

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Data continues to suggest recently improved indicators from the US and Japan persisted, while China is still resilient despite a soft GDP print, and the UK retail sales surprised to the downside.**
- **US jobless claims recorded a lower increase in the week ended Oct 14** compared to the week prior, while business outlook in Philadelphia improved according to the district Fed survey. However, the leading index fell in Sept. **Spending in the UK slowed in Sept on an annual basis, and declined on a monthly basis**, adding to suggestions that on top of a weaker GBP, recent data firmness could be turning south.
- **Data from Japan extended its upsides**, with rebound in activity across all industries and surging growth in machine tool orders, suggesting that **global demand remains firm**. Meanwhile, even as China's GDP in 3Q eased, **growth target for this year remains intact** due to better than expected performance in 1H.
- **MYR reversed most early gains to close the day 7 pips lower at 4.2235 against USD** but slipped against 7 G10s. **We are slightly bullish on MYR against USD** on technical reasons. USDMYR gains were rejected and fell below crucial levels 4.2265 and 4.2227. Indicators remain bearish with retreating momentum, suggesting that USDMYR is tilted towards the downside.
- **USD fell against 7 G10s** while the Dollar Index shed 0.1% to 93.36 after sustaining losses through European and US sessions as European majors firmed up amid GBP weakness. **We are bullish on USD**, likely supported by renewed risk aversion in the markets ahead of EU-UK Brexit talks and Japanese snap elections. Even as technical signals turned bearish, we reckon that losses on the Dollar Index will be limited by 93.02. There is room for gains to circa 93.63 going forward.
- **SGD was relatively unchanged against USD at 1.3566** but fell against 7 G10s on the back of weakness in equities. **Stay bearish on SGD against USD** amid build-up in risk aversion in the markets. USDSGD is still constructive while above 1.3560 and is likely poised for a gradual climb to 1.3605 in the next leg higher.

Overnight Economic Data

US	↕
UK	↕
Japan	↕
China	↕
Hong Kong	➔

What's Coming Up Next

Major Data

- Malaysia CPI and foreign reserves
- US existing home sales
- ECB current account balance
- UK public sector net cash requirement (PNSCR)

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1805	1.1833	1.1847	1.1866	1.1878	↘
USDJPY	112.16	112.49	112.64	112.81	113.00	↗
GBPUSD	1.3122	1.3146	1.3153	1.3184	1.3195	↘
AUDUSD	0.7849	0.7861	0.7878	0.7883	0.7900	↘
EURGBP	0.8992	0.9000	0.9009	0.9017	0.9026	↗
USDMYR	4.2190	4.2200	4.2220	4.2227	4.2265	↘
EURMYR	4.9981	5.0000	5.0020	5.0076	5.0106	↗
JPYMYR	3.7400	3.7460	3.7482	3.7548	3.7573	↘
GBPMYR	5.5441	5.5486	5.5528	5.5622	5.5652	↘
SGDMYR	3.1097	3.1109	3.1121	3.1144	3.1167	↘
AUDMYR	3.3189	3.3216	3.3250	3.3276	3.3300	↗
NZDMYR	2.9550	2.9600	2.9613	2.9639	2.9694	↘
USDSGD	1.3547	1.3561	1.3566	1.3574	1.3584	↗
EURSGD	1.6039	1.6059	1.6075	1.6085	1.6100	↗
GBPSGD	1.7807	1.7826	1.7843	1.7851	1.7868	↘
AUDSGD	1.0655	1.0669	1.0683	1.0690	1.0705	↗

*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	1744.0	-0.3	6.2	CRB Index	184.1	0.04	-4.4
Dow Jones Ind.	23163.0	0.0	17.2	WTI oil (\$/bbl)	51.3	-1.44	-4.5
S&P 500	2562.1	0.0	14.4	Brent oil (\$/bbl)	57.2	-1.58	0.7
FTSE 100	7523.0	-0.3	5.3	Gold (\$/oz)	1290.1	0.70	10.8
Shanghai	3370.2	-0.3	8.6	CPO (RM/tonne)	2751.5	0.24	-14.0
Hang Seng	28159.1	-1.9	28.0	Copper (\$/tonne)	6967.0	-0.33	25.9
STI	3334.9	0.2	15.8	Rubber (sen/kg)	493.5	-0.30	-23.5

