

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Upbeat US job prints revived market sentiments and reinforced expectations that recovery in the US economy remains intact.** The change in nonfarm payrolls increased more than expected by 209k in July while the June number was upwardly revised to 231k from 222k. Unemployment rate dipped to 4.3% in Jul as expected, down from 4.4% previously though this is highly likely due to increased labour participation rate from 62.8% to 62.9% in Jul. Wage growth looked decent as earnings grew 2.5% YOY in Jul, steadying from Jun against an expected softer increase of 2.4%.
- **RBA monetary policy statement on Friday continued with the warning on the impact of a strong AUD,** stating that it "had a modest dampening effect" on economic expansion and extended appreciation would further weigh on inflation. The central bank also lowered its growth projections for this year from 2.5% - 3.5% to 2.0% to 3.0%, thereby lowering further expectations for any near-term rate hike.
- **Malaysia exports grew at a much slower pace of 10.0% YOY in June, distorted by shorter working days and base effect amid Hari Raya festive season.** On similar note, imports also pulled back, but at a surprisingly hefty pace, growing only 3.7% YOY in June dragged by slower growth in intermediate and capital goods imports as well as contraction in imports of consumption goods. **We expect the situation to normalize in the months ahead.** Continued robust expansion in exports is expected to help underpin GDP growth outlook in 2Q especially when the slower increase in imports would provide a lift to net exports.
- **USD jumped against all G10s** while the Dollar Index surged after US data to close 0.76% higher at 93.54, overturning the losses of last week. **We turn bullish on USD,** lifted by the recent about-turn in sentiment after more upbeat US data. Technically, a clear bullish bias has emerged, tilting the Dollar Index upwards, however, do not rule out a soft pullback after overnight surge. The next target likely will be 94.12, which if bypassed will expose a move to 96.20 in the coming weeks.
- **MYR was hardly changed against USD at 4.2782** after erasing early gains on rising risk-off going into the weekend, and slipped against 6 G10s. **Stay slightly bearish view on MYR against a rebounding USD.** Downside momentum continues to thin, indicating a lack of pace for losses in USDMYR. An early retake above 4.28 is a bullish sign that could push the pair higher to circa 4.2875.
- **SGD** was similarly more upbeat after US data, climbing against 9 G10s but **eased 0.18% to 1.3611 against a firmer USD.** **Stay slightly bearish on SGD against a recovering USD** but losses are likely contained amid firmer risk appetite in the markets. A close above 1.3608 is a bullish signal, thus we maintain the view of a potential rebound to 1.3681 in the coming weeks.

Overnight Economic Data

US
EU
Australia
Malaysia



What's Coming Up Next

Major Data

- Malaysia foreign reserves
- Eurozone Sentix investor confidence
- Japan leading index

Major Events





























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Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1744	1.1761	1.1786	1.1798	1.1831	↘
USDJPY	110.29	110.51	110.79	111.02	111.58	↗
GBPUSD	1.3008	1.3040	1.3046	1.3055	1.3093	↘
AUDUSD	0.7878	0.7900	0.7934	0.7957	0.7972	↘
EURGBP	0.9000	0.9020	0.9033	0.9048	0.9059	↗
USDMYR	4.2773	4.2811	4.2825	4.2851	4.2875	↗
EURMYR	5.0345	5.0400	5.0467	5.0547	5.0600	↘
JPYMYR	3.8475	3.8586	3.8656	3.8702	3.8791	↘
GBPMYR	5.5771	5.5800	5.5878	5.5911	5.5939	↘
SGDMYR	3.1386	3.1434	3.1479	3.1491	3.1500	↘
AUDMYR	3.3797	3.3850	3.3988	3.4000	3.4054	↘
NZDMYR	3.1653	3.1682	3.1736	3.1772	3.1812	↘
USDSGD	1.3573	1.3593	1.3608	1.3621	1.3645	↗
EURSGD	1.6000	1.6026	1.6040	1.6066	1.6093	↘
GBPSGD	1.7720	1.7731	1.7753	1.7772	1.7792	↘
AUDSGD	1.0761	1.0779	1.0802	1.0822	1.0837	↘

