

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Political noises dominated the global scene. Shinzo Abe and his Liberal Democratic Party struck the necessary super majority in Sunday's snap election**, bolstering expectations of a continuation of extended period of loose monetary policy, fiscal spending and potentially, sales tax hike. **Political woes in Spain also continued to haunt** as Prime Minister Rajoy is said to be invoking Article 155 of the constitution that, if approved by the Senate on the coming Friday, would mean the effective sacking of the elected Catalan local government.
- **Not much on the data front except that US existing home sales bucked recent softness with a 0.7% MOM rebound in September. Back home, Malaysia CPI ticked up to 4.3% YOY in Sept**, accelerating from 3.7% in Aug amid quicker increases in cost of transport and food/ beverages. CPI is expected to moderate in the months ahead as base effect narrows, softening to average 3.2% in 4Q, down from 3.7% in 3Q. Despite firm growth prospects, a still-contained inflation is expected to keep the OPR unchanged. In a separate report, foreign reserves extended its climb higher to \$101.4b in the week ended 13 Oct, thanks to continuous trade surpluses and inflows.
- **USD rallied to beat 9 G10s** while the Dollar Index jumped in Asian trade before pushing higher in US morning, lifted by improved outlook on the approval of Trump tax plan and later on by refuge demand, closing 0.47% higher at 93.70. **Stay bullish on USD**, buoyed by inflow from weakening EUR, JPY amid effects from on-going political events. The Dollar Index is now technically bullish after surpassing 93.63 last Friday. Upsides are likely to sustain, with potential to test the crucial 93.90 next. Beating this exposes a longer-term move to 94.44.
- **MYR slipped 0.04% to 4.2250 against USD** last Friday amid risk aversion heading into the weekend but managed to advance against 9 G10s. **We turn bearish on MYR in anticipation of a firmer USD** and a wane in buying interest as markets stay on the sides ahead of Malaysia Budget 2018 tabling. USDMYR has made progress technically, firming up above 4.2200 threshold and beat 4.2265 this morning. This is likely to tilt the pair upwards and expose a potential move to 4.2412 in the next leg higher.
- **SGD weakened 0.35% to 1.3613 against a rebounding USD** but managed to beat 9 G10s that were on a retreat amid risk aversion in the FX market. **Stay bearish on SGD against the back of a firm USD**. USDSGD breaking above 1.3629 in early trade is a bullish sign, on top of the previous close above 1.3605. We now set sights on an advance to 1.3670 in the next leg higher.

Overnight Economic Data

MY
US
EU
UK



What's Coming Up Next

Major Data

- US Chicago Fed national activity index
- EU consumer confidence
- UK CBI total orders
- Japan leading & coincident index, Nationwide dept sales
- Hong Kong and Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1733	1.1740	1.1757	1.1781	1.1805	↘
USDJPY	113.60	114.00	114.07	114.49	114.96	↗
GBPUSD	1.3111	1.3143	1.3179	1.3196	1.3216	↘
AUDUSD	0.7782	0.7791	0.7805	0.7821	0.7849	↘
EURGBP	0.8878	0.8900	0.8923	0.8944	0.8960	↘
USDMYR	4.2265	4.2300	4.2318	4.2330	4.2343	↗
EURMYR	4.9618	4.9660	4.9755	4.9781	4.9902	↘
JPYMYR	3.7050	3.7100	3.7122	3.7262	3.7394	↘
GBPMYR	5.5622	5.5661	5.5747	5.5814	5.5840	↗
SGDMYR	3.1017	3.1031	3.1038	3.1045	3.1070	↘
AUDMYR	3.3000	3.3027	3.3035	3.3055	3.3092	↘
NZDMYR	2.9280	2.9300	2.9349	2.9400	2.9481	↘
USDSGD	1.3605	1.3629	1.3633	1.3647	1.3670	↗
EURSGD	1.5984	1.6007	1.6031	1.6037	1.6059	↘
GBPSGD	1.7908	1.7933	1.7961	1.7982	1.8000	↗
AUDSGD	1.0615	1.0634	1.0643	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	1740.7	-0.2	6.0	CRB Index	184.1	0.02	-4.4
Dow Jones Ind.	23328.6	0.7	18.0	WTI oil (\$/bbl)	51.5	0.40	-4.2
S&P 500	2575.2	0.5	15.0	Brent oil (\$/bbl)	57.8	0.90	2.1
FTSE 100	7523.2	0.0	5.3	Gold (\$/oz)	1280.5	-0.70	10.8
Shanghai	3378.6	0.3	8.9	CPO (RM/tonne)	2715.0	-1.33	-15.1
Hang Seng	28487.2	1.2	29.5	Copper (\$/tonne)	6952.0	-0.22	25.6
STI	3340.7	0.2	16.0	Rubber (sen/kg)	469.0	-3.40	-27.3

