

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight markets were back on risk-on mode** and the USD narrowed gains after recent rally. Economic releases were a mixed bag with little to take away overnight. **RBA held its cash target rate unchanged at 1.5% as expected and offered little change in its policy comments**, reaffirming our belief that RBA will stay pat in the near to medium term although yesterday's data showed signs of rebounding.
- **Data flow elsewhere was a mixed bag.** PPI accelerated more than expected to 2.5% YOY in the Eurozone but UK PMI construction took a turn lower to contractionary territory for the first time in 13 months. Consumers turned more upbeat in Japan but Hong Kong retail sales disappointed, dragged by declines in food, alcohol and beverages.
- **USD registered soft losses against 7 G10s** as buying interest faded in the absence of major macro catalyst as well as ahead of US employment data. The Dollar Index fell through Asian - European session to narrow early gains to 0.01% at 93.56. **USD is likely to remain firm** in anticipation of bullish potential in US data. The Dollar Index remains technically bullish despite failure to hold gains above 93.63. Expect another test here, which if successful will trigger further advances to circa 94.44.
- **MYR slipped 0.06% to 4.2370 against USD** on softer local sentiment and eased against 6 G10s. **We remain bearish on MYR against USD** in anticipation of softer market sentiment amid lingering risk aversion in the FX markets. Despite a sharp early decline, USDMYR remains technically bullish. Thus, we are overlooking current price action until firmer signs of a reversal emerge, and continue to set sights on a climb to 4.2557 going forward.
- **SGD fell against 7 G10s** and slipped 0.04% to 1.3621 against USD. **SGD is still bearish in our view against USD**, 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 1.3576.

Overnight Economic Data

EU
UK
Japan
Hong Kong
Australia
New Zealand



What's Coming Up Next

Major Data

- US ADP employment, PMI services, ISM services
- EU PMI services, retail sales
- UK PMI services
- Japan Nikkei services
- Singapore Nikkei PMI

Major Events

- Fed Chair Yellen speech

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1717	1.1733	1.1768	1.1773	1.1789	↘
USDJPY	112.37	112.50	112.63	112.81	113.00	↘
GBPUSD	1.3216	1.3231	1.3256	1.3288	1.3300	↘
AUDUSD	0.7800	0.7821	0.7849	0.7859	0.7867	↘
EURGBP	0.8847	0.8866	0.8875	0.8888	0.8899	↗
USDMYR	4.2160	4.2200	4.2230	4.2259	4.2319	↗
EURMYR	4.9572	4.9618	4.9704	4.9751	4.9824	↘
JPYMYR	3.7357	3.7448	3.7490	3.7533	3.7581	↗
GBPMYR	5.5879	5.5980	5.6025	5.6091	5.6149	↘
SGDMYR	3.1030	3.1057	3.1065	3.1074	3.1096	↘
AUDMYR	3.3100	3.3149	3.3160	3.3220	3.3253	↗
NZDMYR	3.0267	3.0297	3.0313	3.0349	3.0374	↘
USDSGD	1.3575	1.3594	1.3600	1.3608	1.3623	↗
EURSGD	1.5988	1.5998	1.6003	1.6026	1.6055	↘
GBPSGD	1.7982	1.8000	1.8033	1.8067	1.8100	↘
AUDSGD	1.0655	1.0664	1.0675	1.0681	1.0703	↗

*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	1759.7	0.3	7.2	CRB Index	180.9	-0.01	-6.0
Dow Jones Ind.	22641.7	0.4	14.6	WTI oil (\$/bbl)	50.4	-0.32	-6.1
S&P 500	2534.6	0.2	13.2	Brent oil (\$/bbl)	56.0	-0.21	-6.3
FTSE 100	7468.1	0.4	4.6	Gold (\$/oz)	1271.7	0.10	8.1
Shanghai	3348.9	0.3	7.9	CPO (RM/tonne)	2701.0	-0.55	-15.6
Hang Seng	28173.2	2.2	28.1	Copper (\$/tonne)	6520.0	0.42	17.8
STI	3246.1	-0.5	12.7	Rubber (sen/kg)	500.5	0.70	-22.4

