

Global Markets Research

Daily Market Highlights

Key Takeaways

- Macro flow was mostly on the softer side overnight. The **US registering an increase in initial jobless claims**, though it is too early to tell if it will weigh onto employment data given that headline figures remain within recent range. **Industrial production growth in Malaysia moderated**, but surpassed market estimates, while growth of manufacturing sales remained at robust pace despite the moderation.
- **Industrial production in the UK picked up pace in June**, rebounding from a contraction in May as output was lifted by quicker gains in manufacturing and mining & quarrying. However, pace of growth remains slow compared to recent months. **Expansion in UK construction output also improved** though much slower than expected. Overall, the NIESR estimated that GDP growth dipped in the 3 months ended Jul, adding weight downsides to growth prospects.
- **USD slipped against 6 G10s** even as risk aversion mounted, dampened by relatively softer US data. The Dollar Index fell 0.16% to 93.40, weighed down mostly by strong gain in JPY. **Stay bullish on USD** in anticipation of support from rising risk-off in the markets. The Dollar Index bullish bias has been dented by yesterday's close below 93.54, which mildly tilts to the downside. Losses may bounce off 93.08 to re-establish an extended rebound, otherwise, there could be a re-test at 92.54.
- **MYR eased 0.06% to 4.2917 against USD** after narrowing early losses but managed to advance against 6 G10s. **We stay bearish MYR against USD**, further weighed down by prevailing risk-off in the markets. Bullish bias continues to prevail in USDMYR, indicating that upward trajectory sustains. USDMYR has beaten our target at 4.2910 and is now likely on its way to 4.2977.
- **SGD** was similarly lower on risk aversion in the markets, falling against 6 G10s **but was mostly unchanged at 1.3636 against USD**. **We are still bearish on SGD against USD** amid prevailing risk aversion in the markets. USDSGD upward direction remains supported by 1.3620, and we continue to set sights on a climb to 1.3681. Losses cannot be ruled out but a close no lower than 1.3628 will still sustain current technical outlook.

Overnight Economic Data

US
UK
Japan
Malaysia
Australia
New Zealand



What's Coming Up Next

Major Data

- US CPI
- Singapore 2Q GDP and retail sales
- Hong Kong 2Q GDP

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1714	1.1750	1.1772	1.1781	1.1800	↘
USDJPY	108.83	109.00	109.09	109.56	109.96	↘
GBPUSD	1.2928	1.2952	1.2979	1.2985	1.3008	↘
AUDUSD	0.7836	0.7855	0.7873	0.7892	0.7915	↘
EURGBP	0.9041	0.9059	0.9070	0.9087	0.9100	↗
USDMYR	4.2890	4.2915	4.2930	4.2950	4.2977	↗
EURMYR	5.0246	5.0428	5.0521	5.0576	5.0622	↗
JPYMYR	3.9206	3.9254	3.9342	3.9446	3.9500	↗
GBPMYR	5.5596	5.5668	5.5728	5.5771	5.5856	↘
SGDMYR	3.1453	3.1481	3.1497	3.1503	3.1527	↘
AUDMYR	3.3632	3.3684	3.3786	3.3797	3.3880	↘
NZDMYR	3.1143	3.1175	3.1245	3.1298	3.1337	↘
USDSGD	1.3600	1.3619	1.3627	1.3643	1.3657	↗
EURSGD	1.6000	1.6023	1.6044	1.6070	1.6091	↘
GBPSGD	1.7632	1.7663	1.7691	1.7712	1.7749	↘
AUDSGD	1.0676	1.0705	1.0729	1.0761	1.0777	↘

*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	1777.8	0.0	8.3	CRB Index	178.9	-1.46	-7.1
Dow Jones Ind.	21844.0	-0.9	10.5	WTI oil (\$/bbl)	48.6	-2.00	-9.6
S&P 500	2438.2	-1.4	8.9	Brent oil (\$/bbl)	51.9	-1.50	-8.7
FTSE 100	7389.9	-1.4	3.5	Gold (\$/oz)	1286.5	0.70	9.9
Shanghai	3261.8	-0.4	5.1	CPO (RM/tonne)	2617.5	0.56	-18.2
Hang Seng	27444.0	-1.1	24.7	Copper (\$/tonne)	6423.0	-0.50	16.0
STI	3323.2	0.2	15.4	Rubber (sen/kg)	549.5	2.42	-14.8