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY CPI YOY	Sept	4.3%	3.7%	4.3%
MY foreign reserves	Oct 13	\$101.4b	\$101.2b	--
US existing home sales MOM	Sept	0.7%	-1.7%	-0.9%
EU ECB current account	Aug	€33.3b	€31.5b	--
UK PSNCR	Sept	£11.2b	£0.3b	--

Source: Bloomberg

- Latest polls indicate Shinzo Abe and his Liberal Democratic Party is on track to retain two-third majority in Japan's snap election. Victory, alongside a gradually recovering economy, is expected to pave the way for an extended period of loose monetary policy, fiscal spending and potentially, sales tax hike.
- Political woes in Spain deepened as Prime Minister Rajoy is said to be invoking Article 155 of the constitution that, if approved by the Senate on the coming Friday, will allow the government to impose direct rule on the autonomous region of Catalonia. This would mean the effective sacking of the elected Catalan local government as well as control of the region's finances, police force and media.
- The macro front offered relatively minor data that was mostly sidelined. US existing home sales bucked the trend of softer housing data of late, rising 0.7% MOM in Sept after slipping 1.7% in Aug. In the Eurozone, ECB's current account surplus widened to €33.3b in Aug from €31.5b previously. Meanwhile, the UK government's borrowing increased in Sept; the public sector net cash requirement jumped to £11.2b in Sept, up from £0.3b in Aug.
- Consumer prices in Malaysia ticked up to 4.3% YOY in Sept, accelerating from 3.7% in Aug amid quicker increases in cost of transport (Sept: +15.8% vs Aug: 11.7%) and food / beverages (Sept: +4.6% vs Aug: +4.3%), while cost of housing / utilities / fuels steadied at 2.4%. CPI is expected to moderate in the months ahead as base effect narrows, softening to average 3.2% in 4Q, down from 3.7% in 3Q. Despite firm growth prospects, a still-contained inflation is expected to keep the OPR unchanged. In a separate report, foreign reserves rose \$200m to \$101.4b in the week ended 13 Oct.

