

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

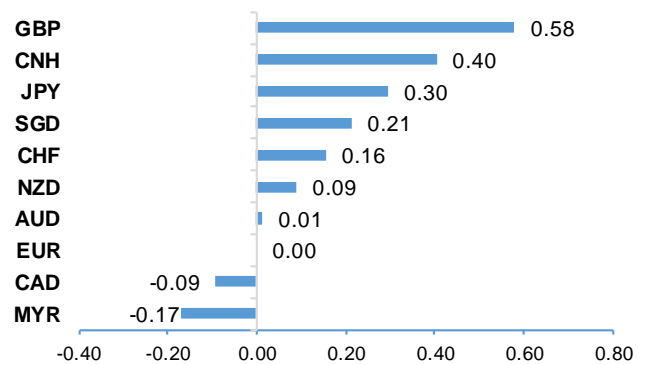
- US stocks extended declines overnight amid waning stimulus optimism.** This comes after Secretary Mnuchin said that a stimulus deal ahead of the election was unlikely although talks with Speaker Pelosi still carry on. The Dow fell by 0.6%; S&P500 lost 0.7% and NASDAQ shed 0.8%. Goldman Sachs's earnings beat expectation as the investment bank's profits nearly doubled in 3Q; Bank of America's earnings also surprised to the upside while Wells Fargo's disappointed.
- US treasury yields were little changed along the curve; 10Y UST yield was steady at 0.726%. **Gold futures rebounded by 0.7% to \$1901.3/oz as the dollar weakened.** Oil prices rose more than 2% thanks to large draw in API crude inventory; Brent crude settled at \$43.32/barrel and WTI at \$41.04/barrel.
- Looking at economic data, US mortgages applications fell last week while PPI inflation gained on higher food prices. **Eurozone industrial production growth eased substantially offering signs that output is normalizing.** Similarly, Japan's industrial output also recorded smaller gain. Australia consumer confidence surged to more-than-two-year high.
- DXY fell 0.2% to 93.382.** GBP led the gain against USD. We maintain our view that movements will stay volatile and may be unpredictable for October. There may be a bearish bias on the dollar if markets turn constructive. Earnings results may also be a factor.
- USD/MYR rebounded by 0.2% to 4.1480 on Wednesday amid broad-based dollar resurgence.** Daily outlook for the pair however turned neutral following weaker USD overnight. Expect the pair to continue trading within 4.13-4.16 this week.

#### Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	28,514.00	-0.58	-0.09
S&P 500	3,488.67	-0.66	7.98
FTSE 100	5,935.06	-0.58	-21.31
Hang Seng	24,667.09	0.07	-12.50
KLCI	1,523.25	-0.13	-4.12
STI	2,555.59	-0.47	-20.70
Dollar Index	93.38	-0.16	-3.12
WTI oil (\$/bbl)	41.04	2.09	-32.79
Brent oil (\$/bbl)	43.32	2.05	-34.36
Gold (\$/oz)	1,901.30	0.68	24.57
CPO (RM/tonne)	3,042.50	-0.51	0.56

Source: Bloomberg

#### FX Daily Change vs USD (%)



Source: Bloomberg

#### Overnight Economic Data

US	→	Eurozone	↓
Japan	↑	Australia	↑
Singapore	↑		

#### Up Next

Date	Event	Prior	
15/10	AU Employment Change (Sep)	111.0k	
	AU Unemployment Rate (Sep)	6.8%	
	CN PPI YoY (Sep)	-2.0%	
	CN CPI YoY (Sep)	2.4%	
	US Initial Jobless Claims (10 Oct)	17.0	
	US Empire Manufacturing (Oct)	17.0	
	US Import Price Index YoY (Sep)	-1.4%	
	US Philadelphia Fed Business Outlook	15.0	
	16/10	NZ BusinessNZ Manufacturing PMI (Sep)	50.7
		SI Non-oil Domestic Exports YoY (Sep)	7.70%
EU Trade Balance SA (Aug)		20.3b	
EU CPI YoY (Sep F)		-0.2%	
US Retail Sales Advance MoM (Sep)		0.6%	
US Industrial Production MoM (Sep)		0.4%	
US U. of Mich. Sentiment (Oct P)		80.4	

Source: Bloomberg

## Macroeconomics

- **US mortgages applications fell; PPI rose:**
  - Mortgage applications fell slightly last week by 0.7% (prior: +4.6%) as both purchases and refinancing segments recorded declines.
  - Producer price index for final demand added 0.4% MOM in September (Aug: +0.3%), reflecting surge in prices of foods and translating to 0.4% YOY gain (Aug: -0.2%), its first growth in six months.
- **Eurozone industrial production ticked up slightly in Aug:** The Euro area industrial output picked up for the fourth consecutive months in August albeit by a much smaller margin of 0.7% MOM (Jul: +5.0%), offering early signals that factory output is normalizing after the recent pent-up demand. YOY, output was still 7.2% lower (Jul: -7.1%).
- **Japan industrial output recorded small gain in Aug:** Japan industrial production rose by a mere 1% MOM in August following the surge in July (+8.7%). This translates to 13.8% YOY fall in output (Jul: -15.5%), marking its 11<sup>th</sup> month of decline since Oct last year.
- **Australia consumer confidence surged in Oct:** The Westpac Consumer Confidence Index rose for the second month (+11.9%) to 105.0 in October (Sep: 93.8) in more than two years, reflecting extended gain in consumer sentiment as well as their gauge over current condition and expectations.

## Forex

### MYR (Neutral)

- USD/MYR rebounded by 0.2% to 4.1480 on Wednesday amid broad-based dollar resurgence. Daily outlook for the pair however turned neutral following weaker USD overnight. Expect the pair to continue trading within 4.13-4.16 this week.
- **Factors supporting:** Economic recovery, less dovish MPC, USD weakness
- **Factors against:** Risk aversion, US-China relations, domestic politics, imposition of second lockdown

### USD (Neutral Outlook over 1 Week Horizon)

- DXY fell 0.2% to 93.382. GBP led the gain against USD. We maintain our view that movements will stay volatile and may be unpredictable for October. There may be a bearish bias on the dollar if markets turn constructive. Earnings results may also be a factor.
- **Factors supporting:** Risk aversion, US-China relations
- **Factors against:** Volatility, positive developments from global policymakers, poor US economy, US stimulus

### EUR (Neutral-to-Bearish)

- EUR/USD was unchanged at 1.1746 and is likely to be capped below 1.18.
- **Factors supporting:** USD weakness, Europe economic recovery
- **Factors against:** Risk aversion, Fltering fundamentals

### GBP (Neutral)

- GBP/USD led the gains against the USD overnight, adding 0.6% to 1.3012. We maintain the view of some consolidation for the pound ahead.
- **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 fell 0.3% to 105.17 amid broad-based dollar weakness. We expect range-trading of around 105-106 for now from volatility.
- **Factors supporting:** New prime minister's directives, BOJ policy, USD weakness
- **Factors against:** Weak fundamentals, risk sentiments

### AUD (Bearish)

- AUD/USD was unchanged at 0.7162. Daily outlook is bearish on RBA Lowe's remarks that it could cut rate to 0.1%.
- **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 slipped 0.2% to 1.3573. Pair is likely to remain volatile on USD movements.
- **Factors supporting:** Fed vs. MAS policy, economic recovery, USD weakness
- **Factors against:** Risk aversion, trade war, US-China

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