% QOQ in 3Q**, softer than the upwardly revised 2Q growth of 0.7% but bested market estimates of a 0.5% increase. Jobless rate also improved 0.1ppt to 8.9% but CPI moderated to 1.4% YOY, in line with observations in other parts of the world that showed lack of inflationary pressure despite improving growth. A case in point is Japan which prompted BOJ to leave its monetary policy unchanged yesterday.
- **In China, the softer PMI prints were no cause for concern.** The pace of expansion in manufacturing and services sectors moderated but remained at firm levels nonetheless. The manufacturing PMI fell from 5-year high of 52.4 to 51.6 in Oct but was largely due to shut down in factories to curb pollution. Services PMI also moderated to 54.3 in Oct, down from 55.4.
- **USD strengthened against 9 G10s** on relatively firmer US data but the Dollar Index dipped 0.01% to 94.55 on the back of sharp losses to GBP. **Stay bullish on USD** though we note that gains will be tougher to come by depending on whether positive catalysts turn stronger; there is bullish potential in US data but uncertainties stemming from Fed chair selection may dampen upsides. Bullish bias still prevails and likely to support the Dollar Index's advance for another test at 95.15 going forward. Another rejection here is likely to trigger a drop to 93.56, otherwise, set sights on a climb to 96.20.
- **MYR advanced 0.14% to 4.2320 against USD** and strengthened against 7 G10s, supported by improved sentiment amid firmer oil prices. **MYR remains bullish against USD**, supported by continued buying interest in the local unit amid firmer oil prices. Despite gapping higher at opening, we reckon that upside strength of USDMYR may be fading and could find difficulty breaking 4.2361, resulting in a potential decline to 4.2235 going forward.
- **SGD** was buoyed by firmer equities to beat 7 G10s but **weakened 0.15% to 1.3628 against a firmer USD**. **SGD remains bearish against USD**, weighed down by risk aversion in the markets. Early recapturing of 1.3629 has again put USDSGD on track towards 1.3822 in the longer term. We set sights on a climb to 1.3695 in the next leg higher, above which 1.3714, the recent point of rejection, will be tested.

Overnight Economic Data

US
EU
Japan
China
Australia
New Zealand



What's Coming Up Next

Major Data

- Malaysia Nikkei PMI
- US MBA mortgage applications, ADP employment change, ISM manufacturing, construction spending
- US, EU, UK, Japan and China manufacturing PMIs

Major Events

- FOMC policy decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1625	1.1640	1.1650	1.1677	1.1700	↘
USDJPY	113.28	113.49	113.70	113.99	114.29	↘
GBPUSD	1.3244	1.3258	1.3284	1.3300	1.3318	↗
AUDUSD	0.7624	0.7640	0.7652	0.7678	0.7698	↘
EURGBP	0.8720	0.8746	0.8765	0.8777	0.8793	↘
USDMYR	4.2294	4.2322	4.2338	4.2361	4.2377	↘
EURMYR	4.9245	4.9280	4.9296	4.9340	4.9400	↘
JPYMYR	3.7107	3.7180	3.7208	3.7239	3.7285	↘
GBPMYR	5.6175	5.6210	5.6239	5.6319	5.6346	↗
SGDMYR	3.1025	3.1039	3.1048	3.1059	3.1090	↘
AUDMYR	3.2300	3.2337	3.2386	3.2435	3.2480	↘
NZDMYR	2.9100	2.9135	2.9181	2.9232	2.9266	↗
USDSGD	1.3602	1.3629	1.3636	1.3645	1.3667	↗
EURSGD	1.5837	1.5850	1.5879	1.5889	1.5906	↘
GBPSGD	1.8066	1.8084	1.8113	1.8129	1.8173	↗
AUDSGD	1.0377	1.0410	1.0431	1.0455	1.0483	↘

*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	1747.9	0.0	6.5	CRB Index	187.6	0.01	-2.6
Dow Jones Ind.	23377.2	0.1	18.3	WTI oil (\$/bbl)	54.4	0.42	1.2
S&P 500	2575.3	0.1	15.0	Brent oil (\$/bbl)	61.4	0.80	2.0
FTSE 100	7493.1	0.1	4.9	Gold (S/oz)	1276.3	-0.40	10.8
Shanghai	3393.3	0.1	9.3	CPO (RM/tonne)	2820.5	0.46	-11.8
Hang Seng	28245.5	-0.3	28.4	Copper (\$/tonne)	6867.0	0.54	24.1
STI	3374.1	-0.1	17.1	Rubber (sen/kg)	463.5	-1.49	-28.1

