

Global Markets Research

Daily Market Highlights

Key Takeaways

- **The surprised nonfarm job losses of 33k in September did little to dampen expectations of a Fed rate hike in December.** Not only is this number weather-distorted, improvement in unemployment rate by 0.2ppt to 4.2%, higher participation rate at 63.1%, coupled with quicker 2.9% YOY gain in wages are holding up expectations that the US labour markets remain intact even though it reported job losses for the first time in seven years.
- **Malaysia's exports grew at a more moderate pace in Aug, increasing 21.5% YOY from 30.9% in Jul on continued normalization due to seasonal factor.** The headline figure was nonetheless robust and better than market expectations, supported by commendable growth in exports of E&E and commodities such as LNG. Meanwhile, imports gained 22.6% in Aug from 21.8% in Jul, driven by quicker rise in intermediate goods and rebound in capital goods. Trade surplus widened to \$9.87b from \$8.03 previously. Meanwhile, **Malaysia's foreign reserves rose to \$101.2b as at 29 Sept**, rising from \$100.8b a fortnight before.
- **USD eased against 6 G10s** while the Dollar Index faded a post-data spike to close 0.17% lower at 93.80, weighed down by uncertain tones from Fed speaks. **Expect a bearish USD** on the back of reduced buying interest amid a slew of uncertain-sounding Fed speaks and a lack of major catalyst to drive gains. The foray into rejection-prone zone of 94.20 - 94.44 ended with a rejection last Friday. The Dollar Index is likely on a mild retreat before attempting another test at the said range but expect an extended decline if it closes below 93.6.
- **MYR slipped 0.2% to 4.2370 against USD** amid risk aversion heading into the weekend but advanced against 7 G10s that were also on a retreat against USD. **Expect a bullish MYR against a softer USD**, further supported by buying interest post-US labour market data. USDMYR upside strength appears to be fading after failing to break above 4.2400. A brief retreat may emerge but caution that a close below 4.2200 would spark further sell-off to circa 4.2119.
- SGD was lower against 6 G10s and **dipped 0.04% to 1.3650 against USD** amid soft equities. **We stay slightly bearish on SGD against USD** amid likelihood of an extended retreat in equities. Strong rejection from its highs last Friday suggest that USDSGD may not have enough upside strength to push to 1.3709. A retreat may be in the works temporarily, but a close below 1.3629 will trigger further losses to circa 1.3585.

Overnight Economic Data

US
UK
Japan
Hong Kong
Malaysia



What's Coming Up Next

Major Data

- EU Sentix Investor Confidence
- China Caixin PMI services

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1717	1.1733	1.1743	1.1786	1.1800	↗
USDJPY	112.37	112.49	112.56	113.06	113.26	↘
GBPUSD	1.3000	1.3047	1.3083	1.3111	1.3131	↘
AUDUSD	0.7737	0.7750	0.7778	0.7784	0.7802	↘
EURGBP	0.8925	0.8940	0.8975	0.8986	0.9000	↗
USDMYR	4.2225	4.2273	4.2295	4.2325	4.2367	↘
EURMYR	4.9572	4.9618	4.9652	4.9670	4.9767	↗
JPYMYR	3.7500	3.7523	3.7554	3.7588	3.7648	↗
GBPMYR	5.5250	5.5300	5.5330	5.5426	5.5476	↘
SGDMYR	3.0950	3.0969	3.0990	3.1000	3.1037	↘
AUDMYR	3.2850	3.2880	3.2908	3.2962	3.3000	↘
NZDMYR	3.0000	3.0050	2.9913	2.9975	3.0033	↘
USDSGD	1.3617	1.3629	1.3648	1.3665	1.3683	↗
EURSGD	1.6000	1.6014	1.6024	1.6040	1.6057	↗
GBPSGD	1.7792	1.7815	1.7855	1.7868	1.7900	↘
AUDSGD	1.0578	1.0600	1.0618	1.6043	1.0655	↘

*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	1764.0	0.3	7.4	CRB Index	181.0	-1.09	-6.0
Dow Jones Ind.	22773.7	0.0	15.2	WTI oil (\$/bbl)	49.3	-2.95	-8.3
S&P 500	2549.3	-0.1	13.9	Brent oil (\$/bbl)	55.6	0.00	-2.1
FTSE 100	7522.9	0.2	5.3	Gold (\$/oz)	1276.9	0.70	10.8
Shanghai	3348.9	0.3	7.9	CPO (RM/tonne)	2739.0	0.62	-14.4
Hang Seng	28458.0	0.3	29.4	Copper (\$/tonne)	6666.5	-0.50	20.4
STI	3291.3	0.9	14.3	Rubber (sen/kg)	513.0	-0.10	-20.5

