

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks and treasuries yields fell overnight as risk-off mode plagued markets following US House Speaker Nancy Pelosi's announcement of an inquiry to impeach President Donald Trump.** Trump lambasted China at the UN General Assembly, and investors were concerned that this could derail current US-China trade talks. Adding to the worried was the **poor reading of September US consumer confidence**, reflecting Americans' rising concerns over slower growth outlook. **Oil prices plunged after Trump ratcheted up attack on China alongside a buildup in US crude stocks**- Brent crude settled 2.6% lower at \$63.10 and WTI dropped by 2.3% to \$57.29/barrel. **In the UK, the Supreme Court had ruled that PM Boris Johnson's advice to the Queen to suspend/prorogue the Parliament was unlawful**, returning Parliament back into session and allowing lawmakers more time to scrutinise Johnson's Brexit plan ahead of the 31 Oct deadline. **The RBNZ is announcing its Official Cash Rate (OCR) decision today at 10am and we are expecting the central bank to leave OCR unchanged at 1.0%.**
- **Overnight data all skewed to the downside.** Consumer confidence continued to wane in the US while house prices saw tepid gains. Manufacturing activities unexpectedly fell in the Richmond district and Brexit uncertainties had continued to weigh on manufacturing outlook in the UK. Over in Japan, the manufacturing continued to contract but a still expansionary services sector, albeit slower, will likely be the savior sustaining 3Q growth. August trade deficit widened more than expected in New Zealand as exports to China, Japan and the US all fell.
- **The greenback was slammed by impeachment fear** and weakened across the board, slipping against nearly all the majors - the dollar index fell by 0.3% to 98.34 led by strength in JPY and CHF as investors piled into safe havens as well as GBP on improving Brexit sentiment. **We turn bearish on USD today** as USD weakness is expected to prevail while markets weigh a mixture of headlines concerning US politics, Brexit and US-China trade row.
- **MYR ended on a slightly weaker note against the USD, finishing 0.05% lower at 4.1815** on Tuesday ahead of today's inflation data and FTSE Russell's decision to retain Malaysian bond in its World Government Bond Index (WGBI). **We are neutral on MYR today** as we expect markets to stay sidelined ahead of CPI today as well as tomorrow's FTSE Russell's WGBI decision, a key risk event for MYR. A decision to retain would keep MYR well supported in the short term.
- **SGD closed 0.16% stronger** against the softer USD at 1.3758. **We are neutral to slightly bearish on SGD today** as markets weigh headlines surrounding US politics and US-China trade row. **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

US	↓
UK	↓
Japan	↓
New Zealand	↓

What's Coming Up Next

Major Data

- Malaysia CPI
- US MBA Mortgage Applications, New Home Sales

Major Events

- New Zealand RBNZ Official Cash Rate Decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1000	1.1010	1.1012	1.1020	1.1035	↗
GBPUSD	1.2345	1.2390	1.2478	1.2500	1.2600	→
USDJPY	106.90	107.00	107.14	107.30	107.70	→
AUDUSD	0.6750	0.6770	0.6790	0.6800	0.6830	↘
EURGBP	0.8780	0.8800	0.8823	0.8850	0.8895	→
USDMYR	4.1750	4.1800	4.1832	4.1850	4.1900	→
EURMYR	4.5800	4.5900	4.6064	4.6100	4.6200	↗
JPYMYR	3.8800	3.8900	3.9056	3.9150	3.9350	↗
GBPMYR	5.1870	5.1935	5.2213	5.2300	5.2565	↗
SGDMYR	3.350	3.0380	3.0403	3.0420	3.0450	→
AUDMYR	2.8240	2.8335	2.8412	2.8470	2.8530	↘
NZDMYR	2.6200	2.6330	2.6424	2.6490	2.6540	↗
USDSGD	1.3730	1.3750	1.3765	1.3780	1.3800	→
EURSGD	1.5110	1.5130	1.5153	1.5170	1.5200	↗
GBPSGD	1.7050	1.7110	1.7173	1.7310	1.7350	↗
AUDSGD	0.9290	0.9300	0.9346	0.9370	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	1,592.33	-0.04	-5.81	CRB Index	177.19	-0.82	4.35
Dow Jones Ind.	26,807.77	-0.53	14.92	WTI oil (\$/bbl)	57.29	-2.30	25.90
S&P 500	2,966.60	-0.84	18.34	Brent oil (\$/bbl)	63.10	-2.58	17.29
FTSE 100	7,291.43	-0.47	8.37	Gold (S/oz)	1,531.87	0.63	19.39
Shanghai	2,985.34	-0.28	19.71	CPO (RM/tonne)	2,089.00	-0.36	6.99
Hang Seng	26,281.00	-0.22	1.68	Copper (\$/tonne)	5,780.00	0.03	-3.10
STI	3,155.46	-0.39	2.83	Rubber (sen/kg)	439.50	-0.11	15.96

