

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended mixed overnight as investors stayed cautious ahead of a slew of earnings reports set to be released this week while concerns over a slower global economic growth lingered.** US 10Y treasuries yield rose 1bp to 3.2%. Earlier, **China** stock market rallied with the Shanghai Composite Index soared by more than 4% after **top officials made public (and positive) comments in an attempt to talk up the (slowing) economy** following weak economic data released last Friday. **European markets meanwhile ended lower as investors continued to grapple with uncertainties surrounding Brexit and Italy's budget plan.** Movements in crude oil prices were muted – WTI closed at \$69.17/barrel (+0.07%) while Brent at \$79.83/barrel (+0.06%).
- **It was a light day for economic releases - US Chicago Fed National Activity Index fell to +0.17** pointing to a moderating economic growth in September. Japan September All Industry Activity Index rose 0.5% MOM indicating a rebound in monthly growth while its convenience store sales on same store basis rose 3.5% YOY in the same month. **Malaysia foreign reserves fell to \$102.8b as at 15 October**, sufficient to finance 7.3 months of retained imports and is 0.9 times short term external debt.
- **USD rebounded to beat 9 G10s** while the DXY bounced off intraday low in European morning and climbed through US session to close 0.31% higher at 96.01, driven by renewed refuge demand on extended decline in equities. **Expect USD to stay bullish**, supported by refuge demand amid lingering concerns in the markets such as equities sell-off, Italian woes and Brexit uncertainties. DXY stays on a bullish trend, with upside momentum firmer after breaking above 96 level. It remains to be seen if DXY could hold above this level, especially approaching the most recent rejection range circa 96.09 – 96.15. If it does, 96.31 will be targeted, otherwise, expect a return to 95.55 going forward.
- **MYR slipped 0.07% to 4.1605 against USD** and retreated against 6 G10s as sentiment continues to sag in European session despite firmer Asian performance. **Stay neutral on MYR against USD**, with scope for mild losses as risk appetite continues to retreat amid extended sell-off in the markets. USDMYR remains tilted to the upside and is now eyeing a break above 4.1635, which will then pose a challenge to 4.1660 – 4.1680.
- **SGD managed to beat 7 G10s on refuge demand but weakened 0.16% to 1.3800 against a firm USD. Stay bearish on SGD against a firm USD** as we opine that risk-off in the markets remains unabated. With bullish trend in control, USDSGD remains exposed to a climb to circa 1.3819 – 1.3826. Beating this, USDSGD is likely to target 1.3860.

Overnight Economic Data

Malaysia	↓
US	↓
Japan	↑

What's Coming Up Next

Major Data

- US Richmond Fed Manufacturing Index
- Eurozone Consumer Confidence
- UK CBI Trends Total Orders
- Japan Supermarket Sales, Machine Tool Orders, Nationwide Dept Sales
- Hong Kong CPI
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1437	1.1456	1.1463	1.1480	1.1500	↘
USDJPY	1.2916	1.2944	1.2964	1.5976	1.3000	↘
GBPUSD	112.26	112.58	112.70	112.75	112.97	↗
AUDUSD	0.7044	0.7054	0.7067	0.7075	0.7090	↘
EURGBP	0.8805	0.8822	0.8842	0.8860	0.8878	↗
USDMYR	4.1555	4.1570	4.1585	4.1595	4.1605	→
EURMYR	4.7600	4.7655	4.7704	4.7751	4.7790	↘
JPYMYR	3.6849	3.6870	3.6911	3.6950	3.6971	→
GBPMYR	5.3875	5.3913	5.3948	5.3963	5.3983	↘
SGDMYR	3.0122	3.0135	3.0138	3.0144	3.0163	↘
AUDMYR	2.9367	2.7394	2.9405	2.9438	2.9479	↘
NZDMYR	2.7200	2.7237	2.7254	2.7271	2.7290	↘
USDSGD	1.3800	1.3809	1.3811	1.3819	1.3826	↗
EURSGD	1.5800	1.5817	1.5829	1.5842	1.5864	↘
GBPSGD	1.7878	1.7885	1.7901	1.7914	1.7925	↘
AUDSGD	0.9737	0.9749	0.9759	0.9769	0.9778	↘

