

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Economic releases among the majors skewed to the soft side.** US personal income and spending showed more moderate gains while the increase in core PCE tapered off to 1.3% in August, dipping from 1.4% previously. University of Michigan consumer sentiments dimmed in Sept, with the final gauge revised lower to 95.1, after notching 96.8 in August.
- **The UK economy expectedly grew 0.3% QOQ in 2Q**, but annually, figures were downwardly revised to 1.5% YOY from an estimated 1.7%. This marks a slowdown from the 2.0% gain achieved in 1Q. Nationwide house prices and mortgage approvals also showed the UK housing market continued to cool. On a less downbeat note, consumer sentiments and consumer credit ticked higher.
- **China and Vietnam data reaffirmed that the Asia region remains in the forefront of growth.** Official China manufacturing PMI rose to 52.4 in Sept from 51.7, while the services PMI climbed to 55.4 in Sept from 53.4. Vietnam's economy grew 6.41% YOY in the first three quarters of 2017 compared to the same period in 2016. Annually, GDP increased 6.47% YOY in 3Q, picking up from 5.85% in 2Q, driven by broad-based acceleration in agriculture, industry/ construction and services.
- **USD climbed against 7 G10s** while the Dollar Index was mostly sideways through European-US trade and closed barely changed at 93.07. **Expect USD to remain firm**, supported by risk aversion in the FX space and potential upside surprises in US data. The Dollar Index is still technically bullish and there is scope to break 93.19, above which it will take aim at 93.43 - 93.63.
- **MYR advanced 0.26% to 4.2205 against USD** and strengthened against 6 G10s last Friday. **We are bearish on MYR against a firmer USD** as well as weighed down by retreating regional sentiment. USDMYR remains on track for a move to 4.2406 in our view. Above this, there is room for a test at 4.2557.
- **SGD advanced against 7 G10s** and inched 0.01% firmer to 1.3576 against USD. **Expect a bearish SGD against a firm USD.** We maintain the view that USDSGD remains on track to climb to 1.3647 in the coming days on the back of pick up in upside momentum. Losses, if any, are likely limited by 1.3554.

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US
EU
UK
Japan
China
Vietnam
Australia



What's Coming Up Next

Major Data

- US PMI manufacturing and ISM manufacturing
- EU PMI manufacturing and unemployment rate
- UK PMI manufacturing
- Japan Tankan manufacturing & non-manufacturing outlook
- Malaysia and Singapore PMI
- Vietnam manufacturing PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1743	1.1773	1.1799	1.1811	1.1824	↘
USDJPY	112.19	112.50	112.70	113.00	113.26	↗
GBPUSD	1.3320	1.3357	1.3387	1.3400	1.3449	↘
AUDUSD	0.7800	0.7821	0.7841	0.7860	0.7891	↘
EURGBP	0.8771	0.8799	0.8812	0.8817	0.8842	↘
USDMYR	4.2225	4.2262	4.2298	4.2308	4.2355	↗
EURMYR	4.9767	4.9826	4.9880	4.9907	4.9970	↘
JPYMYR	3.7370	3.7438	3.7520	3.7550	3.7624	↗
GBPMYR	5.6403	5.6500	5.6593	5.6635	5.6758	↘
SGDMYR	3.1068	3.1100	3.1115	3.1150	3.1181	↘
AUDMYR	3.3064	3.3100	3.3166	3.3180	3.3216	↘
NZDMYR	3.0408	3.0442	3.0499	3.0528	3.0564	↘
USDSGD	1.3554	1.3570	1.3590	1.3607	1.3620	↗
EURSGD	1.6000	1.6016	1.6033	1.6058	1.6070	↘
GBPSGD	1.8122	1.8150	1.8188	1.8204	1.8227	↘
AUDSGD	1.0627	1.0655	1.0659	1.0671	1.0688	↘

