

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Data overnight were mostly second-tier except from the UK, where multiple gauges of inflation increased more than expected.** Consumer prices, retail prices and producer prices rose quicker in Aug, pushing GBP higher at the time of release as markets expectations of a near-term rate hike by the BOE firmed up. We however maintained the view that growth risks and Brexit uncertainties will continue to tie the hands of BOE in policy normalization. Apart from the UK, **data from the US and Vietnam were also in the green.**
- **In Japan, BSI surveys on business conditions** in both large industries and large manufacturers **improved in 3Q** while PPI increased the most since Sept-14. **Spending in Singapore remains subdued** as indicated for a slightly softer growth in retail sales, which was weighed down by slowdown as well as declines in major categories. Meanwhile, **Australia's data were mixed**; business conditions improved but confidence dimmed.
- **USD retreated against 6 G10s** while the Dollar Index recovery faded in US session on firmer European majors, settling just marginally higher at 91.88. **We remain slightly bullish on USD** as buying support returns on extended recede in concerns regarding the US. The Dollar Index gains will likely be limited to 92.29, otherwise technical outlook will change to a bullish one. Until that happens, the Dollar Index is still exposed to a close below 91.66, then 91.35, before it can establish a longer-term rebound.
- **MYR weakened 0.24% to 4.2080 against a rebounding USD** and slipped against 6 G10s that were performing better on improved risk appetite. **MYR is expected to remain soft against a firmer USD.** USDMYR has closed above 4.2000 and is now tilted towards the upside. Expect 4.2100 to soon be tested and a break here will trigger a move to 4.2277 in the coming weeks.
- **SGD eased 0.04% to 1.3474 against USD** and fell against 6 G10s. **SGD is likely still bearish against a rebounding USD.** USDSGD outlook has improved and is now taking aim at 1.3500. A break here increases the chances of further advance to 1.3548.

#### Overnight Economic Data

US	↑
UK	↑
Japan	↑
Singapore	↓
Australia	→
Vietnam	↑

#### What's Coming Up Next

##### Major Data

- US MBA mortgage applications, PPI final demand
- Eurozone industrial production
- UK jobless claims change, employment change, ILO unemployment rate
- Australia Westpac consumer confidence

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1920	1.1945	1.1971	1.1982	1.2000	↘
USDJPY	109.83	110.04	110.26	110.65	110.82	↗
GBPUSD	1.3220	1.3250	1.3290	1.3300	1.3350	↘
AUDUSD	0.7980	0.8009	0.8015	0.8024	0.8050	↘
EURGBP	0.8960	0.9000	0.9007	0.9019	0.9059	↘
USDMYR	4.2000	4.2020	4.2057	4.2100	4.2120	↗
EURMYR	5.0201	5.0269	5.0348	5.0397	3.0509	↘
JPYMYR	3.8065	3.8133	3.8172	3.8200	3.8328	↘
GBPMYR	5.5725	5.5833	5.5877	5.5976	5.6079	↗
SGDMYR	3.1150	3.1179	3.1216	3.1231	3.1291	↘
AUDMYR	3.3601	3.3659	3.3721	3.3797	3.3820	↘
NZDMYR	3.0450	3.0500	3.0553	3.0640	3.0700	↘
USDSGD	1.3450	1.3465	1.3476	1.3483	1.3500	↗
EURSGD	1.6100	1.6112	1.6126	1.6132	1.3150	↘
GBPSGD	1.7858	1.7900	1.7902	1.7920	1.7940	↗
AUDSGD	1.0786	1.0800	1.0802	1.0820	1.0833	↘

\*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	1789.9	0.4	9.0	CRB Index	181.4	-0.14	-5.8
Dow Jones Ind.	22118.9	0.3	11.9	WTI oil (\$/bbl)	48.2	0.33	-10.2
S&P 500	2496.5	0.3	11.5	Brent oil (\$/bbl)	54.3	0.80	-4.5
FTSE 100	7400.7	-0.2	3.6	Gold (\$/oz)	1331.8	0.30	10.8
Shanghai	3379.5	0.1	8.9	CPO (RM/tonne)	2791.5	1.12	-12.7
Hang Seng	27972.2	0.1	27.1	Copper (\$/tonne)	6668.0	-1.19	20.5
STI	3235.7	0.2	12.3	Rubber (sen/kg)	590.5	-0.51	-8.5