* 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	1,722.47	-0.56	-4.14	CRB Index	197.25	0.04	1.75
Dow Jones Ind.	25,317.41	-0.50	2.42	WTI oil (\$/bbl)	69.17	0.07	14.48
S&P 500	2,755.88	-0.43	3.08	Brent oil (\$/bbl)	79.83	0.06	19.38
FTSE 100	7,042.80	-0.10	-8.39	Gold (S/oz)	1,222.10	-0.36	8.10
Shanghai	2,654.88	4.09	-19.72	CPO (RM/tonne)	2,071.00	-0.72	-13.35
Hang Seng	26,153.15	2.32	-12.59	Copper (\$/tonne)	6,242.00	0.35	-13.87
STI	3,078.06	0.51	-9.55	Rubber (sen/kg)	405.50	0.12	-12.32

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MY Foreign Reserves	Oct-15	\$102.8b	\$103.0b	--
US Chicago Fed Nat Activity Index	Sep	0.17	0.27 (revised)	0.22
JP All Industry Activity Index MOM	Aug	0.5%	-0.2% (revised)	0.4%
JP Convenience Store Sales YOY	Sep	3.5%	1.0%	--

Source: Bloomberg

➤ Macroeconomics

- US Chicago Fed National Activity Index points to moderating economic growth in September:** The CFNAI fell to +0.17 in September (Aug: +0.27) indicating that the economy moderated in September due to lesser contributions from production related indicators (slower September industrial production growth of 0.3% MOM) and sales, orders & inventories indicators (lower ISM manufacturing new orders index at 61.8). Employment related indicators contributed more to the index due to the drop in September unemployment rate from 3.9% to 3.7%. The contribution of personal consumption and housing category increased as well as overall consumption indicators saw slight improvement in September.
- Japan All Industry Activity Index points to a rebound in monthly growth:** The All Industry Activity Index rose 0.5% MOM in August (Jul: -0.2% revised), more than erasing previous month's loss, driven by the rebound in all sectors - services (+0.5% vs -0.1%), manufacturing (+0.2%) and construction (+0.8% vs -1.0%). On a yearly basis, the gain in the index was held steady at 0.9% YOY. A separate release meanwhile shows that convenience store sales on same store basis rose 3.5% YOY in September (Aug: +1.0%).
- Malaysia foreign reserves ticked lower:** Foreign reserves fell to \$102.8b as of 15 October (previous: \$103.0b) sufficient to finance 7.3 months of retained imports and is 0.9 times short term external debt.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
24/10	Malaysia	CPI YOY	Sep	0.7%	0.2%	--
23/10	US	Richmond Fed Manufact. Index	Oct	24.0	29.0	--
24/10		MBA Mortgage Applications	Oct-19	--	-7.1%	--
		FHFA House Price Index MOM	Aug	0.3%	0.2%	--
		Markit US Manufacturing PMI	Oct P	55.3	55.6	--
		Markit US Services PMI	Oct P	54.0	53.5	--
		New Home Sales MOM	Sep	-0.6%	3.5%	--
23/10	Eurozone	Consumer Confidence	Oct A	-3.2	-2.9	--
24/10		Markit Eurozone Manufacturing PMI	Oct P	53.0	53.2	--
		Markit Eurozone Services PMI	Oct P	54.5	54.7	--
23/10	UK	CBI Trends Total Orders	Oct	2.0	-1.0	--
23/10	Japan	Supermarket Sales YOY	Sep	--	0.1%	--
		Machine Tool Orders YOY	Sep F	--	2.8%	--
		Nationwide Dept Sales YOY	Sep	--	-0.2%	--
24/10		Nikkei Japan PMI Mfg	Oct P	--	52.5	--
		Coincident Index	Aug F	--	117.5	--
		Leading Index CI	Aug F	--	104.4	--
23/10	Hong Kong	CPI Composite YOY	Sep	--	2.3%	--
23/10	Singapore	CPI YOY	Sep	0.8%	0.7%	--

