

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- Firmer European equities failed to inspire markets across the Atlantic as US equities opened on stronger footing but failed to sustain early upward recovery, with the **Dow, S&P 500 and Nasdaq settling 0.99%, 0.66% and 1.63% lower for the day**. Brent crude slipped lower through trading but rallied in the closing hour to narrow losses to 0.36% at \$77.34/barrel, while gold failed to find support as a haven, ending 0.33% lower at \$1,229.42/oz.
- **US data indicates a slowdown in income and spending**, both of which grew at a softer pace though the upside was previous figures were upwardly revised. Inflation remains steady, which will continue to affirm a steady pace of policy tightening by the Fed. In the UK, mortgage approvals fell in Sept, meanwhile, **Japan's labour market saw slight improvement** as jobless rate fell while job-to-applicant ratio inched higher. **Indicators from Vietnam suggest a moderate growth momentum**, with softer industrial production expansion and exports, though retail sales held firm.
- **USD rebounded to beat 9 G10s** while the DXY rallied through European and US sessions to close 0.23% higher at 96.57, supported by firmer refuge demand on continued sell-off in US equities. **Stay bearish on DXY** as we expect losses to extend amid likelihood of decline in yields. Technical outlook suggests that DXY's recent minor bullish trend has ended. Continued failure to beat 96.83 will weaken the bulls and likely trigger extended losses going forward, with room to slide to 96.34.
- **MYR dipped 0.06% to 4.1795 against a firm USD** and slipped against all G10s following continued risk-off sentiment in the markets. **Expect a neutral MYR against USD**, with room for slight losses amid extended risk-off in the markets. Technical outlook remains tilted to the upside despite a gap down at opening. USDMYR now threatens 4.1820 – 4.1850 in the near-term unless it breaks below 4.1750.
- **SGD weakened 0.27% to 1.3837 against a firm USD** but managed to beat 5 G10s. **We turn slightly bearish on SGD against USD**, weighed down by extended risk aversion in the markets. Technical landscape of USDSGD has changed after rallying through 1.3829 overnight. USDSGD is now tilted to the upside, with scope to challenge 1.3854 in the next leg higher.

#### Overnight Economic Data

US	→
UK	↓
Japan	↑
Vietnam	↓

#### What's Coming Up Next

##### Major Data

- US S&P CoreLogic house prices, Conf. Board Consumer Confidence
- Eurozone 3Q GDP, Economic & Consumer Confidence
- Australia Building Approvals

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1347	1.1367	1.1378	1.1392	1.1400	↗
GBPUSD	1.2777	1.2792	1.2802	1.2817	1.2830	↗
USDJPY	112.13	112.33	112.43	112.50	112.56	↘
AUDUSD	0.7038	0.7051	0.7060	0.7064	0.7086	↘
EURGBP	0.8860	0.8871	0.8883	0.8896	0.8902	↗
USDMYR	4.1700	4.1710	4.1725	4.1735	4.1750	↘
EURMYR	4.7502	4.7534	4.7561	4.7575	4.7600	↗
JPYMYR	2.7150	2.7166	3.7207	3.7227	3.7269	↘
GBPMYR	5.3448	5.3481	5.3520	5.3558	5.3600	↘
SGDMYR	3.0173	3.0200	3.0218	3.0243	3.0283	→
AUDMYR	2.9479	2.9502	2.9517	2.9544	2.9563	↘
NZDMYR	2.7228	2.7260	2.7284	2.7291	2.7315	↘
USDSGD	1.3818	1.3829	1.3836	1.3848	1.3854	↗
EURSGD	1.5714	1.5730	1.5740	1.5758	1.5770	↗
GBPSGD	1.7675	1.7700	1.7712	1.7721	1.7755	↗
AUDSGD	0.9754	0.9765	0.9767	0.9776	0.9782	↗

\* 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	1,683.73	0.04	-6.29	CRB Index	193.42	-1.07	-0.23
Dow Jones Ind.	24,442.92	-0.99	-1.12	WTI oil (\$/bbl)	67.04	-0.81	10.96
S&P 500	2,641.25	-0.66	-1.21	Brent oil (\$/bbl)	77.34	-0.36	15.66
FTSE 100	7,026.32	1.25	-8.60	Gold (\$/oz)	1,229.42	-0.33	8.10
Shanghai	2,542.10	-2.18	-23.13	CPO (RM/tonne)	2,028.00	-0.56	-15.15
Hang Seng	24,812.04	0.38	-17.07	Copper (\$/tonne)	6,160.00	-1.06	-15.00
STI	2,981.54	0.32	-12.38	Rubber (sen/kg)	390.50	-1.26	-15.57

