

Global Markets Research

Daily Market Highlights

Key Takeaways

- There was little on the macro front to digest overnight. **Japan's dataflow continue to build on recent upsides.** Demand for machines sank further in Jul, but demand for tooling picked up in Aug. The tertiary industry index rebounded in Jul on a monthly basis, and steadied annually, with quicker activities in information & communication and retail trade offset by relatively softer growth in wholesale trade, medical & health care and entertainment.
- **In Malaysia, industrial production growth accelerated to an 8-month high in Jul**, lifted by low-base effect. Manufacturing and electricity recorded firmer output compared to in Jun, negating the slowdown in mining. We maintain our view for healthy production growth in the months ahead, underpinned by sustained external and domestic demand. This shall be supportive of our revised real GDP growth forecast of 5.4% for the full year of 2017.
- **USD rebounded to beat 9 G10s** amid receding concerns over impact of natural disaster and geopolitical tension. The Dollar Index advanced through European and US sessions to close 0.57% higher at 91.87. **We remain slightly bullish on USD** as buying support returns on extended recede in concerns regarding the US. The Dollar Index gains will likely be limited to 92.29, otherwise technical outlook will change to a bullish one. Until that happens, the Dollar Index is still exposed to a close below 91.66, then 91.35, before it can establish a longer-term rebound.
- **MYR eased 0.06% to 4.1980 against USD** after narrowing losses in European trade and advanced against 8 G10s, supported by improved risk appetite and firmer Malaysia data. **Continue to expect a softer MYR in anticipation of rebounding USD.** Failure to close above 4.2000 yesterday still puts current upside strength in doubt. Current level above 4.2000 will prevent the bears from accelerating, but USDMYR must beat 4.2100 to establish a longer-term rebound.
- **SGD weakened 0.37% to 1.3469 against a rebound in USD** but advanced against 7 G10s, supported by firmer risk sentiment. **SGD is likely still bearish against a rebounding USD.** Technically, we still caution that current signs point to a short-term decline that could lead USDSGD to close below 1.3400 before attempting to establish a longer-term rebound.

Overnight Economic Data

Malaysia
Japan



What's Coming Up Next

Major Data

- US NFIB small business optimism
- UK CPI, RPI and PPI
- Japan BSI surveys
- Singapore retail sales
- Australia NAB biz conditions and confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1917	1.1941	1.1961	1.1973	1.2000	↘
USDJPY	109.00	109.13	109.37	109.50	109.97	↗
GBPUSD	1.3126	1.3164	1.3171	1.3191	1.3224	↘
AUDUSD	0.7980	0.8009	0.8022	0.8043	0.8059	↘
EURGBP	0.9050	0.9061	0.9080	0.9100	0.9116	↘
USDMYR	4.1952	4.200	4.2017	4.2035	4.2060	↗
EURMYR	5.0168	5.0200	5.0242	5.0271	5.0340	↘
JPYMYR	3.8328	3.8384	3.8409	3.8460	3.8523	↘
GBPMYR	5.5266	5.5321	5.5333	5.5378	5.5412	↘
SGDMYR	3.1150	3.1179	3.1205	3.1252	3.1300	↘
AUDMYR	3.3577	3.3642	3.3713	3.3747	3.3797	↘
NZDMYR	3.0303	3.0393	3.0482	3.0500	3.0551	↘
USDSGD	1.3420	1.3450	1.3460	1.3478	1.3500	↗
EURSGD	1.6000	1.6050	1.6100	1.6107	1.6126	↘
GBPSGD	1.7700	1.7715	1.7730	1.7735	1.7764	↗
AUDSGD	1.0761	1.0786	1.0802	1.0806	1.0827	↘

*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	1782.7	0.2	8.6	CRB Index	181.7	0.27	-5.6
Dow Jones Ind.	22057.4	1.2	11.6	WTI oil (\$/bbl)	48.1	1.20	-10.5
S&P 500	2488.1	1.1	11.1	Brent oil (\$/bbl)	53.8	0.10	-5.2
FTSE 100	7413.6	0.5	3.8	Gold (S/oz)	1327.5	-1.40	10.8
Shanghai	3376.4	0.3	8.8	CPO (RM/tonne)	2760.5	0.95	-13.7
Hang Seng	27955.1	1.0	27.1	Copper (\$/tonne)	6748.0	0.82	21.9
STI	3228.5	0.0	12.1	Rubber (sen/kg)	592.5	0.42	-8.1

