

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks ended lower overnight taking cue from the sell-off in global equities earlier. The rally in Chinese stocks failed to sustain** as the Shanghai Composite Index retraced past day's gain and fell 2.26% while **major European benchmarks all ended in the red. Concerns over trade tariffs biting into American corporate profits became even more prominent** after industrials giant Caterpillar said that costs were rising because of tariffs leading the S&P 500 Industrials Index to lose 1.60%. The energy sector was the worst performing sector (-2.67%), weighed down by **plunging crude oil prices after Saudi Arabia pledged higher output and API reported large build-up in crude inventories.** Brent dipped to \$76.44/barrel (-4.25%) while WTI at \$66.43/barrel (-3.96%). The rout in stock markets sparked haven demand leading US treasuries to rally overnight - 10Y treasuries yield fell 3 bps to close at 3.17%. **The European Commission has officially rejected budget plan submitted by the Italian government. Bank Indonesia left its seven-day reverse repo rate unchanged at 5.75%.**
- **Economic releases were mixed globally.** US Richmond Fed Manufacturing Index fell to 15.0 in October indicating a modest expansion. Eurozone consumer confidence improved slightly to -2.7 in October but remained weak. UK October CBI Industrial Survey for new orders fell to a balance of -6 suggesting weakening of the manufacturing sector. Japan machine tool orders rose 2.9% YOY in September, supermarket sales bounced up by 1.9% YOY but department stores sales declined by 3.0% YOY. Hong Kong September headline inflation soared to a 7-month high of 2.7% YOY while Singapore headline inflation was held steady at 0.7% YOY.
- **USD fell against 7 G10s** while the DXY eased at the start of Asian afternoon to end the day 0.05% lower at 95.96, which we interpret as a technical event amid another rejection at 96.15. **USD is now slightly bearish in our view,** weighed down by President Trump's latest salvo on the Fed Chairman for raising interest rates when the US economy is performing well. DXY is at risk of losing current bullish trend if 95.90 level is lost, which is likely to be the case given softening upside momentum. We set sights on a decline to below 95.85 going forward, as part of a move stemming from the most recent rejection at 96.15.
- **MYR slipped 0.09% to 4.1640 against USD** as buying interest was capped by soft market sentiment, but managed to beat 7 G10s. Despite a softer USD, **we 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 move towards 4.1660 – 4.1680. Shedding 4.1600 will ally the bulls.
- **SGD rallied in late Asian session to close 0.08% firmer against USD at 1.3789** and advanced against 5 G10s as risk-off eased in late trading. **SGD is now slightly bullish in line with our view of a softer USD.** Technical outlook has deteriorated after losing 1.3800 overnight, which tilts USDSGD towards the downside and on a path towards 1.3750 – 1.3760.

#### Overnight Economic Data

US	↓
Eurozone	↑
UK	↓
Japan	→
Hong Kong	↑
Singapore	→

#### What's Coming Up Next

##### Major Data

- Malaysia CPI
- US MBA Mortgage Applications, FHFA House Price Index, Markit Manufacturing & Services PMIs, New Home Sales
- Eurozone Markit Manufacturing and Services PMIs
- Japan Nikkei Manufacturing PMI, Coincident & Leading Indexes

##### Major Events

- Fed Beige Book

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1450	1.1464	1.1471	1.1477	1.1500	↗
USDJPY	1.2957	1.2982	1.2986	1.2992	1.3000	↘
GBPUSD	112.17	112.26	112.41	112.50	112.74	↘
AUDUSD	0.7044	0.7054	0.7087	0.7097	0.7108	↘
EURGBP	0.8817	0.8830	0.8834	0.8840	0.8850	↗
USDMYR	4.1600	4.1620	4.1635	4.1645	4.1650	→
EURMYR	4.7730	4.7750	4.7766	4.7810	4.7831	→
JPYMYR	3.7000	3.7015	3.7047	3.7057	3.7088	→
GBPMYR	5.4015	5.4050	5.4063	5.4100	5.4144	↘
SGDMYR	3.0140	3.0180	3.0208	3.0233	3.0250	→
AUDMYR	2.9475	2.9502	2.9514	2.9533	2.9552	↗
NZDMYR	2.7227	2.7250	2.7266	2.7290	2.7315	→
USDSGD	1.3760	1.3774	1.3780	1.3783	1.3793	↘
EURSGD	1.5791	1.5800	1.5808	1.5819	1.5831	↘
GBPSGD	1.7847	1.7878	1.7895	1.7908	1.7925	↘
AUDSGD	0.9737	0.9750	0.9769	0.9776	0.9783	↘