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY exports YOY	Aug	21.5%	30.9%	20.0%
MY foreign reserves	Sept 29	\$101.2B	\$100.8b	--
US nonfarm payrolls	Sept	-33k	169k	80k
US unemployment rate	Sept	4.2%	4.4%	4.4%
US consumer credit	Aug	\$13.06b	\$17.71b	\$15.54b
UK Halifax house prices	Sept	0.8%	1.5%	0.0%
JP leading index	Aug P	106.8	105.2	107.1
JP coincident index	Aug P	117.6	115.7	117.5
HK Nikkei PMI	Sept	51.2	49.7	--

Source: Bloomberg

- Fed speaks were mixed; key officials sounded less upbeat on inflation and more cautious on communicating a Dec hike. Summarizing the key points; New York Fed President Dudley said that "it is still appropriate to continue to remove monetary policy accommodation gradually" even as inflation is below the Fed's target. Dallas Fed President Kaplan was more cautious, stating that he was "open-minded about Dec (hike)" though not fully committed to one. St. Louis Fed President Bullard went further to suggest that Dec meeting will be "too early to "make a determination on whether inflation is coming back", adding that he was concerned that the Fed "might make a policy mistake" in its "zeal to normalize" policy.
- US labour market data were firmer even as the economy lost jobs in Sept. The Sept nonfarm payrolls declined 33k after adding 169k jobs in Aug, but was interpreted as a temporary blip from disruptions caused by adverse weather conditions while other employment indicators supported the overall outlook. The US unemployment rate fell to 4.2% in Sept from 4.4%, matching the low in Feb 2001, and the plus point was that more people entered the job market, pushing the participation rate to 63.1% in Sept from 62.9% previously.
- A tighter labour market is expected to gradually push price pressures toward the Fed's target of 2.0%, and this view is boosted by signs of firmer growth in wages. Average hourly US wages increased 2.9% YOY in Sept, climbing from 2.7% previously and bested expectations of a slowdown to 2.6%. In a separate report, consumer credit increased \$13.06b in Aug, sliding from a gain of \$17.71b in Jul.
- UK house prices bested estimates with a 0.8% MOM increase in Sept though overall remains a slowdown from 1.5% gain in Aug, affirming recent data that showed cooling in the hot UK property sector.
- The leading index of Japan climbed to 106.8 in Aug preliminary release, up from 105.2, indicating an improving outlook going forward amid quicker growth in a collection of indicators that include new job offers, new machinery orders and consumer confidence. Meanwhile, the coincident index also climbed in Aug early print, rising to 117.6 from 115.7 in Jul, adding to signs of pick-up in growth amid firmer industrial production, large industrial power consumption, retail sales value, and operating profits across industries, amongst others.
- Hong Kong Nikkei climbed to 51.2 in Sept, signaling that private sector returned to growth after a brief dip to 49.7 in Aug.
- Malaysia's exports grew at a more moderate pace in Aug, increasing 21.5% YOY from 30.9% in Jul on continued normalization from highs due to seasonal factor. The headline figure was nonetheless robust and better than market expectations, supported by commendable growth in exports of E&E (Aug: +20.1% vs Jul: +28.3%) and commodities such as LNG (Aug: +101.8% vs Jul: +50.8%), petroleum products (Aug: +33.6% vs Jul: +76.2%) and rubber products (Aug: +28.2% vs Jul: +39.9%). Meanwhile, imports gained 22.6% in Aug from 21.8% in Jul, driven by quicker rise in intermediate goods and rebound in capital goods. Trade surplus widened to \$9.87b from \$8.03 previously. Meanwhile, Malaysia's foreign reserves rose to \$101.2b as at 29 Sept, rising from \$100.8b a fortnight before.

