

Global Markets Research

Daily Market Highlights

Key Takeaways

- **An extension of US debt ceiling deadline for another three months to December** by the Trump administration offered some reliefs to markets overnight. Meanwhile, news that **Fed Vice Chair Stanley Fischer is resigning months ahead of his term expiry next June**, citing personal reasons, will no doubt add an element of uncertainties to the "new" Committee and future Fed policy. **We reiterate our view that a near term rate hike is off the table**, more so with Fischer, a hawk, stepping down in mid-October. **The Fed Beige Book maintained that the US economy expanded at a modest to moderate pace but inflation stayed subdued overall**. Separately, **BOC surprised with another 25bps rate hike to 1.00% and signaled more hikes could be on the cards**.
- **Overnight dataflow was largely positive. US ISM services ticked higher** from an 11-month low to 55.3 in August while trade deficit was little changed at \$43.7bn. **2Q GDP in Australia picked up to 0.8% QOQ**, thanks to quicker growth in consumption and exports. **Back home, exports shrugged off a seasonal slowdown and bounced back up by 30.9% YOY in July**, led by manufacturing exports. We expect exports to grow at softer double-digit pace in the months ahead in tandem with continued recovery in the global economy. **Today, focus will be on BNM OPR decision where we are not expecting any change be in the rate itself or policy tone even though the central bank is expected to continue painting a more optimistic growth picture**. On top of that, ECB policy meeting and 2Q GDP will be scrutinized for cues on QE tapering.
- **USD closed mixed against the G10s** while the Dollar Index inched 0.04% higher to 92.29, owing to a strong advance against major component JPY as the US reached a short-term agreement to extend the debt ceiling. Despite overnight rebound, **we bearish on USD** in the absence of new catalysts to drive further gains. The Dollar Index remains below crucial resistance at 92.53 while bearish bias has picked up, thus we maintain a negative outlook and set sights on a potential test at 91.90. A rebound may be near, but failure to beat 92.88 will support extended gains.
- **MYR strengthened 0.5% to 4.2387 against USD** and advanced against 6 G10s. **Expect a bullish MYR against USD** on technical reasons. Strong closing below 4.2500 and today's sharp opening below 4.2250 are signs that bears are in control, keeping downside pressure on USDMYR. Losses could potentially test 4.2100 going forward.
- **SGD** was also supported by improved risk appetite in the markets, rising against 8 G10s and **beating USD by 0.25% to close at 1.3498**. **We stay slightly bullish on SGD against a soft USD** but expect modest gains on continued risk aversion in the markets. USDSGD closing below 1.3500 has exposed the pair to further losses, potentially testing 1.3460 going forward.

Overnight Economic Data

Malaysia
US
Australia
Singapore



What's Coming Up Next

Major Data

- US initial jobless claims
- EU 2Q GDP
- UK Halifax house prices
- Japan leading index
- Australia retail sales

Major Events

- BNM MPC meeting
- ECB MPC meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1900	1.1920	1.1928	1.1946	1.1980	↗
USDJPY	108.59	109.00	109.08	109.47	109.66	↘
GBPUSD	1.3000	1.3020	1.3047	1.3064	1.3083	↗
AUDUSD	0.7980	0.8000	0.8015	0.8024	0.8050	↗
EURGBP	0.9100	0.9115	0.9140	0.9153	0.9170	↘
USDMYR	4.2185	4.2200	4.2225	4.2262	4.2280	↘
EURMYR	5.0168	5.0260	5.0345	5.0490	5.0538	↘
JPYMYR	3.8588	3.8666	3.8684	3.8783	3.8860	↘
GBPMYR	5.5000	5.5049	5.5097	5.5111	5.5164	↘
SGDMYR	3.1250	3.1280	3.1297	3.1313	3.1335	↘
AUDMYR	3.3766	3.3797	3.3833	3.3864	3.3910	↘
NZDMYR	3.0348	3.0400	3.0444	3.0486	3.0500	↘
USDSGD	1.3468	1.3480	1.3492	1.3500	1.3538	↘
EURSGD	1.6038	1.6050	1.6089	1.6097	1.6126	↘
GBPSGD	1.7527	1.7562	1.7602	1.7606	1.7623	↗
AUDSGD	1.0784	1.0806	1.0810	1.0824	1.0840	↗

