

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global data releases on Wednesday was rather mixed, with ADP gains moderating more than expected to 178k n July** versus a higher revised level in June ahead of US non-farm payroll release tomorrow. In the UK, construction PMI grew at its weakest in a year with reading of 51.9 versus a prior month's level of 54.8. On a positive note, Japan's consumer confidence index showed slight improvement.
- **We expect focus to shift towards upcoming key data releases from the US tonight** with a set of heavy data releases comprising of factory orders, durable goods, ISM as well as PMI services. A slew of services and PMI releases from Eurozone, UK, Japan and China will be key focuses for investors as well. On the monetary policy front, BOE meeting today and rhetoric of policy statement will provide further hints on future monetary policy direction. **Recent less sanguine macro prints from the UK, shall keep BOE accommodative in its monetary policies in the medium term.**
- **USD closed mixed against the G10s** but the Dollar Index tumbled in US session before paring losses to close 0.22% lower at 92.83, weighed down by softer than expected US data and cautious tone from a few Fed officials. **We turn bearish on USD** amid bearish potential in US data. Signs continue to point to a close below 92.83 in the coming days but we note that pace of losses will gradually fade before attempting a rebound by next week. Meanwhile, expect potential tests at 92.54.
- **MYR was hardly changed against USD at 4.2855 yesterday** but managed to advance against 5 G10s. **MYR remains bearish against USD**, weighed down by risk aversion ahead of US data tonight. USDMYR remains technically bullish while above 4.2863 and there is still room to climb to circa 4.2908 going forward. Breaking this will put the pair on a firmer path to 4.2977.
- **SGD slipped 0.07% to 1.3589 against USD** and fell against 6 G10s on accumulated losses ahead of US data. Stay bearish on SGD against USD as risk appetite in the markets remain soft ahead of US data. **We continue to set sights on USDSGD rebound going forward**, with scope to rise to as high as 1.3681 in the coming weeks. Closing above 1.3609 will be a bullish boost to USDSGD's attempt.

Overnight Economic Data

US	↓
EU	→
UK	↓
Australia	↓
Hong Kong	↓
Japan	↑

What's Coming Up Next

Major Data

- US initial jobless claims, factory orders, durable goods orders, ISM & PMI Services
- EU Retail Sales, PMI Services
- UK PMI Services
- Japan Nikkei PMI Services
- China Caixin Services

Major Events

- BOE meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1800	1.1820	1.1842	1.1850	1.1884	↗
USDJPY	110.29	110.59	110.73	110.83	111.07	↗
GBPUSD	1.3159	1.3200	1.3219	1.3245	1.3292	↗
AUDUSD	0.7900	0.7914	0.7936	0.7972	0.8002	↘
EURGBP	0.8920	0.8940	0.8954	0.8965	0.8988	↘
USDMYR	4.2812	4.2841	4.2863	4.2873	4.2908	↗
EURMYR	5.0681	5.0700	5.0756	5.0800	5.0851	↗
JPYMYR	3.8586	3.8620	3.8699	3.8732	3.8791	↗
GBPMYR	5.6600	5.6620	5.6667	5.6680	5.6728	↗
SGDMYR	3.1450	3.1470	3.1486	3.1502	3.1514	↘
AUDMYR	3.3901	3.3950	3.4001	3.4041	3.4122	↘
NZDMYR	3.1627	3.1653	3.1706	3.1772	3.1812	↘
USDSGD	1.3579	1.3593	1.3616	1.3634	1.3669	↗
EURSGD	1.6080	1.6100	1.6118	1.6123	1.6150	↗
GBPSGD	1.7950	1.7980	1.7999	1.8000	1.8016	↗
AUDSGD	1.0761	1.0780	1.0796	1.0807	1.0830	↘

