

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Market sentiments continued to improve amid dwindling geopolitical tension, further reinforced by a bout of positive economic releases from the US and Germany.** US retail sales grew at its best pace in seven months, rising 0.6% MOM in July. Sales ex volatile auto also gained at a similar pace by 0.5% MOM, indicating improvement in underlying consumer spending even for discretionary items, which should augur well with economic growth in 3Q.
- **Germany grew at a decent pace of 0.6% QOQ and 2.1% YOY in 2Q** (1Q: +0.7% QOQ and +2.0% YOY), driven by household and government spending. This suggests Eurozone 2Q GDP growth due today will likely show sustained growth pace, in line with recent indicators that point to continuous recovery in the region.
- **In the UK, price reports point to the lack of upside price pressure** which implies inflation may have peaked in the current cycle. Soft inflation is expected to dampen prospects of a near term BOE rate hike. On similar ground, there was **little new insights from RBA minutes yesterday, which reiterated concerns over low inflation and a strong Aussie.**
- **USD rebounded to beat 9 G10s** and the Dollar Index rallied in early US trade on better than expected US data to close 0.47% higher at 93.85. **Stay slightly bullish on USD** as markets anticipate more details on the Fed's balance sheet reduction via FOMC minutes. The Dollar Index bullish bias has improved after breaking through 93.54. It is now likely charting a path towards 94.35, above which there is scope to extend its climb to 95.16.
- **MYR eased 0.05% to 4.2955 against a firmer USD** but advanced against all G10s, supported by improved risk appetite in the markets. **MYR remains bearish against a rebounding USD.** USDMYR is poised to soon break above 4.2977, above which there is room for further gains to circa 4.3050.
- **SGD weakened 0.30% to 1.3669 against a firmer USD. We stay bearish on SGD against a rebounding USD.** USDSGD has climbed to 1.3681 overnight as expected but needs a firm close above this level to assert further upside bias that would push it higher to circa 1.3741.

Overnight Economic Data

US	↑
UK	↓
Japan	↑
Australia	↑

What's Coming Up Next

Major Data

- US MBA mortgage applications, housing starts, building permits
- Eurozone 2Q GDP
- UK employment change

Major Events

- FOMC meeting minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1683	1.1700	1.1736	1.1752	1.1788	↘
USDJPY	110.20	110.59	110.68	110.94	111.35	↗
GBPUSD	1.2800	1.2848	1.2861	1.2865	1.2881	↘
AUDUSD	0.7800	0.7820	0.7829	0.7850	0.7872	↘
EURGBP	0.9100	0.9115	0.9125	0.9137	0.9150	↘
USDMYR	4.2919	4.2950	4.2960	4.2980	4.3000	↗
EURMYR	5.0228	5.0305	5.0429	5.0536	5.0678	↘
JPYMYR	3.8656	3.8721	3.8809	3.8891	3.9020	↘
GBPMYR	5.5200	5.5250	5.5274	5.5321	5.5344	↘
SGDMYR	3.1380	3.1410	3.1416	3.1434	3.1471	↘
AUDMYR	3.3550	3.3597	3.3644	3.3698	3.3771	↘
NZDMYR	3.1000	3.1023	3.1055	3.1116	3.1200	↘
USDSGD	1.3651	1.3669	1.3675	1.3700	1.3720	↗
EURSGD	1.6026	1.6043	1.6051	1.6057	1.6084	↘
GBPSGD	1.7550	1.7563	1.7590	1.7604	1.7620	↘
AUDSGD	1.0680	1.0691	1.0709	1.0717	1.0738	↘

