

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Wall Street was in risk-off mode overnight with the equity market took a huge blow (down 3-4%) to record the sharpest fall since February driven by ongoing concerns over rising yields and slower global growth.** Major sectors all ended in the red while the CBOE VIX Index, **Wall Street's volatility gauge rose nearly 40%**. Bond yields climbed ahead of government auctions and after the US core PPI rose more than expected. The 10Y treasuries yield hit an intraday high of 3.24% before levelling off to 3.16% (-5bps) as investors ditched stocks and rushed back to treasuries in the afternoon trading session. Oil prices were supported earlier in anticipation of Hurricane Michael but slipped after API reported major buildup in US crude oil inventories – WTI closed 2.39% lower at \$73.17/barrel while Brent fell by 2.25% to \$83.09/barrel.
- **US PPI rose 0.2% MOM as expected but the less volatile core PPI rose by 0.4% MOM prompting speculations of higher inflation.** The final reading of August wholesale inventories growth was revised from 0.8% MOM to 1.0% MOM. MBA mortgage applications fell 1.7% last week as interest rates crept up to more than 7-year high. Elsewhere, **the UK economy grew at the same pace by 0.7% MOM in the three months to August.** Industrial production slowed to increase 0.2% MOM in August. Construction output fell 0.7% MOM while house prices dropped as well. Goods trade deficit widened to -£11.2b on higher import growth. **Japan PPI grew at a steady 3.0% YOY in September while its machine tools order slowed further to a 2.8% YOY growth.**
- **USD fell against 6 G10s** while the DXY tumbled in US morning to end the day 0.17% lower at 95.50, extending its decline on pressure from recent Trump's comments that the Fed is raising rates too quickly and retreat in Treasury yields. **Stay bearish on USD** on risk aversion ahead of US CPI data tonight; caution on extended USD declines if US data disappoints. DXY is now in a bearish trend; the 95.34 – 95.39 level will be crucial to protect DXY from extended losses, otherwise a test at 94.85 – 94.98 will materialize in the coming days.
- **MYR advanced 0.17% to 4.1515 against USD** as part of an extended decline in broad USD that was triggered by US President Trump's comments on Fed rate hikes. MYR slipped against 7 G10s. **MYR is neutral against USD**, with room for slight gains in the event the greenback extends its recent downsides in European session. Despite yesterday's losses, USDMYR remains in a bullish trend, which suggests a climb above 4.1585 remains on the cards going forward.
- **SGD slipped 0.04% to 1.3835 against USD** and retreated against 6 G10s as risk aversion ahead of Singapore GDP and MAS policy decision still dampens demand. **We maintain a slightly bullish view on SGD against a soft USD.** Technically, USDSGD is still 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	➔
UK	➔
Japan	➔

#### What's Coming Up Next

##### Major Data

- Malaysia Industrial Production
- US CPI, Initial Jobless Claims

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1518	1.1530	1.1538	1.1546	1.1574	↗
USDJPY	1.3188	1.3200	1.3210	1.3218	1.3236	↗
GBPUSD	111.80	112.00	112.30	112.46	112.74	↘
AUDUSD	0.7054	0.7066	0.7070	0.7096	0.7131	↗
EURGBP	0.8721	0.8728	0.8731	0.8742	0.8750	↘
USDMYR	4.1500	4.1510	4.1570	4.1555	4.1570	➔
EURMYR	4.7878	4.7900	4.7953	4.7985	4.8020	↗
JPYMYR	3.6970	3.7000	3.7035	3.7080	3.7100	↗
GBPMYR	5.4850	5.4900	5.4920	5.4950	5.4980	↗
SGDMYR	3.0032	3.0058	3.0078	3.0096	3.0110	➔
AUDMYR	2.9335	2.9358	2.9388	2.9443	2.9468	➔
NZDMYR	2.6845	2.6872	2.6882	2.6904	2.6936	↗
USDSGD	1.3800	1.3809	1.3822	1.3838	1.3850	↘
EURSGD	1.5907	1.5926	1.5942	1.5954	1.5966	↗
GBPSGD	1.8220	1.8235	1.8257	1.8270	1.8300	↗
AUDSGD	0.9729	0.9750	0.9771	0.9792	0.9817	↗

\* 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	1,735.18	-2.26	-3.43	CRB Index	198.12	-1.13	2.19
Dow Jones Ind.	25,598.74	-3.15	3.56	WTI oil (\$/bbl)	73.17	-2.39	21.10
S&P 500	2,785.68	-3.29	4.19	Brent oil (\$/bbl)	83.09	-2.25	24.26
FTSE 100	7,145.74	-1.27	-7.05	Gold (\$/oz)	1,194.79	0.42	8.10
Shanghai	2,725.84	0.18	-17.58	CPO (RM/tonne)	2,089.00	-0.33	-12.59
Hang Seng	26,193.07	0.08	-12.45	Copper (\$/tonne)	6,239.00	-0.84	-13.91
STI	3,131.48	-1.11	-7.98	Rubber (sen/kg)	408.00	-0.49	-11.78

