

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks staged a rebound on Friday with major indices posted meaningful gains**, consolidating from recent selloffs fuelled especially by the impressive rebound of tech shares as investors took opportunity snapping up shares of Netflix, Amazon, Microsoft, Twitter, Alphabet following previous days' sell-off. **Friday also marked the unofficial kick-off of the third quarter earnings seasons as JP Morgan announced its better-than-expected earnings and revenue** but the financials sector barely gained momentum possible over lingering concerns of rising yields. 10Y treasuries yield rose after diving as much as 5bps earlier following a rebound in stocks, to end merely a bp higher at 3.16%. **Crude oil prices stabilised**- WTI closed at \$71.34/barrel while Brent at \$80.43/barrel.
- **Dataflow was a mixed bag**. US import prices rose 0.5% MOM driven by a surge in prices of fuel imports. University of Michigan Consumer Sentiment Index slipped to 99.0 in October in a preliminary reading. Eurozone industrial production rose 1.0% MOM beating expectations. China trade surplus widened further to \$31.7b in September on strong exports growth. Singapore retail sales fell 0.4% YOY due to weak auto vehicles sales. Australia mortgages lending activities cooled as home loan approvals fell 2.1% MOM in August.
- **USD staged a rebound** in European session last Friday as equities made a comeback after early week selloffs, further reinforced by the release of an above expectation US PPI reading. The USD strengthened against 7 G10s and the **DXY ended 0.21% stronger at 95.22. USD is turning slightly bullish today** amid improving market sentiments and in the absence of negative newsflows. Breaking above 95.18-95.20 Friday has somewhat softened bearish bias in DXY although upside momentum is still weak and a bullish trend has yet to establish, unless the index pushes above 95.46-95.49.
- **MYR advanced 0.11% to 4.1540 against USD** and was firmer against 9 G10s as risk-off in the markets softened following consolidation in the markets following earlier massive sell-offs. **MYR remains neutral against USD**, with room for slight losses following rebound in the greenback. However, trading below 4.1555 has softened USDMYR's bullish trend but a bearish trend has yet to emerge. Unless USDMYR closes below 4.1520 today, we suspect the pair is still on track to head towards 41570.
- **SGD declined 0.13% to 1.3782 against a rebounding USD** but ended mixed against the G10s. **SGD is slightly bearish against a firmer USD today**, in addition to improving risk appetite in the markets. Technically, USDSGD is still showing indications of further decline after losing 1.3793. We expect USDSGD to be headed to 1.3730 next, below which 1.3700 – 1.3712 will be threatened.

Overnight Economic Data

US	→
Eurozone	↑
UK	↓
China	→
Australia	↓
New Zealand	↑

What's Coming Up Next

Major Data

- US Retail Sales Advance, Empire Manufacturing
- Japan Industrial Production YOY

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1526	1.1541	1.1555	1.1608	1.1623	↘
GBPUSD	1.3066	1.3091	1.3112	1.3138	1.3163	↘
USDJPY	111.82	112.00	112.11	112.27	112.46	↘
AUDUSD	0.7078	0.7100	0.7107	0.7140	0.7150	↘
EURGBP	0.8785	0.8797	0.8811	0.8833	0.8843	↗
USDMYR	4.1500	4.1519	4.1553	4.1555	4.1570	↗
EURMYR	4.7893	4.7941	4.8010	4.8028	4.8099	↘
JPYMYR	3.6950	3.7000	3.7066	3.7090	3.7133	↗
GBPMYR	5.4281	5.4380	5.4482	5.4515	5.4695	↘
SGDMYR	3.0076	3.0100	3.0138	3.0166	3.0223	↘
AUDMYR	2.9458	2.9473	2.9519	2.9572	2.9649	↘
NZDMYR	2.6886	2.6973	2.7026	2.7100	2.7150	↘
USDSGD	1.3760	1.3775	1.3789	1.3797	1.3827	↗
EURSGD	1.5899	1.5909	1.5930	1.5951	1.5966	↗
GBPSGD	1.8050	1.8063	1.8081	1.8133	1.8158	↘
AUDSGD	0.9785	0.9793	0.9797	0.9810	0.9825	→

