

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **A hawkish BOE and quickest gain in US CPI heightened expectations that both the Fed and BOE are putting near term rate hikes on the table.** Overnight markets reacted mixed to the BOE policy guidance and US data and chances are sentiments will be somewhat dented by early morning news that North Korea has fired a missile over Japan into the Pacific Ocean.
- **BOE voted 7-2 to keep rates on hold** and maintain asset purchase target at £435bn yesterday as expected. **The BOE also did not disappoint markets by shifting to a more hawkish tone, saying “some withdrawal of monetary stimulus was likely to be appropriate over the coming months”**, bolstering expectations a near term rate hike is on the table after this week's bigger than expected spike in inflation gauges. The caveat however lies in sustainability of the current uptrend in inflation and economic strength. **We don't expect BOE to move in the remaining two MPC meetings this year, remaining wary on growth uncertainties and subdued wage growth.**
- **China data dump disappointed across the board.** The latest prints implied **softer outlook at both the consumption and investment front** (fixed investment grew at its slowest pace in nearly 18 years) and coupled with easier exports gain released earlier, implied the slowdown in the China economy in 2H is rather broad-based.
- **USD retreated against 9 G10s** while the Dollar Index fell through European and US sessions to close 0.43% lower at 92.12, ignoring a firmer US CPI. **Stay slightly bullish on USD;** even as the greenback may be pressured by risk aversion amid renewed geopolitical tensions, we reckon that firmer than expected US data could overturn losses. A mild bullish bias prevails, therefore, we set sights on a climb to above 92.52 by next week. Losses will likely be protected by 91.87, otherwise, a bearish bias will emerge and take the Dollar Index lower to 91.59 in the next leg lower.
- **MYR weakened 0.35% to 4.2060 against extended rebound in USD** and slipped against 5 G10s. **We stay slightly bullish on MYR against USD** in anticipation of pressure on the greenback in early trade. USDMYR has closed above 4.2000 and is now tilted towards the upside. Another close above 4.2000 has dented USDMYR's bearish bias. While losses may prevail for a few days, we reckon that the pair is readying for a rebound higher, with scope to test 4.2260 in the coming weeks.
- **SGD was supported by firmer equities to beat 6 G10s and strengthen 0.28% to 1.3469 against USD. SGD sustains a bearish view against USD** amid rising risk-off in the markets. We are overlooking yesterday's close below 1.3500 and focusing on potential climb higher above 1.3548 – 1.3550 going forward. This view will altered by a close below 1.3461.

#### Overnight Economic Data

US  
China  
Japan  
Australia  
New Zealand



#### What's Coming Up Next

##### Major Data

- US Empire manufacturing, retail sales, industrial production, Uni Michigan consumer sentiments
- EU trade balance

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1877	1.1907	1.1917	1.1929	1.1965	↘
USDJPY	109.73	110.06	110.11	110.20	110.50	↘
GBPUSD	1.3350	1.3382	1.3394	1.3400	1.3445	↘
AUDUSD	0.7966	0.7980	0.7994	0.8000	0.8017	↘
EURGBP	0.8866	0.8885	0.8898	0.8923	0.8975	↘
USDMYR	4.1900	4.1920	4.1965	4.1970	4.2000	↘
EURMYR	4.9838	4.9955	4.9988	5.0000	5.0079	↘
JPYMYR	3.8020	3.8054	3.8096	3.8108	3.8180	↗
GBPMYR	5.6000	5.6103	5.6165	5.6287	5.6350	↗
SGDMYR	3.1074	3.1100	3.1138	3.1161	3.1179	↘
AUDMYR	3.3442	3.3500	3.3537	3.3592	3.3717	↘
NZDMYR	3.0162	3.0202	3.0277	3.0315	3.0364	↘
USDSGD	1.3437	1.3461	1.3472	1.3502	1.3518	↗
EURSGD	1.6005	1.6041	1.6053	1.6058	1.6101	↘
GBPSGD	1.7950	1.8000	1.8037	1.8050	1.8088	↘
AUDSGD	1.0749	1.0761	1.0770	1.0784	1.0804	↘

