

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks failed to sustain Friday's momentum as major indices fell again overnight** led mainly by the sell-off in tech shares. Investors seemed to remain **cautious over last week's equity market rout as well as rising international political tensions**. The US and Saudi Arabia are currently locked in a dispute over a missing Saudi journalist (a US resident) who was reportedly being killed by the Saudi government during an interrogation. This in turn provided a slight boost to oil prices – WTI closed 0.6% higher at \$71.78/barrel while Brent ended 0.4% higher at \$80.78/barrel. Yield on 10Y treasuries barely changed at 3.16%.
- At the data front, **US retail sales growth was held steady** at 0.1% MOM in September **while the New York Fed Empire Manufacturing Index rose** to 21.1 in October. Japan final industrial production for August was revised from 0.6% to 0.2% YOY, a major pullback from the 2.2% YOY growth in July. **New Zealand CPI beat estimations to rise 1.9% YOY in the third quarter. Despite moving above the midpoint of RBNZ's 1-3% inflation target range, we do not foresee any change to the OCR.**
- **USD fell against all G10s except the minute gains vs the sterling**, on renewed risk-off in the markets and decline in stocks, proving Friday's gain as just a technical correction. The DXY failed to hold on to gains starting mid-Asian trading and the weakness was carried through to European and US trading session, ending 0.17% lower at 95.06. **USD is in for a bearish bias today** as markets remain nervous and sentiments remain fragile. Failure to push higher yesterday confirmed that upside momentum remains weak. This puts 94.98 back on the radar, after which 94.70-94.80 will be eyed.
- **MYR narrowed its losses to a mere 0.02% drop against the USD to close at 4.1550**, recouping almost all losses during the day (intraday day high of 4.1590), lifted by renewed USD weakness going into mid-Asian/ early European trading. MYR also underperformed all G10s. **MYR remains neutral against USD**, with room for slight losses amid renewed market jitters. Upside bias in USDMYR continued to soften as the pair continues to remain below 4.1555 but a bearish trend has yet to emerge. We believe USDMYR is still on track to head towards 41570, unless it closes below 4.1520.
- **SGD rose 0.10% to 1.3768 against the USD** but fell against 8 G10s. **SGD is slightly bullish against a softer USD today**. Technically, USDSGD is bearish. We expect USDSGD to head towards 1.3730 next, below which 1.3700 – 1.3712 will be eyed.

Overnight Economic Data

US	→
Japan	↓
New Zealand	↑

What's Coming Up Next

Major Data

- US Industrial Production, NAHB Housing Market Index
- Eurozone Trade Balance, ZEW Survey Expectations
- UK Average Weekly Earnings, Unemployment Rate 3Mths, Employment Change
- China PPI, CPI

Major Events

- RBA October Meeting Minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1526	1.1541	1.1586	1.1608	1.1623	↗
GBPUSD	1.3091	1.3139	1.3157	1.3163	1.3193	→
USDJPY	111.45	11162	111.87	112.27	112.46	↘
AUDUSD	0.7078	0.7100	0.7136	0.7150	0.7169	↗
EURGBP	0.8785	0.8797	0.8805	0.8826	0.8833	↗
USDMYR	4.1500	4.1519	4.1555	4.1570	4.1584	→
EURMYR	4.8073	4.8109	4.8139	4.8163	4.8208	↗
JPYMYR	3.7058	3.7118	3.7136	3.7177	3.7199	↘
GBPMYR	5.4545	5.4596	5.4664	5.4698	5.4831	↗
SGDMYR	3.0162	3.0180	3.0209	3.0218	3.0250	↗
AUDMYR	2.9509	2.9554	2.9653	2.9700	2.9754	↗
NZDMYR	2.7225	2.7289	2.7330	2.7353	2.7390	↗
USDSGD	1.3709	1.3732	1.3750	1.3797	1.3827	↘
EURSGD	1.5899	1.5909	1.5936	1.5951	1.5966	→
GBPSGD	1.8050	1.8063	1.8095	1.8133	1.8158	↘
AUDSGD	0.9785	0.9801	0.9815	0.9825	0.9841	→

* 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	1,728.74	-0.12	-3.19	CRB Index	199.74	0.91	3.03
Dow Jones Ind.	25,250.55	-0.35	2.15	WTI oil (\$/bbl)	71.78	0.62	18.80
S&P 500	2,750.79	-0.59	2.89	Brent oil (\$/bbl)	80.78	0.44	20.80
FTSE 100	7,029.22	0.48	-8.57	Gold (S/oz)	1,227.25	0.76	8.10
Shanghai	2,568.10	-0.49	-22.35	CPO (RM/tonne)	2,084.00	0.87	-12.80
Hang Seng	25,445.06	-0.38	-14.95	Copper (\$/tonne)	6,301.00	-0.02	-13.05
STI	3,045.97	-0.76	-10.49	Rubber (sen/kg)	401.00	-0.37	-13.30