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US FHFA House Price Index MOM	Jul	0.4%	0.2%	0.3%
US S&P CoreLogic CS 20-City YOY NSA	Jul	2.0%	2.2% (revised)	2.1%
US Richmond Fed Manufacturing Index	Sep	-9.0	1.0	1.0
US Conf. Board Consumer Confidence	Sep	125.1	134.2 (revised)	133.0
UK CBI Trends Total Orders	Sep	-28.0	-13.0	-16.0
JP Jibun PMI Manufacturing	Sept P	48.9	49.3	--
JP Jibun PMI Services	Sept P	52.8	53.3	--
JP Leading Index CI	Jul F	93.7	93.6	--
NZ Trade Balance NZD	Aug	-1565m	-700m (revised)	-1.400m
NZ Exports NZD	Aug	4.13b	4.96b (revised)	4.10b

Source: Bloomberg

➤ Macroeconomics

- US Consumer Confidence slipped; house prices saw limited gain:** The Conference Board Consumer Confidence Index extended further decline in September, down to 125.1 (Aug: 134.2) as consumers turned less optimistic over both present and future economic situations. The Richmond Fed Manufacturing Index dropped substantially to -9 in September (Aug: 1), weighed down by falling shipments and new orders indicating softened manufacturing activities in the Fifth District. On the housing front, house prices continued to grow at limited pace as demand is gradually picking up momentum amidst lower rates environment. The FHFA House price Index rose 0.4% MOM in July (Jun: +0.2%) while the gain in the S&P Case Schiller Index for 20 US cities continued to ease to 2.0% YOY (Jun: +2.1%).
- Brexit uncertainty weighed on U.K. manufacturing order book:** The CBI Trends Industrial Survey for September reveals further weakness in the manufacturing industry as the total order books index fell sharply to -28% (Aug: -13.0%). Export order books deteriorated as well as the index dipped to -32% (Aug: -15.0%), reflecting a combination of heightened Brexit uncertainties and ongoing slowdown in global manufacturing. In the absence of a deal just weeks leading up to the 31 Oct deadline, it is unsurprising that manufacturers reported gloomy outlook as they expect output to contract at a fast pace in the coming quarter, showing what was the weakest expectations since April 2009.
- Japan PMIs indicates 3Q growth will be powered by services industry:** The flash Jibun manufacturing PMI slipped to 48.9 in September (Aug: 49.3), indicating the continuous downturn in the manufacturing industry. The services PMI also dropped to 52.8 (Aug: 53.3, pointing to wavering growth in the sector amidst weaker output and declining employment. Nonetheless the PMI remains above the 50.0 threshold thus displaying a sign of resilience. The robust growth in the third quarter powered by the services sector is likely coming to an end as the economy heads into October when consumers and businesses adjust to the scheduled sales tax hike against a backdrop of challenging external environment. On a separate note, Japan leading index rose slightly to 93.7 in July (Jun: 93.6) to suggest a modest growth in July.
- New Zealand trade deficit widened as exports plunged:** New Zealand trade deficit rose to NZD1.57b in August (Jul: -NZD700m revised) as exports tumbled by a whopping 16.8% MOM (Jul: -0.1%), its third consecutive month of decline while imports barely rose, recording a tiny gain of 0.6% MOM (Jul: +22.1%). Shipments to China, Japan and the US all fell in August. The annual numbers were more positive as exports rebounded to increase 3.8% YOY (Jul: -7.1%) and import growth printed a higher 2.7% YOY rate (Jul: +2.1%).

