

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks ended modestly higher overnight** after the Fed raised fed funds rate on Thursday as investors focused on the central bank's confidence in the economy as well as the generally upbeat economic data. The reshuffling of sector also helped drive the markets as the S&P 500 Communication Services sector now consisting of the likes of Alphabet, Facebook and Netflix made its debut and replaced the former telecommunication sector. **The Dow, S&P 500 and NASDAQ rose 0.21%, 0.28% and 0.65% respectively.** Yield on 10Y US treasuries was little changed at 3.05%. WTI firmed up to close at \$72.12/barrel after Energy Secretary Rick Perry said that the US won't tap its emergency oil stockpiles. In Europe, concerns over the delay of Italian government budget led stocks to fall and pushed up the 10Y Italian government bond yield to 2.89%.
- **Data were generally positive in the US** - 2Q GDP growth was unrevised at 4.2% QOQ in the final reading, advance good trades deficit widened to \$75.8b in August while wholesale and retail inventories investments ticked up 0.8% and 0.7% MOM respectively. Preliminary durable goods order rebounded 4.5% MOM in August but core capital orders fell 0.5% MOM. Initial jobless claims rose to 214k last week, Kansas City Fed Manufacturing Index eased to 13.0 in September while pending home sales contracted by 1.8% MOM. Eurozone consumer confidence deteriorated to -2.9 in September. Japan August IPI eased to 0.6% YOY, retail sales increased 2.7% YOY while jobless rate fell to 2.4%.
- **USD strengthened against all G10s** and DXY was higher through most sessions but was ostensibly lifted by negative headlines coming out from Italy; DXY closed 0.74% higher at 94.89. **We turn bullish on USD** on the back of heightened demand for refuge amid lingering concerns in Italy. DXY breaking through several firm resistances overnight has shifted the technical landscape to a bullish tone. DXY is likely looking for a break above 95.08, which would then target 95.20 next.
- **MYR managed to inch 0.05% firmer to 4.1390** against USD. MYR climbed against 9 G10s. **Expect a slightly bearish MYR against USD**, weighed down by rising risk aversion in the markets, on top of receding buying interest going into the week's close. Bullish bias prevails after USDMYR gapped up at opening and is likely to target 4.1485 next, above which 4.1555 will emerge on the crosshair.
- **SGD weakened 0.18% to 1.3680 against a firmer USD** but managed to beat 9 G10s that were retreating on risk-off in the FX space. **SGD is now bearish against USD** in our view, weighed down by risk-off sentiment in the markets. USDSGD broke above 1.3665 overnight and has shifted the technical landscape to a bullish tone. Expect a test at 1.3700 going forward.

#### Overnight Economic Data

US	➔
Eurozone	➘
Japan	➔
Hong Kong	➘
China	➘
New Zealand	➔

#### What's Coming Up Next

##### Major Data

- US PCE Core, Personal Income, Personal Spending, PCE Deflator, Chicago Purchasing Manager, U. of Mich. Sentiment
- Eurozone CPI Estimate, Core CPI Estimate
- UK GfK Consumer Confidence, Lloyds Business Barometer, GDP, GDP, Nationwide House PX
- Japan Construction Orders, Housing Starts
- Vietnam external trade, CPI, GDP YTD, IPI, Retail sales

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1598	1.1618	1.1641	1.1662	1.1671	➘
GBPUSD	1.3042	1.3054	1.3078	1.3095	1.3130	➘
USDJPY	113.00	113.20	113.38	113.47	113.60	➔
AUDUSD	0.7182	0.7200	0.7208	0.7219	0.7229	➘
EURGBP	0.8885	0.8893	0.8900	0.8909	0.8922	➘
USDMYR	4.1400	4.1420	4.1440	4.1455	4.1485	➔
EURMYR	4.8119	4.8206	4.8243	4.8270	4.8314	➘
JPYMYR	3.6480	3.6526	3.6539	3.6565	3.6584	➘
GBPMYR	5.4100	5.4115	5.4197	5.4245	5.4310	➘
SGDMYR	3.0278	3.0293	3.0303	3.0347	3.0387	➔
AUDMYR	2.9828	2.9863	2.9872	2.9893	2.9906	➘
NZDMYR	2.7383	2.7400	2.7411	2.7438	2.7464	➘
USDSGD	1.3655	1.3665	1.3677	1.3683	1.3691	➔
EURSGD	1.5888	1.5907	1.5920	1.5942	1.5974	➘
GBPSGD	1.7850	1.7872	1.7885	1.7904	1.7923	➘
AUDSGD	0.9830	0.9850	0.9858	0.9867	0.9876	➘

