

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Political risk is coming to the fore again with Spain Prime Minister Rajoy declaring a snap election** just hour after Catalonia declared independence. **On the data front, it was largely a positive bag. US 3Q GDP moderated less than expected to 3.0% QOQ (2Q: +3.1%),** underpinned by quicker than expected 2.4% rise in private consumption even though it marked a pullback from 2Q's 3.3% increase. China industrial profits and Japan retail sales ticked higher while the slew of Vietnamese data continued to paint a rosy picture of the Vietnamese economy.
- **On the home front, the government's budget announcement benefitting a wide spectrum of the economy is expected to help sustain private sector activities next year.** As a result, **the expansionary budget is expected to keep economic growth resilient at 5.0-5.5% in 2018 (2017: 5.2-5.7%).** Despite efforts to spur domestic consumption and investment, **fiscal consolidation remains on track, with budget deficit expected to moderate further to 2.8% of GDP next year (2017: -3.0%).**
- **USD ended mixed against the G10s** as commodity majors rallied but the Dollar Index managed to advance 0.32% to 94.61, supported by upsides in US data. **USD remains bullish** in anticipation of extended weakness in European major and bullish potential in US data this week. The next challenge for the Dollar Index will be a test at 95.25 that could cause a modest retreat towards 94.44. Successful break here puts the Dollar Index on track towards 96.25.
- **MYR slipped 0.18% to 4.2420 against a firm USD** last Friday but advanced against 8 G10s that were also retreating versus a strong greenback. **MYR stays bearish against a strong USD** though losses may be modest given likelihood of renewed interest in the local unit post Malaysia Budget tabling. **USDMYR** remains tilted to the upside and we continue to caution that a close above 4.2421 will trigger an extended upside to circa 4.2500.
- **SGD advanced 0.19% to 1.3648 against USD** and climbed against 5 G10s, supported by firmer equities. **SGD remains bearish against a firmer USD,** weighed down by risk aversion in the markets. Despite an apparent rejection by 1.3714, we continue to set sights on a climb to 1.1822 next on the back of completion of a chart pattern. This initiative will be invalidated by a close below 1.3629.

#### Overnight Economic Data

US  
China  
Japan  
Australia  
Vietnam



#### What's Coming Up Next

##### Major Data

- US personal income & spending, PCE core and Dallas Fed manufacturing
- EU economic & consumer confidence, biz climate indicator, unemployment rate, 3Q GDP, CPI estimate
- UK net consumer credit, mortgage approvals, GfK consumer confidence

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1575	1.1600	1.1606	1.1619	1.1641	↘
USDJPY	113.29	113.56	113.74	113.97	114.20	↘
GBPUSD	1.3076	1.3110	1.3133	1.3155	1.3175	↘
AUDUSD	0.7624	0.7656	0.7668	0.7690	0.7715	↘
EURGBP	0.8802	0.8827	0.8835	0.8850	0.8871	↘
USDMYR	4.2371	4.2397	4.2417	4.2421	4.2443	↗
EURMYR	4.9150	4.9200	4.9211	4.9280	4.9357	↘
JPYMYR	3.7228	3.7265	3.7272	3.7355	3.7385	↘
GBPMYR	5.5510	5.5594	5.5690	5.5757	5.5806	↘
SGDMYR	3.0985	3.1026	3.1044	3.1073	3.1088	↘
AUDMYR	3.2445	3.2487	3.2515	3.2550	3.2613	↘
NZDMYR	2.9020	2.9050	2.9088	2.9135	2.9232	↘
USDSGD	1.3629	1.3648	1.3666	1.3677	1.3699	↗
EURSGD	1.5820	1.5834	1.5853	1.5867	1.5880	↘
GBPSGD	1.7900	1.7931	1.7942	1.7963	1.7989	↘
AUDSGD	1.0436	1.0452	1.0475	1.0483	1.0498	↘

\*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	1746.1	0.5	6.4	CRB Index	186.9	0.51	-2.9
Dow Jones Ind.	23434.2	0.1	18.6	WTI oil (\$/bbl)	53.9	2.40	0.3
S&P 500	2581.1	0.8	15.3	Brent oil (\$/bbl)	60.4	1.90	1.6
FTSE 100	7505.0	0.2	5.1	Gold (\$/oz)	1273.4	0.50	10.8
Shanghai	3416.8	0.3	10.1	CPO (RM/tonne)	2786.5	0.23	-12.9
Hang Seng	28438.9	0.8	29.3	Copper (\$/tonne)	6830.0	-2.23	23.4
STI	3386.4	0.9	17.6	Rubber (sen/kg)	487.0	0.83	-24.5

