

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- An independence vote in Spain and tragic shooting in Las Vegas dominated headlines, overshadowing the barrage of economic releases by Markit PMI and Nikkei on manufacturing surveys. **In the US, both ISM and PMI manufacturing indices improved, marking rare instances where both readings move in tandem**, hence offering stronger signals that manufacturing activities are continuously expanding in the US, despite concerns over storm-related impact.
- **In Europe, PMI manufacturing turned out softer in the UK while Eurozone's print was a tad lower than initially estimated**, even though it still marks a pick-up from August. **Nikkei PMI also showed general improvement in manufacturing among Asian economies**, but Malaysia slipped into contractionary mode again in September, as continuous declines in new orders offset firmer growth in employment and output.
- **USD extended its upsides to beat all G10s** on the back of weakness in European majors, which lifted the Dollar Index through Asian and European sessions to close 0.52% higher at 93.55. **Expect USD to remain firm**, supported by risk aversion in European majors. The Dollar Index remains technically bullish and 93.63 is what separates further advance to circa 94.44 or a decline to 93.07.
- **MYR weakened 0.33% to 4.2343 against USD** on softer local sentiment but managed to advance against 7 G10s. **We remain bearish on MYR against a firmer USD** as well as weighed down by retreating regional sentiment. With upside momentum picking up, we opine that USDMYR remains on track for a move to 4.2406 in our view. Above this, there is room for a test at 4.2557. Losses, if any, are likely to be supported by 4.2310.
- SGD ended mixed against the G10s and **weakened 0.29% to 1.3615 against a firmer USD**. **Expect a bearish SGD against a firm USD**, further weighed down by risk aversion in the markets. 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. Above this level, there is potential to challenge 1.3709 in the coming weeks. Losses, if any, are likely limited by 1.3594.

#### Overnight Economic Data

Malaysia	↓
US	→
EU	→
UK	↓
Japan	↑
Singapore	↑
Vietnam	↑

#### What's Coming Up Next

##### Major Data

- EU PPI
- UK Markit PMI construction
- Japan consumer confidence
- Hong Kong retail sales value
- Australia HIA new home sales, building approvals

##### Major Events

- RBA cash target rate

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1689	1.1705	1.1733	1.1758	1.1798	↘
USDJPY	112.19	112.50	112.77	113.00	113.26	↗
GBPUSD	1.3216	1.3255	1.3271	1.3298	1.3320	↘
AUDUSD	0.7800	0.7821	0.7827	0.7860	0.7875	↘
EURGBP	0.8800	0.8816	0.8839	0.8847	0.8868	↗
USDMYR	4.2310	4.2337	4.2382	4.2400	4.2450	↗
EURMYR	4.9572	4.9618	4.9718	4.9785	4.9918	↗
JPYMYR	3.7480	3.7550	3.7593	3.7634	3.7704	↗
GBPMYR	5.6107	5.6175	5.6203	5.6319	5.6410	↘
SGDMYR	3.1062	3.1074	3.1082	3.1104	3.1115	↘
AUDMYR	3.3100	3.3130	3.3161	3.3224	3.3253	↗
NZDMYR	3.0360	3.0402	3.0451	3.0470	3.0518	↗
USDSGD	1.3600	1.3600	1.3627	1.3647	1.3674	↗
EURSGD	1.5945	1.5970	1.5991	1.6003	1.6042	↘
GBPSGD	1.8019	1.8049	1.8090	1.8122	1.8171	↘
AUDSGD	1.0629	1.0655	1.0669	1.0680	1.0698	↗

\*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	1754.8	0.0	6.9	CRB Index	180.9	-1.19	-6.0
Dow Jones Ind.	22557.6	0.7	14.1	WTI oil (\$/bbl)	50.6	-2.11	-5.9
S&P 500	2529.1	0.4	13.0	Brent oil (\$/bbl)	56.1	-1.18	-1.2
FTSE 100	7438.8	0.9	4.1	Gold (\$/oz)	1271.1	-0.70	10.8
Shanghai	3348.9	0.3	7.9	CPO (RM/tonne)	2716.0	0.09	-15.1
Hang Seng	27554.3	0.5	25.2	Copper (\$/tonne)	6493.0	0.19	17.3
STI	3262.1	1.3	13.2	Rubber (sen/kg)	484.5	-1.82	-24.9

