

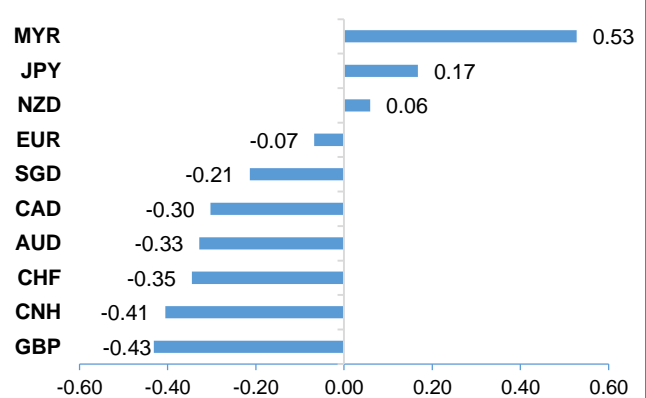
Key Takeaways

- US stocks closed the week lower after experiencing another selling session on Friday.** The main indexes were down by 0.9-1.1% DOD on Friday; for the week, the Dow Jones was little changed and both the S&P500 and NASDAQ lost 0.6%. Stocks in Europe were down last week as well while the Asian markets wrapped up the week with gains. **US treasury yields were little changed** on Friday; 10Y USY yield rose a mere 0.5bps to 0.694% amid cautious sentiment. **Gold futures advanced** 0.6% DOD to \$1953.20/oz., closing higher for the second week in a row. **Brent crude retreated slightly after three consecutive days of rally;** the global benchmark was down by 0.4% DOD on Friday but gained 8.3% WOW to \$43.15/barrel. WTI continued to gain on Friday (0.34%) and was up by 10.1% WOW at \$41.11/barrel.
- Friday's data were scanty.** US University of Michigan Consumer Sentiment Index improved in September; the Conference Board leading index gained for the fourth month albeit slower. UK retail sales posted more modest growth but house prices advanced further.
- DXY consolidated on Friday within a narrow range just below 93. This came following some positive data. Event risk like ByteDance remain on investors' minds as the week starts, and we look for **slight bearishness in the USD** over the week ahead.
- USD/MYR broke below the key 4.12 support, losing 0.53% to close at 4.1155 on Friday. For the week, the pair was down by 0.9%. We **stay neutral to bullish** on MYR in the week ahead as the USD strength appears to be losing its lustre. Technical indicators point to room for some further down move in USD/MYR. Expect a range of 4.11-4.15 for next week with FTSE Russell announcement posing some event risks.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	27,657.42	-0.88	-3.09
S&P 500	3,319.47	-1.12	2.75
FTSE 100	6,007.05	-0.71	-20.36
Hang Seng	24,455.41	0.47	-13.25
KLCI	1,506.63	-0.43	-5.17
STI	2,497.71	-0.12	-22.50
Dollar Index	92.93	-0.05	-3.59
WTI oil (\$/bbl)	41.11	0.34	-32.67
Brent oil (\$/bbl)	43.15	-0.35	-34.62
Gold (\$/oz)	1,953.20	0.61	28.24
CPO (RM/tonne)	3,010.00	0.03	-0.51

Source: Bloomberg

FX Daily Change vs USD (%)


Source: Bloomberg

Overnight Economic Data

 US ↑ UK →
Up Next

Date	Event	Prior
21/09	CH 1-Year Loan Prime Rate (21 Sep)	3.85%
	NZ Credit Card Spending MoM (Aug)	1.8%
	HK CPI Composite YoY (Aug)	-2.3%
22/09	US Chicago Fed Nat Activity Index (Aug)	1.18
	EC Consumer Confidence (Sep A)	-14.7
	US Existing Home Sales MoM (Aug)	24.7%
	US Richmond Fed Manufact. Index (Sep)	18.0

Source: Bloomberg

Macroeconomics

- **US consumer confidence improved in September:** The University of Michigan Consumer Sentiment rose to 78.9 in September (Aug: 74.1) according to a preliminary reading. The improvement in sentiment was tied to better economic prospect in anticipation of the November general election.
- **US leading index rose for fourth month:** The Conference Board leading index rose for the fourth straight month; but posting a smaller 1.2% MOM gain in August (Sep: +2.0%). This reflects positive contributions from labour market indicators, ISM goods order, stock prices, and interest rate spread. Consumer goods order, core capital orders, building permits, credit spread and average consumer expectations continued to drag on the headline index.
- **UK retail sales growth eased in August:** Headline retail sales in the UK rose 0.8% MOM in August (Jul: +3.7%), marking its fourth month of back-to-back increase. This was however the smallest MOM gain after sales had rebounded sharply in May following the reopening of the economy, indicating that momentum gained from the post lockdown pent-up demand has eased substantially. Sales are expected to pull back further and potentially post negative readings in the coming months once the government job protection scheme expires in late October.
- **UK house prices advanced further in September:** The Rightmove House Price Index rose 0.2% MOM in September (Aug: -0.2%), its first monthly gain in three months. Compared to September last year, the index was 5.0% higher (Aug: +4.6%), its largest YOY gain since Sep-16, confirming that house prices in the UK continued to climb by substantial margin since Jan this year after the UK has formally withdrawn from the EU.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR broke below the key 4.12 support, losing 0.53% to close at 4.1155 on Friday. For the week, the pair was down by 0.9%.
- **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 consolidated on Friday within a narrow range just below 93. This came following some positive data. Event risk like ByteDance remain on investors' minds as the week starts, and we look for only small losses in the USD over the week ahead.
- **Factors supporting:** Risk aversion, US-China relations
- **Factors against:** Volatility, positive developments from global policymakers, poor US economy, US stimulus

EUR (Neutral)

- EUR/USD stayed most around 1.184-1.186 on Friday. We stay neutral for now and look for PMI figures this week to drive some momentum.
- **Factors supporting:** USD weakness, Europe economic recovery
- **Factors against:** Risk aversion, Faltering fundamentals

GBP (Neutral-to-Bearish)

- Despite reaching an intraday high close to 1.3000, GBP/USD dipped in late Friday trading session, to around 1.2920. We stay slightly defensive on the pound on possible Brexit worries.
- **Factors supporting:** Breakthrough in news, USD weakness
- **Factors against:** Risk aversion, Brexit, twin deficits, Bank of England increasing monetary accommodation

JPY (Neutral-to-Bullish)

- USD/JPY dipped to a low of 104.27 but rebounded slightly to close around 104.60 on Friday. Some potential moves towards the 104 big figure this week is possible, dependent on USD movements. This is from domestic stability and potential global risk aversion.
- **Factors supporting:** New prime minister's directives, BOJ policy, USD weakness
- **Factors against:** Weak fundamentals, risk sentiments

AUD (Neutral)

- AUD/USD's hit a high of 0.7334 but faded thereafter in Friday's session. Pair retreated below the 0.73 big figure and is consolidating on Monday open. We are **neutral** on the AUD for the week ahead. A move beyond the 0.7250-0.7350 range may signal further directional momentum.
- **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 could not hold the low of 1.3554 hit on Friday, rebounding thereafter towards 1.3599 close. We think that market attention will likely shift towards MAS policy decision although no surprises expected. Watch for some possible SGD gains, particularly if Asia fundamentals still look favourable.
- **Factors supporting:** Fed vs. MAS policy, economic recovery, USD weakness
- **Factors against:** Risk aversion, trade war, US-China

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