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US NFIB small biz optimism	Aug	105.3	105.2	104.9
UK CPI YOY	Aug	2.9%	2.6%	2.8%
UK RPI YOY	Aug	3.9%	3.6%	3.8%
UK PPI output YOY	Aug	3.4%	3.1%	3.2%
JP BSI large all industry	3Q	5.1	-2.0	--
JP BIS large manufacturing	3Q	9.4	-2.9	5.0
JP PPI YOY	Aug	2.9%	2.6%	3.0%
SG retail sales YOY	Jul	1.8%	2.0%	1.7%
AU NAB biz conditions	Aug	15	14	--
AU NAB biz confidence	Aug	5	12	--
VN domestic vehicle sales YOY	Aug	0.9%	-21.3%	--

Source: Bloomberg

- According to the National Federation of Independent Business, sentiment amongst small business improved in Aug. The index inched higher to 105.3, up from 105.2 when a decline to 104.9 was expected.
- Multiple inflation measures in the UK bested expectations in Aug, fueling speculation that rising prices will keep the BOE on its toes towards policy normalization. Consumer prices rose 2.9% YOY, picking up from 2.6% on quicker increases in cost of clothing & footwear (Aug: +4.6% vs Jul: +3.2%), household goods (Aug: +4.2% vs Jul: +3.8%), transport (Aug: +3.2% vs Jul: +3.1%) and communication (Aug: +2.2% vs Jul: +0.8%), among others. These offset softer growth in cost of food & non-alcohol and a steady cost of housing.
- Retail prices in the UK accelerated to 3.9% YOY in Aug, rising from 3.6% previously. The quickest growth matching Jan 2012 was driven by growth in prices of clothing & footwear (Aug: +10.7% vs Jul: +9.5%), household goods (Aug: +6.7% vs Jul: +6.3%), auto-related services (Aug: +6.1% vs Jul: +4.7%). Meanwhile, producer prices gained 3.4% in Aug compared to 3.1% increase in Jul, led by strong increase in prices of petroleum products (Aug: +6.9% vs Jul: +3.8%) and slightly quicker growth of manufactured products (Aug: +3.4% vs Jul: +3.2%).
- Early releases of data from Japan this morning affirmed recent data upsides. BSI gauges on business conditions in large industries and large manufacturers improved in 3Q. The all industry index climbed to 5.1 in 3Q, rebounding from -2.0 in 2Q, while manufacturing index jumped to 9.4 in 3Q, rebounding from -2.9 in 2Q. Producer prices increased the most since Sept 2014, rising 2.9% YOY in Aug after gaining 2.6%.
- National Australia Bank's business indicators showed slightly improved business conditions in Aug, but confidence declined. The business conditions index inched to 15 from 14 in Jul, however, business confidence index tumbled to 5 from 12 in Jul.
- Spending in Singapore is still subdued trend-wise, rising 1.8% YOY in Jul and slowing from 2.0% in Jun. Except for soft rebounds in sales of motor vehicles and medical goods & toiletries, all categories recorded slower or negative growth. Meanwhile, vehicle sales in Vietnam rebounded softly in Aug, growing 0.9% YOY after plunging 21.3% in Jul.

