

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks and treasuries yields slipped on Friday** after Chinese trade delegation cut short their US trip by cancelling a scheduled visit to a Montana farm, **dampening optimism for a US-China trade deal** given the lack of solid development in the ongoing negotiation for the past few weeks. Key indexes finished modestly lower after an indecisive morning session. The Dow Jones, S&P 500 and NASDAQ fell by 0.5-0.8% on Friday to end a tumultuous week on a negative note amidst rising geopolitical tension and central bank actions. US treasuries yields fell 6-7bps along the curve – benchmark 10Y UST yield finished 6bps lower at 1.72% as bonds rallied after the Chinese delegation news broke alongside NY Fed's repo operation to curb funding stress. Oil prices barely changed on Friday – WTI settled at \$58.09/barrel (-0.1%) and Brent crude at \$64.28/barrel (-0.2%).
- **Dataflow has been scanty and second-tier.** Consumers in the Eurozone were turning less pessimistic on hopes ECB stimulus measures will help revive the ailing economy in the region. PBoC has also reduced its one-year Loan Prime Rate (LPR) by 5bps to 4.20% in its monthly review to spur economic growth. CPI surprisingly ticked higher in Hong Kong but that was mainly driven by higher pork prices with nothing to suggest a spike in underlying inflation. Back home, foreign reserves held steady at \$103.5bn as at 13-September.
- **The dollar index rose 0.25% to 98.51** supported by optimism surrounding the greenback after NY Fed conducted repo operation. USD strengthened against nearly all its G10 counterpart save for the JPY and CHF which rose on safe havens biddings. **We are neutral to slightly bullish on USD today** as markets assess latest US-China trade talks alongside further weakness in EUR and AUD. As reiterated earlier, as we expect no further move by the Fed this year, the medium term outlook for dollar now largely depends on the movement in EUR which is expected to weaken once the ECB restarts its APP program in November.
- **MYR snapped three-day losing streak against the dollar on Friday-USD MYR fell 0.58% to 4.1675** on Friday's temporary optimism surrounding US-China resumed trade negotiation. **MYR is expected to trade on a stronger note today alongside a firmer yuan** as investors assess latest news on US-China trade negotiations. FTSE Russell's decision to retain Malaysian bonds in its World Government Bond Index is a key event risk this week for MYR. MYR is expected to be supported should the decision is to retain.
- **SGD closed 0.15% higher** against the USD at 1.3766 on Friday's temporary optimism surrounding US-China resumed trade negotiation in the US. **We are neutral on SGD today** ahead of Singapore CPI number due 1.00pm which is key to gauging the MAS' monetary policy decision in October. **In the medium term, we are neutral to slightly bearish on SGD** over unresolved US-China trade dispute and poorer Singapore economic outlook.

Overnight Economic Data

Malaysia	→
Eurozone	↑
China	↓
Hong Kong	↑

What's Coming Up Next

Major Data

- US Chicago Fed National Activity Index, Markit Manufacturing, Services PMI
- Eurozone Markit Manufacturing, Services PMI
- UK CBI Trends Total Orders
- Japan Jibun PMI Manufacturing, Services PMI
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0980	1.1000	1.1018	1.1050	1.1100	↘
GBPUSD	1.2345	1.2430	1.2468	1.2580	1.2600	→
USDJPY	107.30	107.50	107.70	108.50	109.00	↗
AUDUSD	0.6730	0.6750	0.6769	0.6800	0.6830	↘
EURGBP	0.8780	0.8800	0.8838	0.8850	0.8895	→
USDMYR	4.1700	4.1750	4.1757	4.1800	4.1850	↘
EURMYR	4.5800	4.5920	4.6009	4.6100	4.6200	↘
JPYMYR	3.8580	3.8700	3.8773	3.8900	3.9000	↘
GBPMYR	5.1730	5.1870	5.2057	5.2400	5.2650	→
SGDMYR	3.0250	3.0300	3.0326	3.0350	3.0400	↘
AUDMYR	2.8020	2.8150	2.8263	2.8400	2.8520	↘
NZDMYR	2.6000	2.6050	2.6175	2.6300	2.6400	↘
USDSGD	1.3700	1.3730	1.3769	1.3800	1.3840	→
EURSGD	1.5120	1.5150	1.5172	1.5260	1.5290	↘
GBPSGD	1.7050	1.7110	1.7171	1.7310	1.7350	→
AUDSGD	0.9290	0.9300	0.9321	0.9350	0.9380	↘