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
EU PPI YOY	Aug	2.5%	2.0%	2.3%
UK PMI construction	Sept	48.1	51.1	51.1
JP consumer confidence	Sept	43.9	43.3	43.5
HK retail sales value YOY	Aug	2.7%	4.0%	3.4%
AU HIA new home sales	Aug	9.1%	-15.4%	--
AU building approvals	Aug	0.4%	-1.2%	1.0%
AU RBA cash target rate	Oct 3	1.50%	1.50%	1.50%
AU AiG services	Sept	52.1	53.0	--
NZ QV house prices YOY	Sept	4.3%	4.8%	--

Source: Bloomberg

- In the Eurozone, PPI accelerated more than expected by 2.5% YOY in August, as a result of broad-based increases led by jumps in costs of energy and intermediate goods. Rising inflationary outlook would lower one of the hurdles for policy normalization by ECB.
- Over in the UK, PMI construction unexpectedly slipped to 48.1 in September, its weakest, and first contraction in 13 months. Brexit uncertainties continued to weigh on business confidence and would continue to cloud investment spending and overall growth prospects of the UK economy. On the other hand, consumer confidence edged up to 43.9 for the month of September in Japan, as consumers turn less pessimistic on overall livelihood, income growth and employment.
- Hong Kong retail sales softened more than expected, increasing 2.7% YOY in August, paring back from July's 4.0% gain as sales of food, alcohol & beverages declined, negating gains in fuels and consumer durables.
- RBA held its cash target rate unchanged at 1.5% as expected and offered little change in its policy comments. RBA reiterated that CPI may remain lower than forecast should the Aussie continue to strengthen. Yesterday's statement reaffirmed our believes that RBA will stay pat in the near to medium term.
- On the data front, Australian data showed signs of rebounding. HIA new home sales turned around to increase 9.1% MOM in August led by sharp turnarounds in South and Western Australia, as well as smaller contractions in New South Wales and Queensland. In tandem, building approvals also staged a rebound to increase 0.4% MOM in August but approvals extended its decline by 15.5% on a YOY basis, suggesting housing market outlook ahead remains fragile. This mornings' release also showed continued expansion in the services sector, albeit at a more moderate pace.
- In New Zealand, QV house prices registered softer gains for the 7th consecutive month, increasing at its slowest pace in over five years. Broad-based moderation across all regions including a contraction in Christchurch house prices narrowed overall gains to 4.3% YOY in September.

