

Global Markets Research

Daily Market Highlights

Key Takeaways

- There were little to report last Friday apart from several US data that reflected the impact of Hurricane Harvey and trade balance from the Eurozone. **Natural disaster in the US pinned down industrial production in Aug, and dented consumer sentiment.** Meanwhile, US **retail sales declined** amid contraction in auto sales. In New York, the **manufacturing sector was estimated to have grown slower** in Sept. Across the Atlantic, **trade surplus of the single market region narrowed** on decline in exports and increased imports.
- Data releases this morning showed **increased activity in New Zealand's services sector**, led by quicker growth in most major components such as sales, employment and new orders. **Over in the UK, house prices continue to ease.**
- **USD fell against 7 G10s** while the Dollar Index slipped in European session before bouncing off intraday low to narrow losses to 0.27%, closing at 91.87 amid pressure from softer than expected US data. **Stay slightly bullish on USD**; we reckon that buying interest may rise modestly heading into FOMC meeting, backed by market expectations of a decision on balance sheet reduction. Despite last Friday's losses, a mild bullish bias still prevails, therefore, we continue to set sights on a climb to above 92.52 by end week. Losses will likely be protected by 91.87, otherwise, a bearish bias will emerge and take the Dollar Index to 91.28 in the next leg lower.
- **MYR advanced 0.39% to 4.1895 against USD** after rallying in Asian trade and strengthened against 7 G10s. **We stay slightly bullish on MYR against USD** in anticipation of retreat in the greenback on extension of downside momentum from last Friday. USDMYR losses may still prevail in the next few days, but we maintain that the pair is readying for a rebound higher, with scope to test 4.2260 in the coming weeks.
- **SGD underperformed firmer European majors**, closing lower against 7 G10s but **advanced 0.13% to 1.3452 against a soft USD.** **SGD sustains a bearish view against USD** amid rising risk-off in the markets. Holding above 1.3400 sustains the likelihood of a rebound by USDSGD. We maintain the view of a potential climb higher above 1.3548 – 1.3550.

Overnight Economic Data

US
EU
UK
New Zealand



What's Coming Up Next

Major Data

- US NAHB housing market index
- EU CPI YOY
- UK Rightmove house prices
- Singapore NODX
- Hong Kong unemployment rate

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1877	1.1915	1.1940	1.1965	1.1983	↘
USDJPY	110.76	110.90	111.13	111.21	111.50	↗
GBPUSD	1.3520	1.3543	1.3582	1.3600	1.3616	↘
AUDUSD	0.7980	0.8000	0.8002	0.8021	0.8040	↘
EURGBP	0.8760	0.8782	0.8792	0.8811	0.8830	↘
USDMYR	4.1850	4.1900	4.1903	4.1940	4.2000	↘
EURMYR	4.9920	5.0000	5.0048	5.0080	5.0131	↘
JPYMYR	3.7600	3.7643	3.7700	3.7755	3.7800	↘
GBPMYR	5.6750	5.6789	5.6899	5.6933	5.6970	↗
SGDMYR	3.1074	3.1098	3.1127	3.1150	3.1180	↘
AUDMYR	3.3420	3.3466	3.3520	3.3553	3.3600	↘
NZDMYR	3.0435	3.0489	3.0552	3.0567	3.0636	↘
USDSGD	1.3400	1.3420	1.3460	1.3475	1.3518	↗
EURSGD	1.6041	1.6060	1.6074	1.6086	1.6101	↘
GBPSGD	1.8192	1.8250	1.8277	1.8300	1.8315	↘
AUDSGD	1.0744	1.0761	1.0768	1.0780	1.0802	↘

*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	1786.3	0.3	8.8	CRB Index	184.1	0.40	-4.4
Dow Jones Ind.	22268.3	0.3	12.7	WTI oil (\$/bbl)	49.9	0.00	-7.1
S&P 500	2500.2	0.2	11.7	Brent oil (\$/bbl)	55.5	-0.16	-2.3
FTSE 100	7215.5	1.1	1.0	Gold (\$/oz)	1320.2	-0.70	10.8
Shanghai	3353.6	0.5	8.1	CPO (RM/tonne)	2870.5	1.07	-10.3
Hang Seng	27807.6	0.1	26.4	Copper (\$/tonne)	6507.0	0.14	17.6
STI	3209.6	0.4	11.4	Rubber (sen/kg)	560.0	-2.10	-13.2

