

Global Markets Research

Daily Market Highlights

Key Takeaways

- **The ECB meeting minutes was relatively dull and affirmed what markets already knew;** that inflation remains subdued in the Eurozone though economic condition has begun to brighten. The minutes stressed on the need for current policy to “remain persistent and patient”, which gave a dovish tone to it, and hinted that a firm EUR would impact growth and inflation developments in the region.
- **Upsides in data were recorded in the US and Eurozone, but macro prints were mixed from Australia.** US data overnight indicate improved orders at factories and for durable goods, while fewer jobless claims were added last week. The trade deficit also narrowed more than expected in Aug. The only piece of Eurozone data suggested that retail sector grew at a quicker pace in Sept. As for Australia, its trade surplus widened in Aug, but retail sales fell.
- **USD strengthened against all G10s** while the Dollar Index started its ascend in European morning and settled 0.54% higher at 93.96, supported by firmer US data and relatively hawkish Fed speaks. **USD is still biased to the upside** as balance of risks points to support from potentially firmer US data; caution that data downsides will trigger a sharp decline. The Dollar Index has broken the crucial 93.63 level and allayed rejection risks. The path is likely clear for a push towards 94.44 in the next leg lower, but given that it has just recently cleared 93.63, we expect gains to be more modest.
- **MYR slipped 0.02% to 4.2275 against USD** but managed to advance against 8 G10s that were mostly softer on a rebounding greenback. **We remain bearish on MYR against USD** in anticipation of softening risk taking activities heading into the weekend and ahead of crucial US data. 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 retreated 0.22% to 1.3644 against a firmer USD** but managed to climb against 9 G10s. **SGD remains bearish against USD** on the back of risk aversion in the FX markets and potential greenback rally. USDSGD expectedly moved to 1.3647 and is now likely aiming for a move to 1.3709 in the coming weeks. Losses will be stemmed at firm 1.3629 support, otherwise, a return to 1.3600 is likely.

Overnight Economic Data

US
EU
Australia



What's Coming Up Next

Major Data

- Malaysia exports and foreign reserves
- US change in nonfarm payrolls and unemployment rate
- UK Halifax house prices
- Japan leading and coincident index
- Hong Kong Nikkei PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1661	1.1796	1.1709	1.1733	1.1756	↘
USDJPY	112.37	112.49	112.87	113.06	113.26	↘
GBPUSD	1.3042	1.3073	1.3106	1.3131	1.3163	↘
AUDUSD	0.7757	0.7780	0.7792	0.7800	0.7821	↘
EURGBP	0.8907	0.8925	0.8934	0.8951	0.8982	↗
USDMYR	4.2235	4.2277	4.2345	4.2367	4.2444	↗
EURMYR	4.9495	4.9521	4.9565	4.9572	4.9618	↘
JPYMYR	3.7443	3.7485	3.7501	3.7523	3.7582	↘
GBPMYR	5.5378	5.5430	5.5448	5.5476	5.5563	↘
SGDMYR	3.0956	3.1000	3.1011	3.1030	3.1040	↘
AUDMYR	3.2873	3.2910	3.2955	3.3000	3.3027	↘
NZDMYR	3.0000	3.0050	3.0084	3.0100	3.0144	↘
USDSGD	1.3600	1.3629	1.3648	1.3662	1.3690	↗
EURSGD	1.5953	1.5970	1.5981	1.5985	1.5999	↘
GBPSGD	1.7814	1.7868	1.7881	1.7931	1.7982	↘
AUDSGD	1.0569	1.0593	1.0629	1.0655	1.0670	↘

*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	1759.1	-0.2	7.1	CRB Index	182.9	0.91	-5.0
Dow Jones Ind.	22775.4	0.5	15.2	WTI oil (\$/bbl)	50.8	1.62	-5.5
S&P 500	2552.1	0.6	14.0	Brent oil (\$/bbl)	57.0	2.15	0.3
FTSE 100	7508.0	0.5	5.1	Gold (\$/oz)	1268.2	-0.50	10.8
Shanghai	3348.9	0.3	7.9	CPO (RM/tonne)	2719.0	0.74	-15.0
Hang Seng	28379.2	0.7	29.0	Copper (\$/tonne)	6700.0	2.74	21.0
STI	3261.8	0.8	13.2	Rubber (sen/kg)	514.5	-0.68	-20.2