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US initial jobless claims	Oct 14	222k	244k	240k
US Philly Fed biz outlook	Oct	27.9	23.8	22.0
US leading index	Sept	-0.2%	0.4%	0.1%
UK retail sales MOM	Sept	-0.8%	1.0%	-0.2%
JP all industry activity index	Aug	0.1%	-0.1%	0.2%
JP machine tool orders YOY	Sept F	45.0%	45.3%	--
CH GDP YOY	3Q	6.8%	6.9%	6.8%
CH retail sales YOY	Sept	10.3%	10.1%	10.2%
CH fixed asset investment YTD YOY	Sept	7.5%	7.8%	7.7%
CH industrial production YOY	Sept	6.6%	6.0%	6.5%
HK unemployment rate	Sept	3.1%	3.1%	3.1%

Source: Bloomberg

- US data improved slightly, continuing the recent run of upsides. Initial jobless claims increased 222k in the week ended Oct 14, down from the 244k gain the week before, an indication that labour market continues to tighten. Meanwhile, business outlook in Philadelphia improved in Oct, according to the district Federal Reserve Bank, which recorded a climb on the index to 27.9 from 23.8. However, the leading index declined 0.2% MOM in Sept after gaining 0.4% in Aug.
- UK retail sales growth (excluding automobile & fuel) unexpectedly slowed in Sept, moderating to 1.6% YOY from 2.6% in Aug. On a monthly basis, sales declined 0.7% MOM after gaining 0.9% previously. Apart from downside impact due to a weaker GBP, this may be a sign that recent resilience shown by the UK could be gradually easing.
- Japan's data continue to slant towards the upside with firmer activity across all industries and stronger growth in machine tool orders. The All Industry Activity Index inched 0.1% MOM higher in Aug, reversing a 0.1% decline previously. Orders for machine tools surged 45.0% YOY in Sept, a mild downward revision from 45.3% but still ahead of Aug's figure of 36.2%. Along with other recent data from China, Eurozone, this continues to imply improvement in global demand.
- China continues to display some resilience in growth despite 3Q GDP registered a softer figure. Economic growth recorded a 6.8% YOY increase in 3Q, dipping from 6.9% in 2Q, but given better than expected performance in 1H, China remains on track towards its growth target of 6.5% this, or better.
- Other reports affirm the existence of upside support to the Chinese economy; pick up in retail sales (Sept: +10.3% YOY vs Aug: +10.1%) led by improved spending on daily-use items, furniture and construction material. Industrial production followed the recent upsides in exports, rising 6.6% in Sept from 6.0% in Aug amid stronger growth in production of food, textile, telecoms & computer products and pharma products. The downside was that fixed asset investments eased to 7.5% YTD YOY in Sept from 7.8% in Aug.
- Hong Kong's unemployment rate steadied in Sept at 3.1%.

