

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rose overnight leading the S&P500 to hit its record high, boosted by trade optimism as investors kick started a busy week filled with top-tiered economic data and the crucial FOMC meeting.** The S&P500 rose 0.6%, while the Dow Jones and NASDAQ each gained 0.5% and 1.0%, shy from their record closings. Both the US and China were reportedly said to be edging closer to a “phase one” trade deal last Friday and President Trump on Monday added that he was expected to sign a significant part of the deal “ahead of schedule”. Weaker data also reinforced belief that the Fed would deliver its third rate cut of the year this week. Treasuries yields rose 2-5bps amid better sentiment, dollar slipped against most major currencies. **The sterling rebounded after the EU granted Britain a flexible extension dubbed “flextension” on the current Brexit deadline from 31 Oct to 31 Jan next year.**
- **Data are limited to the US indicators and all turned out to be weaker.** The Chicago Fed National Activity Index fell to -0.45 in September, pointing to slower growth last month. US advance goods trade deficit narrowed to \$70.4b in as the fall in imports outweighed that of exports. In the same month, wholesale inventories investment slipped by 0.3% MOM. The Dallas Fed Texas Manufacturing Outlook Survey reported that its headline General Business Activity Index fell to -5.1 in October.
- **The dollar index closed marginally lower at 97.75** as markets gear up for FOMC due later this week. **We are neutral to mildly bearish USD today** ahead of the important FOMC due later this week. **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 4.1845** as the pair continues to consolidate ahead of this week’s US economic releases and the all-important FOMC. **We remain neutral USDMYR today** as the pair is likely to continue to consolidate ahead of the key releases. **We remain bearish USDMYR over the medium term** on an impending Fed rate cut and its balance sheet expansion plans.
- **SGD closed marginally stronger by 0.07% against the USD at 1.3622** on broad USD weakness. **We are neutral to mildly bullish USDSGD today** as the pair is likely influenced by the previous session’s moves ahead of the all-important FOMC. **We are bearish USDSGD over the medium term** over expected Fed rate cut and its balance sheet expansion plan.

Overnight Economic Data

US



What’s Coming Up Next

Major Data

- US S&P CoreLogic CS 20-City, Pending Home Sales, Conf. Board Consumer Confidence
- UK Nationwide House Price Index, Mortgage Approvals
- Vietnam Industrial Production, CPI, Exports, Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1050	1.1075	1.1100	1.1130	1.1160	➔
GBPUSD	1.2775	1.2800	1.2858	1.2900	1.2950	➘
USDJPY	108.40	108.70	109.01	109.30	109.60	➔
AUDUSD	0.6785	0.6815	0.6839	0.6855	0.6880	➔
EURGBP	0.8575	0.8600	0.8632	0.8670	0.8700	➔
USDMYR	4.1750	4.1800	4.1850	4.1900	4.1950	➔
EURMYR	4.6200	4.6300	4.6426	4.6600	4.6700	➔
JPYMYR	3.8000	3.8150	3.8370	3.8500	3.8650	➔
GBPMYR	5.3500	5.3650	5.3795	5.4000	5.4200	➘
SGDMYR	3.0675	3.0700	3.0715	3.0750	3.0775	➔
AUDMYR	2.8450	2.8550	2.8615	2.8650	2.8750	➔
NZDMYR	2.6500	2.6600	2.6629	2.6700	2.6800	➔
USDSGD	1.3575	1.3600	1.3619	1.3650	1.3675	➔
EURSGD	1.5070	1.5100	1.5116	1.5150	1.5175	➔
GBPSGD	1.7400	1.7450	1.7513	1.7550	1.7600	➘
AUDSGD	0.9250	0.9280	0.9318	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*	1,570.00	-0.07	-7.13	CRB Index	178.28	-0.05	4.99
Dow Jones Ind.	27,090.72	0.49	16.13	WTI oil (\$/bbl)	55.81	-1.50	22.90
S&P 500	3,039.42	0.56	21.24	Brent oil (\$/bbl)	61.57	-0.73	14.44
FTSE 100	7,331.28	0.09	8.96	Gold (\$/oz)	1,492.51	-0.81	16.32
Shanghai	2,980.05	0.85	19.49	CPO (RM/tonne)*	2,175.00	0.83	11.40
Hang Seng	26,891.26	0.84	4.05	Copper (\$/tonne)	5,925.00	0.77	-0.67
STI	3,185.53	0.53	3.81	Rubber (sen/kg)	427.00	-0.12	12.66

*Closed on 25 Oct

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Sep	-0.45	0.15 (revised)	0.2
US Wholesale Inventories MOM	Sep P	-0.3%	0.0% (revised)	--
US Advance Goods Trade Balance	Sep	-\$70.4b	-\$73.1b (revised)	-\$73.5b
US Dallas Fed Manf. Activity	Oct	-5.1	1.5	0.0