* 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	1,730.74	1.30	-9.68	CRB Index	197.94	0.67	2.10
Dow Jones Ind.	25,339.99	1.15	2.51	WTI oil (\$/bbl)	71.34	0.52	18.07
S&P 500	2,767.13	1.42	3.50	Brent oil (\$/bbl)	80.43	0.21	22.27
FTSE 100	6,995.91	-0.16	-9.00	Gold (S/oz)	1,217.95	-0.50	8.10
Shanghai	2,606.91	0.91	-21.17	CPO (RM/tonne)	2,066.00	-1.10	-13.56
Hang Seng	25,801.49	2.12	-13.76	Copper (\$/tonne)	6,302.00	0.96	-13.04
STI	3,069.17	0.71	-9.81	Rubber (sen/kg)	402.50	-0.49	-12.97

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Import Price Index MOM	Sep	0.5%	-0.4% (revised)	0.2%
US U. of Michigan Consumer Sentiment	Oct P	99.0	100.1	100.5
EU Industrial Production SA MOM	Aug	1.0%	-0.7% (revised)	0.5%
UK Rightmove House Prices YOY	Oct	0.9%	1.2%	--
CH Trade Balance	Sep	\$31.69b	\$26.65b (revised)	\$19.2b
CH Exports YOY	Sep	14.5%	9.1% (revised)	8.2%
CH Imports YOY	Sep	14.3%	19.9% (revised)	15.3%
SG Retail Sales YOY	Aug	-0.4%	-2.7% (revised)	-1.3%
AU Home Loans MOM	Aug	-2.1%	0.0% (revised)	-1.0%
AU Investment Lending	Aug	-1.1%	-1.4% (revised)	--
AU Owner-Occupier Loan Value MOM	Aug	-2.7%	1.4% (revised)	--
NZ Performance of Services Index	Sep	53.9	53.3 (revised)	--

