

Global Markets Research

Daily Market Highlights

Key Takeaways

- US equities continued to push ahead to fresh record highs, on **heightened optimism over continuous Fed rate hike and renewed hopes on fiscal stimulus from the Trump administration**. UST ended flat with little change in yields while the Dollar Index closed lower for the first time in three days, even as it rebounded from an intraday low of 93.26 post release of upbeat services data.
- **Overnight services readings turned out to be largely positive and surprised on the upside**. The official US ISM gauge jumped more than expected to 59.8 in September, its highest in 12 years, as a result of marked improvement across the board. The Markit final print meanwhile moderated less than initially estimated to 55.3 in September. Eurozone PMI services ticked up more than initially estimated to 55.8 in September while the print in the UK also showed a similar uptrend, rising to 53.6 in September. Nikkei PMI rose to a record high in Singapore but retreated slightly in Japan.
- On other release, **US ADP added fewer 135k jobs in September as expected**, the least in 11 months as Hurricanes Harvey and Irma deterred hirings. **Friday's nonfarm payroll should also show a similarly distorted job numbers** which we should not be reading too much into it.
- **USD weakened against 9 G10s** while the Dollar Index was down 0.12% to 93.45 but saw losses narrowed after the release of slightly more upbeat data. **USD is biased to the upside**; we opine that as markets are awaiting buying signals that could come from either firmer US data and/or hawkish tone of Fed speaks tonight. The Dollar Index remains technically bullish and could again test the firm 93.63 resistance; a break here will trigger further advances to circa 94.44, otherwise, it could be on track towards 93.06.
- **MYR advanced 0.22% to 4.2275 against USD** after opening strongly and stayed mostly sideways through trading, but was softer against 7 G10s. **We remain bearish on MYR against USD** in anticipation of softer market sentiment amid lingering risk aversion in the FX markets. USDMYR remains technically bullish, therefore, we continue to set sights on a climb to 4.2557 going forward. Losses, if any, are likely to bounce off 4.2225.
- SGD tumbled against 9 G10s but **managed to inch 0.05% firmer to 1.3614 against USD**. **Continue to remain bearish on SGD against USD** on the back of risk aversion in the FX markets. USDSGD is still on track towards 1.3647 in our view. Caution that breaking this level will expose a potential move to 1.3709 in the coming weeks.

Overnight Economic Data

US	➔
EU	➔
UK	➔
Japan	➔
Singapore	➔

What's Coming Up Next

Major Data

- US initial jobless claims, trade balance, factory orders, durable goods orders
- Australia trade balance, retail sales

Major Events

- Fed Powell, Williams, Harker speech
- ECB minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1700	1.1733	1.1759	1.1777	1.1788	➔
USDJPY	112.37	112.66	112.89	112.92	113.06	➔
GBPUSD	1.3200	1.3216	1.3237	1.3247	1.3255	➔
AUDUSD	0.7800	0.7821	0.7836	0.7858	0.7880	➔
EURGBP	0.8850	0.8873	0.8882	0.8888	0.8899	➔
USDMYR	4.2225	4.2252	4.2295	4.2302	4.2367	➔
EURMYR	4.9618	4.9679	4.9718	4.9724	4.9767	➔
JPYMYR	3.7400	3.7443	3.7480	3.7524	3.7587	➔
GBPMYR	5.5814	5.5848	5.5964	5.5984	5.6000	➔
SGDMYR	3.1000	3.1030	3.1038	3.1050	3.1074	➔
AUDMYR	3.3063	3.3100	3.3116	3.3155	3.3200	➔
NZDMYR	3.0150	3.0188	3.0227	3.0282	3.0342	➔
USDSGD	1.3587	1.3600	1.3622	1.3630	1.3652	➔
EURSGD	1.5995	1.6010	1.6018	1.6030	1.6053	➔
GBPSGD	1.7982	1.8000	1.8035	1.8067	1.8091	➔
AUDSGD	1.0610	1.0655	1.0674	1.0681	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	1761.8	0.1	7.3	CRB Index	181.3	0.22	-5.8
Dow Jones Ind.	22661.6	0.1	14.7	WTI oil (\$/bbl)	50.0	-0.87	-7.0
S&P 500	2537.7	0.1	13.4	Brent oil (\$/bbl)	55.8	-0.36	-6.6
FTSE 100	7467.6	0.0	4.5	Gold (\$/oz)	1275.0	0.30	8.1
Shanghai	3348.9	0.3	7.9	CPO (RM/tonne)	2699.0	-0.07	-15.6
Hang Seng	28379.2	0.7	29.0	Copper (\$/tonne)	6521.0	0.02	17.8
STI	3236.7	-0.3	12.4	Rubber (sen/kg)	513.0	0.79	-20.5

