

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks sustained losses on Friday as investors were slammed with news that the White House mulled limiting US investment in China** via such option as delisting Chinese companies from US stock exchanges, heightening risk of another trade-war escalation. **Adding to the deteriorating trade optimism was the weaker US economic data**, leading major indexes to pare earlier gains and finished on a negative note. On Friday, the Dow Jones slipped by 0.3%, the S&P 500 lost 0.5% and NASDAQ fell by 1.1%. Treasuries rose as stocks turned lower, leaving yields to slip slightly around 1-2bps along the curve. Benchmark 10Y UST finished 1bp lower at 1.68%. Oil prices fell on easing Middle East tension- Brent crude dropped to \$61.91/barrel (-1.3%) and WTI to \$55.91/barrel (-0.9%).
- **Economic data flow largely disappointed, reaffirming concerns over further deterioration in growth prospects globally.** US personal spending moderated considerably in August even as income growth picked up, signaling slower growth in 3Q. Core PCE inflation ticked higher a tad to 1.8% YOY but remained below the Fed's 2% target. In the Eurozone, sentiments remained negative while industrial profits fell in China. Japan data was a mixed bag with a rebound in retail sales ahead of the October sales tax hike but industrial production contracted. Vietnam 3Q GDP quickened to 7.31% YOY driven by services and manufacturing.
- Demand for the greenback remained strong in general amidst persistent uncertainties in US politics and US-China trade relation, **the dollar index closed a tad lower at 99.11** as the EUR, CAD and CHF firmed up ahead of the weekend. **We expect continued strength in the dollar in the short term with DXY staying supported above 99.00** overnight while markets await further development on US-China trade front as next talk approaches.
- **MYR firmed up against the USD by 0.19% on Friday at 4.1860** as FTSE Russell's decision to retain Malaysian bonds in its World Government Bond Index (WGBI) led to a relief rally. **We are neutral to slightly bearish on MYR** as MYR strength is expected to be temporary taking cue from a renewed sense of risk aversion as US-China trade optimism faded over the weekend after news broke that the White House considered to delist Chinese companies from US stock exchanges. In the medium term, we are neutral to slightly bearish on MYR taking into account unresolved US-China trade dispute and ECB's impending APP program.
- **SGD barely changed against the USD at 1.3817. We are neutral to slightly bearish on SGD today** on weakening US-China trade optimism. **In the medium term, we are still neutral to slightly bearish on SGD** over unresolved US-China trade dispute and poorer Singapore economic outlook.

#### Overnight Economic Data

US	↓
Eurozone	↓
Japan	→
China	↓
New Zealand	↓
Vietnam	↑

#### What's Coming Up Next

##### Major Data

- US MNI Chicago PMI, Dallas Fed Manufacturing Survey
- Eurozone Unemployment Rate
- UK GDP, Mortgage Approvals
- Japan Retail Sales, Industrial Production
- China NBS PMIs

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0905	1.0920	1.0938	1.0950	1.0980	→
GBPUSD	1.2210	1.2250	1.2293	1.2350	1.2390	↘
USDJPY	107.50	107.70	107.95	108.00	108.40	↗
AUDUSD	0.6730	0.6740	0.6763	0.6770	0.6800	↘
EURGBP	0.8845	0.8860	0.8897	0.8905	0.8920	→
USDMYR	4.1800	4.1850	4.1868	4.1900	4.1950	→
EURMYR	4.5680	4.5760	4.5793	4.5870	4.5930	→
JPYMYR	3.8630	3.8705	3.8765	3.8845	3.8900	↗
GBPMYR	5.1210	5.1340	5.1463	5.1745	5.1800	↘
SGDMYR	3.0260	3.0280	3.0309	3.0340	3.0360	→
AUDMYR	2.8200	2.8250	2.8295	2.8380	2.8420	↘
NZDMYR	2.6160	2.6230	2.6281	2.6335	2.6430	↘
USDSGD	1.3780	1.3800	1.3810	1.3830	1.3850	→
EURSGD	1.5050	1.5080	1.5104	1.5130	1.5170	→
GBPSGD	1.6900	1.6950	1.6976	1.7030	1.7080	↘
AUDSGD	0.9310	0.9330	0.9334	0.9350	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	1,584.14	-0.56	-6.30	CRB Index	175.72	-0.29	3.48
Dow Jones Ind.	26,820.25	-0.26	14.97	WTI oil (\$/bbl)	55.91	-0.89	23.12
S&P 500	2,961.79	-0.53	18.15	Brent oil (\$/bbl)	61.91	-1.32	15.48
FTSE 100	7,426.21	1.02	10.38	Gold (\$/oz)	1,497.01	-0.52	16.82
Shanghai	2,932.17	0.11	17.57	CPO (RM/tonne)	2,050.00	0.02	4.99
Hang Seng	25,954.81	-0.33	0.42	Copper (\$/tonne)	5,767.00	0.79	-3.32
STI	3,125.63	-0.01	1.85	Rubber (sen/kg)	426.50	-1.73	12.53

