

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- Overnight sentiment was firmer amid **strong rallies in the Dow (+1.77%), S&P500 (+1.57%) and Nasdaq (+1.58%)**, bucking the trend of softer European indices. Brent crude continues to be pressured by rising inventory, shedding 1.85% to \$75.91/barrel, while gold lost 0.53% to \$1,222.93/oz as risk appetite improved. Meanwhile, S&P Global Ratings warned possibility of a no-deal Brexit has "increased sufficiently to become a relevant rating consideration", added pressure to GBP and UK sentiment.
- On the data front, **US continues to perform well** with consumer confidence climbing to an 18-year high, a sign that consumption is likely to maintain a firmer path and likely to anchor the Fed's current policy trajectory. On the flipside, rising rates are likely dampening house prices across 20 US cities. Data elsewhere points downwards; **Eurozone economic performance disappointed in 3Q** and eased for a fourth consecutive quarter, while **decline in Japanese industrial production** suggests softening demand. **Housing market indicators both softened in Australia and New Zealand.**
- **USD advanced against 7 G10s** while the DXY rallied through European and US sessions to close 0.45% higher at 97.01, highest closing since Jun 2017 on the back of weakness in JPY and GBP. **Stay bearish on USD** that is likely prone to technical pullback after overnight rally; caution that softer than expected US data would accelerate the bears. DXY is attempting to rally the bulls but despite a break above 97.00 overnight, we remain skeptical over its ability to sustain current bullish bias. Unless DXY cracks the 97.33 – 97.46 range, we continue to set sights on a rejection towards circa 96.24 – 96.49.
- **MYR softened 0.03% to 4.1810 against USD** on continued pressured from risk aversion in the markets but managed to beat 7 G10s. **Expect a neutral MYR against USD**, with room for slight losses on continued upsides in the greenback. Technical outlook remains tilted to the upside despite a gap down at opening. USDMYR now threatens 4.1850 in the near-term unless it breaks below 4.1780.
- **SGD** was similarly boosted by improved performance in equities to beat 7 G10s but **slipped 0.09% to 1.3849 against a firmer USD**. **Stay slightly bearish on SGD against USD**, weighed down by extended risk aversion in the markets. A bullish trend has emerged, further tilting USDSGD to the upside, with scope to challenge 1.3863 – 1.3873 in the next leg higher. Caution on increased risk of rejection approaching 1.3880 – 1.3890.

#### Overnight Economic Data

US	↑
EU	↓
Japan	↓
Australia	↓
New Zealand	↓

#### What's Coming Up Next

##### Major Data

- US MBA Mortgage Applications, ADP Employment Change, Chicago Purchasing Manager
- Eurozone Unemployment Rate, CPI Core, CPI Estimate
- UK GfK Consumer Confidence
- Japan Housing Starts, Construction Orders
- China Non-manufacturing PMI, Manufacturing PMI

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1300	1.1321	1.1347	1.1356	1.1367	↗
GBPUSD	1.2662	1.2684	1.2706	1.2720	1.2750	↘
USDJPY	112.74	112.96	113.08	113.17	113.30	↗
AUDUSD	0.7067	0.7085	0.7099	0.7118	0.7131	↗
EURGBP	0.8911	0.8920	0.8927	0.8933	0.8936	↗
USDMYR	4.1810	4.1815	4.1825	4.1830	4.1850	→
EURMYR	4.7378	4.7430	4.7452	4.7460	4.7495	↘
JPYMYR	3.6941	3.6960	3.6979	3.7020	3.7063	↘
GBPMYR	5.3100	5.3118	5.3158	5.3173	5.3220	↘
SGDMYR	3.0150	3.0180	3.0189	3.0206	3.0226	→
AUDMYR	2.9681	2.9700	2.9711	2.9725	2.9751	↗
NZDMYR	2.7387	2.7420	2.7448	2.7461	2.7487	↗
USDSGD	1.3835	1.3848	1.3854	1.3863	1.3873	↗
EURSGD	1.5690	1.5707	1.5718	1.5723	1.5736	↗
GBPSGD	1.7556	1.7582	1.7607	1.7615	1.7650	↘
AUDSGD	0.9820	0.9832	0.9837	0.9840	0.9846	↗