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
US personal income MOM	Sept	0.2%	0.4% (revised)	0.4%
US personal spending MOM	Sept	0.4%	0.5% (revised)	0.4%
US core PCE YOY	Sept	2.0%	2.0%	2.0%
US Dallas Fed manufacturing	Oct	29.4	28.1	28.1
UK mortgage approvals	Sept	65.2k	66.1k (revised)	64.7k
JP job-to-applicant ratio	Sept	1.64	1.63	1.63
JP jobless rate	Sept	2.3%	2.4%	2.4%
VN industrial production YOY	Oct	7.7%	9.1%	--
VN exports YOY YTD	Oct	14.2%	15.4%	14.9%
VN CPI YOY	Oct	3.89%	3.98%	3.95%
VN retail sales YOY YTD	Oct	11.4%	11.3%	--

Source: Bloomberg

## ➤ Macroeconomics

- US personal income and spending slows:** Data on income and spending came in slower but the positive takeaway was that previous figures were revised upwards. Personal income grew 0.2% MOM in Sept, easing from 0.4% in Aug (revised upward from 0.3%), while pace of spending gained 0.4% MOM in Sept from 0.5% in Aug (revised upward from 0.3%), both missing estimates of 0.4% growth. With income growth slowing and amid waning upside effect of Trump's fiscal stimulus heading into next year, expansion in consumption is likely to slow going forward. Meanwhile, core PCE, the Fed's preferred inflationary gauge, was steady at 2.0% YOY in Sept, affirming that price pressures continue to trend at a pace deemed likely to sustain the Fed's gradual policy tightening. In a separate release, manufacturing activity in Dallas Fed district accelerated in Oct; the index climbed to 29.4 in Sept from 28.1, affirming recent manufacturing indicators that activity remains firm.
- UK mortgage approvals declined:** Mortgage approvals in the UK fell to 65.2k in Sept, down from 66.1k in Aug (revised downward from 66.4k), likely a correction to the rising trend of approvals since Apr this year.
- Japan labour market improves slightly:** Jobless rate in Japan dipped to 2.3% in Sept from 2.4%, ticking down for a second consecutive month and signaling continued tightening of the labour market. But conversely, job-to-applicant ratio inched higher to 1.64 in Sept to 1.63, likely a reflection of the shrinking pool of applicants as jobless rate declines. But even so, recent data still point towards slowing wage growth, which will inadvertently continue to pressure inflation.
- Moderating growth momentum in Vietnam:** The series of October indicators signaled the Vietnamese economy is expanding at a slightly softer pace in 4Q. Exports tapered off more than expected to increase 14.2% YOY YTD October while imports sustained a 11.8% YOY gain in the first ten months of the year. Slower exports narrowed the trade surplus to only US\$100m in October. In line with softer exports, industrial production also grew at a slower pace of 7.7% YOY in October, its slowest in five months dragged by slower expansion in manufacturing output and deeper decline in mining, offsetting bigger gains in utilities. Slower demand also translated into slightly softer price pressure, as CPI slid to 3.89% YOY in October, as a result of softer increase in the prices of food, textiles/ footwear, housing, healthcare and communication. Meanwhile, the retail/ consumer sector offered some bright spots, as growth continued to pick up for the 6<sup>th</sup> consecutive month to 11.4% YOY YTD in October (Sept: +11.3%), led by improving momentum in the trade sector.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
30/10	US	<b>S&amp;P CoreLogic CS 20-City YOY NSA</b>	<b>Aug</b>	<b>5.85%</b>	<b>5.92%</b>	--
		<b>Conf. Board Consumer Confidence</b>	<b>Oct</b>	<b>136.0</b>	<b>138.4</b>	--
31/10		MBA Mortgage Applications	Oct-26	--	--	--
		ADP Employment Change	Oct	187k	230k	--
		Employment Cost Index	3Q	0.7%	0.6%	--
		Chicago Purchasing Manager	Oct	60.0	60.4	--
30/10	Eurozone	<b>Economic Confidence</b>	<b>Oct</b>	<b>110.0</b>	<b>110.9</b>	--
		<b>GDP SA QOQ</b>	<b>3Q A</b>	<b>0.3%</b>	<b>0.4%</b>	--
		<b>Consumer Confidence</b>	<b>Oct F</b>	<b>-2.7</b>	<b>-2.9</b>	--
31/10		Unemployment Rate	Sep	8.1%	8.1%	--
		CPI Core YoY	Oct A	1.1%	0.9%	--
		CPI Estimate YoY	Oct	2.2%	2.1%	--
31/10	UK	GfK Consumer Confidence	Oct	-10	-9.0	--
		Lloyds Business Barometer	Oct	--	29.0	--
31/10	Japan	Industrial Production YoY	Sep P	-2.1%	0.2%	--
		Housing Starts YoY	Sep	-0.8%	1.6%	--
		Construction Orders YoY	Sep	--	0.5%	--
		BOJ Policy Balance Rate	Oct-31	-0.1%	-0.1%	--
31/10	China	Non-manufacturing PMI	Oct	54.6	54.9	--
		Manufacturing PMI	Oct	50.6	50.8	--
30/10	Australia	<b>Building Approvals MoM</b>	<b>Sep</b>	<b>3.8%</b>	<b>-9.4%</b>	--
31/10		CPI YoY	3Q	1.9%	2.1%	--
31/10	New Zealand	Building Permits MoM	Sep	--	7.8%	--
		ANZ Business Confidence	Oct	--	-38.3	--