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US Personal Income	Aug	0.4%	0.1%	0.4%
US Personal Spending	Aug	0.1%	0.5% (revised)	0.3%
US Core PCE Inflation YOY	Aug	1.8%	1.7% (revised)	1.8%
US U. of Mich. Sentiment	Sep F	93.2	89.8	92.1
US Durable Goods Orders	Aug P	0.2%	2.0%	-1.2%
US Cap Goods Orders Nondef Ex Air	Aug P	-0.2%	0.4% (Revised)	0.0%
EU Economic Confidence	Sep	101.7	103.1	103.0
EU Consumer Confidence	Sep F	-6.5	-7.1	-6.5
CN Industrial Profits YOY	Aug	-2.0%	2.6%	--
JP Retail Sales YOY	Aug	2.0%	-2.0%	--
JP Industrial Production YOY	Aug P	-4.7%	0.7%	-3.9%
NZ ANZ Business Confidence Index	Sep	-53.5	-52.3	--
VN GDP YOY	3Q	7.31%	6.73% (revised)	--
VN CPI YOY	Sep	1.98%	2.26%	--
VN Exports YOY	Sep	9.0%	4.5%	--

Source: Bloomberg

## ➤ Macroeconomics

- US personal spending slowed while income rose:** Consumer spending slowed in the US last month according to official BEA data, pointing to a softer US economy in the third quarter. Personal consumption expenditure (PCE) which had been fueling the US economic growth for the last quarter rose by a mere 0.1% MOM in August (Jul: +0.5%) as the increase in spending on motor vehicles and recreational goods were offset by the fall in food services and accommodation. On a brighter note, personal income growth returned to a solid pace of 0.4% MOM (Jul: +0.1%) supported by wages and salaries increases. The core PCE price index, the Federal Reserve's key inflation gauge meanwhile rose 0.1% MOM (Jul: +0.2%), the annual gain was a faster 1.8% YOY (Jul: +1.7%), inching nearer to the Fed's 2% target. On a separate note, in contrast to the recent fall in the Conference Board Consumer Confidence Index, the University of Michigan Consumer Sentiment Index rose to 93.2 (Aug: 89.9) due to more favourable income trend but consumers continued to express economic uncertainty according to the latest survey.
- US business investment weakened in August:** Durable goods orders went up slightly by 0.2% MOM in August (Jul: +2.0% revised) after a surge in the previous month. Meanwhile, core capital orders (non-defense capital goods excluding aircrafts) slipped by 0.2% MOM (Jul: +0.0%) pointing to weaker business investment. Shipment of these goods rose 0.4% MOM (Jul: -0.6%) after falling in July.
- Eurozone economic sentiment faltered as manufacturers turned more pessimistic:** The European Commission Economic Sentiment Indicator (ESI) lost 1.4pts to 101.7 in September (Aug: 103.1) due to a "substantial deterioration" in the industrial confidence and a slight decline in retail trade sentiment. Confidence improved among consumers (-6.5 vs -7.1) and remained broadly stable in the services and construction industries according to the European Commission. The sharp decline in the industrial sector (-3pts) was not surprising as the single currency area continued to experience a downturn in its manufacturing industry particularly in its largest economy Germany. The ESI fell significantly in the Netherlands, Spain and Germany.
- Japan industrial sector resumed downturn; retail sales rebounded:** Preliminary data released this morning showed that Japan industrial production slipped more than expected by 1.2% MOM in August (Jul: +1.3%) after a modest July rebound, indicating continued weakness in the country's manufacturing sector. YOY, industrial production fell by a whopping 4.7% (Jul: +0.7%), its sharpest fall in more than four years. Meanwhile, retail sales experienced a strong rebound of 4.8% MOM in August (Jul: -2.3%) leading the annual gain in sales at a higher 2.0% (Jul: -2.0%) as consumers shopped more ahead of October's sales tax hike.
- China industrial firms' profits contracted in August:** Profits at China industrial firms contracted by 2.0% YOY in August (Jul: +2.6%) after a brief gain in the previous month, pointing to continuous margin compression in Chinese factories amidst falling producer prices and in line with the slowdown in the industry in general.
- New Zealand business confidence collapsed to fresh 11-year low:** The ANZ Business Confidence Index slumped deeper to -53.5 in September (Aug: -52.3), its lowest level in 11 years as businesses remained wary that the recent RBNZ rate cut could spur higher inflation and economic growth against a backdrop of challenging external environment. Pricing intentions printed lowest level since October 2016 and inflation expectations were the weakest since late 2016.

