

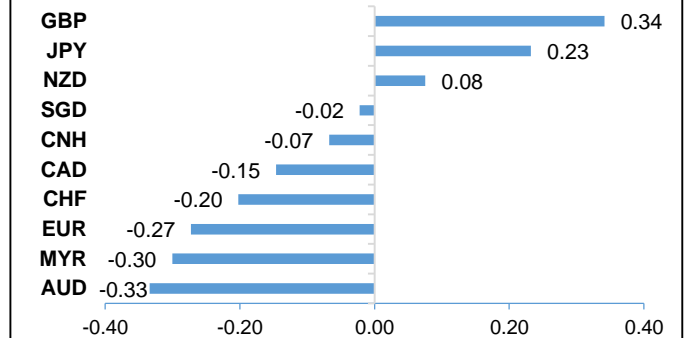
Global Markets Research
Daily Market Highlights
Key Takeaways

- US stocks closed lower on Friday** as markets reacted to news that President Trump and the First Lady have both tested positive for Covid-19. The Dow lost 0.5% DOD, S&P500 fell nearly 1.0% and NASDAQ bore the brunt with a 2.2% decline. **Treasury yields** had risen earlier but retreated to **end only slightly up** (+0.2 to +3.2bps) across the curve at the end of the session as markets digested the news. 10Y UST yield picked up 2.3bps to 0.70%. **Gold futures slipped** on Friday by 0.4% to \$1900.2/oz as the **dollar strengthened modestly**. **The pound strengthened on Brexit optimism** as PM Boris Johnson is meeting EU President Von Der Leyen to break the current deadlock.
- Oil prices plunged by more than 4.0% on weaker risk sentiment**; Brent crude fell to \$39.27/barrel, closing below \$40 for the first time in nearly three weeks while WTI settled at \$37.05/barrel, its lowest level in nearly a month. **Stock futures are pointing to higher openings in Asian markets later this morning**; same goes to the US markets as investors are optimistic over Trump's current condition. **A stimulus deal between the Democrats and Republicans haven't been reached so far.**
- US data were mixed on Friday. **NFP came in lower than expected at +661k for September**; unemployment rate fell to 7.9% due to shrinking labour force. **Consumer sentiment improved** in the same month but factory orders growth slowed dramatically. **Australia retail sales fell sharply** in August.
- DXY inched up by 0.14% (to around 93.8) on Friday on news that US President Donald Trump is down with Covid-19. This was mainly from gains in EUR and AUD, although USD weakened against GBP and JPY. We maintain our view that movements will stay volatile and may be unpredictable for October. For now, we are **neutral with a bearish tilt on USD** this week.
- USD/MYR snapped losing streak on Friday, climbing up by 0.30% DOD to wrap up the week at 4.1635 amid a stronger greenback. For the week, USD/MYR lost 0.2%. We are **neutral to slightly bullish on MYR** this week, eyeing a range of probably 4.1300-4.1800, on expectation of USD weakness. Technically, bullish momentum in USDMYR is softening suggesting the pair may retreat further.

Market Snapshots

	Last Price	DoD%	YTD %
Dow Jones Ind.	27,682.81	-0.48	-3.00
S&P 500	3,348.44	-0.96	3.64
FTSE 100	5,902.12	0.39	-21.75
Hang Seng	23,459.05	0.79	-16.78
KLCI	1,500.30	0.24	-5.57
STI	2,496.11	-0.19	-22.55
Dollar Index	93.84	0.14	-2.64
WTI oil (\$/bbl)	37.05	-4.31	-39.32
Brent oil (\$/bbl)	39.27	-4.06	-40.50
Gold (\$/oz)	1,900.20	-0.43	24.76
CPO (RM/tonne)	2,914.00	-0.24	-3.69

Source: Bloomberg

FX Daily Change vs USD (%)


Source: Bloomberg

Overnight Economic Data

 US ➔ Australia ⬇
Up Next

Date	Event	Prior
05/10	SG Markit Singapore PMI (Sep)	43.6
	JP Jibun Bank Japan PMI Services (Sep F)	45.6
	SG Retail Sales YoY (Aug)	-8.50%
	EU Markit Eurozone Services PMI (Sep F)	47.6
	EU Sentix Investor Confidence (Oct)	-8
	UK Markit/CIPS UK Services PMI (Sep F)	55.1
	EU Retail Sales MoM (Aug)	-1.30%
	US Markit US Services PMI (Sep F)	54.6
	US ISM Services Index (Sep)	56.9
06/10	AU Trade Balance (Aug)	A\$4607m
	AU Exports MoM (Aug)	-4%
	AU Imports MoM (Aug)	7%
	AU RBA Cash Rate Target (06 Oct)	0.25%
	UK Markit/CIPS UK Construction PMI	54.6
US Trade Balance (Aug)	-\$63.6b	

