

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US equity ended mostly lower overnight after a quiet session** ahead of Thursday's FOMC meeting where the **Fed is expected raise fed fund rates by 25bps (its third time in 2018)**. The decision will then be followed by a press conference where Fed Chair Jerome Powell will deliver the Fed's latest economic assessment. Key focus will mainly be on the future trajectory of rates and also the impact of trade tariffs on the economy. **The Dow, S&P 500 dropped 0.26% and 0.13% respectively whereas the NASDAQ rose 0.18%**. WTI retraced earlier gains to close 0.28% higher at 72.28\$/barrel after API reported larger-than-expected buildup in crude inventories and President Trump's remark at UN General Assembly calling for OPEC to stop raising oil prices. 10Y US treasuries yield rose to 3.1%.
- **Data from the US were generally positive** – Conference Board Consumer Confidence soared to an 18-month high of 138.4 in September driven by favorable assessment of short term expectations. The Richmond Fed manufacturing index rose to a record high of 29.0 in September. Growth in house prices eased in July as the FHFA House Price Index rose a modest 0.2% MOM whereas the S&P CoreLogic Case-Shiller Home Price Index for 20 cities increased 5.9% YOY. Elsewhere, **Japan supermarket sales eased to a 0.1% YOY growth** in August. **New Zealand exports dropped 24.2% MOM while imports were held steady**, bringing the trade deficit to widen to NZ\$1.48b in August.
- **USD extended its rebound to beat 6 G10s** but DXY ended 0.06% lower at 94.13, sliding most in US morning as buying interest retreated ahead of FOMC decision. **Keep a bearish daily outlook on USD**; we suspect potential sell-off as the FOMC likely has little to offer on interest rate path. Caution that a more hawkish than expected tone from the FOMC would rally USD. Technical outlook suggests DXY remains in a bearish trend. There is scope to break below 93.91 in the coming days, while rebound is likely capped below 94.64, otherwise current bearish trend will be nullified.
- **MYR weakened 0.21% to 4.1305 against USD** following continued concerns over US-China trade dispute and was lower against 5 G10s. **MYR is neutral against USD**, with room for minor losses amid risk aversion ahead of FOMC policy decision. USDMYR is at risk of having its recent minor bearish trend nullified by a close above 4.1378 today. Doing so tilts USDMYR higher and targets 4.1473, otherwise, it remains on track to drop to 4.1260.
- **SGD slipped 0.02% to 1.3660 against USD** and retreated against 6 G10s on continued jitters from US-China trade disputes. **SGD is slightly bearish against USD** in our view on prevailing trade concerns and risk aversion ahead of FOMC policy decision. USDSGD is likely to extend its recent bounce, likely targeting 1.3668 next. Beating this would tilt USDSGD upward to set a course towards 1.3695.

Overnight Economic Data

| | |
|-------------|---|
| US | ↑ |
| Japan | ↓ |
| New Zealand | ↓ |

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, New Home Sales MoM
- Japan Machine Tool Orders YOY
- Singapore Industrial Productions YOY
- New Zealand ANZ Business Confidence

Major Events

- FOMC Fed Fund Rate
- RBNZ Official Cash Rate

Daily Supports – Resistances (spot prices)*

| | S2 | S1 | Indicative | R1 | R2 | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1729 | 1.1750 | 1.1766 | 1.1777 | 1.1795 | ↗ |
| GBPUSD | 1.3129 | 1.3162 | 1.3177 | 1.3194 | 1.3215 | ↘ |
| USDJPY | 112.51 | 112.74 | 112.97 | 113.03 | 113.22 | ↘ |
| AUDUSD | 0.7212 | 0.7228 | 0.7253 | 0.7259 | 0.7282 | ↘ |
| EURGBP | 0.8910 | 0.8922 | 0.8928 | 0.8933 | 0.8946 | ↗ |
| USDMYR | 4.1320 | 4.1352 | 4.1380 | 4.1406 | 4.1420 | → |
| EURMYR | 4.8630 | 4.8650 | 4.8678 | 4.8703 | 4.8726 | ↗ |
| JPYMYR | 3.6584 | 3.6600 | 3.6630 | 3.6660 | 3.6695 | → |
| GBPMYR | 5.4445 | 5.4500 | 5.4518 | 5.4566 | 5.4633 | ↗ |
| SGDMYR | 3.0251 | 3.0264 | 3.0293 | 3.0303 | 3.0324 | → |
| AUDMYR | 2.9943 | 2.9955 | 3.0007 | 3.0047 | 3.0062 | ↗ |
| NZDMYR | 2.7455 | 2.7478 | 2.7500 | 2.7510 | 2.7560 | ↗ |
| USDSGD | 1.3623 | 1.3649 | 1.3659 | 1.3668 | 1.3684 | ↗ |
| EURSGD | 1.6052 | 1.6060 | 1.6068 | 1.6078 | 1.6086 | ↗ |
| GBPSGD | 1.7975 | 1.7983 | 1.7997 | 1.8017 | 1.8024 | ↘ |
| AUDSGD | 0.9880 | 0.9890 | 0.9906 | 0.9912 | 0.9927 | ↘ |