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
MY Nikkei PMI	Sept	49.9	50.4	--
US Markit PMI manufacturing	Sept F	53.1	53.0	53.0
US ISM manufacturing	Sept	60.8	58.8	58.0
US construction spending MOM	Aug	0.5%	-1.2%	0.4%
EU Markit PMI manufacturing	Sept F	58.1	58.2	58.2
EU unemployment rate	Aug	9.1%	9.1%	9.0%
UK Markit PMI manufacturing	Sept	55.9	56.7	56.2
JP Tankan large manufacturing outlook	3Q	19	15	16
JP Tankan large non-manufacturing outlook	3Q	19	18	21
JP Nikkei PMI manufacturing	Sept F	52.9	52.6	--
SG PMI	Sept	52.0	51.8	--
VN Nikkei PMI manufacturing	Sept	53.3	51.8	--

Source: Bloomberg

- US data overnight was more upbeat than recent reports, indicating firmer growth in the manufacturing sector and construction spending. The manufacturing PMI was upwardly revised to 53.1 in Sept final print from 53.0, and rising from 52.8 in Aug. Growth was driven by quicker expansion in output and strongest performance in employment in 9 months, offsetting slower new orders. Meanwhile, the ISM gauge affirmed the same, recording an increase to 60.8 in Sept from 58.8 previously; growth was firmer in new orders and employment. Spending in the construction sector increased 0.5% MOM in Aug, rebounding from a 1.2% decline in Jul.
- Manufacturing PMIs from various economies were released overnight. In the UK, manufacturing growth slowed in Sept, pushing the PMI down to 55.9 from 56.7. Growth in output, new orders and employment remains firm, but cost-push inflationary pressure emerged. Eurozone's PMI was downwardly revised to 58.1 in Sept final print from 58.2, but still higher than 57.4 recorded in Aug. The firmer manufacturing growth in Eurozone was driven by stronger expansion in output, new orders and new export orders. A separate report showed that the unemployment rate in the Eurozone steadied at 9.1% in Aug, unchanged from Jul.
- Japan's manufacturing PMI was upwardly revised to 52.9 from 52.6 in Sept final print, indicating that growth accelerated in Sept compared to Aug when PMI was last recorded at 52.2. Expansion was supported by firmer growth in output and new orders, however employment growth was the slowest since Nov 2016. According to Tankan survey, the outlook amongst large manufacturers were more optimistic in 3Q; the index rose to 19 from 15 in 2Q. Similarly, outlook within large enterprises in services sector also improved in 3Q, lifting the index to 19 from 18 in 2Q.
- Malaysia's PMI fell in Sept, sliding below the 50-mark that denotes growth; PMI was registered at 49.9, down from 50.4 in Aug. Headline figure was weighed down by new orders that declined for a fifth consecutive month, even as output and employment recorded firmer growth.
- Singapore's PMI inched higher to 52.0 in Sept from 51.8 in Aug, lifted by stronger growth in new orders, new export orders and output, as well as employment that returned to growth after 4 months of contraction.
- Manufacturing PMI of Vietnam climbed to 53.3 in Sept, up from 51.8, lifted by strongest growth in employment in 6 months, as well as stronger growth in output, new orders and new export orders.