Economic Calendar Release Date

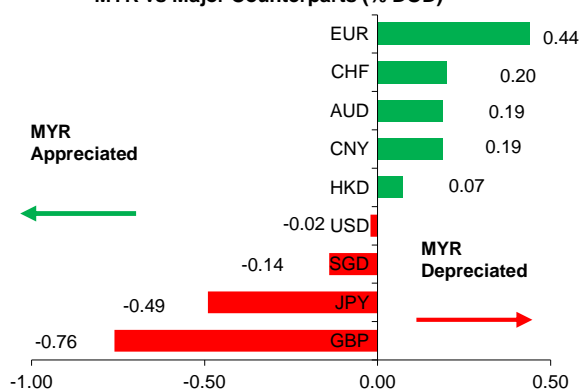
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	10/20	CPI YOY	Sept	4.1%	3.7%	--
		Foreign reserves	Oct 13	--	\$101.2b	--
US	10/20	Existing home sales MOM	Sept	-0.9%	-1.7%	--
	10/23	Chicago Fed national activity index	Sept	-0.10	-0.31	--
EU	10/20	ECB current account	Aug	--	€ 25.1b	--
	10/23	Consumer confidence	Oct A	-1.1	-1.2	--
UK	10/20	PSNCR	Sept	--	0.0b	--
	10/23	CBI total orders	Oct	--	7	--
Japan	10/23	Leading index	Aug F	--	106.8	--
		Coincident index	Aug F	--	117.6	--
		Nationwide dept sales YOY	Sept	--	2.0%	--
Hong Kong	10/23	CPI YOY	Sept	--	1.9%	--
Singapore	10/23	CPI YOY	Sept	0.3%	0.4%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1852	0.55	1.1858	1.1768	12.6
USDJPY	112.54	-0.35	113.15	112.30	-3.7
GBPUSD	1.3159	-0.35	1.3229	1.3135	6.6
AUDUSD	0.7878	0.41	0.7884	0.7841	9.3
EURGBP	0.9007	0.90	0.9013	0.8925	5.5
USDMYR	4.2235	-0.02	4.2308	4.2190	-5.9
EURMYR	4.9894	0.44	4.9961	4.9710	5.6
JPYMYR	3.7487	-0.49	3.7534	3.7352	-2.2
GBPMYR	5.5567	-0.76	5.5907	5.5486	0.8
SGDMYR	3.1109	-0.14	3.1158	3.1079	0.3
AUDMYR	3.3224	0.19	3.3278	3.3117	2.5
NZDMYR	2.9724	-2.00	3.0285	2.9686	-4.7

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR reversed most early gains to close the day 7 pips lower at 4.2235 against USD** but slipped against 7 G10s.
- **We are slightly bullish on MYR against USD** on technical reasons. USDMYR gains were rejected and fell below crucial levels 4.2265 and 4.2227. Indicators remain bearish with retreating momentum, suggesting that USDMYR is tilted towards the downside.

USD

- **USD fell against 7 G10s** while the Dollar Index shed 0.1% to 93.36 after sustaining losses through European and US sessions as European majors firmed up amid GBP weakness.
- **We are bullish on USD**, likely supported by renewed risk aversion in the markets ahead of EU-UK Brexit talks and Japanese snap elections. Even as technical signals turned bearish, we reckon that losses on the Dollar Index will be limited by 93.02. There is room for gains to circa 93.63 going forward.

EUR

- **EUR climbed 0.55% to 1.1852 against USD** and advanced against 8 G10s as buying interest returns on the back of GBP weakness.
- **Stay bearish on EUR against USD** as risk aversion is likely to prevail ahead of EU-UK Brexit talks as well as on jitters from unabated political risk of Catalonia's call for independence. EURUSD closing above 1.1820 has invalidated the potential move lower, but this has led only to uncertainties going forward. We currently view EURUSD's upside is likely to peak near 1.1900 before reversing. Otherwise, a path to 1.1980 will be exposed.

GBP

- **GBP fell 0.35% to 1.3159 against USD** and closed lower against 8 G10s on soft UK data as well as risk aversion ahead of EU-UK Brexit negotiations.
- **GBP remains bearish against USD** in expectation of risk aversion ahead of Brexit discussion. Room for GBPUSD rebounds is diminishing, limited to circa 1.3195. The pair is still technically bearish; close below 1.3111 will trigger a drop to 1.3032 next.

JPY

- **JPY advanced 0.35% to 112.54 against a soft USD** but slipped against 5 G10s as demand waned going into Japan's snap election this weekend.
- **JPY remains bearish against USD** in our view amid risk aversion ahead of Japan's snap election this weekend. USDJPY is still supported by 112.49, which would repel further losses and push the pair higher to circa 113.14.

AUD

- **AUD was buoyed by better than expected Australia and China data to beat 6 G10s** as it **climbed 0.41% to 0.7878 against USD**.
- **We maintain a bearish view on AUD against USD** on the back of risk aversion in the markets going into various risk events. AUDUSD is technically bullish but we reckon that overnight advance appears stretched, which could lead to a brief, modest pullback first before attempting to climb further. Losses are likely stemmed near 0.7849.

SGD

- **SGD was relatively unchanged against USD at 1.3566** but fell against 7 G10s on the back of weakness in equities.
- **Stay bearish on SGD against USD** amid build-up in risk aversion in the markets. USDSGD is still constructive while above 1.3560 and is likely poised for a gradual climb to 1.3605 in the next leg higher.

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