\* 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	1,697.60	-1.44	-5.32	CRB Index	194.97	-1.16	0.57
Dow Jones Ind.	25,191.43	-0.50	1.91	WTI oil (\$/bbl)	66.43	-3.96	9.78
S&P 500	2,740.69	-0.55	2.51	Brent oil (\$/bbl)	76.44	-4.25	14.31
FTSE 100	6,955.21	-1.24	-9.33	Gold (S/oz)	1,230.30	0.67	8.10
Shanghai	2,594.83	-2.26	-21.34	CPO (RM/tonne)	2,081.50	0.51	-12.91
Hang Seng	25,346.55	-3.08	-15.28	Copper (\$/tonne)	6,196.00	-0.74	-14.50
STI	3,031.39	-1.52	-10.92	Rubber (sen/kg)	406.00	-0.25	-12.22

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US Richmond Fed Manufact. Index	Oct	15.0	29.0	24.0
EU Consumer Confidence	Oct A	-2.7	-2.9	-3.2
UK CBI Trends Total Orders	Oct	-6.0	-1.0	2.0
JP Supermarket Sales YOY	Sep	1.9%	0.1%	--
JP Machine Tool Orders YOY	Sep F	2.9%	2.8%	--
JP Nationwide Dept Sales YOY	Sep	-3.0%	-0.2%	--
HK CPI YOY	Sep	2.7%	2.3%	--
SG CPI YOY	Sep	0.7%	0.7%	0.8%