\*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	1,798.64	0.00	0.10	CRB Index	194.17	0.10	0.16
Dow Jones Ind.	26,439.93	0.21	6.96	WTI oil (\$/bbl)	72.12	0.77	19.36
S&P 500	2,914.00	0.28	8.99	Brent oil (\$/bbl)	81.72	0.47	22.03
FTSE 100	7,545.44	0.45	-1.85	Gold (S/oz)	1,182.83	-0.97	8.10
Shanghai	2,791.78	-0.54	-5.58	CPO (RM/tonne)	2,121.50	0.33	-11.23
Hang Seng	27,715.67	-0.36	-7.36	Copper (\$/tonne)	6,187.00	-1.51	-14.63
STI	3,236.26	-0.09	-4.90	Rubber (sen/kg)	404.50	-0.86	-12.54

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US GDP Annualized QOQ	2Q T	4.2%	4.2%	4.2%
US Advance Goods Trade Balance	Aug	-\$75.8b (revised )	-\$72.0b (revised)	-\$70.6b
US Wholesale Inventories MOM	Aug P	0.8%	0.6%	0.3%
US Retail Inventories MOM	Aug	0.7%	0.4%	--
US Durable Goods Orders	Aug P	4.5%	-1.2% (revised)	2.0%
US Cap Goods Orders Nondef Ex Air	Aug P	-0.5%	1.5% (revised)	0.4%
US Initial Jobless Claims	Sep-22	214k	202k (revised)	210k
US Pending Home Sales MOM	Aug	1.8%	-0.8% (revised)	-0.5%
US Kansas City Fed Manf. Activity	Sep	13.0	14.0	17.0
EU Consumer Confidence	Sep F	-2.9	-1.9	-2.9
JP Job-To-Applicant Ratio	Aug	1.63	1.63	1.63
JP Jobless Rate	Aug	2.4%	2.5%	2.5%
JP Retail Trade YOY	Aug	2.7%	1.5%	2.0%
JP Industrial Production YOY	Aug P	0.6%	2.2%	1.5%
HK Exports YOY	Aug	13.1%	10.0%	8.3%
HK Imports YOY	Aug	16.4%	14.0%	10.0%
HK Trade Balance HKD	Aug	-52.1b	-47.1b	-45.0b
CN Industrial Profits YOY	Aug	9.2%	16.2%	--
NZ Building Permits MOM	Aug	7.8%	-10.8% (revised)	--
NZ ANZ Consumer Confidence Index	Sep	117.6	117.6	--

