

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets appeared to be mixed in the absence of fresh catalysts and awaiting Fed Chair Yellen testimony to the Congress, where she is expected to reiterate rhetoric on continuous rate hike and an earlier rather than later kick-off in balance sheet reduction.** Following the upbeat job reports last Friday, overnight data showed consumer willingness to spend has increased.
- **Separate surveys out of the Eurozone and Japan points to relatively optimistic sentiments among investors** with regards to future growth outlook, adding to signs global recovery is on track. This is despite the fact that hard data continues to turn softer in Japan.
- **Over in China, readings showed steady inflationary pressure in June.** CPI and PPI stabilized at 1.5% and 5.5% YOY as softer gain in food prices and continued excesses especially steel kept a lid on prices. With Chinese government reining in credit growth to taper excessive debt levels, economic activity is expected to cool and further weighs down on prices.
- **USD recorded marginal gains overnight against 8 G10s**, while the Dollar Index inched 0.01% higher to 96.02 after paring early gains as demand ebbed ahead of Fed Chair Yellen's testimony to the Congress as well as in the absence of positive catalysts. **We turn slightly bearish on USD** as demand is likely to continue to wane ahead of Fed Chair Yellen's Congress testimony. The Dollar Index is likely to be on the defensive after rejection from 96.20 yesterday but given retreating downside momentum and potential emergence of bullish bias, we opine that losses will likely be contained above 95.91.
- **MYR advanced against 8 G10s and closed 0.04% firmer at 4.2965 against USD** on the back of improved demand amid rising risk appetite in the markets. **Expect a slightly bullish MYR against USD**, supported by firmer risk appetite. A clear rejection took place near 4.2981, further denting USDMYR's upside momentum. USDMYR remains prone to a decline to 4.2902, below which bears will accelerate and push the pair to 4.2811.
- **SGD fell against all G10s and weakened 0.19% to 1.3848 against USD.** **Expect SGD to stay bearish against USD**; as regional majors firm up, SGD as a proxy for regional haven becomes less appealing. Bullish bias has improved in USDSGD; closing above 1.3840 has increased the pair's upside strength that would see it test 1.3880 – 1.3907 soon.

Overnight Economic Data

US
Eurozone
Japan
China



What's Coming Up Next

Major Data

- US NFIB small biz optimism
- Japan machine tool orders
- Australia NAB biz conditions and confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1361	1.1379	1.1396	1.1402	1.1445	↗
USDJPY	113.43	113.87	114.17	114.30	114.63	↗
GBPUSD	1.2855	1.2867	1.2879	1.2900	1.2943	↘
AUDUSD	0.7585	0.7600	0.7606	0.7622	0.7642	↗
EURGBP	0.8829	0.8840	0.8847	0.8852	0.8861	↗
USDMYR	4.2930	4.2945	4.2957	4.2968	4.2992	↘
EURMYR	4.8862	4.8901	4.8960	4.9000	4.9076	↘
JPYMYR	3.7533	3.7594	3.7613	3.7654	3.7733	↘
GBPMYR	5.5175	5.5236	5.5326	5.5434	5.5499	↘
SGDMYR	3.0978	3.0999	3.1014	3.1032	3.1053	↘
AUDMYR	3.2624	3.2666	3.2678	3.2738	3.2756	↘
NZDMYR	3.1083	3.1132	3.1170	3.1217	3.1249	↘
USDSGD	1.3832	1.3840	1.3852	1.3880	1.3892	↗
EURSGD	1.5728	1.5759	1.5785	1.5800	1.5820	↗
GBPSGD	1.7810	1.7835	1.7842	1.7863	1.7873	↗
AUDSGD	1.0514	1.0524	1.0536	1.0540	1.0553	↗