*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	1774.5	 0.1	 8.1	CRB Index	180.7	 0.02	 -6.1
Dow Jones Ind.	22092.8	 0.3	 11.8	WTI oil (\$/bbl)	49.6	 1.10	 -7.7
S&P 500	2476.8	 0.2	 10.6	Brent oil (\$/bbl)	52.4	 0.80	 -7.8
FTSE 100	7511.7	 0.5	 5.2	Gold (S/oz)	1258.9	 -0.80	 9.9
Shanghai	3262.1	 -0.3	 5.1	CPO (RM/tonne)	2599.0	 -0.95	 -18.7
Hang Seng	27562.7	 0.1	 25.3	Copper (\$/tonne)	6372.0	 0.31	 15.1
STI	3326.5	 -0.5	 15.5	Rubber (sen/kg)	502.5	 0.70	 -22.1

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY exports YOY	Jun	10.0%	32.5%	18.3%
MY imports YOY	Jun	3.7%	30.4%	19.8%
US nonfarm payrolls	Jul	209k	231k	180k
US unemployment rate	Jul	4.3%	4.4%	4.3%
US trade balance	Jul	-\$43.6b	-\$46.4b	-\$44.5b
EU retail PMI	Jul	51.0	53.2	--
AU retail sales MOM	Jun	0.3%	0.6%	0.2%
AU AiG construction index	Jul	60.5	56.0	--

Source: Bloomberg

- US data turned more upbeat last Friday, bucking the recent trend of lesser reports and providing a lift to the USD. The change in nonfarm payrolls increased more than expected in Jul, adding 209k jobs into the labour market while the data in June was upwardly revised to 231k from 222k. Unemployment rate dipped to 4.3% in Jul as expected, down from 4.4% previously though this is highly likely due to increased labour participation rate from 62.8% to 62.9% in Jul. Wage growth looked decent as earnings grew 2.5% YOY in Jul, steady from Jun against an expected softer increase of 2.4%. Meanwhile, trade deficit narrowed to \$43.6b in Jun, retreating from a shortfall of \$46.4b.
- Over in the Eurozone, retail sector grew at a slower pace in Jul as indicated by a drop in PMI to 51.0 from 53.2 in Jun. The less robust pace of growth was most felt in Germany based on a decline in PMI from 54.5 to 50.7, while the moderation in France pushed its PMI down to 54.1 from 56.3. The retail sector remained in contraction in Italy.
- RBA monetary policy statement on Friday continued with the warning on the impact of a strong AUD, stating that it "had a modest dampening effect" on economic expansion and extended appreciation would further weigh on inflation. The central bank also lowered its growth projections for this year from 2.5% - 3.5% to 2.0% to 3.0%, thereby lowering further expectations for any near-term rate hike. Growth projections for end-Jun 2018 was reduced by 0.25ppt to 2.5%-3.5%, but kept the year-end target for 2018 unchanged at 2.75% to 3.75%.
- Data-wise, Australia was mixed. Retail sales slowed to 0.3% MOM in Jun, down from 0.6% in May but was better than expected. Construction sector grew at the quickest pace on record, according to the AiG performance of construction index that jumped to 60.5 in Jul from 56.0. The sector was buoyed by rising construction activity, as well as improved new orders and employment, while wage growth also accelerated.
- Malaysia's exports growth slowed drastically to 10.0% YOY in Jun compared to 32.5% in May. The figure was glaring by comparison but remain nonetheless at robust level given that the base effect due to Hari Raya festivities that distorted the numbers. Imports grew a feeble 3.7% in Jun, down sharply from 30.4%, weighed down by slower shipments in intermediate and capital goods, as well as decline in consumption goods. On the positive point, trade surplus surged to RM 9.88b in Jun from RM 5.52b in May.

