

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rebounded overnight on upbeat corporate earnings, positive US-China trade news and EU's approval of Boris Johnson's Brexit deal which overshadowed weaker US economic data.** Key indexes gained by 0.1% to 0.4%, as China maintained that it would increase its purchase of US agricultural products but did not confirm the signing of the so called "phase one" trade deal. **Boris Johnson managed to secure a Brexit deal from the EU, his next task is to win Parliament's backing at home.** Treasuries yields rose only slightly overnight by around 1bps despite positive headlines, as US data continued to disappoint and reaffirmed views that the current economic expansion might not last long. **Markets continued to expect a Fed rate cut comes end of October with futures pointing to 82% chance of a 25basis point cut in the Fed Funds rate target range.** Oil prices picked up by 0.8-1.0%.
- **Data were generally weaker.** US industrial production slipped by 0.4% MOM in September after a revised gain, led by contraction in manufacturing output. The Philly Fed Manufacturing Index dropped by 6pts this month. Aside from weaker factories number, homebuilding activities also slipped as both housing starts and building permits declined. Initial jobless claims rose by 4k last week. UK retail sales were flat on lower auto-fuel sales and online spending. Japan main inflation gauge softened to more than 2-year low. Singapore NODX slipped for the seventh consecutive month.
- **The dollar index finished lower by 0.40% at 97.607** led by another round of tepid US data and Brexit deal euphoria, its first time closing below 98 since late August. **We remain mildly bearish USD today** as the momentum from Brexit euphoria seems to be driving USD weakness for now. 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 0.36% stronger at 4.1795 as the broad USD weakened on better risk sentiment spurred by Brexit headlines.** We are cautiously bearish USDMYR today as the broad USD continues to move lower after Johnson secures a deal. We remain bearish USDMYR over the medium term on expected Fed rate cuts and balance sheet expansion.
- **SGD closed 0.40% stronger against the USD at 1.3645** on an overall weaker USD and better risk sentiment. We are bearish USDSGD today as the broad USD continues to move lower on Brexit headlines. We are bearish USDSGD over the medium term on expected Fed rate cuts due to prolonged trade uncertainty.

Overnight Economic Data

US	↓
UK	↓
Japan	↓
Singapore	↓

What's Coming Up Next

Major Data

- US Leading Index
- China 3Q GDP, Fixed Assets Investment, Industrial Production, Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1075	1.1100	1.1126	1.1150	1.1170	↗
GBPUSD	1.2800	1.2830	1.2868	1.2900	1.2930	↗
USDJPY	108.10	108.40	108.68	109.00	109.30	→
AUDUSD	0.6775	0.6800	0.6831	0.6850	0.6875	↗
EURGBP	0.8600	0.8625	0.8649	0.8675	0.8700	→
USDMYR	4.1700	4.1750	4.1830	4.1850	4.1900	↘
EURMYR	4.6350	4.6450	4.6548	4.6700	4.6750	↗
JPYMYR	3.8300	3.8400	3.8500	3.8600	3.8700	↘
GBPMYR	5.3350	5.3600	5.3823	5.4000	5.4200	↗
SGDMYR	3.0550	3.0600	3.0645	3.0700	3.0750	→
AUDMYR	2.8400	2.8500	2.8566	2.8700	2.8800	↗
NZDMYR	2.6400	2.6500	2.6616	2.6700	2.6800	↗
USDSGD	1.3600	1.3625	1.3653	1.3675	1.3700	↘
EURSGD	1.5130	1.5160	1.5191	1.5220	1.5250	→
GBPSGD	1.7470	1.7520	1.7567	1.7600	1.7650	→
AUDSGD	0.9275	0.9300	0.9324	0.9350	0.9375	→

