

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Risk sentiments saw some retracement overnight** as we witnessed more muted gains in global equities whilst global bond markets turned in more bullish. The Dollar Index lost steam and closed down for the first time in four days, down 0.30% to 93.09, consolidating after recent gains and as skepticism over President Trump's tax reform plans gained traction. **Upward revision in the final print of US 2Q GDP seemed to have little impact on markets overnight.**
- **The final print of US GDP showed the US economy accelerated more than initially estimated, by 3.1% QOQ in 2Q17**, with private consumption remaining as the biggest driver, followed by private investment and net exports. The fastest expansion since 1Q15 will unlikely be sustained going into 3Q as recent storms took a toll on economic activities. YOY, growth remained unchanged at 2.2% as previously estimated, but still a pick-up from 2.0% in 1Q. Other US data remained decent. **The hurricane-related spike in initial jobless claims is expected to normalize in the coming weeks while manufacturing expanded at a faster pace in Kansas City.**
- **USD fell against all G10s**, ending 3 consecutive days of advance while the Dollar Index fell through Asian – US sessions on uncertainties brought about by President Trump's tax plan. **Stay bullish on USD**, supported by further risk aversion in the FX space and potential upside surprises in US data. The Dollar Index is still technically bullish; expect further gains, with scope to test 93.63, above which 94.44 will be aimed.
- **MYR weakened 0.24% to 4.2315 against USD** and fell against 8 G10s as regional market sentiment continued to retreat on tighter Fed policy outlook. **We are bearish on MYR against USD**, weighed down by potential risk aversion going into the weekend. USDMYR has beaten 4.2260 as expected and is now exposed to a move to 4.2406. Above this, there is room for a test at 4.2557.
- **SGD advanced 0.12% to 1.3578 against a soft USD** but fell against 9 G10s. **SGD is likely to stay bearish against a firmer USD**. USDSGD remains technically bullish and there is scope to test, possibly even break, 1.3647 in the coming days. Losses, if any, are likely limited by 1.3545.

Overnight Economic Data

US
EU
Japan



What's Coming Up Next

Major Data

- US personal income/ spending, PCE core, Chicago PMI, Uni Michigan consumer sentiments
- EU CPI estimate
- UK 2Q GDP, GfK consumer confidence, Nationwide house prices, net consumer credit, mortgage approvals
- Japan housing starts
- China PMI manufacturing and services, Caixin PMI manufacturing
- Vietnam 3Q GDP, retail sales, exports, IPI, CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1733	1.1749	1.1778	1.1793	1.1817	↘
USDJPY	112.19	112.33	112.58	112.80	113.00	↗
GBPUSD	1.3387	1.3400	1.3425	1.3449	1.3500	↘
AUDUSD	0.7821	0.7840	0.7850	0.7860	0.7889	↘
EURGBP	0.8720	0.8754	0.8776	0.8798	0.8822	↘
USDMYR	4.2147	4.2225	4.2275	4.2300	4.2367	↗
EURMYR	4.9618	4.9747	4.9815	4.9896	5.0005	↘
JPYMYR	3.7394	3.7481	3.7556	3.7690	3.7754	↘
GBPMYR	5.6611	5.6730	5.6752	5.6842	5.6967	↗
SGDMYR	3.1074	3.1092	3.1119	3.1150	3.1180	↗
AUDMYR	3.3059	3.3149	3.3170	3.3177	3.3253	↘
NZDMYR	3.0360	3.0409	3.0518	3.0549	3.0593	↘
USDSGD	1.3552	1.3570	1.3584	1.3605	1.3635	↗
EURSGD	1.5955	1.6000	1.6008	1.6017	1.6033	↘
GBPSGD	1.8200	1.8227	1.8238	1.8283	1.8315	↘
AUDSGD	1.0629	1.0655	1.0663	1.0680	1.0702	↘

*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	1758.1	-0.4	7.1	CRB Index	183.0	-0.47	-4.9
Dow Jones Ind.	22381.2	0.2	13.3	WTI oil (\$/bbl)	51.6	-1.11	-4.0
S&P 500	2510.1	0.1	12.1	Brent oil (\$/bbl)	57.4	-0.85	-5.1
FTSE 100	7322.8	0.1	2.5	Gold (\$/oz)	1287.3	0.40	8.1
Shanghai	3339.6	-0.2	7.6	CPO (RM/tonne)	2738.0	0.37	-14.4
Hang Seng	27421.6	-0.8	24.6	Copper (\$/tonne)	6522.0	1.32	17.8
STI	3227.1	-0.3	12.0	Rubber (sen/kg)	515.5	-1.34	-20.1