\*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	1781.4	-0.3	8.5	CRB Index	183.3	0.23	-4.8
Dow Jones Ind.	22203.5	0.2	12.4	WTI oil (\$/bbl)	49.9	1.20	-7.1
S&P 500	2495.6	-0.1	11.5	Brent oil (\$/bbl)	55.5	0.56	-8.3
FTSE 100	7295.4	-1.1	2.1	Gold (\$/oz)	1329.7	0.50	8.1
Shanghai	3371.4	-0.4	8.6	CPO (RM/tonne)	2840.0	0.92	-11.2
Hang Seng	27777.2	-0.4	26.3	Copper (\$/tonne)	6498.0	-0.87	17.4
STI	3221.0	-0.3	11.8	Rubber (sen/kg)	581.5	-1.19	-9.8

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
US initial jobless claims	Sept 9	284k	298k	300k
US CPI	Aug	1.9%	1.7%	1.8%
UK BOE bank rate	Sept	0.25%	0.25%	0.25%
UK asset purchase target	Sept	£435b	£435b	£435b
JP industrial production	Jul F	-0.8%	-0.8%	--
CH retail sales	Aug	10.1%	10.4%	10.5%
CH fixed asset investment	Aug	7.8%	8.3%	8.2%
CH industrial production	Aug	6.0%	6.4%	6.6%
AU employment change	Aug	54.2k	29.3k	20.0k
AU jobless rate	Aug	5.6%	5.6%	5.6%
NZ ANZ consumer confidence	Sept	129.9	126.2	--
NZ Biz PMI manufacturing	Aug	57.9	55.5	--

Source: Bloomberg

## ➤ Macroeconomics

- Back on the data front, CPI increased at its fastest pace in seven months, by 0.4% MOM in August, driven by higher energy prices. Core CPI that quickened to 0.2% MOM also signaled firming inflationary pressure. YOY, CPI and core CPI picked up more than expected to 1.9% and 1.7% respectively, spurring expectations the Fed could deliver another rate hike before year end. Next week's FOMC meeting rhetoric and summary projection will be key in our view. In a separate release, initial jobless claims unexpectedly fell 14k to 284k in the week ended 9-September, offering little change in the steadily improving job market.
- China data dump disappointed across the board, aggravating concerns over steeper growth slowdown. Retail sales and industrial production surprisingly moderated to 10.1% and 6.0% YOY in August while fixed asset investment decelerated more than expected to 7.8% YOY, its slowest in nearly 18 years. The latest prints implied softer outlook at both the consumption and investment front and coupled with easier exports gain released earlier, implied the slowdown in the China economy in 2H is rather broad-based.
- Japan industrial production showed a 0.8% MOM contraction in its August final print (Jul: +2.2%), dragged by declines in both manufacturing and mining output. The zig-zag in monthly output growth suggests momentum in the Japanese economy remains very fragile and there is no sustainable traction as yet despite recent signs of improvement.
- Down under, job reports were surprisingly upbeat, offering some reliefs on protracted softness in the labour market. The Australian economy added more than expected 54.2k jobs in August boosted by a sharp turnaround in full time hiring (40.1k vs -19.9k). Unemployment rate held steady at 5.6% while participation rate edged higher to 65.3%.
- Over in New Zealand, consumer sentiments as surveyed by ANZ turned more upbeat to a 3-year high in September, spurred by a combo of both current and future conditions indices. In a separate release, PMI manufacturing jumped higher to 57.9 in August, its best in three months thanks to an increase in the production sub-index.

## Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	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	9/18	NAHB housing market index	Sept	67	68	--
	9/15	Trade balance	Jul	€20.3b	€22.3b	--
	9/18	CPI YOY	Aug F	--	1.3%	1.3%
UK	9/18	Rightmove house prices YOY	Sept	--	3.1%	--
Hong Kong	9/18	Unemployment rate	Aug	3.2%	3.1%	--
Singapore	9/18	NODX YOY	Aug	--	-2.5%	--
New Zealand	9/18	Performance services index	Aug	--	56.0	--

