

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Fed speaks over last Friday revealed no new details.** Kansas City Fed President Esther George stated that **muted market reaction meant that the Fed had done well in communicating its plan for balance sheet reduction.** San Francisco Fed President John Williams expects rate hikes to be gradual, and stated that **there could be “another rate increase this year and three next year”**, assuming that the US economy and inflation remains on an upward path. Meanwhile, Dallas Fed President Robert Kaplan sounded more cautious, pointing out that FOMC members continue to discuss if tighter job market would push inflation higher, but remains **“open-minded on one more rate increase” this year.**
- **PMIs were mixed from the US but improved in the Eurozone, while the UK saw a dip in factory orders.** Sept estimates revealed that manufacturing sector in the US picked up pace, but services sector grew slightly slower. As for the Eurozone, both sectors were estimated to have grown at quicker paces. In the UK, CBI's survey on total orders at factories yielded softer figures.
- **USD retreated against 7 G10s** while the Dollar Index came under pressure from renewed threat on the US from North Korea, but managed to recover from daily lows to settle just 0.1% lower at 92.17. **Keep a bullish view on USD** as we anticipate buying interest to improve amid passing of geopolitical risk as well as supported by continued near-term Fed rate hike rhetoric. Despite last Friday's losses, a mild bullish bias still prevails and the Dollar Index gapped higher at opening. While above 92.20, we opine that there is room to soon test 92.70.
- **MYR slipped 0.25% to 4.1980 against USD** but managed to narrow early losses while climbing against all G10s. **Stay slightly bearish on MYR against a rebounding USD.** We continue to caution that USDMYR may be readying for a rebound higher, with scope to test 4.2260 in the coming weeks. Losses could come by, but as long as the pair holds above 4.1800, chances of rebound sustain.
- SGD advanced against 7 G10s and **strengthened 0.27% to 1.3459 against USD.** **SGD sustains a bearish view against a firmer USD.** A mild bullish bias continues to prevail in USDSGD, and therefore, we maintain the view of a potential climb higher above 1.3548 - 1.3550.

Overnight Economic Data

Malaysia	↑
US	→
EU	↑
UK	↓
Japan	↑

What's Coming Up Next

Major Data

- US Chicago Fed national activity index, Dallas Fed manufacturing activity
- Japan leading and coincident index
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1892	1.1911	1.1928	1.1937	1.1953	↘
USDJPY	111.69	112.00	112.50	112.60	112.90	↗
GBPUSD	1.3449	1.3484	1.3515	1.3552	1.3587	↘
AUDUSD	0.7906	0.7937	0.7966	0.7980	0.8005	↘
EURGBP	0.8774	0.8800	0.8824	0.8858	0.8910	↗
USDMYR	4.1800	4.1825	4.1890	4.1900	4.1958	↗
EURMYR	4.9814	4.9895	4.9989	5.0000	5.0066	↘
JPYMYR	3.7061	3.7200	3.7249	3.7394	3.7469	↘
GBPMYR	5.6391	5.6486	5.6644	5.6748	5.6881	↘
SGDMYR	3.1050	3.1074	3.1101	3.1133	3.1167	↘
AUDMYR	3.3350	3.3371	3.3393	3.3431	3.3464	↘
NZDMYR	3.0433	3.0490	3.0525	3.0579	3.0641	↘
USDSGD	1.3446	1.3465	1.3470	1.3493	1.3519	↗
EURSGD	1.6000	1.6023	1.6072	1.6098	1.6113	↘
GBPSGD	1.8122	1.8161	1.8212	1.8250	1.8270	↘
AUDSGD	1.0680	1.0708	1.0739	1.0742	1.0761	↘

*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	1771.0	-0.1	7.9	CRB Index	183.6	0.09	-4.6
Dow Jones Ind.	22349.6	0.0	13.1	WTI oil (\$/bbl)	50.3	0.22	-6.4
S&P 500	2502.2	0.1	11.8	Brent oil (\$/bbl)	56.9	0.05	0.1
FTSE 100	7310.6	0.6	2.3	Gold (\$/oz)	1297.3	0.50	10.8
Shanghai	3352.5	-0.2	8.0	CPO (RM/tonne)	2784.5	-1.26	-12.9
Hang Seng	27880.5	-0.8	26.7	Copper (\$/tonne)	6457.0	-0.35	16.6
STI	3220.3	0.2	11.8	Rubber (sen/kg)	514.5	-0.77	-20.2