* 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	1,574.50	-0.03	-6.87	CRB Index	175.53	0.32	3.37
Dow Jones Ind.	27,025.88	0.09	15.85	WTI oil (\$/bbl)	53.93	1.07	18.76
S&P 500	2,997.95	0.28	19.59	Brent oil (\$/bbl)	59.91	0.82	11.36
FTSE 100	7,182.32	0.20	6.75	Gold (S/oz)	1,491.87	0.12	16.44
Shanghai	2,977.33	-0.05	19.38	CPO (RM/tonne)	2,106.50	2.31	7.89
Hang Seng	26,848.49	0.69	3.88	Copper (\$/tonne)	5,739.00	0.16	-3.79
STI	3,126.14	-0.27	1.87	Rubber (sen/kg)	422.50	0.12	11.48

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Building Permits MOM	Sep	-2.7%	8.2% (revised)	-5.3%
US Housing Starts MOM	Sep	-9.4%	15.1% (revised)	-3.2%
US Philadelphia Fed Business Outlook	Oct	5.6	12.0	7.6
US Initial Jobless Claims	Oct-12	2k	210k	215k
US Industrial Production MOM	Sep	-0.4%	0.8% (revised)	-0.2%
UK Retail Sales MOM	Sep	0.0%	-0.2%	0.2%
JP Natl CPI Ex Fresh Food YOY	Sep	0.3%	0.5%	0.3%
SG Non-oil Domestic Exports YOY	Sep	-8.1%	-9.0% (revised)	-7.2%

Source: Bloomberg

- US manufacturing numbers disappointed; homebuilding activities fell:** US data turned out weaker than expected; nonetheless the accompanying upward revisions to most of previous month's readings offered some comforts. Industrial production slipped by 0.4% MOM in September (Aug: +0.8% revised), led by contractions in both manufacturing output (-0.5% vs +0.6%) and mining (-1.3% vs +2.4%), in line with the recent sub-50 ISM manufacturing PMI. The Philly Fed's headline manufacturing index fell by 6pts to 5.6 in October (Sep: 12.0), recording softer reading for the third straight month. Meanwhile on the housing front, homebuilding activities fell last month as housing starts slipped more than estimated by 9.4% MOM in September (Aug: +15.1% revised) after an outsized (revised) gain in the previous month. Building permits fell 2.7% MOM (Aug: +8.2% revised), lesser than expected after recording two consecutive months of solid increase. Initial jobless claims rose by 4k to 214k last week (previous: 210k), still a historically low level.
- UK retail sales flat in September:** UK headline retail sales was flat in September (Aug: -0.3% revised) as the fall in sales at non-specialized stores and auto fuels offset the higher sales of textile, clothing & footwear as well as household goods. Online sales which made up the largest portion of total sales also slipped for the second month albeit at a smaller margin (-1.6% vs -3.2%). Excluding auto fuel, retail sales rose 0.2% MOM (Aug: -0.3%) offering some comfort that consumer spending remains somewhat resilient, supported by a still solid labour market.
- Japan inflation weakened to more than 2-year low:** This morning's Japan inflation data completely matched expectations, offering no surprise that price pressure continued to lose momentum in the economy. Headline CPI picked up a mere 0.2% MOM (Aug: +0.3%). The core CPI (ex-fresh food), the BOJ's main inflation gauge softened to a 0.3% YOY growth (Aug: +0.5%), its slowest in nearly two and half years as the central bank's effort to prop up prices via its ultra-loose monetary policy has appeared to faltered.
- Singapore external trade lost momentum again in September:** Singapore exports lost momentum again last month as NODX fell again by 3.3% MOM in September (Aug: +) after two straight months of increase. Compared to the same period a year ago, NODX slipped for the seventh consecutive month by 8.1% YOY in September (Aug: -9.0%), led by the fall in electronics exports (-24.8% vs -25.9%) amidst an ongoing electronic down cycle and generally slower global demand.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
18/10	US	Leading Index	Sep	0.0%	0.0%	--
21/10	UK	Rightmove House Prices YOY	Oct	--	0.2%	--
21/10	Japan	Trade Balance	Sep	-¥50.0bb	-¥136.3b	-¥143.5b
		Exports YOY	Sep	-3.8%	-8.2%	
		All Industry Activity Index MOM	Aug	0.1%	-0.2%	
18/10	China	Fixed Assets Ex Rural YTD YOY	Sep	5.5%	5.5%	--
		Industrial Production YOY	Sep	4.9%	4.4%	--
		Retail Sales YOY	Sep	7.8%	7.5%	--
		GDP YOY	3Q	6.1%	6.2%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1125	0.48	1.1140	1.1065	-2.98
GBPUSD	1.2891	0.46	1.2990	1.2750	0.93
USDJPY	108.66	0.09	108.94	108.46	-1.03
AUDUSD	0.6824	0.96	0.6833	0.6752	-3.18
EURGBP	0.8629	0.01	0.8703	0.8576	-3.86
USDMYR	4.1795	0.36	4.1925	4.1780	1.11
EURMYR	4.6466	0.35	4.6577	4.6340	-1.7
JPYMYR	3.8454	0.34	3.8583	3.8450	2.33
GBPMYR	5.3561	0.21	5.3782	5.3404	1.68
SGDMYR	3.0621	0.19	3.0634	3.0565	0.86
AUDMYR	2.8475	0.66	2.8482	2.8313	-2.58
NZDMYR	2.6444	0.49	2.6479	2.6320	-4.83
CHFMYR	4.2133	0.16	4.2242	4.2124	0.34
CNYMYR	0.5911	0.08	0.5915	0.5897	-2.33
HKDMYR	0.5334	0.24	0.5344	0.5334	0.98
USDSGD	1.3645	0.40	1.3708	1.3635	0.14
EURSGD	1.5179	0.07	1.5196	1.5138	-2.85
GBPSGD	1.7590	0.06	1.7712	1.7424	1.07
AUDSGD	0.9313	0.57	0.9326	0.9253	-3.03

