

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Data flow was softer from the US, the UK and Eurozone, while Japan and Australia showed improvement. The US housing market continues to show signs of weakness** as indicators on future demand, housing starts and building permits, turned negative. **The UK's labour market stays tight, though not without signs of frailty** amid softer employment increases and higher jobless claims. In the Eurozone, construction output moderated.
- **Japan's trade surplus ballooned in Sept**, rising sharply from Aug level due to imports growth that moderated more than exports. Meanwhile, **Australia's labour market tightened further**, with lower unemployment rate even as participation rate stood unchanged, while adding more jobs than expected. However, **business confidence ebbed slightly in 3Q**, according to a survey by NAB.
- **MYR closed 0.16% softer against USD at 4.2242** last Tuesday amid risk aversion going into closure of Malaysia market, but advanced against all other G10s that were also retreating against a firmer greenback. **MYR is likely bullish against USD**, supported by renewed buying interest as Malaysia market reopens. Technically, bullish bias appears to be fading even after several closures above 4.22 that ended in failure to climb higher. A close below 4.22 today will likely trigger a move to 4.2133 in the next leg lower.
- **USD fell against 5 G10s**, relinquishing early gains after a set of soft US data, while the Dollar Index slipped 0.13% to 93.36 after touching intraday high. **We are bullish on USD**, likely supported by renewed risk aversion in European majors as the EU enters into summit and Brexit discussions. Technical signs have turned more optimistic, with suggestions that the Dollar Index is likely to close above 93.80 going forward. A break at 94.20 could trigger a rally to circa 96.25.
- **SGD eased 0.05% to 1.3568 against USD** and dipped against 6 G10s, outperformed by European majors. **Stay bearish on SGD against USD** amid build-up in risk aversion in the markets. USDSGD is starting to look more constructive after closing above 1.3560 overnight and is likely poised for a gradual climb to 1.3605 in the next leg higher.

#### Overnight Economic Data

US	↓
EU	↓
UK	→
Japan	↑
Australia	↑

#### What's Coming Up Next

##### Major Data

- US initial jobless claims, Philly Fed biz outlook, leading index
- UK retail sales
- Japan All industry activity index
- China GDP, retail sales, fixed asset investment, industrial production
- Hong Kong unemployment rate

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1731	1.1777	1.1797	1.1800	1.1845	↘
USDJPY	112.47	112.83	112.95	113.00	113.19	↗
GBPUSD	1.3158	1.3196	1.3214	1.3248	1.3279	↘
AUDUSD	0.7821	0.7842	0.7865	0.7875	0.7894	↘
EURGBP	0.8896	0.8922	0.8929	0.8944	0.8960	↗
USDMYR	4.2178	4.2200	4.2205	4.2235	4.2265	↘
EURMYR	4.9800	4.9814	4.9873	4.9941	4.9984	↗
JPYMYR	3.7300	3.7360	3.7394	3.7469	3.7551	↘
GBPMYR	5.5736	5.5810	5.5827	5.5839	5.5888	↘
SGDMYR	3.1074	3.1100	3.1137	3.1150	3.1200	↘
AUDMYR	3.3138	3.3180	3.3212	3.3267	3.3347	↗
NZDMYR	3.0134	3.0171	3.0238	3.0301	3.0398	↘
USDSGD	1.3547	1.3560	1.3564	1.3578	1.3605	↗
EURSGD	1.5984	1.6000	1.6009	1.6033	1.6059	↗
GBPSGD	1.7883	1.7908	1.7929	1.7950	1.7966	↗
AUDSGD	1.0619	1.0640	1.0644	1.0655	1.0676	↘

\*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	1749.0	-0.3	6.5	CRB Index	184.0	-0.13	-4.4
Dow Jones Ind.	23157.6	0.7	17.2	WTI oil (\$/bbl)	52.0	0.31	-3.1
S&P 500	2561.3	0.1	14.4	Brent oil (\$/bbl)	58.2	0.47	2.3
FTSE 100	7542.9	0.4	5.6	Gold (S/oz)	1281.1	-0.30	10.8
Shanghai	3381.8	0.3	9.0	CPO (RM/tonne)	2745.0	0.51	-14.2
Hang Seng	28711.8	0.0	30.5	Copper (\$/tonne)	6990.0	-0.53	26.3
STI	3329.0	0.2	15.6	Rubber (sen/kg)	495.0	1.64	-23.3

