

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks recovered overnight as investors looked past impeachment risk and focused on possibility of a US-China trade deal instead. President Trump now said that a trade deal with China could happen sooner than later**, just one day after delivering an attack on a China at the United Nation General Assembly and about two weeks prior to the next round of negotiation. Trump also inked an agreement with Prime Minister Shinzo Abe in what appeared to be an initial stage of trade deal with China. **Major indexes locked in modest increase** -The Dow Jones and S&P 500 gained 0.6% whereas NASDAQ picked up 1.1%. **Treasuries yields rose 5-10bps across the curve as sentiment improved- benchmark 10Y UST yield climbed by 9bps to 1.74%**. Oil prices fell on recovering Saudi production news – WTI lost 1.4% to \$56.49/barrel and Brent crude settled 1.1% lower at \$62.39/barrel. Earlier, **the RBNZ left OCR unchanged at 1.0%** as widely expected, and offered no surprise in its latest statement.
- **Data releases were scanty on Wednesday. New home sales in the US topped estimate to increase 7.1% MOM**, adding to signs of improving housing demand against a low interest rate environment. That said, mortgages applications dropped for the second week by 10.1% as refinancing demand fell. **Malaysia CPI saw a steady 1.5% YOY gain** in August, amidst a lack of demand and supply catalysts, reaffirming our view of benign inflation in the system.
- The dollar, supported by its reserve currency/safe havens status firmed up against its major counterparts alongside higher bond yields - **the dollar index rose 0.7% to 99.037**, its largest gain in nearly three months. **The dollar is expected to be supported in the short term** as investors piled into the safe havens currency while awaiting trade news. Aside from US-China trade development, the dollar's medium term outlook still depends largely on its relative movement to EUR which is expected to weaken once the ECB restarts its APP program in November.
- **MYR extended further weakness against the USD on Wednesday, finishing 0.24% weaker at 4.1915** amidst broad-based USD strength. **We are still neutral on MYR today** as we expect markets to stay sidelined ahead of tonight's risk events as FTSE Russell's announces decision whether to retain Malaysian bonds in its World Government Bond Index (WGBI). A decision to retain would keep MYR well supported in the short term.
- **SGD closed 0.21% weaker against USD at 1.3787** on broader dollar strength. **We are neutral to slightly bullish on SGD today** as risk sentiment improves. **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	↑
US	→

What's Coming Up Next

Major Data

- US 2Q GDP, Wholesale Inventories, Advance Goods Trade Balance, Initial Jobless Claims, Pending Home Sales, Kansas City Fed Manf. Activity
- Japan Machine Tool Orders
- Hong Kong Exports
- Singapore Industrial Production

Major Events

- FTSE Russell announcement on WGBI weighting review

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0930	1.0940	1.0953	1.0980	1.1000	→
GBPUSD	1.2270	1.2320	1.2360	1.2375	1.26500	→
USDJPY	107.00	107.30	107.62	107.70	108.00	→
AUDUSD	0.6730	0.6740	0.6755	0.6770	0.6800	↗
EURGBP	0.8800	0.8830	0.8863	0.8895	0.8905	↗
USDMYR	4.1850	4.1900	4.1953	4.2000	4.2050	→
EURMYR	4.5800	4.5900	4.5949	4.6100	4.6200	↘
JPYMYR	3.8800	3.8900	3.8979	3.9100	3.9150	→
GBPMYR	5.1550	5.1665	5.1843	5.1940	5.2160	↘
SGDMYR	3.0380	3.0400	3.0426	3.0450	3.0480	→
AUDMYR	2.8240	2.8270	2.8341	2.8400	2.8480	↘
NZDMYR	2.6100	2.6200	2.6323	2.6400	2.6500	→
USDSGD	1.3740	1.3760	1.3787	1.3800	1.3830	→
EURSGD	1.5050	1.5080	1.5101	1.5130	1.5170	→
GBPSGD	1.6950	1.7000	1.7036	1.7100	1.7200	→
AUDSGD	0.9250	0.9290	0.9312	0.9330	0.9370	→