*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	1770.6	0.3	7.9	CRB Index	182.0	0.68	-5.5
Dow Jones Ind.	22016.2	0.2	11.4	WTI oil (\$/bbl)	49.6	0.87	-7.7
S&P 500	2477.6	0.0	10.7	Brent oil (\$/bbl)	52.4	1.00	-8.0
FTSE 100	7411.4	-0.2	3.8	Gold (\$/oz)	1266.7	-0.20	10.3
Shanghai	3285.1	-0.2	5.8	CPO (RM/tonne)	2652.0	0.36	-17.1
Hang Seng	27607.4	0.2	25.5	Copper (\$/tonne)	6352.0	0.11	14.8
STI	3348.8	0.3	16.2	Rubber (sen/kg)	499.5	-0.10	-22.6

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US MBA mortgage applications	Jul 28	-2.8%	0.4%	-
US ADP employment change	Jul	178K	191K	190K
EU PPI YoY	Jul	2.5%	3.4%	2.5%
UK Construction PMI	Jul	51.9	54.8	54.0
HK Retail Sales Value YoY	Jun	0.1%	0.4%	2.3%
AU Building Approvals YoY	Jun	-2.3%	-18.7%	-11%
JP Consumer Confidence Index	Jul	43.8	43.3	43.5

Source: Bloomberg

- US data releases on Wednesday was a tad softer. ADP showed hiring activities moderated in July with 178K gains, which was lower than consensus and prior level of 191K (revised). However ADP Research Institute commented that the hiring gains for the month is consistent with moderate growth in the US. In a separate release, mortgage applications for the period ended Jul 28 declined 2.8% versus a prior level of +0.4%.
- In the Eurozone, producer prices rose by a much slower pace of 2.5% YOY in July, after climbing 3.4% in the previous month. In the UK, construction PMI grew at its weakest in a year with a weaker than expected reading of 51.9 versus a prior month's level of 54.8. Recall, construction sector was a drag to growth in the second quarter, and the economy as a whole experienced "notable slowdown" in the first half of the year, according to the Department of National Statistics last week.
- In Asia, Japan consumer confidence rose more than expected to 43.8 in July. The index showed improvement in consumer confidence on willingness to buy durable goods.
- Hong Kong's retail sales surprised on the downside in June. Growth in retail sales value unexpectedly eased to 0.1% YOY after gaining a revised 0.4% in May. Tourism-related sectors like jewellery, watches & clock as well as wearing apparels led the slowdown in sales while domestic-oriented sales including food and supermarket sales kept overall sales supported.
- In Australia, building approvals remained soft with levels declining by 2.3% YOY in June but was better than consensus estimate for a 11.0% decline.

Economic Calendar Release Date

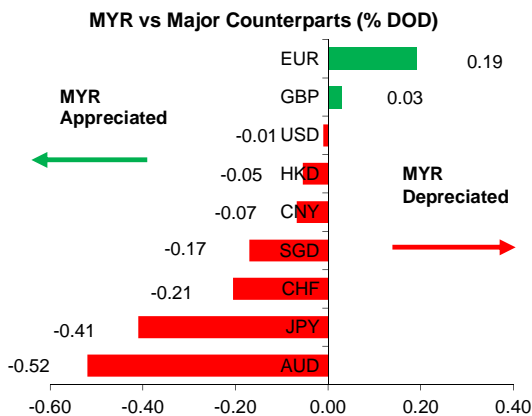
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	8/04	Exports YoY	Jun	18.3%	32.5%	
		Imports YoY	Jun	19.8%	30.4%	
US	8/03	Initial Jobless Claims	Jul 29	242k	244k	
		Markit PMI Services	Jul F	54.2	54.2	-
		ISM Non-manufacturing	Jul	56.9	57.4	-
		Factory Orders	Jun	3.0%	-0.8%	-
		Durable Goods Orders	Jun F	0.0%	6.5%	-
	8/04	Non-farm payrolls	Jul	180K	222K	
		Unemployment Rate	Jul	4.3%	4.4%	
EU	8/03	Retail Sales YoY	Jun	2.5%	2.6%	-
		Markit Services PMI	Jul F	55.4	55.4	
		Markit Composite PMI	Jul F	55.8	55.8	
UK	8/03	Services PMI	Jul	53.6	53.4	-
		BOE Bank Rate	Aug 3	0.25%	0.25%	-
		BOE Asset Purchase Target	Aug	435b	435b	
Japan	8/03	Nikkei PMI Services	Jul	-	53.3	-
China	8/03	Caixin PMI Services	Jul	-	51.6	-
Australia	8/04	Retails Sales MoM	Jun	0.2%	0.6%	