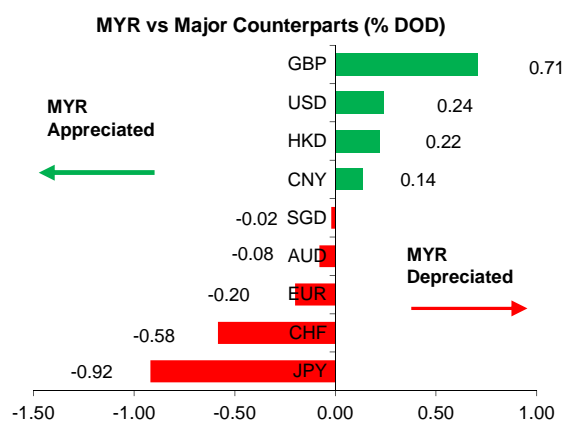
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	9/13	MBA mortgage applications	Sept 8	--	3.3%	--
		PPI final demand MOM	Aug	0.3%	-0.1%	--
	9/14	Initial jobless claims	Sept 9	300k	298k	--
		CPI YOY	Aug	1.8%	1.7%	--
EU	9/13	Industrial production MOM	Jul	0.1%	-0.6%	--
UK	9/13	Jobless claims change	Aug	--	-4.2k	--
		ILO unemployment rate	Jul	4.4%	4.4%	--
		Employment change	Jul	150k	125k	--
China	9/14	Retail sales YOY	Aug	10.5%	10.4%	--
		Fixed asset investment YTD YOY	Aug	8.2%	8.3%	--
		Industrial production YOY	Aug	6.6%	6.4%	--
Japan	9/14	Industrial production MOM	Jul F	--	-0.8%	--
Australia	9/13	Westpac consumer confidence	Sept	--	95.5	--
	9/14	Employment change	Aug	20.0k	27.9k	--
		Unemployment rate	Aug	5.6%	5.6%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1967	0.12	1.1978	1.1926	13.8
USDJPY	110.17	0.71	110.25	109.24	-5.7
GBPUSD	1.3283	0.91	1.3298	1.3161	7.7
AUDUSD	0.8019	-0.12	0.8049	0.7998	11.2
EURGBP	0.9009	-0.79	0.9083	0.8982	5.5
USDMYR	4.2080	0.24	4.2080	4.1970	-6.2
EURMYR	5.0334	-0.20	5.0365	5.0201	6.6
JPYMYR	3.8340	-0.92	3.8475	3.8332	0.1
GBPMYR	5.5780	0.71	5.5879	5.5283	1.2
SGDMYR	3.1256	-0.02	3.1291	3.1178	0.8
AUDMYR	3.3784	-0.08	3.3842	3.3646	4.3
NZDMYR	3.0725	0.44	3.0781	3.0364	-1.5

Source: Bloomberg



## Forex

### MYR

- **MYR weakened 0.24% to 4.2080 against a rebounding USD** and slipped against 6 G10s that were performing better on improved risk appetite.
- **MYR is expected to remain soft against a firmer USD.** USDMYR has closed above 4.2000 and is now tilted towards the upside. Expect 4.2100 to soon be tested and a break here will trigger a move to 4.2277 in the coming weeks.

### USD

- **USD retreated against 6 G10s** while the Dollar Index recovery faded in US session on firmer European majors, settling just marginally higher at 91.88.
- **We remain slightly bullish on USD** as buying support returns on extended recede in concerns regarding the US. The Dollar Index gains will likely be limited to 92.29, otherwise technical outlook will change to a bullish one. Until that happens, the Dollar Index is still exposed to a close below 91.66, then 91.35, before it can establish a longer-term rebound.

### EUR

- **EUR bounced back from intraday low to advance 0.12% to 1.1967 against USD** and climbed against 6 G10s as risk aversion in the single currency receded.
- **Expect a bearish EUR amid likelihood of further USD rebound**, but stand to overturn losses into gains if Eurozone data surprises. A bearish bias has emerged in EURUSD, indicating increased likelihood of declines going forward. Do not rule out a final attempt to rally beyond 1.2000, but we reckon that anything short of 1.2036 will be futile.

### GBP

- **GBP surged 0.91% to 1.3283 against USD** and beat all G10s, lifted by quicker gains in UK prices that fueled expectations on BOE rate hike prospects.
- **We stay slightly bearish on GBP against USD** in anticipation of risk aversion ahead of UK employment reports; downsides in data will quickly erase recent gains. Technically, we opine that GBPUSD may be inclined to the downside as a retracement of the strong rally yesterday. Also, protracted closing above 1.3164 reversion level increases the chance of a decline below it going forward.

### JPY

- **JPY tumbled against all G10s and tumbled 0.71% to 110.17 against a USD**, weighed down by further retreat in refuge demand.
- **JPY remains bearish against USD** on continued retreat in refuge demand. USDJPY remains inclined towards the upside; now that it has expectedly broken 110, we reckon that the pair will take aim at 110.83 next.

### AUD

- **AUD slipped 0.12% to 0.8019 against USD** and fell against 6 G10s, underperforming European majors.
- **Expect a slightly bearish AUD against a rebounding USD**, more so on risk aversion ahead of Australia employment report tomorrow. Technical outlook is deteriorating but positive nonetheless, thus do not rule out a potential break above 0.8060 in the next few days. Even so, we set sights on a reversal lower to below 0.7980 thereafter.

### SGD

- **SGD eased 0.04% to 1.3474 against USD** and fell against 6 G10s.
- **SGD is likely still bearish against a rebounding USD.** USDSGD outlook has improved and is now taking aim at 1.3500. A break here increases the chances of further advance to 1.3548.

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