

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

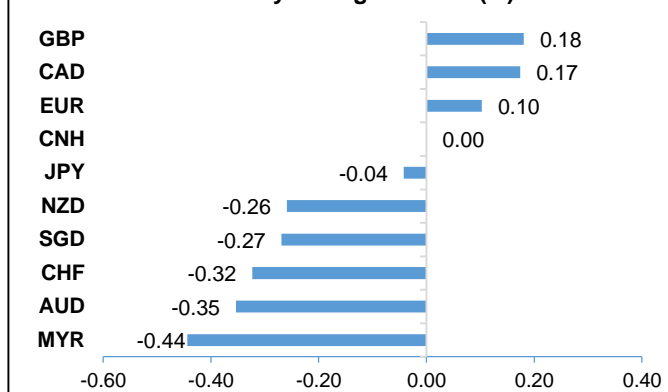
- US stocks ended higher overnight following a choppy session**; main indexes gained 0.2-0.4%, as tech shares rebounded. This comes after **jobless claims data again point to a softening job market**, but some optimism stemmed from headlines that the **Democrats are crafting a new \$2.2trillion stimulus package**. Treasury yields fell were little changed along the curve; 10Y UST yield was flattish at 0.67%. Gold futures recovered some recent losses, picking up 0.5% to \$1868.9/oz. This was alongside a steady dollar. Brent futures rose for the third session (+0.4%) to \$41.94/barrel; US benchmark WTI outperformed with a 0.9% gain, settling at \$40.31/barrel. **FTSE Russell retained Malaysia on its watchlist for possible exclusion from the World Government Bond Index with the next review in Mar-2021. China will be included in the index.**
- Data remained scanty. **US initial jobless claims held steady** at 870k last week while continuous claims recorded smaller decline, confirming slower job growth. **The housing sector remained a bright spot** as new homes sales beat expectations at 1mil annual pace. **Kansas City Fed manufacturing index slipped** to 11. Other than that, **Hong Kong exports fell for the sixth month** by 2.3% YOY.
- DXY have consolidated on Thursday, with a high of 94.59 before dipping to c. 94.30 level at close. We are technically **bullish on USD** due to strong momentum on the upside. Sentiments have turned for the worse and we may be heading into a bumpy ride next few months. A partial rebound towards 96 is not implausible.
- USD/MYR closed 0.44% higher at 4.1710 on Thursday, marking its fourth consecutive day of gain. **Outlook for USD/MYR is neutral to bearish** today as FTSE Russell's decision is likely to keep the local unit supported and help reverse some of MYR's recent losses, especially after the greenback has held steady overnight amid slightly better risk sentiment while the initial uncertainty over local politics have also appeared to have abated somewhat.

#### Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	26,815.44	0.20	-6.04
S&P 500	3,246.59	0.30	0.49
FTSE 100	5,822.78	-1.30	-22.80
Hang Seng	23,311.07	-1.82	-17.31
KLCI	1,500.80	0.29	-5.54
STI	2,450.82	-1.22	-23.95
Dollar Index	94.35	-0.04	-2.11
WTI oil (\$/bbl)	40.31	0.95	-34.23
Brent oil (\$/bbl)	41.94	0.41	-36.45
Gold (\$/oz)	1,868.90	0.45	22.38
CPO (RM/tonne)	2,933.00	-0.66	-3.06

Source: Bloomberg

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



Source: Bloomberg

#### Overnight Economic Data

US → Hong Kong ↓

#### Up Next

Date	Event	Prior
25/09	SG Industrial Production YoY (Aug)	-8.4%
	US Durable Goods Orders (Aug P)	11.4%
	US Cap Goods Orders Nondef Ex Air (Aug)	1.9%
28/09	MA Exports YoY (Aug)	3.1%
	US Dallas Fed Manf. Activity (Sep)	8.0