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US MBA mortgage applications	Sep 29	-0.4%	-0.5%	--
US ADP employment change	Sept	135k	228k	135k
US Markit PMI services	Sept F	55.3	55.1	55.1
US ISM services	Sept	59.8	55.3	55.5
EU Markit PMI services	Sept F	55.8	55.6	55.6
EU retail sales MOM	Aug	-0.5%	-0.3%	0.3%
UK Markit PMI services	Sept	53.6	53.2	53.2
JP Nikkei PMI services	Sept	51.0	51.6	--
SG Nikkei PMI	Sept	53.7	53.2	--

Source: Bloomberg

➤ Macroeconomics

- Overnight services readings turned out to be largely positive. US ISM and Markit PMI services readings both surprised on the upside. The official ISM gauge jumped more than expected to 59.8 in September, its highest in 12 years, as a result of marked improvement across the board from business activity, new orders, employment, to new export orders. Sharp gains in supplier deliveries distorted by the hurricanes also played a major part but the broad-based improvement suggests expansion in the US services sector is intact. The Markit final print meanwhile moderated less than initially estimated to 55.3 in September, down from 56.0 in August.
- In the Eurozone, PMI services ticked up more than initially estimated to 55.8 in September, bolstering hopes continuous pick-up in manufacturing and services will pave the way for further expansion in the Eurozone economy. UK PMI services also showed a similar uptrend, rising to 53.6 in September, as higher input costs overshadowed softness in new business.
- In Singapore, Nikkei PMI climbed to a record high of 53.7 in September, spurred by higher output and new orders. On the contrary, Nikkei services in Japan was not as upbeat, pulling back by 0.6ppt to a reading of 51.0 in September. This marked its 3rd consecutive month of retreat and the lowest level in a year but remained expansionary nonetheless underpinned by higher employment and prices.
- On other releases, US ADP added fewer 135k jobs in September as expected, the least in 11 months as Hurricanes Harvey and Irma deterred hirings. Friday's nonfarm payroll should also show a similarly distorted job numbers which we should not be reading too much into it. Across the Atlantic, Eurozone retail sales failed to rebound as expected, falling 0.5% MOM in August, which was its first back-to-back decline since Dec-16, as sales fell across the board except pharmaceutical and medical goods, raising concerns if domestic consumption is at risk of falling.

