

## Global Markets Research

### Daily Market Highlights

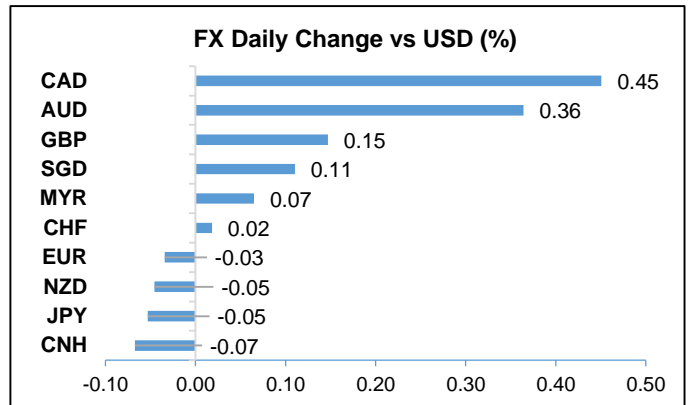
#### Key Takeaways

- US stocks extended gains overnight, likely on hope over passage of smaller or industry-focus stimulus bills although House Speaker Nancy Pelosi signaled that she would not support an airline industry-specific bill without a broader pandemic stimulus package.** The Dow Jones rose modestly by 0.4%, the S&P500 gained 0.8% and NASDAQ went up by 0.5%; gains were broad-based across all sectors. **Treasury yields were steady across the curve.** 10Y UST yield was steady at 0.785%. **Gold futures rebounded slightly** by 0.3% to \$1888.6/oz after two sessions of decline as **the dollar saw mixed performances** against its major rivals; **Oil prices rallied by more than 3% after the OPEC said that it expects global oil demand would exceed pre-pandemic level** in 2022 and grow steadily until late 2030 in its World Oil Outlook 2020 report. Brent crude settled at \$43.44/barrel and WTI at \$41.19/barrel.
- On Thursday, Senator Kamala Harris and Vice President Mike Pence took part in a more civil Vice Presidential Debate; President Trump said that he would not participate in the next town hall style presidential debate with Joe Biden after the debate commission announced that the event would be held virtually. **US jobless claims continued to hover at levels above 800k for the sixth straight weeks, confirming that US job growth has slowed. UK house prices shot up in September, a sign of a still healthy housing market despite recession.**
- The DXY held steadily for the second session at 93.605. USD weakened against CAD, AUD and GBP while EUR, NZD and JPY were little changed. We maintain that the USD will stay **neutral to bearish** ahead, with headlines on US election and stimulus talk remaining as the key drivers.
- USD/MYR remained steady at 4.1535 for the third consecutive sessions. Daily outlook for the pair remains **neutral to slightly bearish** as USD recorded mixed performances across the FX board. This is in line with our weekly outlook of a neutral to slightly bullish view on MYR this week; which we expect the trend to extend into the week ahead.

#### Market Snapshots

|                    | Last Price | DoD%  | YTD %  |
|--------------------|------------|-------|--------|
| Dow Jones Ind.     | 28,425.51  | 0.43  | -0.40  |
| S&P 500            | 3,446.83   | 0.80  | 6.69   |
| FTSE 100           | 5,978.03   | 0.53  | -20.74 |
| Hang Seng          | 24,193.35  | -0.20 | -14.18 |
| KLCI               | 1,519.43   | 2.01  | -4.36  |
| STI                | 2,543.11   | 0.19  | -21.09 |
| Dollar Index       | 93.61      | -0.03 | -2.89  |
| WTI oil (\$/bbl)   | 41.19      | 3.10  | -32.54 |
| Brent oil (\$/bbl) | 43.34      | 3.22  | -34.33 |
| Gold (\$/oz)       | 1,888.60   | 0.27  | 24.00  |
| CPO (RM/tonne)     | 2,957.50   | 1.67  | -2.25  |

Source: Bloomberg



Source: Bloomberg

#### Overnight Economic Data

US → UK ↑

#### Up Next

| Date  | Event                                 | Prior   |
|-------|---------------------------------------|---------|
| 09/10 | AU Home Loans Value MoM (Aug)         | 8.90%   |
|       | UK Industrial Production MoM (Aug)    | 5.20%   |
| 12/10 | UK Visible Trade Balance GBP/Mn (Aug) | -£8635m |
|       | JP PPI YoY (Sep)                      | -0.50%  |
|       | JP Core Machine Orders MoM (Aug)      | 6.30%   |
|       | MA Industrial Production YoY (Aug)    | 1.20%   |

Source: Bloomberg

## Macroeconomics

- **US initial jobless claims still hover at 800k:** The number of first time claims for unemployment benefits amounted to 840k for the week ended 3 Oct (prior: 849k). This roughly matched analysts' expectation of 820k. Initial jobless claims have now been holding steadily at circa 800k (ranging from 840k to 893k) for sixth consecutive weeks, a strong signs that job growth is gradually turning tepid. The number of continuous claims (data lagged by one week) fell to 10.97mil as at 26 Sep (prior: 11.98mil) and have been dropping at much faster rate recently as more unemployed persons used up/exhaust their 26-week benefit program.
- **UK house prices shot up in September:** The Royal Institution of Chartered Surveyors (RICS) house price index surged unexpectedly to +61 in September, from +44 in August, now at the highest reading since June 2002. This confirmed that housing activity had continued to rise after the pandemic lockdown as demand for bigger homes went up.

## Forex

### MYR (Neutral-to-Slightly-Bullish)

- USD/MYR remained steady at 4.1535 for the third consecutive sessions in the absence of major market driver.
- **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)

- The DXY held steadily for the second session at 93.605 as the dollar saw mixed performances against its major rivals; USD weakened against CAD, AUD and GBP while EUR, NZD and JPY were little changed.
- **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 was little changed at 1.1759 overnight amid mixed USD performance and lack of key driver.
- **Factors supporting:** USD weakness, Europe economic recovery
- **Factors against:** Risk aversion, Faltering fundamentals

### GBP (Neutral)

- GBP/USD went up marginally (+0.15%) to 1.2938 in the absence of any major Brexit news.
- **Factors supporting:** Breakthrough in news, USD weakness
- **Factors against:** Risk aversion, Brexit, twin deficits, Bank of England increasing monetary accommodation

### JPY (Neutral-to-Bearish)

- USD/JPY was steady at 106.03 amid mixed USD performance and lack of market driver.
- **Factors supporting:** New prime minister's directives, BOJ policy, USD weakness
- **Factors against:** Weak fundamentals, risk sentiments

### AUD (Neutral-to-Bullish)

- AUD/USD strengthened 0.36% to 0.7165 alongside higher oil prices.
- **Factors supporting:** Resilient economy, USD weakness
- **Factors against:** Risk aversion, 2<sup>nd</sup> wave of Covid-19 infections, China-Australia relations

### SGD (Neutral-to-Bullish)

- USD/SGD weakened slightly by 0.11% to 1.3582 amid mixed USD performance.
- **Factors supporting:** Fed vs. MAS policy, economic recovery, USD weakness
- **Factors against:** Risk aversion, trade war, US-China

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