

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks had a less ideal start to the week, snapping a three-day winning streak on fading trade optimism after China demanded further negotiations before signing what President Trump called the “phase one” of a broader trade deal.** Sentiment was generally mixed as investors turned cautious ahead of the release of a deluge of quarterly corporate earnings this week, starting with those of the big banks’ on Tuesday. Major indexes finished slightly lower by around 0.1% overnight, led by the fall in nearly all sectors. US bond markets were closed for Columbus Day. **The dollar regained footing, strengthening against nearly all majors.** The sterling retraced parts of last week’s gain over uncertainties regarding Boris Johnson’s Brexit deal. Oil prices fell by around 2% amidst doubt of US-China trade deal – Brent crude settled at \$59.35/barrel while WTI at \$53.59/barrel.
- **Data turned out positive in the US and Eurozone but disappointed in China.** US Empire State Manufacturing headline index rose to 4.0 in October to signal a faster but still modest pace this month. Eurozone industrial production topped estimates to record a 0.4% MOM growth in August. China external trade slumped in September, as exports and imports both fell more than expected.
- **The dollar index closed flat at 98.445** as the US is partially off celebrating Columbus Day. **We are neutral USD today** as there is a lack of economic data to drive movement for the time being. **We remain bearish USD over the medium term** as prolonged trade issues may trigger a series of Fed rate cuts alongside the Fed’s balance sheet expansion plans.
- **MYR closed flat at 4.1885** after opening stronger on trade resolution hopes but said hopes began to fade on a lack of details throughout the day weighing on MYR. **We are bullish USDMYR today** on poor risk sentiment due to lack of details on ‘Phase 1’ US-China trade deal. **We remain bearish USDMYR over the medium term** on expected Fed rate cuts and balance sheet expansion.
- **SGD closed 0.27% stronger against the USD at 1.3696** on trade talk optimism. **We are mildly bullish USDSGD today** on poor risk sentiment and a stronger USD overall. **We are bearish USDSGD over the medium term** on an expected Fed rate cut due to prolonged trade issues.

Overnight Economic Data

US	↑
Eurozone	↑
China	↓

What’s Coming Up Next

Major Data

- Eurozone ZEW Survey Expectations
- UK Job Report
- Japan Industrial Production,
- China CPI, PPI

Major Events

- Australia RBA Meeting Minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0975	1.1000	1.1024	1.1050	1.1080	↘
GBPUSD	1.2500	1.2550	1.2609	1.2650	1.2700	↘
USDJPY	107.75	108.00	108.36	108.70	109.00	↗
AUDUSD	0.6725	0.6750	0.6772	0.6800	0.6825	↘
EURGBP	0.8700	0.8730	0.8745	0.8775	0.8800	↗
USDMYR	4.1800	4.1850	4.1870	4.1900	4.1950	↗
EURMYR	4.5800	4.6000	4.6162	4.6250	4.6400	↗
JPYMYR	3.8350	3.8500	3.8654	3.8800	3.9000	↘
GBPMYR	5.2450	5.2600	5.2798	5.3000	5.3250	↘
SGDMYR	3.0500	3.0550	3.0589	3.0630	3.0660	↗
AUDMYR	2.8000	2.8150	2.8350	2.8500	2.8800	↘
NZDMYR	2.6000	2.6150	2.6386	2.6500	2.6700	↘
USDSGD	1.3650	1.3670	1.3690	1.3720	1.3750	↗
EURSGD	1.5040	1.5070	1.5096	1.5130	1.5160	↘
GBPSGD	1.7210	1.7240	1.7267	1.7300	1.7330	↘
AUDSGD	0.9210	0.9240	0.9270	0.9300	0.9330	↘

* 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	1,567.59	0.69	-7.28	CRB Index	174.99	-0.60	3.05
Dow Jones Ind.	26,787.36	-0.11	14.83	WTI oil (\$/bbl)	53.59	-2.03	18.01
S&P 500	2,966.15	-0.14	18.32	Brent oil (\$/bbl)	59.35	-1.92	10.32
FTSE 100	7,213.45	-0.46	7.21	Gold (\$/oz)	1,493.21	0.28	16.28
Shanghai	3,007.88	1.15	20.61	CPO (RM/tonne)	2,106.00	-0.28	7.86
Hang Seng	26,521.85	0.81	2.62	Copper (\$/tonne)	5,818.00	0.38	-2.46
STI	3,124.45	0.34	1.81	Rubber (sen/kg)	421.50	0.36	11.21

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Empire Manufacturing	Oct	4.0	2.0	1.0
EU Industrial Production SA MOM	Aug	0.4	-0.4%	0.3%
CN Exports YOY	Sep	-3.2%	-1.0%	-2.8%
CN Imports YOY	Sep	-8.5%	-5.6%	-6.0%

Source: Bloomberg

• **New York State's manufacturing saw improved conditions:** Manufacturing industry in New York expanded at a faster but still modest pace this month as the New York Fed Empire State Manufacturing Survey reported that its General Business Conditions Index rose to 4.0 in October (Sep: 2.0), led by higher shipments and steady new orders.

• **Eurozone industrial production rebounded in August:** Eurozone industrial production beat expectation, recording a growth of 0.4% MOM in August (Jul: -0.4%) and thus reversed the decline in the previous month. August lift was supported by higher production of capital and intermediate goods which offset weakness in energy and consumer goods. Output in three of its largest economies namely Germany, Spain and Italy expanded. Despite that, the YOY comparison still appears bleak, printing its biggest decline (-2.8% vs -2.1%) in eight months as the overall manufacturing sector stays under pressure by soft demand against a challenging external backdrop.

