

Global Markets Research

Daily Market Highlights

Key Takeaways

- Little change in market sentiments amid a bag of mixed economic releases overnight. **Data flow from the US remained mixed with uneven growth across different Fed districts while pending home sales defied recent weaknesses in housing data to surprise on the upside.** Official prints on **China PMI manufacturing and services** also took center stage, with softer readings from both sectors **renewing concerns over moderating growth in the Chinese economy.**
- Over in Europe, **Eurozone jobless rate which fell to an 8-year low of 9.1% in June and sustained 1.3% YOY gain in CPI should augur well with prospects of ECB's autumn debate on tapering plans.** On the contrary, **further weaknesses evident in UK housing and consumer demand shall keep the BOE on hold this week.**
- **USD fell against 8 G10s** while the Dollar Index tumbled in late US morning to close 0.42% lower at 92.86 as sell-off continues on US political instability and less upbeat comments from Fed officials. **We turn bearish on USD** in anticipation of extended sell-off from risk aversion ahead of US data; expect sharp losses if US data disappoints. Amid prevailing bearish bias, firmer downside momentum and close below 93 level, expect the Dollar Index to extend its decline time being.
- **MYR closed unchanged at 4.2813 against USD** after returning early gains and weakened against all G10s on the back of softer risk appetite. **Expect a bullish MYR on the back of a weak USD** but gains are likely capped by prevailing risk-off sentiment in the markets. An early gap-down today is a sign that bears are strengthening. We expect losses going forward that could test 4.2733.
- **SGD advanced 0.14% to 1.3553 against a soft USD** but retreated against 8 G10s on the back of soft risk appetite. **Stay bearish on SGD against USD** as risk appetite in the markets remain soft ahead of US data. Amid thinning downside momentum, we opine that losses will be more contained going forward. We continue to set sights on a rebound going forward, with scope to rise to as high as 1.3681 in the coming weeks.

Overnight Economic Data

US	➔
EU	↕
UK	↕
Japan	↕
China	↕
NZ	↕

What's Coming Up Next

Major Data

- US personal income/ spending, PCE core, ISM & PMI manufacturing
- EU 2QGDP, PMI manufacturing
- China Caixin PMI manufacturing
- Japan, Malaysia, Vietnam Nikkei PMI

Major Events

- RBA MPC meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1777	1.1800	1.1824	1.1863	1.1880	↗
USDJPY	110.00	110.21	110.37	110.55	110.76	↘
GBPUSD	1.3159	1.3191	1.3207	1.3221	1.3250	↗
AUDUSD	0.7991	0.8000	0.8027	0.8050	0.8080	↘
EURGBP	0.8920	0.8939	0.8953	0.8966	0.8976	↘
USDMYR	4.2733	4.2750	4.2768	4.2795	4.2814	↘
EURMYR	5.0500	5.0558	5.0575	5.0616	5.0650	↗
JPYMYR	3.8660	3.8750	3.8758	3.8791	3.8852	↗
GBPMYR	5.6382	5.6437	5.6483	5.6500	6.6550	↗
SGDMYR	3.1500	3.1536	3.1565	3.1580	3.1600	↘
AUDMYR	3.4148	3.4203	3.4340	3.4350	3.4380	↘
NZDMYR	3.2021	3.2108	3.2148	3.2186	3.2200	↗
USDSGD	1.3543	1.3550	1.3560	1.3575	1.3592	↗
EURSGD	1.5973	1.6000	1.6029	1.6039	1.6066	↗
GBPSGD	1.7886	1.7896	1.7900	1.7916	1.7937	↗
AUDSGD	1.0840	1.0866	1.0874	1.0891	1.0927	↘

*at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; ➔ = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1760.0	-0.4	7.2	CRB Index	182.6	0.29	-5.1
Dow Jones Ind.	21891.1	0.3	10.8	WTI oil (\$/bbl)	50.1	0.93	-6.6
S&P 500	2470.3	-0.1	10.3	Brent oil (\$/bbl)	52.6	1.00	-7.3
FTSE 100	7372.0	0.0	3.2	Gold (\$/oz)	1269.4	0.00	10.6
Shanghai	3273.0	0.6	5.5	CPO (RM/tonne)	2642.5	-0.88	-17.4
Hang Seng	27324.0	1.3	24.2	Copper (\$/tonne)	6369.0	0.70	15.1
STI	3329.5	0.0	15.6	Rubber (sen/kg)	501.5	-0.10	-22.3

