

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rebounded to close slightly higher overnight as the concerns over the oil market eased a little** with investors now shifting focus to the Federal Reserve's rate decision. Major indexes struggled to post meaningful gains throughout the session -The Dow Jones closed 0.1% higher while the S&P500 and NASDAQ each rose 0.3% and 0.4%. **Oil prices fell as President Trump played down his hawkish "locked and loaded" tone with Iran, signaling that he has no intention to go to war while Saudi Arabia restored partial output at its oil plant.** Brent crude fell by 6.5% to \$64.55/barrel while WTI dropped by 5.7% to \$59.34/barrel. Treasuries yields fell 4-5bps as the Fed began its two-day meeting and is expected to cut its fed fund target range by 25bps. Benchmark 10Y UST yield slipped by 5bps to 1.80%.
- **Latest bag of economic releases sprang some positive surprises.** Industrial production rebounded more than expected to increase 0.6% MOM in August in the US led by manufacturing, easing some concern over downturn in the manufacturing sector. Meanwhile, housing optimism rose to an 11-month high in the US while investor confidence in the Eurozone improved substantially in September. On the contrary, Japan exports remained under pressure taking the hit from slower global demand and prolonged trade tension. Singapore NODX posted a narrower decline but did not change the underlying sluggish momentum, hence concern over a technical recession in 3Q remains valid.
- The greenback weakened alongside falling oil prices - the dollar index slipped by 0.35% to 98.26, led by the strength in the euro and pound. **We are neutral to slightly bearish on USD today** ahead of Fed's rate decision and overnight weakness in USD alongside falling oil prices. **We will be watching closely on tomorrow's FOMC statement and Jerome Powell's press conference to gauge direction in the medium term.**
- **MYR traded weaker through the day to close 0.42% weaker at 4.1815** against the greenback amid rising geopolitical risks. **We turn neutral to slightly bearish on USD today** ahead of Fed's rate decision and overnight weakness in USD alongside falling oil prices. **In the medium term, we remain bearish on USDMYR** on imminent Fed rate cut.
- **SGD closed 0.11% stronger against the USD at 1.3740.** We are neutral on the pair today ahead of FOMC meeting. We look towards FOMC meeting to gauge medium term direction.

Overnight Economic Data

US	↑
EU	↑
Japan	↓
Singapore	↑

What's Coming Up Next

Major Data

- US Housing starts, Building permits, MBA mortgage applications
- Eurozone CPI
- UK CPI
- Australia Westpac Leading Index

Major Events

- FOMC Policy Meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1000	1.1020	1.1070	1.1100	1.1170	→
GBPUSD	1.2345	1.2430	1.2495	1.2570	1.2650	↘
USDJPY	107.50	107.80	108.15	108.40	108.70	→
AUDUSD	0.6825	0.6850	0.6857	0.6900	0.6925	→
EURGBP	0.8810	0.8840	0.8862	0.8900	0.8930	→
USDMYR	4.1700	4.1750	4.1780	4.1800	4.1850	→
EURMYR	4.5800	4.6100	4.6352	4.6400	4.6600	↗
JPYMYR	3.8350	3.8500	3.8637	3.8770	3.8880	↘
GBPMYR	5.1310	5.1560	5.2196	5.2500	5.2800	↗
SGDMYR	3.0340	3.0365	3.0402	3.0450	3.0470	↘
AUDMYR	2.8300	2.8500	2.8646	2.8800	2.9000	↗
NZDMYR	2.6200	2.6350	2.6541	2.6650	2.6800	↘
USDSGD	1.3700	1.3730	1.3742	1.3780	1.3810	→
EURSGD	1.5130	1.5166	1.5214	1.5250	1.5280	→
GBPSGD	1.7000	1.7054	1.7165	1.7240	1.7325	↘
AUDSGD	0.9360	0.9400	0.9422	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	1,604.30	0.19	-5.10	CRB Index	178.79	-2.39	5.30
Dow Jones Ind.	27,110.80	0.13	16.22	WTI oil (\$/bbl)	59.34	-5.66	30.68
S&P 500	3,005.70	0.26	19.90	Brent oil (\$/bbl)	64.55	-6.48	19.98
FTSE 100	7,320.40	-0.01	8.80	Gold (\$/oz)	1,501.38	0.20	17.05
Shanghai	2,978.12	-1.74	19.42	CPO (RM/tonne)	2,092.00	-1.04	7.14
Hang Seng	26,790.24	-1.23	3.65	Copper (\$/tonne)	5,821.00	-0.83	-2.41
STI	3,183.00	-0.65	3.72	Rubber (sen/kg)	446.00	1.25	17.68