\* 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	1,685.94	0.13	-6.17	CRB Index	191.76	-0.86	-1.09
Dow Jones Ind.	24,874.64	1.77	0.63	WTI oil (\$/bbl)	66.18	-1.28	9.53
S&P 500	2,682.63	1.57	0.34	Brent oil (\$/bbl)	75.91	-1.85	13.52
FTSE 100	7,035.85	0.14	-8.48	Gold (\$/oz)	1,222.93	-0.53	8.10
Shanghai	2,568.05	1.02	-22.35	CPO (RM/tonne)	2,031.50	0.17	-15.00
Hang Seng	24,585.53	-0.91	-17.88	Copper (\$/tonne)	6,160.00	0.00	-15.00
STI	2,966.45	-0.51	-12.88	Rubber (sen/kg)	388.00	-0.51	-16.11

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
US S&P CoreLogic CS 20-City YOY NSA	Aug	5.49%	5.90% (revised)	5.80%
US Conf. Board Consumer Confidence	Oct	137.9	135.3	135.9
EU Economic Confidence	Oct	109.8	110.9	110.0
EU GDP SA QOQ	3Q A	0.2%	0.4%	0.3%
EU Consumer Confidence	Oct F	-2.7	-2.9	-2.7
JP Industrial Production YOY	Sept P	-2.9%	0.2%	-2.1%
AU Building Approvals YOY	Sept	-14.1%	-8.1% (revised)	3.8%
AU CPI YOY	3Q	1.9%	2.1%	1.9%
NZ Building Permits MOM	Sept	-1.5%	6.8% (revised)	--
NZ ANZ Biz Confidence	Oct	-37.1	-38.3	--

