

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets were mired in risk off mode** with risk assets under selling pressure yesterday **as the weekend's drone attacks on Saudi's oil facilities heightened geopolitical concerns** between the US and Iran. Major stock indices ended in the red in the US and Europe but mixed in the Asian markets, amid weaker than expected China data. Bonds broadly gained on refuge appeal and so did the greenback, which climbed steadily on the back of weaknesses in 8 G10s. **Global Brent crude oil prices have since pulled back from its knee jerk spike to as high as \$72/ barrel, last settling 14.6% higher at \$69/ barrel**, still above the pre-droning strikes level of \$60. The attack destroyed about half of Saudi's total oil production and about 6% of world output, not only raising concerns on supply disruption but more importantly on geopolitical risks.
- **Dataflow disappointed by and large adding to sings of global growth slowdown.** Weaker than expected China industrial production, retail sales and fixed asset investment took center stage, raising concerns over economic fallout that would require the China government to introduce more stimulus to arrest the slowdown. In the US, manufacturing activities softened in New York while house prices deteriorated in the UK, most notably in London. Services sector in New Zealand softened somewhat but remained decent and expansionary even as consumer confidence hit a 7-year low amid a cloudy growth prospect that raised expectations the RBNZ will deliver more cuts ahead.
- **The dollar index closed higher by 0.59% to 98.624** on safe haven demand and risk aversion. **We are bullish USD today** as risk aversion drives the short term picture for now. **We remain bearish USD over the medium term** as prolonged trade issues may trigger a series of Fed rate cuts.
- **MYR closed flat at 4.1640** on a lack of push/pull factors ahead of the long weekend. **We are bullish USDMYR today** on risk aversion as the USD in general surged on safe haven demand due to geopolitical risks. **We remain bearish USDMYR over the medium term** on expected Fed rate cuts due to prolonged trade worries.
- **SGD closed 0.17% weaker against the USD at 1.3755** on a stronger USD overall amidst safe haven demand. **We are 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	↓
UK	↓
China	↓
New Zealand	↓

What's Coming Up Next

Major Data

- US industrial production, NAHB housing market index
- EU ZEW expectations survey
- Hong Kong jobless rate

Major Events

- RBA minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0950	1.1975	1.1007	1.1040	1.1070	↘
GBPUSD	1.2300	1.2350	1.2419	1.2450	1.2500	↘
USDJPY	107.50	107.80	108.14	108.40	108.70	↗
AUDUSD	0.6825	0.6850	0.6862	0.6900	0.6925	↘
EURGBP	0.8810	0.8840	0.8865	0.8900	0.8930	↗
USDMYR	4.1600	4.1650	4.1750	4.1800	4.1850	↗
EURMYR	4.5700	4.5800	4.5963	4.6200	4.6300	↘
JPYMYR	3.8200	3.8400	3.8605	3.8700	3.8800	↘
GBPMYR	5.1400	5.1600	5.1850	5.2000	5.2150	↘
SGDMYR	3.0200	3.0325	3.0345	3.0375	3.0400	↗
AUDMYR	2.8300	2.8500	2.8649	2.8800	2.9000	↘
NZDMYR	2.6200	2.6350	2.6478	2.6650	2.6800	↘
USDSGD	1.3700	1.3730	1.3761	1.3780	1.3810	↗
EURSGD	1.5100	1.5125	1.5151	1.5175	1.5200	↘
GBPSGD	1.6900	1.6950	1.7091	1.7130	1.7160	↘
AUDSGD	0.9400	0.9420	0.9442	0.9470	0.9510	↘

* 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*	1,601.25	0.02	-5.28	CRB Index	183.17	4.79	7.87
Dow Jones Ind.	27,076.82	-0.52	16.07	WTI oil (\$/bbl)	62.90	14.68	38.52
S&P 500	2,997.96	-0.31	19.59	Brent oil (\$/bbl)	69.02	14.61	50.47
FTSE 100	7,321.41	-0.63	8.82	Gold (S/oz)	1,498.43	0.67	16.87
Shanghai	3,030.75	-0.02	21.53	CPO (RM/tonne)	2,113.00	-0.42	8.22
Hang Seng	27,124.55	-0.83	4.95	Copper (\$/tonne)	5,870.00	-1.75	-1.59
STI	3,203.93	-0.24	4.40	Rubber (sen/kg)	440.50	-0.11	16.23

Source: Bloomberg

* Closing as at 13-September

➤ Macroeconomic

Economic Data

	For	Actual	Last	Survey
US Empire manufacturing	Sept	2.0	4.8	4.0
UK Rightmove house prices YOY	Sept	0.2%	1.2%	--
CH fixed asset investment YOY	Aug	5.5%	5.7%	5.7%
CH industrial production YOY	Aug	4.4%	4.8%	5.2%
CH retail sales YOY	Aug	7.5%	7.6%	7.9 %
NZ services index	Aug	54.6	54.8 (revised)	--
NZ Westpac consumer confidence index	3Q	103.1	103.5	--