Source: Bloomberg

## Macroeconomics

- **US jobless claims data point to slow job growth, new home sales highest since 2006:**
  - Initial jobless claims amounted to 870k for the week ended 19 Sep (prior: 866k); new claims has now holding at 860k to 880k for the fourth consecutive week, while continuous claims also recorded smaller print compared to the prior week (fell to 12.58mil as of 12 Sep vs 12.75mil prior) confirming that job growth has waned.
  - New home sales beat expectation to record 4.8% MOM gain in August (Jul: +14.7%), marking its fourth month of back-to-back increase. Analysts had been expecting sales to decline by 1.2%. This brought sales to an annual pace of 1mil, its highest since 2006.
  - Kansas City Fed Manufacturing Index slipped to 11 in Sep (Aug: 14), indicating weaker expansion in the manufacturing industry.
- **Hong Kong exports fell in August:** Hong Kong exports fell 2.3% YOY in August (Jul: -3%), extending its declining streak to a full six-month. Exports to China was 1.4% YOY lower compared to the same month last year whereas exports to the US, Japan, Germany and Singapore also declined. The fall in exports was not surprising as the global economy continued to struggle to recover from the pandemic shock.

## Forex

### MYR (Neutral-to-Bullish)

- USD/MYR closed 0.44% higher at 4.1710 on Thursday, marking its fourth consecutive day of gain. Outlook for USD/MYR is neutral to bearish today as FTSE Russell's decision is likely to keep the local unit supported and help reverse some of MYR's recent losses.
- **Factors supporting:** Economic recovery, less dovish MPC, USD weakness
- **Factors against:** Risk aversion, US-China relations, domestic politics, imposition of second lockdown

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

- DXY have consolidated on Thursday, with a high of 94.59 before dipping to c. 94.30 level at close. We are technically bullish on USD due to strong momentum on the upside. Sentiments have turned for the worse and we may be heading into a bumpy ride next few months. A partial rebound towards 96 is not implausible.
- **Factors supporting:** Risk aversion, US-China relations
- **Factors against:** Volatility, positive developments from global policymakers, poor US economy, US stimulus

### EUR (Bearish)

- EUR/USD hit a low of 1.1627 on Thursday but rebounded to c.1.1670 level by Friday open. A break of our previously stated support of 1.1738 is now technically pointing towards a reversal of prior upward movements. 1.16 now the focus and if that breaks, attention is on 1.14 – very much below current levels.
- **Factors supporting:** USD weakness, Europe economic recovery
- **Factors against:** Risk aversion, Faltering fundamentals

### GBP (Bearish)

- GBP/USD continues to head lower since the high of 1.3482. on 1 September. The pair rebounded slightly on Thursday, back to c.1.2750 level. 1.2670 is a key support before turning to 1.25. In our view, GBP may be vulnerable towards risk off mood in markets. Brexit and other event risks remain as brakes.
- **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 remained steady staying around 105.40 on Thursday. Near-term we may still see JPY resilience compared to other G10 currencies, and a relatively solid resistance of 106.
- **Factors supporting:** New prime minister's directives, BOJ policy, USD weakness
- **Factors against:** Weak fundamentals, risk sentiments

### AUD (Bearish)

- AUD/USD stabilised after a downward trend seen since 21 September. Pair is staying around 0.7050 level by Friday open. A break away of the 0.70 support (also 100-day MA) can bring AUD/USD lower towards the 0.6773 200-day MA. Risk off mood is unfavourable for AUD at this stage.
- **Factors supporting:** Resilient economy, USD weakness
- **Factors against:** Risk aversion, 2<sup>nd</sup> wave of Covid-19 infections, China-Australia relations

### SGD (Bearish)

- USD/SGD touched the 50-day MA on 23 September, now triggering our shift towards a bearish call. Pair reached a high of 1.3783 but is now staying around 1.3750 and awaiting further market movements. Resistance of 100- and 200- day MA of around 1.3850 will be keenly watched.
- **Factors supporting:** Fed vs. MAS policy, economic recovery, USD weakness
- **Factors against:** Risk aversion, trade war, US-China

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.