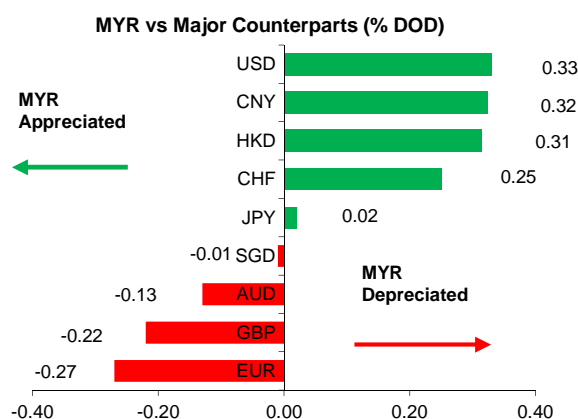
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	10/4	MBA mortgage applications	Sept 29	--	-0.5%	--
		ADP employment change	Sept	138k	237k	--
		Markit PMI services	Sept F	55.1	55.1	--
		ISM non-manufacturing	Sept	55.5	55.3	--
EU	10/3	PPI YOY	Aug	2.3%	2.0%	--
	10/4	Markit PMI services	Sept F	55.6	55.6	--
UK	10/3	Retail sales MOM	Aug	0.3%	-0.3%	--
		Markit PMI construction	Sept	51.1	51.1	--
Japan	10/4	Markit PMI services	Sept	53.2	53.1	--
	10/3	Consumer confidence	Sept	43.5	43.3	--
Hong Kong	10/4	Nikkei PMI services	Sept	--	51.6	--
	10/3	Retail sales value YOY	Aug	3.4%	4.0%	--
Singapore	10/4	Nikkei PMI	Sept	--	53.2	--
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%	--
	10/4	AiG services index	Sept	--	53.0	--
New Zealand	10/4	QV house prices YOY	Sept	--	4.8%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1733	-0.69	1.182	1.1730	11.6
USDJPY	112.77	0.23	113.06	112.40	-3.6
GBPUSD	1.3276	-0.91	1.3402	1.3257	7.6
AUDUSD	0.7827	-0.09	0.7848	0.7796	8.6
EURGBP	0.8838	0.20	0.8869	0.8794	3.6
USDMYR	4.2343	0.33	4.2347	4.2225	-5.6
EURMYR	4.9672	-0.27	4.9907	4.9670	5.2
JPYMYR	3.7517	0.02	3.7543	3.7452	-2.1
GBPMYR	5.6326	-0.22	5.6635	5.6319	2.2
SGDMYR	3.1076	-0.01	3.1130	3.1063	0.2
AUDMYR	3.3029	-0.13	3.3174	3.3006	1.9
NZDMYR	3.0426	-0.14	3.0510	3.0349	-2.4

Source: Bloomberg



## Forex

### MYR

- **MYR weakened 0.33% to 4.2343 against USD** on softer local sentiment but managed to advance against 7 G10s.
- **We remain bearish on MYR against a firmer USD** as well as weighed down by retreating regional sentiment. With upside momentum picking up, we opine that USDMYR remains on track for a move to 4.2406 in our view. Above this, there is room for a test at 4.2557. Losses, if any, are likely to be supported by 4.2310.

### USD

- **USD extended its upsides to beat all G10s** on the back of weakness in European majors, which lifted the Dollar Index through Asian and European sessions to close 0.52% higher at 93.55.
- **Expect USD to remain firm**, supported by risk aversion in European majors. The Dollar Index remains technically bullish and 93.63 is what separates further advance to circa 94.44 or a decline to 93.07.

### EUR

- **EUR sank 0.69% to 1.1733 against USD** and retreated against 7 G10s, weighed down by political concerns emerging out of Spain.
- **Stay bearish on EUR against USD**, weighed down by continued risk aversion from extended political concerns in Spain. Expect EURUSD to remain weak from overnight rejection by 1.1816; caution that losing 1.1733 will likely trigger an extended decline that could test 1.1585 – 1.1600 in the coming weeks.

### GBP

- **GBP slumped 0.91% to 1.3276 against USD** and tumbled against all G10s on the back renewed concerns surround UK political landscape.
- **GBP is expected to stay bearish against USD** amid emergence of renewed political concerns in the UK. Sharp decline below firm support at 1.3320 has bolstered the bears. GBPUSD is poised for further weakness, likely testing 1.3216 in the next leg lower.

### JPY

- **JPY advanced against 7 G10s** on refuge demand but **slipped 0.23% to 1.1733 against a firmer USD**.
- **We maintain a bearish view on JPY on the back 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 rallied to beat all G10s but eased 0.09% to 0.7827 against a firmer USD**.
- **Stay 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 ended mixed against the G10s and weakened 0.29% to 1.3615 against a firmer USD**.
- **Expect a bearish SGD against a firm USD**, further weighed down by risk aversion in the markets. 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. Above this level, there is potential to challenge 1.3709 in the coming weeks. Losses, if any, are likely limited by 1.3594.

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