Source: Bloomberg

Forex

MYR

- **MYR closed 0.36% stronger at 4.1795** as the broad USD weakened on better risk sentiment spurred by a Brexit deal.
- **We are cautiously bearish USDMYR today** as the broad USD continues to move lower after Johnson secures a deal. We remain bearish USDMYR over the medium term on expected Fed rate cuts and balance sheet expansion.

USD

- **The dollar index closed lower by 0.40% at 97.607** led by another round of tepid US data and Brexit deal euphoria.
- **We remain mildly bearish USD today** as the momentum from Brexit euphoria seems to be driving USD weakness for now. **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 higher by 0.48% against the USD at 1.1125** due to spillover euphoria from a preliminary Brexit deal.
- **We remain mildly bullish EUR today** on continuing USD weakness as markets await Brexit deal. **We remain bearish EUR over the medium term** over the ECB's announced easing measures.

GBP

- **GBP closed stronger by 0.46% to 1.2891** thanks to a preliminary Brexit deal.
- **We turn cautiously bullish GBP in the interim** as PM Johnson tries to push the preliminary deal past Parliament with an eye out for the strong 1.30 resistance level.

JPY

- **JPY finished stronger by 0.09% at 108.66**, once again torn between USD weakness and stronger US equities.
- **We turn neutral JPY over the short term** as the JPY is conflicted between a lower USD and better risk sentiment. **We remain bullish JPY over the medium term** on prolonged trade worries and possible Fed rate cuts.

AUD

- **AUD closed 0.96% stronger against the USD at 0.6824 on positive job data and broad dollar weakness.**
- **We are bullish AUD today** as AUD continues to benefit from a weak USD and better risk sentiment. **We remain bearish AUD over the medium term** on expected slower global growth due to prolonged trade uncertainty.

SGD

- **SGD closed 0.40% stronger against the USD at 1.3645** on an overall weaker USD and better risk sentiment.
- **We are bearish USDSGD today** as the broad USD continues to move lower on Brexit headlines. **We are bearish USDSGD over the medium term** on expected Fed rate cuts due to prolonged trade uncertainty.

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