Economic Calendar Release Date

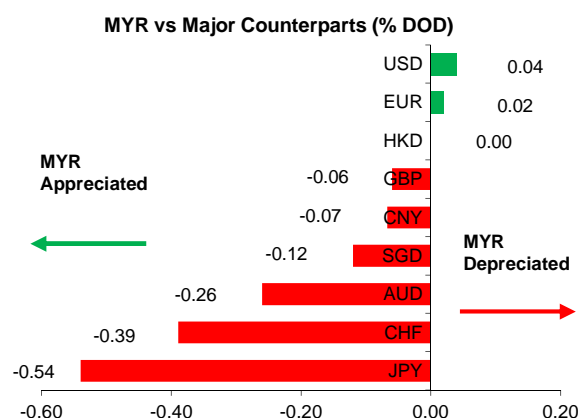
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	10/23	Chicago Fed national activity index	Sept	-0.10	-0.31	--
	10/24	Markit PMI manufacturing	Oct P	53.5	53.1	--
		Markit PMI services	Oct P	55.2	55.3	--
		Richmond Fed manufacturing	Oct	16	19	--
EU	10/23	Consumer confidence	Oct A	-1.1	-1.2	--
	10/24	Markit PMI manufacturing	Oct P	57.8	58.1	--
		Markit PMI services	Oct P	55.6	55.8	--
UK	10/23	CBI total orders	Oct	9	7	--
Japan	10/23	Leading index	Aug F	--	106.8	--
		Coincident index	Aug F	--	117.6	--
		Nationwide dept sales YOY	Sept	--	2.0%	--
	10/24	Nikkei PMI manufacturing	Oct P	--	52.9	--
		Supermarket sales YOY	Sept	--	-0.5%	--
Hong Kong	10/23	CPI YOY	Sept	2.0%	1.9%	--
Singapore	10/23	CPI YOY	Sept	0.4%	0.4%	--
Vietnam	10/24	CPI YOY	Oct	--	3.4%	--
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Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1784	-0.57	1.1858	1.1763	11.8
USDJPY	113.52	0.87	113.57	112.52	-2.6
GBPUSD	1.3190	0.24	1.3201	1.3088	6.9
AUDUSD	0.7817	-0.77	0.7882	0.7808	8.4
EURGBP	0.8931	-0.84	0.9023	0.8924	4.5
USDMYR	4.2250	0.04	4.2288	4.2205	-5.8
EURMYR	4.9904	0.02	5.0049	4.9844	5.7
JPYMYR	3.7285	-0.54	3.7497	3.7245	-2.7
GBPMYR	5.5532	-0.06	5.5577	5.5313	0.7
SGDMYR	3.1072	-0.12	3.1134	3.1046	0.2
AUDMYR	3.3139	-0.26	3.3271	3.3088	2.3
NZDMYR	2.9502	-0.75	2.9694	2.9465	-5.4

Source: Bloomberg



Forex

MYR

- **MYR slipped 0.04% to 4.2250 against USD** last Friday amid risk aversion heading into the weekend but managed to advance against 9 G10s.
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USD

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- **Stay bullish on USD**, buoyed by inflow from weakening EUR, JPY amid effects from on-going political events. The Dollar Index is now technically bullish after surpassing 93.63 last Friday. Upsides are likely to sustain, with potential to test the crucial 93.90 next. Beating this exposes a longer-term move to 94.44.

EUR

- **EUR weakened 0.57% to 1.1784 against a rebounding USD** but held firm against 6 G10s.
- **EUR is bearish against USD**, weighed down by renewed political jitters in Spain, as well as ahead of ECB policy decision. Technical outlook has worsened for EURUSD after losing 1.1800. The pair is on track for a test at 1.1733, but if this does not hold then a drop to 1.1687 is likely next.

GBP

- **GBP climbed 0.24% to 1.3190 against USD** and jumped against all G10s amid signs of progress in Brexit negotiations last Friday.
- **GBP is slightly bearish against a firm USD**; we expect buying interest will be on the premise of risk aversion in the Eurozone, but likely modest given markets awaiting for UK 3Q GDP report. GBPUUSD remains below key levels and as such remains inclined towards downsides. There is room for a slide to 1.3111 in the next leg lower, but anything below appears doubtful at this juncture.

JPY

- **JPY slumped 0.87% to 113.52 against USD** and slipped against 7 G10s, weighed down by risk aversion going into Japan's snap election.
- **Expect increased bearishness in JPY against USD** as Shinzo Abe's election victory is viewed as prolonging loose monetary policy. Gap up above 113.59 is a bullish signal. USDJPY targets 114.49 next, but this is strong resistance level, along with 115, and likely to reject extended advances.

AUD

- **AUD tumbled 0.77% to 0.7817 against USD** and retreated against 5 G10s amid risk aversion in the FX space and relatively softer metal prices.
- **We maintain a bearish view on AUD against a firm USD**. Closing below key levels has weakened AUDUSD considerably. The pair is now technically bearish with scope to slide to 0.7754 going forward. For sustained rebounds to take place, AUDUSD must close above 0.7848.

SGD

- **SGD weakened 0.35% to 1.3613 against a rebounding USD** but managed to beat 9 G10s that were on a retreat amid risk aversion in the FX market.
- **Stay bearish on SGD against on the back of a firm USD**. USDSGD breaking above 1.3629 in early trade is a bullish sign, on top of the previous close above 1.3605. We now set sights on an advance to 1.3670 in the next leg higher.

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