**Vietnam economy saw robust 3Q growth:** The Vietnam economy expanded by a solid 7.31% YOY in the third quarter of 2019 (2Q: 6.73% revised) after two consecutive quarters of softer growth, underpinned by solid growth in manufacturing and services. For the first nine months of 2019, GDP grew 6.98% YOY, a similar rate compared to the same period last year, supported faster expansion in industrial and construction sectors as well as services while agriculture slowed. On the other hand, for the month of September alone, exports rose 9.0% YOY (Aug: +4.5%) and imports surged by 15.6% YOY (Aug: +7.5%). Trade surplus narrowed to \$500m (Aug: \$1.7b). Inflation clocked at 1.98% YOY (Aug: 2.26%), its slowest rate in more than three years.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
01/10	Malaysia	Markit Malaysia PMI Mfg	Sep	--	47.4	--
<b>30/09</b>	<b>US</b>	<b>MNI Chicago PMI</b>	<b>Sep</b>	<b>50.0</b>	<b>50.4</b>	--
		<b>Dallas Fed Manf. Activity</b>	<b>Sep</b>	<b>1.0</b>	<b>2.7</b>	--
01/10		Markit US Manufacturing PMI	Sep F	51.0	51.0	--
		ISM Manufacturing	Sep	50.1	49.1	--
		Construction Spending MoM	Aug	0.4%	0.1%	--
<b>30/09</b>	<b>Eurozone</b>	<b>Unemployment Rate</b>	<b>Aug</b>	<b>7.5%</b>	<b>7.5%</b>	--
01/10		Markit Eurozone Manufacturing PMI	Sep F	52.0	52.0	--
		CPI Core YoY	Sep A	1.0%	0.9%	--
		CPI Estimate YoY	Sep	1.0%	1.0%	--
<b>30/09</b>	<b>UK</b>	<b>GDP QOQ</b>	<b>2Q F</b>	<b>-0.2%</b>	<b>-0.2%</b>	--
		<b>Mortgage Approvals</b>	<b>Aug</b>	<b>66.5k</b>	<b>67.3k</b>	--
01/10		Nationwide House Price Index YOY	Sep	0.5%	0.6%	--
01/10	<b>Japan</b>	Markit UK PMI Manufacturing SA	Sep	47.0	47.4	--
		Jobless Rate	Aug	2.3%	2.2%	--
		Tankan Large Mfg Index	3Q	1	7	--
		Tankan Large Non-Mfg Index	3Q	20	23	--
		Tankan Large All Industry Capex	3Q	7.0%	7.4%	--
		Jibun Bank Japan PMI Mfg	Sep F	--	48.9	--
<b>30/09</b>	<b>China</b>	<b>Manufacturing PMI</b>	<b>Sep</b>	<b>49.6</b>	<b>49.5</b>	--
		<b>Non-manufacturing PMI</b>	<b>Sep</b>	<b>53.9</b>	<b>53.8</b>	--
		<b>Caixin China PMI Mfg</b>	<b>Sep</b>	<b>50.2</b>	<b>50.4</b>	--
01/10	Australia	AiG Perf of Mfg Index	Sep	--	53.1	--
		RBA Cash Rate Target	Oct-01	0.75%	1.00%	--
<b>30/09</b>	<b>New Zealand</b>	<b>ANZ Business Confidence</b>	<b>Sep</b>	<b>--</b>	<b>-52.3</b>	--
<b>30/09</b>	<b>Vietnam</b>	<b>Industrial Production</b>	<b>Sep</b>	<b>--</b>	<b>10.5%</b>	--
		<b>Retail Sales</b>	<b>Sep</b>	<b>--</b>	<b>11.5%</b>	--
01/10		Markit Vietnam PMI Mfg	Sep	--	51.4	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0940	0.17	1.0959	1.0905	-4.56
GBPUSD	1.2292	-0.29	1.2337	1.2271	-3.62
USDJPY	107.92	0.08	108.18	107.66	-1.64
AUDUSD	0.6764	0.22	0.6779	0.6744	-4.04
EURGBP	0.8898	0.42	0.8904	0.8847	-0.96
USDMYR	4.1860	-0.19	4.1955	4.1840	1.27
EURMYR	4.5738	-0.27	4.5834	4.5681	-3.25
JPYMYR	3.8809	-0.44	3.8960	3.8809	3.28
GBPMYR	5.1452	-0.50	5.1746	5.1437	-2.32
SGDMYR	3.0303	-0.26	3.0361	3.0282	-0.18
AUDMYR	2.8317	-0.12	2.8370	2.8241	-3.12
NZDMYR	2.6353	-0.28	2.6431	2.6311	-5.16
CHFMYR	4.2182	-0.09	4.2228	4.2087	0.45
CNYMYR	0.5880	-0.03	0.5887	0.5871	-2.85
HKDMYR	0.5341	-0.19	0.5351	0.5340	1.12
USDSGD	1.3817	-0.01	1.3831	1.3799	1.33
EURSGD	1.5114	0.15	1.5141	1.5072	-3.30
GBPSGD	1.6981	-0.32	1.7052	1.6960	-2.35
AUDSGD	0.9346	0.23	0.9357	0.9323	-2.76