Source: Bloomberg

## ➤ Macroeconomics

- US Richmond Fed District Manufacturing sector experienced modest expansion:** The Richmond Fed Manufacturing Index fell to 15.0 in October (Sep: 29.0) indicating a much slower expansion of the manufacturing sector in the Fifth District as volume of new orders was seen growing at a substantially softer pace (20.0 vs 34.0). That said, firms seemed to be optimistic regarding future sales as expectations over new orders increased sharply (43.0 vs 37.0). Number of employment rose (19.0 vs 16.0) with firms looking to hire more in the future. The prices paid index rose to 5.68 (Sep: 3.47) suggesting higher cost of raw materials which led firms to charge higher prices (2.84 vs 1.93).
- Eurozone consumer confidence remained weak:** The flash estimate of DG ECFIN consumer confidence indicator released by the European Commission improved to -2.7 in October (Sep: -2.9) but the negative reading suggests consumer sentiments remained broadly weak in the Euro area potentially because consumers were concerned over the Italian budget issue.
- UK manufacturing weakened on ongoing Brexit uncertainties:** The CBI industrial trends survey for new orders fell to a rounded balance of -6% in October (Sep: 1%), the weakest balance since Oct-15 as 21% of businesses reported an increase in orders while 28% reported a decrease. Both domestic and exports orders posted declines. 10% of firms were more optimistic about the general business situation than three months ago and 25% were less optimistic, leading to a rounded balance of -16%, the weakest reading since July 2016. Optimism about export prospects for the year ahead also deteriorated at the fastest pace since 2012 as firms concerned that political and economic conditions might limit exports orders over the next three months.
- Japan machine tool orders slowed; supermarket sales bounced up but department store sales declined:** The final reading of machine tool orders for September was revised slightly from 2.8% to 2.9% YOY in September (Aug: +5.1%). Domestic orders slid from double digit growth to 5.6% YOY (Aug: +20.5%) while foreign orders rebounded to increase 1.1% YOY (Aug: -4.6%). Separate releases show that supermarket sales increased 1.9% YOY following a flattish month (Aug: +0.1% YOY) while department store sales posted three months of consecutive decline by 3.0% YOY (Aug: -0.2%).
- Hong Kong inflation accelerated to 7-month high as public rent soared:** The headline composite CPI Index soared by 2.7% YOY (Aug: +2.3%) driven by faster increase in prices of food (+3.6% vs +3.5%), housing (+2.9% vs +2.3%), utilities (+3.8% vs +3.4%) and clothing & footwear (+2.5% vs +1.9%). Within housing, cost of public rent surged by 11.5% YOY (Aug: +0.4%). Underlying inflation also quickened to the highest in 7 months to 3.1% YOY (Aug: +2.6%)
- Singapore headline inflation held steady, core inflation softened:** Consumer prices rose 0.7% YOY in September (Aug: +0.7%) as the faster increase in prices of household durable & services (+0.8% vs +0.7%), education (+2.9% vs +2.4%) were offset by the slower gain in prices of food (+1.6% vs +1.7%), clothing & footwear (+1.8% vs +2.8%) and recreation & culture (+1.2% vs +1.6%). Cost of housing & utilities (-0.5% vs -0.6%) and transport (-0.1% vs -0.2%) continued to fall albeit at a softer pace while communication (-1.6% vs -1.5%) saw further decline. Excluding the costs of accommodations and private road transport, core CPI softened to increase 1.8% YOY (Aug: +1.9%), reaffirming our believes that MAS will not tighten further in the near future.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
24/10	Malaysia	CPI YOY	Sep	0.6%	0.2%	--
24/10	US	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%	--
25/10		U.S. Federal Reserve Beige Book				
		Advance Goods Trade Balance	Sep	-\$75.1b	-\$75.8b	-\$75.5b
		Wholesale Inventories MOM	Sep P	0.5%	1.0%	--
		Retail Inventories MOM	Sep	--	0.7%	--
		Durable Goods Orders	Sep P	-1.5%	4.4%	--
		Cap Goods Orders Nondef Ex Air	Sep P	0.5%	-0.9%	--
		Initial Jobless Claims	Oct-20	214k	210k	--
		Pending Home Sales MOM	Sep	0.0%	-1.8%	--
		Kansas City Fed Manf. Activity	Oct	14.0	13.0	--
24/10	Eurozone	Markit Eurozone Manufacturing PMI	Oct P	53.0	53.2	--
		Markit Eurozone Services PMI	Oct P	54.5	54.7	--
25/10		ECB Main Refinancing Rate	Oct-25	0.00%	0.00%	--
24/10	Japan	Nikkei Japan PMI Mfg	Oct P	--	52.5	--
		Coincident Index	Aug F	--	117.5	--
		Leading Index CI	Aug F	--	104.4	--
25/10	Hong Kong	Exports YOY	Sep	9.0%	13.1%	--
		Imports YOY	Sep	10.5%	16.4%	--
		Trade Balance HKD	Sep	-58.3b	-52.1b	--
25/10	New Zealand	Trade Balance NZD	Sep	-1,365m	-1,484m	--
		Exports NZD	Sep	4.20b	4.05b	--
		Imports NZD	Sep	5.60b	5.54b	--
25-31/10	Vietnam	Industrial Production YOY	Oct	--	9.1%	--
		Exports YTD YOY	Oct	14.9%	15.4%	--
		Imports YTD YOY	Oct	12.0%	11.8%	--
		Trade Balance	Oct	\$600m	\$700m	--
		CPI YOY	Oct	3.95%	3.98%	--
		Retail Sales YTD YOY	Oct	--	11.3%	--