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY industrial production YOY	Jul	6.1%	4.0%	5.1%
JP machine orders YOY	Jul	-7.5%	-5.2%	-7.8%
JP tertiary industry index MOM	Jul	0.1%	-0.2%	0.1%
JP machine tool orders YOY	Aug P	36.3%	28.0%	--

Source: Bloomberg

- There was little on the macro front to digest overnight. Japan's dataflow continue to build on recent upsides. Demand for machines sank further in Jul, but demand for tooling picked up in Aug. Machine orders contracted 7.5% YOY in Jul after falling 5.2% in Jun. Meanwhile, machine tool orders surged 36.3% in Aug early estimate, up from 28.0% in Jul.
- Japan's tertiary industry index climbed 0.1% MOM in Jul after dipping 0.2% previously, while annually, the index steadied at 1.0% YOY. Pace of growth accelerated in industries relating to information & communication (Jul: +3.3% vs Jun: +1.4%) and retail trade (Jul: +1.5% vs Jun: +1.4%). However, headline figure was weighed down by equally-large components that underperformed such as wholesale trade (Jul: -1.8% vs Jun: -0.2%), medical & health care (Jul: +0.9% vs Jun: +1.0%) and entertainment (Jul: -0.8% vs Jun: -0.5%).
- Malaysia's industrial production outperformed market expectation in Jul, rising 6.1% YOY from 4.0% in Jun. The quickest pace of growth in 8 months is lifted by the low-base effect, skewed by seasonal factor. By sectors, manufacturing output accelerated (Jul: +7.9% vs Jun: +4.7%) alongside electricity production (Jul: +7.9% vs Jun: +2.1%). Firmer performance of both sectors more than offset a slowdown in mining (Jul: +0.2% vs Jun: +2.4%).

Economic Calendar Release Date

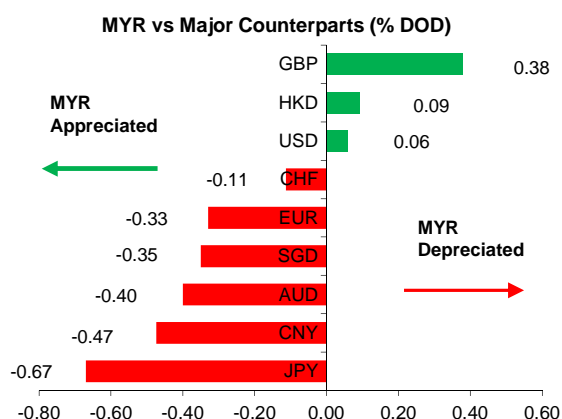
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	9/12	NFIB small biz optimism	Aug	104.9	105.2	--
	9/13	MBA mortgage applications	Sept 8	--	3.3%	--
		PPI final demand MOM	Aug	0.3%	-0.1%	--
EU	9/13	Industrial production MOM	Jul	0.1%	-0.6%	--
UK	9/12	CPI YOY	Aug	2.8%	2.6%	--
		RPI YOY	Aug	3.8%	3.6%	--
		PPI output YOY	Aug	3.1%	3.2%	--
	9/13	Jobless claims change	Aug	--	-4.2k	--
		ILO unemployment rate	Jul	4.4%	4.4%	--
Japan		Employment change	Jul	150k	125k	--
	9/13	BSI large all industry QOQ	3Q	--	-2.0	--
		BSI large manufacturing QOQ	3Q	5.0	-2.9	--
		PPI YOY	Aug	3.0%	2.6%	--
Singapore	9/12	Retail sales	Jul	1.7%	1.9%	--
Australia	9/12	NAB biz conditions	Aug	--	15	--
		NAB biz confidence	Sept	--	12	--
	9/13	Westpac consumer confidence	Sept	--	95.5	--
Vietnam	9/12 – 13	Domestic vehicle sales YOY	Aug	--	-21.3%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1953	-0.69	1.2036	1.1948	13.7
USDJPY	109.39	1.44	109.51	108.09	-6.5
GBPUSD	1.3163	-0.28	1.3222	1.3161	6.8
AUDUSD	0.8029	-0.38	0.8073	0.8019	11.4
EURGBP	0.9081	-0.42	0.9134	0.9076	6.4
USDMYR	4.1980	0.06	4.2035	4.1950	-6.4
EURMYR	5.0433	-0.33	5.0509	5.0384	6.8
JPYMYR	3.8695	-0.67	3.8776	3.8680	1.0
GBPMYR	5.5388	0.38	5.5441	5.5311	0.5
SGDMYR	3.1262	-0.35	3.1294	3.1229	0.8
AUDMYR	3.3811	-0.40	3.3842	3.3726	4.3
NZDMYR	3.0589	-0.09	3.0589	3.0315	-1.9