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Empire manufacturing	Sept	24.4	25.2	18.0
US retail sales MOM	Aug	-0.2%	0.3%	0.1%
US industrial production MOM	Aug	-0.9%	0.4%	0.1%
US Uni of Michigan consumer sentiment	Sept P	95.3	96.8	95.0
EU trade balance	Jul	€18.6b	€21.7b	€20.3b
UK Rightmove house prices	Sept	1.1%	3.1%	--
NZ performance of services index	Aug	57.3	56.0	--

Source: Bloomberg

- Data flow on Friday were restricted to the US and Eurozone. The impact of Hurricane Harvey was reflected on industrial production, and consumer sentiment.
- US industrial production fell 0.9% MOM in Aug, taking a turn from the 0.4% increase previously and bypassing the expected slowdown to 0.1%. The contraction was broad-based amid declines in sub-sectors, manufacturing (Aug: -0.3% vs Jul: -0.3%), mining (Aug: -0.8% vs Jul: +1.3%) and utilities (Aug: -5.5% vs Jul: +1.5%). University of Michigan gauge on consumer sentiment fell to 95.3 in Sept estimate from 96.8, reflecting softer confidence.
- US retail sales dipped 0.2% MOM in Aug after rising 0.3% in Jul, weighed down contraction in sales of automobiles. Discounting the volatile auto figures, sales slowed to 0.2% from 0.5% previously. The New York Fed measure of manufacturing activity in the district dipped to 24.4 in Sept, down from 25.2, indicating slower growth in the sector.
- In the Eurozone, trade surplus narrowed to €18.6b in Jul, down from €21.7b previously, driven by decline of 1.1% MOM in exports and 0.7% increase in imports.
- Rightmove survey showed that house prices in the UK grew at the slowest pace since Feb 2012, rising just 1.1% YOY in Sept from 3.1% in Aug. In London, house prices fell for the first time in 3 months, sliding 3.2% from 1.6% in Aug.
- Services sector in New Zealand grew at a quicker pace in Aug; the performance of services index climbed to 57.3 from 56.0 in Jul, led by firmer activity & sales, employment and new orders.

Economic Calendar Release Date

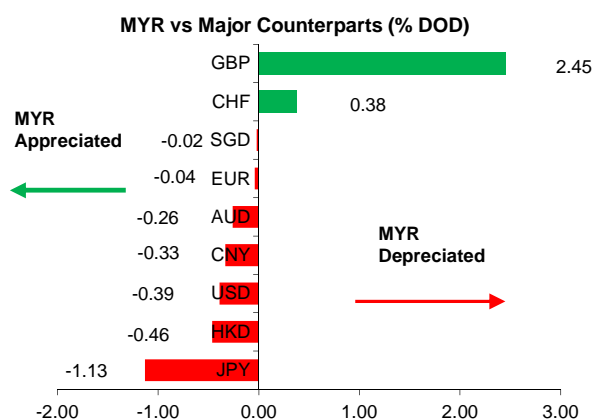
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	9/18	NAHB housing market index	Sept	67	68	--
	9/19	Housing starts MOM	Aug	1.7%	-4.8%	--
		Building permits MOM	Aug	-0.8%	-4.1%	-3.5%
EU	9/18	CPI YOY	Aug F	1.5%	1.3%	1.3%
	9/19	ECB current account	Jul	--	21.2b	--
		ZEW expectations	Sept	--	29.3	--
Hong Kong	9/18	Unemployment rate	Aug	3.2%	3.1%	--
Singapore	9/18	NODX YOY	Aug	--	-2.5%	--
Australia	9/19	RBA minutes	--	--	--	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1945	0.22	1.1987	1.1901	13.5
USDJPY	110.83	0.54	111.33	109.56	-5.0
GBPUSD	1.3594	1.46	1.3616	1.3382	10.0
AUDUSD	0.8002	-0.04	0.8035	0.7987	11.0
EURGBP	0.8789	-1.21	0.8907	0.8774	3.0
USDMYR	4.1895	-0.39	4.2050	4.1875	-6.6
EURMYR	5.0012	-0.04	5.0150	4.9874	5.9
JPYMYR	3.7665	-1.13	3.8271	3.7643	-1.7
GBPMYR	5.6899	2.45	5.6933	5.6079	3.2
SGDMYR	3.1147	-0.02	3.1241	3.1098	0.4
AUDMYR	3.3589	-0.26	3.3658	3.3464	3.7
NZDMYR	3.0435	0.04	3.0491	3.0267	-2.4