Source: Bloomberg

## Forex

	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1471	0.06	1.1493	1.1439	-4.45
GBPUSD	1.2983	0.15	1.3044	1.2937	-3.93
USDJPY	112.44	-0.34	112.84	111.96	-0.24
AUDUSD	0.7086	0.07	0.7091	0.7056	-9.25
EURGBP	0.8836	-0.10	0.8849	0.8798	-0.50
USDMYR	4.1640	0.09	4.1645	4.1590	2.91
EURMYR	4.7820	-0.08	4.7823	4.7636	-1.37
JPYMYR	3.7095	0.57	3.7099	3.6897	3.18
GBPMYR	5.4094	-0.34	5.4144	5.3879	-1.00
SGDMYR	3.0203	0.01	3.0206	3.0129	-0.29
AUDMYR	2.9476	-0.30	2.9520	2.9379	-6.77
NZDMYR	2.7302	-0.34	2.7348	2.7212	-5.19
CHFMYR	4.1838	0.29	4.1846	4.1747	0.84
CNYMYR	0.6002	0.11	0.6072	0.5995	-3.47
HKDMYR	0.5311	0.09	0.5313	0.5307	2.55
USDSGD	1.3789	-0.08	1.3817	1.3776	3.18
EURSGD	1.5817	-0.03	1.5839	1.5791	-1.48
GBPSGD	1.7900	0.06	1.7981	1.7868	-0.98
AUDSGD	0.9769	-0.03	0.9776	0.9733	-6.44

Source: Bloomberg

### MYR

- **MYR slipped 0.09% to 4.1640 against USD** as buying interest was capped by soft market sentiment, but managed to beat 7 G10s that retreated on a firm greenback.
- Despite a softer USD, **we 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 move towards 4.1660 – 4.1680. Shedding 4.1600 will allay the bulls.

### USD

- **USD fell against 7 G10s** while the DXY eased at the start of Asian afternoon to end the day 0.05% lower at 95.96, which we interpret as a technical event amid another rejection at 96.15.
- **USD is now slightly bearish in our view**, weighed down by President Trump's latest salvo on the Fed Chairman for raising interest rates when the US economy is performing well. DXY is at risk of losing current bullish trend if 95.90 level is lost, which is likely to be the case given softening upside momentum. We set sights on a decline to below 95.85 going forward, as part of a move stemming from the most recent rejection at 96.15.

### EUR

- **EUR jumped just before US afternoon to overturn early losses into a soft 0.06% gain at 1.1471 against USD**, and dipped against 6 G10s.
- **We turn slightly bullish on EUR against USD**, supported by easing jitters as markets turn attention away from Italian woes (that may return in 3 weeks) to focus on potential hints of QE end by ECB in its upcoming meeting. EURUSD is technically mixed; beating 1.1514 re-establishes a bullish trend, otherwise, bearish trend resumes. Direction is uncertain and we reckon EURUSD will rely on fundamental factors to establish a new path.

### GBP

- **GBP rallied in European and US mornings to climb 0.15% to 1.2983 against USD** as threats to UK PM May's leadership retreated. GBP advanced against 8 G10s.
- **Stay slightly bearish on GBP against USD**, weighed down by persisting Brexit uncertainties. Gains, if any, will premise on USD weakness. GBPUSD remains caught in a bearish trend unless it manages to beat 1.3018 tonight. Until then, signs still point to a drop below 1.2963, with room to test 1.2937.

### JPY

- **JPY rallied to beat all G10s and strengthened 0.34% 112.44 against USD**, buoyed by refuge demand as market sentiment remained weak.
- **JPY is now bullish against USD** in anticipation of extended sell-off in the markets that supports refuge demand. USDJPY was rejected by 112.74 overnight and thus cast a bearish technical outlook. Declines could test 112.17 – 112.26 next.

### AUD

- **AUD ended mixed amid attempted recovery in later trading as risk-off eased but managed to inch 0.07% higher to 0.7086 against a soft USD.**
- Despite overnight rebound and a potentially softer USD, **AUD remains slightly bearish in our view**, weighed down by risk aversion in the markets. Bearish trend still prevails in AUDUSD and we eye a return to 0.7044 – 0.7056. We would not rule out the bounce from yesterday to extend but anything short of above 0.7099 today or 0.7119 tomorrow will not pose a threat to current technical landscape.

### SGD

- **SGD rallied in late Asian session to close 0.08% firmer against USD at 1.3789** and advanced against 5 G10s as risk-off eased in late trading.
- **SGD is now slightly bullish in line with our view of a softer USD.** Technical outlook has deteriorated after losing 1.3800 overnight, which tilts USDSGD towards the downside and on a path towards 1.3750 – 1.3760.

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