* 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	1,597.41	-0.07	-5.51	CRB Index	177.34	-0.24	4.44
Dow Jones Ind.	26,935.07	-0.59	15.47	WTI oil (\$/bbl)	58.09	-0.07	27.92
S&P 500	2,992.07	-0.49	19.36	Brent oil (\$/bbl)	64.28	-0.19	20.76
FTSE 100	7,344.92	-0.16	9.17	Gold (S/oz)	1,516.90	1.19	18.02
Shanghai	3,006.45	-0.24	20.55	CPO (RM/tonne)	2,111.00	-0.66	8.12
Hang Seng	26,435.67	-0.13	2.28	Copper (\$/tonne)	5,798.00	0.17	-2.80
STI	3,159.68	-0.03	2.96	Rubber (sen/kg)	439.50	-0.11	15.96

Source: Bloomberg

➤ Macroeconomic

Economic Data

	For	Actual	Last	Survey
MA Foreign Reserves	Sep-13	\$103.5b	\$103.5b	--
EU Consumer Confidence	Sep A	-6.5	-7.1	-7.0
CN Loan Prime Rate (1Y)	Sept	4.2%	4.25%	4.2%
HK CPI Composite YOY	Aug	3.5%	3.3%	3.1%

Source: Bloomberg

- **Eurozone consumer confidence improved after ECB announced easing measures:** The flash estimate of the European Commission consumer confidence rose to -6.5 in September (Aug: -7.1) as consumers turned less downbeat over growth outlook after the ECB cut rate and announced the restart of its Asset Purchase Program in November.
- **China lowered its loan prime rate:** The PBOC lowered its one-year loan prime rate on Friday by 5bps to 4.20% in September (Aug: 4.25%) in a bid to guide borrowing cost lower to stimulate the slowing economy. The new benchmark rate was introduced last month and is a lending reference rate set monthly by 18 banks.
- **Hong Kong CPI soared on higher pork prices:** Hong Kong CPI rose 3.5% YOY in August (Jul: +3.3%), its highest in three years, driven by the 6.3% YOY (Jul: +5.9%) surge in food prices. Higher pork prices has driven overall food inflation as Hong Kong imports pork from mainland China where supply is currently limited by the ongoing swine flu.
- **Malaysia foreign reserves unchanged in mid-September:** The international reserve of Bank Negara Malaysia (BNNM) was unchanged at \$103.5b as at 13 September (30 Aug: \$103.5b), which is sufficient to finance 7.6 months of exports and is 1.1 times short-term external debt.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
23/09	US	Chicago Fed National Activity Index	Aug	0.00	-0.36	--
		Markit PMI Manufacturing	Sept P	50.4	50.3	--
		Markit PMI Services	Sept P	51.5	50.7	--
24/09		FHFA House Price Index MOM	Jul	0.3%	0.2%	--
		S&P CoreLogic CS 20-City YOY NSA	Jul	2.1%	2.1%	--
		Richmond Fed Manufacturing Index	Sep	1.0	1.0	--
		Conf. Board Consumer Confidence	Sep	133.0	135.1	--
23/09	Eurozone	Markit PMI Manufacturing	Sept P	47.3	47.0	--
		Markit PMI Services	Sept P	53.3	53.5	--
23/09	UK	CBI Trends Total Orders	Sept	-16	-13	--
23/09	Japan	Jibun PMI Manufacturing	Sept P	--	49.3	--
		Jibun PMI Services	Sept P	--	53.3	--
24/09		Leading Index CI	Jul F	--	93.6	--
23/09	Singapore	CPI YOY	Aug	0.5%	0.4%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1017	-0.22	1.1068	1.0996	-3.9%
GBPUSD	1.2478	-0.38	1.2582	1.2460	-2.2%
USDJPY	107.56	-0.43	108.09	107.53	-1.8%
AUDUSD	0.6766	-0.38	0.6809	0.6760	-3.9%
EURGBP	0.8830	0.16	0.8846	0.8787	-1.7%
USDMYR	4.1675	-0.58	4.1940	4.1660	0.8%
EURMYR	4.6042	-0.71	4.6329	4.6022	-2.6%
JPYMYR	3.8685	-0.35	3.8840	3.8633	2.9%
GBPMYR	5.2323	-0.11	5.2566	5.2319	-0.6%
SGDMYR	3.0367	-0.23	3.0426	3.0330	0.0%
AUDMYR	2.8354	-0.46	2.8475	2.8354	-3.0%
NZDMYR	2.6213	-1.03	2.6386	2.6213	-5.6%
CHFMYR	4.2127	-0.39	4.2270	4.2058	0.3%
CNYMYR	0.5890	-0.30	0.5903	0.5882	-2.6%
HKDMYR	0.5331	-0.43	0.5356	0.5321	0.9%
USDSGD	1.3766	-0.15	1.3792	1.3740	1.0%
EURSGD	1.5168	-0.36	1.5237	1.5137	-2.9%
GBPSGD	1.7177	-0.54	1.7294	1.7149	-1.2%
AUDSGD	0.9314	-0.56	0.9372	0.9308	-2.9%