Economic Calendar Release Date

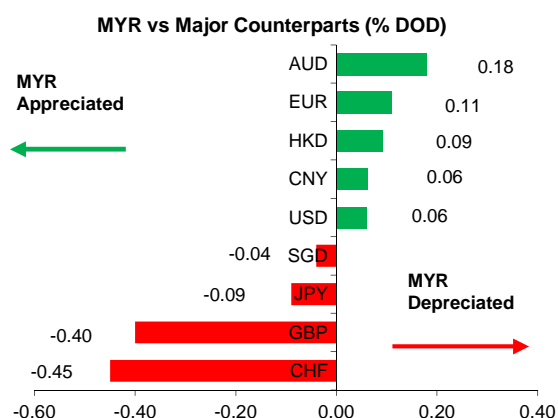
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	10/4	MBA mortgage applications	Sept 29	--	-0.5%	--
		ADP employment change	Sept	135k	237k	--
		Markit PMI services	Sept F	55.1	55.1	--
		ISM non-manufacturing	Sept	55.5	55.3	--
	10/5	Initial jobless claims	Sept 30	265k	272k	--
		Trade balance	Aug	-\$42.7b	-\$43.7b	--
		Factory orders	Aug	1.0%	-3.3%	--
		Durable goods orders	Aug F	1.7%	1.7%	--
EU	10/4	Markit PMI services	Sept F	55.6	55.6	--
		Retail sales MOM	Aug	0.3%	-0.3%	--
UK	10/4	Markit PMI services	Sept	53.2	53.1	--
Japan	10/4	Nikkei PMI services	Sept	--	51.6	--
Singapore	10/4	Nikkei PMI	Sept	--	53.2	--
Australia	10/5	Trade balance	Aug	A\$850m	A\$460m	--
		Retail sales MOM	Aug	0.3%	0.0%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1744	0.09	1.1773	1.1696	11.8
USDJPY	112.85	0.07	113.2	112.66	-3.6
GBPUSD	1.3237	-0.29	1.3288	1.3222	7.4
AUDUSD	0.7836	0.12	0.7839	0.7786	8.8
EURGBP	0.8871	0.38	0.8881	0.8822	3.9
USDMYR	4.2370	0.06	4.2440	4.2327	-5.7
EURMYR	4.9725	0.11	5.0372	4.9597	5.3
JPYMYR	3.7485	-0.09	3.7941	3.7448	-2.1
GBPMYR	5.6098	-0.40	5.6877	5.6091	1.6
SGDMYR	3.1064	-0.04	3.1463	3.1026	0.2
AUDMYR	3.3089	0.18	3.3491	3.3022	2.4
NZDMYR	3.0373	-0.17	3.0738	3.0317	-2.7

Source: Bloomberg



Forex

MYR

- **MYR slipped 0.06% to 4.2370 against USD** on softer local sentiment and eased against 6 G10s.
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USD

- **USD registered soft losses against 7 G10s** as buying interest faded in the absence of major macro catalyst as well as ahead of US employment data. The Dollar Index fell through Asian – European session to narrow early gains to 0.01% at 93.56.
- **USD is likely to remain firm** in anticipation of bullish potential in US data. The Dollar Index remains technically bullish despite failure to hold gains above 93.63. Expect another test here, which if successful will trigger further advances to circa 94.44.

EUR

- **EUR recovered from an early decline to close 0.09% higher at 1.1744 against USD** but remained softer against 5 G10s.
- **Stay bearish on EUR against USD** amid lingering political concerns in Spain; downsides in Eurozone data will add further weight. It appears that EURUSD has bounced off the firm support at 1.1733; even though upside momentum from this may prevail time being, we set sights on upside failure near 1.1789 – 1.1800 that will lead the pair lower thereafter.

GBP

- **GBP fell 0.29% to 1.3237 against USD** and tumbled against 8 G10s amid prevailing political concerns and weakness in UK data.
- **Expect a bearish GBP against USD** amid lingering political concerns in the UK, with more downsides expected if UK data disappoints. GBPUSD remains pressured while below 1.3300 and in our view, poised to soon break below 1.3216.

JPY

- **JPY slipped 0.07% to 112.85 against USD** and retreated against 7 G10s amid firmer risk taking activities in commodity majors and equities.
- **We now turn bullish on JPY against USD**, anticipating build-up in refuge demand on lingering political concerns in the UK and Eurozone, as well as risk aversion ahead of US labour market data. Upside strength in USDJPY continues to fade and fail to close above 113.00. We expect downsides to soon prevail, more so if USDJPY fails to close above 112.81 today.

AUD

- **AUD was lifted by firmer equities and metals to beat 6 G10s and advanced 0.12% to 0.7836 against USD.**
- **Stay bearish on AUD against USD** in anticipation of continued risk-off in the FX markets. Bearishness prevails; signs continue to point to a close below 0.7849 today and below 0.7834 tomorrow. Otherwise, the current technical landscape will be altered and potentially establish a new direction for AUDUSD.

SGD

- **SGD fell against 7 G10s and slipped 0.04% to 1.3621 against USD.**
- **SGD is still bearish in our view against USD**, 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 1.3576.

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