

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Data flow were restricted to second-tier reports out of the US, the Eurozone and the UK.** Consumer sentiment in the US rose to 7-month high, according to the gauge by University of Michigan, while house prices continued to rise on an annual basis, but showed a loss of upside momentum from a monthly perspective. In the Eurozone, construction output contracted.
- **Fed speak continues to suggest caution in future rate hikes.** Last Friday, Dallas Fed President Robert Kaplan expressed concerns of softening inflation and said that he would like to see signs that prices would rise to the Fed's 2% target in the medium term before he would support another rate hike. He also stated that Fed members "have to be very patient and judicious in the next moves".
- **USD weakened against 9 G10s** while the Dollar Index fell through Asian – US trade to close 0.2% lower at 93.43, pressured by signs of mounting political woes in Trump's administration. **Stay bullish on USD** on technical reasons. The Dollar Index remains above 93.41, which supports against further losses and potentially a base on which to bounce higher to circa 93.75 Caution that below this, losses will mount and likely to re-test 93.08.
- **MYR advanced 0.13% to 4.2900 after USD tumbled in early European trade** but slipped against 6 G10s. **Expect a mildly bullish MYR against a soft USD** as we anticipate firmer bids amid improved risk appetite at the start of the week. Technically, USDMYR is expected to be defensive after what appears to be a strong rejection by 4.2977 last Friday. Losses may test 4.2841 going forward.
- **SGD slipped along risk aversion in the markets, closing lower against 8 G10s but managed to advance 0.28% to 1.3628 against a soft USD.** **SGD remains bearish against USD** in anticipation of prevailing risk aversion in the markets. Technically, USDSGD remains well-supported by 1.3600, above which the pair still carries a mild bullish bias. We continue to set sights on another test, or possible even a break, at 1.3681.

Overnight Economic Data

US
Eurozone
UK
Malaysia



What's Coming Up Next

Major Data

- US Chicago Fed national activity index
- Japan all industry activity index and Nationwide departmental store sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1715	1.1740	1.1755	1.1769	1.1790	↘
USDJPY	108.78	109.00	109.27	109.52	109.77	↘
GBPUSD	1.2848	1.2853	1.2872	1.2903	1.2928	↘
AUDUSD	0.7879	0.7892	0.7920	0.7926	0.7974	↘
EURGBP	0.9106	0.9118	0.9132	0.9143	0.9150	↘
USDMYR	4.2843	4.2861	4.2885	4.2895	4.2915	↘
EURMYR	5.0252	5.0312	5.0405	5.0490	5.0550	↘
JPYMYR	3.9141	3.9230	3.9258	3.9313	3.9395	↘
GBPMYR	5.5126	5.5157	5.5197	5.5266	5.5321	↘
SGDMYR	3.1395	3.1438	3.1451	3.1481	3.1500	↘
AUDMYR	3.3890	3.3961	3.3980	3.4016	3.4102	↘
NZDMYR	3.1295	3.1330	3.1360	3.1395	3.1419	↘
USDSGD	1.3600	1.3614	1.3635	1.3646	1.3675	↗
EURSGD	1.6000	1.6020	1.6026	1.6048	1.6088	↘
GBPSGD	1.7500	1.7530	1.7551	1.7571	1.7609	↘
AUDSGD	1.0761	1.0790	1.0803	1.0835	1.0880	↘

*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	1776.2	0.0	8.2	CRB Index	177.5	0.92	-7.8
Dow Jones Ind.	21674.5	-0.4	9.7	WTI oil (\$/bbl)	48.5	3.00	-9.7
S&P 500	2425.6	-0.2	8.3	Brent oil (\$/bbl)	52.7	3.30	-7.0
FTSE 100	7324.0	-0.9	2.5	Gold (\$/oz)	1284.1	-0.30	10.8
Shanghai	3268.7	0.0	5.3	CPO (RM/tonne)	2621.5	0.46	-18.0
Hang Seng	27047.6	-1.1	22.9	Copper (\$/tonne)	6486.0	-0.06	17.2
STI	3252.0	-0.5	12.9	Rubber (sen/kg)	571.0	1.78	-11.5