Source: Bloomberg

- US Empire manufacturing pulled back to a 3-month low:** Manufacturing activities in the New York state moderated more than expected to a reading of 2.0 in September (Aug: 4.8), its lowest in three months as a result of weaknesses in future capex, new orders and shipment. Number of employees and average workweek bounced back to positive readings, in line with firm labour market data seen in recent weeks. The easier manufacturing activities added to signs of a slump in global demand as the tension between the US and China remained unresolved.
- UK house prices softened considerably:** Rightmove house prices in the UK registered a much smaller gain of 0.2% YOY in September (Aug: +1.2%), as lingering Brexit uncertainties continued taking a toll on the UK housing market. MOM, prices extended its decline by 0.2% (Aug: -1.0%) led by a 2.2% decline in London. Rightmove revealed that there were at least 20% fewer properties up for sale in London compared to a year ago, and at least 8% fewer nationwide.
- China data disappointed and confirmed an ailing economy in need of more stimulus:** First tier China data all disappointed in August, intensifying concerns the China economy is rapidly losing steam and reinforcing the case of more stimulus ahead to counter the slowdown. Industrial production grew at a slower than expected pace of 4.4% YOY in August (Jul: +4.8%), its slowest pace in 17 years due to slower expansion across all key sectors from mining to manufacturing. Meanwhile, retail sales also unexpectedly softened to record a 7.5% YOY gain during the same month (Jul: +7.6%), suggesting softening domestic demand. In a separate release, growth in fixed asset investment tapered off to 5.5% YOY in the first eight months of the year, its worst reading in nearly a year as investment by the private sector slowed across the mining and manufacturing sectors whereas investment in the agriculture sector extended its decline for a 4th straight month.
- NZ Services sector stayed resilient; consumer confidence somewhat softer:** Services activities pulled back slightly by 0.2ppt to print 54.6 in August (Jul: 54.8 revised), signaling a softer but still decent services sector in New Zealand. The softer reading was dragged by decline in activity/sales and new orders, which offset upticks in employment and supply deliveries. All readings remained firmly above 50 nonetheless suggesting expansion across all key components. Consumer confidence as measured by Westpac also showed continued softening bias in 3Q (103.1 vs 103.5). This marked its lowest reading in seven years as household's willingness to spend on unexpected windfall has plunged to its lowest in 20 years against a dimming growth backdrop.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
17/09	US	Industrial Production MOM	Aug	0.2%	-0.2%	--
		NAHB Housing Market Index	Sep	66.0	66.0	--
18/09		MBA Mortgage Applications	Sep-13	--	2.0%	--
		Building Permits MOM	Aug	-1.3%	8.4%	6.9%
		Housing Starts MOM	Aug	5.0%	-4.0%	--
17/09	Eurozone	ZEW Survey Expectations	Sep	--	-43.6	--
18/09		CPI Core YOY	Aug F	0.9%	0.9%	--
		CPI YOY	Aug F	1.0%	1.0%	1.0%
18/09	UK	CPI YOY	Aug	1.9%	2.1%	--
18/09	Japan	Exports YOY	Aug	-10.0%	-1.6%	-1.5%
		Trade Balance	Aug	-¥365.4b	-¥249.6b	-¥250.7b
17/09	Hong Kong	Unemployment rate	Aug	2.9%	2.9%	--
17/09	Australia	RBA Minutes of Sept. Policy Meeting				
18/09		Westpac Leading Index MOM	Aug	--	0.14%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1001	-0.65	1.1093	1.0994	-4.03
GBPUSD	1.2431	-0.56	1.2523	1.2400	-2.54
USDJPY	108.12	0.03	108.17	107.46	-1.43
AUDUSD	0.6865	-0.20	0.6884	0.6854	-2.60
EURGBP	0.8852	-0.10	0.8902	0.8850	-1.51
USDMYR	4.1640	-0.03	4.1670	4.1563	0.74
EURMYR	4.6226	0.62	4.6258	4.6012	-2.21
JPYMYR	3.8563	-0.18	3.8594	3.8459	2.62
GBPMYR	5.1851	0.97	5.1875	5.1305	-1.57
SGDMYR	3.0324	0.07	3.0338	3.0249	-0.12
AUDMYR	2.8642	-0.11	2.8647	2.8552	-2.01
NZDMYR	2.6672	-0.59	2.6700	2.6632	-4.01
CHFMYR	4.2175	0.24	4.2192	4.2012	0.44
CNYMYR	0.5878	0.10	0.5915	0.5874	-2.88
HKDMYR	0.5324	0.02	0.5325	0.5317	0.80
USDSGD	1.3755	0.17	1.3763	1.3728	0.92
EURSGD	1.5131	-0.51	1.5242	1.5120	-3.15
GBPSGD	1.7097	-0.41	1.7204	1.7058	-1.65
AUDSGD	0.9443	-0.05	0.9459	0.9428	-1.69

Source: Bloomberg

*MYR pair closing as at 13-September

MYR

- **MYR closed flat at 4.1640** on a lack of push/pull factors ahead of the long weekend.
- **We are bullish USDMYR today** on risk aversion as the USD in general surged on safe haven demand due to geopolitical risks. **We remain bearish USDMYR over the medium term** on expected Fed rate cuts due to prolonged trade worries.

USD

- **The dollar index closed higher by 0.59% to 98.624** on safe haven demand and risk aversion.
- **We are bullish USD today** as risk aversion drives the short term picture for now. **We remain bearish USD over the medium term** as prolonged trade issues may trigger a series of Fed rate cuts.

EUR

- **EUR closed lower by 0.65% against the USD at 1.1001** on a stronger USD overall and risk aversion.
- **We are bearish EUR today** as risk sentiment remains poor and higher chances of a US retaliation against the Saudi attacks. **We remain bearish EUR over the medium term** as we expect the EUR to weaken once the ECB starts its QE program.

GBP

- **GBP closed weaker by 0.56% to 1.2431** after another failure to make any kind of breakthrough in EU-UK talks.
- **We remain bearish GBP for the foreseeable future** over continuous Brexit issues.

JPY

- **JPY finished flat at 108.12** after being pushed and pulled on safe haven demand and a stronger USD overall.
- **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 0.20% weaker against the USD at 0.6865** on a stronger USD overall due to risk aversion.
- **We are bearish AUD today** on poorer risk sentiment due to 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 0.17% weaker against the USD at 1.3755** on a stronger USD overall amidst safe haven demand.
- **We are 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.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my

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