

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks gained slightly overnight despite mixed earnings reports amid a lack of US-China trade development.** Key benchmarks picked up a little by 0.2%-0.3% as shares of industrial bellwethers Boeing and Caterpillar managed to register more than 1% gains even after their earnings missed expectations. **Notably chip stocks underperformed**, in tandem with the plunge in Texas Instrument's share price after the chipmaker's reported a revenue miss and also a weaker guidance for the current quarter. **The Philadelphia Semiconductor Index slipped by nearly 2%.** Treasuries retraced earlier gains, leading yields to end up minimally higher. **Crude oil prices were up** on bigger inventory drawdown and expectation for a deeper OPEC production cut. **The European Union postponed a decision on whether to grant Britain an extension on its current 31 October Brexit deadline.** The sterling rebounded and the euro stabilized against the greenback. The dollar index was flat. **The ECB Governing Council is set to have a meeting today followed by the usual press conference, the last one presided by Mario Draghi. Investors will also be paying attention to a slew of flash PMI readings.**
- **Data calendar remained relatively light.** US FHFA House Price Index registered a modest 0.2% MOM gain in August while mortgage applications plunged by 11.9% last week on higher interest rates. **The Eurozone flash Consumer Confidence Index slipped to the lowest level this year at -7.6.** Singapore headline CPI rose a steady 0.5% YOY and core inflation was unchanged. **Malaysia CPI recorded a more modest gain of 1.1% YOY while core CPI growth also eased to 1.5% YOY, leading us to tweak our full-year CPI forecast from 0.8% to 0.7%.**
- **The dollar index finished almost unchanged at 97.475** as the overall USD consolidated within recent ranges. **We are neutral USD today** as markets are likely to remain in consolidation within recent ranges due to a lack of headlines and economic data. **We remain bearish USD over the medium term** as expected Fed rate cuts alongside the Fed's balance sheet expansion plans are likely to weaken the USD.
- **MYR closed almost unchanged at 4.1875** as the broad USD gained slightly before giving up gains towards the close on increased trade optimism. **We are neutral USDMYR today** as the pair consolidates within the well -defined 4.17-4.20 range. **We remain bearish USDMYR over the medium term** on an expected Fed rate cut and its balance sheet expansion plans.
- **SGD closed flat against the USD at 1.3623** as the broad USD consolidates. **We are neutral USDSGD today** as the USD is expected to consolidate within recent ranges due to a lack of fresh catalysts. **We are bearish USDSGD over the medium term** over expected Fed rate cut and its balance sheet expansion plan.

#### Overnight Economic Data

Malaysia	↓
US	↓
Eurozone	↓
Singapore	→

#### What's Coming Up Next

##### Major Data

- US Durable Goods Orders, Initial Jobless Claims, Markit Manufacturing & Services PMI, New Home Sales, Kansas City Fed Manf. Activity
- Eurozone Markit Manufacturing & Services PMI
- Japan Markit Manufacturing & Services PMI, Leading Index

##### Major Events

- ECB Governing Council Meeting

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1075	1.1100	1.1133	1.1160	1.1190	→
GBPUSD	1.2825	1.2875	1.2913	1.2950	1.3000	↘
USDJPY	108.00	108.30	108.63	108.80	109.10	↘
AUDUSD	0.6800	0.6825	0.6847	0.6880	0.6900	→
EURGBP	0.8575	0.8600	0.8621	0.8650	0.8675	↗
USDMYR	4.1800	4.1850	4.1890	4.1950	4.2000	→
EURMYR	4.6400	4.6550	4.6636	4.6700	4.6750	→
JPYMYR	3.8400	3.8500	3.8573	3.8650	3.8750	↗
GBPMYR	5.3750	5.3850	5.4090	5.4200	5.4400	↘
SGDMYR	3.0700	3.0730	3.0760	3.0800	3.0850	→
AUDMYR	2.8500	2.8550	2.8682	2.8750	2.8850	→
NZDMYR	2.6650	2.6750	2.6889	2.6950	2.7050	→
USDSGD	1.3575	1.3600	1.3621	1.3650	1.3675	→
EURSGD	1.5100	1.5130	1.5161	1.5200	1.5230	→
GBPSGD	1.7480	1.7530	1.7588	1.7630	1.7680	↘
AUDSGD	0.9280	0.9300	0.9329	0.9360	0.9390	→

