

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended on a mixed note overnight as the equity market continued to come under pressure amidst rising treasuries yields.** Sell-off in treasuries however sapped slightly as the 10Y yield closed 2bps lower at 3.21% after touching an intraday high of 3.26%. **Signs of falling Iranian exports lifted oil prices** – Brent surged by 1.3% to close at \$85/barrel while WTI rose 0.9% to \$74.96/barrel. **President Trump continued to voice his discontent over the Fed's monetary policy normalization plan** and suggested that the Fed didn't have to "go as fast" at raising interest rates. **IMF slashed its global growth forecasts for 2018 and 2019 from 3.9% to 3.7% citing risks from trade tensions and impact of higher US interest rates on EMs are materializing, in addition to further potential negative shocks to the economy.**
- **Latest slew of sentiments survey from the US, Japan and Australia were mixed.** In the US, the NFIB Small Business Optimism Index fell to 107.9 in September after reaching a record high in the previous month suggesting that sentiments eased slightly among firms but remained at high level. Japan core machinery orders beat estimates to increase 6.8% MOM in September suggesting solid capex. The Economy Watchers Survey of current conditions fell to 48.6 in September while the survey for outlook also dropped slightly to 51.3. On the contrary, sentiments improved in Australia as the NAB Business Confidence Index picked up to 5.0 in September while the Westpac Consumer Confidence Index also rose to 101.5 in October.
- **USD fell against 7 G10s** while the DXY turned south after hitting intraday high to close 0.1% lower at 95.66, weighed down by comments from US President Trump that the Fed is raising interest rates too quickly. **Continue to view USD as bearish** as part of an extension to yesterday's sell-off from Trump's comments. Yet another rejection at circa 96.11 yesterday affirms our view that DXY is at the onset of a bearish trend. There may be gains in between, but we reckon that general direction will be down, with scope to test 95.51 next, below which 95.33 will be targeted.
- **MYR inched 0.08% higher to 4.1585 against USD** after reversing a rally in late Asian trade, while sliding against 7 G10s. **MYR is slightly bullish against a softer overnight USD**, but caution that gains could be easily overturned if risk aversion in the markets drive up the greenback going into European session. Despite early downsides in USDMYR, a bullish trend still prevails until it is below 4.1498 by tomorrow. So unless this happens, there is still a risk of USDMYR climbing back above 4.1575 in the coming days.
- **SGD inched 0.05% firmer to 1.3818 against USD** but fell against 6 G10s that were rebounding from recent losses. **We turn slightly bullish on SGD against a soft USD.** Technically, USDSGD is showing indications of a reversal lower after two rejections prevented further gains. USDSGD is likely headed for 1.3793, below which 1.3767 will be eyed.

Overnight Economic Data

US	↓
Japan	→
Australia	↑

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, PPI Final Demand, Wholesale Inventories
- UK Visible Trade Balance, Industrial Production, Construction Output, GDP
- Japan Machine Tools Orders

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1475	1.1484	1.1505	1.1524	1.1542	↗
USDJPY	1.3102	1.3129	1.3155	1.3175	1.3190	↗
GBPUSD	112.46	112.74	112.98	113.24	113.42	↘
AUDUSD	0.7100	0.7113	0.7120	0.7141	0.7158	↗
EURGBP	0.8730	0.8741	0.8748	0.8750	0.8760	↘
USDMYR	4.1500	4.1510	4.1525	4.1555	4.1570	↘
EURMYR	4.7708	4.7761	4.7783	4.7810	4.7831	↗
JPYMYR	3.6664	3.6698	3.6732	3.6756	3.6800	↗
GBPMYR	5.4525	5.4594	5.4614	5.4633	5.4690	↗
SGDMYR	3.0056	3.0069	3.0091	3.0104	3.0124	↗
AUDMYR	2.9500	2.9538	2.9567	2.9585	2.9600	↗
NZDMYR	2.6900	2.6925	2.6954	2.6968	2.7013	↗
USDSGD	1.3793	1.3800	1.3812	1.3820	1.3835	↘
EURSGD	1.5865	1.5881	1.5883	1.5890	1.5937	↗
GBPSGD	1.8120	1.8139	1.8156	1.8165	1.8190	↗
AUDSGD	0.9807	0.9817	0.9831	0.9837	0.9850	↗