Source: Bloomberg

**➤ Macroeconomics**

- US 2Q GDP growth left unrevised in final reading:** The final reading of the seasonally adjusted annualized real GDP growth for 2Q18 was unrevised at 4.2% QOQ (1Q: +2.2%), the highest since 3Q14, mainly driven by growth in personal consumption expenditures which made up nearly 70% of GDP (+3.8% vs +0.5%). Exports rose 9.3% QOQ (1Q: +3.6%) while imports declined 0.6% QOQ (1Q: +3.0%). Private domestic investment growth fell to -0.5% QOQ (1Q: +9.6%) whereas government expenditure and investment rose 2.5% QOQ (1Q: +1.5%). To recap, the economy enjoyed a period of strong growth in 2Q as consumer spending was spurred by federal tax cut in early 2018 and its effect is likely to last through 2018 in an environment where both consumers and businesses' sentiments remain upbeat.
- US advance goods trade deficit widened, inventories investment ticked up in August:** Advance goods trade deficit widened to -\$75.8b in August (July: -\$72.0b revised) as imports increased 0.7% MOM (Jul: +0.9%) while exports fell 1.6% MOM (Jul: -1.6%). Export of foods, feeds and beverages contracted further by 9.5% MOM (Jul: -6.3 revised) as exporters had earlier rushed shipments of these goods overseas prior to the imposition of tariffs before July. In the similar release, wholesale inventories increased 0.8% MOM in August (Jul: +0.6%) driven by the increase of both durable and nondurable goods. Retail inventories rose 0.7% MOM (Jul: +0.6% revised) as inventories in motor vehicles and parts rose faster by 2.0% MOM (Jul: +1.4%). Excluding motor vehicles and parts, retail inventories rose a mere 0.1% MOM (Jul: +0.1%).
- US durable goods order gained on higher aircrafts demand:** Durable goods orders which measures orders for US-made items meant to last three years or more rebounded to increase 4.5% YOY in August (Jul: -1.2%) driven by the rebound in orders of transportation equipment as well as both defence and nondefense aircrafts & parts. Meanwhile, core capital goods i.e. the orders for nondefense capital goods excluding aircraft, a closely watched proxy for business spending fell 0.5% MOM (Jul: -1.5% revised) after posted solid gains in the past two months.
- US pending home sales dipper further, Kansas City manufacturing slowed, initial jobless claims rose:** Pending home sales, which measures housing contract activity fell 1.8% MOM in August (Jul: -0.8% MOM revised) suggesting weaker homes sales in the months ahead. Initial jobless claims rose more than expected by 12k to 214k for the week ended 22 September (Previous: 202k revised) as Hurricane Florence temporarily displaced some workers. Kansas City Fed manufacturing index fell slightly to 13.0 in September (Aug: 14.0) but remained considerably lower than the high levels from Apr to Jul 2018 indicating that manufacturing sector in the tenth district continued to expand but at a slower pace. Production was held steady (10.0 vs 10.0) but new orders growth was faster (15.0 vs 9.0). Firms scaled back on hiring plan substantially (1.0 vs 14.0), prices paid remained high (45.0 vs 44.0) but prices charged eased for the month (24.0 vs 27.0).
- Eurozone consumer confidence deteriorated:** The final reading of the European Commission Consumer Confidence Index for September remained unchanged at -2.9 (Aug: -1.9) marking its ninth month of consecutive decline. The deterioration in sentiments was attributed to concerns over rising protectionism in the global economy as well as political uncertainty surrounding negotiations of Brexit as well as the new populist Italian government.

- **Japan industrial production growth eased, retail sales beat expectations, labour market tightened:** Preliminary reading shows that industrial production grew 0.6% YOY in August (Jul: +2.2%) as manufacturing output eased in the month. Retail sales meanwhile beat expectations to increase 2.7% YOY in August (Jul: +1.5%). Within retail sales, total department stores and supermarket sales fell 0.1% YOY on same store basis (Jul: -1.6%). Jobless rates meanwhile fell to 2.4% in the same month (Jul: 2.5%) as the labour market continued to tighten further. Jobs remained plenty as the job-to-applicant ratio was held steady at 1.63 (Jul: 1.63).
- **China industrial firms reported slower profit growth:** Industrial profit eased substantially to increase 9.2% YOY in August (Jul: +16.2%). On year-to-date basis, profits of mining firms slowed to 53.2% YOY (Jul: +53.4%) whereas that of manufacturing firms softened to 13.5% YOY (Jul: +14.3%) suggesting that fiscal measures such as the cut in value added tax for the manufacturing sector in May this year have thus far failed to prop up the profit.
- **Hong Kong trade deficit widened on faster import growth:** Exports beat expectations to increase 13.1% YOY in August (Jul: +10.0%). Shipments to China, its largest trading partner, continued to hold up, growing at a faster rate of 13.6% YOY (Jul: +12.8%) potentially due to the fact that Chinese firms ramped up purchases from Hong Kong in orders to rush out exports orders before the third round of US tariffs took effect. Domestic demand was particularly strong as imports rose a whopping 16.4% YOY (Jul: +14.0%) and this brings the trade deficit to widen to HK\$52.1b (Jul: -HK\$47.1b).
- **New Zealand consumer confidence held steady, building permits rebounded:** The ANZ Consumer Confidence remained unchanged at 117.6 in September (Aug: 117.6). Building permits rebounded to increase 7.8% MOM (Jul: -10.8% revised).

