

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Macro flow overnight were mostly second-tier but on a firmer tone.** Data affirmed higher consumer spending in the US as credit jumped in June, while leading and coincident indexes in Japan hint at improving current and future economic conditions. Foreign reserves of Malaysia continued to inch higher to US\$94.4bn as at 31 July.
- **Data from the Eurozone and the UK dipped.** Sentix survey showed that sentiment of investor were dimmer in August, weighed down by less optimistic expectations of future conditions even as assessment of current situation remains firm. House prices in the UK rose less quickly in August as markets continue to cool from an overheating property market.
- **USD rose marginally against 6 G10s** in a relatively quiet session that lacked catalysts to drive direction while the Dollar Index that was mostly sideways dipped 0.11% to 93.43, retracing sharp gains a day before. **Stay bullish on USD**, lifted by the recent about-turn in sentiment after more upbeat US data. Amid clear bullish bias, the Dollar Index remains technically bullish, but do not rule out marginal losses for the next few days due to correction from recent rebound. We continue to set sights on the Dollar Index climbing higher to 94.12, above which there is scope to advance to 96.20 in the coming weeks.
- **MYR weakened 0.15% to 4.2845 against a rebounding USD** but managed to climb against 7 G10s that retreated on a firmer greenback. **We stay bearish view MYR against a rebounding USD.** A mild bullish bias has emerged in USDMYR, indicating that upward trajectory is likely increasing. USDMYR has scope to climb to 4.2910, above which 4.2977 will be aimed.
- **SGD weakened 0.12% to 1.3628 against USD** and fell against 8 G10s. **We are bearish on SGD against a recovering USD.** USDSGD remains bullish while above 1.3600 and expect bullish bias to strengthen if the pair manages to break above 1.3636. We maintain the view of a potential rebound to 1.3681 in the coming weeks.

Overnight Economic Data

US
Eurozone
UK
Japan
Malaysia



What's Coming Up Next

Major Data

- Japan Eco Watchers surveys
- China exports and FDI
- Australia NAB business surveys

Major Events





























- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1758	1.1780	1.1800	1.1813	1.1856	↘
USDJPY	110.49	110.65	110.80	111.02	111.42	↗
GBPUSD	1.3008	1.3024	1.3032	1.3040	1.3064	↘
AUDUSD	0.7875	0.7900	0.7918	0.7937	0.7952	↘
EURGBP	0.9020	0.9048	0.9054	0.9060	0.9080	↗
USDMYR	4.2811	4.2824	4.2850	4.2861	4.2875	↗
EURMYR	5.0409	5.0534	5.0563	5.0547	5.0612	↘
JPYMYR	3.8586	3.8651	3.8674	3.8714	3.8791	↘
GBPMYR	5.5712	5.5802	5.5842	5.5911	5.5960	↘
SGDMYR	3.1404	3.1434	3.1451	3.1461	3.1481	↘
AUDMYR	3.3864	3.3900	3.3927	3.3945	3.3980	↘
NZDMYR	3.1466	3.1500	3.1532	3.1554	3.1614	↘
USDSGD	1.3600	1.3615	1.3624	1.3636	1.3650	↗
EURSGD	1.6004	1.6047	1.6078	1.6093	1.6120	↘
GBPSGD	1.7735	1.7750	1.7756	1.7772	1.7790	↘
AUDSGD	1.0713	1.0761	1.0787	1.0790	1.0815	↘

*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	1777.9	 0.2	 8.3	CRB Index	181.0	 0.16	 -6.0
Dow Jones Ind.	22118.4	 0.1	 11.9	WTI oil (\$/bbl)	49.4	 -0.40	 -8.1
S&P 500	2480.9	 0.2	 10.8	Brent oil (\$/bbl)	52.4	 -0.10	 -7.8
FTSE 100	7531.9	 0.3	 5.4	Gold (\$/oz)	1257.9	 -0.10	 9.9
Shanghai	3279.5	 0.5	 5.7	CPO (RM/tonne)	2601.5	 0.10	 -18.7
Hang Seng	27690.4	 0.5	 25.9	Copper (\$/tonne)	6414.0	 0.66	 15.9
STI	3320.7	 -0.2	 15.3	Rubber (sen/kg)	509.0	 1.29	 -21.1

