

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Another nuclear weapon test in North Korea over the weekend triggered demand for safe assets such as JPY and gold, but USD remained unloved amid direct confrontation between the hermit state and the US, as well as issues such as the US debt ceiling, administrative woes and soft US data, notably the softer job reports in August.**
- **US nonfarm payrolls registered an increase of 156k in Aug, but the net two months downward revision of 41k coupled with the uptick in unemployment rate, steady participation rate and softer wage gain all reaffirmed our view for a Fed rate pause for the remaining of the year.** On a more upbeat note, **global manufacturing saw firmer footing in August**, with quicker expansions registered in the US, EU, UK, Japan, China, and Australia while the Nikkei PMI in Malaysia rebounded to expansionary mode for the first time since April. **However, we would like to caution that activity at US factories may ease in September** once impact of Hurricane Harvey, and potentially Hurricane Irma, are taken into account.
- **USD slipped against 6 G10s** while the Dollar Index lost 0.19% to settle at 92.63 after opening lower on renewed geopolitical tensions and softer US data. **We are now slightly bullish on USD** on the back of lingering geopolitical tensions supporting demand for refuge. Technically, the Dollar Index remains biased to the downside but we reckon that losses will likely bounce off 92.63 or 92.53, potentially triggering a soft rebound to circa 92.88. Losing 92.53 tilts the Dollar Index towards a test at 92.00.
- **MYR overturned early gains to close last Wednesday 0.09% softer at 4.2710 against USD** amid risk aversion ahead of the long weekend but managed to advance against 8 G10s. **MYR is likely to retreat against USD**, pressured by lingering risk-off sentiment in the markets. It appears that USDMYR has bounced off 4.2648 and is now heading higher, with scope to test 4.2735 in the next leg higher. Beating this exposes a move to 4.2785.
- **SGD** was similarly weighed down by risk-off sentiment in the markets, sliding against 6 G10s but **closed unchanged against USD at 1.3572**. **Expect a bearish SGD against USD** as risk appetite continue to soften. A mild bullish bias has emerged and we set sights on a rebound in USDSGD, with scope to test 1.3598 – 1.3600 in the next leg higher.

Overnight Economic Data

US	↓
EU	↑
UK	→
Japan	↑
China	↑
Australia	→
Malaysia	↑

What's Coming Up Next

Major Data

- US factory orders, durable goods orders
- PMI services from EU, UK, Japan, China

Major Events

- RBA rate decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1920	1.1955	1.1895	1.1907	1.1922	↘
USDJPY	109.20	109.66	109.75	109.93	110.11	↘
GBPUSD	1.2890	1.2909	1.2924	1.2962	1.3000	↘
AUDUSD	0.7915	0.7932	0.7948	0.7952	0.7980	↘
EURGBP	0.9165	0.9185	0.9201	0.9228	0.9246	↘
USDMYR	4.2648	4.2670	4.2685	4.2700	4.2735	↗
EURMYR	5.0620	5.0700	5.0767	5.0854	5.0878	↘
JPYMYR	3.8800	3.8842	3.8913	3.8932	3.8980	↘
GBPMYR	5.5100	5.5141	5.5170	5.5250	5.5313	↘
SGDMYR	3.1425	3.1456	3.1468	3.1481	3.1510	↘
AUDMYR	3.3879	3.3910	3.3932	3.3948	3.3980	↘
NZDMYR	3.0520	3.0550	3.0581	3.0612	3.0650	↘
USDSGD	1.3528	1.3550	1.3565	1.3583	1.3600	↗
EURSGD	1.6100	1.6126	1.6133	1.6155	1.6165	↘
GBPSGD	1.7500	1.7511	1.7531	1.7559	1.7600	↘
AUDSGD	1.0761	1.0771	1.0782	1.0789	1.0795	↘

*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	1773.2	0.7	8.0	CRB Index	180.9	0.05	-6.0
Dow Jones Ind.	21987.6	0.2	11.3	WTI oil (\$/bbl)	47.3	0.10	-12.0
S&P 500	2476.6	0.2	10.6	Brent oil (\$/bbl)	52.3	-0.80	-13.5
FTSE 100	7411.5	-0.4	3.8	Gold (\$/oz)	1333.9	0.70	8.1
Shanghai	3379.6	0.4	8.9	CPO (RM/tonne)	2700.5	-0.33	-15.6
Hang Seng	27740.3	-0.8	26.1	Copper (\$/tonne)	6917.0	1.20	25.0
STI	3231.0	-1.4	12.2	Rubber (sen/kg)	546.5	-0.91	-15.3

