

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Macro flow was mixed, disappointed in the EU and China but Japan 2Q GDP sharply surprised on the upside.** Growth quickened more than expected to 1.0% QOQ in 2Q, its best in nine quarters, and the contraction in 1Q which raised concerns over a relapse into recession then was revised up to a 0.4% growth, squashing fear of a technical recession. The upbeat performance was spurred by commendable pick-up in private consumption and business spending, offering hopes that domestic demand is finally on firmer footing. Annually, GDP jumped 4.0% from 1.5% in 1Q.
- **On the contrary, China data turned out softer in July, reflecting some payback from June's solid numbers that affirmed that growth is poised to take on a more moderate path in 2H17.** Retail sales grew at a slower pace of 10.4% YOY in July, while industrial production growth was much softer at 6.4% compared to 7.6% in June. Meanwhile, growth of investment in fixed assets slowed to 8.3% in the Jan-Jul period compared to the same period a year before, pulling back from 8.6% growth recorded between Jan and Jun.
- **USD advanced against 9 G10s** while the Dollar Index climbed through European-US sessions to close 0.37% higher at 93.41. **We stay slightly bullish on USD** as geopolitical concerns retreat. The Dollar Index remains technically bullish but needs a firmer close above 93.54 to establish an advance to 94.03. Below it, the Dollar Index remains prone to declines that are likely to bounce off 93.05.
- **MYR closed marginally firmer at 4.2933 against USD** but not before returning most early gains, while sliding against 6 G10s. **MYR remains bearish against a rebounding USD.** USDMYR continues to sustain an upward direction while above 4.2900, which maintains a path towards 4.2977.
- **SGD advanced against 9 G10s** as risk appetite improved but **slipped 0.14% to 1.3628 against a stronger USD.** **We are still bearish on SGD against a rebounding USD.** USDSGD remains on track to climb to 1.3681 in our view as long as it does not close below 1.3600. Gains are likely to be mild going forward as firm resistance lies at 1.3645 and 1.3677.

Overnight Economic Data

EU
Japan
China



What's Coming Up Next

Major Data

- US Empire State manufacturing, retail sales and NAHB housing market index
- UK CPI, RPI and PPI
- Japan industrial production

Major Events

- RBA meeting minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1743	1.1764	1.1781	1.1791	1.1800	↘
USDJPY	108.56	109.90	110.03	110.10	110.62	↗
GBPUSD	1.2891	1.2928	1.2967	1.2974	1.3008	↘
AUDUSD	0.7784	0.7835	0.7866	0.7892	0.7910	↘
EURGBP	0.9070	0.9075	0.9085	0.9091	0.9100	↘
USDMYR	4.2907	4.2920	4.2935	4.2955	4.2977	↗
EURMYR	5.0465	5.0525	5.0601	5.0646	5.0684	↘
JPYMYR	3.8875	3.8936	3.9012	3.9018	3.9078	↘
GBPMYR	5.5600	5.5635	5.5663	5.5668	5.5750	↘
SGDMYR	3.1403	3.1469	3.1501	3.1510	3.1535	↘
AUDMYR	3.3625	3.3693	3.3753	3.3797	3.3811	↘
NZDMYR	3.1300	3.1321	3.1357	3.1357	3.1404	↘
USDSGD	1.3600	1.3614	1.3632	1.3645	1.3677	↗
EURSGD	1.6040	1.6050	1.6061	1.6069	1.6085	↘
GBPSGD	1.7640	1.7655	1.7675	1.7690	1.7723	↘
AUDSGD	1.0655	1.0700	1.0717	1.0730	1.0750	↘

*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	1771.1	0.2	7.9	CRB Index	177.5	-1.17	-7.8
Dow Jones Ind.	21993.7	0.6	11.3	WTI oil (\$/bbl)	47.6	-2.50	-11.4
S&P 500	2465.8	1.0	10.1	Brent oil (\$/bbl)	50.7	-2.60	-10.7
FTSE 100	7353.9	0.6	3.0	Gold (S/oz)	1282.2	-0.60	9.9
Shanghai	3237.4	0.9	4.3	CPO (RM/tonne)	2623.5	-0.36	-18.0
Hang Seng	27250.2	1.4	23.9	Copper (\$/tonne)	6397.0	-0.22	15.6
STI	3308.7	0.9	14.9	Rubber (sen/kg)	561.5	0.09	-13.0

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
EU industrial production MOM	Jun	-0.6%	1.2%	-0.5%
JP GDP QOQ	2Q P	1.0%	0.4%	0.6%
CH retail sales YOY	Jul	10.4%	11.0%	10.8%
CH fixed assets investment YTD YOY	Jul	8.3%	8.6%	8.6%
CH industrial production YOY	Jul	6.4%	7.6%	7.1%

Source: Bloomberg

- Except for Japan, dataset overnight turned out softer than expected. Japan's economy grew 1.0% QOQ in 2Q, according to a preliminary report, accelerating from 0.4% in 1Q and besting estimates of a 0.6% increase. Note that the eye-catching -0.3% performance in 1Q that had most wondering if a recession is coming had been upwardly revised to 0.4%. This is the quickest growth in 9 quarters, and was spurred by private consumption (2Q: +0.9% QOQ vs 1Q: +0.4%) and business spending (2Q: +2.4% vs 1Q: +0.9%). Annually, GDP jumped 4.0% from 1.5% in 1Q.
- Industrial production in the Eurozone contracted 0.6% MOM in June, slumping after growing 1.2% in May. Output was weighed down by declines in capital goods and durable consumer goods, both of which are potential signs that confidence is on the wane. Annually, the growth in production eased to 2.6% from 3.9%, against expectations of a softer slowdown to 2.6%.
- Concerns that China's economic activity has peaked and is making an about-turn heightened yesterday as July data missed estimates. Retail sales grew 10.4% YOY in July, easing from 11.0% previously and missing the 10.8% increase markets were looking for. Industrial production growth was much softer at 6.4% compared to 7.6% in June. Meanwhile, growth of investment in fixed assets slowed to 8.3% in the Jan-Jul period compared to the same period a year before, pulling back from 8.6% growth recorded between Jan and Jun.