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Retail Sales Advance MOM	Sep	0.1%	0.1% (revised)	0.7%
US Empire Manufacturing	Oct	21.1	19.0	20.5
JP Industrial Production YOY	Aug F	0.2%	2.2%	--
NZ CPI YOY	3Q	1.9%	1.5%	1.7%

Source: Bloomberg

➤ Macroeconomics

- US retail sales posted slowest growth since February:** Retail sales growth was held steady at 0.1% MOM in September (Aug: +0.1% revised), the lowest recorded since February this year. The lacklustre growth was mainly attributed to the decline of sales at gasoline stations (-0.8% vs +1.1%) where prices of gasoline remained largely unchanged in September which offset the rebounds in sales of others items such as motor vehicles (+0.8% vs -0.5%), furniture (+1.1% vs -0.8%), food & beverages (+0.2% vs -0.3%), and clothing & clothing accessories (+0.5% vs -2.8%). Excluding gasoline sales, retail sales managed to record a faster 0.2% MOM growth (Aug: +0.0%) while sales excluding auto vehicles fell 0.1% MOM (Aug: +0.3%). On a yearly basis, retail sales grew at a slower pace of 4.7% YOY (Aug: +6.5%).
- US New York manufacturing activities saw further expansion:** The latest New York Fed Empire State Manufacturing Survey shows that business activities continues to grow in New York State as the general business conditions index rose two points to 21.1 in October (Sept: 19.0). The faster pace of growth was mainly driven by the further increase of new orders (22.5 vs 16.5) and shipments (26.3 vs 14.3) as all the other sub-indexes recorded lower reading. Firms continued to hire but at a sharply slower pace (9.0 vs 13.3) while the average work week for employees dipped as well (0.2 vs 11.5). Price pressure at the cost level is seen cooling with prices paid rose at slower rate (42.0 vs 46.3) which in turn led to slower increase in prices received (14.3 vs 16.3). Firms remained moderately optimistic about the outlook for the next six months as the index for future conditions was little changed at 29.0.
- Japan final industrial production reading saw major pullback:** The final reading of August industrial production was revised from 0.6% to 0.2% YOY (Jul: +2.2%) as both manufacturing (+0.3% vs +2.2%) and mining (+0.5% vs +2.3%) experienced substantial pull-back in output growth, reflecting a gradual slowdown in output since the beginning of the year and is largely in line with the Nikkei PMI readings.
- New Zealand inflation surged on higher housing and petrol prices:** Headline inflation beat expectations to rise 1.9% YOY in 3Q (2Q: +1.5%) driven by higher cost of housing and household utilities (+3.1% YOY) and transports (+5.6% YOY) with petrol prices increased a whopping 19% YOY. The higher petrol prices was due to the decline in exchange rate and the rise of crude oil prices over the quarter as well as the introduction of a 10% regional fuel tax of 10 cents/litre (plus GST) in Auckland since 1 July. Underlying inflation is seen picking up as well with the trimmed mean measures which exclude volatile price movements ranging between 1.8-1.9% YOY hence matching the all-items CPI. Inflation is expected to trend up further in the fourth quarter as a 3.5%/litre increase in petrol tax came into effect on 30 September. That said, despite CPI moving above the midpoint of the RBNZ inflation target range of 1-3%, we stick to our view that the central bank will keep its Official Cash Rate (OCR) unchanged for the rest of the year as consumer and business sentiments remained very weak.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
16/10	US	Industrial Production MOM	Sep	0.2%	0.4%	--
		Capacity Utilization	Sep	78.2%	78.1%	--
		NAHB Housing Market Index	Oct	66.0	67.0	--
17/10		MBA Mortgage Applications	Oct-12	--	--	--
		Housing Starts MOM	Sep	-5.6%	9.2%	--
		Building Permits MOM	Sep	2.0%	-5.7%	-4.1%
16/10	Eurozone	Trade Balance SA	Aug	14.7b	12.8b	--
		ZEW Survey Expectations	Oct	--	-7.2	--
17/10		Construction Output MOM	Aug	--	0.3%	--
		CPI Core YOY	Sep F	0.9%	0.9%	--
		CPI YOY	Sep F	2.1%	2.0%	2.0%
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	15.0k	3.0k	--
17/10		CPI YOY	Sep	2.6%	2.7%	--
		Core CPI YOY	Sep	2.0%	2.1%	--
		PPI Output NSA YOY	Sep	2.9%	2.9%	--
16/10	China	PPI YOY	Sep	3.5%	4.1%	--
		CPI YOY	Sep	2.5%	2.3%	--
17/10	Singapore	Non-oil Domestic Exports YOY	Sep	11.1%	5.0%	--
16/10	Australia	RBA Oct. Meeting Minutes				
17/10		Westpac Leading Index MOM	Sep	--	0.06%	--