Source: Bloomberg

\* KLCI last closed on 17 Oct 2017

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US housing starts MOM	Sept	-4.7%	-0.2%	-0.4%
US building permits MOM	Sept	-4.5%	3.4%	-2.1%
EU construction output MOM	Aug	0.2%	0.0%	--
UK jobless claims change	Sept	1.7k	-0.2k	--
UK ILO unemployment rate	Aug	4.3%	4.3%	4.3%
UK employment change 3M/3M	Aug	94k	181k	--
JP trade balance	Sept	¥670.2b	¥113.6b	¥556.8b
AU employment change	Sept	19.8k	53.0k	15.0k
AU unemployment rate	Sept	5.5%	5.6%	5.6%
AU NAB business confidence	3Q	7	8	--

- Data flow were either softer or mixed across major economies except for Japan and Australia. The US housing sector outlook remains dim amid declines in housing starts and building permits, suggesting that demand continues to wane. New housing constructions fell 4.7% MOM in Sept, extending the 0.2% dip in Aug while building permits, a general gauge of future demand, declined 4.5% MOM in Sept and reversed a 3.4% gain in the previous month.
- Reports from the UK suggest that the labour market stays tight, with unemployment rate steady at 4.3% in Aug, but signs of frailty may be emerging. In the 3 months ended Aug, 94k jobs were added to the market, down from 181k in the 3 months ended Jul, while wage growth lost momentum, rising 2.2% YOY in the 3 months ended Aug, unchanged from the last record. Jobless claims recorded an increase of 1.7k in Sept, up from a decline of 0.2k in Aug.
- In the Eurozone, construction output eased to 1.6% YOY in Aug, moderating from 2.8% expansion in Jul. On a monthly basis, output increased 0.2% MOM in Aug after stagnating in Jul.
- Japan's merchandise trade surplus ballooned to ¥670.2b in Sept, biggest in 7 months and rising sharply from ¥113.6b previously amid less than expected gains in imports.
- Labour market continues to tighten in Australia. Employment increased by 19.8k in Sept, better than expected but still a sharp decrease from 53.0k recorded in Aug, and unemployment rate dipped to 5.5% in Sept from 5.6%, with participation rate unchanged at 65.2%. Meanwhile, NAB survey on business confidence revealed a less optimistic view in 3Q, with the index dipping to 7 from 8 previously.

Source: Bloomberg

### Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	10/20	CPI YOY	Sept	4.1%	3.7%	--
		Foreign reserves	Oct 13	--	\$101.2b	--
US	10/19	Initial jobless claims	Oct 14	240k	243k	--
		Philly Fed biz outlook	Oct	22.0	23.8	--
		Leading index	Sept	0.1%	0.4%	--
		Existing home sales MOM	Sept	-0.9%	-1.7%	--
EU	10/20	ECB current account	Aug	--	€ 25.1b	--
UK	10/19	Retail sales MOM	Sept	-0.2%	1.0%	--
	10/20	PSNCR	Sept	--	0.0b	--
Japan	10/19	All industry activity index	Aug	0.2%	-0.1%	--
		Machine tool orders YOY	Sept F	--	45.3%	--
China	10/19	GDP YOY	3Q	6.8%	6.9%	--
		Retail sales YOY	Sept	10.2%	10.1%	--
		Fixed assets ex rural investment YTD YOY	Sept	7.7%	7.8%	--
		Industrial production	Sept	6.5%	6.0%	--
Hong Kong	10/19	Unemployment rate	Sept	3.1%	3.1%	--

