

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Data flow was mostly positive for the major economies**, affirming that modest growth trends remains promising. The Chicago Fed's gauge indicates that growth in the US is above trend in Sept. Meanwhile, consumers were less pessimistic in Eurozone, and factory orders improved in the UK according to survey by CBI.
- **Japan also showed signs of uptick in activity** amid upward revisions to leading and coincident index in Aug, suggesting that a collection of positive indicators such as industrial production, orders of durable consumer goods, retail sales value, job offers, machinery orders and consumer confidence, among others. Separately, a report also showed that spending is picking up at departmental stores.
- **Consumer prices in Hong Kong grew the slowest in 6 months** in Sept, against market estimates, led by softer gains in housing cost and decline in utility costs. Meanwhile, **inflation in Singapore steadied in Sept** amid steady growth in food prices.
- **USD climbed against 7 G10s** while the Dollar Index rose 0.25% to 93.93, supported by continually firm outlook on Trump's tax plan and refuge demand from weakness in European majors. **Stay bullish on USD**, buoyed by inflow from weakening EUR and continued build-up in positive sentiment of US tax reforms. The Dollar Index remains bullish while above 93.63. We reckon that 93.90 level will continually be tested; beating this exposes a longer-term move to 94.44.
- **MYR weakened 0.29% to 4.2373 against USD** as demand tapered ahead of Malaysia Budget 2018 tabling but managed to beat 7 G10s that were on a retreat against the greenback. **MYR stays bearish in our view in anticipation of a firmer USD** and softer buying interest in MYR ahead of Malaysia Budget 2018 tabling. USDMYR is still technically bullish and remains tilted upwards. We maintain that there is a potential move to 4.2412 in the next leg higher, but caution that a drop below 4.2269 will dent this initiative.
- **SGD slipped 0.03% to 1.3617 against a firmer USD** but beat 7 G10s that were relatively weaker. **SGD remains bearish against a firm USD**, weighed down by lack of risk taking activities in the market. USDSGD is still technically bullish thus we continue to set sights on an advance to 1.3670 in the next leg higher. Caution that a close below 1.3600 will discourage the bulls and put USDSGD on a defensive.

#### Overnight Economic Data

US	↑
EU	↑
UK	↑
Japan	↑
Hong Kong	↓
Singapore	→

#### What's Coming Up Next

##### Major Data

- US Markit PMI manufacturing and services
- EU Markit PMI manufacturing and services
- Japan Nikkei PMI manufacturing & supermarket sales

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1733	1.1750	1.1756	1.1778	1.1802	↘
USDJPY	113.09	113.25	113.34	113.51	113.80	↗
GBPUSD	1.3184	1.3196	1.3205	1.3216	1.3234	↗
AUDUSD	0.7790	0.7800	0.7813	0.7821	0.7842	↘
EURGBP	0.8878	0.8889	0.8903	0.8913	0.8930	↘
USDMYR	4.2269	4.2308	4.2335	4.2367	4.2406	↗
EURMYR	4.9657	4.9683	4.9771	4.9815	4.9882	↘
JPYMYR	3.7263	3.7300	3.7347	3.7392	3.7422	↗
GBPMYR	5.5814	5.5858	5.5903	5.5958	5.5988	↗
SGDMYR	3.1049	3.1094	3.1107	3.1130	3.1150	↗
AUDMYR	3.3027	3.3050	3.3063	3.3075	3.3088	↘
NZDMYR	2.9441	2.9500	2.9533	2.9590	2.9650	↘
USDSGD	1.3585	1.3605	1.3607	1.3629	1.3647	↗
EURSGD	1.5967	1.5984	1.5997	1.6007	1.6036	↘
GBPSGD	1.7933	1.7950	1.7970	1.7982	1.8000	↗
AUDSGD	1.0600	1.0619	1.0633	1.0642	1.0655	↘

\*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	1741.5	0.0	6.1	CRB Index	184.7	0.32	-4.1
Dow Jones Ind.	23274.0	-0.2	17.8	WTI oil (\$/bbl)	51.7	0.49	-3.7
S&P 500	2565.0	-0.4	14.6	Brent oil (\$/bbl)	57.4	-0.66	1.0
FTSE 100	7524.5	0.0	5.3	Gold (\$/oz)	1282.3	0.10	10.8
Shanghai	3380.7	0.1	8.9	CPO (RM/tonne)	2725.5	0.39	-14.8
Hang Seng	28305.9	-0.6	28.7	Copper (\$/tonne)	7004.0	0.75	26.5
STI	3349.8	0.3	16.3	Rubber (sen/kg)	465.0	-0.85	-27.9