*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	1757.1	-0.2	7.0	CRB Index	172.7	0.11	-10.3
Dow Jones Ind.	21408.5	0.0	8.3	WTI oil (\$/bbl)	44.4	0.40	-17.4
S&P 500	2427.4	0.1	8.4	Brent oil (\$/bbl)	46.9	0.40	-17.5
FTSE 100	7370.0	0.3	3.2	Gold (\$/oz)	1214.4	0.20	5.8
Shanghai	3212.6	-0.2	3.5	CPO (RM/tonne)	2640.0	-0.68	-17.5
Hang Seng	25500.1	0.6	15.9	Copper (\$/tonne)	5824.0	-0.07	5.2
STI	3246.4	0.5	12.7	Rubber (sen/kg)	511.0	1.39	-20.8

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US consumer credit	May	\$18.41b	\$12.92b	\$13.50b
EU Sentix investor confidence	Jul	28.3	28.4	28.1
JP machine orders MoM	May	-3.60%	-3.10%	1.70%
JP BoP current account balance	May	¥1653.9b	¥1951.9b	¥1792.8b
JP Eco Watchers current SA	Jun	50.0	48.6	49.0
JP Eco Watchers outlook SA	Jun	50.5	49.6	50.3
China CPI YoY	Jun	1.50%	1.50%	1.60%
China PPI YoY	Jun	5.50%	5.50%	5.50%

Source: Bloomberg

➤ Macroeconomics

- Consumer credit in the US increased more than expected in May, by \$18.4bn, more than the \$12.9bn increase a month ago and against an estimated rise of \$13.5b, pointing to signs consumer willingness to spend.
- Survey by Sentix showed that investor confidence in Eurozone dipped in July, with the index sliding to 28.3 from 28.4. Nonetheless, confidence level remains relatively firm as 28.4 is the highest in nearly 10 years, not to mention the pullback in Jul was less than expected.
- Divergence between lagging and forward indicators emerged in Japan. Machine orders declined further in May, contracting 3.6% MOM after falling 3.1% previously, while a soft growth of 1.7% was expected. Meanwhile, the current account surplus narrowed to ¥1653.9b in May, down from ¥1951.9 in Apr.
- Even against the backdrop of softer data, Eco Watchers survey returned relatively optimistic results as respondents' assessment of Japan's economy improved. This pushed the index on current conditions to 50.0 in Jun from 48.6 in May, beating expected rise to 49.0. The outlook index climbed to 50.5 in Jun, overturning the pessimistic 49.6 level in May.
- Inflationary pressures in China remained steady in Jun. Consumer prices grew 1.5% YOY, unchanged from May, while producer prices steadied at 5.5%. With Chinese government reining in credit growth to taper excessive debt levels, economic activity is expected to cool and further weighs down on prices.

Economic Calendar Release Date

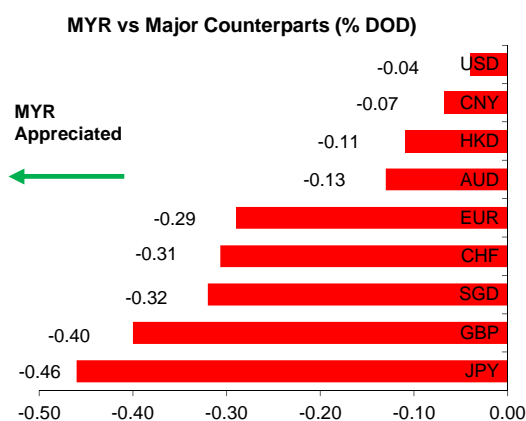
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	07/12	Industrial Production YoY	May	4.20%	4.20%	--
US	07/11	Consumer Credit	May	\$13.500b	\$8.197b	--
		NFIB Small Business Optimism	Jun	104.4	104.5	--
UK	07/12	MBA Mortgage Applications	Jul-07	--	1.40%	--
	07/12	Jobless Claims Change	Jun	--	7.3k	--
		ILO Unemployment Rate 3Mths	May	4.60%	4.60%	--
		Employment Change 3M/3M	May	120k	109k	--
Euro zone	07/12	Industrial Production SA MoM	May	1.00%	0.50%	--
Japan	07/11	Machine Tool Orders YoY	Jun P	--	24.50%	--
	07/12	PPI YoY	Jun	2.00%	2.10%	--
Singapore	07/12	Tertiary Industry Index MoM	May	-0.50%	1.20%	--
		Retail Sales YoY	May	2.20%	2.60%	--
Australia	07/11	NAB Business Conditions	Jun	--	12	--
		NAB Business Confidence	Jun	--	7	--
		Home Loans MoM	May	1.50%	-1.90%	--
	07/12	Westpac Consumer Conf Index	Jul	--	96.2	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1399	-0.02	1.1418	1.1382	8.4
USDJPY	114.04	0.11	114.3	113.87	-2.5
GBPUSD	1.2881	-0.07	1.2908	1.2855	4.4
AUDUSD	0.7606	0.07	0.7615	0.7587	5.5
EURGBP	0.8850	0.04	0.8859	0.8833	3.7
USDMYR	4.2965	-0.04	4.3018	4.2965	-4.2
EURMYR	4.8918	-0.29	4.9067	4.8905	3.6
JPYMYR	3.7617	-0.46	3.7733	3.7594	-1.8
GBPMYR	5.5266	-0.40	5.5487	5.5247	0.2
SGDMYR	3.1006	-0.32	3.1129	3.1006	0.0
AUDMYR	3.2613	-0.13	3.2738	3.2596	0.7
NZDMYR	3.1229	-0.18	3.1298	3.1216	0.1