\* 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	1,574.09	0.20	-6.89	CRB Index	175.51	0.44	3.36
Dow Jones Ind.	26,788.10	-0.15	14.84	WTI oil (\$/bbl)	54.16	1.59	19.27
S&P 500	2,995.99	-0.36	19.51	Brent oil (\$/bbl)	59.70	1.26	10.97
FTSE 100	7,212.49	0.68	7.20	Gold (\$/oz)	1,487.68	0.21	16.02
Shanghai	2,954.38	0.50	18.46	CPO (RM/tonne)	2,127.50	1.12	8.96
Hang Seng	26,786.20	0.23	3.64	Copper (\$/tonne)	5,818.00	-0.17	-2.46
STI	3,160.67	0.69	3.00	Rubber (sen/kg)	428.00	0.71	12.93

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
MA CPI YOY	Sep	1.1%	1.5%	1.3%
US MBA Mortgage Applications	Oct-18	-11.9%	0.5%	--
US FHFA House Price Index MOM	Aug	0.2%	0.4%	0.3%
EU Consumer Confidence	Oct A	-7.6	-6.5	-6.8
SG CPI YOY	Sep	0.5%	0.5%	0.5%

Source: Bloomberg

## ➤ Macroeconomics

- US house prices saw limited gain, mortgages demand fell:** The FHFA House Price Index missed estimate as it registered a smaller than expected increase of 0.2% MOM in August (Jul: +0.4%). The index has been recording a modest 0.2-0.4% MOM gain for the past seven months, reflecting the lack of robust housing demand/sales to push up prices. On similar note, mortgage applications plunged by 11.9% last week (previous: +0.5%) as both new purchases and refinancing segments fell in response to higher interest costs that tracked higher treasuries yields.
- Eurozone consumer confidence tumbled to lowest point this year:** The flash reading of the European Commission Consumer Confidence Index slipped to -7.6 this month (Sep: -6.5), its lowest level of the year, over heightening concerns surrounding the bloc's dismal economic growth outlook as well as Brexit uncertainty. The entrenched weakness in the manufacturing sector continued to weigh down on the Euro area's overall condition especially in its largest economy, Germany. The ECB which holds a meeting today will restart a new round of easing measures starting November.
- Singapore CPI steadied as inflation remained muted :** CPI sustained a steady increase of 0.5% YOY in September (Aug: +0.5%) as the decline in cost of communication, housing & utilities and the slower gain in cost of transport offset the higher prices of healthcare. Core CPI which excludes accommodation and private road transport was unchanged for the second straight month (Aug: 0.0%), suggesting that inflation is muted in the economy and in line with the MAS' projection that (external) inflation is expected to be benign, amid weak demand conditions, and generally well-supplied food and oil commodity market.
- More modest CPI reading reaffirms Malaysia's benign inflationary outlook:** CPI registered more modest price gain, rising 1.1% YOY in September (Aug: +1.5%) as a result of softer increases in the prices of food and housing & utilities, as well as sustained declines in transport prices. This reaffirmed the case of very benign inflation in the system, which is also reflected in the much slower 1.9% YOY increase in services CPI (Aug: +2.6% YOY), as well as the smaller 1.5% YOY increase in core CPI (Aug: +2.0% YOY), both at their slowest in four months. The latest CPI reading showed no signs of any pick-up in inflation in the immediate term. We have tweaked our full year 2019 CPI forecast slightly lower from 0.8% to 0.7%, on expectations of continued sluggishness in global Brent crude oil prices in the next few months, and that the petrol subsidy programme (PSP), hence the price ceiling of RON95, will only take effect in January next year. CPI is expected to trend higher to average 1.4% in 2020, following the removal of price ceiling of RON95 in January. Abolishment of the RON95 price ceiling which is only applicable to Peninsular Malaysia, as well as prospects of subdued global oil prices, are expected to cushion the impact of the spike in transport inflation come January 2020. The government's plan to "gradually" re-float the RON95 petrol pump prices is also expected to help smoothen the impact on CPI. No change in our view for OPR to stay unchanged at 3.00% in November, the last MPC meeting for the year.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
24/10	US	Durable Goods Orders	Sep P	-0.7%	0.2%	--
		Cap Goods Orders Nondef Ex Air	Sep P	-0.1%	-0.4%	--
		Initial Jobless Claims	Oct-19	215k	214k	--
		Markit US Manufacturing PMI	Oct P	50.9	51.1	--
		Markit US Services PMI	Oct P	51.0	50.9	--
		New Home Sales MOM	Sep	-1.6%	7.1%	--
		Kansas City Fed Manf. Activity	Oct	-3	-2	--
25/10		U. of Mich. Sentiment	Oct F	96.0	96.0	--
24/10	Eurozone	Markit Eurozone Manufacturing PMI	Oct P	46.0	45.7	--
		Markit Eurozone Services PMI	Oct P	51.9	51.6	--
		ECB Main Refinancing Rate	Oct-24	0.0%	0.0%	--
24/10	Japan	Jibun Bank Japan PMI Mfg	Oct P		48.9	--
		Jibun Bank Japan PMI Services	Oct P	--	52.8	--
		Leading Index CI	Aug F	--	91.7	--
25/10		Machine Tool Orders YOY	Sep F	--	-35.5%	--
25/10	Singapore	Industrial Production YOY	Sep	-5.1%	-8.0%	--
25/10	Vietnam	Industrial Production YOY	Oct	--	10.2%	--
		CPI YOY	Oct	2.1%	1.98%	--
		Exports YOY	Oct	9.9%	9.0%	--
		Retail Sales YTD YOY	Oct	--	11.6%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1130	0.04	1.1140	1.1106	-2.92
GBPUSD	1.2912	0.31	1.2922	1.2841	1.27
USDJPY	108.69	0.18	108.70	108.25	-0.94
AUDUSD	0.6853	-0.08	0.6862	0.6834	-2.79
EURGBP	0.8620	-0.27	0.8660	0.8615	-4.12
USDMYR	4.1875	-0.01	4.1945	4.1870	1.30
EURMYR	4.6529	-0.31	4.6663	4.6525	-1.57
JPYMYR	3.8642	0.18	3.8724	3.8633	2.83
GBPMYR	5.3826	-0.67	5.4039	5.3791	2.18
SGDMYR	3.0724	-0.06	3.0760	3.0717	1.20
AUDMYR	2.8652	-0.29	2.8754	2.8649	-1.98
NZDMYR	2.6809	-0.22	2.6876	2.6772	-3.52
CHFMYR	4.2331	-0.08	4.2404	4.2310	0.81
CNYMYR	0.5920	0.13	0.5922	0.5916	-2.19
HKDMYR	0.5340	0.02	0.5349	0.5339	1.10
USDSGD	1.3623	-0.08	1.3645	1.3619	-0.05
EURSGD	1.5163	0.02	1.5177	1.5143	-2.97
GBPSGD	1.7589	0.27	1.7602	1.7507	1.22
AUDSGD	0.9336	-0.06	0.9352	0.9322	-2.83