*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 | 1,794.47 | ↓0.32 | ↓0.13 | CRB Index | 195.12 | 0.17 | 0.65 |
| Dow Jones Ind. | 26,492.21 | ↓0.26 | ↑7.17 | WTI oil (\$/bbl) | 72.28 | 0.28 | ↑20.13 |
| S&P 500 | 2,915.56 | ↓0.13 | ↑9.05 | Brent oil (\$/bbl) | 81.70 | 0.62 | ↑22.43 |
| FTSE 100 | 7,507.56 | ↓0.66 | ↓2.34 | Gold (\$/oz) | 1,201.22 | 0.18 | ↑8.10 |
| Shanghai | 2,781.14 | ↓0.58 | ↓15.91 | CPO (RM/tonne) | 2,125.50 | 0.35 | ↓11.07 |
| Hang Seng | 27,499.39 | ↓1.62 | ↓8.09 | Copper (\$/tonne) | 6,318.00 | ↓0.55 | ↓12.82 |
| STI | 3,236.08 | ↓0.53 | ↓4.90 | Rubber (sen/kg) | 409.50 | ↓0.24 | ↓11.46 |

Source: Bloomberg

Economic Data

| | For | Actual | Last | Survey |
|--|-------|------------------------|--------------------|--------|
| US FHFA House Price Index MOM | Jul | 0.2% | 0.3% (revised) | 0.3% |
| US S&P CoreLogic CS 20-City YOY NSA | Jul | 5.9% | 6.4% (revised) | 6.2% |
| US Richmond Fed Manufact. Index | Sep | 29.0 | 24.0 | 20.0 |
| US Conf. Board Consumer Confidence | Sep | 138.4 (revised) | 134.7 (revised) | 132.1 |
| JP Supermarket Sales YOY | Aug | 0.1% | 1.5% | -- |
| JP Leading Index CI | Jul F | 103.9 | 103.5 | -- |
| JP Coincident Index | Jul F | 116.1 | 116.3 | -- |
| NZ Trade Balance NZD | Aug | -1,484m | -196m (revised) | -925m |
| NZ Exports NZD | Aug | 4.05b | 5.34b (revised) | 4.4b |
| NZ Imports NZD | Aug | 5.54b | 5.54b (revised) | 5.5b |

Source: Bloomberg

➤ Macroeconomics

- US consumer confidence soared to 18-month high:** The Conference Board Consumer Confidence Index rose to 138.4 in September (Aug: 134.7 revised), boosted by the jump in the Expectations sub-index (115.3 vs 109.3). The surge in confidence especially regarding short term growth prospect was bolstered by consumers' favourable assessment of business conditions as well as the labour market and this high level of optimism suggests a higher propensity for consumers to spend in the short-term.
- US mid-Atlantic region experienced robust manufacturing growth:** The latest Richmond Fed manufacturing survey shows that the composite index rose to record high of 29.0 in September (Aug: 24.0) driven by the surge in shipments (33.0 vs 23.0) and new orders (34.0 vs 25.0). Firms slowed down in hiring (16.0 vs 25.0) while wages rose considerably (33.0 vs 27.0). The increase in prices paid also led firms to charge higher prices.
- US house prices posted modest increase:** The Federal Housing Finance Agency (FHFA) reported that its House Price Index rose 0.2% MOM in July (Jun: +0.3% revised) as growth in house prices was seen easing across nearly all regions. On a yearly basis, prices rose 6.4% YOY (Jun: +6.4%). A separate release meanwhile showed that the S&P CoreLogic Case-Shiller Home Price Index for 20 US Cities increased 5.9% YOY in July (Jun: +6.4% revised), marking its fourth month of consecutive slowdown. The slower gains in house prices suggests that affordability issue in a rising rates environment is starting to weigh on demand, in line with the weaker home sales data recently.
- Japan supermarket sales eased; economic indicators painted mixed picture of economy:** Supermarket sales posted a minimal increase of 0.1% YOY in Aug (Jul: +1.5%). Sales of food eased to 0.9% YOY (Jul: +2.5%) while clothing (-6.5% vs -6.0%), household goods (-0.5% vs -0.4%), services (-2.5% vs +1.5%) posted decline. A separate release meanwhile shows that Japan's leading index rose to 103.9 in July (Jun: 103.5) while Coincident Index fell to 116.1 (Jun: 116.9) painting a rather mixed picture of the economy.
- New Zealand trade deficit widened on slower exports growth:** Exports dropped 24.2% MOM to NZ\$4.05b in August (Jul: 5.34b revised) while imports were held steady at NZ\$5.54b and this brings the trade deficit to NZ\$1.48b (Jul: -NZ\$196m).