Source: Bloomberg

- US Chicago Fed National Activity Index pointed to slower September growth:** The Chicago Fed National Activity Index fell to -0.45 in September (Aug: +0.15) led by the declines in production-related indicators, thus pointing to slower growth last month. Three of the four categories/components that make up the index decreased, and all four of them made negative contributions to the headline index. Contraction in industrial production, housing starts, factory sales and orders as well as a smaller gain in nonfarm payrolls were among the key factors driving down the index.
- US goods trade deficit narrowed, exports and imports both fell:** Advance economic report shows that US good trade deficit narrowed to \$70.4b in September (Aug: -\$73.1b revised) as the fall in imports by 2.3% MOM (Aug: +0.5%) outweighed that of exports (-1.6% MOM vs +0.3%), reflecting the impact of tariffs on US international trade. Exports dropped last month due to the plunge in shipments of foods, feeds & beverages, automotive vehicles as well as consumer goods. In the same report, wholesale inventories slipped by 0.3% MOM in September (Aug: +0.0%) while retail inventories rebounded by 0.3% MOM (Aug: -0.2%), painting a mixed picture of consumer demand.
- US Texas manufacturing sector slowed down in October:** The Dallas Fed Texas Manufacturing Outlook Survey reported that its headline General Business Activity Index fell to -5.1 in October (Sep: 1.5), its lowest reading in three months. The key production index slipped by 9pts after a surge in the month earlier while new orders saw an 11pts decrease, pointing to a general slowdown in activity and softer outlook ahead.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
29/10	US	S&P CoreLogic CS 20-City YOY NSA	Aug	2.1%	2.0%	--
		Pending Home Sales MOM	Sep	0.8%	1.6%	--
		Conf. Board Consumer Confidence	Oct	128.0	125.1	--
30/10		MBA Mortgage Applications	Oct-25	--	-11.9%	--
		ADP Employment Change	Oct	110k	135k	--
		GDP Annualized QOQ	3Q A	1.6%	2.0%	--
29/10	UK	Mortgage Approvals	Sep	65.0k	65.5k	--
		Nationwide House Price Index YOY	Oct	0.3%	0.2%	--
30/10	Japan	Retail Sales YOY	Sep	6.0%	2.0%	1.8%
30/10	Australia	CPI YOY	3Q	1.7%	1.6%	--
30/10	New Zealand	ANZ Business Confidence	Oct	--	-53.5	--
29/10	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	1.1100	0.18	1.1107	1.1076	-3.22
GBPUSD	1.2863	0.28	1.2877	1.2812	0.80
USDJPY	108.95	0.26	109.04	108.66	-0.66
AUDUSD	0.6838	0.22	0.6845	0.6811	-2.99
EURGBP	0.8630	-0.08	0.8652	0.8616	-3.97
USDMYR	4.1845	-0.01	4.1885	4.1840	1.23
EURMYR	4.6516	-0.15	4.6562	4.6472	-1.60
JPYMYR	3.8550	0.07	3.8572	3.8512	2.59
GBPMYR	5.3731	-0.42	5.3835	5.3686	2.00
SGDMYR	3.0712	-0.01	3.0724	3.0687	1.16
AUDMYR	2.8596	0.01	2.8606	2.8514	-2.17
NZDMYR	2.6668	-0.36	2.6725	2.6647	-4.03
CHFMYR	4.2234	-0.09	4.2246	4.2165	0.58
CNYMYR	0.5920	-0.02	0.5925	0.5917	-2.19
HKDMYR	0.5340	0.00	0.5345	0.5339	1.10
USDSGD	1.3622	-0.07	1.3636	1.3616	-0.05
EURSGD	1.5119	0.09	1.5128	1.5097	-3.28
GBPSGD	1.7518	0.19	1.7537	1.7462	0.74
AUDSGD	0.9315	0.15	0.9321	0.9284	-3.04

Note: MYR pairs closed on 25 Oct

Source: Bloomberg

Forex

MYR

- **MYR closed almost unchanged at 4.1845** as the pair continues to consolidate ahead of this week's US economic releases and the all-important FOMC.
- **We remain neutral USDMYR today** as the pair is likely to continue to consolidate ahead of the key releases. **We remain bearish USDMYR over the medium term** on an impending Fed rate cut and its balance sheet expansion plans.

USD

- **The dollar index closed marginally lower at 97.75** as markets gear up for FOMC due later this week.
- **We are neutral to mildly bearish USD today** ahead of the important FOMC due later this week. **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 0.18% higher against the USD at 1.1100** on better risk taking activities spurred by trade optimism.
- **We are mildly bullish EUR today** amid easing worries on Brexit and US-China trade. **We remain bearish EUR in the medium term** in anticipation of the ECB's easing measures which begin in November.

GBP

- **GBP closed 0.28% stronger at 1.2863** in line with a weaker USD overall and receding Brexit fears.
- **We remain mildly bearish GBP in the interim** ahead of the strong 1.30 technical resistance and on UK election uncertainty.

JPY

- **JPY finished 0.26% weaker at 108.95** weighed by higher US equities and higher UST yields.
- **We are neutral JPY over the short term** ahead of recent technical resistances 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 0.22% stronger against the USD at 0.6838** in line with a weaker USD overall and better risk taking environment.
- **We are neutral to slightly bullish AUD today** as we draw closer to the FOMC date. **We remain bearish AUD over the medium term** on potential RBA easing and slower global growth amid prolonged trade uncertainty.

SGD

- **SGD closed marginally stronger by 0.07% against the USD at 1.3622** on broad USD weakness.
- **We are neutral to mildly bullish USDSGD today** as the pair is likely influenced by the previous session's moves ahead of the all-important FOMC. **We are bearish USDSGD over the medium term** over expected Fed rate cut and its balance sheet expansion plan.

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