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US S&P CoreLogic CS-20 city YOY	Aug	5.92%	5.83%	5.93%
US Chicago PMI	Oct	66.2	65.2	60.0
US Conference Board consumer confidence	Oct	125.9	120.6	121.0
EU unemployment rate	Sept	8.9%	9.0%	9.0%
EU GDP QOQ	3Q A	0.6%	0.7%	0.5%
EU CPI estimate YOY	Oct	1.4%	1.5%	1.5%
JP housing starts YOY	Sept	-2.9%	-2.0%	-3.2%
BOJ policy balance rate	Oct 31	-0.1%	-0.1%	-0.1%
CH manufacturing PMI	Oct	51.6	52.4	52.0
CH non-manufacturing PMI	Oct	54.3	55.4	--
AU CBA manufacturing PMI	Oct	55.5	53.8	--
AU AiG manufacturing index	Oct	51.1	54.2	--
NZ unemployment rate	3Q	4.6%	4.8%	4.7%

Source: Bloomberg

➤ Macroeconomics

- US data held up firmly, maintaining the notion that growth remains on track. Despite moderating indicators in the housing market, the S&P measure of house prices in 20 cities edged higher in Aug, rising 5.92% YOY from 5.83%. Business conditions across Illinois, Indiana and Michigan improved according to the Chicago biz barometer, which recorded an increase to 66.2 in the index in Oct, up from 65.2 previously. Consumer confidence improved in Oct, according to survey by Conference Board; the gauge rose to 125.9 in Oct, from 120.6.
- The Eurozone faces a dilemma of firmer growth but softer inflation, a combination that is likely to keep the ECB's sight planted on further accommodation to bring prices up. GDP grew an estimated 0.6% QOQ in 3Q, softer than the upwardly revised 2Q growth of 0.7% but bested market estimates of a 0.5% increase. YOY, GDP was estimated to have picked up from 2.3% in 2Q to 2.5%. Meanwhile, unemployment rate ticked lower to 8.9% in Sept, down from 9.0%, also a positive sign. But despite firmer growth and tighter labour market, prices remained subdued. CPI was estimated to have risen 1.4% YOY in Oct, easing from 1.5% in Sept. More pertinently, core inflation softened to 0.9% from 1.1%.
- Housing sector remains subdued in Japan as construction of new houses continues to fall; housing starts declined 2.9% YOY in Sept, deepening from the 2.0% fall previously and a sign that demand remains soft. On monetary front, the BOJ left its policy balance rate unchanged at -0.1%.
- Pace of growth in China's manufacturing and services sectors moderated but remained at firm levels nonetheless. The manufacturing PMI fell from 5-year high of 52.4 to 51.6 in Oct but was largely due to shut down in factories to curb pollution. Services PMI also moderated to 54.3 in Oct, down from 55.4.
- Data from the Oceania region were relatively mixed. Different gauges on manufacturing growth in Australia gave contrasting views on pace of expansion. The CBA manufacturing PMI climbed to 55.5 in Oct from 53.8, suggesting that activity is at 4-month peak. However, the AiG index slipped to 51.1 from 54.2 in Sept, indicating growth is at 11-month low. In New Zealand, the labour market tightened with lower unemployment rate in 3Q at 4.6%, down from 4.8% in 2Q.

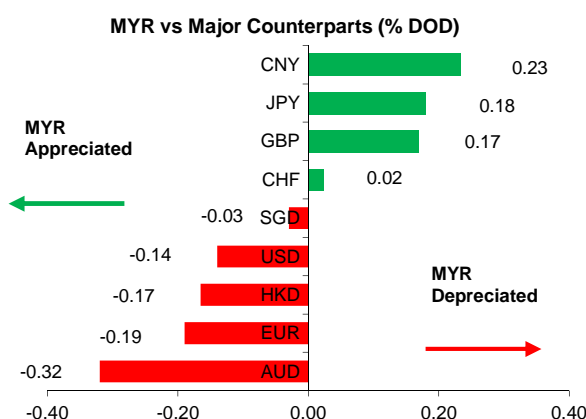
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/01	Nikkei Malaysia PMI	Oct	--	49.9	--
US	11/01	MBA mortgage applications	Oct 27	--	-4.6%	--
		ADP employment change	Oct	200k	135k	--
		Markit US manufacturing PMI	Oct F	54.5	54.5	--
		ISM manufacturing	Oct	59.4	60.8	--
		Construction spending MOM	Sept	-0.1%	0.5%	--
		FOMC rate decision (upper bound)	Nov 1	1.25%	1.25%	--
	11/02	Initial jobless claims	Oct 28	--	233k	--
		Markit Eurozone manufacturing PMI	Oct F	58.6	58.6	--
	EU	Markit UK PMI manufacturing	Oct	55.9	55.9	--
	UK	Nationwide house prices YOY	Oct	2.2%	2.0%	--
	11/02	Markit / CIPS UK construction	Oct	--	48.1	--
		BOE bank rate	Nov 2	0.50%	0.25%	--
		BOE asset purchase target	Nov	435b	435b	--
		BOE inflation report				
		Nikkei Japan PMI manufacturing	Oct F	--	52.5	--
China	11/01	Caixin China PMI manufacturing	Oct	51.0	51.0	--
Singapore	11/02	Purchasing managers index	Oct	--	52.0	--
Australia	11/02	Trade balance	Sept	A\$1000m	A\$989m	--
		Building approvals YOY	Sept	-0.9%	-15.5%	--
		QV house prices YOY	Oct	--	4.3%	--
New Zealand	11/02					

