

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets turned risk-on, lifted by intensifying Fed rate hike expectations and optimism an upcoming proposed tax reform plan by the Trump administration will spur the US economy.** This came despite **diverging Fed speaks and mixed US data overnight.** Echoing Yellen's hawkish stance, **Fed Rosengren commented that the Fed should raise rates in a "regular and gradual" manner despite low inflation**, which is temporary in her view. On the contrary, **Fed Bullard sounded somewhat dovish**, saying the Fed should hold on to rates given that inflation remains below the Fed 2% target and that growth is trending around the low 2% ranges.
- Early this morning, **RBNZ decided to keep its official cash rate at 1.75%, and signaled that monetary policy will remain accommodative for a considerable period, amid weaker growth and price outlook.** Cautious RBNZ policy tone suggests the official cash rate will stay at record low for some time. Uncertainties over formation of a new government following an inconclusive general election over the weekend is also expected to keep RBNZ on the sideline.
- **USD advanced against all G10s**, with the Dollar Index climbing steadily through Asian and European sessions. Despite paring back some gains in US trading, the Dollar Index still managed to close 0.42% higher at 93.36, supported by growing expectations of a December Fed rate hike, and to a lesser extent, optimism over Trump's upcoming tax reform plan. **USD is expected to keep a bullish path** on extended buying interest from Fed's hawkish rhetoric. Expect firm US 2Q GDP data to further boost the bulls. Technically, the Dollar Index remains bullish, targeting to test or perhaps break 93.69. Bypassing this firm resistance will ease the passage for further advances to 95.00 – 95.20.
- **MYR** traded on a softer note for the 4th consecutive day on the back of a rebounding USD spearheaded by Fed rate hike outlook. The local unit **closed 0.36% weaker at 4.2215** against the greenback, its weakest in three weeks but managed to strengthen against the EUR, GBP, JPY and AUD. MYR remains bearish today amid a strengthening USD. Technically, USDMYR has turned bullish and the pair is on track to test 4.2260 in our view. Beating 4.2260 will set a course for 4.2406.
- **SGD weakened 0.36% to 1.3594** against **USD** but managed to advance against 8 G10s. **SGD is likely to stay bearish against a firmer USD.** We set sights on a test at 1.3605 next, above which 1.3632 will be challenged.

Overnight Economic Data

US	→
UK	↓
Japan	↑
China	↑

What's Coming Up Next

Major Data

- US final 2Q GDP, initial jobless claims, Kansas City Fed manufacturing activity
- EU economic confidence, biz climate indicator, consumer confidence

Major Events

- Fed George and Bostic speaks
- BOE Carney speech

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1709	1.1721	1.1752	1.1805	1.1832	↘
USDJPY	111.50	112.69	112.78	112.83	112.97	↗
GBPUSD	1.3365	1.3383	1.3403	1.3428	1.3459	↘
AUDUSD	0.7822	0.7840	0.7856	0.7911	0.7937	↘
EURGBP	0.8725	0.8750	0.8768	0.8775	0.8809	↘
USDMYR	4.2048	4.2100	4.2180	4.2183	4.2215	↗
EURMYR	4.9498	4.9572	4.9579	4.9688	4.9714	↘
JPYMYR	3.7234	3.7394	3.7399	3.7482	3.7518	↘
GBPMYR	5.6487	5.6517	5.6544	5.6586	5.6647	↘
SGDMYR	3.0938	3.1003	3.1045	3.1074	3.1097	↘
AUDMYR	3.3027	3.3084	3.3130	3.3235	3.3371	↘
NZDMYR	3.0382	3.0430	3.0451	3.0472	3.0509	↗
USDSGD	1.3557	1.3574	1.3590	1.3607	1.3620	↗
EURSGD	1.5942	1.5955	1.5971	1.5986	1.6000	↘
GBPSGD	1.8184	1.8200	1.8217	1.8230	1.8285	↘
AUDSGD	1.0655	1.0668	1.0673	1.0700	1.0723	↘

*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	1764.2	-0.1	7.5	CRB Index	183.9	0.25	-4.5
Dow Jones Ind.	22340.7	0.3	13.0	WTI oil (\$/bbl)	52.1	0.50	-2.9
S&P 500	2507.0	0.4	12.0	Brent oil (\$/bbl)	57.9	-0.92	-4.3
FTSE 100	7313.5	0.4	2.4	Gold (\$/oz)	1282.8	-0.90	8.1
Shanghai	3345.3	0.1	7.8	CPO (RM/tonne)	2728.0	0.66	-14.7
Hang Seng	27642.4	0.5	25.6	Copper (\$/tonne)	6413.0	-0.57	15.9
STI	3236.2	0.8	12.3	Rubber (sen/kg)	518.0	-1.05	-19.7