* 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	1,774.15	-0.09	1.26	CRB Index	200.37	0.31	3.36
Dow Jones Ind.	26,430.57	-0.21	6.92	WTI oil (\$/bbl)	74.96	0.90	24.06
S&P 500	2,880.34	-0.14	7.73	Brent oil (\$/bbl)	85.00	1.30	27.11
FTSE 100	7,237.59	0.06	5.86	Gold (\$/oz)	1,189.77	0.14	8.10
Shanghai	2,721.01	-0.17	17.72	CPO (RM/tonne)	2,096.00	-0.12	-12.30
Hang Seng	26,172.91	-0.11	12.52	Copper (\$/tonne)	6,292.00	1.85	-13.18
STI	3,166.60	-0.47	6.94	Rubber (sen/kg)	410.50	1.99	-11.24

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US NFIB Small Business Optimism	Sep	107.9	108.8	--
JP Eco Watchers Current	Sep	48.6	48.7	47.0
JP Eco Watchers Outlook	Sep	51.3	51.4	50.8
JP Core Machinery Orders MOM	Aug	6.8%	11.0%	-3.9%
AU NAB Business Conditions	Sep	15.0	14.0 (Revised)	--
AU NAB Business Confidence	Sep	6.0	5.0 (Revised)	--
AU Westpac Consumer Confidence	Oct	101.5	100.5	--

Source: Bloomberg

Macroeconomics

- US small business confidence eased from record high:** The NFIB Small Business Optimism Index fell to 107.9 in September (Aug: 108.8) after reaching a record high in the previous month suggesting that sentiments eased slightly among firms but remained at a considerably higher level compared to historical data. The survey shows that 33% of firms expected a better economy (Aug: 34%) and 33% thought that the current period was a good time to expand (Aug: 34%). 23% of them also planned to hire (Aug: 26%) and 38% (Aug: 38%) reported that vacant positions were not being able to fill, another signs of further tightening of the labour market.
- Japan business capex growth beat estimates; expectations mixed among households and businesses:** Core machinery orders which exclude orders of ships and electrical equipment, a leading indicator of Japanese capital spending rose 6.8% MOM in August (Jul: +11.0%). Expectations had been for orders to contract in August following a surge in the previous month. On a yearly basis, orders rose 12.6% YOY (Jul: +13.9%) suggesting a solid increase in Japanese capex. Meanwhile, the Economy Watchers Survey of current conditions fell to 48.6 in September (Aug: 48.7) while the survey for outlook also dropped slightly to 51.3 (Aug: 51.4). Sentiments were mixed as households expectations eased from the high in the previous month (50.8 vs 51.2) whereas business seemed to be more upbeat over outlook of the economy (52.1 vs 51.4).
- Australia business upbeat over labour market, consumer confidence rose:** The National Australia Bank survey for business confidence increased to 6.0 in September (Aug: 5.0 revised) while business condition picked up to 15.0 (Aug: 14.0 revised). Firms' view regarding profitability remained unchanged but were less upbeat on trading and forward orders. Optimism level for exports and exports' sales improved but remained low, whereas expectations over employment/labour market improved substantially as firms looked to expand hiring in the near term. Meanwhile, the Westpac Consumer Confidence Index also rose 1.0% MOM to 101.5 in October (Sep: 100.5) as consumers expected better family finances in a year ahead.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
11/10	Malaysia	Industrial Production YoY	Aug	2.3%	2.6%	--
10/10	US	MBA Mortgage Applications	Oct-05	--	0.0%	--
		PPI Final Demand YOY	Sep	2.7%	2.8%	--
		Wholesale Inventories MOM	Aug F	0.8%	0.6%	--
11/10		CPI YoY	Sep	2.4%	2.7%	--
		CPI Ex Food and Energy YoY	Sep	2.3%	2.2%	--
		Initial Jobless Claims	Oct-06	--	--	--
10/10	UK	Visible Trade Balance GBP/Mn	Aug	£10,850	£9,973	--
		Industrial Production MOM	Aug	0.1%	0.1%	--
		Manufacturing Production MOM	Aug	0.1%	-0.2%	--
		Construction Output SA MOM	Aug	-0.5%	0.5%	--
		GDP (MOM)	Aug	0.1%	0.3%	--
11/10		RICS House Price Balance	Sep	1.0%	2.0%	--
10/10	Japan	Machine Tool Orders	Sep P	--	5.1%	--
11/10		PPI YoY	Sep	2.9%	3.0%	--