Economic Calendar Release Date

| Date | Country | Event | Reporting Period | Survey | Prior | Revised |
|--------------|--------------------|----------------------------------|------------------|---------------|--------------|----------|
| 26/09 | US | MBA Mortgage Applications | Sep-21 | -- | 1.6% | -- |
| | | New Home Sales MOM | Aug | 0.5% | -1.7% | -- |
| 27/09 | | FOMC Rate Decision | Sep-26 | 2.00% - 2.25% | 1.75% -2.00% | -- |
| | | Advance Goods Trade Balance | Aug | -\$70.6b | -\$72.2b | -\$72.0b |
| | | Wholesale Inventories MOM | Aug P | 0.3% | 0.6% | -- |
| | | GDP Annualized QOQ | 2Q T | 4.2% | 4.2% | -- |
| | | Retail Inventories MOM | Aug | -- | 0.4% | 0.5% |
| | | Durable Goods Orders | Aug P | 2.0% | -1.7% | -- |
| | | Cap Goods Orders Nondef Ex Air | Aug P | 0.4% | 1.6% | -- |
| | | Initial Jobless Claims | Sep-22 | 210k | 201k | -- |
| | | Pending Home Sales MOM | Aug | -0.2% | -0.7% | -- |
| | | Kansas City Fed Manf. Activity | Sep | 16.0 | 14.0 | -- |
| 27/09 | Eurozone | Consumer Confidence | Sep F | -2.9 | -1.9 | -- |
| 26/09 | Japan | Machine Tool Orders YOY | Aug F | -- | 5.3% | -- |
| 27/09 | Hong Kong | Exports YOY | Aug | 8.3% | 10.00% | -- |
| | | Imports YOY | Aug | 10.0% | 14.00% | -- |
| | | Trade Balance HKD | Aug | -45.0b | -47.1b | -- |
| 26/09 | Singapore | Industrial Production YOY | Aug | 4.7% | 6.0% | -- |
| 26/09 | New Zealand | ANZ Business Confidence | Sep | -- | -50.3 | -- |
| 27/09 | | RBNZ Official Cash Rate | Sep-27 | 1.75% | 1.75% | -- |
| 25-30/09 | Vietnam | Trade Balance | Sep | \$120m | -\$100m | -- |
| | | Exports YTD YOY | Sep | 14.3% | 14.5% | -- |
| | | Imports YTD YOY | Sep | 11.9% | 11.6% | -- |
| | | CPI YOY | Sep | 4.00% | 3.98% | -- |
| | | GDP YTD YOY | 3Q | 7.01% | 7.08% | -- |
| | | Industrial Production YOY | Sep | -- | 13.4% | -- |
| | | Retail Sales YTD YOY | Sep | -- | 11.2% | -- |