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US MBA Mortgage Applications	Oct-05	-1.7%	0.0%	--
US PPI Final Demand MOM	Sep	0.2%	-0.1%	0.2%
US PPI Ex Food & Energy MOM	Sep	0.4%	0.1%	0.2%
US PPI Final Demand YOY	Sep	2.6%	2.8%	2.7%
US PPI Ex Food & Energy YOY	Sep	2.5%	2.3%	2.5%
US Wholesale Inventories MOM	Aug F	1.0%	0.6%	0.8%
UK Visible Trade Balance GBP/Mn	Aug	-£11,195	-£10,387 (revised)	-£10,850
UK Industrial Production MOM	Aug	0.2%	0.1%	0.1%
UK Construction Output SA MOM	Aug	-0.7%	0.5%	-0.5%
UK GDP (MOM)	Aug	0.0%	0.4% (revised)	0.1%
UK GDP 3M/3M Change	Aug	0.7%	0.7% (revised)	0.6%
UK RICS House Price Balance	Sep	-2.0	1.0 (revised)	1.0
JP Machine Tool Orders	Sep P	2.8%	5.1%	--
JP PPI YoY	Sep	3.0%	3.0%	2.9%

Source: Bloomberg

**➤ Macroeconomics**

- US producer prices matched expectations, higher core prices led to inflation speculations:** The producer price index for final demand matched expectations to rise 0.2% MOM in September (Aug: -0.1%) while core PPI which excludes food and energy came in higher than expected at 0.4% MOM (Aug: +0.1%) as the prices of services quickened effectively offsetting the decline in prices of goods. On a yearly basis, PPI eased to 2.6% YOY (Aug: +2.8%) while core PPI rose 2.5% YOY (Aug: +2.3%). Producer prices marked its lowest annual gain since January this year as energy inflation softened but the faster growth in core prices led to speculations that higher services inflation might lift today's CPI prompting faster rate hike by the Fed. Other release in the US was the final reading of August wholesale inventories growth which was revised up from 0.8% MOM to 1.0% MOM (Jul: +0.6%) as firms increased inventories investment in automotive and drugs in anticipation of better sales ahead. The MBA mortgage applications dropped by 1.7% last week (previous: 0.0%) as higher interest rates deterred buyers from the housing market -applications for both purchases and refinancing declined by 1.1% and 2.6% respectively. The average interest rate for a fixed-rate 30-year mortgage rose to 5.05% (previous: 4.96%), the highest since Feb 2011 compared to 4.16% a year ago.
- UK economy recorded upbeat growth 3 months through August; industrial production beat expectations:** The UK economy grew 0.7% MOM in the three months to August (Jul: +0.7% revised) despite a flat August (0.0% vs +0.4% revised) suggesting an upbeat third quarter GDP growth. Separately, industrial production slowed to increase 0.2% MOM in August (Jul: 0.4% revised) due to the contraction in manufacturing output but nonetheless the figure was above estimate of 0.1% MOM and the upside was that figure for July was revised substantially from 0.1% to 0.4% MOM. Construction output meanwhile fell 0.7% MOM in August (Jul: +0.5%) as output in new housing seen contracting across the private and public segments, suggesting a slower homebuilding activities in the UK. Property prices fell in the UK as the RICS House Price Balance fell to -2.0 in September (Aug: 1.0 revised), in line with the general softening of the housing market. Other release was the visible (goods) trade deficit which widened to -£11.2b in August (Jul: -£10.4b revised) as import growth quickened to 3.1% MOM (Jul: +0.6%) while exports softened to 1.4% MOM growth (Jul: +1.8%).
- Japan producer prices growth held steady; machine tools order growth slowed as demand weakened:** Data released this morning shows that producer price index rose 3.0% YOY in September (Aug: +3.0%) for the third consecutive month. Machine tool orders rose 2.8% YOY in September (Aug: +5.1%) as slower domestic orders (+5.1% vs +20.5%) offset the rebound in foreign orders (+2.1% vs -4.6%).

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
11/10	Malaysia	Industrial Production YOY	Aug	2.3%	2.6%	--
11/10	US	CPI YOY	Sep	2.4%	2.7%	--
		CPI Ex Food and Energy YOY	Sep	2.3%	2.2%	--
		Initial Jobless Claims	Oct-06	207k	207k	--
12/10		Import Price Index MOM	Sep	0.2%	-0.6%	--
		U. of Mich. Sentiment	Oct P	100.5	100.1	--
12/10	Eurozone	Industrial Production SA MOM	Aug	0.5%	-0.8%	--
12/10		Trade Balance SA	Sep	--	12.8b	--
12/10	Singapore	GDP SAAR QOQ	3Q A	5.0%	0.6%	--
		GDP YOY	3Q A	2.4%	3.9%	--
		Retail Sales YOY	Aug	-1.3%	-2.6%	--
12/10	Australia	Home Loans MOM	Aug	-1.0%	0.4%	--
		Investment Lending	Aug	--	-1.3%	--
		Owner-Occupier Loan Value MOM	Aug	--	1.3%	--
12/10		BusinessNZ Manufacturing PMI	Sep	--	52.0	--

