

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks finished Thursday's session with modest climb, buoyed by trade optimism** after Chinese Vice Premier Liu He met with top US officials and President Trump announced via twitter his plan to meet He on Friday. Positive headlines surrounding the current talk alongside White House's earlier approval of special licenses for certain American firms to continue dealing with blacklisted Chinese tech giants Huawei, raised expectations that both sides could at least reach a partial deal this week. The Dow, S&P 500 and NASDAQ rose around 0.6%, led by gains in nearly all sectors. **Retreating risk aversion led bonds to sell off**, leaving yields to pick up 8-9bps along the curve. Oil benchmarks rallied by 1.3-1.8%. **Investors are expected to be kept on their toes today, watching out for trade development as we head into the weekend. On the local front, we are paying close attention to today's IPI and 2020 Budget Speech by the Finance Minister.**
- **Economic releases which came in largely on the negative side took a back seat to trade headlines.** Latest CPI readings added to sign of lackluster price pressure in the US economy with headline and core CPI stabilized at 1.7% and 2.4% YOY respectively in September. The labour market was surprisingly resilient despite the ongoing strike at GM. UK data all disappointed, as evident in the surprised falls in monthly GDP and industrial production. Trade deficit also widened in August, dragged by lower exports.
- **The dollar slipped against nearly all the majors except for traditional safe havens.** The dollar index lost 0.42%, its largest drop in more than a month to 98.70. **USD is expected to trade on a bearish bias in the Asian session** as trade sentiment improved tremendously overnight but investors will stay on edge, watching out for any fresh development. Baring from any immediate trade war escalation, medium term outlook is bullish as we do not foresee a rate cut at the end of this month and the ECB is set to ease in early November.
- **MYR finished stronger by 0.17% against the USD at 4.1895** on Thursday amidst better risk sentiments and broader dollar weakness. MYR is expected to trade on a neutral to slightly bullish note heading into the weekend as risk sentiment improves today over emerging trade headlines while at the same time investors await today's 2020 Budget Speech. In the medium term, we are still neutral to slightly bearish on MYR taking into account ECB's impending APP program and the unlikely chance of a comprehensive US-China trade deal as well as expectation that the Fed would hold rate steady at end-October.
- **SGD strengthened by 0.37% against the USD at 1.3757 as risk-on mode returns to markets. We are neutral to slightly bullish on SGD today in anticipation of further trade talks development.** In the short-to-medium term, we are bearish on SGD, expecting MAS to ease policy next week in view of poor growth outlook and possibility of a prolonged trade tension.

Overnight Economic Data

US	➔
UK	⬇
Australia	⬇
New Zealand	➔

What's Coming Up Next

Major Data

- Malaysia Industrial Production
- US Import Price Index, U. of Mich. Sentiment
- Singapore Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0980	1.1000	1.1013	1.1020	1.1040	↗
GBPUSD	1.2330	1.2375	1.2436	1.2500	1.2580	↗
USDJPY	106.25	107.50	107.87	108.10	107.50	➔
AUDUSD	0.6725	0.6740	0.6765	0.6775	0.6800	➔
EURGBP	0.8780	0.8815	0.8856	0.8895	0.8925	↗
USDMYR	4.1800	4.1850	4.1877	4.1900	4.1950	➔
EURMYR	4.5940	4.6040	4.6116	4.6200	4.6270	↗
JPYMYR	3.8595	3.8700	3.8815	3.8900	3.9000	⬇
GBPMYR	5.1652	5.1850	5.2053	5.2215	5.2470	↗
SGDMYR	3.0400	3.0425	3.0445	3.0475	3.0500	↗
AUDMYR	2.8190	2.8240	2.8323	2.8355	2.8400	↗
NZDMYR	2.6308	2.6390	2.6465	2.6530	2.6600	➔
USDSGD	1.3720	1.3735	1.3750	1.3775	1.3800	➔
EURSGD	1.5100	1.5125	1.5145	1.5165	1.5200	➔
GBPSGD	1.6983	1.7066	1.7099	1.7160	1.7200	➔
AUDSGD	0.9270	0.9285	0.9302	0.9320	0.9335	➔