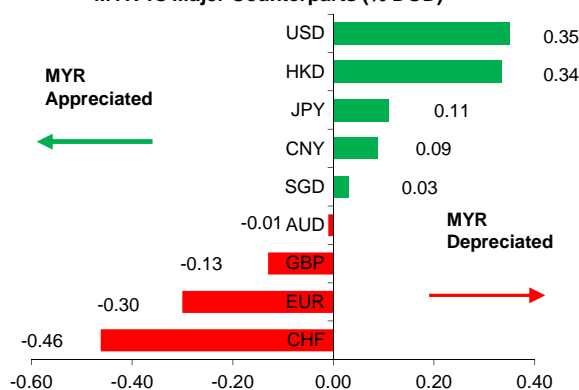
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1919	0.29	1.1922	1.1838	13.3
USDJPY	110.24	-0.23	111.04	110.07	-6.0
GBPUSD	1.3399	1.42	1.3406	1.3155	8.6
AUDUSD	0.8005	0.24	0.8016	0.7956	11.0
EURGBP	0.8896	-1.13	0.9046	0.8867	4.3
USDMYR	4.2060	0.35	4.2075	4.1940	-6.3
EURMYR	5.0034	-0.30	5.0059	4.9809	6.1
JPYMYR	3.8096	0.11	3.8108	3.7910	-0.3
GBPMYR	5.5539	-0.13	5.5563	5.5347	2.2
SGDMYR	3.1152	0.03	3.1161	3.1031	0.7
AUDMYR	3.3675	-0.01	3.3705	3.3442	3.8
NZDMYR	3.0424	-0.29	3.0511	3.0342	-2.5

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



## Forex

### MYR

- **MYR weakened 0.35% to 4.2060 against extended rebound in USD** and slipped against 5 G10s.
- **We stay slightly bullish on MYR against USD** in anticipation of pressure on the greenback in early trade. USDMYR has closed above 4.2000 and is now tilted towards the upside. Another close above 4.2000 has dented USDMYR's bearish bias. While losses may prevail for a few days, we reckon that the pair is readying for a rebound higher, with scope to test 4.2260 in the coming weeks.

### USD

- **USD retreated against 9 G10s** while the Dollar Index fell through European and US sessions to close 0.43% lower at 92.12, ignoring a firmer US CPI.
- **Stay slightly bullish on USD**; even as the greenback may be pressured by risk aversion amid renewed geopolitical tensions, we reckon that firmer than expected US data could overturn losses. A mild bullish bias prevails, therefore, we set sights on a climb to above 92.52 by next week. Losses will likely be protected by 91.87, otherwise, a bearish bias will emerge and take the Dollar Index lower to 91.59 in the next leg lower.

### EUR

- **EUR rose 0.29% to 1.1919 against USD** after advancing in US session and beat 7 G10s.
- **Stay bearish on EUR against USD rebound** in anticipation of rising risk-off in the markets. Bearish bias has picked up, tilting EURUSD to the downside. We continue to set sights on a drop to 1.1820 in the next leg lower, below which 1.1733 will be targeted.

### GBP

- **GBP surged against all G10s and soared 1.42% to 1.3399 against USD** after a surprisingly hawkish tone from the BOE policy statement.
- **We keep a slight bearish view on GBP against USD**, anticipating retracement from overnight surge. Even as technical outlook improves, we are skeptical that GBPUSD can continue pushing higher after yesterday's sharp move. More so, it has bypassed the reversion level at 1.3164, which we opine will eventually trigger a reversal to below it.

### JPY

- **JPY eased against 5 G10s** as European majors advanced but **managed to strengthened 0.23% to 110.24 against a softer USD**.
- **Expect a bullish JPY against USD** on the back of the return of refuge demand amid renewed geopolitical concerns. While USDJPY may slide below 110 today, it must close below 109.39 to alter current positive outlook. Failure to do so sustains our view that USDJPY is likely to continue rising and close above 110.49 and threaten 111.66 – 111.75.

### AUD

- **AUD** was supported by slightly firmer risk appetite and firm Australia data to **climb 0.24% to 0.8005 against USD** and strengthen against 5 G10s.
- **Expect AUD to remain bearish against USD** as risk aversion in the markets intensify. A mild bearish bias prevails, keeping AUDUSD on the downside. We set sights on a drop to circa 0.7937 – 0.7950 going forward.

### SGD

- **SGD** was supported by firmer equities to beat 6 G10s and **strengthen 0.28% to 1.3469 against USD**.
- **SGD sustains a bearish view against USD** amid rising risk-off in the markets. We are overlooking yesterday's close below 1.3500 and focusing on potential climb higher above 1.3548 – 1.3550 going forward. This view will altered by a close below 1.3461.

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets

Level 6, Wisma Hong Leong

18, Jalan Perak

50450 Kuala Lumpur

Tel: 603-2773 0469

Fax: 603-2164 9305

Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

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