

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets continued to stay on risk-on mode spurred by optimism of a scheduled announcement on tax reform plan** by the Trump administration on 25-September. US equities closed at fresh records while the greenback staged a strong rebound back above 92.00.
- **Overnight economic releases were positive.** Trailing upticks in inflation in the UK and Japan, **US PPI rebounded to increase 0.2% MOM as higher energy prices offset falls in food prices.** Firmer core PPI ex-food and energy prices and devastations from hurricanes is expected to pave the way for temporary spikes in prices in the next few months.
- **Today, focus will be on BOE meeting for clues of any shift to a more hawkish policy tone** after upside surprises in inflation reports. In addition, yesterday's **job reports showed the UK labour market is on healthy track** even though modest gains in wages could remain a concern for policy makers. Before that, **China first tier data** (retail sales, fixed asset investment and industrial production) scheduled for 10am will be scrutinized for clues of the extent of slowdown in the China economy after exports numbers disappointed last week.
- **USD strengthened against 9 G10s** while the Dollar Index surged in US morning, lifted by market speculation that the US is close to achieving a tax reform, closing 0.69% higher at 92.52. **Expect USD to remain firm**, supported by improved US sentiment and could rally further if US data surprises to the upside. Despite overnight rally and emergence of a mild bullish bias, the Dollar Index remains fragile. There is room to climb higher nonetheless, but must beat 92.71 to establish a sustained recovery that could test 93.83 in the coming weeks.
- **MYR strengthened 0.39% to 4.1915 against USD** and advanced against all G10s, turning firmer coinciding with rallies in crude oil benchmarks in Asian trade. **We now turn slightly bullish on MYR against USD**, considering the renewed impact of oil prices on the local unit. USDMYR has closed above 4.2000 and is now tilted towards the upside. Technically, losing 4.2000 has weakened USDMYR and the pair is now inclined towards the downside. Losing 4.1900 will push the pair towards 4.1777 in the coming weeks.
- **SGD** was supported by firmer equities to beat 9 G10s but **weakened 0.24% to 1.3507 against a rebounding USD.** We keep a bearish view on SGD against a rejuvenated USD. USDSGD outlook continues to improve after breaking above 1.3500. There is now increased chance of testing and potentially breaking above 1.3548 – 1.3550.

Overnight Economic Data

US
Eurozone
UK
Australia



What's Coming Up Next

Major Data

- US CPI and initial jobless claims
- China retail sales, fixed asset investment and industrial production
- Japan industrial production
- Australia employment change, jobless rate

Major Events

- BOE policy meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1850	1.1877	1.1887	1.1898	1.1917	↘
USDJPY	110.00	110.15	110.49	110.82	110.96	↗
GBPUSD	1.3164	1.3198	1.3213	1.3225	1.3250	↘
AUDUSD	0.7966	0.7980	0.7982	0.8000	0.8020	↘
EURGBP	0.8923	0.8960	0.8998	0.9020	0.9059	↘
USDMYR	4.1900	4.1920	4.1945	4.1970	4.2000	↗
EURMYR	4.9753	4.9800	4.9871	4.9947	5.0000	↘
JPYMYR	3.7850	3.7910	3.7966	3.7987	3.8045	↘
GBPMYR	5.5220	5.5321	5.5416	5.5429	5.5475	↘
SGDMYR	3.1000	3.1020	3.1058	3.1074	3.1116	↘
AUDMYR	3.3371	3.3466	3.3483	3.3500	3.3578	↘
NZDMYR	3.0229	3.0315	3.0393	3.0450	3.0500	↘
USDSGD	1.3476	1.3500	1.3506	1.3518	1.3541	↗
EURSGD	1.6002	1.6020	1.6052	1.6060	1.6070	↘
GBPSGD	1.7800	1.7820	1.7836	1.7866	1.7880	↘
AUDSGD	1.0746	1.0761	1.0778	1.0804	1.0826	↘

