

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- US stocks ended on a positive note overnight lifted by the energy and tech sectors. **Crude oil rallied on news that OPEC and its allies could sign a new long term deal where output quota is expected to remain in place** as well as lower Iranian oil supply and this helped pushed the energy sector higher. WTI managed to settle 2.53% higher at \$69.25/barrel while Brent added 2.18% to close at \$79.06/barrel. **Yield on US 10Y treasuries climbed 4bps to 2.98% on upbeat US data** as the NFIB Small Business Optimism Index hit a record high. Reuters reported that China is seeking permission from the WTO to impose sanction on the US as a part of a trade dispute dated back to 2013 and is separate from the ongoing trade spat between the two countries.
- In the US, the NFIB Small Business Optimism Index rose to a fresh high of 108.8 in August as firms continued to be upbeat about the economy with plans to expand their businesses and increase employments. Wholesale inventories rose 0.6% MOM in July according to the final reading. **UK wage growth inclusive bonus accelerated to 2.6% YOY for the three months ended July while regular pay (ex. bonus) also posted a faster growth of 2.9%**. The economy however added only 3k jobs with unemployment rate stayed at 4.0%. Japan machine tools order growth fell back to a single-digit 5.3%. Business sentiments in Australia were rather mixed – the NAB Business Confidence Index fell to 4.0 in August while Business Conditions rose to 15.0.
- **USD ended weaker against all G10s with the exception of JPY** but the DXY managed to close 0.10% higher at 95.25 on the back of small losses in key index components EUR and the sterling. **We are slight bullish on USD** amid slight improvement in risk sentiments for now and that lingering trade war concerns would continue to keep spurring haven flows into USD intermittently. Technically, DXY remains slightly bullish and is poised to head higher towards 96.09 provided it stays above 95.14.
- **MYR shed a marginal 0.04% against the USD to 4.1460 last Friday ahead of the long weekend.** MYR however strengthened against 9 G10s that was later battered down by a rebounding greenback. **We expect rangetrading in the USDMYR**, with an upside bias in anticipation of continued strength in the USD. Technically, USDMYR remains tilted to the upside and is poised to test 4.1450 – 4.1480 next. However, caution that continued failure to beat 4.1492 is expected to erode current upside bias, which poses a reversal risk to USDMYR.
- **SGD gained against 7 G10s and strengthened 0.25% to 1.3754 against a soft USD. SGD remains bearish against USD** on technical reasons despite softening positive momentum. Prevalence of minor bullish trend continues to suggest that USDSGD is likely to trend higher going forward. USDSGD is poised to beat 1.3762 soon.

#### Overnight Economic Data

US	↑
Eurozone	↑
UK	→
Japan	↓
Australia	→

#### What's Coming Up Next

##### Major Data

- US MBA Mortgage Applications, PPI Final Demand
- Eurozone Industrial Production
- Singapore Retail Sales
- Australia Westpac Consumer Conf Index

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1555	1.1582	1.1594	1.1627	1.1642	↘
GBPUSD	1.2981	1.3008	1.3017	1.3035	1.3054	↗
USDJPY	111.13	111.42	111.52	111.67	111.85	↗
AUDUSD	0.6986	0.7081	0.7099	0.7118	0.7131	↘
EURGBP	0.8882	0.8891	0.8908	0.8916	0.8934	↗
USDMYR	4.1443	4.1479	4.1505	4.1536	4.1562	↗
EURMYR	4.8030	4.8093	4.8133	4.8164	4.8206	↘
JPYMYR	3.7042	3.7132	3.7219	3.7242	3.7311	↘
GBPMYR	5.3909	5.3959	5.4030	5.4102	5.4144	↗
SGDMYR	3.0076	3.0119	3.0158	3.0189	3.0209	↗
AUDMYR	2.9350	2.9421	2.9488	2.9510	2.9572	↘
NZDMYR	2.6934	2.6990	2.7022	2.7062	2.7086	↘
USDSGD	1.3711	1.3735	1.3765	1.3788	1.3813	↗
EURSGD	1.5956	1.5950	1.5963	1.5989	1.6000	→
GBPSGD	1.7894	1.7905	1.7919	1.7932	1.7949	→
AUDSGD	0.9752	0.9762	0.9778	0.9794	0.9812	↘

\* 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*	1,799.17	0.03	0.13	CRB Index	191.67	0.34	-1.13
Dow Jones Ind.	25,971.06	0.44	5.06	WTI oil (\$/bbl)	69.25	2.53	14.61
S&P 500	2,887.89	0.37	8.01	Brent oil (\$/bbl)	79.06	2.18	18.23
FTSE 100	7,273.54	-0.08	-5.39	Gold (\$/oz)	1,198.59	0.23	8.10
Shanghai	2,664.80	-0.18	-19.42	CPO (RM/tonne)*	2,216.50	-0.29	-7.26
Hang Seng	26,422.55	-0.72	-11.69	Copper (\$/tonne)	5,859.00	-0.86	-19.15
STI	3,109.91	-0.35	-8.61	Rubber (sen/kg)	409.50	0.24	-11.46

Source: Bloomberg

\*Last price on 7 Sep.

