

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global equities ended mixed** with muted moves either way after a roller-coaster-like trading day. **Investors were generally in risk on mode in the midst of mixed newsflows** even though such confidence showed dissipating signs towards late US session. The Dollar Index grounded slightly lower while the **sterling jumped to a 6-week high following better than expected UK data** that soothed recessionary fear and **abating expectation for a no-deal Brexit for now as PM Boris Johnson launched a second attempt for a snap election**. US treasuries were sold off across the curve with yields climbing 5-10bps higher with the 10s settling at 1.64%. **Crude oil prices edged up around 2% on commitment by Saudi to maintain its production cut**.
- **To recap what we have missed out over the long weekend, headline NFP disappointed but other job details still pointed to a healthy labour market. Fed Chair Powell's speech refrained from signaling an outright cut, did little to sway market expectations for a cut next week.** In another release over the weekend while protest in Hong Kong remains fiery, **China exports unexpectedly contracted** with that to the US tumbling 16% YOY in August (imports from the US also plunged 22% YOY) reflecting deeper fallout from ongoing trade war that has prompted PBoC to cut its RRR by 50bps to 13.0%. In addition to that, **data overnight offered some pleasant surprises notably UK GDP and industrial production** that picked up to increase 0.3% and 0.1% MOM respectively in July, easing concern over a technical recession in the UK economy. **The Japanese economy slowed more than initially estimated in 2Q** while the sharp pullback in Eco Watcher outlook suggests dimming confidence of growth outlook.
- **The dollar index closed lower by 0.14% to 98.333** led by GBP and EUR. **We are bearish USD over the short term** as there are some headlines over Brexit and spending plans in Germany. **We are bearish USD over the medium term** as prolonged issues may trigger a Fed rate cut.
- **MYR closed stronger by 0.20% at 4.1790** on sustained risk appetite thanks to optimism on US-China trade talks. **We turn bearish USDMYR over the short term** so long as this better risk appetite holds up on trade talk optimism. **We remain bearish USDMYR over the medium term** on an expected Fed rate cut due to prolonged trade worries.
- **SGD closed stronger by 0.12% against the USD at 1.3797** on better risk sentiment overall. **We are bullish SGD over the short term** on improving risk appetite but **remain bearish SGD over the medium term** as the outlook remains gloomy over prolonged trade issues.

Overnight Economic Data

EU	↑
UK	↑
Japan	→

What's Coming Up Next

Major Data

- US NFIB small biz confidence
- UK jobless claims, ILO unemployment rate
- Japan machine tool orders
- China CPI, PPI
- Australia NAB business conditions and confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0980	1.1010	1.1045	1.1075	1.1100	↘
GBPUSD	1.2250	1.2300	1.2347	1.2400	1.2450	↗
USDJPY	106.70	107.10	107.39	107.75	108.00	↗
AUDUSD	0.6810	0.6840	0.6865	0.6900	0.6930	↗
EURGBP	0.8900	0.8925	0.8948	0.8975	0.9000	↘
USDMYR	4.1650	4.1700	4.1750	4.1800	4.1850	↘
EURMYR	4.5800	4.6000	4.6117	4.6300	4.6500	↘
JPYMYR	3.8500	3.8700	3.8885	3.9000	3.9200	↘
GBPMYR	5.1000	5.1300	5.1549	5.1750	5.2000	↗
SGDMYR	3.0200	3.0220	3.0243	3.0275	3.0300	→
AUDMYR	2.8200	2.8400	2.8655	2.8800	2.9000	↗
NZDMYR	2.6600	2.6700	2.6862	2.7000	2.7200	↗
USDSGD	1.3750	1.3780	1.3810	1.3840	1.3870	↘
EURSGD	1.5200	1.5220	1.5252	1.5275	1.5300	↘
GBPSGD	1.6900	1.7000	1.7051	1.7100	1.7150	↗
AUDSGD	0.9425	0.9450	0.9483	0.9500	0.9530	→

