

Global Markets Research

Daily Market Highlights

Key Takeaways

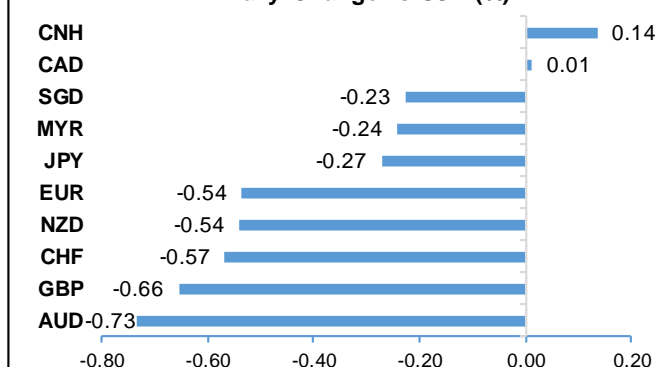
- US stocks stabilized and recovered overnight after experiencing four sessions of sell-off**; the Dow Jones rose 0.5% whereas the S&P500 and NASDAQ each gained 1.1% and 1.7%. The rebound was led by consumer discretionary and communication services stocks. Energy shares were the major losers. Treasury yields were little changed (-0.2bps to +0.8bps); 10Y UST yield was up by 0.5bps to 0.67%. Gold futures slipped 0.2% for the second session to \$1899.3/oz, its first sub-\$1900 level for the first time since 24 July. This was alongside a firmer dollar. Oil prices managed to turnaround the sharp down-move on Monday; Brent recovered by 0.7% to \$41.72/barrel and the US benchmark WTI also picked up 0.7% to \$39.6/barrel.
- Fed Chair Jerome Powell testified alongside Secretary Mnuchin before the Senate. **Powell said the US economy's path to recovery remain "uncertain" and warned that recovery would suffer in the absence of stimulus.** Rising cases in the UK led the government to reverse the lifting of some lockdown measures, tightening pandemic restrictions where workers are asked to work from home if possible. Data remained scant overnight- Eurozone consumer confidence improved slightly; US existing home sales rose for the third month.
- On the FX front, **the dollar index gained for the second session by 0.4% to 93.99.** Major currencies continued to weaken against the greenback where AUD and GBP were seen leading the losses among the G10s.
- USD/MYR rose for the second session by 0.2% to 4.1325.** This comes after the greenback benefits from the recent retreat in sentiment as investors fled to quality assets. The pair is likely to firm up today but we continue to expect a range of 4.11-4.15 for the week with FTSE Russell announcement posing some event risks on the local unit.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	27,288.18	0.52	-4.38
S&P 500	3,315.57	1.05	2.62
FTSE 100	5,829.46	0.43	-22.71
Hang Seng	23,716.85	-0.98	-15.87
KLCI	1,505.78	0.42	-5.22
STI	2,463.29	-0.90	-23.57
Dollar Index	93.99	0.35	-2.49
WTI oil (\$/bbl)	39.60	0.74	-35.15
Brent oil (\$/bbl)	41.72	0.68	-36.79
Gold (\$/oz)	1,899.30	-0.15	24.53
CPO (RM/tonne)	3,074.00	0.52	1.60

Source: Bloomberg

FX Daily Change vs USD (%)



Source: Bloomberg

Overnight Economic Data

US ↑ Eurozone ↑

Up Next

Date	Event	Prior
23/09	JP Jibun Bank Japan PMI Mfg (Sep P)	47.2
	JP Jibun Bank Japan PMI Services (Sep P)	45
	NZ RBNZ Official Cash Rate (23 Sep)	0.25%
	MA CPI YoY (Aug)	-1.30%
	SG CPI YoY (Aug)	-0.40%
	MA Foreign Reserves (15 Sep)	\$104.4b
	EU Markit Eurozone Manufacturing PMI	51.7
	EU Markit Eurozone Services PMI (Sep P)	50.5
	UK Markit UK PMI Manufacturing SA (Sep)	55.2
	UK Markit/CIPS UK Services PMI (Sep P)	58.8
	US MBA Mortgage Applications (18 Sep)	-2.5%
	US FHFA House Price Index MoM (Jul)	0.90%
	US Markit US Manufacturing PMI (Sep P)	53.1
	US Markit US Services PMI (Sep P)	55
24/09	NZ Trade Balance 12 Mth YTD NZD (Aug)	-115m
	HK Exports YoY (Aug)	-3.00%
	US Initial Jobless Claims (19 Sep)	--
	US New Home Sales (Aug)	901k

Source: Bloomberg

Macroeconomics

- **Positive US housing and manufacturing data:**
 - Existing home sales rose 2.4% MOM in August (Jul: +24.7%) to a 6mil annual pace, the fastest pace since end 2006. Sales of previously owned home has risen for straight three months since June, supported by low interest rates.
 - The headline Richmond Fed manufacturing index picked up to 21 in September (Aug: 18), marking its third month of growth since the economy reopened.
- **Eurozone consumer sentiment remained pessimistic:** Preliminary reading of European Commission Consumer Confidence Index improved slightly to -13.9 in September (Aug: -14.7) but nonetheless the index's best level in six months. The small change indicates that consumer sentiment remain weighed down by the uncertainty of recovery as well as recent higher coronavirus cases on the continent.

Forex

MYR (Neutral-to-Bearish)

- USD/MYR rose for the second session by 0.2% to 4.1325. This comes after the greenback benefits from the recent retreat in sentiment as investors fled to quality assets.
- **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-Bullish Outlook over 1 Week Horizon)

- The dollar index gained for the second session by 0.4% to 93.99. Major currencies continued to weaken against the greenback.
- **Factors supporting:** Risk aversion, US-China relations
- **Factors against:** Volatility, positive developments from global policy makers, poor US economy, US stimulus

EUR (Neutral-to-Bearish)

- EUR/USD weakened further by 0.5% to 1.1708, looking to break 1.17 as USD turned firmer.
- **Factors supporting:** USD weakness, Europe economic recovery
- **Factors against:** Risk aversion, Faltering fundamentals

GBP (Bearish)

- GBP/USD lost 0.7% to 1.2733 and is expected to weaken further after UK reintroduced tighter pandemic restriction.
- **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 rose 0.3% to 104.93 as JPY was weighed down by dollar strength.
- **Factors supporting:** New prime minister's directives, BOJ policy, USD weakness
- **Factors against:** Weak fundamentals, risk sentiments

AUD (Neutral-to-Bearish)

- AUD/USD dipped 0.7% to 0.7171 after RBA deputy governor Dabelle's FX intervention remarks.
- **Factors supporting:** Resilient economy, USD weakness
- **Factors against:** Risk aversion, 2nd wave of Covid-19 infections, China-Australia relations

SGD (Neutral)

- USD/SGD rose 0.2% to 1.3653 amid dollar strength. After looking constructive, SGD may turn more vulnerable from global shifts.
- **Factors supporting:** Fed vs. MAS policy, economic recovery, USD weakness
- **Factors against:** Risk aversion, trade war, US-China

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