*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	1772.4	0.1	8.0	CRB Index	176.3	-0.68	-8.4
Dow Jones Ind.	21999.0	0.0	11.3	WTI oil (\$/bbl)	47.6	-0.08	-11.5
S&P 500	2464.6	0.0	10.1	Brent oil (\$/bbl)	51.0	0.43	-10.2
FTSE 100	7383.9	0.4	3.4	Gold (\$/oz)	1271.5	0.04	10.8
Shanghai	3251.3	0.4	4.8	CPO (RM/tonne)	2642.0	0.71	-17.4
Hang Seng	27175.0	-0.3	23.5	Copper (\$/tonne)	6379.0	-0.28	15.2
STI	3294.9	-0.4	14.4	Rubber (sen/kg)	558.0	-0.62	-13.5

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Empire manufacturing	Aug	25.2	9.8	10.0
US retail sales MOM	Jul	0.6%	0.3%	0.3%
UK CPI YOY	Jul	2.6%	2.6%	2.7%
UK RPI YOY	Jul	3.6%	3.5%	3.5%
UK PPI YOY	Jul	3.2%	3.3%	3.1%
Japan industrial production YOY	Jul	5.5%	4.9%	-
AU Westpac leading index	Jul	0.12%	-0.15%	-

Source: Bloomberg

- Data from the US saw improved traction. The manufacturing sector in New York Fed district grew at its quickest pace since Sept 2014, as the index surged to 25.2 in August, climbing from 9.8 in July and blasting markets expectations of an increase to 10.0. Retail sales picked up pace in July with a 0.6% MOM gain, rising from an upwardly revised 0.3% increase a month ago. Discounting the effect of volatile automobile sales, retail sales accelerated from 0.1% to 0.5% MOM in July.
- UK CPI held steady at 2.6% for the month of July, while PPI moderated a tad to 3.2% YOY in July, and may delay prospects of BOE interest rate hike as inflation failed to climb higher even though RPI was the only price gauge that reported a slight uptick to 3.6% YOY. We expect BOE to keep its key policy rate at current level, staying pat as inflation seems to be lacking momentum to chart higher gains.
- Japan released another set of better than expected numbers following the recent GDP acceleration. Industrial production increased 2.2% MOM in Jun, upwardly revised from 1.6% initial estimate, while annual pace of growth was revised to 5.5% from 4.9% in preliminary report. Comparatively, MOM figure represents a rebound from that recorded in May, when output fell 3.6%.
- In Australia, Westpac leading index rose 0.12% in July versus a prior print of -0.15%, offering signs the Australian economy is still growing at uneven pace.

Economic Calendar Release Date

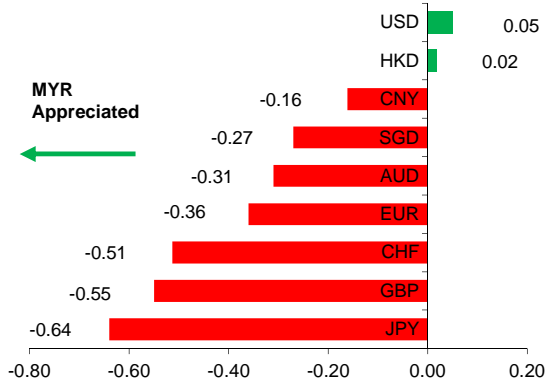
Country	Date	Event	Reporting Period	Survey	Prior	Revised	
US	8/16	MBA mortgage applications	Aug 11	--	3.0%	--	
		Housing starts MOM	Jul	0.4%	8.3%	--	
		Building permits MOM	Jul	-2.0%	7.4%	9.2%	
	8/17	FOMC minutes					
		Initial jobless claims	Aug 12	240k	244k	--	
		Philly Fed biz outlook	Aug	18.0	19.5	--	
		Industrial production MOM	Jul	0.3%	0.4%	--	
		Leading index	Jul	0.3%	0.6%	--	
		GDP QOQ	2Q P	0.6%	0.6%	--	
		CPI YOY	Jul	1.3%	1.3%	1.3%	
Eurozone	8/16	Trade balance SA	Jun	€20.3bn	€19.7bn	--	
		ECB minutes					
	8/17	Jobless claims change	Jul	--	5.9k	--	
UK	8/16	ILO jobless rate	Jun	4.5%	4.5%	--	
		Employment change	Jun	97k	175k	--	
		Retail Sales ex-auto fuel YOY	Jul	1.2%	3.0%	-	
Japan	8/17	Trade balance	Jul	¥327.1bn	¥439.9bn	¥439.8bn	
Australia	8/17	Employment change	Jul	20.0k	14.0k	--	
		Unemployment rate	Jul	5.6%	5.6%	--	
Singapore	8/17	NODX YOY	Jul	9.1%	8.2%	--	
Hong Kong	8/17	Unemployment	Jul	3.2%	3.1%	--	