Source: Bloomberg

Macroeconomics

- **US economy added fewer jobs than expected, confirming slow job growth:**
 - The US economy added 661k jobs in September (Aug: +1.49mil), fewer than analysts' expectation of 859k gains. The latest report also shows a net revision of 145k gains July and August. Job gains came mainly from the private services sector (+784k); manufacturing added 66k jobs, more than that of previous month's.
 - Unemployment rate edged sharply lower to 7.9% in September (Aug: 8.4%) and was much better than expectation of 8.2%. This is also partly attributed to the shrinking labour force as evident in the falling participation rate (61.4% vs 61.7% prior).
 - Average hourly earnings growth slowed to 0.1% MOM (Aug: +0.3%), translating to a steady 4.7% YOY rise (Aug: +4.6%).
 - Septembers' print marked the smallest increase in new jobs since the economy reopened in May, confirming that job growth has indeed slowed and that the pandemic continues to weigh on the labour market. This offers uneasy signs over an already uncertain outlook, with consumer spending growth slowing amid lawmakers' failure to pass a new stimulus bills.
- **US consumer sentiment improved; factory orders growth slowed dramatically:**
 - The University of Michigan Consumer Sentiment Index rose to six-month high of 80.4 in September (Aug: 74.1), a considerable improvement from August, mainly due to a more optimistic outlook for the national economy.
 - Headline factory orders growth retreated sharply to 0.7% MOM in August (Jul: +6.5%), after having risen for 6.4-7.7% MOM for the previous three months when the economy gradually reopened. The data is slightly lower than analysts' expectation of +0.9% MOM. Durable goods orders growth slowed to 0.5% MOM (Jul: +11.8%) and core capital orders still managed to pick up by 1.9% MOM (Jul: +2.6%).
- **Australia retail sales fell in August:** Australia retail sales fell by 4.0% MOM in August (Jul: +3.2%) after having recorded growth for the previous three months, with the virus-stricken Victoria state being responsible for the latest decline. Sales fell in all categories where sharp falls were seen in clothing, footwear, accessory as well as sales at department stores. The latest print however still translates to a growth of 7.1% YOY.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR snapped losing streak on Friday, strengthening by 0.30% DOD to wrap up the week at 4.1635 amid a stronger greenback.
- **Factors supporting:** Economic recovery, less dovish MPC, USD weakness
- **Factors against:** Risk aversion, US-China relations, domestic politics, imposition of second lockdown

USD (Neutral-to-Bearish Outlook over 1 Week Horizon)

- DXY inched up by 0.14% (to around 93.8) on Friday on news that US President Donald Trump is down with Covid-19. This was mainly from gains in EUR and AUD, although USD weakened against GBP and JPY. We maintain our view that movements will stay volatile and may be unpredictable for October.
- **Factors supporting:** Risk aversion, US-China relations
- **Factors against:** Volatility, positive developments from global policymakers, poor US economy, US stimulus

EUR (Neutral-to-Bullish)

- EUR/USD came off a little on Friday following some risk aversion in markets. Pair is now just above 1.17 big figure and starting the week slightly up. We foresee volatility while maintaining a slightly bullish view for now.
- **Factors supporting:** USD weakness, Europe economic recovery
- **Factors against:** Risk aversion, Faltering fundamentals

GBP (Neutral)

- GBP/USD moved higher on Friday to almost-1.2950 levels from 1.2890 levels. This was despite risk aversion and upcoming showdown on Brexit and a European Union summit next week. We stay neutral on possible volatility in GBP/USD.
- **Factors supporting:** Breakthrough in news, USD weakness
- **Factors against:** Risk aversion, Brexit, twin deficits, Bank of England increasing monetary accommodation

JPY (Neutral)

- USD/JPY dipped on Friday following risk aversion, as markets bid for JPY during this period. This brought USD/JPY briefly to 105 level, although rebounding thereafter. 106 resistance looks solid for now and we see USD/JPY trading mostly within a range of 105-105.8 for the week ahead.
- **Factors supporting:** New prime minister's directives, BOJ policy, USD weakness
- **Factors against:** Weak fundamentals, risk sentiments

AUD (Neutral-to-Bullish)

- AUD/USD pulled back on Friday as market concerns rose. This brought AUD/USD to around 0.7150 level after a recent high of 0.7209. We maintain our view but caution against some volatility. This comes as AUD/USD opened with a bid tone on Monday.
- **Factors supporting:** Resilient economy, USD weakness
- **Factors against:** Risk aversion, 2nd wave of Covid-19 infections, China-Australia relations

SGD (Neutral-to-Bullish)

- USD/SGD hit 1.3680 on Friday due to market concerns. Pair dipped thereafter and is in an offered tone on Monday open. With MAS decision looming, we expect anchored expectations and at levels close to 1.3630, USD/SGD may test 1.36 support sometime this week.
- **Factors supporting:** Fed vs. MAS policy, economic recovery, USD weakness
- **Factors against:** Risk aversion, trade war, US-China

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