*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	1772.5	0.2	8.0	CRB Index	183.0	0.36	-4.9
Dow Jones Ind.	21807.6	0.2	10.3	WTI oil (\$/bbl)	49.2	1.00	-8.5
S&P 500	2465.5	0.3	10.1	Brent oil (\$/bbl)	54.2	1.50	-4.8
FTSE 100	7354.1	-0.3	3.0	Gold (\$/oz)	1334.2	-0.40	10.8
Shanghai	3385.4	0.0	9.1	CPO (RM/tonne)	2726.0	1.72	-14.8
Hang Seng	27613.8	-0.5	25.5	Copper (\$/tonne)	6901.0	0.01	24.7
STI	3232.5	-0.6	12.2	Rubber (sen/kg)	584.0	4.29	-9.5

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MY exports YOY	Jul	30.9%	9.9%	23.0%
MY foreign reserves	Aug 30	\$100.5bn	\$100.4bn	--
US MBA mortgage applications	Sept 1	3.3%	-2.3%	--
US trade balance	Jul	-\$43.7bn	-\$43.5bn	-\$44.6bn
US PMI services	Aug F	56.0	56.9	56.9
US ISM services	Aug	55.3	53.9	55.5
EU retail PMI	Aug	50.8	51.0	--
AU GDP QOQ	2Q	0.8%	0.3%	0.9%
AU AiG construction index	Aug	55.3	60.5	--
SG Nikkei PMI	Aug	53.2	51.3	--

Source: Bloomberg

➤ Macroeconomics

- US data releases last night was somewhat mixed. Markit US PMI services for the month of August saw levels at 56.0 versus survey's 56.9. ISM services meanwhile expanded to 55.3 versus a prior print of 53.9. Separate releases showed little change in trade deficit at \$43.7bn in July but mortgage applications rebounded to increase 3.3% WOW. The Fed Beige Book maintained that the US economy expanded at a modest to moderate pace but inflation stayed subdued overall.
- In the Eurozone, Markit Eurozone Retail PMI moderated to 50.8, versus a prior level of 51.0. Today, ECB meeting tonight will be a key focus for market players on signs of tapering clues. 2Q GDP for the Eurozone is also expected to be a key watch for market players. Market consensus points to a 2.2% YOY growth.
- Growth in the Australian economy quickened to 0.8% QOQ in 2Q, just a tad shy of the 0.9% growth expected. The pick-up in growth was driven by faster growth in consumption (+1.5% vs +0.4%) as well as a rebound in exports (+2.7% vs -2.2%), which offset slower government spending. However, 2Q GDP growth remained soft at 1.8% YOY, maintaining the same pace as 1Q, suggesting full year growth will likely settle at the lower end of RBA's growth projection of 2.0-3.0%, if not below. On the contrary, AiG construction index pulled back to 55.3 in August, its lowest in four months adding to concerns of a softening housing sector.
- Down in neighbouring Singapore, Nikkei PMI showed an uptick to 53.2 in August, its best in 32 months. The increases in output and new orders to its highest since Nov-16 spurred gain in the index, indicating faster expansion in the manufacturing sector in tandem with improvement seen in other major and Asian economies.
- Back home, exports regained some grounds post seasonal distortion and grew 30.9% YOY in July, driven by quicker gains in manufacturing exports and higher shipments to all main exports markets. Going forward, we expect exports to maintain double-digit growth traction (albeit slower) in the next few months, riding on continued moderate growth in the global economy. In a separate release, foreign reserves continued to nudge higher to \$100.5bn as at end-August, underpinned by continuous trade surplus and inflows.