Source: Bloomberg

Macroeconomics

- US import prices rose on higher fuel prices; consumer sentiment slipped:** Import price index rose 0.5% MOM in September (Aug: -0.4% revised) mainly driven by a surge in prices of fuel imports (+3.8% vs -2.2%) as prices of nonfuel imports were held unchanged compared to the previous month. The preliminary reading of University of Michigan Consumer Index fell to 99.0 in October (Sep: 100.1) but remained on a favourable level. The decline was due to consumers' less upbeat assessments of their personal finances. That said, confidence in the government's economic policy rose to its highest level in 15 years reflecting the strong performance of the economy
- Eurozone industrial production staged a major comeback:** Industrial production beat expectations to increase 1.0% MOM in August (Jul: -0.7% revised) attributed to a broad-based growth in output across all goods categories in particular that of energy (+1.9% vs +0.7%), durable consumer goods (+1.5% vs -1.9%) and non-durable consumer goods (+1.4% vs -1.0%). On a yearly basis, output growth continued to lag behind those of earlier months clocking in at a less impressive 0.9% YOY (Jul: +0.3%) as output in major economies contracted - Germany (-0.5% vs +1.1%), Portugal (-3.3% vs -0.7%) and Italy (-0.8% vs -1.3%).
- UK house prices remained in downward trajectory:** Rightmove revealed that average asking house prices grew at a mere 0.9% YOY in October, dwindling further from September's 1.2% YOY increase and marking its smallest gain since Feb-12, reaffirming extended weakness in the UK housing market. House prices in London continued to decline, falling 1.1% YOY in October (Sept: -0.5% YOY).
- China trade surplus widened despite trade tariffs:** China trade surplus widened further to \$31.7b in September despite ongoing trade war with the US as exports rose a whopping 14.5% YOY (Aug: +9.1% revised) following a slower month. As we have earlier expected exports to the US which accounted for 20.6%v of total exports continued to hold up as shipments rose by as substantial 14.0% (Aug: +13.2%) which in turn pushed the trade surplus (with the US) to a fresh record high of \$34.13b (Aug: \$31.07) as exporters continued to front load goods shipments to the country to avoid potentially higher tariff in the future. The trend however is unlikely to be sustainable for long as the third round of tariff targeting \$200b Chinese goods had come into effect in late September while at the same time relations with the US remained uncertain with no fresh development in trade negotiations. Imports meanwhile slowed to increase 14.3% YOY (Aug: +19.9%) as growth in domestic demand struggled to maintain its momentum, reaffirming the ongoing slowdown of the economy.
- Singapore retail sales fell, dragged down by weak auto demand:** Retail sales fell 0.4% YOY in August (Jul: -2.7%) mainly because of the contraction in the sales of motor vehicles (-12.8% vs 15.2%). Excluding motor vehicles, sales rose at a faster pace of 2.4% YOY (Jul: +0.1%) attributed to a broad-based improvement across goods after a weak July suggesting that domestic demand is holding up in the economy still. Singapore had experienced a strong start to 2018 with GDP growth for the first two quarters recording at 4.5% and 4.1% YOY respectively. The advance reading of 3Q GDP growth has levelled off to 2.6% YOY as the pace of expansion moderated from the strong growth in 1H. Nonetheless, we expect domestic demand to continue supporting the economy, in line with MAS' positive economic assessment.
- Australia mortgages lending fell amidst softening housing market:** Home loan approvals fell 2.1% MOM in August (Jul: 0.0%) after recording a flat line reading in the previous month. Owner-occupied fell 2.7% MOM (Jul: +1.4%) while loans extended for investment purposes contracted further by 1.1% MOM (Jul: -1.4%) highlighting the effectiveness of macro prudential policy introduced by authorities in an effort to combat speculations in the Australian housing market.
- New Zealand services index ticked higher again:** Performance services index ticked up to 53.9 in September while August reading was revised a tad higher to 53.3, signalling continued expansion in services activities although at uneven momentum as evident in the zig-zag MOM move intertwined between acceleration and deceleration so far this year. The increase was largely led by increases in sales/activity and stocks, offsetting declines in employment, new orders and deliveries.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
15/10	US	Retail Sales Advance MoM	Sep	0.6%	0.1%	--
		Empire Manufacturing	Oct	20.0	19.0	--
16/10		Industrial Production MoM	Sep	0.2%	0.4%	--
		Capacity Utilization	Sep	78.2%	78.1%	--
		NAHB Housing Market Index	Oct	67.0	67.0	--
16/10	Eurozone	Trade Balance SA	Aug	14.7b	12.8b	--
		ZEW Survey Expectations	Oct	--	-7.2	--
16/10	UK	Claimant Count Rate	Sep	--	2.6%	--
		Jobless Claims Change	Sep	--	8.7k	--
		Average Weekly Earnings 3M/YoY	Aug	2.6%	2.6%	--
		Weekly Earnings ex Bonus 3M/YoY	Aug	2.9%	2.9%	--
		ILO Unemployment Rate 3Mths	Aug	4.0%	4.0%	--
		Employment Change 3M/3M	Aug	11k	3k	--
15/10	Japan	Industrial Production YoY	Aug F	--	0.6%	--
16/10	China	PPI YoY	Sep	3.6%	4.1%	--
		CPI YoY	Sep	2.5%	2.3%	--
16/10	Australia	RBA Oct. Meeting Minutes				
16/10	New Zealand	CPI YoY	3Q	1.7%	1.5%	--