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US GDP QOQ	2Q T	3.1%	3.0%	3.0%
US initial jobless claims	Sept 23	272k	260k	270k
US Kansas City Fed manufacturing	Sept	17	16	14
EU economic confidence	Sept	113.0	111.9	112.0
EU biz climate indicator	Sept	1.34	1.08	1.12
EU consumer confidence	Sept F	-1.2	-1.2	-1.2
JP jobless rate	Aug	2.8%	2.8%	2.8%
JP overall household spending	Aug	0.6%	-0.2%	0.9%
JP national CPI YOY	Aug	0.7%	0.4%	0.6%
JP retail sales MOM	Aug	-1.7%	1.1%	-0.5%
JP retail trade YOY	Aug	1.7%	1.8%	2.5%
JP industrial production MOM	Aug P	2.1%	-0.8%	1.8%

Source: Bloomberg

➤ Macroeconomics

- The final print of US GDP showed the US economy accelerated more than initially estimated, by 3.1% QOQ in 2Q17, with private consumption remaining as the biggest driver, followed by private investment and net exports. The fastest expansion since 1Q15 will unlikely be sustained going into 3Q as recent storms took a toll on economic activities. YOY, growth remained unchanged at 2.2% as previously estimated, but still a pick-up from 2.0% in 1Q.
- Other US data was also decent. Initial jobless claims climbed slightly more than expected by 12k to 272k for the week ended 23-September, distorted by hurricanes-related claims and is expected to normalize in the coming weeks. On the manufacturing front, Kansas City reported its fastest expansion since March in September, thanks to higher employment and shipment.
- Eurozone confidence levels saw notable improvement in September, and shall continue to underpin economic recovery in the region ahead. Economic confidence climbed up more than expected to a decade-high of 113.0 while business climate indicator also edged up more than expected from 1.08 in July to 1.34 in September, its highest since Mar-11. Final print of consumer confidence stood at -1.2, marking its 2nd straight month of improvement even though it remains in negative territory.
- Japanese data also turned out mixed this morning. Jobless rate held steady at 2.8% as expected and overall household spending rebounded to increase 0.6% YOY in August even though this contrasted with the bigger than expected 1.7% MOM fall in retail sales. Retail trade also failed to pick up as expected, decelerating slightly to 1.7% YOY in August. This paints a still fragile picture on Japanese consumer that suggests GDP growth may not pick up further after surprising in 2Q. In a separate release, industrial production rebounded stronger than expected to increase 2.1% MOM in August, led by machinery, transport equipment, and electronics parts and devices.

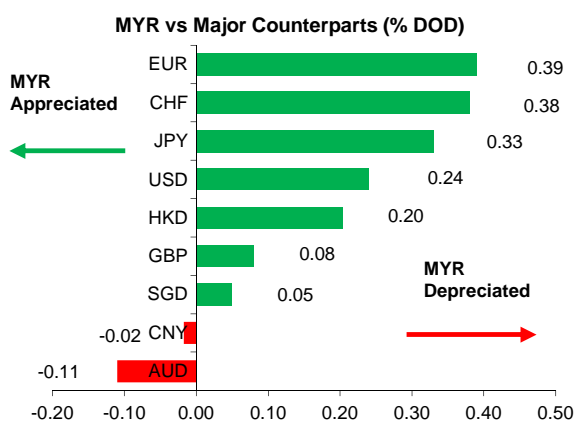
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	10/2	Nikkei PMI	Sept	--	50.4	--
US	9/29	Personal income	Aug	0.2%	0.4%	--
		Personal spending	Aug	0.1%	0.3%	--
		PCE core YOY	Aug	1.4%	1.4%	--
		Chicago PMI	Sept	58.7	58.9	--
		Uni Michigan consumer sentiments	Sept F	95.3	95.3	--
EU	10/2	Markit PMI manufacturing	Sept F	--	53.0	--
		ISM manufacturing	Sept	57.5	58.8	--
		CPI estimate YOY	Sept	1.6%	1.5%	--
	10/2	Markit PMI manufacturing	Sept F	58.2	58.2	--
		Unemployment rate	Aug	9.0%	9.1%	--
UK	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	--
		GDP QOQ	2Q F	0.3%	0.3%	--
Japan	10/2	Markit PMI manufacturing	Sept	56.2	56.9	--
	9/29	Housing starts YOY	Aug	0.6%	-2.3%	--
	10/2	Tankan large manufacturing outlook	3Q	16	15	--
China	9/30	Tankan large non-manufacturing outlook	3Q	21	18	--
		Caixin PMI manufacturing	Sept	51.5	51.6	--
		PMI manufacturing	Sept	51.6	51.7	--
Singapore	10/2	PMI services	Sept	--	53.4	--
		PMI	Sept	--	51.8	--
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%	--
Australia	10/2	AiG manufacturing	Sept	--	59.8	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1786	0.35	1.1804	1.1721	12.0
USDJPY	112.34	-0.44	113.21	112.26	-3.8
GBPUSD	1.3442	0.41	1.3455	1.3343	8.8
AUDUSD	0.7856	0.09	0.7860	0.7800	8.8
EURGBP	0.8768	-0.06	0.88098	0.8760	2.8
USDMYR	4.2315	0.24	4.2367	4.2178	-5.7
EURMYR	4.9792	0.39	4.9824	4.9521	5.6
JPYMYR	3.7535	0.33	3.7550	3.7367	-1.8
GBPMYR	5.6592	0.08	5.6736	5.6466	3.1
SGDMYR	3.1092	0.05	3.1115	3.1030	0.4
AUDMYR	3.3093	-0.11	3.3149	3.3032	2.4
NZDMYR	3.0456	0.26	3.0512	3.0360	-2.1