* 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*	1,604.47	0.30	-5.09	CRB Index	174.31	0.98	2.66
Dow Jones Ind.	26,835.51	0.14	15.04	WTI oil (\$/bbl)	57.85	2.35	27.39
S&P 500	2,978.43	-0.01	18.81	Brent oil (\$/bbl)	62.59	1.71	36.45
FTSE 100	7,235.81	-0.64	7.55	Gold (S/oz)	1,499.13	-0.51	16.71
Shanghai	3,024.74	0.84	21.29	CPO (RM/tonne)	2,090.00	-0.64	7.04
Hang Seng	26,681.40	-0.04	3.23	Copper (\$/tonne)	5,815.00	-0.31	-2.51
STI	3,146.33	0.06	2.53	Rubber (sen/kg)	438.00	0.00	15.57

Source: Bloomberg

*as at 6-September close

➤ Macroeconomic

Economic Data				
	For	Actual	Last	Survey
EU Sentix investor confidence	Sept	-11.1	-13.7	-16.0
UK monthly GDP MOM	Jul	0.3%	0.0%	0.1%
UK industrial production MOM	Jul	0.1%	-0.1%	-0.3%
UK visible trade balance	Jul	-£9144m	-£8920m (revised)	-£9500m
JP GDP SA QOQ	2Q F	0.3%	0.4%	0.3%
JP Eco Watcher current	Aug	42.8	41.2	41.3
JP Eco Watcher outlook	Aug	39.7	44.3	43.6

Source: Bloomberg

- EU investor confidence turned less pessimistic:** Investors in the Euro region surprisingly turned less pessimistic with the Sentix reading improving to -11.1 in September (Aug: -13.7), remaining at a 5-year low nonetheless. Investors turned less downbeat on their expectations on outlook for the next six months but were more pessimistic on current condition, probably on expectation that upcoming ECB stimulus plan will help revive the ailing economy.
- UK data surprised on the upside:** GDP releases yesterday showed the UK economy grew better than expected by 0.3% MOM in July (Jun: +0.0%), while in the three months to July, growth was flat (Jun: -0.2%) as declines in construction and manufacturing offset improvement in services. In addition, industrial production also unexpectedly increased 0.1% MOM in July (Jun: -0.1% MOM), led by a 0.3% jump in manufacturing production. This raised hopes that the UK economy may be able to escape a technical recession in 3Q as expectations are manufacturing output will pick up further in August due to the rescheduling of annual shutdown to April in the auto sector as well as inventory rebuilding towards end 3Q ahead of Brexit deadline. In a separate release, visible trade deficit widened less than expected to £9144m in July (Jun: -£8920m revised) as exports rose 3.5% MOM vis-à-vis the 3.3% MOM gain in imports.
- Japan 2Q GDP moderated; Eco Watcher outlook dimmed:** Final reading showed 2Q GDP softened more than the first estimated of 0.4% to 0.3% SA QOQ (1Q: +0.5%), its slowest in three quarters, as improvement in domestic demand was offset by weaker net exports. YOY, the Japanese economy sustained a 1.0% YOY growth. Looking forward to August Eco watcher survey, current index jumped more than expected to 42.8 in August (Jul: 41.2) but the outlook component pulled back more than expected to 39.7 (Jul: 44.3), its worst in 5½ years, as both household and businesses were not optimistic the current growth momentum could sustain going forward.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
11/09	Malaysia	Industrial production YOY	Jul	3.1%	3.9%	
		Manufacturing sales YOY	Jul	--	5.3%	
10/09	US	NFIB small biz confidence	Aug	103.5	104.7	
11/09		MBA mortgage applications	Sept 6	--	-3.1%	
		PPI final demand MOM	Aug	0.0%	0.2%	
		Wholesale inventories MOM	Jul F	0.2%	0.2%	
10/09	UK	Jobless claims change	Aug	--	28.0k	
		Average weekly earnings	Jul	3.7%	3.7%	
		ILO unemployment rate	Jul	3.9%	3.9%	
10/09	Japan	Machine tool orders YOY	Aug P	--	-33.0%	
11/09		BSI large all industry QOQ	3Q	-1.0	-3.7	
		BSI large manufacturing QOQ	3Q	--	-10.4	
10/09	China	CPI YOY	Aug	2.7%	2.8%	
		PPI YOY	Aug	-0.9%	-0.3%	
10/09	Australia	NAB business condition	Aug		2	
		NAB business confidence	Aug		4	
11/09		Westpac consumer confidence index	Sept	--	100.0	