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
US GDP QOQ	3Q A	3.0%	3.1%	2.6%
US Uni. Michigan consumer sentiment	Oct F	100.7	101.1	100.7
CH industrial profits YOY	Sept	27.7%	24.0%	--
JP retail sales MOM	Sept	0.8%	-1.6%	0.8%
JP retail trade YOY	Sept	2.2%	1.8%	2.3%
AU PPI YOY	3Q	1.6%	1.7%	--
VN CPI YOY	Oct	2.98%	3.40%	3.10%
VN exports YTD YOY	Oct	20.7%	19.8%	20.6%
VN industrial production YOY	Oct	17.0%	13.2%	--
VN retail sales YTD YOY	Oct	10.7%	10.5%	--

Source: Bloomberg

## ➤ Macroeconomics

- The Catalan local government was sacked by the Spanish government an hour within its declaration of independence as Prime Minister Rajoy called for an election. Political woes are likely to extend until 21 Dec when the election is scheduled and weigh down EUR that has already been weakened by extension of QE programme by the ECB.
- Data flows were limited, with those from the US closely watched. The 3Q advance GDP grew 3.0%, moderating from 3.1% in 2Q. Nonetheless, this beats an expected slowdown to 2.6% and injected optimism into the markets that growth remains resilient. This was driven by personal consumption, which grew 2.4% in 3Q against an expected rise of 2.1%, though still softer than the 3.3% recorded in 2Q. The final reading of University of Michigan's consumer confidence index was revised downward to 100.7 in Oct from 101.1 in the initial estimate, but was nonetheless higher than 95.1 recorded in Sept.
- Industrial profits in China surged 27.7% YOY in Sept, most since Dec 2011 after jumping 24.0% in Aug, adding to signs the China economy is still on a steady path despite slowdown concerns.
- Retail sales in Japan rebounded on a monthly basis, rising 0.8% MOM in Sept after falling 1.6% in Aug. In tandem, retail trade also gained momentum, rising 2.2% YOY in Sept from 1.8% in Aug. Both added to recent signs of upticks in spending in Japan that will support the economy.
- Australia's producer prices growth moderated in 3Q, rising 1.6% YOY after climbing 1.7% in the previously quarter. On a quarterly basis, prices rose 0.2% QOQ from 0.5% in 2Q. This adds to the downside pressure on prices after recent miss in consumer prices. Breaking down by category, prices slowed largely due to imported finished goods, intermediate materials and crude materials, reflective of a strong AUD. On the domestic front, pace of growth in prices of these categories were little changed.
- Vietnamese data released over the weekend and this morning showed continued resilience in the economy. Industrial production accelerated in Oct, rising 17.0% from 13.2% in Sept, driven by robust expansion in manufacturing and output of electricity. Retail sales grew an accumulated 10.7% YOY through Jan-Oct, ticking higher from 10.5% recorded through Jan-Sept. Exports growth also quickened with an increase of 20.7% through Jan-Oct period, up from 19.8% through Jan-Sept. Meanwhile, consumer prices eased in Oct, rising 2.98% YOY after climbing 3.40% as cost of transport cooled and cost of food retreated.

