

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight data flow was positive. US Empire manufacturing staged a surprised pick-up to 30.2 in October**, its highest in three years in another sign that US manufacturing activities are still gaining momentum going into 4Q and auguring well with prospects of further Fed policy normalization. **Japan also showed signs of strength in its manufacturing sector. EU trade balance registered a bigger than expected surplus of €21.6bn in August** and shall underpin further economic recovery in the EU going forward.
- **In China, benign consumer prices at 1.6% YOY and rebounding factory prices** as a result of continuous capacity cuts in steel and cement suggest domestic demand remains resilient and **shall remain supportive of economic growth going forward. In New Zealand, CPI accelerated more than expected to 1.9% YOY in 3Q**, driven up by higher prices of food and housing but price pressure is no where near levels suggesting an overheating economy that could prompt any policy move from RBNZ.
- In neighbouring **Singapore, NODX surprisingly fell 1.1% YOY in September** (Aug: +16.7%), dragged by a 7.9% YOY decline in electronics exports. Non-electronics exports also registered a much smaller gain of 1.9% YOY. The decline raised risks that the robust growth seen in advance GDP estimate could be revised lower.
- USD advanced against most majors, with the **Dollar Index** extended its gains for the 3rd straight day, **ending the day 0.24% stronger at 93.31**, supported by positive NY manufacturing data, as well as possible prospects of a more hawkish successor to Yellen. USD could still test higher grounds circa 93.38 but further upside is limited by lack of fresh catalyst. **We are maintaining our bearish view on the USD.** Momentum indicators continued to stay negative implying a potential decline to 92.63 in the coming week.
- **MYR** advanced against the USD for the 2nd straight day, **gaining another 0.11% to 4.2175 at close**. The local unit was mixed against the G10s. **MYR is turning slightly bullish against the greenback in our view.** Positive momentum in USDMYR is retreating and a close below 4.22 yesterday could open up the way for USDMYR to move lower again, targeting 4.2128 and probably 4.2083 next.
- **SGD** retreated against the greenback for the first time in six days, **declining 0.19% to 1.3518 against the USD** and traded mixed against the G10s. **SGD could turn a tad more bearish today** after the release of disappointing NODX numbers. Technically, SGD remains slightly bullish against a soft USD, further supported by firmer risk sentiments in the region. Bearish signs prevail and we maintain our view that SGDUSD is poised to test 1.3447 in the next leg lower.

Overnight Economic Data

US
EU
Japan
China
Singapore
New Zealand



What's Coming Up Next

Major Data

- US industrial production, PPI, NAHB housing market index
- EU CPI, ZEW surveys
- UK CPI, RPI, PPI.

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

| | S2 | S1 | Indicative | R1 | R2 | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1708 | 1.1774 | 1.1787 | 1.1802 | 1.1844 | ↘ |
| USDJPY | 111.74 | 111.86 | 112.24 | 112.37 | 112.59 | ↘ |
| GBPUSD | 1.3204 | 1.3226 | 1.3246 | 1.3284 | 1.3311 | ↗ |
| AUDUSD | 0.7801 | 0.7821 | 0.7839 | 0.7865 | 0.7900 | ↗ |
| EURGBP | 0.8861 | 0.8876 | 0.8897 | 0.8923 | 0.8960 | ↘ |
| USDMYR | 4.2102 | 4.2128 | 4.2215 | 4.2225 | 4.2290 | ↘ |
| EURMYR | 4.9659 | 4.9749 | 4.9759 | 4.9886 | 4.9966 | ↘ |
| JPYMYR | 3.7473 | 3.7549 | 3.7611 | 3.7704 | 3.7736 | ↘ |
| GBPMYR | 5.5831 | 5.5918 | 5.5947 | 5.6043 | 5.6094 | ↘ |
| SGDMYR | 3.1126 | 3.1163 | 3.1171 | 3.1237 | 3.1270 | ↘ |
| AUDMYR | 3.2966 | 3.3051 | 3.3107 | 3.3135 | 3.3220 | ↘ |
| NZDMYR | 3.0110 | 3.0173 | 3.0324 | 3.0345 | 3.0364 | ↘ |

| | | | | | | |
|--------|--------|--------|--------|--------|--------|---|
| USDUSD | 1.3483 | 1.3511 | 1.3544 | 1.3562 | 1.3595 | ↗ |
| EURUSD | 1.5924 | 1.5940 | 1.5962 | 1.5972 | 1.6020 | ↗ |
| GBPUSD | 1.7903 | 1.7939 | 1.7945 | 1.7982 | 1.8000 | ↗ |
| AUDUSD | 1.0575 | 1.0601 | 1.0619 | 1.0660 | 1.0675 | ↗ |