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US initial jobless claims	Sept 30	260k	272k	265k
US trade balance	Aug	-\$42.4b	-\$43.6b	-\$42.7b
US factory orders	Aug	1.2%	-3.3%	1.0%
US durable goods orders	Aug F	2.0%	1.7%	1.7%
EU Markit retail PMI	Sept	52.3	50.8	--
AU trade balance	Aug	A\$989m	A\$808m	A\$850m
AU retail sales MOM	Aug	-0.6%	-0.2%	0.3%

Source: Bloomberg

- The ECB's minutes of Sept meeting failed to excite and largely cautioned on being patient with current economic progress to strengthen inflation dynamics going forward. On the exchange rate, the minutes noted that it is "very important for growth and inflation developments" in the Eurozone, likely implying that a firm EUR would have downside impact to both areas. "The need for monetary policy to remain persistent and patient" was also stated, adding a dovish touch to the minutes, more so as members of the governing council agreed on the lack of "convincing signs of a sustained convergence" towards ECB's inflation target (of closer to, but below, 2%).
- Fed speaks carried a hawkish tone, with San Francisco Fed president Williams commenting that "rates will need to rise to their new normal levels" given improving conditions in the labour market. Meanwhile, Philadelphia Fed president Harker maintains the Fed official stance of one more rate hike this year, and three in the next.
- US data overnight were biased to the upside. Fewer new jobless claims were added in the week ended 30 Sept, recording an increase of 260k compared to 272k in the week prior. Meanwhile, orders at factories and for durable goods improved in Aug. Factory orders growth rebounded with a 1.2% MOM growth after falling 3.3% previously. Increase in durable goods orders for Aug was upwardly revised to 2.0% from 1.7%, rebounding from a 6.8 fall in Jul. A separate report showed that the trade deficit narrowed to \$42.4b in Aug, down from a shortfall of \$43.6 in Jul.
- The sole piece of data from the Eurozone pointed to firmer growth in the retail sector; the retail PMI climbed to 52.3 in Sept, up from 50.8 previously.
- Australia's trade surplus widened to A\$ 989m in Aug, increasing from an excess of A\$ 808m in Jul. Spending declined in Aug on a monthly basis as retail sales registered a 0.6% MOM fall after dipping 0.2% in Jul. Sales were weighed down by contraction in spending on food (Aug: -0.6% vs Jul: +0.4%) even as declines were softer in sales of household goods (Aug: -1.0% vs Jul: -2.1%) and apparel (Aug: -0.2% vs Jul: -0.4%).