* 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	1,589.58	-0.17	-5.97	CRB Index	176.64	-0.31	4.02
Dow Jones Ind.	26,970.71	0.61	15.62	WTI oil (\$/bbl)	56.49	-1.40	24.03
S&P 500	2,984.87	0.62	19.07	Brent oil (\$/bbl)	62.39	-1.13	15.97
FTSE 100	7,289.99	-0.02	8.35	Gold (S/oz)	1,504.05	-1.82	17.45
Shanghai	2,955.43	-1.00	18.51	CPO (RM/tonne)	2,047.00	-2.03	4.84
Hang Seng	25,945.35	-1.28	0.39	Copper (\$/tonne)	5,787.00	0.12	-2.98
STI	3,125.82	-0.94	1.86	Rubber (sen/kg)	436.00	-0.57	15.04

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
MA CPI YOY	Aug	1.5%	1.4%	1.5%
US MBA Mortgage Applications	Sep-20	-10.1%	-0.1%	--
US New Home Sales MOM	Aug	7.1%	-8.6% (revised)	3.6%
NZ RBNZ Official Cash Rate	Sep-25	1.0%	1.0%	1.0%

Source: Bloomberg

➤ Macroeconomics

- RBNZ left OCR unchanged, offered no surprise:** The Reserve Bank of New Zealand (RBNZ) kept its official cash rate (OCR) steady at 1.0% as widely expected, citing that latest economic data did not warrant any significant change to the policy outlook but added that it stood ready to implement more stimulus if necessary. The central bank said in its latest statement that employment was around its maximum sustainable level but inflation remained below the 2% mid point target. RBNZ continued to highlight concerns over global trade and political tension which reduced demand for New Zealand's goods and services, adding that low business confidence was affecting investment decisions. The overall statement did not offer any surprise to markets, the kiwi dollar surged following the decision but reversed gains later amidst broad dollar strength.
- US new home sales beat expectations:** US new home sales rose more than expected by 7.1% MOM in August (Jul: -8.6% revised), partially recovering from previous month's decline, adding to signs that the housing market is picking up momentum amidst lower interest rates. On the contrary, mortgage applications dropped for the second week by 10.1% for the week ended 20 Sep (previous: -0.1%) led by a plunge in refinancing applications.
- Malaysia saw steady price gain amidst lack of demand and supply catalysts:** Malaysia Consumer Price Index (CPI) maintained its steady growth trajectory, increasing by 1.5% YOY in August (Jul: +1.4% YOY), as slightly faster increase in food prices was offset by smaller gains in housing & utilities costs as well as bigger decline in transport prices. Services CPI sustained a 2.6% YOY increase in August (Jul: +2.7% YOY) and core CPI stabilized at 2.0 YOY in August (Jul: +2.0% YOY), reaffirming the absence of upward price momentum even though both readings were hovering near their highest since Jan-18. The latest CPI reading reaffirmed our view of benign inflation in the system in the absence of demand-pull and cost-push pressure. With global oil prices expected to hover at the \$65/ barrel ranges on average, CPI readings will likely trend in line with our forecast levels of 1.4-1.5% for the second half of the year, hence no change to our full year CPI forecast of 0.8% YOY for 2019.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
26/09	US	GDP Annualized QOQ	2Q T	2.0%	2.0%	--
		Wholesale Inventories MOM	Aug P	0.1%	0.2%	--
		Advance Goods Trade Balance	Aug	-\$73.4b	-\$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	--
27/09		Personal Income	Aug	0.4%	0.1%	--
		Durable Goods Orders	Aug P	-1.2%	2.0%	--
		Personal Spending	Aug	0.3%	0.6%	--
		Cap Goods Orders Nondef Ex Air	Aug P	0.0%	0.2%	--
		Core PCE Inflation YOY	Aug	1.8%	1.6%	--
		U. of Mich. Sentiment	Sep F	92.1	92.0	--
27/09	Eurozone	Economic Confidence	Sep	103.0	103.1	--
		Consumer Confidence	Sep F	-6.5	-7.1	--
27/09	UK	GfK Consumer Confidence	Sep	-14	-14	--
26/09	Japan	Machine Tool Orders YOY	Aug F	--	-37.1%	--
27/09	China	Industrial Profits YOY	Aug	--	2.6%	--
26/09	Hong Kong	Exports YOY	Aug	-7.4%	-5.7%	--
26/09	Singapore	Industrial Production YOY	Aug	-0.6%	-0.4%	--
27/09	New Zealand	ANZ Consumer Confidence Index	Sep	--	118.2	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0943	-0.70	1.1024	1.0938	-4.49
GBPUSD	1.2353	-1.07	1.2499	1.2348	-3.09
USDJPY	107.77	0.65	107.88	107.00	-1.82
AUDUSD	0.6751	-0.74	0.6804	0.6739	-4.49
EURGBP	0.8859	0.41	0.8880	0.8813	-1.43
USDMYR	4.1915	0.24	4.1940	4.1735	1.40
EURMYR	4.6101	0.24	4.6130	4.5966	-2.48
JPYMYR	3.9053	0.53	3.9102	3.8939	3.93
GBPMYR	5.2110	0.28	5.2289	5.2079	-1.07
SGDMYR	3.0417	0.15	3.0454	3.0335	0.19
AUDMYR	2.8407	0.20	2.8477	2.8367	-2.82
NZDMYR	2.6492	0.71	2.6572	2.6358	-4.66
CHFMYR	4.2522	0.74	4.2550	4.2319	1.26
CNYMYR	0.5883	-0.03	0.5888	0.5879	-2.80
HKDMYR	0.5346	0.24	0.5351	0.5322	1.21
USDSGD	1.3787	0.21	1.3795	1.3753	1.14
EURSGD	1.5087	-0.49	1.5167	1.5081	-3.41
GBPSGD	1.7034	-0.90	1.7197	1.7024	-1.99
AUDSGD	0.9307	-0.52	0.9360	0.9296	-3.07