Source: Bloomberg



Forex

MYR

- **MYR advanced against 8 G10s and closed 0.04% firmer at 4.2965 against USD** on the back of improved demand amid rising risk appetite in the markets.
- **Expect a slightly bullish MYR against USD**, supported by firmer risk appetite. A clear rejection took place near 4.2981, further denting USDMYR's upside momentum. USDMYR remains prone to a decline to 4.2902, below which bears will accelerate and push the pair to 4.2811.

USD

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- **We turn slightly bearish on USD** as demand is likely to continue to wane ahead of Fed Chair Yellen's Congress testimony. The Dollar Index is likely to be on the defensive after rejection from 96.20 yesterday but given retreating downside momentum and potential emergence of bullish bias, we opine that losses will likely be contained above 95.91.

EUR

- **EUR dipped 0.02% to 1.1399 against USD** after narrowing early losses and closed higher against 5 G10s.
- **EUR is slightly bullish in line with our expectation of a softer USD**; strong Eurozone IPI will boost upsides. Technically, there may be room for soft gains on a daily basis after resisting a drop below 1.1382. Over the longer-term, EURUSD remains inclined to losses while below 1.1450; losing 1.1361 exposes a drop to 1.1282.

GBP

- **GBP slipped 0.07% to 1.2881 against USD** and retreated against 5 G10s, staying soft as risk-sensitive majors advanced.
- **GBP is slightly bearish against USD**, weighed down by retreating refuge demand as European markets remain risk-on. Upside momentum continues to retreat and limit GBPUSD's room for rebound. Gains are likely repelled by 1.2900, and we set sights on a drop to 1.2832 soon.

JPY

- **JPY weakened 0.11% to 114.04 against USD** and fell against 7 G10s as demand fell on the back of firmer risk appetite in the markets.
- **JPY remains bearish against USD** as improving risk appetite continues to dampen refuge demand. Bullish bias further improved and is likely to push USDJPY higher, potentially testing 114.88 before receding.

AUD

- **AUD extended its rally albeit softly to beat 8 G10s and rose 0.07% to 0.7606 against USD**, lifted by firmer risk appetite and commodities.
- **We turn bullish on AUD in anticipation of a soft USD** as well as supported by firmer risk appetite in the markets. AUDUSD managed a close above 0.7600, which will likely inject some upward thrust to it. But given prevailing bearish bias, we reckon that AUDUSD is unlikely to bypass 0.7642.

SGD

- **SGD fell against all G10s and weakened 0.19% to 1.3848 against USD**.
- **Expect SGD to stay bearish against USD**; as regional majors firm up, SGD as a proxy for regional haven becomes less appealing. Bullish bias has improved in USDSGD; closing above 1.3840 has increased the pair's upside strength that would see it test 1.3880 – 1.3907 soon.

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