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY Nikkei manufacturing PMI	Aug	50.4	48.3	--
US nonfarm payrolls	Aug	156k	189k	180k
US unemployment rate	Aug	4.4%	4.3%	4.3%
US Markit manufacturing PMI	Aug F	52.8	52.5	52.5
US ISM manufacturing	Aug	58.8	56.3	56.5
US Uni. of Michigan confidence	Aug F	96.8	97.6	97.5
EU Sentix Investor Confidence	Sept	28.2	27.7	27
EU manufacturing PMI	Aug F	57.4	57.4	57.4
UK manufacturing PMI	Aug	56.9	55.3	55.0
UK Markit/CIPS construction PMI	Aug	51.1	51.9	52.0
CH Caixin manufacturing PMI	Aug	51.6	51.1	51.0
JP manufacturing PMI	Aug F	52.2	52.8	--
AU AiG manufacturing index	Aug	59.8	56.0	--
AU AiG services index	Aug	53.0	56.4	--

Source: Bloomberg

- Another nuclear weapon test in North Korea over the weekend triggered demand for safe assets such as JPY and gold, but USD remained unloved amid direct confrontation between the hermit state and the US, as well as issues such as the US debt ceiling, administrative woes and soft US data.
- Let's back-track to last Friday's important dataflow that were missed; the US again churned out figures that were biased to the downside, though globally, manufacturing sector found firmer footing.
- US nonfarm payrolls registered an increase of 156k in Aug, and the better than expected sum of 209k in Jul was downwardly revised to 189k. Unemployment rate inched 0.1% higher to 4.4% in Aug, but percentage-wise, there was no increase in labour participation rate, meaning there is a net increase in the unemployed. According to University of Michigan's gauge, consumer sentiment improved in Aug, though less than initially expected; the jump from 93.4 in Jul to 97.6 in Aug initial report was pared down to 96.8.
- The manufacturing sector across major economies continue to pick up pace in Aug. But in the US, the ISM and Markit measures of the sector contradicted; ISM index climbed to 58.8 from 56.3 in Jul, while Markit's index slipped to 52.8 from 53.3 in Jul. Activity at factories may ease in September once impact of Hurricane Harvey, and potentially Hurricane Irma, are taken into account.
- In the Eurozone, manufacturing sector grew at the quickest pace in 74 months as PMI rose to 57.4 in the final Aug reading from 56.6, fueled by acceleration in production, domestic and external demand. Investor sentiment also improved in the region, as measured by Sentix that showed an increase to 28.2 on the index in Sept from 27.7 previously.
- In the UK, broad-based growth in all 5 index components lifted the manufacturing PMI to 56.9 in Aug from 55.3. However, the PMI measure of construction sector dipped to 51.1 in Aug from 51.9, indicating slowing growth.
- Similar expansionary trends in manufacturing were observed in China and Japan. China's Caixin PMI inched higher to 56.9 in Aug from 55.3 in Jul, supported by rising new orders. Japan's manufacturing PMI inched higher to 52.2 in Aug from 51.1 previously amid improving new orders, output and employment.
- There was good news for Malaysia as manufacturing sector returned to expansionary territory for the first time since Apr, rising from 48.3 in Jul to 50.4 in Aug, led by firmer external demand and output. Meanwhile, the AiG gauge of Australia's manufacturing sector jumped to 59.8 in Aug from 56.0 in Jul. The services sector, however, recorded a softer growth in Aug with the AiG index sliding to 53.0 from 56.4 in Jul.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	9/6	Exports YOY	Jul	24.8%	10.0%	--
		Foreign reserves	Aug 30	--	\$100.4bn	--
US	9/5	Factory orders	Jul	-3.3%	3.0%	--
		Durable goods orders	Jul F	1.0%	-6.8%	--
	9/6	MBA mortgage applications	Sept 1	--	-2.3%	--
		Trade balance	Jul	-\$44.6bn	-\$43.6bn	--
		PMI services	Aug F	56.9	56.9	--
		ISM services	Aug	55.5	53.9	--
EU	9/5	PMI services	Aug F	54.9	54.9	--
		Retail sales MOM	Jul	-0.3%	0.5%	--
UK	9/5	PMI services	Aug	53.5	53.8	--
Japan	9/5	Nikkei PMI services	Aug	--	52.0	--
China	9/5	Caixin PMI services	Aug	--	51.5	--
Hong Kong	9/5	Nikkei PMI	Aug	--	51.3	--
Singapore	9/6	Nikkei PMI	Aug	--	51.3	--
Australia	9/5	RBA cash rate target	Sept 5	1.50%	1.50%	--
	9/6	GDP QOQ	2Q	--	0.3%	--