Source: Bloomberg

## Forex

### MYR

- **MYR closed almost unchanged at 4.1875** as the broad USD gained slightly before giving up gains towards the close on increased trade optimism.
- **We are neutral USDMYR today** as the pair consolidates within the well - defined 4.17-4.20 range. **We remain bearish USDMYR over the medium term** on an expected Fed rate cut and its balance sheet expansion plans.

### USD

- **The dollar index finished almost unchanged at 97.475** as the overall USD consolidated within recent ranges.
- **We are neutral USD today** as markets are likely to remain in consolidation within recent ranges due to a lack of headlines and economic data. **We remain bearish USD over the medium term** as expected Fed rate cuts alongside the Fed's balance sheet expansion plans are likely to weaken the USD.

### EUR

- **EUR closed flat against the USD at 1.1130** in line with the broad consolidating USD.
- **We are neutral EUR today** with a focus on ECB meeting and Brexit headlines as the data calendar remains relatively empty. **We remain bearish EUR in the medium term** in anticipation of the ECB's easing measures which begin in November.

### GBP

- **GBP closed 0.31% stronger at 1.2912** as the Brexit drama slows down.
- **We remain mildly bearish GBP in the interim** ahead of the strong 1.30 technical resistance and on continuous Brexit jitters.

### JPY

- **JPY finished weaker by 0.18% at 108.69** weighed down by slightly better US equities.
- **We remain bullish JPY over the short term** as the JPY finds it difficult to break through recent supports as we draw nearer to the FOMC date. **We remain bullish JPY over the medium term** on expected Fed rate cuts and its balance sheet expansion plans.

### AUD

- **AUD closed flat against the USD at 0.6853** in line with broad USD performance.
- **We are neutral AUD today** as the broad USD is likely to continue to trade within recent ranges due to a lack of push/pull factors. **We remain bearish AUD over the medium term** on potential RBA easing and slower global growth amid prolonged trade uncertainty.

### SGD

- **SGD closed flat against the USD at 1.3623** as the broad USD consolidates.
- **We are neutral USDSGD today** as the USD is expected to consolidate within recent ranges due to a lack of fresh catalysts. **We are bearish USDSGD over the medium term** over expected Fed rate cut and its balance sheet expansion plan.

**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](mailto:HLMarkets@hlbb.hongleong.com.my)

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