Source: Bloomberg



Forex

MYR

- **MYR weakened 0.24% to 4.2315 against USD** and fell against 8 G10s as regional market sentiment continued to retreat on tighter Fed policy outlook.
- **We are bearish on MYR against USD**, weighed down by potential risk aversion going into the weekend. USDMYR has beaten 4.2260 as expected and is now exposed to a move to 4.2406. Above this, there is room for a test at 4.2557.

USD

- **USD fell against all G10s**, ending 3 consecutive days of advance while the Dollar Index fell through Asian – US sessions on uncertainties brought about by President Trump's tax plan.
- **Stay bullish on USD**, supported by further risk aversion in the FX space and potential upside surprises in US data. The Dollar Index is still technically bullish; expect further gains, with scope to test 93.63, above which 94.44 will be aimed.

EUR

- **EUR climbed 0.35% to 1.1786 against a soft USD** but slipped against 5 G10s.
- **EUR remains bearish in line with our view of a firmer USD**. EURUSD bounced off the firm 1.1733 support and gave some room for gains. Signs still point to a lower EURUSD, thus gains will likely be limited and target a close below 1.1793 tomorrow. Otherwise, technical landscape will be altered.

GBP

- **GBP strengthened 0.41% to 1.3442 against a soft USD** and advanced against 6 G10s on the back of weaker European majors.
- **We maintain a bearish view on GBP against USD** on likelihood of increased risk aversion ahead of speeches by BOE officials. Technical viewpoint suggests GBPUSD would close below 1.3387 latest by Tuesday, failing which technical landscape will be altered and new direction may be established. In any case, GBPUSD below 1.3460 is still bearish in our view.

JPY

- **JPY advanced 0.44% to 112.34 against a soft USD** and beat 7 G10s amid risk aversion in the FX space.
- **JPY is still bearish in anticipation of a firmer USD**, though losses may be limited given that refuge demand still prevails in the FX space. Technical viewpoint continues to suggest that upside strength in USDJPY is fading. Therefore, there is still room for a climb to circa 112.72 but we caution that risk of rejection rises approaching 113.00 – 113.21.

AUD

- **AUD tumbled against 9 G10s but managed to inch 0.09% higher to 0.7856 against a soft USD**.
- **We are still bearish on AUD on the back of a firmer USD** and prevailing risk-off in the FX markets. AUDUSD expectedly slipped to 0.7821. We reckon that the pair is poised to extend its downsides, with scope to break below 0.7821 and challenge 0.7800. Below this, AUDUSD is exposed to a drop to 0.7727.

SGD

- **SGD advanced 0.12% to 1.3578 against a soft USD** but fell against 9 G10s.
- **SGD is likely to stay bearish against a firmer USD**. USDSGD remains technically bullish and there is scope to test, possibly even break, 1.3647 in the coming days. Losses, if any, are likely limited by 1.3545.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 6, Wisma Hong Leong

18, Jalan Perak

50450 Kuala Lumpur

Tel: 603-2773 0469

Fax: 603-2164 9305

Email: HLMarkets@hlbb.hongleong.com.my

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