

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets are hyped up with FOMC meeting and the appointment of Fed Chair just around the corner**, now with Fed Governor Jerome Powell the fore runner. Political risks in Spain tapered off somewhat but not entirely abated.
- Event risks aside, **data flow continues to point to extended recovery in the global economy led by the US and EU**. Consumer spending and income gathered substantial pace in the US but the key inflation gauge, PCE core steadied at 1.3% YOY in September. Confidence levels also ticked higher in the Eurozone, bolstering expectations better sentiments will help drive consumption and investment in the region. On the contrary, UK consumer credit and mortgage approval turned in a tad softer while Japanese data was a mixed bag.
- **USD weakened against 7 G10s** while the Dollar Index fell through European-US sessions to close 0.38% lower at 94.56, getting no support from US data as markets turn cautious ahead of FOMC meeting and selection of Fed Chair. **Stay bullish on USD** on the back of potential upsides in US data, though gains may be modest given softer buying interest heading into FOMC meeting and Fed Chair selection. Bullish bias still prevails and likely to support the Dollar Index's advance for another test at 95.15. Another rejection here is likely to trigger a drop to 93.56, otherwise, set sights on a climb to 96.20.
- **MYR inched 0.1% firmer to 4.2378 against USD** amid renewed interest in the local unit but fell against 7 G10s. **We turn bullish on MYR against a soft overnight USD**, further supported by continued buying interest in the local unit amid firmer oil prices. USDMYR is likely on the defensive after rejection at 4.2422. Losses are likely to intensify if USDMYR closes below 4.2300, which could lead the pair to 4.2227 going forward.
- **SGD advanced 0.29% to 1.3605 against a soft USD** and pulled higher against 6 G10s. **SGD remains bearish against USD**, weighed down by risk aversion in the markets. The attempt at 1.3822 has been invalidated by a close below 1.3629. USDSGD remains bullish but gains are likely modest amid thinning momentum.

Overnight Economic Data

US	↑
EU	↑
UK	↓
Japan	→
Australia	↓
New Zealand	↓

What's Coming Up Next

Major Data

- US S&P CoreLogic house prices, Chicago PMI, Conference Board consumer confidence
- EU unemployment rate, 3Q GDP, CPI estimate
- Japan housing starts
- China manufacturing & services PMI

Major Events

- BOJ policy decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1575	1.1600	1.1646	1.1670	1.1686	↘
USDJPY	112.77	112.92	113.08	113.38	113.52	↘
GBPUSD	1.3175	1.3192	1.3205	1.3247	1.3270	↘
AUDUSD	0.7624	0.7649	0.7693	0.7715	0.7754	↘
EURGBP	0.8800	0.8813	0.8819	0.8848	0.8862	↘
USDMYR	4.2296	4.2314	4.2330	4.2347	4.2365	↘
EURMYR	4.9170	4.9250	4.9276	4.9324	4.9400	↘
JPYMYR	3.7304	3.7390	3.7438	3.7447	3.7547	↗
GBPMYR	5.5761	5.5811	5.5910	5.6014	5.6112	↗
SGDMYR	3.1059	3.1092	3.1111	3.1143	3.1154	↗
AUDMYR	3.2500	3.2522	3.2565	3.2583	3.2613	↘
NZDMYR	2.9000	2.9020	2.9051	2.9081	2.9135	↘
USDSGD	1.3581	1.3594	1.3608	1.3629	1.3642	↗
EURSGD	1.5800	1.5820	1.5847	1.5875	1.5900	↘
GBPSGD	1.7931	1.7963	1.7971	1.7985	1.8006	↘
AUDSGD	1.0434	1.0455	1.0468	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	1748.4	0.1	6.5	CRB Index	187.5	0.34	-2.6
Dow Jones Ind.	23348.7	-0.4	18.1	WTI oil (\$/bbl)	54.2	0.46	0.8
S&P 500	2572.8	-0.3	14.9	Brent oil (\$/bbl)	60.9	0.76	1.9
FTSE 100	7487.8	-0.2	4.8	Gold (\$/oz)	1276.3	0.00	10.8
Shanghai	3390.3	-0.8	9.2	CPO (RM/tonne)	2807.5	0.75	-12.2
Hang Seng	28336.2	-0.4	28.8	Copper (\$/tonne)	6830.0	-2.23	23.4
STI	3376.0	-0.3	17.2	Rubber (sen/kg)	481.0	-1.23	-25.4