* 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	1,551.87	0.04	-8.20	CRB Index	173.58	0.30	2.22
Dow Jones Ind.	26,496.67	0.57	13.59	WTI oil (\$/bbl)	53.55	1.83	17.93
S&P 500	2,938.13	0.64	17.20	Brent oil (\$/bbl)	59.10	1.34	9.85
FTSE 100	7,186.36	0.28	6.81	Gold (\$/oz)	1,493.99	-0.77	16.44
Shanghai	2,947.71	0.78	18.20	CPO (RM/tonne)	2,106.50	1.01	7.89
Hang Seng	25,707.93	0.10	-0.53	Copper (\$/tonne)	5,781.00	1.71	-3.08
STI	3,089.48	-0.01	0.68	Rubber (sen/kg)	427.50	0.47	12.80

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US CPI YOY	Sep	1.7%	1.7%	1.8%
US Initial Jobless Claims	Oct-05	210k	220k (revised)	220k
UK Monthly GDP (MOM)	Aug	-0.1%	0.3%	0.0%
UK Industrial Production MOM	Aug	-0.6%	0.1%	0.1%
UK Visible Trade Balance GBP/Mn	Aug	-£9,806m	-£9,625m	£10,000m
AU Home Loans MOM	Aug	0.7%	4.4% (revised)	2.3%
NZ BusinessNZ Manufacturing PMI	Sep	48.4	48.4	--

Source: Bloomberg

Macroeconomics

- US inflation remained muted; job market firm:** US headline Consumer Price Index (CPI) was unchanged in the month of September (Aug: +0.1%) while the core CPI inflation also eased to a four-month low of 0.1% MOM (Aug: +0.3%), casting doubt over recent months' hope that prices are slowly picking up momentum. The annual rate of CPI steadied at 1.7% YOY (Aug: +1.7%), slower than expected while the core CPI recorded a solid 2.4% YOY growth for the second month (Aug: +2.4%). Overall data confirmed that inflation remains muted in the US economy. Meanwhile, the labour market stays intact as initial jobless claims slipped by 10k to 210k last week (previous: 220k revised) despite the ongoing General Motor (GM) strike that started in Mid-September.
- UK industrial production slipped for the first time in four month:** UK industrial production unexpected fell for the first time in four months by 0.6% MOM in August (Jul: +0.1%), weighed down by a broad-based decline across subsectors amidst an ongoing manufacturing downturn plagued by slower overseas demand and poor Brexit sentiment. Manufacturing production slipped by 0.7% MOM (Jul: +0.4%), in line with the sub-50 manufacturing PMIs as well as weaker CBI Trends Totals Orders readings. YOY, industrial production recorded its third consecutive month of decline by 1.8% (Jul: -1.1%), broadly synchronizes with the poor IPI trend elsewhere across the globe. Alongside falling industrial production were the flat reading of services output and the tiny 0.2% MOM gain in construction output, leaving the monthly nominal GDP to contract by 0.1% MOM (Jul: +0.4% revised). The external trade sector also weakened in August following a rather stronger July, as proven by the 0.5% MOM decline in exports (Jul: +3.0%). Imports meanwhile barely increased (+0.1% vs +4.1%), thus widening the goods trade deficit to -£9.8b (Jul: -£9.6b).
- Australian housing market on recovery trend:** Latest data show that the number of home loans approved for owner-occupiers in Australia rose a mere 0.7% MOM in August (Jul: +4.4% revised) following an outsized gain in the previous month while at the same time lending to investors saw a stronger gain of 5.7% MOM (Jul: +4.2% revised). The broader trend for the past four months remains largely solid suggesting the housing market's recovery as anticipated by the RBA.
- New Zealand manufacturing PMI below 50 for third month:** The BusinessNZ Performance of Manufacturing PMI came in unchanged at 48.4 in September (Aug: 48.4), marking its third consecutive month below the 50.0 neutral threshold to indicate contraction. Production declined for the second month while new orders managed to tick up slightly, suggesting that the overall manufacturing output may have contracted again in the third quarter.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
11/10	Malaysia	Industrial Production YOY	Aug	2.0%	1.2%	--
11/10	US	Import Price Index YOY	Sep	-2.1%	-2.0%	--
		U. of Mich. Sentiment	Oct P	92.0	93.2	--
14/10	Eurozone	Industrial Production SA MOM	Aug	0.3%	-0.4%	--
14/10	China	Exports YOY	Sep	-2.9%	-1.0%	--
		Imports YOY	Sep	-6.0%	-5.6%	--
11/10	Singapore	Retail Sales YOY	Aug	-4.3%	-1.8%	--
14/10	Singapore	GDP YOY	3Q A	0.2%	0.1%	--
14/10	New Zealand	Performance Services Index	Sep	--	54.6	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1005	0.31	1.1034	1.0971	-4.01
GBPUSD	1.2443	1.94	1.2469	1.2206	-2.54
USDJPY	107.98	0.47	108.02	107.04	-1.62
AUDUSD	0.6761	0.54	0.6775	0.6710	-4.07
EURGBP	0.8847	-1.59	0.9020	0.8831	-1.49
USDMYR	4.1895	-0.17	4.1975	4.1890	1.35
EURMYR	4.6213	0.28	4.6252	4.6056	-2.24
JPYMYR	3.9044	-0.20	3.9162	3.8914	3.90
GBPMYR	5.1287	-0.17	5.1367	5.1224	-2.64
SGDMYR	3.0429	0.12	3.0443	3.0371	0.23
AUDMYR	2.8323	0.11	2.8333	2.8178	-3.90
NZDMYR	2.6511	0.02	2.6530	2.6374	-4.59
CHFMYR	4.2274	0.07	4.2295	4.2131	0.67
CNYMYR	0.5885	0.04	0.5904	0.5883	-2.76
HKDMYR	0.5347	-0.07	0.5351	0.5345	1.23
USDSGD	1.3757	-0.37	1.3826	1.3749	0.92
EURSGD	1.5138	-0.07	1.5192	1.5133	-3.33
GBPSGD	1.7114	1.54	1.7145	1.6822	-1.65
AUDSGD	0.9301	0.16	0.9318	0.9275	-3.8