Economic Calendar Release Date

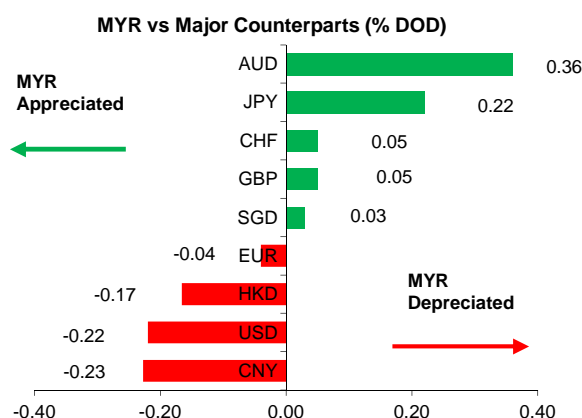
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	10/6	Exports YOY	Aug	20.0%	30.9%	--
		Foreign reserves	Sept 29	--	\$100.8b	--
US	10/5	Initial jobless claims	Sept 30	265k	272k	--
		Trade balance	Aug	-\$42.7b	-\$43.7b	--
		Factory orders	Aug	1.0%	-3.3%	--
		Durable goods orders	Aug F	1.7%	1.7%	--
	10/6	Change in nonfarm payroll	Sept	80k	156k	--
		Unemployment rate	Sept	4.4%	4.4%	--
EU	10/5	ECB minutes				--
UK	10/6	Halifax house prices YOY	Sept	3.6%	2.6%	--
Japan	10/6	Leading index	Aug P	107.1	105.2	--
		Coincident index	Aug P	117.5	115.7	--
Hong Kong	10/6	Nikkei PMI	Sept	--	49.7	--
Australia	10/5	Trade balance	Aug	A\$850m	A\$460m	--
		Retail sales MOM	Aug	0.3%	0.0%	--
	10/6	AiG construction index	Sept	--	55.3	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1759	0.13	1.1788	1.1736	11.8
USDJPY	112.76	-0.08	112.94	112.32	-3.5
GBPUSD	1.3248	0.08	1.3292	1.3235	7.2
AUDUSD	0.7865	0.37	0.7875	0.7830	9.1
EURGBP	0.8876	0.06	0.8881	0.8850	4.1
USDMYR	4.2275	-0.22	4.2325	4.2225	-5.8
EURMYR	4.9705	-0.04	4.9783	4.9654	5.2
JPYMYR	3.7566	0.22	3.7588	3.7486	-2.0
GBPMYR	5.6126	0.05	5.6138	5.5984	1.5
SGDMYR	3.1073	0.03	3.1111	3.1051	0.1
AUDMYR	3.3209	0.36	3.3280	3.3147	2.6
NZDMYR	3.0309	-0.21	3.0450	3.0282	-2.8

Source: Bloomberg



Forex

MYR

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USD

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- **USD is biased to the upside**; we opine that as markets are awaiting buying signals that could come from either firmer US data and/or hawkish tone of Fed speaks tonight. The Dollar Index remains technically bullish and could again test the firm 93.63 resistance; a break here will trigger further advances to circa 94.44, otherwise, it could be on track towards 93.06.

EUR

- **EUR had early gains trimmed to 0.13% to settle at 1.1759 against USD** and was higher against 5 G10s.
- **Expect a bearish EUR against USD**, weighed down by lingering political concerns in Spain; the absence of more solid discussion on QE tapering in tonight's ECB meeting minutes will diminish buying interests. We maintain that the recent bounce off 1.1733 will likely be stemmed near 1.1789 – 1.1800. Rejection here will take EURUSD to below 1.1733, otherwise, further gains to circa 1.1847 can be expected.

GBP

- **GBP inched 0.08% higher to 1.3248 against a retreating USD** but slipped against 7 G10s on the back of firmer interest in European majors.
- **Expect a bearish GBP against USD** amid lingering political concerns in the UK and risk aversion ahead of speeches by key BOE officials on Friday. GBPUSD remains pressured while below 1.3300 and in our view, poised to soon break below 1.3216. Below this, there is scope to slide to as low as 1.3111.

JPY

- **JPY fell against 7 G10s amid renewed interest in the FX space but beat USD by 0.08% to close at 112.76.**
- **We stay 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 data. Momentum and bullish bias in USDJPY continue to plateau, thus we continue to set sights on downsides to soon prevail.

AUD

- **AUD remains supported by firmer equities and metals to beat 9 G10s and advanced 0.37% to 0.7865 against USD.**
- **Stay bearish on AUD against USD** in anticipation of continued risk-off in the FX markets. Technical landscape has been altered and bearish bias has softened. While downsides still prevail in our view, with scope to test 0.7800, we reckon that losses may be more moderate going forward.

SGD

- **SGD tumbled against 9 G10s but managed to inch 0.05% firmer to 1.3614 against USD.**
- **Continue to remain bearish on SGD against USD** on the back of risk aversion in the FX markets. USDSGD is still on track towards 1.3647 in our view. Caution that breaking this level will expose a potential move to 1.3709 in the coming weeks.

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