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US personal income	Sept	0.4%	0.2%	0.4%
US personal spending	Sept	1.0%	0.1%	0.9%
US PCE core YOY	Sept	1.3%	1.3%	1.3%
US Dallas Fed manufacturing	Oct	27.6	21.3	21.0
EU economic confidence	Oct	114.0	113.1	113.3
EU biz climate indicator	Oct	1.44	1.34	1.40
EU consumer confidence	Oct F	-1.0	-1.0	-1.0
UK net consumer credit	Sept	£1.6b	£1.8b	£1.5b
UK mortgage approvals	Sept	66.2k	66.6k	66.0k
UK GfK consumer confidence	Oct	-10	-9	-10
JP jobless rate	Sept	2.8%	2.8%	2.8%
JP overall household spending YOY	Sept	-0.3%	0.6%	0.6%
JP industrial production YOY	Sept P	2.5%	5.3%	2.0%
AU HIA new home sales	Sept	-6.1%	9.1%	--
NZ ANZ activity outlook	Oct	22.2	29.6	--
NZ ANZ biz confidence	Oct	-10.1	0.0	--

Source: Bloomberg

➤ Macroeconomics

- Overnight data were mostly biased to the upsides except from the UK. US data suggest that the economy remains firm, with firmer income and spending. Income growth in the US picked up in Sept, gaining 0.4% MOM as expected after inching 0.2% firmer previously. That fueled spending, which grew 1.0% MOM, accelerating from a meagre 0.1%. Personal consumption expenditure, the gauge for inflation, steadied at 1.3% YOY in Sept, indicating that price pressures remain stable. Meanwhile, Dallas Fed index of manufacturing in the region ticked higher to 27.6 in Oct, up from 21.3 previously, indicating firmer activity in the sector.
- The Eurozone is also on track towards firmer growth amid improving sentiment. The economic confidence gauge rose to 114.0 in Oct, up from 113.1 and bested estimates of a softer increase to 113.3. Meanwhile, the business climate indicator inched higher to 1.44 in Oct, rising from 1.34 previously. The measure of consumer confidence remained unchanged from initial estimate, staying at -1.0 in Oct but hinted at a less gloomy sentiment after climbing from -1.2 in Sept.
- In the UK, consumer credit increased £1.6b in Sept, less than the £1.8b recorded in Aug. Meanwhile, data suggest that housing market continues to cool, as mortgage approvals eased to 66.2k in Sept after rising 66.6k in Aug. Consumers turned more pessimistic in Oct, likely concerned by the lack of progress in Brexit talks; the GfK index dipped to -10 from -9.
- Early releases from Japan showed a softer pace of economic activity in Sept. Overall household spending fell 0.3% YOY in Sept after growing 0.6% in Aug, suggesting that ending a brief attempt at sustaining continuous growth. Industrial production also slowed, increasing 2.6% YOY in Sept early estimate from 5.3% in Aug. In a separate release, the jobless rate stood unchanged at 2.8% in Sept.
- The housing market in Australia is showing signs of cooling as new home sales fell 6.1% MOM in Sept after climbing 9.1% in Aug. After recent election results, sentiment has deteriorated in New Zealand, indicating growing uncertainty in outlook; the ANZ's gauge on business activity outlook fell to 22.2 in Oct from 29.6, while the measure of business confidence turned negative, falling to -10.1 in Oct from 0.0.