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US Chicago Fed national activity index	Sept	0.17	-0.37	-0.10
EU consumer confidence	Oct A	-1.0	-1.2	-1.1
UK CBI total orders	Oct	9	7	9
JP leading index	Aug F	107.2	106.8	--
JP coincident index	Aug F	117.7	117.6	--
JP Nationwide dept sales YOY	Sept	4.4%	2.0%	--
HK CPI YOY	Sept	1.4%	1.9%	2.0%
SG CPI YOY	Sept	0.4%	0.4%	0.4%

Source: Bloomberg

- More positive data came out from the major economies, affirmed that while growth prospect remains modest, it is gradually firming up. Chicago Fed's national economic activity index climbed above negative territory to 0.17 in Sept, indicating that US growth is above long-term trend.
- Eurozone consumers were less pessimistic in Oct according to advance reading that showed the index inching higher to -1.0 from -1.2. CBI survey revealed that book order balance at UK factories, which is the excess of respondents' replies on whether total order books were "above normal" or "below normal", rose to 9 from 7, suggesting that business sentiment has improved.
- There are more signs of continued recovery in Japan's fundamentals. Leading index was revised from initial Aug estimate of 106.8 to 107.2, highest since Feb 2014 and indicating a rise from 105.2 in Jul. The coincident index ticked higher to 117.7 from 115.7 in Jul. Both suggest firmer growth across macro indicators such as industrial production, orders of durable consumer goods, retail sales value, job offers, machinery orders and consumer confidence, among others. Meanwhile, departmental store sales posted its strongest growth since May-15, rising 4.4% YOY in Sept after gaining 2.0% previously.
- Data on consumer prices for Sept were released in Hong Kong and Singapore. Prices in Hong Kong undershoot market estimates, softening to 1.4% YOY from 1.9% in Aug, instead of picking up to 2.0%. The slowest growth in 6 months was attributed to softer gain in housing cost (Sept: +2.3% vs Aug: +2.8%), decline in utilities cost (Sept: -0.2% vs Aug: 0.0%), while prices of food steadied at 2.4%.
- Inflation steadied in Singapore, rising 0.4% YOY in Sept. Cost of food steadied at 1.2% in Sept, as did pace of contraction in housing and utilities prices (-2.3%) while cost of transport eased to 1.1% from 1.4% in Aug. The continually subdued inflation still weighs down on chances of policy tightening.

### Economic Calendar Release Date

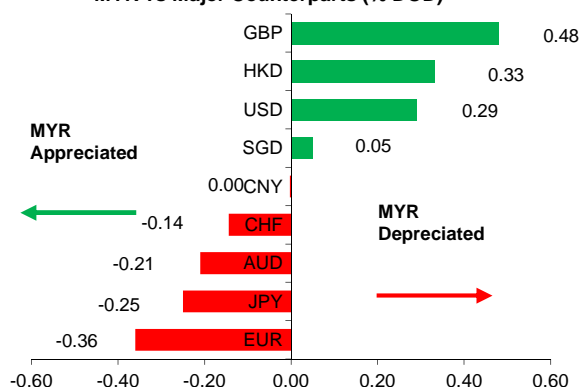
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	10/24	Markit PMI manufacturing	Oct P	53.5	53.1	--
		Markit PMI services	Oct P	55.2	55.3	--
		Richmond Fed manufacturing	Oct	17	19	--
	10/25	MBA mortgage applications	Oct 20	--	3.6%	--
		Durable goods orders	Sept P	1.0%	2.0%	--
EU	10/24	New home sales MOM	Sept	-1.0%	-3.4%	--
		Markit PMI manufacturing	Oct P	57.8	58.1	--
UK	10/25	Markit PMI services	Oct P	55.6	55.8	--
		GDP QOQ	3Q A	0.3%	0.3%	--
Japan	10/24	Index of services	Aug	0.3%	-0.2%	--
		Nikkei PMI manufacturing	Oct P	--	52.9	--
Australia	10/25	Supermarket sales YOY	Sept	--	-0.5%	--
		CPI YOY	3Q	2.0%	1.9%	--
Vietnam	10/24 – 31	CPI YOY	Oct	3.1%	3.4%	--
		Exports YTD YOY	Oct	20.6%	19.8%	--
		Retail sales YTD YOY	Oct	--	10.5%	--
		Industrial production YOY	Oct	--	13.2%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1749	-0.30	1.1777	1.1725	11.8
USDJPY	113.43	-0.08	114.1	113.25	-3.0
GBPUSD	1.3198	0.06	1.3227	1.3158	7.0
AUDUSD	0.7807	-0.13	0.7835	0.7796	8.4
EURGBP	0.8902	-0.33	0.8951	0.8886	4.3
USDMYR	4.2373	0.29	4.2373	4.2277	-5.5
EURMYR	4.9724	-0.36	4.9860	4.9663	5.3
JPYMYR	3.7190	-0.25	3.7262	3.7074	-2.9
GBPMYR	5.5799	0.48	5.5994	5.5728	1.2
SGDMYR	3.1086	0.05	3.1105	3.0991	0.2
AUDMYR	3.3070	-0.21	3.3167	3.2978	2.1
NZDMYR	2.9468	-0.12	2.9590	2.9334	-5.5