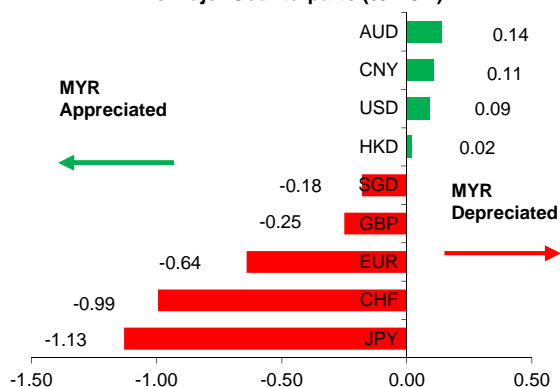
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1896	0.30	1.1922	1.1852	13.1
USDJPY	109.72	-0.48	109.93	109.23	-6.2
GBPUSD	1.2931	-0.15	1.2966	1.2913	4.7
AUDUSD	0.7944	-0.39	0.7973	0.7935	10.2
EURGBP	0.9202	0.47	0.92264	0.9154	7.8
USDMYR	4.2710	0.09	4.2730	4.2660	-4.8
EURMYR	5.1053	-0.64	5.1188	5.0989	8.1
JPYMYR	3.8875	-1.13	3.8932	3.8783	1.5
GBPMYR	5.5208	-0.25	5.5250	5.5101	0.1
SGDMYR	3.1502	-0.18	3.1558	3.1463	1.6
AUDMYR	3.3977	0.14	3.4153	3.3940	4.9
NZDMYR	3.0935	-0.30	3.1073	3.0877	-0.8

Source: Bloomberg

MYR pairs last closed on 30 Aug 2017

MYR vs Major Counterparts (% DOD)


MYR pairs last closed on 30 Aug 2017

Forex

MYR

- **MYR overturned early gains to close last Wednesday 0.09% softer at 4.2710 against USD** amid risk aversion ahead of the long weekend but managed to advance against 8 G10s.
- **MYR is likely to retreat against USD**, pressured by lingering risk-off sentiment in the markets. It appears that USDMYR has bounced off 4.2648 and is now heading higher, with scope to test 4.2735 in the next leg higher. Beating this exposes a move to 4.2785.

USD

- **USD slipped against 6 G10s** while the Dollar Index lost 0.19% to settle at 92.63 after opening lower on renewed geopolitical tensions and softer US data.
- **We are now slightly bullish on USD** on the back of lingering geopolitical tensions supporting demand for refuge. Technically, the Dollar Index remains biased to the downside but we reckon that losses will likely bounce off 92.63 or 92.53, potentially triggering a soft rebound to circa 92.88. Losing 92.53 tilts the Dollar Index towards a test at 92.00.

EUR

- **EUR rose 0.3% to 1.1896 against a soft USD** and beat 5 G10s, supported by relatively firmer Eurozone data.
- **EUR is expected to retreat against USD** on rising risk aversion in the markets; caution that downsides in Eurozone data is likely to push EUR further lower. EURUSD appears to be struggling to beat 1.1900 – 1.1922 range. While below this, the pair is inclined towards the downside, with scope to slide to 1.1831, otherwise the pair will take aim at 1.1984, though we suspect gains will still fail near 1.2000.

GBP

- **GBP fell 0.15% to 1.2931 against USD** and retreated against 6 G10s, weighed down by prevailing Brexit concerns and softer overnight UK data.
- **GBP is now slightly bearish against USD** in anticipation of further weakness from Brexit concerns and potentially softer UK data. GBPUSD yet again failed at 1.2962 and it is now poised to lose 1.2909 too, which would tilt the pair further to the downside and head for a test at 1.2890.

JPY

- **JPY** remained supported by haven demand, beating 8 G10s and **advancing 0.48% to 109.72 against USD**.
- **Expect JPY to keep a bullish bias against USD**, supported by increased refuge demand amid renewed geopolitical tensions. USDJPY is technically bearish and is likely taking aim at 109.66; losing this exposes a move to 109.20 next, otherwise, expect a recovery to 110.11.

AUD

- **AUD** fell against all G10s and **weakened 0.39% to 0.7944 against USD**, pressured by risk aversion in the markets on geopolitical concerns.
- **Stay bearish on AUD against USD**, pressured by lingering risk-off in the markets. AUDUSD failed yet again near 0.7980 – 0.8000, and a mild bearish bias has emerged, indicating a move lower. We set sights on a drop to 0.7892 in the next leg lower.

SGD

- **SGD** was similarly weighed down by risk-off sentiment in the markets, sliding against 6 G10s but **closed unchanged against USD at 1.3572**.
- **Expect a bearish SGD against USD** as risk appetite continue to soften. A mild bullish bias has emerged and we set sights on a rebound in USDSGD, with scope to test 1.3598 – 1.3600 in the next leg higher.

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