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1735	-0.38	1.1793	1.1687	11.6
USDJPY	110.67	0.95	110.85	109.61	-5.4
GBPUSD	1.2869	-0.73	1.297	1.2846	4.3
AUDUSD	0.7821	-0.39	0.7877	0.7808	8.6
EURGBP	0.9119	0.35	0.9133	0.9051	6.9
USDMYR	4.2955	0.05	4.2968	4.2930	-4.3
EURMYR	5.0470	-0.36	5.0646	5.0349	6.8
JPYMYR	3.8893	-0.64	3.9044	3.8882	1.5
GBPMYR	5.5409	-0.55	5.5711	5.5409	0.5
SGDMYR	3.1449	-0.27	3.1525	3.1449	1.3
AUDMYR	3.3692	-0.31	3.3826	3.3617	3.7
NZDMYR	3.1282	-0.10	3.1402	3.1263	0.3

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR eased 0.05% to 4.2955 against a firmer USD** but advanced against all G10s, supported by improved risk appetite in the markets.
- **MYR remains bearish against a rebounding USD.** USDMYR is poised to soon break above 4.2977, above which there is room for further gains to circa 4.3050.

USD

- **USD rebounded to beat 9 G10s** and the Dollar Index rallied in early US trade on better than expected US data to close 0.47% higher at 93.85.
- **Stay slightly bullish on USD** as markets anticipate more details on the Fed's balance sheet reduction via FOMC minutes. The Dollar Index bullish bias has improved after breaking through 93.54. It is now likely charting a path towards 94.35, above which there is scope to extend its climb to 95.16.

EUR

- **EUR fell 0.38% to 1.1735 against a firmer USD** but not before narrowing sharp early losses, and closed mixed against all G10s.
- **Expect EUR to remain bearish against a rebounding USD.** EURUSD is further pressured while below 1.1752 and we set sights on a drop to circa 1.1683 in the next leg lower. It is currently on track for a drop below 1.1586.

GBP

- **GBP slumped 0.73% to 1.2869 against USD** and weakened against 8 G10s following the miss in UK CPI data.
- **GBP remains bearish against USD** as markets continue to pare bets of a near-term BOE rate hike after recent data. GBPUSD is now poised for a test at 1.2848 next, below which there will be firmer downsides to lead the pair to 1.2749.

JPY

- **JPY tumbled to the bottom of the G10 list and weakened 0.95% to 110.67 against USD** after refuge demand gave way for the return of risk appetite.
- **Expect a bearish JPY against USD** as refuge demand retreats further. USDJPY has bypassed 110.10, giving this pair a stronger upside. We now look for a break at 110.94 to set a course for 111.61.

AUD

- **AUD weakened 0.39% to 0.7821 against a firmer USD** despite improved risk appetite.
- **AUD remains bearish against a firmer USD.** We maintain that AUDUSD is poised to make a drop to 0.7784. Below this, the pair can test 0.7697.

SGD

- **SGD weakened 0.30% to 1.3669 against a firmer USD.**
- **We stay bearish on SGD against a rebounding USD.** USDSGD has climbed to 1.3681 overnight as expected but needs a firm close above this level to assert further upside bias that would push it higher to circa 1.3741.

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