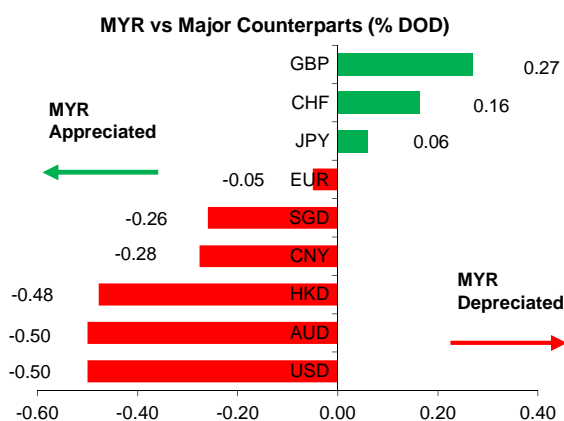
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	9/7	BNM OPR	Sept 7	3.00%	3.00%	--
US	9/7	Initial jobless claims	Sept 2	245k	236k	--
	9/8	Wholesale inventories MOM	Jul F	0.4%	0.4%	--
EU	9/7	GDP QOQ	2Q F	0.6%	0.6%	--
		ECB main refinancing rate	Sept 7	0.00%	0.00%	--
UK	9/7	Halifax house prices 3MoY	Aug	2.1%	2.1%	--
	9/8	Industrial production MOM	Jul	0.2%	0.5%	--
		Construction output MOM	Jul	-0.2%	-0.1%	--
		Visible trade balance	Jul	-£12000m	-£12722m	--
		NIESR GDP estimate	Aug	--	0.2%	--
Japan	9/7	Leading index	Jul P	105.1	105.9	--
	9/8	GDP SA QOQ	2Q F	0.7%	1.0%	--
		Eco Watcher current	Aug	49.5	49.7	--
		Eco Watcher outlook	Aug	50.1	50.3	--
China	9/8	Exports YOY	Aug	6.0%	7.2%	--
Australia	9/7	Retail sales MOM	Jul	0.2%	0.3%	--
	9/8	Home loans	Jul	1.0%	0.5%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1917	0.03	1.195	1.1903	13.4
USDJPY	109.22	0.38	109.4	108.45	-6.7
GBPUSD	1.3043	0.08	1.3082	1.3019	5.7
AUDUSD	0.8000	0.05	0.8021	0.7964	11.2
EURGBP	0.9137	-0.04	0.9164	0.9124	7.1
USDMYR	4.2387	-0.50	4.2535	4.2387	-5.8
EURMYR	5.0592	-0.05	5.0798	5.0549	6.7
JPYMYR	3.8972	0.06	3.9258	3.8972	1.0
GBPMYR	5.5229	0.27	5.5561	5.5224	0.0
SGDMYR	3.1354	-0.26	3.1501	3.1353	0.9
AUDMYR	3.3817	-0.50	3.4112	3.3815	4.5
NZDMYR	3.0623	-0.06	3.0928	3.0623	-2.4

Source: Bloomberg



Forex

MYR

- **MYR strengthened 0.5% to 4.2387 against USD** and advanced against 6 G10s.
- **Expect a bullish MYR against USD** on technical reasons. Strong closing below 4.2500 and today's sharp opening below 4.2250 are signs that bears are in control, keeping downside pressure on USDMYR. Losses could potentially test 4.2100 going forward.

USD

- **USD closed mixed against the G10s** while the Dollar Index inched 0.04% higher to 92.29, owing to a strong advance against major component JPY as the US reached a short-term agreement to extend the debt ceiling.
- Despite overnight rebound, **we are bearish on USD** in the absence of new catalysts to drive further gains. The Dollar Index remains below crucial resistance at 92.53 while bearish bias has picked up, thus we maintain a negative outlook and set sights on a potential test at 91.90. A rebound may be near, but failure to beat 92.88 will support extended gains.

EUR

- **EUR inched 0.03% to 1.1917 against USD** and advanced against 6 G10s.
- **Expect EUR to hold slight gains versus a soft USD** though we reckon that gains are likely contained amid risk aversion ahead of ECB meeting. Even as EURUSD pushes higher, we caution that upside strength is fragile given prevailing bearish bias. Gains are likely, but the pair is prone to rejection approaching 1.1980 – 1.2000.

GBP

- **GBP inched 0.08% to 1.3043 against USD** and advanced against 8 G10s.
- **Stay bullish on GBP against USD**, supported by refuge demand within the European region as markets head into ECB policy announcement. GBPUSD remains exposed to further gains while above 1.3020, potentially testing 1.3079 in the next leg higher. We caution that 1.3079 is a strong level and a test here could result in a rejection.

JPY

- **JPY tumbled against 8 G10s and weakened 0.38% to 109.22 against USD** after risk appetite improved slightly.
- **Stay bullish on JPY against USD**, supported by refuge demand amid risk aversion ahead of ECB policy decision. USDJPY holding below 109.47 remains bearish in our view, with scope to re-test 108.59. Beating 109.47 exposes a move to 110.05.

AUD

- **AUD inched 0.05% to 0.8000 against USD** and beat 7 G10s as risk appetite improved slightly on a short-term extension on the US debt ceiling.
- **Expect a slightly bullish AUD against a soft USD**, though gains are likely contained given lingering risk-off in the markets. AUDUSD holding above 0.8000 remains inclined to test 0.8050. However, we caution that protracted closings above 0.7980 reversion level is likely to trigger a reversal to below the said level.

SGD

- **SGD** was also supported by improved risk appetite in the markets, rising against 8 G10s and **beating USD by 0.25% to close at 1.3498**.
- **We stay slightly bullish on SGD against a soft USD** but expect modest gains on continued risk aversion in the markets. USDSGD closing below 1.3500 has exposed the pair to further losses, potentially testing 1.3460 going forward.

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