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Chicago PMI	Jul	58.9	65.7	59.0
US Pending home sales MOM	Jun	1.5%	-0.7%	1.0%
US Dallas Fed manufacturing	Jul	16.8	15.0	13.0
EU Unemployment rate	Jun	9.1%	9.3%	9.2%
EU CPI estimate YOY	Jul	1.3%	1.3%	1.3%
UK Net consumer credit	Jun	£1.5b	£1.7b	£1.5b
UK Mortgage approvals	Jun	64.7k	65.1k	65.0k
JP Industrial production MOM	Jun	1.6%	-3.6%	1.5%
JP Housing starts YOY	Jun	1.7%	-0.3%	0.1%
CH Manufacturing PMI	Jul	51.4	51.7	51.5
CH Non-manufacturing PMI	Jul	54.5	54.9	--
NZ ANZ activity outlook	Jul	40.3	42.8	-
NZ ANZ biz confidence	Jul	19.4	24.8	-

Source: Bloomberg

- US data releases on Monday were somewhat mixed, with Chicago PMI pulled back to a reading of 58.9 in July from a prior reading of 65.7 in June whilst Dallas Fed manufacturing staged a surprised uptick to 16.8 in July, reaffirming uneven growth pace across districts in the US. Contrary to weaknesses in recent housing data, pending home sales rebounded more than expected to increase 1.5% MOM in June (May: -0.7% MOM). The improved home sales data yesterday offered hopes that housing demand is stabilizing following a 3-month downturn but as always, we caution against reading too much into a single month of print.
- In the Eurozone, unemployment rate for the month of June fell to 9.1% from a revised reading of 9.2% back in May, marking its lowest point of unemployment rate in eight years. In terms of inflation outlook, CPI sustained a 1.3% YOY increase in July, although it is still below the ECB's target of 2.00%. Market players will still be watching upcoming data releases ahead of autumn debate on the prospects of ECB monetary policy with tapering plans on the cards.
- In the UK, weak housing and consumer data added to signs of lingering softness in domestic demand. Net consumer credit came in lower at £1.5bn in June, suggesting consumers are pulling back on their spending. In a separate release, mortgage approvals fell to 64.7k in June versus a prior 65.1k level according to a Bank of England report. Recall, the Bank of England in June responded to rapid buildup of credit, ordering lenders to hold billions of pounds of extra capital and urging banks to strengthened rules on mortgage lending to rein in what officials called "pocket of risks".
- PMI readings from China for the month of July moderated slightly for both manufacturing and non-manufacturing activities, with readings of 51.4 (previous: 51.7) and 54.5 (previous: 54.9) respectively, although prints above 50 still indicates expansion. The slight drop in PMI readings raised concerns of more moderate growth in the Chinese economy.
- Meanwhile in Japan, industrial production rebounded in June, climbing 1.6% MOM versus a prior decline of 3.6% MOM, as improving global demand seen supporting upward trend in production levels. Housing starts also turned more upbeat, increasing 1.7% YOY in June versus a prior -0.1% and exceeded survey expectations of 0.1% gain.
- ANZ surveys showed business confidence and activity outlook deteriorated in July. Activity outlook weakened to 40.3 (Jun: 42.8) while business confidence slipped to 19.4 in July (Jun: 24.8).