Source: Bloomberg

Forex

	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1464	-0.43	1.155	1.1456	-4.50
GBPUSD	1.2963	-0.86	1.309	1.2957	-4.06
USDJPY	112.82	0.24	112.89	112.35	0.04
AUDUSD	0.7081	-0.53	0.7127	0.7076	-9.48
EURGBP	0.8844	0.36	0.8857	0.8806	-0.43
USDMYR	4.1605	0.07	4.1630	4.1560	2.86
EURMYR	4.7860	0.46	4.8022	4.7821	-1.58
JPYMYR	3.6883	-0.27	3.7020	3.6870	2.70
GBPMYR	5.4277	0.14	5.4433	5.4264	-1.24
SGDMYR	3.0200	0.18	3.0242	3.0163	-0.47
AUDMYR	2.9564	-0.02	2.9626	2.9475	-6.94
NZDMYR	2.7394	0.15	2.7461	2.7371	-5.32
CHFMYR	4.1717	-0.06	4.1823	4.1700	0.70
CNYMYR	0.5995	-0.09	0.6005	0.5994	-3.58
HKDMYR	0.5306	0.04	0.5310	0.5301	2.53
USDSGD	1.3800	0.16	1.3809	1.3761	3.34
EURSGD	1.5821	-0.27	1.5901	1.5818	-1.39
GBPSGD	1.7890	-0.71	1.8021	1.7878	-0.96
AUDSGD	0.9772	-0.35	0.9818	0.9770	-6.52

Source: Bloomberg

MYR

- **MYR slipped 0.07% to 4.1605 against USD** and retreated against 6 G10s as sentiment continues to sag in European session despite firmer Asian performance.
- **Stay neutral on MYR against USD**, with scope for mild losses as risk appetite continues to retreat amid extended sell-off in the markets. USDMYR remains tilted to the upside and is now eyeing a break above 4.1635, which will then pose a challenge to 4.1660 – 4.1680.

USD

- **USD rebounded to beat 9 G10s** while the DXY bounced off intraday low in European morning and climbed through US session to close 0.31% higher at 96.01, driven by renewed refuge demand on extended decline in equities.
- **Expect USD to stay bullish**, supported by refuge demand amid lingering concerns in the markets such as equities sell-off, Italian woes and Brexit uncertainties. DXY stays on a bullish trend, with upside momentum firmer after breaking above 96 level. It remains to be seen if DXY could hold above this level, especially approaching the most recent rejection range circa 96.09 – 96.15. If it does, 96.31 will be targeted, otherwise, expect a return to 95.55 going forward.

EUR

- **EUR weakened 0.43% to 1.1464 against USD** and fell against 6 G10s, weighed down by lingering concerns over Italian budget and risk aversion ahead of ECB meeting.
- **Continue to view a slightly bearish EUR against USD** on lingering Italian woes as well as likelihood of increased risk aversion ahead of ECB meeting mid-week. EURUSD remains technically bearish and still suggests a potential decline below 1.1450 by tomorrow, failing which the bearish trend will be nullified and direction thereafter will depend on whether crucial levels are broken.

GBP

- **GBP slumped 0.86% to 1.2963 against USD** and fell against all G10s, pressured by Brexit uncertainties and potential threat of leadership change as UK PM May faces dissent from within her party.
- **We stay bearish on GBP against USD** as risk aversion is likely to prevail on Brexit uncertainties and UK PM May's leadership contention. GBPUSD is now poised for further decline after breaking below 1.3012. It is now targeting 1.2944, below which 1.2916 will be challenged.

JPY

- **JPY advanced against 5 G10s** on refuge demand but **weakened 0.24% to 112.82 against a firmer USD**.
- **We now turn slightly bearish on JPY against USD** on technical reasons. A bullish trend has emerged, tilting USDJPY towards the upside with room to challenge 112.97 – 113.09 next. Beating this exposes a move to 113.70 in the coming weeks.

AUD

- **AUD fell 0.53% to 0.7081 against USD** and tumbled against 8 G10s, pressured by renewed risk-off in the markets.
- **AUD remains slightly bearish against USD** in our view, weighed down by risk aversion in the markets. AUDUSD remains technically bearish and a return to 0.7044 is likely. Note that this was where previous rebound took place, thus we would not rule out limited losses from current level.

SGD

- **SGD managed to beat 7 G10s** on refuge demand but **weakened 0.16% to 1.3800 against a firm USD**.
- **Stay bearish on SGD against a firm USD** as we opine that risk-off in the markets remains unabated. With bullish trend in control, USDSGD remains exposed to a climb to circa 1.3819 – 1.3826. Beating this, USDSGD is likely to target 1.3860.

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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