Source: Bloomberg

## Forex

	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1373	-0.26	1.1416	1.1361	-5.26
GBPUSD	1.2793	-0.27	1.2853	1.2792	-5.28
USDJPY	112.37	0.41	112.56	111.78	-0.29
AUDUSD	0.7055	-0.49	0.7110	0.7051	-9.59
EURGBP	0.8890	0.04	0.8900	0.8869	0.06
USDMYR	4.1795	0.06	4.1805	4.1725	3.29
EURMYR	4.7561	0.28	4.7698	2.3793	-1.90
JPYMYR	3.7335	0.16	3.7383	1.8667	3.85
GBPMYR	5.3544	0.01	5.3679	2.6771	-2.00
SGDMYR	3.0228	0.07	3.0283	1.5117	-0.20
AUDMYR	2.9646	0.94	2.9710	1.4825	-6.24
NZDMYR	2.7344	1.19	2.7387	1.3668	-5.05
CHFMYR	4.1810	0.17	4.1898	2.0903	0.77
CNYMYR	0.6005	-0.09	0.6018	0.3003	-3.42
HKDMYR	0.5329	0.08	0.5331	0.2664	2.90
USDSGD	1.3837	0.27	1.3837	1.3798	3.56
EURSGD	1.5736	-0.01	1.5771	1.5713	-1.96
GBPUSD	1.7701	-0.01	1.7759	1.7675	-2.01
AUDSGD	0.9763	-0.25	0.9822	0.9754	-6.45

Source: Bloomberg

### MYR

- **MYR dipped 0.06% to 4.1795 against a firm USD** and slipped against all G10s following continued risk-off sentiment in the markets.
- **Expect a neutral MYR against USD**, with room for slight losses amid extended risk-off in the markets. Technical outlook remains tilted to the upside despite a gap down at opening. USDMYR now threatens 4.1820 – 4.1850 in the near-term unless it breaks below 4.1750.

### USD

- **USD rebounded to beat 9 G10s** while the DXY rallied through European and US sessions to close 0.23% higher at 96.57, supported by firmer refuge demand on continued sell-off in US equities.
- **Stay bearish on DXY** as we expect losses to extend amid likelihood of decline in yields. Technical outlook suggests that DXY's recent minor bullish trend has ended. Continued failure to beat 96.83 will weaken the bulls and likely trigger extended losses going forward, with room to slide to 96.34.

### EUR

- **EUR fell 0.26% to 1.1373 against a firm USD** and was also weighed down by risk-off on German Chancellor Merkel's decision to abstain from running as the head of her political party, raising leadership concerns. EUR climbed against 5 G10s.
- **Expect a bullish EUR in line with our expectation a softer USD.** Expect more room for gains if Eurozone data improves. We continue to note that EURUSD is trending through a bullish chart pattern but may take some time to complete. Despite overnight decline, we note that EURUSD is shying away from the bottom and if this continues could pave the way for a rebound going forward. We reckon that losses are likely limited by 1.1347 – 1.1367.

### GBP

- **GBP fell 0.27% to 1.2793 against a firm USD** and slipped against 5 G10s on continued pressure from Brexit uncertainties.
- **We stay slightly bullish on GBP in anticipation of a soft USD**, but losses could quickly prevail if Brexit headlines turn negative. Technical viewpoint suggest that bears have not given up and continue to threaten further downsides. Holding above 1.2777 allows room for a rebound to circa 1.2842, otherwise, GBPUSD is headed for 1.2728.

### JPY

- **JPY weakened 0.41% to 112.37 against USD** and retreated against 6 G10s.
- **We stay bullish on JPY against USD** in anticipation of extended sell-off in the markets that supports refuge demand. We continue to set sights on a bearish USDJPY; gains are likely stemmed near 112.56, while there is scope to drop to circa 111.73 going forward.

### AUD

- **AUD fell to the bottom of the G10 list and weakened 0.49% to 0.7055 against USD** amid pressure from continued sell-off in the markets.
- **AUD is now slightly bearish in our view against USD**, pressured by continued risk-off in the markets. Losing 0.7083 has revived the bears, tilting AUDUSD lower. Expect AUDUSD to remain subdued circa 0.7038 – 0.7051 range. Breaking below this, AUUSD could challenge 0.7000.

### SGD

- **SGD weakened 0.27% to 1.3837 against a firm USD** but managed to beat 5 G10s.
- **We turn slightly bearish on SGD against USD**, weighed down by extended risk aversion in the markets. Technical landscape of USDSGD has changed after rallying through 1.3829 overnight. USDSGD is now tilted to the upside, with scope to challenge 1.3854 in the next leg higher.

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