

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Data overnight continued to affirm a more encouraging outlook in the US, but Japan's macro picture were slightly dented while the Eurozone remained firm despite mixed headline PMI figures.**
- Advanced PMI reports for Oct showed that growth in manufacturing and services sectors in the US accelerated, amid a mixture of quicker expansion in key areas. The overall outlook remains firm and hints at another rate hike going forward.
- The macro landscape in the Eurozone remains intact with solid numbers from the PMI reports though pace of growth was slightly slower in services sector. In Japan, data came in on the downside, suggesting that growth remains unsteady despite recent improved view.
- **MYR advanced 0.13% to 4.2320 against USD** and strengthened against 7 G10s on likelihood of a technical rebound after recent losses. **MYR stays bearish in our view in anticipation of a firmer USD** and a wane in 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.
- **USD strengthened against 8 G10s** while the Dollar Index buoyed by firmer US data as it narrowed most of its losses from a gap down at opening to settle 0.17% lower at 93.72. **Stay bullish on USD** amid firming of US growth outlook and risk aversion in European majors ahead of ECB policy decision tomorrow. The Dollar Index has mildly breached 93.90 as expected and is establishing a longer-term move to 94.44.
- SGD was lifted by stronger equities to beat 7 G10s but **slipped 0.07% to 1.3626 against USD. SGD remains bearish against a firm USD**, further weighed down by lack of buying interest ahead of Singapore data tomorrow. A break above 1.3629 in early trade is a bullish USDUSDG sign to us. USDUSDG is still technically bullish thus we continue to set sights on an advance to 1.3670 in the next leg higher.

Overnight Economic Data

US	↑
EU	→
Japan	↓

What's Coming Up Next

Major Data

- US MBA mortgage applications, durable goods orders, new home sales
- UK 3Q GDP, Index of services
- Australia CPI

Major Events

- European Commission economic forecast

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1798	1.1733	1.1757	1.1779	1.1800	↘
USDJPY	113.50	113.84	113.92	113.97	114.10	↗
GBPUSD	1.3100	1.3111	1.3129	1.3155	1.3184	↘
AUDUSD	0.7710	0.7739	0.7751	0.7779	0.7800	↘
EURGBP	0.8916	0.8939	0.8956	0.8960	0.8967	↘
USDMYR	4.2300	4.2339	4.2350	4.2365	4.2380	↗
EURMYR	4.9742	4.9774	4.9783	4.9803	4.9889	↘
JPYMYR	3.7150	3.7180	3.7206	3.7245	3.7341	↘
GBPMYR	5.5486	5.5500	5.5582	5.5661	5.5777	↘
SGDMYR	3.1031	3.1045	3.1066	3.1092	3.1100	↘
AUDMYR	3.2750	3.2792	3.2810	3.2852	3.2917	↘
NZDMYR	2.9180	2.9200	2.9227	2.9252	2.9292	↘
USDUSDG	1.3601	1.3629	1.3638	1.3650	1.3677	↗
EURUSDG	1.6006	1.6020	1.6029	1.6040	1.6054	↗
GBUSDG	1.7855	1.7868	1.7894	1.7900	1.7921	↗
AUDUSDG	1.0535	1.0550	1.0561	1.0569	1.0579	↘

*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	1736.1	-0.3	5.8	CRB Index	185.8	0.60	-3.5
Dow Jones Ind.	23441.8	0.7	18.6	WTI oil (\$/bbl)	52.5	1.10	-2.7
S&P 500	2569.1	0.2	14.8	Brent oil (\$/bbl)	58.3	1.67	2.7
FTSE 100	7526.5	0.0	5.4	Gold (S/oz)	1282.3	0.10	10.8
Shanghai	3388.2	0.2	9.2	CPO (RM/tonne)	2753.5	1.03	-13.9
Hang Seng	28155.0	-0.5	28.0	Copper (\$/tonne)	7035.5	0.45	27.1
STI	3334.7	-0.5	15.8	Rubber (sen/kg)	463.5	0.22	-28.1