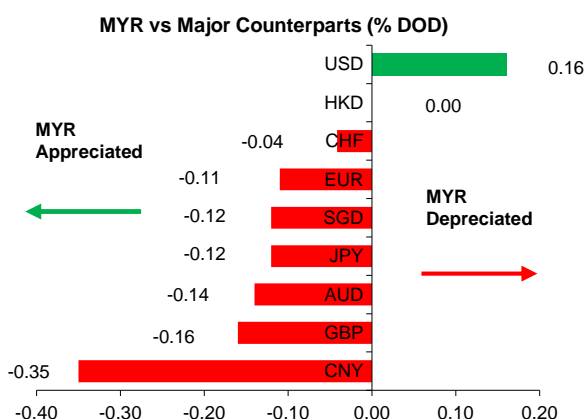
Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1787	0.18	1.1805	1.1730	12.2
USDJPY	112.94	0.66	113.05	112.14	-3.4
GBPUSD	1.3205	0.11	1.3212	1.3140	7.1
AUDUSD	0.7846	0.00	0.7858	0.7819	8.9
EURGBP	0.8926	0.06	0.8947	0.8900	4.6
USDMYR	4.2242	0.16	4.2253	4.2180	-5.8
EURMYR	4.9673	-0.11	4.9778	4.9646	5.2
JPYMYR	3.7672	-0.12	3.7696	3.7576	-1.7
GBPMYR	5.5992	-0.16	5.6125	5.5864	1.6
SGDMYR	3.1152	-0.12	3.1188	3.1132	0.5
AUDMYR	3.3162	-0.14	3.3203	3.3070	2.3
NZDMYR	3.0332	0.02	3.0354	3.0224	-2.7

Source: Bloomberg

\* MYR pairs last closed on 17 Oct 2018



## Forex

### MYR

- **MYR closed 0.16% softer against USD at 4.2242 last Tuesday** amid risk aversion going into closure of Malaysia market, but advanced against all other G10s that were also retreating against a firmer greenback.
- **MYR is likely bullish against USD**, supported by renewed buying interest as Malaysia market reopens. Technically, bullish bias appears to be fading even after several closures above 4.22 that ended in failure to climb higher. A close below 4.22 today will likely trigger a move to 4.2133 in the next leg lower.

### USD

- **USD fell against 5 G10s**, relinquishing early gains after a set of soft US data, while the Dollar Index slipped 0.13% to 93.36 after touching intraday high.
- **We are bullish on USD**, likely supported by renewed risk aversion in European majors as the EU enters into summit and Brexit discussions. Technical signs have turned more optimistic, with suggestions that the Dollar Index is likely to close above 93.80 going forward. A break at 94.20 could trigger a rally to 96.25.

### EUR

- **EUR bounced from intraday low to advance 0.18% against USD at 1.1787** and advanced against 7 G10s.
- **Expect a softer EUR against USD** as buying interest wanes going into EU summit and discussion on Brexit negotiations. Downside bias in EURUSD has increased, thus we set sights on a break below 1.1766 soon. Caution that this view will be invalidated by a close above 1.1820 today, otherwise, we reckon that EURUSD is on track to complete a bearish pattern that could see it slide to 1.1511 in the longer term.

### GBP

- **GBP climbed 0.11% to 1.3205 against a softer USD** and rose against 5 G10s.
- **GBP remains bearish against USD** in expectation of risk aversion ahead of Brexit discussion; a soft US data will add further downside pressure. Current technical indicators suggest a less optimistic outlook, but even so, do not rule out a climb to 1.3285 first before sliding lower thereafter. We set sights on a drop to below 1.3190 after this potential advance.

### JPY

- **JPY weakened 0.66% to 112.94 against USD** and retreated against all G10s, weighed down by remarks BOJ official that current pace of QE is likely to be maintained.
- **JPY is now bearish against USD** amid risk aversion ahead of Japan's snap election this weekend. Overnight price action has invalidated recent bearish outlook; we now set sights on potential upside break at 113.18, which if happens could spark a climb to as high as 113.97.

### AUD

- **AUD ended unchanged at against USD at 0.7846** but slipped against 5 G10s, weighed down by softer metals and risk aversion ahead of today's Australia employment data.
- **AUD is slightly bearish against USD** amid build-up in risk aversion in the markets and continually soft metal prices. Another close below 0.7848 has dented the bullish bias. Caution that a close below 0.7841 today increases the chances of a drop below 0.7800 going forward.

### SGD

- **SGD eased 0.05% to 1.3568 against USD** and dipped against 6 G10s, outperformed by European majors.
- **Stay bearish on SGD against USD** amid build-up in risk aversion in the markets. USDSGD is starting to look more constructive after closing above 1.3560 overnight and is likely poised for a gradual climb to 1.3605 in the next leg higher.

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