**Economic Data**

	For	Actual	Last	Survey
US NFIB Small Business Optimism	Aug	108.8	107.9	108.0
US Wholesale Inventories MOM	Jul F	0.6%	0.7%	0.7%
EU ZEW Survey Expectations	Sep	-7.2	-11.1	--
UK Average Weekly Earnings 3M/YOY	Jul	2.6%	2.4%	2.4%
UK ILO Unemployment Rate 3Mths	Jul	4.0%	4.0%	4.0%
UK Employment Change 3M/3M	Jul	3k	42k	10k
JP Machine Tool Orders YOY	Aug P	5.30%	13.1%	--
AU NAB Business Conditions	Aug	15.0	12.0	--
AU NAB Business Confidence	Aug	4.0	7.0	--

Source: Bloomberg

**Macroeconomics**

- US small business optimism reached a record high:** Sentiments among small businesses in the US strengthened to the highest ever as the NFIB Small Business Optimism Index rose to a fresh high of 108.8 in August (Jul: 107.9). The August survey shows that the pace of hiring in the labour market is yet to slow down as firms continue their plans to increase employment and think that now is a good time to expand their businesses. Inventory investment plans were the strongest since 2005 and capital spending plans were the highest since 2007. A separate release shows that the final reading of wholesale inventories rose 0.6% MOM in July (Jun: +0.7%).
- German ZEW survey raised optimism on Eurozone:** The ZEW Economic Sentiment Index for the Eurozone rose to -7.2 in September (Aug: -11.1) signalling an improvement of investors sentiments regarding the euro area economy as fear of trade war eased primarily due to the recent deal reached between the US and Mexico.
- UK wage growth accelerated as labour market tightened:** The average weekly earnings grew 2.6% YOY for the three months ended July (Jun: +2.4%) beating a consensus estimate of 2.5% while regular pay (which excludes bonus payment) increased 2.9% YOY (Jun: +2.7%). The economy however only added 3k jobs (Jun: +42k) while unemployment rate stayed at 4.0% (Jun: 4.0%). The faster rise in wages finally came through reaffirming the BOE's view that the tightening jobs market will lead to higher wages which it is projecting to reach a 3.5% YOY growth next year. The central bank is set to meet tomorrow and markets do not expect any move from the BOE to raise the Bank Rate after a recent hike in August.
- Japan machine tools order growth normalized, fell back to single digit growth:** Preliminary reading shows that machine tool orders growth which measures tools orders placed with Japanese manufacturers fell back to a single-digit growth of only 5.3% YOY in August (Jul: +13.1%) after recording two-digit growths for 17 consecutive months. Machine tools order had been growing at a substantial pace last year with growth peaking at 49.8% in Oct-17 as the economy recovered in 2017.
- Australia businesses showed mixed sentiments:** The NAB Business Confidence Index fell to 4.0 in August (Jul: 7.0), the lowest level since Jul-16 while the Business Conditions Index rose to 15.0 (Jul: 12.0) suggesting that firms were more upbeat over the current state of the economy while future expectations weakened.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
<b>12/09</b>	<b>US</b>	<b>MBA Mortgage Applications</b>	<b>Sep-07</b>	--	<b>-0.1%</b>	--
		<b>PPI Final Demand MOM</b>	<b>Aug</b>	<b>0.2%</b>	<b>0.0%</b>	--
		<b>PPI Final Demand YOY</b>	<b>Aug</b>	<b>3.2%</b>	<b>3.3%</b>	--
13/09		U.S. Federal Reserve Releases Beige Book				
		CPI YOY	Aug	2.8%	2.9%	--
		CPI Ex Food and Energy YOY	Aug	2.4%	2.4%	--
		Initial Jobless Claims	Sep-08	210k	203k	--
<b>12/09</b>	<b>Eurozone</b>	<b>Industrial Production SA MOM</b>	<b>Jul</b>	<b>-0.5%</b>	<b>-0.7%</b>	--
13/09		ECB Main Refinancing Rate	Sep-13	0.0%	0.0%	--
13/09	UK	RICS House Price Balance	Aug	2.0%	4.0%	--
		Bank of England Bank Rate	Sep-13	0.75%	0.75%	--
13/09	Japan	PPI YOY	Aug	3.1%	3.1%	--
		Core Machine Orders YOY	Jul	4.3%	0.3%	--
13/09	Hong Kong	Industrial Production YOY	2Q	--	1.1%	--
		PPI YOY	2Q	--	3.8%	--
<b>12/09</b>	<b>Singapore</b>	<b>Retail Sales YOY</b>	<b>Jul</b>	<b>0.7%</b>	<b>2.0%</b>	--
<b>12/09</b>	<b>Australia</b>	<b>Westpac Consumer Conf Index</b>	<b>Sep</b>	--	<b>103.6</b>	--
13/09		Employment Change	Aug	18.0k	-3.9k	--
		Unemployment Rate	Aug	5.3%	5.3%	--
		Participation Rate	Aug	65.6%	65.5%	--
06-13/09		Domestic Vehicle Sales YOY	Aug	--	3.6%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1606	0.10	1.1644	1.1566	-3.35
GBPUSD	1.3033	0.05	1.3087	1.2965	-3.64
USDJPY	111.63	0.45	111.64	111.07	-0.95
AUDUSD	0.7119	0.06	0.7129	0.7085	-6.81
EURGBP	0.8906	0.06	0.8938	0.8877	0.34
USDMYR	4.1460	0.04	4.1480	4.1400	2.46
EURMYR	4.8252	0.17	4.8301	4.8115	-0.48
JPYMYR	3.7435	0.59	3.7534	3.7414	4.13
GBPMYR	5.3644	0.00	5.3661	5.3512	-1.82
SGDMYR	3.0136	-0.05	3.0170	3.0105	-0.51
AUDMYR	2.9668	-0.54	2.9827	2.9585	-6.17
NZDMYR	2.7277	-0.25	2.7325	2.7194	-5.28
CHFMYR	4.2953	0.45	4.2990	4.2900	3.52
CNYMYR	0.6059	-0.13	0.6075	0.6056	-2.55
HKDMYR	0.5281	0.00	0.5276	0.5285	1.97
USDSGD	1.3754	-0.25	1.3809	1.3748	2.96
EURSGD	1.5963	-0.14	1.6011	1.5940	-0.57
GBPSGD	1.7926	-0.19	1.8005	1.7867	-0.89
AUDSGD	0.9791	-0.19	0.9813	0.9761	-6.19