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY GDP	2Q	5.8%	5.6%	5.4%
US Uni. Of Michigan consumer sentiment	Aug P	97.6	93.4	94.0
EU construction output MOM	Jun	-0.5%	-0.2%	--
UK Rightmove house prices YOY	Aug	3.1%	2.8%	--

Source: Bloomberg

- President of the Dallas Fed Robert Kaplan has stated that there needs to be more signs that inflationary pressure will climb to the Fed's 2% target in the medium term before he supports another rate hike. In his speech last Friday, Kaplan expressed concerns about recent weak inflation gauges and remarked that Fed members "have to be very patient and judicious in the next moves" on interest rate. Kaplan later clarified that he would like to "see evidence, or belief" that inflation target will be met in the medium term instead of near term.
- On the data front, University of Michigan's gauge on US consumer confidence rose to 97.3 in Aug preliminary print, climbing from 93.4 in Jul and suggest that sentiment has improved. The reading was the highest in 7 months.
- Over in the Eurozone, output from the construction sector contracted on a monthly basis, but picked up annually. Output fell 0.5% MOM in Jun, deepening from a 0.2% decline but rose 3.4% YOY in Jun, up from 2.7%.
- In today's early release, Rightmove survey indicate that house prices in the UK rose 3.1% YOY in Aug, picking up from 2.8% in Jul. On a monthly basis, however, prices fell 0.9% compared to the soft 0.1% gain previously, a sign that price momentum is slowing.
- Malaysia's economic growth accelerated for the fourth consecutive quarter in 2Q, increasing 5.8% YOY from the 5.6% growth in 1Q. This represents the quickest growth in 3 years and was driven by private consumption as well as a boost from net exports, cushioning slower growth in public spending and investment. Private consumption grew 7.1% YOY in 2Q, accelerating from 6.6% in 1Q on the back of firm labour market and wage growth. Overall investment growth slowed to 7.4% in 2Q from 12.9% previously. Strong demand for manufactured and commodity exports helped turn net exports into positive, recording a 1.4% gain compared to a hefty contraction of 14.5% in 1Q. Meanwhile, public sector activities grew a soft 0.2% compared to 5.8% in 1Q as the government rein in spending and investment to safeguard its fiscal position.

Economic Calendar Release Date

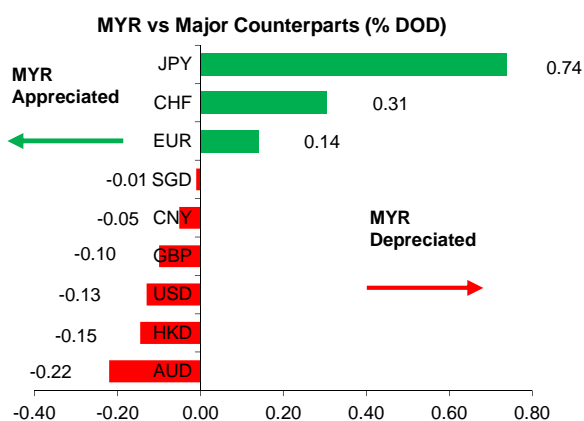
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	8/22	Foreign reserves	Aug 15	--	\$99.4b	--
US	8/21	Chicago Fed national activity index	Jul	0.10	0.13	--
	8/22	Richmond Fed manufacturing index	Aug	10	14	--
Eurozone	8/22	ZEW survey expectations	Aug	--	35.6	--
UK	08/21	PSNCR	Jul	--	18.3b	--
Japan	08/21	All industry activity index MOM	Jun	0.4%	-0.9%	--
		Nationwide dept store sales YOY	Jul	--	1.4%	--
	08/22	Supermarket sales YOY	Jul	--	-1.2%	--
China	08/21 – 24	FDI YOY	Jul	--	2.3%	--
Hong Kong	08/22	CPI YOY	Jul	2.0%	1.9%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1761	0.32	1.1774	1.1709	11.8
USDJPY	109.18	-0.36	109.6	108.60	-6.5
GBPUSD	1.2870	0.02	1.2917	1.2832	4.3
AUDUSD	0.7929	0.56	0.7944	0.7870	10.0
EURGBP	0.9135	0.27	0.9150	0.9091	7.0
USDMYR	4.2900	-0.13	4.2987	4.2887	-4.4
EURMYR	5.0354	0.14	5.0499	5.0288	6.6
JPYMYR	3.9323	0.74	3.9395	3.9230	2.6
GBPMYR	5.5279	-0.10	5.5412	5.5207	0.3
SGDMYR	3.1445	-0.01	3.1490	3.1407	1.4
AUDMYR	3.3979	-0.22	3.4016	3.3821	4.9
NZDMYR	3.1423	0.09	3.1440	3.1276	0.8