Source: Bloomberg

## Forex

### MYR

- **MYR firmed up against the USD by 0.19% on Friday at 4.1860** as FTSE Russell's decision to retain Malaysian bonds in its World Government Bond Index (WGBI) led to a relief rally.
- **We are neutral to slightly bearish on MYR** as MYR strength is expected to be temporary taking cue from a renewed sense of risk aversion as US-China trade optimism faded over the weekend after news broke that the White House considered to delist Chinese companies from US stock exchanges. In the medium term, we are neutral to slightly bearish on MYR taking into account unresolved US-China trade dispute and ECB's impending APP program.

### USD

- Demand for the greenback remained strong in general amidst persistent uncertainties in US politics and US-China trade relation, **the dollar index closed a tad lower at 99.11** as the EUR, CAD and CHF firmed up ahead of the weekend.
- **We expect continued strength in the dollar in the short term with DXY staying supported above 99.00** overnight while markets await further development on US-China trade front as next talk approaches. Aside from trade headlines, 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 firmed up against the USD by 0.17% at 1.0940 on short covering ahead of weekend.**
- **We are neutral on EUR today** as it makes struggling attempt to rebound from multi-year low amidst poor sentiments surrounding Eurozone growth. **The single currency's medium-term outlook** is tied to ongoing worries over the Eurozone's dismal economic state, and **is expected to weaken in the medium term** as the ECB restarts its APP program in November.

### GBP

- **GBP slipped by 0.29% to 1.2292** as Brexit sentiment turned poorer on Friday.
- **GBP is expected to trade on a bearish note today** on continuous Brexit impasse as Boris Johnson hinted intention to bypass law and go ahead with a hard-Brexit. In the short term, GBP continues to be 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 weakened slightly by 0.08% to 107.92 against the USD.**
- **We are bullish on JPY today** as a shift in risk sentiment is expected to keep the safe haven currency supported. **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 finished 0.22% stronger against the USD at 0.6764.**
- **We are bearish on AUD** as it struggles to climb back above 0.6800 handle given that expectations for the RBA to cut cash rate tomorrow rose. Investors also await China NBS PMIs due 9.00am. **In the medium term, we remain bearish on AUD** on prolonged US-China trade tension and as a weakening Chinese economy continued to pose downside risk to AUD.

### SGD

- **SGD barely changed against the USD at 1.3817.**
- **We are neutral to slightly bearish on SGD today** on weakening US-China trade optimism. **In the medium term, we are still neutral to slightly bearish on SGD** over unresolved US-China trade dispute and poorer Singapore economic outlook.

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