Source: Bloomberg



Forex

MYR

- **MYR advanced 0.39% to 4.1895 against USD** after rallying in Asian trade and strengthened against 7 G10s.
- **We stay slightly bullish on MYR against USD** in anticipation of retreat in the greenback on extension of downside momentum from last Friday. USDMYR losses may still prevail in the next few days, but we maintain that the pair is readying for a rebound higher, with scope to test 4.2260 in the coming weeks.

USD

- **USD fell against 7 G10s** while the Dollar Index slipped in European session before bouncing off intraday low to narrow losses to 0.27%, closing at 91.87 amid pressure from softer than expected US data.
- **Stay slightly bullish on USD**; we reckon that buying interest may rise modestly heading into FOMC meeting, backed by market expectations of a decision on balance sheet reduction. Despite last Friday's losses, a mild bullish bias still prevails, therefore, we continue to set sights on a climb to above 92.52 by end week. Losses will likely be protected by 91.87, otherwise, a bearish bias will emerge and take the Dollar Index to 91.28 in the next leg lower.

EUR

- **EUR rose 0.22% to 1.1945 against USD** and beat 5 G10s on the back of recovery in European majors.
- **EUR remains bearish against USD** in our view, in anticipation of risk aversion ahead of FOMC meeting; a soft Eurozone CPI print will add downside pressure. Strong rally in EURUSD was rejected last Friday, and we expect the downside momentum may still prevail to lead the pair lower today. Caution that closing above 1.1967 alters current negative outlook, otherwise, EURUSD remains on track to close below 1.1885 going forward.

GBP

- **GBP rallied for a second consecutive day**, beating all G10s and **surging 1.46% to 1.3594 against USD** as buying support prevails on recent hawkish BOE tone.
- Despite extended gains, **we keep a slight bearish view on GBP against USD**, anticipating retracement from two consecutive days of rally. Even as technical outlook improves, we are skeptical that GBPUSD can continue pushing higher after 2 sharp moves. More so, it has bypassed the reversion level at 1.3164, which we opine will eventually trigger a reversal to below it.

JPY

- **JPY tumbled against all G10s and weakened 0.54% to 110.83 against USD** as refuge demand retreated.
- **We turn bearish on JPY against USD** as geopolitical tensions recede. Recapturing above 110.76 and 110.90 has increased USDJPY upside strength. We expect this pair to be testing 111.61 – 111.75 in the next leg higher.

AUD

- **AUD dipped 0.04% to 0.8002 against USD** and fell against 7 G10s, weighed down by underperformance of related commodities.
- **Expect AUD to remain bearish against USD** ahead of RBA minutes tomorrow and risk aversion ahead of FOMC meeting. AUDUSD is still bearish and inclined to fall below 0.7980 going forward. Caution that a close above 0.8019 will change the current technical landscape.

SGD

- **SGD underperformed firmer European majors**, closing lower against 7 G10s but **advanced 0.13% to 1.3452 against a soft USD**.
- **SGD sustains a bearish view against USD** amid rising risk-off in the markets. Holding above 1.3400 sustains the likelihood of a rebound by USDSGD. We maintain the view of a potential climb higher above 1.3548 – 1.3550.

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