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1646	-0.04	1.1661	1.1625	10.8
USDJPY	113.64	0.41	113.73	112.96	-2.8
GBPUSD	1.3283	0.57	1.3289	1.3190	7.7
AUDUSD	0.7656	-0.42	0.7699	0.7640	6.2
EURGBP	0.8767	-0.61	0.8824	0.8766	2.7
USDMYR	4.2320	-0.14	4.2340	4.2280	-5.7
EURMYR	4.9233	-0.19	4.9324	4.9170	4.2
JPYMYR	3.7365	0.18	3.7464	3.7347	-2.5
GBPMYR	5.5873	0.17	5.5938	5.5819	1.3
SGDMYR	3.1077	-0.03	3.1126	3.1065	0.2
AUDMYR	3.2445	-0.32	3.2583	3.2432	0.1
NZDMYR	2.8947	-0.38	2.9122	2.8935	-7.2

Source: Bloomberg



Forex

MYR

- **MYR advanced 0.14% to 4.2320 against USD** and strengthened against 7 G10s, supported by improved sentiment amid firmer oil prices.
- **MYR remains bullish against USD**, supported by continued buying interest in the local unit amid firmer oil prices. Despite gapping higher at opening, we reckon that upside strength of USDMYR may be fading and could find difficulty breaking 4.2361, resulting in a potential decline to 4.2235 going forward.

USD

- **USD strengthened against 9 G10s** on relatively firmer US data but the Dollar Index dipped 0.01% to 94.55 on the back of sharp losses to GBP.
- **Stay bullish on USD** though we note that gains will be tougher to come by depending on whether positive catalysts turn stronger; there is bullish potential in US data but uncertainties stemming from Fed chair selection may dampen upsides. Bullish bias still prevails and likely to support the Dollar Index's advance for another test at 95.15 going forward. Another rejection here is likely to trigger a drop to 93.56, otherwise, set sights on a climb to 96.20.

EUR

- **EUR advanced against 7 G10s and narrowed its losses to 0.04% at 1.1646 against USD** after bouncing off intraday low.
- **Keep a bearish view on EUR against USD** on technical reasons. We continue to set sights on a drop to 1.1511 in the next leg lower as part of the target pointed out by completion of a chart pattern. Closing above 1.1650 today is likely to dent this view and alter the technical landscape.

GBP

- **GBP jumped 0.57% to 1.3283 against USD** and beat all G10s on the back of improved sentiment amid prospects of speedier Brexit negotiations.
- **We turn bullish on GBP against USD** as markets position for a potential BOE rate hike and closer Brexit talks. Technical landscape of GBPUSD has improved after beating crucial resistances overnight. The pair is now bullish, with scope to test 1.3363 in the next leg higher.

JPY

- **JPY weakened 0.41% to 113.64 against USD** and slipped against 6 G10s as firmer risk appetite in the markets damping refuge demand.
- **JPY remains bullish in our view against USD**, supported by continued risk aversion in FX markets ahead of risk events in the US. Bearish bias prevails in USDJPY; even though there is scope to climb higher today, bearish bias remains in control as long as the pair does not close above 114. We set sights on a close below 113.18 going forward, after which a test at 112.77 will be next.

AUD

- **AUD fell 0.42% to 0.7656 against USD** and weakened against 7 G10s on the back of softer data from Australia and China.
- **Stay bearish on AUD against USD** amid build-up in risk aversion in the markets ahead of US and Australia data. Bearish bias has increased, thus we stay bearish on AUDUSD, expect a test at 0.7624. A break lower will head for 0.7603 next.

SGD

- **SGD was buoyed by firmer equities to beat 7 G10s but weakened 0.15% to 1.3628 against a firmer USD.**
- **SGD remains bearish against USD**, weighed down by risk aversion in the markets. Early recapturing of 1.3629 has again put USDSGD on track towards 1.3822 in the longer term. We set sights on a climb to 1.3695 in the next leg higher, above which 1.3714, the recent point of rejection, will be tested.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Menara Hong Leong

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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