**Economic Calendar**

Date	Country	Events	Reporting Period	Survey	Prior	Revised
01/10	Malaysia	Nikkei Malaysia PMI	Sep	--	51.2	--
<b>28/09</b>	<b>US</b>	<b>PCE Core YOY</b>	<b>Aug</b>	<b>2.0%</b>	<b>2.0%</b>	--
		<b>Personal Income</b>	<b>Aug</b>	<b>0.4%</b>	<b>0.3%</b>	--
		<b>Personal Spending</b>	<b>Aug</b>	<b>0.3%</b>	<b>0.4%</b>	--
		<b>PCE Deflator YOY</b>	<b>Aug</b>	<b>2.2%</b>	<b>2.3%</b>	--
		<b>Chicago Purchasing Manager</b>	<b>Sep</b>	<b>62.0</b>	<b>63.6</b>	--
		<b>U. of Mich. Sentiment</b>	<b>Sep F</b>	<b>100.6</b>	<b>100.8</b>	--
01/10		Markit US Manufacturing PMI	Sep F	--	54.7	--
		Construction Spending MoM	Aug	0.5%	0.1%	--
		ISM Manufacturing	Sep	60.3	61.3	--
		ISM Prices Paid	Sep	73.0	72.1	--
<b>28/09</b>	<b>Eurozone</b>	<b>CPI Core YOY</b>	<b>Sep A</b>	<b>1.1%</b>	<b>1.0%</b>	--
		<b>CPI Estimate YOY</b>	<b>Sep</b>	<b>2.1%</b>	<b>2.0%</b>	--
01/10		Markit Eurozone Manufacturing PMI	Sep F	53.3	54.6	--
		Unemployment Rate	Aug	8.1%	8.2%	--
<b>28/09</b>	<b>UK</b>	<b>GfK Consumer Confidence</b>	<b>Sep</b>	<b>-8.0</b>	<b>-7.0</b>	--
		<b>Lloyds Business Barometer</b>	<b>Sep</b>	<b>--</b>	<b>23.0</b>	--
		<b>GDP QOQ</b>	<b>2Q F</b>	<b>0.4%</b>	<b>0.2%</b>	--
		<b>GDP YOY</b>	<b>2Q F</b>	<b>1.3%</b>	<b>1.2%</b>	--
01/10		Mortgage Approvals	Aug	64.5	64.8k	--
		Markit UK PMI Manufacturing SA	Sep	52.5	52.8	--
<b>28/09</b>	<b>Japan</b>	<b>Construction Orders YOY</b>	<b>Aug</b>	<b>--</b>	<b>-9.3%</b>	--
		<b>Housing Starts YOY</b>	<b>Aug</b>	<b>0.4%</b>	<b>-0.7%</b>	--
01/10		Tankan Large Mfg Index	3Q	22.0	21.0	--
		Nikkei Japan PMI Mfg	Sep F	--	52.5	--
01/10	Australia	AiG Perf of Mfg Index	Sep	--	56.7	--
<b>28/09</b>	<b>Vietnam</b>	<b>Trade Balance</b>	<b>Sep</b>	<b>\$120m</b>	<b>-\$100m</b>	--
		<b>Exports YTD YOY</b>	<b>Sep</b>	<b>14.3%</b>	<b>14.5%</b>	--
		<b>Imports YTD YOY</b>	<b>Sep</b>	<b>11.9%</b>	<b>11.6%</b>	--
		<b>CPI YOY</b>	<b>Sep</b>	<b>4.00%</b>	<b>3.98%</b>	--
		<b>GDP YTD YOY</b>	<b>3Q</b>	<b>7.01%</b>	<b>7.08%</b>	--
		<b>Industrial Production YOY</b>	<b>Sep</b>	<b>--</b>	<b>13.4%</b>	--
		<b>Retail Sales YTD YOY</b>	<b>Sep</b>	<b>--</b>	<b>11.2%</b>	--