Source: Bloomberg

**MYR vs Major Counterparts (% DOD)**


## Forex

### MYR

- **MYR weakened 0.29% to 4.2373 against USD** as demand tapered ahead of Malaysia Budget 2018 tabling but managed to beat 7 G10s that were on a retreat against the greenback.
- **MYR stays bearish in our view in anticipation of a firmer USD** and softer buying interest in MYR ahead of Malaysia Budget 2018 tabling. USDMYR is still technically bullish and remains tilted upwards. We maintain that there is a potential move to 4.2412 in the next leg higher, but caution that a drop below 4.2269 will dent this initiative.

### USD

- **USD climbed against 7 G10s** while the Dollar Index rose 0.25% to 93.93, supported by continually firm outlook on Trump's tax plan and refugee demand from weakness in European majors.
- **Stay bullish on USD**, buoyed by inflow from weakening EUR and continued build-up in positive sentiment of US tax reforms. The Dollar Index remains bullish while above 93.63. We reckon that 93.90 level will continually be tested; beating this exposes a longer-term move to 94.44.

### EUR

- **EUR fell 0.3% to 1.1749 against USD** and slipped against 7 G10s on continued political jitters in Spain.
- **Continue to expect a bearish EUR against USD** on the back of disinterest amid on-going political jitters and ahead of ECB policy decision. A bearish bias has emerged, further tilting EURUSD that has recently lost 1.1800 lower. We still set sights on a test, and likely break, at 1.1733; losing this risks a drop to 1.1687.

### GBP

- **GBP** was supported by inflow from extended weakness in European majors, beating 7 G10s and **inching 0.06% higher to 1.3198 against USD**.
- **We turn slightly bullish on GBP against USD** on continued support from inflow from weakening European majors. GBPUSD has recaptured 1.3196, a key level that we believe will support further though moderate gains going forward. Levels 1.3216 and 1.3234 are still waiting, which could push the pair lower when tested.

### JPY

- **JPY advanced 0.08% to 113.43 against USD** and beat all G10s as refugee demand intensified in the FX space.
- **We maintain a bearish view on JPY against USD** amid downside impact of markets expecting a prolonged loose monetary policy. Technically, USDJPY remains bullish and overnight retreat is likely a pullback from recent surge. We continue to expect USDJPY edging higher towards 114.00.

### AUD

- **AUD** managed to advance against the European majors but **fell 0.13% to 0.7807 against a firmer USD**.
- **Expect AUD to stay bearish against a firm USD**, weighed down by continually soft risk appetite in the markets. AUDUSD remains bearish while below 0.7821, with scope to slide to 0.7754 going forward. For sustained rebounds to take place, AUDUSD must close above 0.7848.

### SGD

- **SGD slipped 0.03% to 1.3617 against a firmer USD** but beat 7 G10s that were relatively weaker.
- **SGD remains bearish against a firm USD**, weighed down by lack of risk taking activities in the market. USDSGD is still technically bullish thus we continue to set sights on an advance to 1.3670 in the next leg higher. Caution that a close below 1.3600 will discourage the bulls and put USDSGD on a defensive, at least temporarily.

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