

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Geopolitical tensions surrounding North Korea continued to spur flight to safety**, bidding up haven assets including the UST, gold, and JPY, overshadowing central bankers' speaks. **Ahead of Fed Chair Yellen's speech tonight, Fed Dudley said that "inflation will rise and stabilize around the 2% objective over the medium term"**, and the Fed will respond with continued removal of accommodative policy. On the contrary, **Fed Evans mentioned there needs to be "clear signs of building wage and price pressures before taking the next step" in policy**, so that markets do not "misread" the Fed as having "lack of concern over inflation outlook".
- **ECB President Draghi** also spoke in a separate event, **expressing more confident that inflation will eventually head towards the central bank's target** with the support of continuous accommodative monetary policy.
- **USD rebounded to beat 8 G10s**, supported by renewed buying interest amid firmer expectations of a near-term Fed rate hike as well as weakness in European majors. The Dollar Index rose steadily through European session before plateauing in US afternoon and closing 0.52% higher at 92.64. **USD remains bullish in our view** on firm buying interest amid another round of Fed speaks that are likely to reaffirm the Fed's recent hawkish tone. Upside momentum is gaining ground for the Dollar Index and it is poised to challenge 92.72 next, above which the 93.05 level will be threatened.
- **MYR slipped 0.15% to 4.2045 against USD** after overturning gains from early trade in European session, but managed to advance against 6 G10s. **Stay slightly bearish on MYR against a rebounding USD** and on the back of renewed risk aversion in the markets. 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 was also pressured by risk-off sentiment in the markets, sliding against 6 G10s and **falling 0.4% to 1.3511 against USD**. **SGD sustains a bearish view against a firmer USD** amid rising risk-off in the markets. 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

US
Japan
Singapore
New Zealand



What's Coming Up Next

Major Data

- US house prices, new homes sales, consumer confidence and Richmond Fed manufacturing index
- Hong Kong exports
- Singapore industrial production

Major Events

- Fed Chair Yellen's speech

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1800	1.1825	1.1854	1.1876	1.1900	↘
USDJPY	111.14	111.45	111.67	111.88	112.00	↘
GBPUSD	1.3406	1.3449	1.3479	1.3501	1.3552	↘
AUDUSD	0.7890	0.7906	0.7935	0.7942	0.7980	↘
EURGBP	0.8775	0.8783	0.8794	0.8812	0.8834	↘
USDMYR	4.1980	4.2000	4.2050	4.2090	4.2150	↗
EURMYR	4.9714	4.9814	4.9844	4.9896	5.0000	↘
JPYMYR	3.7542	3.7588	3.7641	3.7698	3.7767	↘
GBPMYR	5.6391	5.6517	5.6684	5.6748	5.6881	↘
SGDMYR	3.1074	3.1100	3.1121	3.1150	3.1178	↘
AUDMYR	3.3250	3.3300	3.3352	3.3371	3.3453	↘
NZDMYR	3.0433	3.0478	3.0512	3.0574	3.0641	↘
USDSGD	1.3491	1.3500	1.3511	1.3534	1.3544	↗
EURSGD	1.5981	1.6009	1.6017	1.6053	1.6092	↘
GBPSGD	1.8165	1.8191	1.8214	1.8253	1.8285	↘
AUDSGD	1.0698	1.0710	1.0721	1.0736	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	1769.1	-0.1	7.8	CRB Index	184.6	0.57	-4.1
Dow Jones Ind.	22296.1	-0.2	12.8	WTI oil (\$/bbl)	52.2	3.10	-3.4
S&P 500	2496.7	-0.2	11.5	Brent oil (\$/bbl)	59.0	3.80	3.9
FTSE 100	7301.3	-0.1	2.2	Gold (\$/oz)	1297.3	0.50	10.8
Shanghai	3341.5	-0.3	7.7	CPO (RM/tonne)	2776.5	-0.31	-13.2
Hang Seng	27500.3	-1.4	25.0	Copper (\$/tonne)	6450.0	-0.11	16.5
STI	3215.9	-0.1	11.6	Rubber (sen/kg)	513.5	-0.19	-20.4