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US consumer credit	Jun	\$12.39b	\$18.28b	\$15.75b
MY foreign reserves	Jul 31	\$99.4b	\$99.1b	--
EU Sentix investor confidence	Aug	27.7	28.3	27.6
UK Halifax house prices YOY	Aug	2.1%	2.6%	--
JP leading index	Jun P	106.3	104.6	106.2
JP coincident index	Jul P	117.2	115.8	117.2

➤ Macroeconomics

- Macro flow was limited to secondary data releases from the US, Eurozone, the UK, Japan and Malaysia.
- Overnight report revealed that consumer credit in the US increased less than expected in Jun, by \$12.39b from \$18.28b previously, suggesting consumers are pulling back their spending which if persists, could hamper growth in the second half of the year.
- Recent data from the Eurozone remains on a softer tone, the latest being Sentix survey of investor confidence. Sentiment is the lowest in 3 months, dipping to 27.7 in Aug from 28.3 in Jul. The headline figure was pressured by investors' lower expectations of future conditions, even though assessment of current situation improved.
- House prices in the UK rose less quickly in Jul, registering 2.1% YOY growth compared to 2.6% previously. The pace of growth tapered off for a third consecutive month as markets continue to cool from an overheating property market while support for prices also eased amid slowdown in wage growth.
- Both Japan's leading and coincident indexes ticked higher in June preliminary reports, suggesting that future and current economic activity are on firmer footing. The leading index climbed from 104.6 to 106.3, highest since Mar 2014 and affirming improved indicators in new job offers, new machinery orders, consumer confidence and new housing construction (amongst others). The coincident index was also highest since Mar 2014, rising to 117.2 from 115.8 as values of retail and wholesale sales improved, along with pick-up in operating profits across all industries as well as shipments of SMEs.
- Malaysia's foreign reserves continued to inch higher to \$99.4b in the weekend ended 31 Jul from \$99.1b in the preceding week, marking the 9th consecutive week of increase.

Economic Calendar Release Date

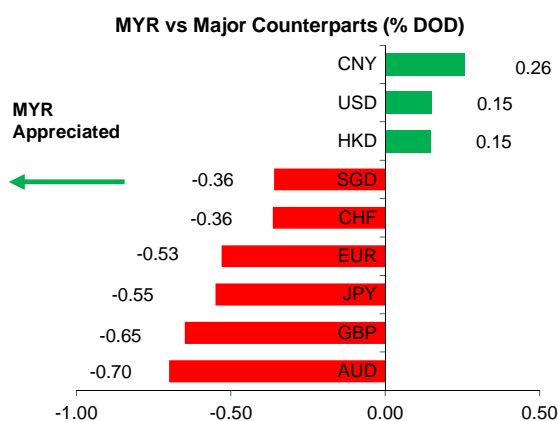
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Japan	8/09	MBA mortgage applications	Aug 4	--	-2.8%	--
	8/08	Eco Watchers outlook	Jul	51.0	50.5	--
		Eco Watchers current	Jul	50.2	50.0	--
China	8/09	Machine tool orders YOY	Jul P	--	31.1%	--
	8/08	Exports YOY	Jul	11.0%	11.3%	--
	08/08 – 18	FDI YOY	Jul	--	2.3%	--
	8/09	CPI YOY	Jul	1.5%	1.5%	--
Australia		PPI YOY	Jul	5.6%	5.5%	--
	8/08	NAB business confidence	Jul	--	15	--
		NAB business conditions	Jul	--	9	--
Vietnam	8/08 – 13	Domestic vehicle sales YOY	Jul	--	4.0%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1795	0.19	1.1814	1.1766	12.2
USDJPY	110.75	0.05	110.92	110.65	-5.3
GBPUSD	1.3035	-0.04	1.3059	1.3014	5.6
AUDUSD	0.7912	-0.13	0.7949	0.7899	9.8
EURGBP	0.9050	0.25	0.9061	0.9022	6.1
USDMYR	4.2845	0.15	4.2845	4.2802	-4.5
EURMYR	5.0568	-0.53	5.0612	5.0387	7.1
JPYMYR	3.8647	-0.55	3.8693	3.8610	0.9
GBPMYR	5.5919	-0.65	5.5946	5.5802	1.4
SGDMYR	3.1439	-0.36	3.1503	3.1430	1.4
AUDMYR	3.3884	-0.70	3.4033	3.3880	4.6
NZDMYR	3.1532	-1.02	3.1757	3.1530	1.1