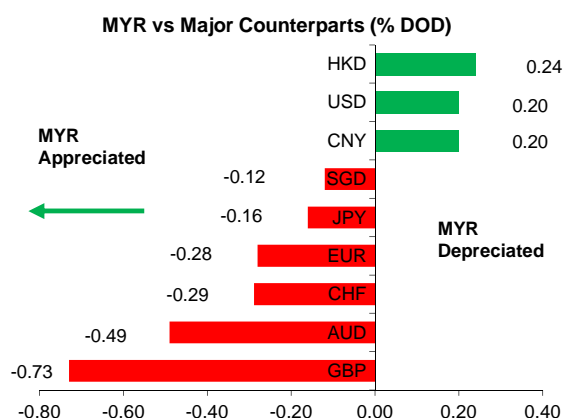
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	10/10	NFIB small business confidence	Sept	105.0	105.3	--
EU	10/9	Sentix investor confidence	Oct	28.5	28.2	--
UK	10/10	Industrial production MOM	Aug	0.2%	0.2%	--
		Manufacturing production MOM	Aug	0.2%	0.5%	--
		Visible trade balance	Aug	-£11150m	-£11576m	--
		NIESR GDP estimate	Sept	--	0.4%	--
Japan	10/10	BOP current account balance	Aug	¥2430.2b	¥2320.0b	--
		Eco Watchers outlook	Sept	50.5	51.1	--
China	10/9	Caixin PMI services	Sept	--	52.7	--
	10/10 – 18	FDI YOY	Sept	--	9.1%	--
Australia	10/10	NAB business conditions	Sept	--	15	--
		NAB business confidence	Sept	--	5	--
New Zealand	10/10 – 16	REINZ house sales YOY	Sept	--	-20.0%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1730	0.16	1.1739	1.1670	11.6
USDJPY	112.65	0.15	113.44	112.61	-3.8
GBPUSD	1.3066	0.40	1.3121	1.3027	6.0
AUDUSD	0.7767	0.36	0.7798	0.7733	7.9
EURGBP	0.8981	0.61	0.8993	0.8925	5.1
USDMYR	4.2370	0.20	4.2375	4.2315	-5.6
EURMYR	4.9602	0.28	4.9625	4.9488	5.0
JPYMYR	3.7499	0.16	3.7552	3.7461	-2.1
GBPMYR	5.5388	0.73	5.5522	5.5311	0.5
SGDMYR	3.1004	0.12	3.1040	3.0976	0.0
AUDMYR	3.2924	0.49	3.3027	3.2805	1.6
NZDMYR	3.0043	0.76	3.0131	3.0038	-3.7

Source: Bloomberg



Forex

MYR

- **MYR slipped 0.2% to 4.2370 against USD** amid risk aversion heading into the weekend but advanced against 7 G10s that were also on a retreat against USD.
- **Expect a bullish MYR against a softer USD**, further supported by buying interest post-US labour market data. USDMYR upside strength appears to be fading after failing to break above 4.2400. A brief retreat may emerge but caution that a close below 4.2200 would spark further sell-off to circa 4.2119.

USD

- **USD eased against 6 G10s** while the Dollar Index faded a post-data spike to close 0.17% lower at 93.80, weighed down by uncertain tones from Fed speaks.
- **Expect a bearish USD** on the back of reduced buying interest amid a slew of uncertain-sounding Fed speaks and a lack of major catalyst to drive gains. The foray into rejection-prone zone of 94.20 - 94.44 ended with a rejection last Friday. The Dollar Index is likely on a mild retreat before attempting another test at the said range but expect an extended decline if it closes below 93.6.

EUR

- **EUR rose 0.16% to 1.1730 against USD** after overturning early losses and advanced against 6 G10s.
- **We turn slightly bullish on EUR on the back of a softer USD.** Breaking below 1.1733 will add to the current bearish bias. The strong bounce off 1.1670 to recapture 1.1700 is likely a resistance from further declines. EURUSD that is back above 1.1733 has room to recover, possibly to circa 1.1800 before resuming its recent slide.

GBP

- **GBP fell 0.4% to 1.3066 against USD** and tumbled against all G10s amid extended downside pressure from political woes in the UK.
- **GBP remains bearish against USD** amid extended political concerns in the UK. GBPUSD remains bearish below 1.3111; 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 advanced against 6 G10s including notching a 0.15% rise to 112.65 against USD** from early advances on refuge demand ahead of US data.
- **Stay bullish on JPY against a soft USD** with potential for build-up in refuge demand on lingering political concerns in the UK. Positive technical signals are beginning to turn, thus we continue to set sights on a downsides to soon prevail, with potential to slide to 111.86 in the next leg lower.

AUD

- **AUD tumbled 0.36% to 0.7767 against USD** and fell against 8 G10s on the back of softer commodities and equities.
- **AUD is slightly bearish against USD** on the back of continued softness in commodities and equities. A decline below 0.7784 last Friday served to affirm the continued weakness in AUDUSD. We continue to set sights on extended declines going forward that would push the pair closer to 0.7727.

SGD

- **SGD was lower against 6 G10s and dipped 0.04% to 1.3650 against USD** amid soft equities.
- **We stay slightly bearish on SGD against USD** amid likelihood of an extended retreat in equities. Strong rejection from its highs last Friday suggest that USDSGD may not have enough upside strength to push to 1.3709. A retreat may be in the works temporarily, but a close below 1.3629 will trigger further losses to circa 1.3585.

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