Source: Bloomberg

Forex

Name	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1560	-0.28	1.161	1.1535	-3.77
GBPUSD	1.3153	-0.58	1.3258	1.3148	-3.08
USDJPY	112.21	0.04	112.50	111.88	-0.46
AUDUSD	0.7114	-0.14	0.7140	0.7102	-8.98
EURGBP	0.8791	-0.32	0.8795	0.8746	-0.68
USDMYR	4.1540	-0.11	4.1565	4.1523	2.66
EURMYR	4.8111	-0.09	4.8240	4.7991	-0.77
JPYMYR	3.7005	-0.13	3.7063	3.6802	2.93
GBPMYR	5.4907	-0.07	5.5058	5.4855	0.49
SGDMYR	3.0160	-0.18	3.0257	3.0160	-0.43
AUDMYR	2.9581	-0.36	2.9634	2.9478	-6.44
NZDMYR	2.7099	-0.53	2.7136	2.7036	-5.90
CHFMYR	4.1945	-0.26	4.2024	4.1874	1.09
CNYMYR	0.6000	-0.05	0.6030	0.5998	-3.50
HKDMYR	0.5301	-0.13	0.5291	0.5304	2.36
USDSGD	1.3782	-0.13	1.3786	1.3734	3.19
EURSGD	1.5927	-0.19	1.5967	1.5893	-0.79
GBPSGD	1.8127	-0.47	1.8237	1.8119	-0.09
AUDSGD	0.9804	-0.01	0.9831	0.9778	-6.15

Source: Bloomberg

MYR

- **MYR advanced 0.11% to 4.1540 against USD** and was firmer against 9 G10s as risk-off in the markets softened following consolidation in the markets following earlier massive sell-offs.
- **MYR remains neutral against USD**, with room for slight losses following rebound in the greenback. However, trading below 4.1555 has softened USDMYR's bullish trend but a bearish trend has yet to emerge. Unless USDMYR closes below 4.1520 today, we suspect the pair is still on track to head towards 41570.

USD

- **USD staged a rebound** in European session last Friday as equities made a comeback after early week selloffs, further reinforced by the release of an above expectation US PPI reading. The USD strengthened against 7 G10s and the **DXY ended 0.21% stronger at 95.22**.
- **USD is turning slightly bullish today** amid improving market sentiments and in the absence of negative newsflows. Breaking above 95.18-95.20 Friday has somewhat softened bearish bias in DXY although upside momentum is still weak and a bullish trend has yet to establish, unless the index pushes above 95.46-95.49.

EUR

- **EUR fell 0.28% to 1.1560 against a recovering USD** and weakened against 7 G10s amid a stock rebound following paring of risk aversion in the market.
- **EUR may remain under pressure** today against a firmer USD and negative news surrounding Germany state vote but negative Brexit headlines could help limit its losses. Friday's closing below 1.1574 has dampened the bulls and is setting the stage for a potential move lower to 1.1546 next.

GBP

- **GBP lost 0.58% to 1.3153 against a rebounding USD** and fell against all G10s as Brexit sentiment ebbed amid lack of new catalysts / headlines.
- **GBP is bearish against a firmer USD** in our view, aggravated by negative newsflows that Brexit negotiations are hitting a snag. GBPUSD is turning bearish and looks set to test 1.3069-1.3081 regions before any attempts to bounce higher again.

JPY

- **JPY slipped 0.04% to 112.21 against a firmer USD** following a rebound in equities and paring of demand for safety.
- **JPY is expected to remain bullish against USD** amid likelihood of a still fragile market sentiment that is more susceptible to negative headlines. USDJPY remains in a bearish trend. We now expect USDJPY to break below 112.10, after which a drop to 111.47 – 111.55 will be exposed.

AUD

- **AUD weakened 0.14% to 0.7114 against the USD** but traded mixed against the G10s, on the back of improving market sentiments.
- **AUD is slightly bearish amid a firmer USD**, though losses may be modest improving sentiment in the markets. AUDUSD remains bullish. We still set sights on a test at 0.7131, above which 0.7160 – 0.7178 will be eyed. Losing 0.7100 will again entice the bears that are still lurking.

SGD

- **SGD declined 0.13% to 1.3782 against a rebounding USD** but ended mixed against the G10s.
- **SGD is slightly bearish against a firmer USD today**, in addition to improving risk appetite in the markets. Technically, USDSGD is still showing indications of further decline after losing 1.3793. We expect USDSGD to be headed to 1.3730 next, below which 1.3700 – 1.3712 will be threatened.

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