

Global Markets Research

Daily Market Highlights

Key Takeaways

- President Trump's "fire and fury" remark hogged headlines. **Renewed geopolitical risks could continue to unsettle global financial markets** ahead, depending on involvement of the US-North Korean tension. This overshadowed positive data releases overnight, which showed **US job openings jumping to a record high in June and NFIB small business confidence rose for the first time since January**.
- On the other hand, **China trade numbers disappointed**. Exports grew at a softer than expected pace of 7.2% YOY while imports growth also moderated more than expected to 11.0% YOY in July, **raising concerns over slower demand from both the external and domestic fronts**. Any faster than expected slowdown would complicate the government's deleveraging plans to curb credit growth.
- **USD strengthened against 7 G10s**, lifted by risk aversion in the markets amid geopolitical tensions. The Dollar Index jumped in the US morning to close 0.23% higher at 93.64. **Expect risk aversion in the markets to be supportive of USD**. The Dollar Index remains technically bullish and we continue to set sights on a climb to 94.12, above which there is scope to advance to 95.16 in the coming weeks.
- **MYR was hardly changed against USD at 4.2850** but managed to advance against 6 G10s. **We stay bearish on MYR against a rebounding USD**, further weighed down by rising risk-off in the markets on rising geopolitical tensions. Bullish bias continues to prevail in USDMYR, indicating that upward trajectory sustains. USDMYR has scope to climb to 4.2910, above which 4.2977 will be aimed.
- **SGD slipped 0.03% to 1.3632 against a firmer USD** but was supported as a regional haven proxy to beat 7 G10s. **We are still bearish on SGD against a rebounding USD**, more so amid rising risk aversion in the markets. Bullish bias has strengthened after breaking above 1.3636. We maintain the view of a potential rebound to 1.3681, above which there is room for further gains to 1.3767 in the coming weeks.

Overnight Economic Data

US
Japan
China
Australia



What's Coming Up Next

Major Data

- US MBA mortgage applications
- Japan machine tool orders
- China CPI, PPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1700	1.1728	1.1748	1.1761	1.1790	↘
USDJPY	109.85	110.00	110.10	110.34	110.59	↘
GBPUSD	1.2928	1.2954	1.2972	1.2985	1.3008	↘
AUDUSD	0.7818	0.7855	0.7878	0.7892	0.7900	↘
EURGBP	0.9023	0.9036	0.9049	0.9054	0.9060	↗
USDMYR	4.2820	4.2851	4.2870	4.2875	4.2889	↗
EURMYR	5.0106	5.0246	5.0318	5.0345	3.0469	↘
JPYMYR	3.8896	3.8935	3.8960	3.9000	3.9073	↗
GBPMYR	5.5520	5.5558	5.5611	5.5627	5.5668	↘
SGDMYR	3.1372	3.1400	3.1416	3.1423	3.1485	↘
AUDMYR	3.3640	3.3720	3.3767	3.3797	3.3913	↘
NZDMYR	3.1300	3.1330	3.1357	3.1392	3.1469	↘
USDSGD	1.3615	1.3630	1.3646	1.3654	1.3681	↗
EURSGD	1.5993	1.6011	1.6017	1.6051	1.6093	↘
GBPSGD	1.7643	1.7680	1.7700	1.7725	1.7760	↘
AUDSGD	1.0703	1.0739	1.0749	1.0761	1.0798	↘

*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	1779.1	-0.1	8.4	CRB Index	181.1	0.07	-5.9
Dow Jones Ind.	22085.3	-0.1	11.8	WTI oil (\$/bbl)	49.2	-0.45	-8.5
S&P 500	2474.9	-0.2	10.5	Brent oil (\$/bbl)	52.1	-0.52	-8.7
FTSE 100	7542.7	0.1	5.6	Gold (\$/oz)	1261.0	-0.10	9.9
Shanghai	3281.9	0.1	5.7	CPO (RM/tonne)	2582.5	-0.71	-19.3
Hang Seng	27854.9	0.6	26.6	Copper (\$/tonne)	6480.0	1.03	17.1
STI	3318.1	-0.1	15.2	Rubber (sen/kg)	526.0	3.34	-18.5

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
Japan Eco Watchers outlook	Jul	50.3	50.5	51.0
Japan Eco Watchers current	Jul	49.7	50.0	50.2
China Exports YOY	Jul	7.2%	11.3%	11.0%
Australia NAB biz confidence	Jul	12	8	-
Australia NAB biz conditions	Jul	15	14	-
Australia Westpac Consumer Confidence	Aug	96.5	96.9	

Source: Bloomberg

➤ Macroeconomics

- China's exports slowed in July, with exports growth retreated to 7.2% YOY, missing estimates for a 11.0% gain. A softer trade data may potentially delay China's deleveraging agenda plans. US remains as China's biggest export market, representing 19.3% of total exports for the month of July.
- In Japan, Eco Watchers current index fell to 49.7 in July (previous: 50.2) whilst Eco Watchers outlook index tapered off to 50.3 (previous: 51.0). The softer survey results was mainly due to softer business sentiment, which tied in with subdued business spending as flashed out in recent data.
- In Australia, NAB business confidence and business conditions printed a more upbeat reading with levels climbing higher to 12 and 15 (previous: 8 and 14) respectively. Meanwhile, Westpac Consumer Confidence Index release this morning showed levels moderating a tad to 95.5 versus a prior print of 96.6.