Source: Bloomberg

➤ Macroeconomic

Economic Data				
	For	Actual	Last	Survey
US Industrial Production MOM	Aug	0.6%	-0.1% (revised)	0.2%
US NAHB Housing Market Index	Sept	68	67 (revised)	66
EU ZEW Expectations	Sept	-22.4	-43.6	--
JP Trade Balance	Aug	-¥136.3b	-¥250.7b (revised)	-¥365.4b
JP Exports YOY	Aug	-8.2%	-1.5% (revised)	-10.0%
SG NODX YOY	Aug	-8.9%	-11.4% (revised)	-10.6%

Source: Bloomberg

- RBA minutes reiterated policy makers' readiness to act:** Minutes of the last RBA meeting showed policy makers continued to see an "extended period" of low rates and are prepared to ease again to support growth "if needed", acknowledging risks to the global economic growth is skewed to the downside as consumption remains a key uncertainty for growth despite a stable housing market and improvement in the resources sector. Meanwhile, the central bank noted that the increase in wage growth appeared to have stalled. The somewhat dovish minutes offered clues that there could be at least one more rate cut before the end of the year.
- US industrial production rebounded; homebuilder confidence at 11-month high:** Industrial production rebounded in August to increase 0.6% MOM in August (Jul: -0.1% revised), more than reversing the tiny drop in the previous month. Manufacturing output recorded a 0.5% MOM gain (Jul: -0.4%), led by higher production of motor vehicle, easing some concerns over the downturn in US manufacturing industry after the ISM manufacturing index recorded a below 50.0 reading earlier this month. Meanwhile, the NAHB Housing Market Index rose to 68 in September (Aug: 67 revised), its highest reading in 11 months as homebuilder confidence increased tremendously on higher current sales and prospective buyer traffic amidst lower mortgages rates.
- Eurozone expectations improved substantially in September:** A survey by ZEW showed investor confidence in the Eurozone turned less downbeat in September, with the reading bouncing back sharply from -43.6 in August to -22.4 in September following the revival of monetary stimulus from the ECB. We however opine there are little signs of reprieve as the expectation index has been staying in negative territory since June last year (save for the slight positive print in April), signaling conditions and outlook remains very fragile in the Euro area.
- Japan exports fell for ninth straight month:** Exports fell 8.2% YOY in August (Jul: -1.5% revised), marking its ninth consecutive month of decline, adding to concerns that slower global demand and prolonged trade tension are seriously taking a toll on the country's external trade sector. Imports meanwhile slipped more than expected by another 12.0% YOY (Jul: -1.2% revised), its fourth straight month of decrease and was the largest in nearly three years, underscoring weakness in domestic demand for overseas goods., resulting in a smaller trade deficit of -¥136.3b (Jul: -¥250.7b revised).
- Singapore NODX continued its decline:** Non-oil domestic exports in Singapore fell for the 6th consecutive month, albeit at a narrower 8.9% YOY in August (Jul: -11.4% YOY). Broad-based declines across all export categories signaled underlying weakness in export momentum tracking sluggishness in global demand. Electronic products fell for the 9th straight months while non-electronic products (pharmaceuticals and petrochemicals) had also been contracting for the 10th straight month. Sluggish momentum seen in both the external and domestic front suggests the Singapore economy is facing rising risks of a technical recession in 3Q.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
18/09	US	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%	--
19/09		FOMC Rate Decision	Sep-18	1.75-2.00%	2.00-2.25%	--
		Philadelphia Fed Business Outlook	Sep	10.5	16.8	--
		Initial Jobless Claims	Sep-14	214k	204k	---
		Leading Index	Aug	-0.1%	0.5%	--
18/09	Eurozone	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%	--
19/09		Retail Sales Inc Auto Fuel MOM	Aug	0.0%	0.2%	--
		Bank of England Bank Rate	Sep-19	0.75%	0.75%	--
18/09	Japan	Exports YOY	Aug	-10.0%	-1.6%	-1.5%
		Trade Balance	Aug	-¥365.4b	-¥249.6b	-¥250.7b
19/09		All Industry Activity Index MOM	Jul	0.2%	-0.8%	--
		BOJ Policy Balance Rate	Sep-19	-0.1%	-0.1%	--
18/09	Australia	Westpac Leading Index MOM	Aug	--	0.14%	--
19/09		Employment Change	Aug	15.0k	41.1k	--
		Unemployment Rate	Aug	5.2%	5.2%	--
19/09	New Zealand	GDP SA QOQ	2Q	0.4%	0.6%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1073	0.65	1.1075	1.0990	-3.45
GBPUSD	1.2500	0.56	1.2527	1.2393	-1.93
USDJPY	108.13	0.01	108.37	108.02	-1.44
AUDUSD	0.6866	0.01	0.6870	0.6831	-2.62
EURGBP	0.8858	0.07	0.8889	0.8839	-1.43
USDMYR	4.1815	0.42	4.1830	4.1685	1.16
EURMYR	4.6069	-0.34	4.6083	4.5808	-2.55
JPYMYR	3.8657	0.24	3.8675	3.8514	2.87
GBPMYR	5.1863	0.02	5.1940	5.1736	-1.54
SGDMYR	3.0368	0.15	3.0382	3.0261	0.03
AUDMYR	2.8587	-0.19	2.8642	2.8547	-2.20
NZDMYR	2.6449	-0.84	2.6500	2.6389	-4.82
CHFMYR	4.2065	-0.26	4.2166	4.1932	0.17
CNYMYR	0.5894	0.28	0.5906	0.5890	-2.61
HKDMYR	0.5345	0.39	0.5345	0.5325	1.19
USDSGD	1.3740	-0.11	1.3778	1.3739	0.81
EURSGD	1.5214	0.55	1.5217	1.5121	-2.67
GBPSGD	1.7175	0.46	1.7211	1.7060	-1.20
AUDSGD	0.9430	-0.14	0.9451	0.9404	-1.83