Economic Calendar Release Date

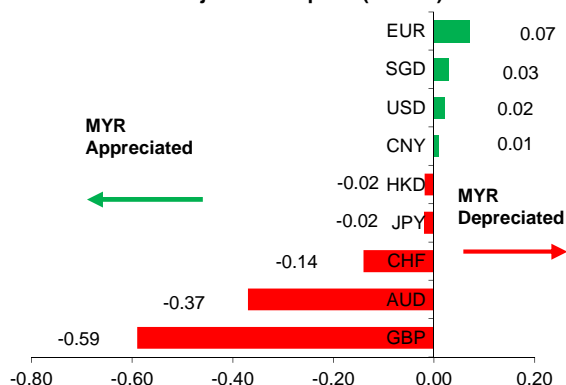
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	10/6	Exports YOY	Aug	20.0%	30.9%	--
		Foreign reserves	Sept 29	--	\$100.8b	--
US	10/6	Change in nonfarm payroll	Sept	80k	156k	--
		Unemployment rate	Sept	4.4%	4.4%	--
	10/7	Consumer credit	Aug	\$15.5b	\$18.5bn	--
EU	10/9	Sentix investor confidence	Oct	28.0	28.2	--
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	--
China	10/9	Caixin PMI services	Sept	--	52.7	--
Hong Kong	10/6	Nikkei PMI	Sept	--	49.7	--
Singapore	10/9 – 13	GDP YOY	3Q A	--	2.9%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1759	-0.41	1.1779	1.1699	11.4
USDJPY	112.76	0.05	112.92	112.41	-3.6
GBPUSD	1.3248	-0.97	1.325	1.3108	6.3
AUDUSD	0.7865	-0.89	0.7865	0.7787	8.1
EURGBP	0.8876	0.57	0.8934	0.8876	4.7
USDMYR	4.2275	0.02	4.2325	4.2260	-5.7
EURMYR	4.9705	0.07	4.9815	4.9683	5.3
JPYMYR	3.7566	-0.02	3.7568	3.7443	-2.0
GBPMYR	5.6126	-0.59	5.6033	5.5732	1.2
SGDMYR	3.1073	-0.10	3.1055	3.0996	0.1
AUDMYR	3.3209	-0.37	3.3259	3.3067	2.1
NZDMYR	3.0309	-0.12	3.0314	3.0214	-2.9

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR slipped 0.02% to 4.2275 against USD** and but managed to advance against 8 G10s that were mostly softer on a rebounding greenback.
- **We remain bearish on MYR against USD** in anticipation of softening risk taking activities heading into the weekend and ahead of crucial US data. 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.

USD

- **USD strengthened against all G10s** while the Dollar Index started its ascend in European morning and settled 0.54% higher at 93.96, supported by firmer US data and relatively hawkish Fed speaks.
- **USD is still biased to the upside** as balance of risks points to support from potentially firmer US data; caution that data downsides will trigger a sharp decline. The Dollar Index has broken the crucial 93.63 level and allayed rejection risks. The path is likely clear for a push towards 94.44 in the next leg lower, but given that it has just recently cleared 93.63, we expect gains to be more modest.

EUR

- **EUR fell 0.41% to 1.1759 against USD** on the back of an uninspiring ECB meeting minutes but managed to advance against 7 G10s.
- **Expect EUR to remain bearish against USD** as buying interest stalls ahead of US labour market data. Breaking below 1.1733 will add to the current bearish bias. We set sights on EURUSD sliding to circa 1.1661, possibly even 1.1604, in the next leg lower.

GBP

- **GBP slumped 0.97% to 1.3248 against USD** and tumbled against all G10s on heightened political woes in the UK amid calls for the Prime Minister to quit.
- **GBP remains bearish against USD** amid heightened political concerns in the UK. GBPUSD sliding below 1.3111 in early trade is a bearish sign; we expect the pair to decline further going forward, with scope to test 1.3042. Breaking above 1.3111 will temporarily alleviate bearish tone, but it will not be until a break at 1.3216 that bullish bias can be sustained.

JPY

- **JPY slipped 0.05% to 112.76 against USD** but not before narrowing early losses while beating 9 G10s on lingering risk aversion in the FX markets.
- **We maintain a bullish view 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, with potential to slide lower to 112.38.

AUD

- **AUD slumped 0.89% to 0.7865 against USD** and fell against 8 G10s on the back of lingering risk-off in the FX markets.
- **Stay bearish on AUD against USD** in anticipation of continued risk-off in the FX markets and potential greenback rally. The sharp plunge through firm supports at 0.7821 and 0.7800 has increased AUDUSD's bearish bias. We set sights on extended declines going forward that would push the pair closer to 0.7727.

SGD

- **SGD retreated 0.22% to 1.3644 against a firmer USD** but managed to climb against 9 G10s.
- **SGD remains bearish against USD** on the back of risk aversion in the FX markets and potential greenback rally. USDSGD expectedly moved to 1.3647 and is now likely aiming for a move to 1.3709 in the coming weeks. Losses will be stemmed at firm 1.3629 support, otherwise, a return to 1.3600 is likely.

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