Economic Calendar Release Date

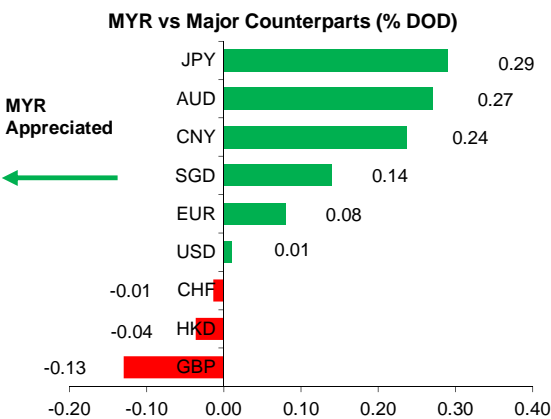
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	8/10	Industrial Production YoY	Jun	3.0%	4.6%	
		Manufacturing Sales YoY	Jun	-	19.5%	-
US	8/09	MBA mortgage applications	Aug 4	--	-2.8%	--
	8/10	Initial jobless claims	Aug 5	240K	240K	-
Japan	8/09	Machine tool orders YOY	Jul P	--	31.1%	--
	8/10	Machine orders YoY	Jun	-1.1%	0.6%	-
		PPI YoY	Jul	2.3%	2.1%	-
China	8/09	Housing Loans	Jul	-	3.3%	-
		CPI YOY	Jul	1.5%	1.5%	--
		PPI YOY	Jul	5.6%	5.5%	--
Australia	8/10	Consumer Inflation Expectation	Aug	-	4.4%	-

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1752	-0.36	1.1824	1.1715	11.7
USDJPY	110.32	-0.39	110.83	110.25	-5.8
GBPUSD	1.2992	-0.33	1.3054	1.2953	5.2
AUDUSD	0.7914	0.03	0.7943	0.7887	9.4
EURGBP	0.9046	-0.04	0.90879	0.9037	6.0
USDMYR	4.2850	0.01	4.2865	4.2825	-4.4
EURMYR	5.0608	0.08	5.0646	5.0553	6.6
JPYMYR	3.8760	0.29	3.8766	3.8672	1.6
GBPMYR	5.5844	-0.13	5.5918	5.5831	0.9
SGDMYR	3.1484	0.14	3.1512	3.1444	1.3
AUDMYR	3.3974	0.27	3.4009	3.3895	4.3
NZDMYR	3.1544	0.04	3.1567	3.1490	0.6

Source: Bloomberg



Forex

MYR

- **MYR was hardly changed against USD at 4.2850** but managed to advance against 6 G10s.
- **We stay bearish view MYR against a rebounding USD**, further weighed down by rising risk-off in the markets on rising geopolitical tensions. Bullish bias continues to prevail in USDMYR, indicating that upward trajectory sustains. USDMYR has scope to climb to 4.2910, above which 4.2977 will be aimed.

USD

- **USD strengthened against 7 G10s**, lifted by risk aversion in the markets amid geopolitical tensions. The Dollar Index jumped in the US morning to close 0.23% higher at 93.64.
- **Expect risk aversion in the markets to be supportive of USD.** The Dollar Index remains technically bullish and we continue to set sights on a climb to 94.12, above which there is scope to advance to 95.16 in the coming weeks.

EUR

- **EUR fell 0.36% to 1.1752 against a firmer USD** and slipped against 6 G10s amid sliding risk appetite in the markets.
- **EUR remains bearish against USD**, likely weighed down by prevailing risk aversion in the markets. Bearish bias prevails after losing 1.1761 and EURUSD remains prone to further declines. We expect the pair to be eyeing a drop below 1.1723, and potentially to 1.1583 in the coming weeks.

GBP

- **GBP fell 0.33% to 1.2992 against a firmer USD** and retreated against 5 G10s, weighed down in line with softer demand in European majors.
- **Stay bearish on GBP against a firmer USD.** GBPUSD has broken below 1.3008 and is now on track towards a slide to 1.2928. If this is also broken, expect this pair to take aim at 1.2848.

JPY

- **JPY jumped to the top of the G10 list and beat USD by 0.39% to close at 110.32** on heightened geopolitical tensions between the US and North Korea.
- **We turn bullish on JPY against USD** on the back of rising geopolitical tensions that is likely to shift demand into safer assets. USDJPY losing 110.45 is a bearish sign, and the pair is now prone to further losses. Do not rule out a test at 109.43 going forward.

AUD

- **AUD inched 0.03% higher to 0.7914 against USD** and beat 7 G10s, supported by relatively firmer commodities.
- **Expect a bearish AUD against USD** as geopolitical tensions stem demand for higher yielding assets. AUDUSD finally broke below 0.7900 and is now likely on its way to 0.7818 in the net leg lower. A drop to circa 0.7784 is expected from this reversal, but do not rule out further losses beyond this.

SGD

- **SGD slipped 0.03% to 1.3632 against a firmer USD** but was supported as a regional haven proxy to beat 7 G10s.
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