Source: Bloomberg

Forex

Name	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1579	0.16	1.1606	1.1535	-3.50
GBPUSD	1.3152	-0.01	1.3182	1.3082	-2.63
USDJPY	111.77	-0.39	112.28	111.63	-0.77
AUDUSD	0.7130	0.22	0.7149	0.7099	-8.59
EURGBP	0.8804	0.15	0.8836	0.8782	-0.85
USDMYR	4.1550	0.02	4.1590	4.1547	2.69
EURMYR	4.8144	0.07	4.8164	4.7973	-0.71
JPYMYR	3.7226	0.60	3.7227	3.7015	3.36
GBPMYR	5.4593	-0.57	5.4602	5.4423	0.07
SGDMYR	3.0177	0.06	3.0190	3.0122	-0.32
AUDMYR	2.9658	0.26	2.9664	2.9502	-6.19
NZDMYR	2.7155	0.21	2.7158	2.6992	-5.17
CHFMYR	4.2021	0.18	4.2021	4.1914	1.48
CNYMYR	0.6002	0.04	0.6013	0.5997	-3.47
HKDMYR	0.5303	0.04	0.5307	0.5301	2.38
USDSGD	1.3768	-0.10	1.3795	1.3752	3.02
EURSGD	1.5942	-0.09	1.5971	1.5896	-0.67
GBPSGD	1.8108	-0.10	1.8140	1.8031	0.19
AUDSGD	0.9817	0.13	0.9837	0.9791	-5.91

Source: Bloomberg

MYR

- **MYR narrowed its losses to a mere 0.02% drop against the USD to close at 4.1550**, recouping almost all losses during the day (intraday day high of 4.1590), lifted by renewed USD weakness going into mid-Asian/ early European trading. MYR also underperformed all G10s.
- **MYR remains neutral against USD**, with room for slight losses amid renewed market jitters. Upside bias in USDMYR continued to soften as the pair continues to remain below 4.1555 but a bearish trend has yet to emerge. We believe USDMYR is still on track to head towards 41570, unless it closes below 4.1520.

USD

- **USD fell against all G10s except the minute gains vs the sterling**, on renewed risk-off in the markets and decline in stocks, proving Friday's gain as just a technical correction. The DXY failed to hold on to gains starting mid-Asian trading and the weakness was carried through to European and US trading session, ending 0.17% lower at 95.06.
- **USD is in for a bearish bias today** as markets remain nervous and sentiments remain fragile. Failure to push higher yesterday confirmed that upside momentum remains weak. This puts 94.98 back on the radar, after which 94.70-94.80 will be eyed.

EUR

- **EUR gained 0.16% to 1.1579 against a softening USD** but weakened against 6 G10s mainly of the commodity and haven currencies.
- **EUR is expected to stay mildly bullish** today on the back of a soft USD but cautioned that weak Eurozone data and negative headlines could cap its gain. Bullish momentum in EURUSD remains weak and we shall await a close above 1.1600 for clearer signs of further upward move towards 1.1623.

GBP

- **GBP slipped marginally by 0.01% to 1.3152 against the USD** and continued to fall against all G10s even though PM Theresa May said progress has been made in Brexit issue with EU.
- **GBP is neutral against the USD** with a slight bearish bias amid continued fragile sentiments and influences by Brexit newsflows. We maintain that GBPUSD is turning bearish and looks set to test 1.3069-1.3081 regions before any attempts to bounce higher again.

JPY

- **JPY advanced 0.39% to 111.77 against a softer USD** on the back of renewed 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. USDJPY has broken below 112.10 as expected, and we now set sights on further downward move to 111.47 – 111.55.

AUD

- **AUD strengthened 0.22% to 0.7130 against the USD** but continued to trade mixed against the G10s, on the back of improving commodities led by gold.
- **AUD is slightly bullish** against renewed weakness in USD but still soft market sentiments would limit gains. We still set sights on a test at 0.7131, above which 0.7160 – 0.7178 will be eyed.

SGD

- **SGD rose 0.10% to 1.3768 against the USD** but fell against 8 G10s.
- **SGD is slightly bullish against a softer USD today**. Technically, USDSGD is bearish. We expect USDSGD to head towards 1.3730 next, below which 1.3700 – 1.3712 will be eyed.

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