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Markit PMI manufacturing	Oct P	54.5	53.1	53.5
US Markit PMI services	Oct P	55.9	55.3	55.2
US Richmond Fed manufacturing	Oct	12	19	17
EU Markit PMI manufacturing	Oct P	58.6	58.1	57.8
EU Markit PMI services	Oct P	54.9	55.8	55.6
JP Nikkei PMI manufacturing	Oct P	52.5	52.9	--
JP supermarket sales YOY	Sept	-0.3%	-0.5%	--

- Data flows firmed up from the US, but Japan's dipped and was mixed from the Eurozone.
- The US produced another set of better than expected figures that indicate growth continues to firm up in manufacturing and services sectors. The manufacturing PMI climbed to 9-month high at 54.5 in Oct advance estimates, rising from 53.1 as pace of growth in production, new orders and new export orders accelerated, boosting employment. The services PMI rose to 55.9 from 55.3 in Sept, lifted by firmer business activity that offset softer new orders and employment. However, findings from Richmond Fed suggest that manufacturing activity in that district grew slower in Oct, with the index sliding from 19 in Sept to 12.
- Early Oct PMI readings from the Eurozone showed a contrast in growth between manufacturing and services sector. Manufacturing PMI inched higher to 58.6 from 58.1, driven by growth in new orders at 4-month high, firmer expansion in new export orders and employment. The services PMI, however, disappointed with a drop to 54.9 from 55.8 in Sept as output and new orders moderated even as employment growth remains firm.
- Manufacturing sector in Japan was estimated to have grown at a softer pace in Oct; the PMI eased to 54.9 from 55.8, led by slower growth in output, new orders and new export orders, though the bright spot was quicker expansion in employment. Contraction in spending continues to show signs of bottoming out as Japanese chain stores recorded a smaller decline of 0.3% YOY after falling 0.5%. The small improvement was driven by rebound in sales of clothing and procurement of services, offsetting declines in sales of food and household goods.

Source: Bloomberg

Economic Calendar Release Date

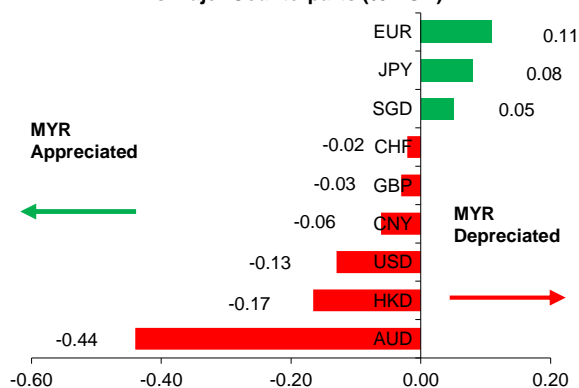
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	10/25	MBA mortgage applications	Oct 20	--	3.6%	--
		Durable goods orders	Sept P	1.0%	2.0%	--
		New home sales MOM	Sept	-1.1%	-3.4%	--
	10/26	Initial jobless claims	Oct 21	2.35k	222k	--
		Pending home sales MOM	Sept	0.3%	-2.6%	--
		Kansas City Fed manufacturing	Oct	17	17	--
EU	10/25 – 26	European Commission econs forecast				
	10/26	ECB main refinancing rate	Oct 26	0.00%	0.00%	--
UK	10/25	GDP QOQ	3Q A	0.3%	0.3%	--
		Index of services	Aug	0.3%	-0.2%	--
	10/26	CBI reported sales	Oct	14	42	--
Japan	10/26	PPI services YOY	Sept	0.8%	0.8%	--
Hong Kong	10/26	Exports YOY	Sept	5.9%	7.4%	--
Singapore	10/26	Industrial production YOY	Sept	10.0%	19.1%	--
Australia	10/25	CPI YOY	3Q	2.0%	1.9%	--
New Zealand	10/26	Trade balance NZD	Sept	-\$900m	-\$1235m	--
Vietnam	10/25 – 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	1.1761	0.10	1.1793	1.1743	11.8
USDJPY	113.90	0.41	114.02	113.25	-2.6
GBPUSD	1.3134	-0.48	1.3228	1.3113	6.4
AUDUSD	0.7776	-0.40	0.7825	0.7771	7.9
EURGBP	0.8956	0.60	0.8976	0.8894	4.9
USDMYR	4.2320	-0.13	4.2355	4.2320	-5.7
EURMYR	4.9781	0.11	4.9841	4.9714	5.4
JPYMYR	3.7220	0.08	3.7383	3.7217	-2.9
GBPMYR	5.5780	-0.03	5.6011	5.5738	1.2
SGDMYR	3.1079	-0.02	3.1160	3.1068	0.2
AUDMYR	3.2923	-0.44	3.3135	3.2906	1.6
NZDMYR	2.9326	-0.48	2.9662	2.9292	-6.0