Source: Bloomberg



Forex

MYR

- **MYR eased 0.06% to 4.1980 against USD** after narrowing losses in European trade and advanced against 8 G10s, supported by improved risk appetite and firmer Malaysia data.
- **Continue to expect a softer MYR in anticipation of rebounding USD.** Failure to close above 4.2000 yesterday still puts current upside strength in doubt. Current level above 4.2000 will prevent the bears from accelerating, but USDMYR must beat 4.2100 to establish a longer-term rebound.

USD

- **USD rebounded to beat 9 G10s** amid receding concerns over impact of natural disaster and geopolitical tension. The Dollar Index advanced through European and US sessions to close 0.57% higher at 91.87.
- **We remain slightly bullish on USD** as buying support returns on extended recede in concerns regarding the US. The Dollar Index gains will likely be limited to 92.29, otherwise technical outlook will change to a bullish one. Until that happens, the Dollar Index is still exposed to a close below 91.66, then 91.35, before it can establish a longer-term rebound.

EUR

- **EUR weakened 0.69% to 1.1953 against a rebounding USD** and fell against 5 G10s along with mostly European majors.
- **Stay slightly bearish on EUR in anticipation of further USD rebound**, as well as weighed down by risk aversion ahead of a speech by ECB Vice President Constancio. We continue to note the gradually diminishing upside strength in EURUSD and caution that risk of reversal is rising. But before that, the pair may still make a last-ditch rally, possibly close above 1.2036 in the next few days.

GBP

- **GBP fell 0.28% to 1.3163 against USD** but managed to advance against 7 G10s on the back of retreat in European and haven majors.
- **We stay slightly bearish on GBP against USD** in anticipation of risk aversion ahead of UK price reports. GBPUSD, after breaking above reversion level at 1.3164, very quickly slipped below it. We continue to caution that the pair may trend within this level and that risk of rejection rises approaching 1.3200 – 1.3224.

JPY

- **JPY tumbled against all G10s and slumped 1.44% to 109.39 against a rebounding USD**, weighed down by sharp retreat in refuge demand.
- **JPY remains bearish against USD** on the back of retreating refuge demand. USDJPY's overnight rebound has altered the previously pessimistic technical outlook. The pair is now inclined towards the upside and there is scope to test 110 in the next leg higher.

AUD

- **AUD fell 0.38% to 0.8029 against a rebounding USD** but rose against 6 G10s, supported by firmer risk appetite in the markets.
- **Expect a slightly bearish AUD against a rebounding USD**, with losses kept modest by improved risk appetite in the markets. Technical outlook is deteriorating but positive nonetheless, thus we suspect there may be a final push higher that could potentially break above 0.8060 in the next few days. Thereafter, we set sights on a reversal lower to below 0.7980.

SGD

- **SGD weakened 0.37% to 1.3469 against a rebound in USD** but advanced against 7 G10s, supported by firmer risk sentiment.
- **SGD is likely still bearish against a rebounding USD.** Technically, we still caution that current signs point to a short-term decline that could lead USDUSD to close below 1.3400 before attempting to establish a longer-term rebound.

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