Economic Calendar Release Date

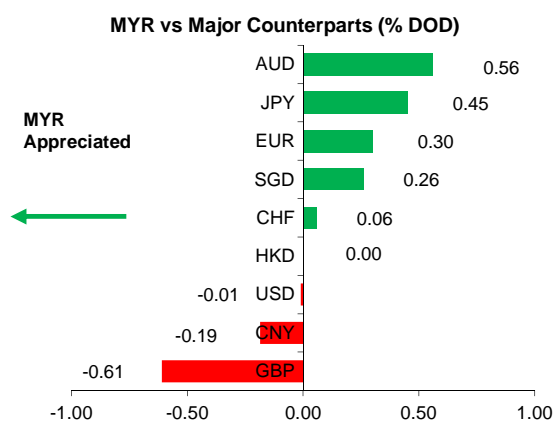
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	8/07	Foreign reserves	Jul 31	--	\$99.1b	--
US	8/08	Consumer credit	Jun			
EU	8/07	Sentix investor confidence	Aug	--	28.3	--
UK	8/07	Halifax house prices YOY	Jul	--	2.6%	--
Japan	8/07	Leading index	Jun P	106.2	104.6	--
		Coincident index	Jun p	117.2	115.8	--
	8/08	Eco Watchers outlook	Jul	50.9	50.5	--
		Eco Watchers current	Jul	49.7	50.0	--
China	8/08	Exports YOY	Jul	11.0%	11.3%	--
	08/08 – 18	FDI YOY	Jul	--	2.3%	--
Australia	8/08	NAB business confidence	Jul	--	15	--
		NAB business conditions	Jul	--	9	--
Vietnam	8/06 – 13	Domestic vehicle sales YOY	Jul	--	4.0%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1773	-0.82	1.1889	1.1728	12.0
USDJPY	110.69	0.58	111.05	109.85	-5.3
GBPUSD	1.3040	-0.75	1.3164	1.3024	5.7
AUDUSD	0.7922	-0.35	0.798	0.7891	10.0
EURGBP	0.9027	-0.09	0.9055	0.8996	5.8
USDMYR	4.2782	-0.01	4.2800	4.2750	-4.6
EURMYR	5.0836	0.30	5.0864	5.0773	7.6
JPYMYR	3.8860	0.45	3.8935	3.8813	1.4
GBPMYR	5.6287	-0.61	5.6300	5.6156	2.1
SGDMYR	3.1551	0.26	3.1553	3.1483	1.7
AUDMYR	3.4123	0.56	3.4130	3.3945	5.3
NZDMYR	3.1858	0.47	3.1866	3.1758	2.1

Source: Bloomberg



Forex

MYR

- **MYR was hardly changed against USD at 4.2782** after erasing early gains on rising risk-off going into the weekend, and slipped against 6 G10s.
- **Stay slightly bearish view on MYR against a rebounding USD.** Downside momentum continues to thin, indicating a lack of pace for losses in USDMYR. An early retake above 4.28 is a bullish sign that could push the pair higher to circa 4.2875.

USD

- **USD jumped against all G10s** while the Dollar Index surged after US data to close 0.76% higher at 93.54, overturning the losses of last week.
- **We turn bullish on USD,** lifted by the recent about-turn in sentiment after more upbeat US data. Technically, a clear bullish bias has emerged, tilting the Dollar Index upwards, however, do not rule out a soft pullback after overnight surge. The next target likely will be 94.12, which if bypassed will expose a move to 96.20 in the coming weeks.

EUR

- **EUR slumped 0.82% to 1.1773 against a rebounding USD** and tumbled against 8 G10s.
- **Expect a bearish EUR against a rebounding USD.** EURUSD has broken down from a reversal pattern and that is likely the onset of a sustained decline going forward. We set sights on a drop to 1.1586 in the coming weeks. Rebounds short of 1.1900 remains a bearish sign.

GBP

- **GBP fell 0.35% to 0.7922 against a firm USD** and retreated against 7 G10s, weighed down by retreat in hawkish expectations on the BOE.
- **Stay bearish on GBP against USD,** pressured by reduced expectations on a near-term BOE rate hike. GBPUSD has lost 1.3107 and is now poised for a test at 1.3008 in the next leg lower. Breaking below this sets off a sustained decline to 1.2928 going forward.

JPY

- **JPY weakened 0.58% to 110.69 against USD** and fell against 6 G10s as refuge demand gave way to firmer risk appetite in the markets post-US data.
- **JPY is now bearish against a rebounding USD,** further weighed down by improved risk appetite in the markets post US data. Firm break at 110.71 has allayed further bearish concerns. USDJPY is now more inclined towards gains but unless 111.60 is broken, upsides remain fragile.

AUD

- **AUD fell 0.35% to 0.7922 against a rebound USD** but was buoyed by the resulting firmer risk appetite in the markets post-US data to beat all G10s.
- **Expect a slightly bearish AUD on the back of a recovering USD,** with losses likely contained by relatively firmer risk appetite. Bearish bias continues to prevail. We still expect AUDUSD to soon break below 0.7914 and initiate a path towards 0.7818.

SGD

- **SGD was similarly more upbeat after US data, climbing against 9 G10s but eased 0.18% to 1.3611 against a firmer USD.**
- **Stay slightly bearish on SGD against a recovering USD** but losses are likely contained amid firmer risk appetite in the markets. A close above 1.3608 is a bullish signal, thus we maintain the view of a potential rebound to 1.3681 in the coming weeks.

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