Source: Bloomberg

Forex

FX Table

| Name | Last Price | DoD% | High | Low | YTD% |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.1767 | 0.16 | 1.1793 | 1.1731 | -2.00 |
| GBPUSD | 1.3184 | 0.49 | 1.3194 | 1.3095 | -2.47 |
| USDJPY | 112.97 | 0.15 | 112.98 | 112.74 | 0.23 |
| AUDUSD | 0.7250 | -0.03 | 0.7263 | 0.7236 | -7.12 |
| EURGBP | 0.8926 | -0.33 | 0.8975 | 0.8921 | 0.52 |
| USDMYR | 4.1375 | 0.21 | 4.1385 | 4.1230 | 2.26 |
| EURMYR | 4.8682 | 0.17 | 4.8703 | 4.8495 | 0.40 |
| JPYMYR | 3.6661 | -0.04 | 3.6661 | 3.6502 | 1.89 |
| GBPMYR | 5.4384 | 0.34 | 5.4402 | 5.4150 | -0.20 |
| SGDMYR | 3.0288 | 0.01 | 3.0300 | 3.0190 | 0.01 |
| AUDMYR | 2.9968 | -0.29 | 3.0012 | 2.9914 | -5.08 |
| NZDMYR | 2.7489 | -0.27 | 2.7513 | 2.7408 | -4.47 |
| CHFMYR | 4.2814 | -0.62 | 4.2874 | 4.2765 | 3.32 |
| CNYMYR | 0.6015 | -0.33 | 0.6029 | 0.6012 | -3.26 |
| HKDMYR | 0.5299 | 0.15 | 0.5299 | 0.5286 | 2.32 |
| USDSGD | 1.3660 | 0.02 | 1.3668 | 1.3649 | 2.23 |
| EURSGD | 1.6073 | 0.18 | 1.6099 | 1.6032 | 0.11 |
| GBPSGD | 1.8008 | 0.50 | 1.8022 | 1.7882 | -0.40 |
| AUDSGD | 0.9904 | -0.01 | 0.9917 | 0.9887 | -5.11 |

Source: Bloomberg

MYR

- **MYR weakened 0.21% to 4.1305 against USD** following continued concerns over US-China trade dispute and was lower against 5 G10s.
- **MYR is neutral against USD**, with room for minor losses amid risk aversion ahead of FOMC policy decision. USDMYR is at risk of having its recent minor bearish trend nullified by a close above 4.1378 today. Doing so tilts USDMYR higher and targets 4.1473, otherwise, it remains on track to drop to 4.1260 next.

USD

- **USD extended its rebound to beat 6 G10s** but DXY ended 0.06% lower at 94.13, sliding most in US morning as buying interest retreated ahead of FOMC decision.
- **Keep a bearish daily outlook on USD**; we suspect potential sell-off as the FOMC likely has little to offer on interest rate path. Caution that a more hawkish than expected tone from the FOMC would rally USD. Technical outlook suggests DXY remains in a bearish trend. There is scope to break below 93.91 in the coming days, while rebound is likely capped below 94.64, otherwise current bearish trend will be nullified.

EUR

- **EUR** was supported by firmer risk appetite in European markets, **climbing 0.16% to 1.1767 against USD** and besting 7 G10s.
- **Stay bullish on EUR in line with our view of a bearish USD**. Until EURUSD closes below 1.1700, it remains in a bullish trend that suggest an upward break at 1.1777 soon. We maintain our view that a bullish chart pattern has been completed, which puts 1.1851 on the crosshair.

GBP

- **GBP jumped 0.49% to 1.3184 against a soft USD** and advanced against all G10s, likely on technical rebound as progress on Brexit negotiations remain scant.
- **GBP is still slightly bearish against USD** amid a lack of improvement in UK-EU Brexit negotiations; a positive turn to Brexit headlines would rally GBP. Technically, GBPUSD remains tilted to the downside. Beating 1.3215 re-establishes a bullish trend that would target 1.3275, otherwise a drop back to 1.3054 remains likely.

JPY

- **JPY** sagged further, dampened by improved risk appetite in the FX space as it fell against all G10s and **slipped 0.15% to 112.97 against USD**.
- **We maintain a slight bullish view on JPY against a soft USD**, on top of refuge demand going into FOMC policy decision. Continued failure to challenge the upper Bollinger still puts USDJPY at risk of a reversal lower. We continue to set sights on a drop going forward as a result of rejection circa 112.80 – 113.00.

AUD

- **AUD** was still weighed down by US-China trade issues, **dipping 0.03% to 0.7250 against USD** and fell against 6 G10s.
- **AUD is slightly bearish against USD** as it remains bogged down by trade concerns, but expect gains to materialize if the greenback weakens sufficiently. A minor bearish trend has emerged in AUDUSD, but will be nullified by a close above 0.7290 today. Failure to do so exposes AUDUSD to a return to 0.7205.

SGD

- **SGD slipped 0.02% to 1.3660 against USD** and retreated against 6 G10s on continued jitters from US-China trade disputes.
- **SGD is slightly bearish against USD** in our view on prevailing trade concerns and risk aversion ahead of FOMC policy decision, but could edge into small gains if USD tumbles post-FOMC. USDSGD is likely to extend its recent bounce, likely targeting 1.3668 next. Beating this would tilt USDSGD upward to set a course towards 1.3695.

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