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1856	0.46	1.191	1.1794	12.6
USDJPY	110.72	0.33	110.98	110.29	-5.3
GBPUSD	1.3223	0.15	1.3251	1.3191	7.1
AUDUSD	0.7968	-0.01	0.7993	0.7942	10.2
EURGBP	0.8966	0.30	0.89888	0.8933	5.0
USDMYR	4.2855	-0.01	4.2890	4.2808	-4.5
EURMYR	5.0732	0.19	5.0851	5.0576	7.4
JPYMYR	3.8686	-0.41	3.8844	3.8651	1.0
GBPMYR	5.6699	0.03	5.6747	5.6574	2.7
SGDMYR	3.1525	-0.17	3.1558	3.1481	1.5
AUDMYR	3.4102	-0.52	3.4169	3.4053	5.1
NZDMYR	3.1809	-0.84	3.1881	3.1779	1.8

Source: Bloomberg



Forex

MYR

- **MYR was hardly changed against USD at 4.2855 yesterday** but managed to advance against 5 G10s.
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USD

- **USD closed mixed against the G10s** but the Dollar Index tumbled in US session before paring losses to close 0.22% lower at 92.83, weighed down by softer than expected US data and cautious tone from a few Fed officials.
- **We turn bearish on USD** amid bearish potential in US data. Signs continue to point to a close below 92.83 in the coming days but we note that pace of losses will gradually fade before attempting a rebound by next week. Meanwhile, expect potential tests at 92.54.

EUR

- **EUR strengthened 0.46% to 1.1856 against a soft USD** and climbed to the top of the G10 list as demand for European majors improved.
- **EUR is likely to extend its gains on the back of a soft USD**, more so if Eurozone data improves. Caution that sign of exhaustion has emerged; strong advance was rejected by 1.1910. We maintain that there is a limit to the scope of EURUSD gains, but current bullish bias still points to overall higher for the pair.

GBP

- **GBP was undeterred by softer than expected UK data as it rose 0.15% to 1.3223 against a soft USD** and beat 6 G10s on hawkish BOE expectations.
- **Expect a bullish GBP against USD**, supported by firmer bids amid hawkish expectations ahead of BOE meeting. GBPUSD is expected to hold above 1.3200, and poised to test 1.3292. However, we caution that signs of exhaustion has emerged, pointing to softer gains and rising risk of declines.

JPY

- **JPY weakened 0.33% to 110.72 against USD** and fell against 8 G10s as risk appetite in the markets improved.
- **Stay bearish on JPY against USD** as risk appetite prevails in the FX space that is likely to dampen refuge demand. Signs of rebound have strengthened and USDJPY could potentially climb to 111.67 in the next leg higher.

AUD

- **AUD eased 0.01% to 0.7968 against USD** and retreated against 5 G10 as commodity majors sank amid renewed interest in European majors.
- **AUD remains bearish against USD** on the back of risk-off sentiment. Bearish bias has emerged in AUDUSD, strengthening our view of a decline going forward. We continue to set sights on a drop to 0.7914 before moving lower to 0.7818.

SGD

- **SGD slipped 0.07% to 1.3589 against USD** and fell against 6 G10s on accumulated losses ahead of US data.
- **Stay bearish on SGD against USD** as risk appetite in the markets remain soft ahead of US data. We continue to set sights on USDUSD rebound going forward, with scope to rise to as high as 1.3681 in the coming weeks. Closing above 1.3609 will be a bullish boost to USDUSD's attempt.

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