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Chicago Fed national activity index	Aug	-0.31	0.03	-0.25
US Dallas Fed manufacturing activity	Sept	21.3	17.0	11.5
JP leading index	Jul F	105.2	105.0	--
JP coincident index	Jul F	115.7	115.6	--
SG CPI YOY	Aug	0.4%	0.6%	0.6%
NZ trade balance	Aug	-1235m	98m	-825m
NZ ANZ business confidence	Sept	0.0	18.3	--

Source: Bloomberg

- Fed officials followed up with more speeches overnight. In his speech, New York Fed President William Dudley said that “inflation will rise and stabilize around the 2% objective over the medium term”, and the Fed will respond with continued removal of accommodative policy. Chicago Fed Charles Evans struck a different tone, however, stating there needs to be “clear signs of building wage and price pressures before taking the next step” in policy, so that markets do not “misread” the Fed as having “lack of concern over inflation outlook”.
- US data were mixed; Chicago Fed's national activity index sank to -0.31 in Aug from 0.03 in Jul, indicating that the overall economy and inflation now trends below historical average. On the other hand, Dallas Fed survey on manufacturers revealed that general business activity in Texas improved in Sept; the gauge increased to 21.3 from 17.0 in Aug, besting estimates of a rise to 11.5.
- Leading and coincident index in Japan was upwardly revised in July's final reading. The leading index was revised to 105.2 from 105.0, but still short of the 105.7 reading in Jun. Meanwhile, the coincident index was revised to 115.7 from 115.6, also short of Jun's 116.8. Lower figures reflect softer performances of data from industrial production, shipments of durable consumer good, retail sales value, new job offers, new machinery orders and consumer confidence, among others.
- Consumer prices in Singapore slowed to 0.4% YOY in Aug, easing from 0.6% in Jul. The softest growth in 4 months was attributed to slowdown in prices of major components such as food (Aug: +1.2% vs Jul: +1.4%) and transport (Aug: +1.4% vs Jul: +2.0%), as well as extended decline in housing & utilities (Aug: -2.3% vs Jul: -2.5%).
- New Zealand's trade surplus for Jul was upwardly revised from NZD 85m to NZD 98m, but that excess fell into a deficit of NZD 1.23b in Aug. Exports in Aug registered a softer than expected increase to NZD 3.69b, while imports outperformed with a NZD 4.92b increase. Meanwhile, the ANZ gauge on business confidence plunged to 0 in Sept from 18.3 in Aug, as outlook on activity, exports, investments as well as employment declined.