*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 | 1754.4 | -0.1 | 6.9 | CRB Index | 184.6 | -0.11 | -4.1 |
| Dow Jones Ind. | 22957.0 | 0.4 | 16.2 | WTI oil (\$/bbl) | 51.9 | 0.82 | -3.4 |
| S&P 500 | 2557.6 | 0.2 | 14.2 | Brent oil (\$/bbl) | 57.8 | 1.14 | -3.2 |
| FTSE 100 | 7527.0 | -0.1 | 5.4 | Gold (\$/oz) | 1295.1 | -0.70 | 8.1 |
| Shanghai | 3378.5 | -0.4 | 8.9 | CPO (RM/tonne) | 2731.0 | 0.48 | -14.6 |
| Hang Seng | 28692.8 | 0.8 | 30.4 | Copper (\$/tonne) | 7134.5 | 3.67 | 28.9 |
| STI | 3323.1 | 0.1 | 15.4 | Rubber (sen/kg) | 485.0 | 0.52 | -24.8 |

Source: Bloomberg

Economic Data

| | For | Actual | Last | Survey |
|------------------------------|-------|--------|--------|--------|
| US Empire manufacturing | Oct | 30.2 | 24.4 | 20.5 |
| EU trade balance | Aug | €21.6b | €17.9b | €20.2b |
| JP industrial production MOM | Aug F | 2.0% | 2.1% | -- |
| CH CPI YOY | Sept | 1.6% | 1.8% | 1.6% |
| CH PPI YOY | Sept | 6.9% | 6.3% | 6.4% |
| SG NODX YOY | Sept | -1.1% | 16.7% | 12.7% |
| NZ CPI YOY | 3Q | 1.9% | 1.7% | 1.8% |

Source: Bloomberg

➤ Macroeconomics

- Overnight data flow was positive. US Empire manufacturing staged a surprised pick-up to 30.2 in October, its highest in three years in another sign that US manufacturing activities are still gaining momentum going into 4Q and auguring well with prospects of further Fed policy normalization.
- Japan also showed signs of strength in its manufacturing sector. Final print showed industrial production grew at a 2.0% MOM pace in August, rebounding from a 0.8% MOM decline in July. The turnaround was driven by manufacturing (+2.0% vs -0.7%) as well as mining and utilities (+1.7% vs -0.5%).
- EU trade balance registered a bigger than expected surplus of €21.6bn in August as advances in exports (+2.5% MOM) riding on continuous recovery in global demand far outweighed the increase in imports (+0.4%). Continuous hefty trade surpluses will help underpin further economic recovery in the Euro region going forward.
- China CPI moderated to 1.6% YOY as expected while PPI picked up more than expected to 6.9% YOY in September. The softer increase in consumer prices was dragged by steeper fall in food prices (-1.4% vs -0.2%), which offset faster increase in non-food prices (+2.4% vs +2.3%). CPI ex-food and energy grew at a faster pace of 2.3% YOY in September (Aug: +2.2%). Benign consumer prices and rebounding factory prices as a result of continuous capacity cuts in steel and cement suggest domestic demand remains resilient and shall remain supportive of economic growth going forward.
- In New Zealand, CPI accelerated more than expected to 1.9% YOY in 3Q, driven up by higher prices of food and housing but price pressure is no where near levels suggesting an overheating economy that could prompt any policy move from RBNZ.
- In neighbouring Singapore, NODX surprisingly fell 1.1% YOY in September (Aug: +16.7%), dragged by a 7.9% YOY decline in electronics exports as all segments of electronics components fell. Non-electronics exports also registered a much smaller gain of 1.9% YOY (Aug: +15.0%) as contraction in pharmaceuticals exports offset continuous gain in petrochemicals. The decline raised risks that the robust growth seen in advance GDP estimate could be revised lower.

Economic Calendar Release Date

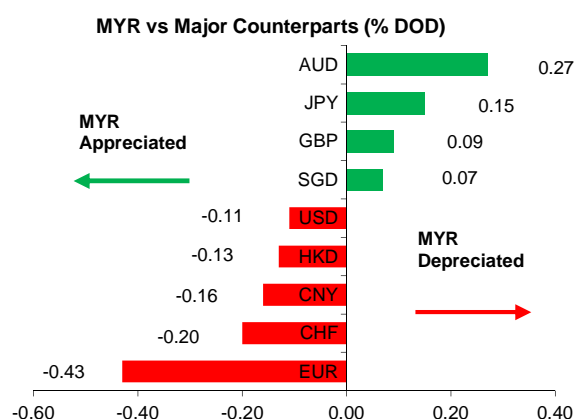
| Country | Date | Event | Reporting Period | Survey | Prior | Revised |
|---------|-------|---------------------------|------------------|--------|-------|---------|
| US | 10/17 | Import price index MOM | Sept | 0.6% | 0.6% | -- |
| | | Industrial production MOM | Sept | 0.2% | -0.9% | -- |
| | | NAHB housing market index | Oct | 64 | 64 | -- |
| | 10/18 | Housing starts | Sept | -0.4% | -0.8% | -- |
| | | Building permits | Sept | -2.5% | 5.7% | 3.4% |
| EU | 10/17 | CPI YOY | Sept F | 1.5% | 1.5% | 1.5% |
| | | ZEW expectations survey | Oct | -- | 31.7 | -- |
| | 10/18 | Construction output MOM | Aug | -- | 0.2% | -- |
| UK | 10/17 | CPI YOY | Sept | 3.0% | 2.9% | -- |
| | | RPI YOY | Sept | 4.0% | 3.9% | -- |
| | | PPI Output YOY | Sept | 3.3% | 3.4% | -- |
| | 10/18 | Jobless claims change | Sept | -- | -2.8k | -- |
| | | ILO unemployment rate | Aug | 4.3% | 4.3% | -- |