Economic Calendar Release Date

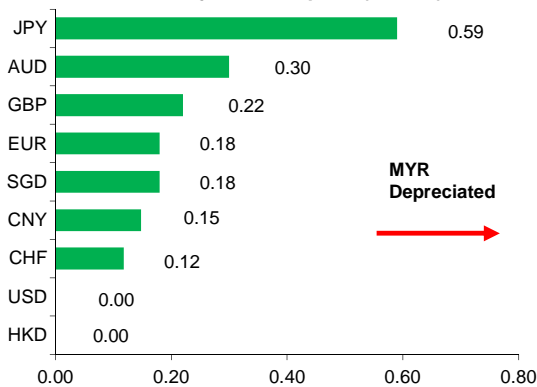
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	8/01	Nikkei PMI	Jul	--	46.9	--
US	8/01	Personal income	Jun	0.4%	0.4%	--
		Personal spending	Jun	0.1%	0.1%	--
		PCE core MOM	Jun	0.1%	0.1%	--
		Markit PMI manufacturing	Jul F	53.2	53.2	--
		ISM manufacturing	Jul	56.2	57.8	--
		MBA mortgage applications	Jul 28	-	0.4%	--
EU	8/01	ADP employment change	Jul	185K	158K	--
		Markit PMI manufacturing	Jul F	56.8	56.8	--
		GDP YOY	2Q A	2.1%	1.9%	--
UK	8/02	PPI YOY	Jun	-	3.3%	--
		8/01	PMI Manufacturing	Jul	54.5	54.3
Japan	8/02	Nationwide house prices YoY	Jul	2.6%	3.1%	--
		PMI Construction	Jul	-	54.8	--
		8/01	Nikkei PMI manufacturing	Jul F	--	52.2
China	8/02	Consumer confidence	Jul	43.5	43.3	--
		Caixin PMI manufacturing	Jul	50.4	50.4	--
Australia	8/01	RBA Cash Rate Target	Aug 1	1.50%	1.50%	--
		8/02	Building Approvals YoY	Jun	-11%	-19.7%
New Zealand	8/02	Unemployment Rate	2Q	4.8%	4.9%	--
		Participation Rate	2Q	70.6%	70.6%	--
Vietnam	8/01	Nikkei Vietnam PMI Manufacturing	Jul	-	52.5	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1842	0.77	1.1846	1.1723	12.4
USDJPY	110.26	-0.38	110.77	110.22	-5.7
GBPUSD	1.3215	0.60	1.3224	1.3097	7.0
AUDUSD	0.8003	0.20	0.8004	0.7956	11.2
EURGBP	0.8961	0.16	0.8976	0.8933	4.9
USDMYR	4.2813	0.00	4.2813	4.2770	-4.7
EURMYR	5.0236	0.18	5.0291	5.0168	7.1
JPYMYR	3.8726	0.59	3.8791	3.8628	1.2
GBPMYR	5.6153	0.22	5.6258	5.6054	2.4
SGDMYR	3.1553	0.18	3.1557	3.1502	1.7
AUDMYR	3.4141	0.30	3.4203	3.4056	5.8
NZDMYR	3.2039	0.16	3.2186	3.2021	3.0

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR closed unchanged at 4.2813 against USD** after returning early gains and weakened against all G10s on the back of softer risk appetite.
- **Expect a bullish MYR on the back of a weak USD** but gains are likely capped by prevailing risk-off sentiment in the markets. An early gap-down today is a sign that bears are strengthening. We expect losses going forward that could test 4.2733.

USD

- **USD fell against 8 G10s** while the Dollar Index tumbled in late US morning to close 0.42% lower at 92.86 as sell-off continues on US political instability and less upbeat comments from Fed official.
- **We turn bearish on USD** in anticipation of extended sell-off from risk aversion ahead of US data; expect sharp losses if US data disappoints. Amid prevailing bearish bias, firmer downside momentum and close below 93 level, expect the Dollar Index to extend its decline time being.

EUR

- **EUR surged 0.77% 1.1842 against a weak USD** and beat all G10s, supported by firmer Eurozone data.
- **EUR is now bullish against a weak USD**, with scope for more gains if Eurozone data outperforms. EURUSD has found renewed strength after closing above 1.1800 and is likely to remain in the gains for some time. Expect a stern test approaching 1.1900.

GBP

- **GBP climbed 0.60% to 1.3215 against a weak USD** and advanced against 5 G10s as refuge demand firmed up with the FX space.
- **Expect a bullish GBP against a weak USD.** GBPUUSD is technically bullish after closing above 1.3215. This new found strength will continue to support the pair to potentially test 1.3292 next.

JPY

- **JPY strengthened 0.38% to 110.26 against USD** but eased against 5 G10s that were mostly firmer European majors.
- **Stay bullish on JPY against USD**, supported by refuge demand within the FX space ahead US data. Losses will continue to prevail in USDJPY after closing below 110.43. The pair is poised to test 109.39 next.

AUD

- **AUD slipped against 6 G10s** on risk aversion ahead of RBA policy decision today but **rose 0.20% to 0.8003 against a soft USD.**
- **AUD remains bearish against USD**, on the back of bearish potential ahead of RBA and prevailing risk-off sentiment, but we reckon that losses may be narrowed by a soft greenback. Signs of potential reversal continue to prevail. As such, we maintain a bearish view and set sights on a drop to 0.7914 going forward, below which a path to 0.7802 will firm up.

SGD

- **SGD advanced 0.14% to 1.3553 against a soft USD** but retreated against 8 G10s on the back of soft risk appetite.
- **Stay bearish on SGD against USD** as risk appetite in the markets remain soft ahead of US data. Amid thinning downside momentum, we opine that losses will be more contained going forward. We continue to set sights on a rebound going forward, with scope to rise to as high as 1.3681 in the coming weeks.

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