Source: Bloomberg



Forex

MYR

- **MYR advanced 0.13% to 4.2900 after USD tumbled in early European trade** but slipped against 6 G10s.
- **Expect a mildly bullish MYR against a soft USD** as we anticipate firmer bids amid improved risk appetite at the start of the week. Technically, USDMYR is expected to be defensive after what appears to be a strong rejection by 4.2977 last Friday. Losses may test 4.2841 going forward.

USD

- **USD weakened against 9 G10s** while the Dollar Index fell through Asian – US trade to close 0.2% lower at 93.43, pressured by signs of mounting political woes in Trump's administration.
- **Stay bullish on USD** on technical reasons. The Dollar Index remains above 93.41, which supports against further losses and potentially a base on which to bounce higher to circa 93.75. Caution that below this, losses will mount and likely to re-test 93.08.

EUR

- **EUR climbed 0.32% to 1.1761 against a soft USD** but retreated against 5 G10s that were mostly commodity majors.
- **We expect EUR to be on the defensive against USD** going into the Jackson Hole symposium this Friday where ECB President Draghi is expected to make a speech. EURUSD that remains below 1.1769 is still bearish in our view. Gains are likely to be repelled by this resistance, and potentially trigger a drop to, or even below, 1.1715.

GBP

- **GBP fell against 8 G10s on risk aversion** ahead of details to the UK's Brexit plans, but **managed to inch 0.02% higher to 1.2870 against a weak USD**.
- **GBP is likely to also be on the defensive against USD** as buying interest retreats ahead of the UK unveiling Brexit plans. Technical outlook remains pessimistic but has stopped deteriorating. Losses could re-test 1.2848 and if this breaks, expect bearish bias to accelerate and push GBPUSD lower to 1.2749. Otherwise, a rebound to 1.2928 is on the cards.

JPY

- **JPY strengthened 0.36% to 109.18 against USD** but not before sharply narrowing early gains after refuge demand took a dent in US afternoon.
- **JPY remains bullish against USD** as risk aversion is expected to gradually find firmer footing heading into the Jackson Hole symposium. USDJPY remains tilted to the downside while below 109.52, not to mention a firmer bearish bias providing additional push lower. Another test at 108.78 is likely.

AUD

- **AUD jumped 0.56% to 0.7929 against a soft USD** and climbed against 8 G10s, boosted by firmer related commodities.
- **We maintain a bearish view on AUD against USD** in anticipation of a lack of interest in risk-taking activities ahead of major risk event this Friday. AUDUSD has yet to firmly bypass the crucial 0.7892 in our view, and therefore remains prone to renewed weakness. On the upside, a rally to 0.7980 cannot be ruled out, but this level is likely to reject extended advances.

SGD

- **SGD slipped along risk aversion in the markets**, closing lower against 8 G10s but **managed to advance 0.28% to 1.3628 against a soft USD**.
- **SGD remains bearish against USD** in anticipation of prevailing risk aversion in the markets. Technically, USDSGD remains well-supported by 1.3600, above which the pair still carries a mild bullish bias. We continue to set sights on another test, or possible even a break, at 1.3681.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 6, Wisma Hong Leong

18, Jalan Perak

50450 Kuala Lumpur

Tel: 603-2773 0469

Fax: 603-2164 9305

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.