*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	1786.1	-0.2	8.8	CRB Index	182.9	0.81	-5.0
Dow Jones Ind.	22158.2	0.2	12.1	WTI oil (\$/bbl)	49.3	2.22	-8.2
S&P 500	2498.4	0.1	11.6	Brent oil (\$/bbl)	55.2	1.64	-8.8
FTSE 100	7379.7	-0.3	3.3	Gold (\$/oz)	1323.2	-0.60	8.1
Shanghai	3384.1	0.1	9.0	CPO (RM/tonne)	2813.5	0.79	-12.0
Hang Seng	27894.1	-0.3	26.8	Copper (\$/tonne)	6553.0	-1.72	18.4
STI	3230.4	-0.2	12.1	Rubber (sen/kg)	588.5	-0.34	-8.8

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US MBA mortgage application	Sept 8	9.9%	3.3%	--
US PPI final demand MOM	Aug	0.2%	-0.1%	0.3%
EU industrial production	Jul	0.1%	-0.6%	0.1%
UK jobless claims change	Aug	-2.8k	-2.9k	--
UK employment change	Jul	181k	125k	150k
UK ILO jobless rate	Jul	4.3%	4.4%	4.4%
UK RICS house price balance	Aug	6%	1%	0%
AU Westpac consumer confidence	Sept	97.9	96.5	--

Source: Bloomberg

- Overnight data releases were all positive. Tracking the spikes seen in UK and Japanese prices, US PPI rebounded with a 0.2% MOM and 2.4% YOY increase in August, as a jump in energy prices offset decline in food prices. Ex-volatile food and energy, PPI was also up 0.1% MOM and 2.0% YOY, pointing to firmer underlying price pressure which could persist in the short term inflicted by hurricane devastation.
- In a separate release, MBA mortgage applications quickened commendably to increase 9.9% WOW, its biggest gain since Jul-16, as a result of higher applications from both new purchases and refinancing amid a decline in 30-year fixed rate mortgage rates.
- In the Eurozone, industrial production staged a rebound to increase 0.1% MOM in July as expected, as rebounds in intermediate goods, capital goods, and consumer durables offset declines in production of energy and non-durable consumer goods. Production growth also quickened to 3.2% on a YOY basis but still shy of the 4.1% 6-year high level seen in May.
- UK job reports were positive, suggesting continued improvement in the labour market. ILO unemployment rate eased off to 4.3% in July while the labour market added more than expected jobs of 181k during the month. Average weekly earnings failed to pick up and sustained a 2.1% YOY while jobless claims fell 2.8k in August (July: -2.9k revised). This morning, RICS house price survey showed a positive 6% balance in August, reflecting more surveyors are reporting a rise in prices thanks to more upbeat sales expectations and smaller decline in new instructions.
- Down under, Westpac consumer confidence climbed to a 4-month high of 97.9 in September, as consumers turned more optimistic over current condition, family finances, and economic outlook ahead. Separately, RBA board member Ian Harper said growth in the Australian economy is too slow to justify any rate hike at the moment and that the Australian economy is still growing below its potential.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	9/14	Initial jobless claims	Sept 9	300k	298k	--
		CPI YOY	Aug	1.8%	1.7%	--
	9/15	Empire manufacturing	Sept	18.0	25.2	--
		Retail sales MOM	Aug	0.1%	0.6%	--
		Industrial production MOM	Aug	0.1%	0.2%	--
		Uni Michigan consumer sentiments	Sept P	95.0	96.8	--
EU	9/15	Trade balance	Jul	€20.3b	€22.3b	--
UK	9/14	BOE rate	Sept	0.25%	0.25%	--
		BOE asset purchase target	Sept	£435b	£435b	--
Japan	9/14	Industrial production MOM	Jul F	--	-0.8%	--
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%	--
Australia	9/14	Employment change	Aug	20.0k	27.9k	--
		Unemployment rate	Aug	5.6%	5.6%	--
New Zealand	9/15	Biz NZ PMI manufacturing	Aug	--	55.4	--