Source: Bloomberg

## ➤ Macroeconomics

- US house prices softer, but consumer confidence strong:** S&P CoreLogic Case-Shiller indicator showed that house prices across 20 US cities gained 5.49% YOY in Aug, a slower pace compared to 5.90% in Jul (revised lower from 5.92%), which should not come as a surprise on the back of rising interest rates and with expectations of further hikes. Growth in house prices as measured by S&P CoreLogic Case-Shiller has been on a 4-month downtrend since March. While interest rate is damping house prices, the effect of fiscal stimulus is still pumping through the veins of consumers; the Conference Board measure of sentiment jumped to its highest since Sept 2000, rising to 137.9 in Oct from 135.3 in Sept (revised downward from 138.4 though). Consumers surveyed were largely favourable on their views of the labour market and business conditions.
- Weaker indicators in Eurozone could delay ECB policy action:** After having to contend with Italian budget woes, potential trade war and rising political uncertainties, the Eurozone had to contend with softer economic growth. GDP eased to 0.2% QOQ in 3Q (advanced reading) from 0.4% in 2Q; annually, growth softened to 1.7% YOY in 3Q from 2.2% in 2Q, and represents a slowdown of 4 consecutive quarters since 4Q2017. The outlook of the economy is dim if soft data is anything to go by; economic confidence slipped to 109.8 in Oct from 110.9, falling for 10 straight months, while consumer confidence inched higher in Oct but remains in negative territory at -2.7, up just slightly from -2.9 in Sept. With the economy underperforming and on the back of political and fiscal woes weighing further on outlook of the region, expectations on the ECB to take policy action is light.
- Sign of softer demand as Japan industrial production declines:** Industrial output in Japan fell by 2.9% YOY in early Sept reading, sliding from a soft 0.2% growth in Aug. The weakest biggest decline since Jul 2016 came as no surprise as markets were expecting a contraction though by a softer margin. A breakdown of the report suggests softening demand, with production and shipments of capital goods ex-transportation both declined, while production and shipments of durable consumer goods fell by bigger margins.
- Housing market and price pressure slow in Australia:** Building approvals gained 3.3% MOM in Sept, rebounding from a 8.1% decline previously (downwardly revised from -9.4%). Annually, approvals plunged 14.1% YOY in Sept after taking a 12.6% tumble in Aug. Approvals for the construction of private dwellings (which make up a bulk of total dwellings) slumped 14.6% in Sept, extending the 12.5% decline in the preceding month and a sign of continued slowdown in the housing market. On the inflation front, prices increased at a softer pace in 3Q, easing to 1.9% YOY from 2.1%.
- Building permit issuance fell in New Zealand, business confidence still soft:** Similarly, issuance of building permits in New Zealand fell 1.5% MOM in Sept after rising 6.8% in Aug. Meanwhile, ANZ gauge on business confidence ticked higher to -37.1 in Oct, up from -38.3 in Sept but nonetheless remains in the negative territory.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
01/11	Malaysia	Nikkei Malaysia PMI	Oct	--	51.5	--
<b>31/10</b>	<b>US</b>	<b>MBA Mortgage Applications</b>	<b>Oct-26</b>	--	<b>4.9%</b>	--
		<b>ADP Employment Change</b>	<b>Oct</b>	<b>187k</b>	<b>230k</b>	--
		<b>Employment Cost Index</b>	<b>3Q</b>	<b>0.7%</b>	<b>0.6%</b>	--
		<b>Chicago Purchasing Manager</b>	<b>Oct</b>	<b>60.0</b>	<b>60.4</b>	--
01/11		Initial Jobless Claims	Oct-27	212k	215k	--
		Markit US Manufacturing PMI	Oct F	55.8	55.9	--
		Construction Spending MoM	Sep	0.0%	0.1%	--
		ISM Manufacturing	Oct	59.0	59.8	--
		ISM Prices Paid	Oct	69.0	66.9	--
<b>31/10</b>	<b>Eurozone</b>	<b>Unemployment Rate</b>	<b>Sep</b>	<b>8.1%</b>	<b>8.1%</b>	--
		<b>CPI Core YoY</b>	<b>Oct A</b>	<b>1.1%</b>	<b>0.9%</b>	--
		<b>CPI Estimate YoY</b>	<b>Oct</b>	<b>2.2%</b>	<b>2.1%</b>	--
<b>31/10</b>	<b>UK</b>	<b>GfK Consumer Confidence</b>	<b>Oct</b>	<b>-10</b>	<b>-9</b>	--
		<b>Lloyds Business Barometer</b>	<b>Oct</b>	--	<b>29.0</b>	--
01/11		Markit UK PMI Manufacturing SA	Oct	53.0	53.8	--
		Bank of England Bank Rate	Nov-01	0.75%	0.75%	--
<b>31/10</b>	<b>Japan</b>	<b>Housing Starts YoY</b>	<b>Sep</b>	<b>-0.8%</b>	<b>1.6%</b>	--
		<b>Construction Orders YoY</b>	<b>Sep</b>	--	<b>0.5%</b>	--
		<b>BOJ Policy Balance Rate</b>	<b>Oct-31</b>	<b>-0.1%</b>	<b>-0.1%</b>	--
01/11		Nikkei Japan PMI Mfg	Oct F	--	53.1	--
<b>31/10</b>	<b>China</b>	<b>Non-manufacturing PMI</b>	<b>Oct</b>	<b>54.6</b>	<b>54.9</b>	--
		<b>Manufacturing PMI</b>	<b>Oct</b>	<b>50.6</b>	<b>50.8</b>	--
01/11		Caixin China PMI Mfg	Oct	50.0	50.0	--
01/11	Hong Kong	Retail Sales Value YoY	Sep	6.7%	9.5%	--
01/11	Australia	AiG Perf of Mfg Index	Oct	--	59.0	--
		Trade Balance	Sep	A\$1,700m	A\$1,604m	--