Source: Bloomberg

Forex

MYR

- **MYR** extended further weakness against the USD on Wednesday, finishing **0.24% weaker at 4.1915** amidst broad-based USD strength.
- **We are still neutral on MYR today** as we expect markets to stay sidelined ahead of tonight's risk events as FTSE Russell's announces decision whether to retain Malaysian bonds in its World Government Bond Index (WGBI). A decision to retain would keep MYR well supported in the short term.

USD

- The dollar, supported by its reserve currency/safe havens status firmed up against its major counterparts alongside higher bond yields - **the dollar index rose 0.7% to 99.037**, its largest gain in nearly three months.
- **The dollar is expected to be supported in the short term** as investors piled into the safe havens currency while awaiting trade news. Aside from US-China trade development, the dollar's medium term outlook 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** more than reversed previous session's gain, falling below 1.1000 key support to **record a sharper 0.70% decline against the USD at 1.0952**.
- **We are neutral on EUR** amidst a lack of catalyst and the dollar seems likely to be supported in the short term amidst higher USD yields but expected a slight technical rebound following last night's plunge. Plagued by ongoing worries over the Eurozone's dismal economic state, **the EUR is expected to weaken in the medium term** as the ECB restarts its APP program in November alongside generally poor economic data.

GBP

- **GBP tumbled by 1.07% against the USD at 1.2353** erasing Tuesday's gain inspired by the Supreme Court's rule on Parliament suspension. Markets seemed to be pricing in longer Brexit uncertainties as the Parliament is back into session.
- **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** snapped winning streak against the USD as it **weakened by 0.65% to 107.77 amidst broader dollar strength** and higher USD yield.
- **We are neutral on JPY** as it is **expected to trade weaker against the USD** alongside higher USD yield as sentiment improved across the board but expecting some consolidation. **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** fell below 0.6800, **weakening by 0.74% against the USD at 0.6751 on broad dollar strength**.
- **We are bullish on AUD today** as Trump again signal a possible trade deal with China alongside better risk sentiment. **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 **0.21% weaker against USD at 1.3787** on broader dollar strength.
- **We are neutral to slightly bullish on SGD today** as risk sentiment improves. **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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