

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight releases were scanty** and mainly second tier while the US markets were closed for Columbus Day holiday. **Data in the Eurozone continued to show added signs of improvement.** Sentix investor confidence climbed more than expected while Germany industrial production expanded at a quicker pace.
- **Contrary to better traction in the official PMI print, Caixin PMI services slipped to a 21-month low at 50.6 in September.** The sector recorded slower growth in business activity and employment, though expansion in new orders was a tad firmer.
- **USD registered modest gains versus 5 G10s** but the Dollar Index was down 0.13% to 93.67 in the absence of buying interest and firmer EUR and GBP, both of which are major components of the index. **Maintain a bearish view on USD** as buying interest is likely to remain soft in the absence of major catalyst while markets await FOMC minutes. The Dollar Index is likely to stay defensive after recent rejection from 94.20 - 94.44. We reiterate that there may be another test at the said range but expect an extended decline if it closes below 93.63.
- **MYR advanced 0.12% to 4.2320 against USD** but retreated against 6 G10s that similarly rebounded on a soft greenback. **Expect a bullish MYR against a softer USD.** USDMYR is still inclined to the downsides after gapping down at opening. A brief retreat may emerge but caution that a close below 4.2200 would spark further sell-off to circa 4.2119.
- **SGD inched 0.1% firmer to 1.3633 against USD** and strengthened marginally against 8 G10s. **We turn slightly bullish on SGD against a softening USD.** USDSGD may still be on a retreat resulting from last Friday's rejection. USDSGD breaking below 1.3629 will trigger further losses to circa 1.3585 before attempts at rebound.

Overnight Economic Data

EU
China
Japan



What's Coming Up Next

Major Data

- US NFIB small biz confidence
- UK industrial production, manufacturing production, visible trade balance and NIESR GDP estimate
- Japan Eco Watchers outlook
- Australia NAB biz condition and confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1717	1.1733	1.1746	1.1752	1.1777	↗
USDJPY	112.33	112.53	112.70	112.83	112.90	↘
GBPUSD	1.3041	1.3108	1.3152	1.3184	1.3200	↘
AUDUSD	0.7717	0.7737	0.7766	0.7784	0.7804	↘
EURGBP	0.8906	0.8926	0.8932	0.8960	0.8979	↗
USDMYR	4.2200	4.2235	4.2268	4.2277	4.2309	↘
EURMYR	4.9572	4.9618	4.9641	4.9655	4.9744	↘
JPYMYR	3.7389	3.7443	3.7480	3.7513	3.7588	↘
GBPMYR	5.5426	5.5476	5.5571	5.5661	5.5735	↘
SGDMYR	3.1000	3.1020	3.1041	3.1068	3.1097	↘
AUDMYR	3.2750	3.2800	3.2825	3.2843	3.2880	↘
NZDMYR	2.9791	2.9850	2.9879	2.9942	2.9981	↘
USDSGD	1.3589	1.3607	1.3618	1.3629	1.3649	↘
EURSGD	1.5953	1.5981	1.5993	1.6007	1.6033	↘
GBPSGD	1.7819	1.7868	1.7900	1.7952	1.7982	↘
AUDSGD	1.0552	1.0569	1.0578	1.0585	1.0600	↘

*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	0.0	7.4	CRB Index	181.0	0.00	-6.0
Dow Jones Ind.	22761.1	-0.1	15.2	WTI oil (\$/bbl)	49.6	0.59	-7.7
S&P 500	2544.7	-0.2	13.7	Brent oil (\$/bbl)	55.8	0.31	-1.8
FTSE 100	7507.9	-0.2	5.1	Gold (\$/oz)	1284.1	0.60	10.8
Shanghai	3374.4	0.8	8.7	CPO (RM/tonne)	2730.0	-0.33	-14.7
Hang Seng	28326.6	-0.5	28.8	Copper (\$/tonne)	6666.0	-0.01	20.4
STI	3291.6	0.0	14.3	Rubber (sen/kg)	518.0	0.97	-19.7

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
EU Sentix investor confidence	Oct	29.7	28.2	28.5
CH Caixin PMI services	Sept	50.6	52.7	--
GE industrial production YOY	Aug	4.7%	4.2%	3.0%
JP current account balance	Aug	¥2380.4b	¥2320.0b	¥2223.3b

Source: Bloomberg

- Data overnight was scant, restricted to releases from the Eurozone, Germany and China while the US market was closed for Columbus Day.
- Sentix survey on investor confidence indicated that sentiment improved in Oct; the measuring index rose to 29.7 from 28.2, besting estimates of an increase to 28.5. Confidence is likely to continue improving, supported by better outlook of the single currency region.
- This is indeed the case, as German industrial production accelerated to 4.7% YOY in Aug after rising 4.2% previously. Germany, which accounts for about 28% of Eurozone GDP, recorded its quickest growth in 3 months thanks to firmer expansions in production of capital and consumer goods, while output growth of intermediate goods steadied.
- Growth of the services sector in China was the slowest in 21 months, as recorded by the Caixin PMI which slid to 50.6 in Sept from 52.7 in Aug. The sector recorded slower growth in business activity and employment, though expansion in new orders was a tad firmer.
- This morning, Japan released figures on its current account balance; surplus increased by ¥60b to widen the excess to ¥2380.4b in Aug.