*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	1765.6	-0.2	7.5	CRB Index	183.4	-0.66	-4.7
Dow Jones Ind.	22284.3	-0.1	12.8	WTI oil (\$/bbl)	52.2	3.10	-3.4
S&P 500	2496.8	0.0	11.5	Brent oil (\$/bbl)	58.4	-0.98	2.9
FTSE 100	7285.7	-0.2	2.0	Gold (\$/oz)	1294.0	-1.30	10.8
Shanghai	3343.6	0.1	7.7	CPO (RM/tonne)	2710.0	-2.40	-15.3
Hang Seng	27513.0	0.0	25.1	Copper (\$/tonne)	6413.0	-0.57	15.9
STI	3212.0	-0.1	11.5	Rubber (sen/kg)	523.5	0.19	-18.8

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US personal income	Aug	0.2%	0.4%	0.2%
US personal spending	Aug	0.1%	0.3%	0.1%
US PCE core YOY	Aug	1.3%	1.4%	1.4%
US Chicago PMI	Sept	65.2	58.9	58.7
US Uni. of Michigan consumer sentiment	Sept F	95.1	95.3	95.3
EU CPI estimate YOY	Sept	1.5%	1.5%	1.6%
UK GfK consumer confidence	Sept	-9	-10	-11
UK Nationwide house prices YOY	Sept	2.0%	2.1%	1.9%
UK net consumer credit	Aug	£1.6b	£1.2b	£1.4b
UK mortgage approvals	Aug	66.6k	68.5k	67.3k
UK GDP QOQ	2Q F	0.3%	0.3%	0.3%
JP housing starts YOY	Aug	-2.0%	-2.3%	0.6%
CH Caixin PMI manufacturing	Sept	51.0	51.6	51.5
CH PMI manufacturing	Sept	52.4	51.7	51.6
CH PMI services	Sept	55.4	53.4	--
VN retail sales YTD	Sept	10.5%	10.3%	--
VN GDP YOY YTD	3Q	6.41%	5.73%	6.10%
VN exports YOY YTD	Sept	19.8%	8.4%	--
VN industrial production YOY	Sept	13.2%	8.4%	--
VN CPI YOY	Sept	3.40%	3.35%	3.40%
AU AiG manufacturing	Sept	54.2	59.8	--