Source: Bloomberg

* KLCI last closed on 21 Sept 2017

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY foreign reserves	Sept 15	\$100.8b	\$100.5b	--
US Markit PMI services	Sept P	55.1	56.0	55.8
US Markit PMI manufacturing	Sept P	53.0	52.8	53.0
EU Markit PMI services	Sept P	55.6	54.7	54.8
EU Markit PMI manufacturing	Sept P	58.2	57.4	57.2
UK CBI total orders	Sept	7	13	13
JP Nikkei PMI manufacturing	Sept P	52.6	52.2	--

Source: Bloomberg

- Three Fed officials spoke last Friday but gave away no new details. Kansas City Fed President Esther George commented that the Fed's plan for balance sheet reduction "was very well telegraphed" given muted market reaction. George, who had voted against QE3, said that she hopes this strategy "will be kept in a box" and never be used again.
- Meanwhile, San Francisco Fed President John Williams expects rate hikes to be gradual, and the pace of rate hike "will depend on how the economy progresses". Williams remarked that, assuming the US economy and inflation remain on track, there could be "another rate increase this year and three next year".
- Speaking at a conference last Friday, Dallas Fed President Robert Kaplan was more cautious on inflation; even as he was "open-minded on one more rate increase" this year, he commented that policy makers are discussing over whether inflation will pick-up on tighter job market.
- On the macro front, Markit surveys on services and manufacturing showed mixed results from the US and firmer growth in Eurozone, while data from the UK slipped. Early estimates revealed that US services sector grew at a softer pace in Sept, with the PMI sliding to 55.1 from 21-mothn high of 56.0 in Aug. The softer reading was due to dimmer business outlook that weighed down on firmer growth in new work and employment growth. The US manufacturing PMI inched to 53.0 in Sept estimate, up from 52.8 in Aug.
- Upsides in growth continue to be seen in Eurozone, as manufacturing PMI climbed to 58.2 in Sept estimate from 57.4 previously, while services PMI rose to 55.6 from 54.7 in Aug. Performances of both sectors were underpinned by improved employment growth and better business optimism.
- In the UK, the CBI gauge on factory orders fell in Sept. The total orders balance, which is the excess of respondents' replies on whether total order books were "above normal" or "below normal", fell to 7% in Sept from 13% in Aug.
- Japan's manufacturing sector also grew at a quicker pace in Sept, according to early estimates. The PMI inched higher to 4-month high of 52.6 from 52.2 in Aug, lifted by improved output and new orders.
- Malaysia's foreign reserve for the week ended 15 Sept increased by \$300m to \$100.8b. Extended climbs signaled continuous recovery in reserves position underpinned by trade surplus and inflows.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	9/25	Chicago Fed national activity index	Aug	-0.25	-0.01	--
		Dallas Fed manufacturing activity	Sept	11.5	17.0	--
	9/26	S&P CoreLogic house prices YOY	Jul	5.70%	5.65%	--
		New home sales MOM	Aug	2.9%	-9.4%	--
		Conference Board consumer confidence	Sept	120.00	122.9	--
		Richmond Fed manufacturing index	Sept	13	14	--
Japan	9/25	Leading index	Jul F	--	105	--
		Coincident index	Jul F	--	115.6	--
Hong Kong	9/26	Exports YOY	Aug	9.5%	7.3%	--
Singapore	9/25	CPI YOY	Aug	0.6%	0.6%	--
	9/26	Industrial production YOY	Aug	15.5%	21.0%	--
New Zealand	9/26	Trade balance	Aug	-825m	85m	--
		ANZ business confidence	Sept	--	18.3	--
Vietnam	9/25 - 30	Retail sales YTD	Sept	--	10.3%	--
		GDP YOY YTD	Sept	--	5.73%	--
		Exports YOY YTD	Sept	--	17.9%	--
		Industrial production YOY	Sept	--	8.4%	--
		CPI YOY	Sept	3.50%	3.35%	--