Source: Bloomberg

Forex

MYR

- **MYR traded weaker through the day to close 0.42% weaker at 4.1815** against the greenback amid rising geopolitical risks.
- **We turn neutral to slightly bearish on USD today** ahead of Fed's rate decision and overnight weakness in USD alongside falling oil prices. **In the medium term, we remain bearish on USDMYR** on imminent Fed rate cut.

USD

- The greenback weakened alongside falling oil prices - the dollar index slipped by 0.35% to 98.26, led by the strength in the euro and pound.
- **We are neutral to slightly bearish on USD today** ahead of Fed's rate decision and overnight weakness in USD alongside falling oil prices. **We will be watching closely on tomorrow's FOMC statement and Jerome Powell's press conference to gauge direction in the medium term.**

EUR

- **EUR rebounded above 1.10 psychological level from intraday low to close 0.65% higher against the USD at 1.1073, erasing previous day's losses.**
- **We are neutral to slightly bullish on EUR today** ahead of FOMC. **We remain bearish EUR over the medium term** as we expect the EUR to weaken once the ECB restarts its QE program and the Eurozone economy fundamentally poorer compared to that of the US.

GBP

- **GBP closed stronger by 0.56% to 1.2500 amidst weaker US dollar, erasing previous day's losses.**
- **We remain bearish GBP for the foreseeable future** over continuous Brexit uncertainties.

JPY

- **JPY finished flat at 108.13 against the USD** as markets digest latest development in geopolitics.
- **We are neutral to slightly bearish on JPY today** on improving risk sentiments and ahead of FOMC. **We remain bullish JPY over the medium term** on geopolitical risk, prolonged trade uncertainties and imminent Fed rate cuts.

AUD

- **AUD finished flat at 0.6866 against the USD** after erasing intraday RBA-driven losses.
- **We are neutral on AUD today** ahead of FOMC. **We remain bearish AUD over the medium term** as prolonged trade tension is weighing on slower global growth outlook while at the same time, weakening Chinese economy is expected to serve as a drag on AUD.

SGD

- **SGD closed 0.11% stronger against the USD at 1.3740.**
- **We are neutral on the pair today** ahead of FOMC meeting. We look towards FOMC meeting to gauge medium term direction.

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