Source: Bloomberg

- US data remains on the softer side as income and spending continue to weigh down outlook on price pressure, which is one of the main factors determining the Fed's future policy stance. Personal income grew 0.2% MOM in Aug, a tad slower than 0.3% in Jul while spending barely grew, recording a 0.1% gain in Aug after rising 0.3% previously. The default US inflation gauge, core personal consumption expenditure, increased 1.3% in Aug, dipping from 1.4% previously. US consumer sentiment, as measured by University of Michigan, dimmed in Sept; the final gauge was revised lower from 95.3 to 95.1, after notching 96.8 in Aug. There was a bright spot from the US in that business activity in Chicago area accelerated in Sept. The Chicago Fed PMI jumped to 65.2 from 58.9, lifted by quicker growth in new orders, employment and prices paid.
- The UK economy expectedly grew 0.3% QOQ in 2Q, but annually, figures were downwardly revised to 1.5% YOY from an estimated 1.7%. This marks a slowdown from the 2.0% gain achieved in 1Q. The UK housing market continues to cool. Based on Nationwide's survey, house prices increased the slowest since Jun 2014, rising 2.0% YOY in Sept after gaining 2.1% previously. There may be further cooling in valuations as suggested by mortgage approvals that increased less than expected in Aug; 66.6k mortgages were approved in Aug, sliding from 68.5k previously while 67.3k were expected. Consumers were less gloomy in the UK in Sept, according to GfK gauge that rose from -10 in Aug to -9, the highest in 4 months. In line with that, consumers raked up £ 1.6b worth of credit in Aug, up from £ 1.2b in Jul and surpassing the £1.4b expected.
- Reports from the Eurozone and Japan disappointed. Eurozone CPI steadied at 1.5% YOY in Sept but markets expected a pick-up to 1.6%. In Japan, new houses that began construction in Aug unexpectedly fell 2.0% YOY after sliding 2.3% in Jul. Australia's AiG manufacturing index slipped to 54.2 in Sept from 59.8, suggesting that the sector is cooling.
- National PMI gauges of China affirmed quicker growth in services and manufacturing sectors. The manufacturing PMI rose to 52.4 in Sept from 51.7, while the services PMI climbed to 55.4 in Sept from 53.4. However, the Caixin manufacturing PMI slipped to 51.0 from 51.6 in Aug, suggesting that manufacturing sector grew less quickly.
- Vietnam's economy grew 6.41% YOY in the first three quarters of 2017 compared to the same period in 2016. Annually, GDP increased 6.47% YOY in 3Q, picking up from 5.85% in 2Q. Expansion was driven by broad-based acceleration in agriculture / forestry / fishery (3Q: +2.78% vs 2Q: +2.63%), industry / construction (3Q: +7.34% vs 2Q: +6.04%) and services (3Q: +7.26% vs 2Q: +6.96%).
- Other data from Vietnam also indicate a pick-up in economic activity; exports surged 19.8% YOY in Jan – Sept period, up from 8.4% in Jan – Aug period. Retail sales grew slightly quicker, rising 10.5% in Jan – Sept period, up from 10.3% in Jan – Aug period. Industrial production jumped 13.2% YOY in Sept, accelerating from 8.4% in Aug as stronger growth in manufacturing (Sept: +19.5% vs Aug: +12.4%) and electricity (Sept: +10.4% vs Aug: +9.6%), offsetting extended decline in mining & quarrying (Sept: -6.0% vs Aug: -5.0%).
- Meanwhile, consumer prices in Vietnam increased the most in 4 months, climbing 3.40% YOY in Sept compared to 3.35% in Aug. Cost of food that fell slightly (Sept: -1.37% vs Aug: -1.36%) failed to hold back headline figure that was lifted by cost of transportation (Sept: +6.69% vs Aug: +5.67%) and housing / construction materials (Sept: +4.85% vs Aug: +4.23%).

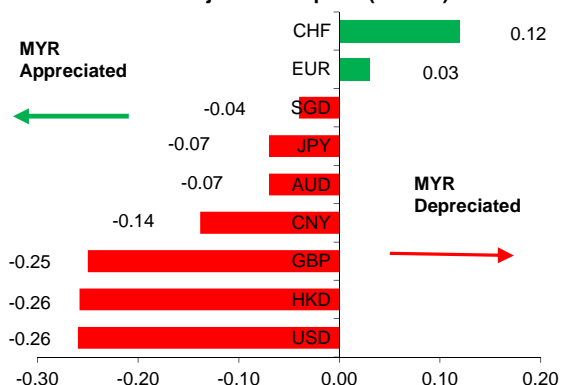
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	10/2	Nikkei PMI	Sept	--	50.4	--
US	10/2	Markit PMI manufacturing	Sept F	53.0	53.0	--
		ISM manufacturing	Sept	58.0	58.8	--
EU	10/2	Markit PMI manufacturing	Sept F	58.2	58.2	--
		Unemployment rate	Aug	9.0%	9.1%	--
	10/3	PPI YOY	Aug	2.3%	2.0%	--
UK	10/2	Markit PMI manufacturing	Sept	56.2	56.9	--
	10/3	Markit PMI construction	Sept	51.1	51.1	--
Japan	10/2	Tankan large manufacturing outlook	3Q	16	15	--
		Tankan large non-manufacturing outlook	3Q	21	18	--
		Nikkei PMI manufacturing	Sept F	--	52.6	--
	10/3	Consumer confidence	Sept	43.5	43.3	--
Hong Kong	10/3	Retail sales value YOY	Aug	--	4.0%	--
Singapore	10/2	PMI	Sept	--	51.8	--
Australia	10/3	HIA new home sales	Aug	--	-3.7%	--
		Building approvals MOM	Aug	1.0%	-1.7%	--
		RBA cash target rate	Oct 3	1.50%	1.50%	--
Vietnam	10/2	Nikkei PMI manufacturing	Sept	--	51.8	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1814	0.24	1.1833	1.1773	12.3
USDJPY	112.51	0.15	112.74	112.22	-3.7
GBPUSD	1.3398	-0.33	1.3444	1.3350	8.5
AUDUSD	0.7834	-0.28	0.7858	0.7817	8.8
EURGBP	0.8820	0.59	0.8842	0.8766	3.3
USDMYR	4.2205	-0.26	4.2308	4.2205	-5.9
EURMYR	4.9808	0.03	4.9877	4.9767	5.4
JPYMYR	3.7509	-0.07	3.7608	3.7485	-2.1
GBPMYR	5.6451	-0.25	5.6829	5.6403	2.4
SGDMYR	3.1079	-0.04	3.1153	3.1073	0.2
AUDMYR	3.3071	-0.07	3.3216	3.3063	2.1
NZDMYR	3.0470	0.05	3.0560	3.0442	-2.3