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
25/09	Malaysia	CPI YoY	Aug	1.5%	1.4%	--
25/09	US	MBA Mortgage Applications	Sep-20	--	-0.1%	--
		New Home Sales MoM	Aug	3.6%	-12.8%	--
26/09		GDP Annualized QoQ	2Q T	2.0%	2.0%	--
		Wholesale Inventories MoM	Aug P	0.1%	0.2%	--
		Advance Goods Trade Balance	Aug	-\$73.5b	-\$72.3b	--
		Initial Jobless Claims	Sep-21	212k	208k	--
		Pending Home Sales MoM	Aug	1.0%	-2.5%	--
		Kansas City Fed Manf. Activity	Sep	-4.0	-6.0	--
26/09	Japan	Machine Tool Orders YoY	Aug F	--	-37.1%	--
26/09	Hong Kong	Exports YoY	Aug	-7.4%	-5.7%	--
26/09	Singapore	Industrial Production YoY	Aug	-0.6%	-0.4%	--
25/09	New Zealand	RBNZ Official Cash Rate	Sep-25	1.0%	1.0%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1020	0.25	1.1024	1.0984	-3.92
GBPUSD	1.2487	0.47	1.2503	1.2414	-2.07
USDJPY	107.07	-0.45	107.80	106.96	-2.32
AUDUSD	0.6801	0.41	0.6806	0.6765	-3.53
EURGBP	0.8822	-0.24	0.8854	0.8803	-1.87
USDMYR	4.1815	0.05	4.1845	4.1700	1.16
EURMYR	4.5992	0.20	4.6026	4.5870	-2.71
JPYMYR	3.8846	-0.22	3.8883	3.8767	3.37
GBPMYR	5.1967	-0.03	5.2032	5.1891	-1.35
SGDMYR	3.0371	0.15	3.0388	3.0297	0.04
AUDMYR	2.8349	0.21	2.8362	2.8277	-3.01
NZDMYR	2.6306	0.45	2.6360	2.6272	-5.33
CHFMYR	4.2211	-0.05	4.2247	4.2150	0.52
CNYMYR	0.5885	0.36	0.5886	0.5867	-2.77
HKDMYR	0.5333	0.02	0.5339	0.5324	0.97
USDSGD	1.3758	-0.16	1.3786	1.3750	0.97
EURSGD	1.5161	0.09	1.5162	1.5126	-3.04
GBPSGD	1.7188	0.34	1.7200	1.7097	-1.18
AUDSGD	0.9356	0.29	0.9368	0.9322	-2.63

Source: Bloomberg

Forex

MYR

- **MYR ended on a slightly weaker note against the USD, finishing 0.05% lower at 4.1815** on Tuesday ahead of today's inflation data and FTSE Russell's decision to retain Malaysian bond in its World Government Bond Index (WGBI).
- **We are neutral on MYR today** as we expect markets to stay sidelined ahead of CPI today as well as tomorrow's FTSE Russell's WGBI decision, a key risk event for MYR. A decision to retain would keep MYR well supported in the short term.

USD

- **The greenback was slammed by impeachment fear** and weakened across the board, slipping against nearly all the majors - the dollar index fell by 0.3% to 98.34 led by strength in JPY and CHF as investors piled into safe havens as well as GBP on improving Brexit sentiment.
- **We turn bearish on USD today** as USD weakness is expected to prevail while markets weigh a mixture of headlines concerning US politics, Brexit and US-China trade row. The dollar's medium term outlook thus still depends largely on its relative movement to EUR which is expected to weaken once the ECB restarts its APP program in November.

EUR

- **EUR rebounded above the key 1.1000 handle to finish 0.25% stronger against the USD at 1.1020**, boosted by US impeachment inquiry news and better-than-expected German IFO index.
- **EUR is likely to stay supported today above 1.1000** as sentiment surrounding USD weakens and investors await development in the Democrats' effort to impeach Trump. **In the medium term we are still bearish on EUR** as the ECB restarts its APP program in November alongside generally poor economic data.

GBP

- **GBP surged by 0.47% against the USD to 1.2487** on improving risk Brexit sentiments after the Supreme Court ruled that PM Boris Johnson's Parliament suspension was unlawful, returning Parliament back into session and allowing lawmakers more time to scrutinize Johnson's Brexit plan.
- **In the short term, GBP is subject to volatility** due to its sensitivity to Brexit headlines. **The medium-term outlook remains bearish**, and again is entirely determined by Brexit development leading up to the October deadline.

JPY

- **JPY extended further gain against the USD by 0.45% at 107.07** on safe haven bidding.
- **We are neutral to slightly bullish on JPY today** as markets await further development surrounding Trump impeachment inquiry, Brexit and US-China trade. **We remain bullish JPY in the medium term** as prolonged US-China trade uncertainties and ongoing geopolitical risks could spur demand for JPY.

AUD

- **AUD strengthened 0.41% against the USD to 0.6801** on RBA Governor Lowe's optimistic comment over the Australian economy despite continuous pledge to ease policy if necessary.
- **We are bearish on AUD today** as trade optimism fades after Trump's attack at China at the UN General Assembly. **In the medium term, we remain bearish on AUD** as we do not rule out further RBA easing while prolonged trade tension and weakening Chinese economy continued to post downside risk to AUD.

SGD

- **SGD closed 0.16% stronger** against the softer USD at 1.3758.
- **We are neutral to slightly bearish on SGD today** as markets weigh headlines surrounding US politics and US-China trade row. **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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