Source: Bloomberg

Forex

Name	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1504	0.01	1.1503	1.1432	-4.17
GBPUSD	1.3156	0.40	1.315	1.3033	-2.64
USDJPY	112.99	0.24	113.39	112.87	0.27
AUDUSD	0.7114	0.35	0.7106	0.7054	-8.90
EURGBP	0.8744	0.40	0.8791	0.8733	-1.54
USDMYR	4.1585	0.08	4.1590	4.1545	2.77
EURMYR	4.7839	0.11	4.7810	4.7592	-1.33
JPYMYR	3.6807	0.11	3.6810	3.6664	2.38
GBPMYR	5.4707	0.07	5.4479	5.4264	0.13
SGDMYR	3.0095	0.06	3.0060	2.9990	-0.64
AUDMYR	2.9581	0.34	2.9485	2.9358	-6.44
NZDMYR	2.6961	0.07	2.6845	2.6735	-6.38
CHFMYR	4.1935	0.16	4.1901	4.1782	1.07
CNYMYR	0.6006	0.09	0.6016	0.5998	-3.41
HKDMYR	0.5308	0.04	0.5312	0.5304	2.49
USDSGD	1.3818	0.05	1.3873	1.3823	3.43
EURSGD	1.5896	0.07	1.5913	1.5855	-0.97
GBPSGD	1.8179	0.34	1.8190	1.8075	0.59
AUDSGD	0.9830	0.29	0.9823	0.9780	-5.85

Source: Bloomberg

MYR

- **MYR inched 0.08% higher to 4.1585 against USD** after reversing a rally in late Asian trade, while sliding against 7 G10s.
- **MYR is slightly bullish against a softer overnight USD**, but caution that gains could be easily overturned if risk aversion in the markets drive up the greenback going into European session. Despite early downsides in USDMYR, a bullish trend still prevails until it is below 4.1498 by tomorrow. So unless this happens, there is still a risk of USDMYR climbing back above 4.1575 in the coming days.

USD

- **USD fell against 7 G10s** while the DXY turned south after hitting intraday high to close 0.1% lower at 95.66, weighed down by comments from US President Trump that the Fed is raising interest rates too quickly.
- **Continue to view USD as bearish** as part of an extension to yesterday's sell-off from Trump's comments. Yet another rejection at circa 96.11 yesterday affirms our view that DXY is at the onset of a bearish trend. There may be gains in between, but we reckon that general direction will be down, with scope to test 95.51 next, below which 95.33 will be targeted.

EUR

- **EUR inched 0.01% lower to 1.1504 against USD**, unable to fully recover from a sharp losses through Asian-European sessions as Italian woes continue to weigh on sentiment. EUR fell against 8 G10s.
- **Expect a bullish EUR in line with our view of a bearish USD**, but caution on extended concerns in Italy that would limit or even overturn gains. Downside momentum continues to ease while EURUSD's failure to close below 1.1478 yesterday is likely to provide more room to bounce higher. While bearish trend has ended, a bullish one has yet to emerge; beating 1.1524 today will change that.

GBP

- **GBP jumped to the top of the G10 list and climbed 0.4% to 1.3156 against USD** as Brexit sentiment continues to improve amid speculation that UK is edging closer to a Brexit deal with the EU.
- **Maintain a slight bullish view on GBP against a retreating USD** but caution that any emergence of negative Brexit headlines would swiftly push GBP into losses. GBPUSD beat 1.3120 earlier than we expected. It remains technically bullish and is looking for a break at 1.3175, above which 1.3200 will be challenged.

JPY

- **JPY strengthened 0.24% to 112.99 against USD** and advanced against 6 G10s, supported by refuge demand despite improved sentiment in the FX space as equities in major markets declined.
- **Stay bullish on JPY against a soft USD**. USDJPY bearish trend has solidified. Pressure is expected to build trending below 113.00, which exposes USDJPY to a drop to circa 112.10 – 112.46 in the next leg lower.

AUD

- **AUD strengthened 0.35% to 0.7114 against USD** and rose against 7 G10s as market sentiment improved in the FX and commodities spaces.
- **We are bullish on AUD against a soft USD**, supported by likelihood of extended recovery in commodities. A bullish trend has emerged albeit still fragile. AUDUSD is likely to target a move to 0.7141 – 0.7158 next, while losses are likely to stall near 0.7075 – 0.7100.

SGD

- **SGD inched 0.05% firmer to 1.3818 against USD** but fell against 6 G10s that were rebounding from recent losses.
- **We turn slightly bullish on SGD against a soft USD**. Technically, USDSGD is showing indications of a reversal lower after two rejections prevented further gains. USDSGD is likely headed for 1.3793, below which 1.3767 will be eyed.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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