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US MBA mortgage application	22 Sept	-0.5%	-9.7%	--
US durable goods orders	Aug P	1.7%	-6.8%	1.0%
US pending home sales	Aug	-2.6%	-0.8%	-0.5%
UK CBI reported sales	Sept	42	-10	8
JP small biz confidence	Sept	49.4	49.0	49.5
JP machine tool orders YOY	Aug F	36.2%	36.3%	--
CH industrial profits YOY	Aug	24.0%	16.5%	--
NZ RBNZ official cash rate	Sept 28	1.75%	1.75%	1.75%

Source: Bloomberg

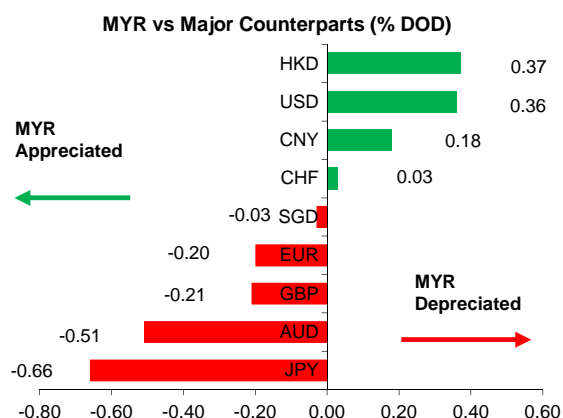
- Echoing Yellen's hawkish stance, Fed Rosengren commented that the Fed should raise rates in a "regular and gradual" manner despite low inflation, which is temporary in her view. He further cautioned against risk of a tight labour market which could result in risks of an overheating economy. On the contrary, Fed Bullard sounded somewhat dovish, saying the Fed should hold on to rates given that inflation remains below the Fed 2% target and that growth is trending around the low 2% ranges. Fed Brainard's speech meanwhile did not touch on monetary policy.
- US data remained a mixed bag. Durable goods orders rebounded more than expected to increase 1.7% MOM in August, proving last month's decline was merely a normalization from June's gain. The broad-based sectoral gains from auto to electronics also point to increased business spending that will support growth in 3Q. On the contrary, pending home sales fell more than expected by 2.6% MOM in August, adding to signs of a weakening US housing market also storm-related factors are partly to be blamed. Weekly mortgage applications also extended its decline, falling 0.5% for the week ended 22-September, as continuous fall in refinancing offset a rebound in new purchases.
- UK retail sales index by CBI survey staged a hefty rebound to 42 in September, a 2-year high, spurred by sharp improvement in orders and sales led by the auto sector. The higher print offered hopes consumers are beginning to spend again despite higher inflation pressure and amid Brexit uncertainties.
- Asia data remains relatively upbeat. Industrial profits expanded at its best pace in four years, by 24.0% YOY in August, reflecting increased profitability thanks to lower costs and renewed climb in producer prices, led by the oil, steel, and electronics industries. Better profitability suggests China's reforms to rein in excess capacity and credit growth are taking shape.
- In Japan, small business confidence ticked higher to 49.4 in September, but remained short of the 50 threshold. Better confidence among manufacturers was somewhat negated by weaker confidence among non-manufacturing setups. In tandem, growth in machine tool orders quickened to 36.2% YOY in August (Jul: +28.0%), marking its fastest gain in nearly three years, as both locals and foreigners ramped up their capex, pointing to recovery in investment as businesses turn more optimistic over its growth prospects.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	9/28	GDP annualized QOQ	2Q T	3.0%	3.0%	--
		Personal consumption	2Q T	3.3%	3.3%	--
		Core PCE QOQ	2Q T	0.9%	0.9%	--
		Initial jobless claims	Sept 23	270k	259k	--
		Kansas City Fed manufacturing activity	Sept	14	16	--
	9/29	Personal income	Aug	0.2%	0.4%	--
		Personal spending	Aug	0.1%	0.3%	--
		PCE core YOY	Aug	1.4%	1.4%	--
		Chicago PMI	Sept	58.7	58.9	--
		Uni Michigan consumer sentiments	Sept F	95.3	95.3	--
EU	9/28	Economic confidence	Sept	112.0	111.9	--
		Business climate indicator	Sept	1.12	1.09	--
		Consumer confidence	Sept F	-1.2	-1.2	--
UK	9/29	CPI estimate YOY	Sept	1.6%	1.5%	--
	9/29	GfK consumer confidence	Sept	-11	-10	--
		Nationwide house prices YOY	Sept	1.9%	2.1%	--
		Net consumer credit	Aug	1.4b	1.2b	--
		Mortgage approvals	Aug	67.3k	68.7k	--
Japan	9/29	GDP QOQ	2Q F	0.3%	0.3%	--
		Jobless rate	Aug	2.8%	2.8%	--
		Overall household spending YOY	Aug	0.9%	-0.2%	--
		National CPI YOY	Aug	0.6%	0.4%	--
		Retail sales MOM	Aug	-0.5%	1.1%	--
		Retail trade YOY	Aug	2.5%	1.9%	1.8%
		Industrial production MOM	Aug P	1.8%	-0.8%	--
		Housing starts YOY	Aug	0.6%	-2.3%	--
China	9/29	Caixin PMI manufacturing	Sept	51.5	51.6	--
Vietnam	9/29	Retail sales YTD	Sept	--	10.3%	--
		GDP YOY YTD	Sept	6.10%	5.73%	--
		Exports YOY YTD	Sept	19.5%	17.9%	--
		Industrial production YOY	Sept	--	8.4%	--
		CPI YOY	Sept	3.40%	3.35%	--