• **China external trade weakened more than expected in September:** China trade report was a major disappointment as both exports and imports fell by more than what consensus had been expecting. Exports in dollar term slipped for the second month by 3.2% YOY (Aug: -1.0%), as shipments to key trading partners such as the US (-21.9% vs -16.0%), Hong Kong (-12.6% vs -7.2%), Japan (-5.0% vs +1.5%), South Korea (-5.1% vs +2.0%) and Germany (-6.6% vs -3.0%) declined last month, underscoring the weakness in global demand amidst an unresolved trade dispute with the US. Imports fell 8.5% YOY (Aug: -5.6%), marking its ninth decline within a ten-month period since December last year as local demand for overseas goods continued to soften. The miss in trade numbers came ahead of other major Chinese releases this week, most notably its 3Q GDP growth. Consensus is calling for a 6.2% YOY expansion, a tad slower than the 6.3% recorded in 2Q.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
16/10	US	MBA Mortgage Applications	Oct-11	--	5.2%	--
		Retail Sales Advance MOM	Sep	0.3%	0.4%	--
		Retail Sales Control Group	Sep	0.3%	0.3%	--
		NAHB Housing Market Index	Oct	68.0	68.0	--
15/10	Eurozone	ZEW Survey Expectations	Oct	--	-22.4	--
16/10		Trade Balance SA	Aug	18.0b	19.0b	--
		CPI Core YOY	Sep F	1.0%	1.0%	--
		CPI YOY	Sep F	0.9%	1.0%	1.0%
15/10	UK	Average Weekly Earnings 3M/YOY	Aug	4.0%	4.0%	--
		ILO Unemployment Rate 3Mths	Aug	3.7%	3.8%	--
		Employment Change 3M/3M	Aug	26k	31k	--
16/10		CPI YOY	Sep	1.8%	1.7%	--
15/10	Japan	Industrial Production YOY	Aug F	--	-4.7%	--
15/10	China	CPI YOY	Sep	2.9%	2.8%	--
		PPI YOY	Sep	-1.2%	-0.8%	--
15/10	Australia	RBA Oct. Rate Meeting Minutes				
16/10		Westpac Leading Index MOM	Sep	--	-0.28%	--
16/10	New Zealand	CPI YOY	3Q	1.4%	1.7%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1027	-0.14	1.1051	1.1013	-3.83
GBPUSD	1.2608	-0.47	1.2667	1.2516	-1.17
USDJPY	108.40	0.10	108.52	108.03	-1.19
AUDUSD	0.6775	-0.28	0.6803	0.6751	-3.86
EURGBP	0.8747	0.26	0.8811	0.8715	-2.68
USDMYR	4.1885	0.05	4.1890	4.1750	1.33
EURMYR	4.6233	0.21	4.6237	4.6053	-2.20
JPYMYR	3.8668	-0.27	3.8677	3.8533	2.90
GBPMYR	5.2655	0.63	5.2821	5.2502	-0.04
SGDMYR	3.0571	0.34	3.0577	3.0454	0.70
AUDMYR	2.8320	-0.42	2.8453	2.8289	-3.14
NZDMYR	2.6370	-0.63	2.6494	2.6325	-5.10
CHFMYR	4.2017	0.22	4.2036	4.1862	0.06
CNYMYR	0.5926	0.49	0.5928	0.5899	-2.09
HKDMYR	0.5337	-0.02	0.5337	0.5325	1.04
USDSGD	1.3696	-0.27	1.3742	1.3679	0.43
EURSGD	1.5102	-0.43	1.5184	1.5083	-3.42
GBPSGD	1.7268	-0.64	1.7415	1.7140	-0.75
AUDSGD	0.9280	-0.50	0.9335	0.9242	-3.45

Source: Bloomberg

Forex

MYR

- **MYR closed flat at 4.1885** after opening stronger on trade resolution hopes but said hopes began to fade on a lack of details throughout the day weighing on MYR.
- **We are bullish USDMYR today** on poor risk sentiment due to lack of details on 'Phase 1' US-China trade deal. **We remain bearish USDMYR over the medium term** on expected Fed rate cuts and balance sheet expansion.

USD

- **The dollar index closed flat at 98.445** as the US is partially off celebrating Columbus Day.
- **We are neutral USD today** as there is a lack of economic data to drive movement for the time being. **We remain bearish USD over the medium term** as prolonged trade issues may trigger a series of Fed rate cuts alongside the Fed's balance sheet expansion plans.

EUR

- **EUR closed lower by 0.14% against the USD at 1.1027** in quiet trading due to US holidays.
- **We are mildly bearish EUR today** due to poor risk sentiment on lower US equities and geopolitical tensions. **We remain bearish EUR over the medium term** over the ECB's announced easing measures.

GBP

- **GBP closed weaker by 0.47% to 1.2608** as EU-UK talks continue to drag without any significant results.
- **We remain bearish GBP for the foreseeable future** over continuous Brexit issues.

JPY

- **JPY finished weaker by 0.10% at 108.40** on subdued trading due to US holidays.
- **We remain bearish JPY over the short term** on technicals. **We remain bullish JPY over the medium term** on prolonged trade worries and possible Fed rate cuts.

AUD

- **AUD closed 0.28% weaker against the USD at 0.6775** on fading trade deal optimism.
- **We are bearish AUD today** on poorer risk sentiment due to fading US-China trade optimism and rising Middle East tensions. **We remain bearish AUD over the medium term** on expected slower global growth due to prolonged trade worries.

SGD

- **SGD closed 0.27% stronger against the USD at 1.3696** on trade talk optimism.
- **We are mildly bullish USDSGD today** on poor risk sentiment and a stronger USD overall. **We are bearish USDSGD over the medium term** on an expected Fed rate cut due to prolonged trade issues.

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