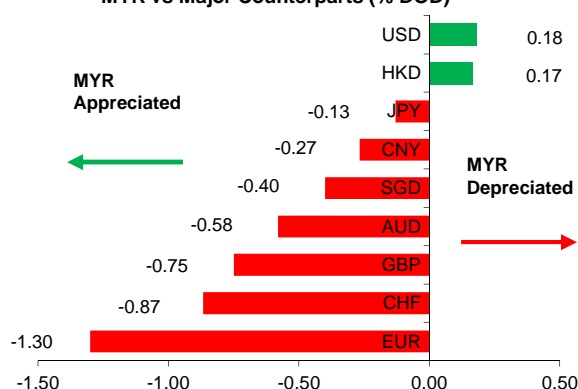
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	10/30	Personal income	Sept	0.4%	0.2%	--
		Personal spending	Sept	0.8%	0.1%	--
		PCE core YOY	Sept	1.3%	1.3%	--
		Dallas Fed manufacturing	Oct	21.0	21.3	--
	10/31	S&P CoreLogic CS-20-city YOY	Aug	5.90%	5.81%	--
		Chicago PMI	Oct	60.0	65.2	--
		Conference Board consumer confidence	Oct	121.0	119.8	--
EU	10/30	Economic confidence	Oct	113.3	113.0	--
		Business climate indicator	Oct	1.40	1.34	--
		Consumer confidence	Oct F	-1.0	-1.0	--
		Unemployment rate	Sept	9.0%	9.1%	--
		GDP QOQ	3Q A	0.5%	0.6%	--
		CPI estimate YOY	Oct	1.5%	1.5%	--
UK	10/30	Net consumer credit	Sept	1.5b	1.6b	--
		Mortgage approvals	Sept	66.0k	66.6k	--
		GfK consumer confidence	Oct	-10	-9	--
Japan	10/31	Jobless rate	Sept	2.8%	2.8%	--
		Overall household spending YOY	Sept	0.6%	0.6%	--
		Industrial production YOY	Sept P	2.0%	5.3%	--
		Housing starts YOY	Sept	-3.2%	-2.0%	--
		BOJ policy balance rate	Oct 31	-0.10%	-0.10%	--
		Manufacturing PMI	Oct	52.1	52.4	--
10/31	China	Non-manufacturing PMI	Oct	--	55.4	--
10/31	Australia	HIA new home sales MOM	Sept	--	9.1%	--
10/31	New Zealand	ANZ activity outlook	Oct	--	29.6	--
		ANZ business confidence	Oct	--	0.0	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1608	-0.37	1.1657	1.1575	10.4
USDJPY	113.67	-0.27	114.45	113.65	-2.8
GBPUSD	1.3128	-0.25	1.3162	1.3070	6.5
AUDUSD	0.7677	0.22	0.7678	0.7625	6.4
EURGBP	0.8842	-0.13	0.8902	0.8826	3.5
USDMYR	4.2420	0.18	4.2438	4.2389	-5.4
EURMYR	4.9353	-1.30	4.9399	4.9280	4.5
JPYMYR	3.7206	-0.13	3.7232	3.7107	-2.9
GBPMYR	5.5555	-0.75	5.5738	5.5446	0.8
SGDMYR	3.1005	-0.40	3.1034	3.0958	0.0
AUDMYR	3.2445	-0.58	3.2522	3.2346	0.1
NZDMYR	2.9060	-0.19	2.9081	2.8923	-6.8

Source: Bloomberg

**MYR vs Major Counterparts (% DOD)**


## Forex

### MYR

- **MYR slipped 0.18% to 4.2420 against a firm USD** last Friday but advanced against 8 G10s that were also retreating versus a strong greenback.
- **MYR stays bearish against a strong USD** though losses may be modest given likelihood of renewed interest in the local unit post Malaysia Budget tabling. USDMYR remains tilted to the upside and we continue to caution that a close above 4.2421 will trigger an extended upside to circa 4.2500.

### USD

- **USD ended mixed against the G10s** as commodity majors rallied but the Dollar Index managed to advance 0.32% to 94.61, supported by upsides in US data.
- **USD remains bullish** in anticipation of extended weakness in European major and bullish potential in US data this week. The next challenge for the Dollar Index will be a test at 95.25 that could cause a modest retreat towards 94.44. Successful break here puts the Dollar Index on track towards 96.25.

### EUR

- **EUR fell 0.37% to 1.1608 against USD** and weakened against all G10s amid extended downside pressure from recent ECB decision and continued political woes in Spain.
- **Stay bearish on EUR against USD** on downsides from political woes in Spain. We continue to set sights on a drop to 1.1511 in the next leg lower. Rebounds are possible but likely blocked by 1.1670 – 1.1689 before resuming its decline.

### GBP

- **GBP fell 0.25% to 1.3128 against USD** and retreated against 6 G10s on the back of rising Brexit concerns.
- **Expect GBP to remain bearish against USD** on continued jitters from Brexit uncertainties. GBPUUSD remains tilted to the downside and we still set sights on a drop to 1.3053 in the next leg lower.

### JPY

- **JPY** was supported by weakness in European majors to advance against 6 G10s and **climbed 0.27% to 113.67 against USD**.
- **We turn bullish on JPY against USD**, supported by continued risk aversion in European majors. USDJPY is turning soft technically after continued failure to firmly break above 113.97. We reckon that this will result in a modest pullback to circa 113.29, below which a deeper drop to 112.30 may be seen.

### AUD

- **AUD** was lifted by relatively firmer commodities and equities to beat 5 G10s and **advance 0.22% to 0.7677 against USD**.
- **Continue to expect a soft AUD against USD**, weighed down by risk aversion in the FX markets and ahead of Australia and China data. AUDUSD remains tilted to the downside, with scope for another test at 0.7624. A break lower is headed for 0.7603 next.

### SGD

- **SGD advanced 0.19% to 1.3648 against USD** and climbed against 5 G10s, supported by firmer equities.
- **SGD remains bearish against a firmer USD**, weighed down by risk aversion in the markets. Despite an apparent rejection by 1.3714, we continue to set sights on a climb to 1.1822 next on the back of completion of a chart pattern. This initiative will be invalidated by a close below 1.3629.

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