Source: Bloomberg



Forex

MYR

- **MYR weakened 0.15% to 4.2845 against a rebounding USD** but managed to climb against 7 G10s that retreated on a firmer greenback.
- **We stay bearish view MYR against a rebounding USD.** A mild bullish bias has emerged in USDMYR, indicating that upward trajectory is likely increasing. USDMYR has scope to climb to 4.2910, above which 4.2977 will be aimed.

USD

- **USD rose marginally against 6 G10s** in a relatively quiet session that lacked catalysts to drive direction while the Dollar Index that was mostly sideways dipped 0.11% to 93.43, retracing sharp gains a day before.
- **Stay bullish on USD**, lifted by the recent about-turn in sentiment after more upbeat US data. Amid clear bullish bias, the Dollar Index remains technically bullish, but do not rule out marginal losses for the next few days due to correction from recent rebound. We continue to set sights on the Dollar Index climbing higher to 94.12, above which there is scope to advance to 96.20 in the coming weeks.

EUR

- **EUR climbed 0.19% to 1.1795 against USD** and advanced against 7 G10s as risk appetite returned to the European markets.
- **EUR remains bearish in line with our view of a firmer USD.** A mild bearish bias has emerged in EURUSD, asserting our view of the onset of a sustained decline going forward. EURUSD is likely targeting a drop below 1.1723 in the next leg lower. We set sights on a drop to 1.1583 in the coming weeks.

GBP

- **GBP dipped 0.04% to 1.3035 against USD** and slipped against 6 G10s as demand waned amid firmer European majors.
- **Stay bearish on GBP against USD** as markets continue to pare bets on a near-term BOE rate hike. We maintain that GBPUSD continues to take aim at 1.3008 in the next leg lower. Breaking below this sets off a sustained decline to 1.2928 going forward.

JPY

- **JPY inched higher against 5 G10s** amid decline in commodity majors but **slipped 0.04% to 110.75 against USD.**
- **JPY is still bearish against a firmer USD.** USDJPY remains tilted to the upside while above 110.49, which likely acts as a platform on which the pair could rebound in the event of an unexpectedly decline. However, we maintain that unless 111.60 is broken, current upsides remain fragile.

AUD

- **AUD retreated 0.13% to 0.7912 against USD** and fell against 7 G10s, sliding in line with other weak commodity majors.
- **A slightly bearish AUD is likely to sustain against a rebounding USD.** Downside momentum has picked up, indicating more room for AUDUSD downsides. AUDUSD has dipped below our target of 0.7914 and we await a break below 0.7900 to spark a sustained decline to 0.7818, or even lower.

SGD

- **SGD weakened 0.12% to 1.3628 against USD** and fell against 8 G10s.
- **We are bearish on SGD against a recovering USD.** USDSGD remains bullish while above 1.3600 and expect bullish bias to strengthen if the pair manages to break above 1.3636. We maintain the view of a potential rebound to 1.3681 in the coming weeks.

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