Source: Bloomberg

## Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1641	-0.83	1.1757	1.1639	-3.10
GBPUSD	1.3079	-0.67	1.3179	1.3075	-3.26
USDJPY	113.38	0.58	113.47	112.56	0.61
AUDUSD	0.7208	-0.69	0.7268	0.7205	-7.76
EURGBP	0.8901	-0.17	0.8937	0.8885	0.20
USDMYR	4.1390	-0.05	4.1445	4.1370	2.29
EURMYR	4.8449	-0.55	4.8693	4.8368	-0.07
JPYMYR	3.6721	0.10	3.6799	3.6676	2.14
GBPMYR	5.4332	-0.39	5.4577	5.4279	-0.56
SGDMYR	3.0329	-0.03	3.0353	3.0255	0.13
AUDMYR	2.9942	-0.40	3.0103	2.9896	-5.30
NZDMYR	2.7490	-0.29	2.7607	2.7464	-4.54
CHFMYR	4.2693	-0.47	4.2920	4.2689	2.90
CNYMYR	0.6021	-0.05	0.6030	0.6019	-3.16
HKDMYR	0.5297	-0.08	0.5308	0.5294	2.28
USDSGD	1.3680	0.18	1.3682	1.3643	2.44
EURSGD	1.5924	-0.66	1.6055	1.5922	-0.81
GBPSGD	1.7891	-0.50	1.7998	1.7881	-1.00
AUDSGD	0.9860	-0.50	0.9920	0.9853	-5.59

Source: Bloomberg

### MYR

- **MYR managed to inch 0.05% firmer to 4.1390** against USD after making progress through European session. MYR climbed against 9 G10s.
- **Expect a slightly bearish MYR against USD**, weighed down by rising risk aversion in the markets, on top of receding buying interest going into the week's close. Bullish bias prevails after USDMYR gapped up at opening and is likely to target 4.1485 next, above which 4.1555 will emerge on the crosshair.

### USD

- **USD strengthened against all G10s** and DXY was higher through most sessions but was ostensibly lifted by negative headlines coming out from Italy; DXY closed 0.74% higher at 94.89.
- **We turn bullish on USD** on the back of heightened demand for refuge amid lingering concerns in Italy that is likely to keep European majors weighed down. Caution that a recede in such concerns could quickly turn USD lower. DXY breaking through several firm resistances overnight has shifted the technical landscape to a bullish tone. DXY is likely looking for a break above 95.08, which would then target 95.20 next.

### EUR

- **EUR slumped 0.83% to 1.1641 against USD** and fell against 8 G10s, roiled by news of Italy seeking a bigger than expected budget deficit in 2019, which is expected to draw flak from the EU.
- **Changing view to a bearish EUR against USD**, weighed down by continued scrutiny over Italy's fiscal condition. A rally in EUR can be expected if sentiment improves. EURUSD broke below 1.1716 and is now tilted to the downside. Given rising downside momentum, EURUSD is at risk of losing 1.1618, which would then target 1.1576 in the next leg lower.

### GBP

- **GBP fell 0.67% to 1.3079 against USD** and fell against 5 G10s, weighed down by lack of progress at UK-EU Brexit talks as even jitters in European markets failed to drum up refuge demand.
- **Stay bearish on GBP against USD** on lack of positive development in UK-EU Brexit talks. Technically, GBPUSD remains tilted to the downside and a drop back to 1.3054 remains on track.

### JPY

- **JPY advanced against 6 G10s** amid increased demand for refuge but **weakened 0.58% to 113.38 against a firmer USD**.
- **Expect a slightly bearish JPY against USD** that is supported by firmer refuge demand amid rising jitters in European markets. Strong rally in USDJPY has re-imposed a bullish bias in the outlook. Expect upsides to prevail meantime, with scope to test 113.60.

### AUD

- **AUD tumbled 0.69% to 0.7208 against USD** and retreated against 6 G10s amid risk aversion in the FX space stemming from risk-off in European markets.
- **We turn bearish on AUD against USD** as risk aversion in the FX space prevails. Strong decline overnight along with continued retreat in upside momentum both suggest a lower AUDUSD going forward. Caution that losing 0.7200 will expose a drop to as low as 0.7150 in the next leg lower.

### SGD

- **SGD weakened 0.18% to 1.3680 against a firmer USD** but managed to beat 9 G10s that were retreating on risk-off in the FX space.
- **SGD is now bearish against USD** in our view, weighed down by risk-off sentiment in the markets. USDSGD broke above 1.3665 overnight and has shifted the technical landscape to a bullish tone. Expect a test at 1.3700 going forward.

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: [HLMarkets@hbb.hongleong.com.my](mailto:HLMarkets@hbb.hongleong.com.my)**DISCLAIMER**

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