Economic Calendar Release Date

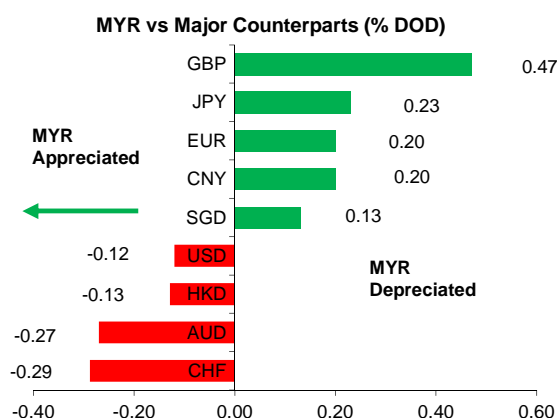
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	10/10	NFIB small business confidence	Sept	105.0	105.3	--
	10/11	MBA mortgage applications	Oct 6	--	-0.4%	--
UK	10/10	Industrial production MOM	Aug	0.2%	0.2%	--
		Manufacturing production MOM	Aug	0.2%	0.5%	--
		Visible trade balance	Aug	-£11150m	-£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	--
	10/11	Core machine orders MOM	Aug	1.0%	8.0%	--
		Machine tool orders YOY	Sept P	--	36.2%	--
China	10/10 – 18	FDI YOY	Sept	--	9.1%	--
Australia	10/10	NAB business conditions	Sept	--	15	--
		NAB business confidence	Sept	--	5	--
	10/11	Westpac consumer confidence MOM	Oct	--	2.5%	--
New Zealand	10/10 – 16	REINZ house sales YOY	Sept	--	-20.0%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1740	0.09	1.1756	1.1718	11.6
USDJPY	112.68	0.03	112.79	112.33	-3.7
GBPUSD	1.3142	0.58	1.3184	1.3053	6.5
AUDUSD	0.7753	-0.18	0.7782	0.7748	7.6
EURGBP	0.8935	-0.52	0.8985	0.8906	4.7
USDMYR	4.2320	-0.12	4.2345	4.2283	-5.7
EURMYR	4.9699	0.20	4.9762	4.9570	5.2
JPYMYR	3.7586	0.23	3.7647	3.7523	-1.9
GBPMYR	5.5648	0.47	5.5661	5.5323	0.9
SGDMYR	3.1045	0.13	3.1051	3.0985	0.1
AUDMYR	3.2834	-0.27	3.2962	3.2798	1.3
NZDMYR	2.9976	-0.22	2.9981	2.9893	-3.9

Source: Bloomberg



Forex

MYR

- **MYR advanced 0.12% to 4.2320 against USD** but retreated against 6 G10s that similarly rebounded on a soft greenback.
- **Expect a bullish MYR against a softer USD.** USDMYR is still inclined to the downsides after gapping down at opening. A brief retreat may emerge but caution that a close below 4.2200 would spark further sell-off to circa 4.2119.

USD

- **USD registered modest gains versus 5 G10s** but the Dollar Index was down 0.13% to 93.67 in the absence of buying interest and firmer EUR and GBP, both of which are major components of the index.
- **Maintain a bearish view on USD** as buying interest is likely to remain soft in the absence of major catalyst while markets await FOMC minutes. The Dollar Index is likely to stay defensive after recent rejection from 94.20 - 94.44. We reiterate that there may be another test at the said range but expect an extended decline if it closes below 93.63.

EUR

- **EUR inched 0.09% firmer to 1.1740 against USD** and climbed against 6 G10s, supported by firmer Eurozone data.
- **We stay slightly bullish on EUR in anticipation of a soft USD**, supported further by continued ease in Spain's political woes. Recapturing above 1.1733 gives EURUSD some room to recover, possibly to circa 1.1777 - 1.1800 before resuming the recent slide. But another drop below 1.1733 will expose EURUSD to a slide to circa 1.1647.

GBP

- **GBP rallied to beat a soft USD 0.58% to 1.3142** and advanced against all G10s as UK political concerns eased.
- **We continue to view a bearish GBP against USD** as UK political woes are likely to be protracted despite easing concerns; strong UK data will lift GBP. Despite retaking above 1.3111, technical signals remain bearish. GBPUSD has room to recover to circa 1.3216, after which further gains can be confirmed. Otherwise, the pair remains exposed to a drop to 1.3041.

JPY

- **JPY retreated against 5 G10s and dipped 0.03% to 112.68 against USD** as refuge demand in the FX space ebbed.
- **Stay bullish on JPY against a soft USD** with potential for build-up in refuge demand as markets await FOMC minutes. A mild bearish bias has emerged, tilting USDJPY downward. Current bearish outlook will be overturned if the pair manages to close above 112.76 today, otherwise, expect a potential decline to circa 112.11 going forward.

AUD

- **AUD** was weighed down by softer metal prices and the absence of risk taking activities to decline against 7 G10s and **fall 0.18% to 0.7753 against USD**.
- **AUD is slightly bearish against USD** on likelihood of continued softness in commodities and equities. AUDUSD remains technically bearish. We continue to set sights on extended declines going forward that would push the pair closer to 0.7727. Rebounds, if any, will be deflected by 0.7784.

SGD

- **SGD inched 0.1% firmer to 1.3633 against USD** and strengthened marginally against 8 G10s.
- **We turn slightly bullish on SGD against a softening USD.** USDSGD may still be on a retreat resulting from last Friday's rejection. USDSGD breaking below 1.3629 will trigger further losses to circa 1.3585 before attempts at rebound.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Menara Hong Leong

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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