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR advanced 0.26% to 4.2205 against USD** and strengthened against 6 G10s last Friday.
- **We are bearish on MYR against a firmer USD** as well as weighed down by retreating regional sentiment. USDMYR remains on track for a move to 4.2406 in our view. Above this, there is room for a test at 4.2557.

USD

- **USD climbed against 7 G10s** while the Dollar Index was mostly sideways through European-US trade and closed barely changed at 93.07.
- **Expect USD to remain firm**, supported by risk aversion in the FX space and potential upside surprises in US data. The Dollar Index is still technically bullish and there is scope to break 93.19, above which it will take aim at 93.43 – 93.63.

EUR

- **EUR** was not deterred by softer than expected Eurozone CPI estimate, **rising 0.24% to 1.1814 against USD** and advanced against 8 G10s.
- **EUR stays bearish against USD**, weighed down emergence of new political concerns in Eurozone. EURUSD remains technically weak and while below 1.1800 will likely extend a downward path towards 1.1733 – 1.1743.

GBP

- **GBP fell 0.33% to 1.3398 against USD** and retreated against 6 G10s, weighed down by annual UK GDP in 2Q that was downwardly revised.
- **Keep a slight bearish view on GBP against USD** on bearish potential in UK data. Technical viewpoint continues to suggest GBPUSD would close below 1.3387 latest by Tuesday, failing which technical landscape will be altered and new direction may be established. In any case, GBPUSD below 1.3460 is still bearish in our view.

JPY

- **JPY** advanced against 6 G10s on extended refuge demand in FX space but **weakened 0.15% to 112.51 against a firmer USD**.
- **We maintain a bearish view on JPY in anticipation of a firmer USD**, though losses may be limited given that refuge demand still prevails in the FX space. Upside strength in USDJPY continues to fade. Therefore, while there is still room for gains, we caution that risk of rejection rises approaching 113.00 – 113.21.

AUD

- **AUD fell 0.28% to 0.7834 against a firmer USD** but managed to climb against 5 G10s that were mostly commodity majors.
- **We are still bearish on AUD on the back of a firmer USD** and prevailing risk-off in the FX markets. AUDUSD is poised to extend its downsides, with scope to break below 0.7821 and challenge 0.7800. Below this, AUDUSD is exposed to a drop to 0.7727.

SGD

- **SGD** advanced against 7 G10s and **inched 0.01% firmer to 1.3576 against USD**.
- **Expect a bearish SGD against a firm USD**. We maintain the view that USDSGD remains on track to climb to 1.3647 in the coming days on the back of pick up in upside momentum. Losses, if any, are likely limited by 1.3554.

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