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY industrial production YOY	Jun	4.0%	4.6%	3.0%
MY manufacturing sales YOY	Jun	11.5%	19.5%	--
US initial jobless claims	Aug 5	244k	240k	240k
UK industrial production YOY	Jun	0.3%	-0.2%	-0.1%
UK manufacturing production YOY	Jun	0.6%	0.3%	0.6%
UK construction output YOY	Jun	0.9%	0.5%	1.8%
UK visible trade balance	Jun	-£12722	-£11306	-£11000
UK NIESR GDP estimate	Jul	0.2%	0.3%	0.3%
JP tertiary industry index MOM	Jun	0.0%	-0.1%	0.2%
AU consumer inflation expectation	Aug	4.2%	4.4%	--
NZ biz PMI manufacturing	Jul	55.4	56.0	--

- Dataflow overnight mostly slanted towards the softer side. US initial jobless claims rose more than expected by 244k in the week ended 5 Aug, rising modestly from 240k in the preceding week.
- In the UK, industrial production surprised on the upside with a 0.3% YOY growth in Jun, rebounding from a 0.2% contraction previously. The figure bested estimates of a 0.1% decline. The headline industrial output figure was boosted by a modest acceleration in manufacturing output, rising 0.6% in Jun from 0.3% in May, as well as rebound in mining & quarrying to grow 1.2% in Jun from 1.5% decline in May. Overall, pace of growth remains tepid compared to the months prior.
- Meanwhile, output in UK's construction sector also picked up albeit less than expected, climbing 0.9% in Jun from 0.5% in May. On trade, UK's visible trade deficit widened to £12722 in Jun from £11306 previously, when it was expected to narrow to £11000. In terms of overall economic expansion, the NIESR estimated that UK's GDP grew 0.2% in the 3 months ended Jul, a tad slower than 0.3% in the same period ended Jun.
- On a monthly basis, growth in Japan's tertiary industries stagnated in Jun, but it was statistically an improvement from a 0.1% decline in May. Growth missed out economists' estimate of a pick up to 0.2%.
- Over in Australia, inflation expectation eased to 4.2% in Aug from 4.4% in Jul, likely affected by a firm AUD as well as soft wage growth. The manufacturing sector in New Zealand grew slower in Jul as the PMI slipped to 55.4 from 56.0 in Jun.
- Malaysia's industrial production growth moderated to 4.0% YOY in Jun, sliding from 4.6% in May. Even so, the figure was rather resilient in view of shorter working days in Jun due to seasonal factor, beating estimates of a slowdown to 3.0%. Output was overall softer in manufacturing (Jun: +4.7% vs May: +7.3%) and electricity (Jun: +2.1% vs May: +2.5%), but a rebound in mining production (Jun: +2.4% vs May: -2.3%) helped soften the slowdown in headline IPI.
- Manufacturing sales of Malaysia also registered a slower increase in Jun, rising 11.5% YOY to RM 62.3b from 19.5% jump in May. The figure remains robust in our view, with growth supported by sales in E&E, petroleum, chemical, rubber & plastic products, and non-metallic mineral products.