Source: Bloomberg

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1745	0.41	1.1795	1.1717	11.6
USDJPY	112.84	0.53	113.26	112.22	-3.5
GBPUSD	1.3387	0.53	1.3461	1.3364	8.5
AUDUSD	0.7849	0.47	0.7889	0.7836	8.9
EURGBP	0.8774	0.13	0.87995	0.8746	2.7
USDMYR	4.2215	0.36	4.2963	4.2820	-5.9
EURMYR	4.9600	0.20	4.9042	4.8877	5.0
JPYMYR	3.7413	0.66	3.7940	3.7789	-2.4
GBPMYR	5.6545	0.21	5.5687	5.5505	2.6
SGDMYR	3.1078	0.03	3.1267	3.1181	0.2
AUDMYR	3.3128	0.51	3.3323	3.3182	2.2
NZDMYR	3.0376	0.05	3.1506	3.1392	-2.6

Source: Bloomberg



Forex

MYR

- **MYR** traded on a softer note for the 4th consecutive day on the back of a rebounding USD spearheaded by Fed rate hike outlook. The local unit **closed 0.36% weaker at 4.2215** against the greenback, its weakest in three weeks but managed to strengthen against the EUR, GBP, JPY and AUD.
- MYR remains bearish today amid a strengthening USD. Technically, USDMYR has turned bullish and the pair is on track to test 4.2260 in our view. Beating 4.2260 will set a course for 4.2406.

USD

- **USD advanced against all G10s**, with the Dollar Index climbing steadily through Asian and European sessions. Despite paring back some gains in US trading, the Dollar Index still managed to close 0.42% higher at 93.36, supported by growing expectations of a December Fed rate hike, and to a lesser extent, optimism over Trump's upcoming tax reform plan.
- **USD is expected to keep a bullish path** on extended buying interest from Fed's hawkish rhetoric. Expect firm US 2Q GDP data to further boost the bulls. Technically, the Dollar Index remains bullish, targeting to test or perhaps break 93.69. Bypassing this firm resistance will ease the passage for further advances to 95.00 – 95.20.

EUR

- **EUR fell 0.41% to 1.1745 against extended strength in the USD** but outperformed 6 G10s as concerns over political uncertainties in Eurozone dissipating somewhat.
- **EUR remains bearish on the back of a rebounding USD** and prevailing political concern in Eurozone. EURUSD is targeting 1.1733, and bears will gain once 1.1725 is broken, triggering a potential decline to 1.1663.

GBP

- **GBP narrowed its losses to close 0.53% weaker against the USD at 1.3387** after the release of upbeat retail index. The sterling however traded weaker against 7 G10s.
- GBP received a minor boost from BOE's Chief Economist Haldane's comment this morning that some reduction in stimulus may be warranted but **the pair is likely to stay bearish overall against extended strength in the USD**. Momentum in the pair has turned negative and a break below 1.3406 is opening the way to 1.3365, an even 1.3329 in the next leg lower.

JPY

- **JPY continued to weaken, by 0.53% to 112.84 against a firmer USD** and was softer against 8 G10s on the back of paring of refuge demand.
- **JPY remains bearish against USD** in our view amid improving market sentiments and risk appetite. Technical viewpoint suggest that while USDJPY is still bullish, upside strength is fading. The pair looks set to test 113.00 now, which is a key resistance level.

AUD

- **AUD fell 0.47% to 0.7849 against USD** and fell against 6 G10s, on the back of further rebound in the USD.
- **We are still bearish on AUD on the back of a firmer USD** but losses could be limited by improving risk appetite in the market today. Bearish bias is still picking up; AUDUSD is on track to slide to circa 0.7821 and a break below this will set the course for the pair to test 0.7727.

SGD

- **SGD weakened 0.36% to 1.3594 against USD** but managed to advance against 8 G10s.
- **SGD is likely to stay bearish against a firmer USD**. We set sights on a test at 1.3605 next, above which 1.3632 will be challenged.

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