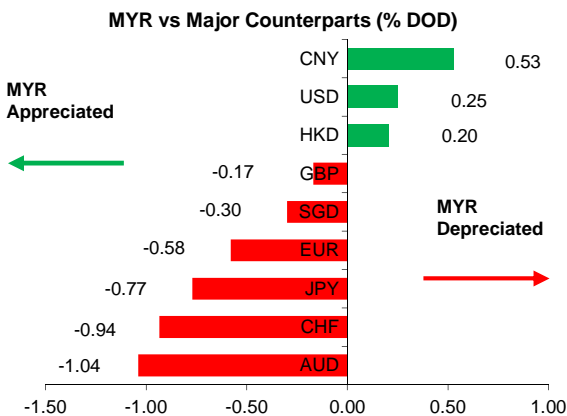
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1951	0.08	1.2004	1.1937	13.4
USDJPY	111.99	-0.44	112.56	111.65	-4.0
GBPUSD	1.3504	-0.56	1.3596	1.3451	9.4
AUDUSD	0.7962	0.42	0.7986	0.7908	10.4
EURGBP	0.8850	0.66	0.8886	0.8790	3.4
USDMYR	4.1980	0.25	4.2048	4.1900	-6.4
EURMYR	5.0015	-0.58	5.0054	4.9714	5.9
JPYMYR	3.7345	-0.77	3.7394	3.7221	-2.5
GBPMYR	5.6649	-0.17	5.6748	5.6483	2.7
SGDMYR	3.1070	-0.30	3.1104	3.0999	0.2
AUDMYR	3.3380	-1.04	3.3675	3.3351	3.0
NZDMYR	3.0731	-0.35	3.0856	3.0639	-1.5

Source: Bloomberg

*MYR last closed on 21 Sept 2017



Forex

MYR

- **MYR slipped 0.25% to 4.1980 against USD** but managed to narrow early losses while climbing against all G10s.
- **Stay slightly bearish on MYR against a rebounding USD.** We continue to caution that USDMYR may be readying for a rebound higher, with scope to test 4.2260 in the coming weeks. Losses could come by, but as long as the pair holds above 4.1800, chances of rebound sustain.

USD

- **USD retreated against 7 G10s** while the Dollar Index came under pressure from renewed threat on the US from North Korea, but managed to recover from daily lows to settle just 0.1% lower at 92.17.
- **Keep a bullish view on USD** as we anticipate buying interest to improve amid passing of geopolitical risk as well as supported by continued near-term Fed rate hike rhetoric. Despite last Friday's losses, a mild bullish bias still prevails and the Dollar Index gapped higher at opening. While above 92.20, we opine that there is room to soon test 92.70.

EUR

- **EUR returned early gains to close just 0.08% higher at 1.1951 against USD** and advanced against 5 G10s.
- **EUR remains bearish against USD** in anticipation of firmer buying support of the greenback. Bearish bias is expectedly firmer after EURUSD gapped below 1.1937 at opening. Losses are likely to prevail going forward, and there is room for EURUSD to close below 1.1885.

GBP

- **GBP tumbled against all G10s and fell 0.56% to 1.3504 against USD** amid rising Brexit uncertainties as well as on UK's credit rating cut by Moody's.
- **GBP is likely to stay slightly bearish against USD,** weighed down by sell-off on extended Brexit concerns and recent rating cut. Bullish bias continues to retreat in GBPUSD, and we therefore continue to set sights on further retracements. Sliding below 1.3500 will encourage the bears and could push GBPUSD lower to circa 1.3406.

JPY

- **JPY advanced against all G10s and strengthened 0.44% to 111.99 against USD,** supported by improved refuge demand.
- **We stay bearish on JPY against USD** as refuge demand is likely to retreat after a brief flare-up of risk aversion in the markets. USDJPY is still technically bullish and now targets 112.90. The 113.97 level will be under threat if 112.90 is broken.

AUD

- **AUD was supported by firmer commodities to beat 8 G10s and jumped 0.42% to 0.7962 against USD.**
- **We are still bearish on AUD against a firmer USD.** Bearish bias is still picking up, and we now set sights on a drop below 0.7906 soon. Closing below 0.7906 will bolster the bears that could push AUDUSD to circa 0.7821 going forward.

SGD

- **SGD advanced against 7 G10s and strengthened 0.27% to 1.3459 against USD.**
- **SGD sustains a bearish view against a firmer USD.** A mild bullish bias continues to prevail in USDSGD, and therefore, we maintain the view of a potential climb higher above 1.3548 – 1.3550.

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