Source: Bloomberg

Note: closing for MYR pairs as at 7-Sept

## Forex

### MYR

- **MYR shed a marginal 0.04% against the USD to 4.1460 last Friday ahead of the long weekend.** MYR however strengthened against 9 G10s that was later battered down by a rebounding greenback.
- **We expect rangetrading in the USDMYR,** with an upside bias in anticipation of continued strength in the USD. Technically, USDMYR remains tilted to the upside and is poised to test 4.1450 – 4.1480 next. However, caution that continued failure to beat 4.1492 is expected to erode current upside bias, which poses a reversal risk to USDMYR.

### USD

- **USD ended weaker against all G10s with the exception of JPY** but the DXY managed to close 0.10% higher at 95.25 on the back of small losses in key index components EUR and the sterling.
- **We are slight bullish on USD** amid slight improvement in risk sentiments for now and that lingering trade war concerns would continue to keep spurring haven flows into USD intermittently. Technically, DXY remains slightly bullish and is poised to head higher towards 96.09 provided it stays above 95.14.

### EUR

- **EUR advanced 0.10% to 1.1606 against USD** and strengthened against 6 G10s, supported by improving risk appetite in European markets.
- **Stay slightly bearish on EUR** against a potentially firm USD. Bearish bias in EURUSD was dampened technically after losing 1.1619 and downside momentum is weak. A rebound back above 1.1619 will pave the way for the pair to test 1.1662 next.

### GBP

- **GBP eked out a small 0.05% gain to 1.3033** against a softer USD and newsflows that BOE Governor Carney will extend its tenure until Jan-2020 to smoothen the Brexit process. UK jobs data also came in on the positive side.
- **Continue to expect a bullish GBP against USD,** supported by firmer Brexit sentiment but we caution that gains could be reversed should there be any reemergence of negative headlines. Staying above 1.3000 would strengthen upside bias in the pair and paved the way towards 1.3102.

### JPY

- **JPY weakened 0.45% to 111.63 against USD** and underperformed all other G10s, as a result of improving sentiments in the markets that prompted paring of haven flows.
- **We are slightly bearish on JPY against USD** on the back of improving risk sentiments. Upside momentum gained some traction and is poised to push USDJPY higher to 111.82 unless it closes below 111.25.

### AUD

- **AUD climbed 0.06% to 0.7119 against a soft USD** but slipped against 6 G10s.
- **We are bearish AUD against USD,** on expectations of subdued risk appetite in the markets on ongoing trade war and US-North Korea risk events. Negative momentum in the pair has deepened suggesting increased bearishness in AUDUSD. The pair looks set to head towards 0.7048 after breaking below 0.7134.

### SGD

- **SGD gained against 7 G10s and strengthened 0.25% to 1.3754 against a soft USD.**
- **SGD remains bearish against USD** on technical reasons despite softening positive momentum. Prevalence of minor bullish trend continues to suggest that USDSGD is likely to trend higher going forward. USDSGD is poised to beat 1.3762 soon.

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