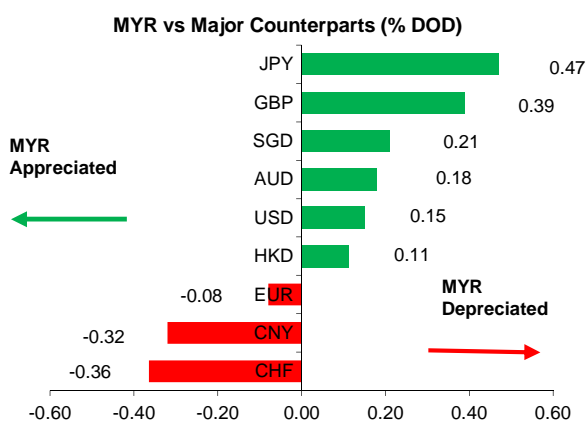
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	9/26	S&P CoreLogic house prices YOY	Jul	5.70%	5.65%	--
		New home sales MOM	Aug	2.9%	-9.4%	--
		Conference Board consumer confidence	Sept	120.00	122.9	--
		Richmond Fed manufacturing index	Sept	13	14	--
	9/27	MBA mortgage applications	Sept 22	--	-9.7%	--
		Durable goods orders	Aug P	1.0%	-6.8%	--
		Pending home sales	Aug	-0.5%	-0.8%	--
UK	9/27	CBI reported sales	Sept	8	-10	--
Japan	9/27	Small business confidence	Sept	49.5	49.0	--
		Machine tool orders YOY	Aug F	--	36.3%	--
China	9/27	Industrial profits YOY	Aug	--	16.5%	--
Hong Kong	9/26	Exports YOY	Aug	9.5%	7.3%	--
Singapore	9/26	Industrial production YOY	Aug	15.5%	21.0%	--
Vietnam	9/26 - 30	Retail sales YTD	Sept	--	10.3%	--
		GDP YOY YTD	Sept	6.05%	5.73%	--
		Exports YOY YTD	Sept	19.5%	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	1.1848	-0.86	1.1937	1.1832	12.7
USDJPY	111.73	-0.23	112.53	111.48	-4.4
GBPUSD	1.3466	-0.28	1.3571	1.3431	9.2
AUDUSD	0.7937	-0.31	0.7974	0.7926	10.1
EURGBP	0.8798	-0.59	0.8848	0.8775	3.0
USDMYR	4.2045	0.15	4.2045	4.1880	-6.3
EURMYR	4.9977	-0.08	5.0094	4.9896	5.8
JPYMYR	3.7522	0.47	3.7542	3.7234	-2.1
GBPMYR	5.6872	0.39	5.6913	5.6611	3.1
SGDMYR	3.1135	0.21	3.1167	3.1082	0.4
AUDMYR	3.3440	0.18	3.3453	3.3324	3.2
NZDMYR	3.0573	-0.51	3.0630	3.0396	-2.0

Source: Bloomberg



Forex

MYR

- **MYR slipped 0.15% to 4.2045 against USD** after overturning gains from early trade in European session, but managed to advance against 6 G10s.
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USD

- **USD rebounded to beat 8 G10s**, supported by renewed buying interest amid firmer expectations of a near-term Fed rate hike as well as weakness in European majors. The Dollar Index rose steadily through European session before plateauing in US afternoon and closing 0.52% higher at 92.64.
- **USD remains bullish in our view** on firm buying interest amid another round of Fed speaks that are likely to reaffirm the Fed's recent hawkish tone. Upside momentum is gaining ground for the Dollar Index and it is poised to challenge 92.72 next, above which the 93.05 level will be threatened.

EUR

- **EUR plunged 0.86% to 1.1848 against USD** and fell against 8 G10s, weighed down by rising political concerns after Chancellor Merkel's party achieved a narrower than expected election victory.
- **EUR remains bearish against USD** as downsides from political concerns persist. EURUSD expectedly close below 1.1885; recent decline has given room for modest rebound, which will likely be repelled by 1.1916 before sliding below 1.1848 going forward. We expect EURUSD to soon test 1.1800.

GBP

- **GBP** was supported by soft European majors to beat 5 G10s but **fell 0.28% to 1.3466 against a firmer USD**.
- **GBP is likely to stay slightly bearish against USD**, weighed down by extended Brexit concerns as markets await potential news flow from UK PM May's meeting with EU President Tusk. Bullish bias continues to retreat in GBPUSD, and we therefore continue to set sights on further retracements. GBPUSD is likely taking aim at 1.3406 after losing 1.3500.

JPY

- **JPY** advanced against 8 G10s and **strengthened 0.23% to 111.73 against USD**, supported by renewed refuge demand on geopolitical concerns.
- **We turn bullish on JPY against USD** as refuge demand returns. USDJPY is losing momentum and under pressure while below 112.00. There is scope to test 111.45; a close below this is likely to trigger a drop to 110.66 in the next leg lower.

AUD

- **AUD** was weighed down by risk-off in the markets, sliding against 5 G10s and **falling 0.31% to 0.7937 against USD**.
- **We are still bearish on AUD against a firmer USD**, weighed down by rising risk-off in the markets. 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** was also pressured by risk-off sentiment in the markets, sliding against 6 G10s and **falling 0.4% to 1.3511 against USD**.
- **SGD sustains a bearish view against a firmer USD** amid rising risk-off in the markets. 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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