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR advanced 0.13% to 4.2320 against USD** and strengthened against 7 G10s on likelihood of a technical rebound after recent losses.
- **MYR stays bearish in our view in anticipation of a firmer USD** and a wane in 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.

USD

- **USD strengthened against 8 G10s** while the Dollar Index buoyed by firmer US data as it narrowed most of its losses from a gap down at opening to settle 0.17% lower at 93.72.
- **Stay bullish on USD** amid firming of US growth outlook and risk aversion in European majors ahead of ECB policy decision tomorrow. The Dollar Index has mildly breached 93.90 as expected and is establishing a longer-term move to 94.44.

EUR

- **EUR climbed to the top spot amongst the G10s and rose 0.1% to 1.1761 against a relatively softer USD.**
- **Expect a bearish EUR against USD** on disinterest amid on-going political jitters and ahead of ECB policy decision. Rebound overnight was stemmed before 1.18 and we reckon that this is a growing likelihood in the event of attempts at pushing higher. We still to set sights on a test, and likely break, at 1.1733; losing this risks a drop to 1.1687.

GBP

- **GBP fell 0.48% to 1.3134 against USD** and retreated against 7 G10s as positive effect from progress at Brexit talks wane while European majors rebounded.
- **We now turn bearish on GBP against USD** on technical reasons. Technical landscape has changed after sliding through firm support levels due to rejection by 1.3216 as noted. GBPUSD is now on track to a decline below 1.3111, with scope to test 1.3042 next.

JPY

- **JPY returned to weakness**, falling against 6 G10s and **weakened 0.41% to 113.90 against USD** as refuge demand in the markets retreated.
- **JPY is still bearish in our view against USD** amid downside impact of markets expecting the prolonging of loose BOJ monetary policy. We continue to expect USDJPY edging higher towards 114.00, with scope to pull higher to circa 114.49.

AUD

- **AUD tumbled 0.4% to 0.7776 against USD** and weakened against 5 G10s, weighed down by relatively softer metal prices and risk aversion ahead of Australia CPI data today.
- **AUD is still bearish against a firm USD**, further pressured by a softer than expected Australia CPI. AUDUSD expectedly slipped to 0.7754 and below. A firmer bearish bias has emerged, thus expect further losses going forward. We caution that breaking below 0.7710 could establish a drop to circa 0.7517.

SGD

- **SGD was lifted by stronger equities to beat 7 G10s but slipped 0.07% to 1.3626 against USD.**
- **SGD remains bearish against a firm USD**, further weighed down by lack of buying interest ahead of Singapore data tomorrow. A break above 1.3629 in early trade is a bullish USDSGD sign to us. USDSGD is still technically bullish thus we continue to set sights on an advance to 1.3670 in the next leg higher.

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