Source: Bloomberg

FX Table

| Name | Last Price | DoD % | High | Low | YTD % |
|--------|------------|-------|---------|--------|-------|
| EURUSD | 1.1796 | -0.20 | 1.1829 | 1.1781 | 12.1 |
| USDJPY | 112.19 | 0.33 | 112.29 | 111.65 | -4.1 |
| GBPUSD | 1.3251 | -0.26 | 1.3312 | 1.3225 | 7.4 |
| AUDUSD | 0.7851 | -0.46 | 0.7890 | 0.7843 | 8.9 |
| EURGBP | 0.8901 | 0.04 | 0.89266 | 0.8856 | 4.3 |
| USDMYR | 4.2175 | -0.11 | 4.2963 | 4.2820 | -6.0 |
| EURMYR | 4.9727 | -0.43 | 4.9042 | 4.8877 | 5.3 |
| JPYMYR | 3.7717 | 0.15 | 3.7940 | 3.7789 | -1.6 |
| GBPMYR | 5.6084 | 0.09 | 5.5687 | 5.5505 | 1.7 |
| SGDMYR | 3.1188 | 0.07 | 3.1267 | 3.1181 | 0.6 |
| AUDMYR | 3.3210 | 0.27 | 3.3323 | 3.3182 | 2.5 |
| NZDMYR | 3.0325 | 0.52 | 3.1506 | 3.1392 | -2.8 |

Source: Bloomberg



Forex

MYR

- **MYR** advanced against the USD for the 2nd straight day, **gaining another 0.11% to 4.2175 at close**. The local unit was mixed against the G10s.
- **MYR is turning slightly bullish against the greenback in our view**. Positive momentum in USDMYR is retreating and a close below 4.22 yesterday could open up the way for USDMYR to move lower again, targeting 4.2128 and probably 4.2083 next.

USD

- USD advanced against most majors, with the **Dollar Index** extended its gains for the 3rd straight day, **ending the day 0.24% stronger at 93.31**, supported by positive NY manufacturing data, as well as possible prospects of a more hawkish successor to Yellen.
- USD could still test higher grounds circa 93.38 but further upside is limited by lack of fresh catalyst. **We are maintaining our bearish view on the USD**. Momentum indicators continued to stay negative implying a potential decline to 92.63 in the coming week.

EUR

- **EUR** fell 0.20% to 1.1796 against a firmer USD and traded mixed against G10s.
- **EUR is turning less bullish in our view**. Extended closing below 1.1823 has dampened bullishness in the EUR. EURUSD could now move lower towards 1.1733 before its next move up again.

GBP

- **GBP** ended 0.26% weaker to 1.3251 against USD and traded weaker against 7 G10s, after it lost grounds in US trading session.
- **GBP is still bullish against a softer bias in the USD** amid lack of further positive catalyst to drive the greenback. GBPUSD continues to hold above 1.3200 and this is giving space for a climb to circa 1.3338 – 1.3361.

JPY

- **JPY** weakened against 8 G10s and **fell 0.33% to 112.19 against USD**, on the back of paring of refuge demand amid improving risk appetite in the markets.
- **JPY remains bullish against USD** on continued softness in the greenback. Despite yesterday's uptick, the pair remains on track to test 111.73. Successful break here will lead the pair to test 110.87 in the next leg down.

AUD

- **AUD** fell against all G10s and **weakened 0.46% to 0.7851 against a firmer USD** despite improving risk appetite as markets turned their heads towards prospects of interest rate hikes in the US.
- **Stay bullish on AUD against USD**. Positive momentum indicators continued to gain pace suggesting AUDUSD is on track to test 0.7900 next.

SGD

- **SGD** retreated against the greenback for the first time in six days, **declining 0.19% to 1.3518 against the USD** and traded mixed against the G10s.
- **SGD could turn a tad more bearish today** after the release of disappointing NODX numbers. Technically, SGD remains slightly bullish against a soft USD, further supported by firmer risk sentiments in the region. Bearish signs prevail and we maintain our view that SGDUSD is poised to test 1.3447 in the next leg lower.

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