Source: Bloomberg

Forex

MYR

- **MYR finished stronger by 0.17% against the USD at 4.1895** on Thursday amidst better risk sentiments and broader dollar weakness.
- MYR is expected to trade on a neutral to slightly bullish note heading into the weekend as risk sentiment improves today over emerging trade headlines while at the same time investors await today's 2020 Budget Speech. In the medium term, we are still neutral to slightly bearish on MYR taking into account ECB's impending APP program and the unlikely chance of a comprehensive US-China trade deal as well as expectation that the Fed would hold rate steady at end-October.

USD

- **The dollar slipped against nearly all the majors except for traditional safe havens.** The dollar index lost 0.42%, its largest drop in more than a month to 98.70.
- **USD is expected to trade on a bearish bias in the Asian session** as trade sentiment improved tremendously overnight but investors will stay on edge, watching out for any fresh development. Barring from any immediate trade war escalation, medium term outlook is bullish as we do not foresee a rate cut at the end of this month and the ECB is set to ease in early November.

EUR

- **EUR finally breached the 1.10 critical handle, finished 0.31% stronger against the USD at 1.1005** as ECB minutes disclosed dissent among policy makers regarding the restart of its Asset Purchase Program (APP).
- **Expect EUR to continue firming up today amidst broader dollar weakness.** EUR's medium-term outlook remains bearish over the Eurozone's poor growth outlook and the impending restart of APP in November which would spell further weakness for the shared currency.

GBP

- **GBP spiked by a whopping 1.94% against the USD to 1.2443** over fresh Brexit hope as Boris Johnson met with Irish Prime Minister Leo Varadkar, saying that there was a "pathway" to a Brexit deal.
- Short and medium term outlook are completely guided by Brexit headlines as proven in the past week, hence is subject to volatility.

JPY

- **JPY saw another sharp fall against the USD by 0.47% to 107.98** alongside higher UST yields as investors exited safer assets amidst better risk sentiment.
- **We are neutral on JPY today while awaiting further development in the ongoing US-China trade talks.** We remain bullish on JPY in the medium term as the possibility of a comprehensive trade deal remains thin, pointing to a state of prolonged trade tension.

AUD

- **AUD snapped three-day losing streak against the USD, surging by 0.54% to 0.6761** as positive trade headlines lifted demand for Aussie dollar.
- **We are neutral to slight bullish on AUD today in anticipation of further trade talks development.** We remain bearish on AUD over the possibility of further RBA easing taking into account falling confidence on the domestic front, the possibility of a prolonged US-China trade tension and a weakening Chinese economy that could pose downside risk to AUD.

SGD

- **SGD strengthened by 0.37% against the USD at 1.3757** as risk-on mode returns to markets.
- **We are neutral to slightly bullish on SGD today in anticipation of further trade talks development.** In the short-to-medium term, we are bearish on SGD, expecting MAS to ease policy next week in view of poor growth outlook and possibility of a prolonged trade tension.

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