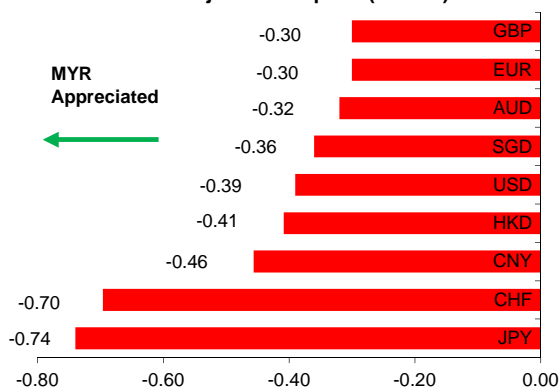
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1885	-0.69	1.1995	1.1873	13.1
USDJPY	110.49	0.29	110.69	109.91	-5.5
GBPUSD	1.3211	-0.54	1.3329	1.3185	7.0
AUDUSD	0.7986	-0.41	0.8044	0.7971	10.8
EURGBP	0.8998	-0.13	0.9039	0.8983	5.5
USDMYR	4.1915	-0.39	4.2090	4.1885	-6.6
EURMYR	5.0183	-0.30	5.0458	5.0149	5.5
JPYMYR	3.8056	-0.74	3.8237	3.8045	-1.0
GBPMYR	5.5610	-0.30	5.5986	5.5583	0.4
SGDMYR	3.1142	-0.36	3.1297	3.1130	0.1
AUDMYR	3.3677	-0.32	3.3814	3.3650	3.3
NZDMYR	3.0512	-0.69	3.0687	3.0505	-2.6

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR strengthened 0.39% to 4.1915 against USD** and advanced against all G10s, turning firmer coinciding with rallies in crude oil benchmarks in Asian trade.
- **We now turn slightly bullish on MYR against USD**, considering the renewed impact of oil prices on the local unit. USDMYR has closed above 4.2000 and is now tilted towards the upside. Technically, losing 4.2000 has weakened USDMYR and the pair is now inclined towards the downside. Losing 4.1900 will push the pair towards 4.1777 in the coming weeks.

USD

- **USD strengthened against 9 G10s** while the Dollar Index surged in US morning, lifted by market speculation that the US is close to achieving a tax reform, closing 0.69% higher at 92.52.
- **Expect USD to remain firm**, supported by improved US sentiment and could rally further if US data surprises to the upside. Despite overnight rally and emergence of a mild bullish bias, the Dollar Index remains fragile. There is room to climb higher nonetheless, but must beat 92.71 to establish a sustained recovery that could test 93.83 in the coming weeks.

EUR

- **EUR tumbled 0.69% to 1.885 against a rallying USD** and fell against 8 G10s.
- **Stay bearish on EUR amid likelihood of further USD rebound**. Bearish bias prevails and likely to push EURUSD lower. We set sights on a drop to 1.1820 in the next leg lower, below which 1.1733 will be targeted.

GBP

- **GBP** was supported by declines in European majors to beat 5 G10s but **weakened 0.54% to 1.3211 against a rebounding USD**, on top of gains in UK wages that are expected to dampen inflation and demand.
- **We stay slightly bearish on GBP against a firmer USD** in anticipation of risk aversion ahead of BOE policy announcement; caution that a continued dovish tone in spite of recent inflation upticks will further pressure GBP. Technical signals are mixed; we opine that GBPUSD will extend yesterday's rejection and head lower. Caution that closing below 1.3198 will put GBPUSD on track to slide below 1.3164 going forward.

JPY

- **JPY** beat 8 G10s as risk-off returned to the FX space, but **retreated 0.29% to 110.49 against a rebounding USD**.
- **We maintain a bearish view on JPY amid likelihood of extended gains in USD**. USDJPY continues to take aim at 110.83; above this, 111.66 – 111.75 will be under threat.

AUD

- **AUD fell 0.41% to 0.7986 against USD** but managed to advance 6 G10s amid weakness in European majors.
- **Expect a slightly bearish AUD against a rebounding USD**; weak Australia employment data will accelerate AUD's downsides. A mild bearish bias has just emerged, tilting AUDUSD further to the downside. The pair is likely to test 0.7966 next, below which it would extend its losses to 0.7920 – 0.7937.

SGD

- **SGD** was supported by firmer equities to beat 9 G10s but **weakened 0.24% to 1.3507 against a rebounding USD**.
- **We keep a bearish view on SGD against a rejuvenated USD**. USDSGD outlook continues to improve after breaking above 1.3500. There is now increased chance of testing and potentially breaking above 1.3548 – 1.3550.

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