Source: Bloomberg

Forex

MYR

- **MYR snapped three-day losing streak against the dollar on Friday- USDMYR fell 0.58% to 4.1675** on Friday's temporary optimism surrounding US-China resumed trade negotiation.
- **MYR is expected to trade on a stronger note today alongside a firmer yuan** as investors assess latest news on US-China trade negotiations. FTSE Russell's decision to retain Malaysian bonds in its World Government Bond Index is a key event risk this week for MYR. MYR is expected to be supported should the decision is to retain.

EUR

- **EUR finished 0.22% lower against the USD at 1.1017** as USD buying resumed on improved sentiments surrounding the greenback after NY Fed conducted another repo operation on Friday to ease funding stress.
- **EUR is likely to stay under pressure** as we are expecting further weakness in the single currency following Friday's close below 1.1020. **In the medium term we remain bearish on EUR** which is expected to weaken further once the ECB restarts its APP program in November alongside generally poor economic data.

GBP

- **GBP consolidated recent gains as it failed to maintain upside momentum on Friday. GBP finished 0.38% weaker against the USD at 1.2478.**
- **GBP is expected to continue to be volatile this week**, sensitive to Brexit headlines as Boris Johnson strives to push for a deal with key European leader starting Monday. The PM is also meeting US President Donald Trump on Tuesday over talk of a free-trade deal. **The medium-term outlook for GBP remains bearish**, and is entirely determined by any development or outcome of Brexit.

JPY

- **JPY extended further gain against the USD by 0.43% to 107.56** as risk-off mode took form following Chinese delegations' cancellation of a visit to US farm, dampening hope for a US-China trade deal.
- **JPY is expected to reverse some gain today** as trade sentiment improves after China said that farm visit cancellation was unrelated to trade talks. **We remain bullish on JPY over the medium term** on prolonged US-China trade uncertainties and rising geopolitical risks.

AUD

- **AUD continued its losing streak against the USD, falling by 0.38% to 0.6766** on fading US-China trade optimism alongside growing RBA easing expectation.
- **We are still bearish on AUD today** as AUD struggles to rebound despite better US-China trade optimism, pointing to higher downside bias. **In the medium term, we remain bearish on AUD** as poor economic data open door for further RBA easing while prolonged trade tension and weakening Chinese economy continued to post downside risk to the commodity currency.

SGD

- **SGD closed 0.15% higher** against the USD at 1.3766 on Friday's temporary optimism surrounding US-China resumed trade negotiation in the US.
- **We are neutral on SGD today** ahead of Singapore CPI number due 1.00pm which is key to gauging the MAS' monetary policy decision in October. **In the medium term, we are neutral to slightly bearish on SGD** over unresolved US-China trade dispute and poorer Singapore economic outlook.

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