Source: Bloomberg

## Forex

	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1345	-0.25	1.1388	1.1341	-5.50
GBPUSD	1.2706	-0.68	1.2813	1.2696	-5.97
USDJPY	113.13	0.68	113.13	112.31	0.34
AUDUSD	0.7105	0.71	0.7122	0.7054	-9.03
EURGBP	0.8929	-0.44	0.8940	0.8883	0.54
USDMYR	4.1810	0.03	4.1805	4.1755	3.32
EURMYR	4.7516	-0.09	4.7606	4.7495	-1.99
JPYMYR	3.7050	-0.76	3.7224	3.7046	3.06
GBPMYR	5.3434	-0.21	5.3562	5.3344	-2.20
SGDMYR	3.0213	-0.05	3.0240	3.0184	-0.25
AUDMYR	2.9641	-0.02	2.9681	2.9506	-6.25
NZDMYR	2.7364	0.07	2.7420	2.7262	-4.98
CHFMYR	4.1686	-0.30	4.1769	4.1665	0.47
CNYMYR	0.6007	0.03	0.6008	0.5992	-3.40
HKDMYR	0.5329	0.00	0.5332	0.5323	2.90
USDSGD	1.3849	-0.09	1.3852	1.3823	3.68
EURSGD	1.5712	-0.15	1.5750	1.5707	-2.09
GBPSGD	1.7595	-0.60	1.7726	1.7582	-2.62
AUDSGD	0.9841	0.80	0.9854	0.9761	-5.75

Source: Bloomberg

### MYR

- **MYR softened 0.03% to 4.1810 against USD** on continued pressured from risk aversion in the markets but managed to beat 7 G10s.
- **Expect a neutral MYR against USD**, with room for slight losses on continued upsides in the greenback. Technical outlook remains tilted to the upside despite a gap down at opening. USDMYR now threatens 4.1850 in the near-term unless it breaks below 4.1780.

### USD

- **USD advanced against 7 G10s** while the DXY rallied through European and US sessions to close 0.45% higher at 97.01, highest closing since Jun 2017 on the back of weakness in JPY and GBP.
- **Stay bearish on USD** that is likely prone to technical pullback after overnight rally; caution that softer than expected US data would accelerate the bears. DXY is attempting to rally the bulls but despite a break above 97.00 overnight, we remain skeptical over its ability to sustain current bullish bias. Unless DXY cracks the 97.33 – 97.46 range, we continue to set sights on a rejection towards circa 96.24 – 96.49.

### EUR

- **EUR fell 0.25% to 1.1345 against USD** on dimmer Eurozone economic outlook but managed to beat 5 G10s.
- **We maintain a bullish EUR view 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 continues to shy away from the lower Bollinger and if this continues could pave the way for a rebound going forward.

### GBP

- **GBP slumped 0.68% to 1.2706 against USD** and weakened against all G10s, pressured by signs of heightened risk of a no-deal Brexit.
- **GBP is now slightly bearish against USD**, weighed down by increased jitters over the possibility of a no-deal Brexit. Technical viewpoint suggest that bears have not given up and continue to threaten further downsides. Losing 1.2700 will open up a path towards 1.2662 in the next leg lower.

### JPY

- **JPY tumbled 0.68% to 113.13 against USD** and fell against 8 G10s as demand for refuge fell on the back of rebound in equities.
- **We turn slightly bearish on JPY against USD** in view of recovering risk sentiment that would dampen demand for refuge. USDJPY is now bullish after rallying through 113. Upside bias prevails and USDJPY now threatens 113.30 – 113.50 in the next leg higher.

### AUD

- **AUD** was buoyed by rebound in market risk appetite to beat all G10s and **jumped 0.71% to 0.7105 against USD**.
- **We turn slightly bullish on AUD against USD**, supported by improved risk appetite in overnight US markets that could spill over into Asian session. A strong rally through 0.7100 overnight has tilted AUDUSD upwards. With bullish bias looking firmer, expect AUDUSD to test 0.7118 in the next leg higher, above which 0.7131 will be eyed.

### SGD

- **SGD** was similarly boosted by improved performance in equities to beat 7 G10s but **slipped 0.09% to 1.3849 against a firmer USD**.
- **Stay slightly bearish on SGD against USD**, weighed down by extended risk aversion in the markets. A bullish trend has emerged, further tilting USDSGD to the upside, with scope to challenge 1.3863 – 1.3873 in the next leg higher. Caution on increased risk of rejection approaching 1.3880 – 1.3890.

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