Economic Calendar Release Date

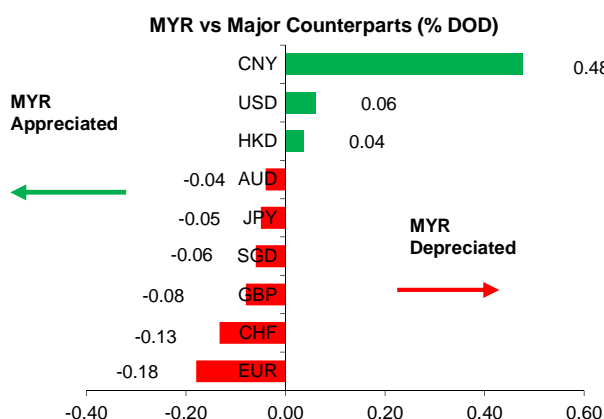
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	8/11	CPI MOM	Jul	0.1%	0.0%	--
Eurozone	8/14	Industrial production YOY	Jun	--	4.0%	--
Japan	8/14	GDP QOQ	2Q P	0.6%	0.3%	--
China	8/11 – 18	FDI	Jul	--	2.3%	--
	8/14	Retail sales YOY	Jul	10.8%	11.0%	--
		Fixed assets investment YTD YOY	Jul	8.6%	8.6%	--
		Industrial production YOY	Jul	7.1%	7.6%	--
Hong Kong	8/11	GDP YOY	2Q	3.3%	4.3%	--
Singapore	8/11	Retail sales YOY	Jun	1.0%	0.9%	--
		GDP YOY	2Q	2.5%	2.5%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1772	0.11	1.1785	1.1704	11.9
USDJPY	109.20	-0.79	110.18	109.16	-6.7
GBPUSD	1.2977	-0.21	1.3015	1.2952	5.1
AUDUSD	0.7875	-0.16	0.7911	0.7867	9.1
EURGBP	0.9072	0.32	0.9076	0.9008	6.3
USDMYR	4.2917	0.06	4.2965	4.2852	-4.3
EURMYR	5.0263	-0.18	5.0466	5.0254	6.4
JPYMYR	3.9057	-0.05	3.9078	3.8925	1.9
GBPMYR	5.5760	-0.08	5.5856	5.5613	1.1
SGDMYR	3.1458	-0.06	3.1516	3.1430	1.4
AUDMYR	3.3821	-0.04	3.3922	3.3777	4.4
NZDMYR	3.1206	-0.70	3.1546	3.1133	0.1

Source: Bloomberg



Forex

MYR

- **MYR eased 0.06% to 4.2917 against USD** after narrowing early losses but managed to advance against 6 G10s.
- **We stay bearish MYR against USD**, further weighed down by prevailing risk-off in the markets. Bullish bias continues to prevail in USDMYR, indicating that upward trajectory sustains. USDMYR has beaten our target at 4.2910 and is now likely on its way to 4.2977.

USD

- **USD slipped against 6 G10s** even as risk aversion mounted, dampened by relatively softer US data. The Dollar Index fell 0.16% to 93.40, weighed down mostly by strong gain in JPY.
- **Stay bullish on USD** in anticipation of rising risk-off in the markets to support. The Dollar Index bullish bias has been dented by yesterday's close below 93.54, which mildly tilts to the downside. Losses may bounce off 93.08 to re-establish an extended rebound, otherwise, there could be a re-test at 92.54.

EUR

- **EUR climbed 0.11% to 1.1772 against USD** after overturning early losses and advanced against 5 G10s.
- **EUR is slightly bearish against USD**, likely weighed down by prevailing risk aversion in the markets. EURUSD remains pressured while below 1.1800, with scope to slide below 1.1700 and potentially set off a drop to 1.1583 in the coming weeks.

GBP

- **GBP fell 0.21% to 1.2977 against USD** and fell against 7 G10s as demand retreated on the back of better bids in European majors.
- **Expect a bearish GBP against a USD** that is supported by refuge demand. GBPUSD dipped further below 1.3008, which will make it tough for a rebound. We set sights on a drop to 1.2928 in the next leg lower.

JPY

- **JPY strengthened against all G10s and jumped 0.79% to 109.20 against USD** on the back of prevailing risk aversion from geopolitical concerns.
- **JPY remains slightly bullish against USD** as markets likely remain in favour of relatively safer assets. USDJPY has broken below 109.43 and is likely heading for a test at 108.80. Below this, USDJPY will be on a longer-term decline to 105.00.

AUD

- **AUD fell 0.16% to 0.7875 against USD** and retreated against 6 G10s, pressured by prevailing risk-off in the markets.
- **Expect a bearish AUD against USD** as risk appetite in the markets remains soft. AUDUSD remains on track towards 0.7818 in the next leg lower. A drop to circa 0.7784 is expected from this reversal, but do not rule out further losses beyond this.

SGD

- **SGD** was similarly lower on risk aversion in the markets, falling against 6 G10s **but was mostly unchanged at 1.3636 against USD**.
- **We are still bearish on SGD against USD** amid prevailing risk aversion in the markets. USDSGD upward direction remains supported by 1.3620, and we continue to set sights on a climb to 1.3681. Losses cannot be ruled out but a close no lower than 1.3628 will still sustain current technical outlook.

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