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1048	0.17	1.1068	1.1016	-3.66
GBPUSD	1.2346	0.51	1.2385	1.2234	-3.20
USDJPY	107.24	0.30	107.27	106.76	-2.18
AUDUSD	0.6862	0.23	0.6876	0.6837	-2.62
EURGBP	0.8949	-0.33	0.9015	0.8905	-0.46
USDMYR	4.1790	-0.20	4.1892	4.1735	1.10
EURMYR	4.6100	-0.32	4.6221	4.6067	-2.34
JPYMYR	3.9044	-0.78	3.9169	3.9004	3.90
GBPMYR	5.1399	-0.05	5.1655	5.1336	-2.05
SGDMYR	3.0227	-0.18	3.0269	3.0173	-0.29
AUDMYR	2.8554	-0.0	2.8558	2.8472	-1.87
NZDMYR	2.6786	0.19	2.6786	2.6657	-3.60
CHFMYR	4.2261	-0.95	4.2498	4.2255	0.54
CNYMYR	0.5871	0.11	0.5871	0.5843	-3.00
HKDMYR	0.5331	-0.39	0.5346	0.5324	0.98
USDSGD	1.3797	-0.12	1.3823	1.3786	1.29
EURSGD	1.5243	0.05	1.5264	1.5194	-2.42
GBPSGD	1.7032	0.35	1.7085	1.6897	-1.95
AUDSGD	0.9470	0.10	0.9481	0.9445	-1.36

Source: Bloomberg

MYR pairs closing as at 6-September

MYR

- **MYR closed stronger by 0.20% at 4.1790** on sustained risk appetite thanks to optimism on US-China trade talks.
- **We turn bearish USDMYR over the short term** so long as this better risk appetite holds up on trade talk optimism. **We remain bearish USDMYR over the medium term** on an expected Fed rate cut due to prolonged trade worries.

USD

- **The dollar index closed lower by 0.14% to 98.333** led by GBP and EUR.
- **We are bearish USD over the short term** as there are some headlines over Brexit and spending plans in Germany. **We are bearish USD over the medium term** as prolonged issues may trigger a Fed rate cut.

EUR

- **EUR closed higher by 0.17% against the USD at 1.1048** as there were reports that Germany is considering plans to boost spending.
- **We remain bearish EUR over the foreseeable future** as the ECB meeting date looms closer where the ECB is expected to introduce an aggressive stimulus package.

GBP

- **GBP closed 0.51% stronger at 1.2346** as the Queen assents a bill to block a no-deal Brexit.
- **We remain bearish GBP for the foreseeable future** as the UK government continues to struggle internally to come to terms with Brexit issues right before a 31 October deadline.

JPY

- **JPY finished 0.30% weaker at 107.24 vs the greenback** led by higher UST yields.
- **We are bearish JPY over the short term** on better risk sentiment and higher UST yields. **We remain bullish JPY over the medium term** on prolonged trade worries.

AUD

- **AUD closed 0.23% stronger against the USD at 0.6862** on better risk appetite on trade talk optimism.
- **We are bullish AUD over the short term** on improving risk appetite but **remain bearish AUD over the medium term** on expected slower global growth due to prolonged trade worries.

SGD

- **SGD closed stronger by 0.12% against the USD at 1.3797** on better risk sentiment overall.
- **We are bullish SGD over the short term** on improving risk appetite but **remain bearish SGD over the medium term** as the outlook remains gloomy over prolonged trade issues.

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