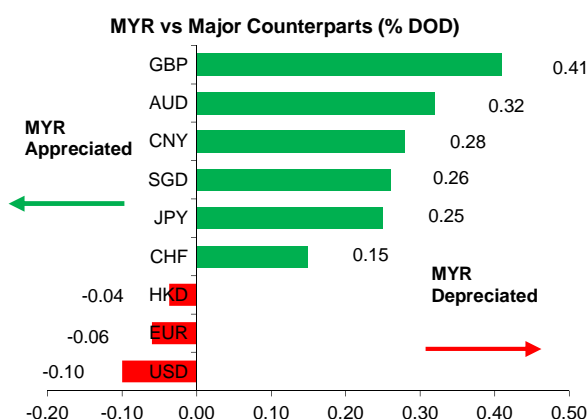
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/01	Nikkei Malaysia PMI	Oct	--	49.9	--
US	10/31	S&P CoreLogic CS-20-city YOY	Aug	5.93%	5.81%	--
		Chicago PMI	Oct	60.0	65.2	--
		Conference Board consumer confidence	Oct	121.3	119.8	--
		MBA mortgage applications	Oct 27	--	-4.6%	--
	11/01	ADP employment change	Oct	200k	135k	--
		Markit US manufacturing PMI	Oct F	54.5	54.5	--
		ISM manufacturing	Oct	59.4	60.8	--
		Construction spending MOM	Sept	-0.1%	0.5%	--
	10/31	Unemployment rate	Sept	9.0%	9.1%	--
		GDP QOQ	3Q A	0.5%	0.6%	--
		CPI estimate YOY	Oct	1.5%	1.5%	--
EU	11/01	Markit Eurozone manufacturing PMI	Oct F	58.6	58.6	--
	11/01	Markit UK PMI manufacturing	Oct	55.9	55.9	--
Japan	10/31	Housing starts YOY	Sept	-3.2%	-2.0%	--
		BOJ policy balance rate	Oct 31	-0.10%	-0.10%	--
	11/01	Nikkei Japan PMI manufacturing	Oct F	--	52.5	--
China	10/31	Manufacturing PMI	Oct	52.0	52.4	--
		Non-manufacturing PMI	Oct	--	55.4	--
	11/01	Caixin China PMI manufacturing	Oct	51.0	51.0	--
Australia	11/01	CBA Australia PMI manufacturing	Oct	--	53.8	--
		AiG performance of manufacturing index	Oct	--	54.2	--
New Zealand	11/01	Unemployment rate	3Q	4.8%	4.8%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1651	0.37	1.1658	1.1594	10.7
USDJPY	113.18	-0.43	113.84	113.03	-3.3
GBPUSD	1.3208	0.61	1.3215	1.3106	7.0
AUDUSD	0.7688	0.14	0.7691	0.7656	6.8
EURGBP	0.8821	-0.23	0.8849	0.8793	3.3
USDMYR	4.2378	-0.10	4.2420	4.2360	-5.5
EURMYR	4.9325	-0.06	4.9327	4.9170	4.4
JPYMYR	3.7299	0.25	3.7335	3.7255	-2.7
GBPMYR	5.5780	0.41	5.5824	5.5625	1.2
SGDMYR	3.1086	0.26	3.1093	3.1025	0.2
AUDMYR	3.2548	0.32	3.2576	3.2501	0.5
NZDMYR	2.9056	-0.01	2.9109	2.8984	-6.8

Source: Bloomberg



Forex

MYR

- **MYR inched 0.1% firmer to 4.2378 against USD** amid renewed interest in the local unit but fell against 7 G10s.
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USD

- **USD weakened against 7 G10s** while the Dollar Index fell through European-US sessions to close 0.38% lower at 94.56, getting no support from US data as markets turn cautious ahead of FOMC meeting and selection of Fed Chair.
- **Stay bullish on USD** on the back of potential upsides in US data, though gains may be modest given softer buying interest heading into FOMC meeting and Fed Chair selection. Bullish bias still prevails and likely to support the Dollar Index's advance for another test at 95.15. Another rejection here is likely to trigger a drop to 93.56, otherwise, set sights on a climb to 96.20.

EUR

- **EUR rebounded 0.37% to 1.1651 against a soft USD** and bested 6 G10s as political jitters in Spain eased.
- **Stay bearish on EUR against USD** ahead of first-tier Eurozone data. 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 jumped 0.61% to 1.3208 against USD** and climbed to the top of the G10 list amid aversion in the greenback.
- **We stay bearish on GBP against USD** on continued uncertainties from Brexit talks as well as lack of buying interest ahead of BOE meeting. Despite a strong overnight rebound, GBPUSD failed to beat the crucial level 1.3216, so we maintain a bearish technical view. The pair remains tilted to the downside and we still set sights on a drop to 1.3053 in the next leg lower.

JPY

- **JPY** was lifted by renewed refuge demand in the markets ahead of FOMC meeting and Fed chair selection, beating 8 G10s and **advancing 0.43% to 113.18 against USD**.
- **JPY remains bullish in our view against USD**, supported by continued risk aversion in FX markets. Bearish bias has emerged in USDJPY, further tilting the pair lower. We set sights on a test at 112.77 next, below which there is scope to head to 111.73 going forward.

AUD

- **AUD** was pressured by softer risk appetite as it declined against 6 G10s but **managed to climb 0.14% to 0.7688 against a soft 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. Despite recent rebounds, bearish bias still prevails while AUDUSD remains below crucial level of 0.7715. We reckon that the pair is still tilted to the downside, with scope for another test at 0.7624. A break lower is headed for 0.7603 next.

SGD

- **SGD advanced 0.29% to 1.3605 against a soft USD** and pulled higher against 6 G10s.
- **SGD remains bearish against USD**, weighed down by risk aversion in the markets. The attempt at 1.3822 has been invalidated by a close below 1.3629. USDSGD remains bullish but gains are likely modest amid thinning momentum.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Menara Hong Leong

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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