Economic Calendar Release Date

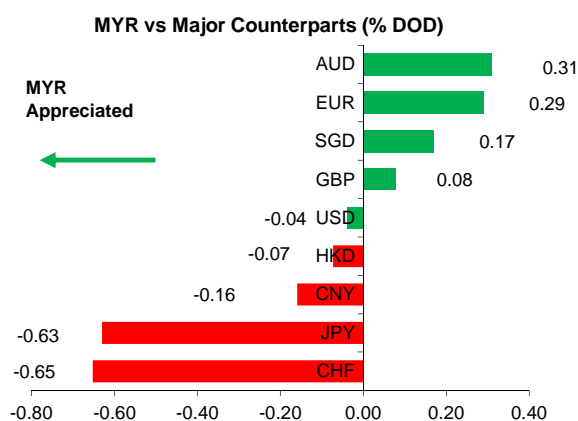
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	8/15	Empire manufacturing	Aug	10.0	9.8	--
		Retail sales MOM	Jul	0.3%	-0.2%	--
		NAHB housing market index	Aug	64	64	--
	8/16	MBA mortgage applications	Aug 11	--	3.0%	--
		Housing starts MOM	Jul	0.4%	8.3%	--
		Building permits MOM	Jul	-2.0%	7.4%	9.2%
Eurozone	8/16	GDP QOQ	2Q P	0.6%	0.6%	--
UK	8/15	CPI YOY	Jul	2.7%	2.6%	--
		RPI YOY	Jul	3.5%	3.5%	--
		PPI output YOY	Jul	3.1%	3.5%	--
	8/16	Jobless claims change	Jul	--	5.9k	--
		ILO jobless rate	Jun	4.5%	4.5%	--
		Employment change	Jun	97k	175k	--
Japan	8/15	Industrial production MOM	Jun F	--	1.6%	--
China	8/15 – 18	FDI	Jul	--	2.3%	--
Australia		8/15	RBA minutes	Aug	--	--
	8/16	Westpac leading index MOM	Jul		-0.14%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1780	-0.35	1.1838	1.1770	12.0
USDJPY	109.63	0.40	109.8	109.00	-6.0
GBPUSD	1.2964	-0.38	1.3022	1.2957	5.0
AUDUSD	0.7852	-0.53	0.7919	0.7845	8.9
EURGBP	0.9087	0.02	0.9101	0.9071	6.5
USDMYR	4.2933	-0.04	4.2955	4.2875	-4.3
EURMYR	5.0650	0.29	5.0841	5.0637	7.2
JPYMYR	3.9145	-0.63	3.9317	3.9116	2.2
GBPMYR	5.5717	0.08	5.5908	5.5693	1.1
SGDMYR	3.1533	0.17	3.1589	3.1523	1.7
AUDMYR	3.3797	0.31	3.3980	3.3787	4.3
NZDMYR	3.1313	0.16	3.1435	3.1305	0.4

Source: Bloomberg



Forex

MYR

- **MYR closed marginally firmer at 4.2933 against USD** but not before returning most early gains, while sliding against 6 G10s.
- **MYR remains bearish against a rebounding USD.** USDMYR continues to sustain an upward direction while above 4.2900, which maintains a path towards 4.2977.

USD

- **USD advanced against 9 G10s** while the Dollar Index climbed through European-US sessions to close 0.37% higher at 93.41.
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EUR

- **EUR fell 0.35% to 1.1780 against a rebounding USD** but managed to firm up against 7 G10s.
- **Expect EUR to remain bearish against a rebounding USD.** Downside pressure prevails after EURUSD slipped below 1.1800. While below 1.1800, the pair is prone to declines to 1.1700 and potentially set off a drop to 1.1583 in the coming weeks.

GBP

- **GBP fell 0.38% to 1.2964 against USD** and retreated against 6 G10s as demand for European majors improved.
- **GBP remains against USD** on risk aversion ahead of UK data on price developments that are likely to be catalysts for a strong move. Technically, GBPUSD remains bearish and more so after rejection by 1.3008. Declines to 1.2928 are expected, after which a drop to 1.2848 will be established.

JPY

- **JPY lost support as refuge demand waned, falling against 7 G10s and sliding 0.4% to 109.63 against USD.**
- **We now turn bearish on JPY against USD** as refuge demand retreats. USDJPY is likely making the rebound that we have been looking for; bypassing 110.10 will give this pair a stronger upside, potentially setting off a climb to 110.94.

AUD

- **AUD weakened 0.53% to 0.7852 against USD** and fell against 8 G10s, weighed down by declines in relevant commodities.
- **Stay bearish on AUD against a firmer USD** ahead of RBA minutes; continued negative tone by RBA on the strength of AUD hampering economic expansion will likely set off further declines. AUDUSD remains soft while below 0.7892 and is poised to make a drop to 0.7784. Below this, the pair can test 0.7697.

SGD

- **SGD advanced against 9 G10s** as risk appetite improved but **slipped 0.14% to 1.3628 against a stronger USD.**
- **We are still bearish on SGD against a rebounding USD.** USDSGD remains on track to climb to 1.3681 in our view as long as it does not close below 1.3600. Gains are likely to be mild going forward as firm resistance lies at 1.3645 and 1.3677.

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