Source: Bloomberg

## Forex

Name	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1520	0.25	1.1545	1.1480	-3.88
GBPUSD	1.3196	0.40	1.3216	1.3135	-2.24
USDJPY	112.27	-0.61	113.29	112.26	-0.51
AUDUSD	0.7055	-0.68	0.7131	0.7044	-9.53
EURGBP	0.8732	-0.12	0.8751	0.8723	-1.64
USDMYR	4.1515	-0.17	4.1595	4.1480	2.64
EURMYR	4.7695	0.14	4.7842	4.7641	-1.15
JPYMYR	3.6683	-0.10	3.6807	3.6673	3.03
GBPMYR	5.4557	0.49	5.4722	5.4545	0.42
SGDMYR	3.0027	0.10	3.0096	3.0023	-0.86
AUDMYR	2.9443	-0.13	2.9609	2.9443	-7.20
NZDMYR	2.6812	-0.18	2.6976	2.6812	-6.81
CHFMYR	4.1818	0.01	4.1935	4.1808	1.32
CNYMYR	0.6000	-0.09	0.6004	0.5996	-3.50
HKDMYR	0.5299	-0.11	0.5308	0.5296	2.34
USDSGD	1.3835	0.04	1.3838	1.3796	3.53
EURSGD	1.5938	0.30	1.5951	1.5864	-0.57
GBPSGD	1.8255	0.44	1.8263	1.8149	1.10
AUDSGD	0.9761	-0.62	0.9840	0.9744	-6.42

Source: Bloomberg

### MYR

- **MYR advanced 0.17% to 4.1515 against USD** as part of an extended decline in broad USD that was triggered by US President Trump's comments on Fed rate hikes. MYR slipped against 7 G10s.
- **MYR is neutral against USD**, with room for slight gains in the event the greenback extends its recent downsides in European session. Despite yesterday's losses, USDMYR remains in a bullish trend, which suggests a climb above 4.1585 remains on the cards going forward.

### USD

- **USD fell against 6 G10s** while the DXY tumbled in US morning to end the day 0.17% lower at 95.50, extending its decline on pressure from recent Trump's comments that the Fed is raising rates too quickly and plunging Treasury yields.
- **Stay bearish on USD** on risk aversion ahead of US CPI data tonight; caution on extended USD declines if US data disappoints. DXY is now in a bearish trend; the 95.34 – 95.39 level will be crucial to protect DXY from extended losses, otherwise a test at 94.85 – 94.98 will materialize in the coming days.

### EUR

- **EUR climbed 0.25% to 1.1520 against USD** and advanced against 5 G10s, led higher by a weak greenback despite lingering Italian woes.
- **Maintain a bullish EUR view on the back of a soft USD**, but losses will quickly prevail if Italian concerns escalate. A bullish trend has emerged, and we suspect that EURUSD is targeting a break at 1.1546 to head towards 1.1474. EURUSD needs to hold above 1.1524 to ensure that current bullish trend prevails by tomorrow, otherwise a drop back below 1.1500 is expected.

### GBP

- **GBP strengthened 0.40% to 1.3196 against USD** and advanced against 8 G10s, supported by Brexit sentiment that continues to pick up amid expectations that a post-Brexit deal is within grasp.
- **Maintain a bullish view on GBP against a soft USD** but caution that any emergence of negative Brexit headlines would swiftly push GBP into losses. GBPUSD is firmly into its bullish trend and is expected to beat 1.3236 soon, above which 1.3267 will be exposed. Still, current uptrend could be ended by a rejection near 1.3277 – 1.3298.

### JPY

- **JPY strengthened 0.61% to 122.27 against USD** and jumped to the top of the G10 list as sharp sell-off in US equities spurred demand for haven.
- **JPY is expected to remain bullish against USD** amid likelihood of continually weak market sentiment. USDJPY remains in a bearish trend. We still expect USDJPY to test 112.10, below which a drop to 111.47 – 111.55 may be exposed.

### AUD

- **AUD tumbled 0.68% to 0.7055 against USD** and fell against 8 G10s, pressured by risk aversion in the markets amid sharp decline in US equities.
- **AUD remains slightly bullish in line with our view of a soft USD**, though gains may be modest given prevailing risk-off sentiment in the markets. A bullish trend sustains despite overnight decline, but will be nullified if AUDUSD fails to hold above 0.7078 by tomorrow. Until that happens, we set sights on a climb to circa 0.7131.

### SGD

- **SGD slipped 0.04% to 1.3835 against USD** and retreated against 6 G10s as risk aversion ahead Singapore GDP and MAS policy decision still dampens demand.
- **We maintain a slightly bullish view on SGD against a soft USD**. Technically, USDSGD is still 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 Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

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