

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Risk sentiments staged a broad-based rebound** ahead of the 3-day Jackson Hole Symposium by top central bankers starting tomorrow, **overshadowing mixed and relatively negative data flow**. Manufacturing activities in the Richmond Fed district was steady in August but investor confidence in the Eurozone deteriorated to its lowest in four months.
- Over in the UK, the government returned a budget surplus in July boosted by individual income tax while CBI total orders unexpectedly climbed to 13, indicating demand remains firm. Spending in Japan also remains lackluster as supermarket sales was stagnant in July. On monetary policy, **Bank Indonesia delivered a surprised 25bps cut in policy rates to spur growth**.
- **Malaysia's foreign reserve increased by \$1b in the week ended 15 Aug, rising to \$100.4b, its highest since mid-July 2015**. The reserves position is sufficient to finance 7.9 months of retained imports and is 1.1 times the short-term debt.
- **USD staged a rebound to beat all G10s** amid gradual easing of political woes and positioning as markets bet on potential rally going into Jackson Hole. The Dollar Index climbed through Asian – European trade before settling at 93.54, up 0.48% for the day. **We now expect USD to remain supported** by refuge demand in the FX space amid retreat in European majors; firm US data will boost USD upsides. Technical outlook for the Dollar Index improved overnight with the retaking above 93.37 and it is now slightly tilted to the upside, with scope to test 93.85 in the next leg higher. Even so, caution that current upside strength is fragile and prone to renewed weakness.
- **MYR advanced 0.11% to 4.2825 against a soft USD** and climbed against 7 G10s on the back of improved regional sentiment. **Expect a mildly bullish MYR against USD**, supported by firmer risk appetite in the markets. A mild bearish bias has emerged, tilting USDMYR to the downside. We expect USDMYR to drop below 4.2800 going forward, with scope to test 4.2746.
- **SGD also rallied on firmer risk appetite in equities to climb against 9 G10s but slipped 0.12% to 1.3624 against USD**. **We turn bearish on SGD against a rebounding USD**. Recapturing 1.3611 now puts USDSGD on a firmer tone, with scope to climb higher to 1.3654. Beating this exposes a move to 1.3681.

Overnight Economic Data

Malaysia
US
EU
UK
Japan



What's Coming Up Next

Major Data

- Malaysia CPI
- US PMI manufacturing & services, new home sales, MBA mortgage applications
- EU PMI manufacturing & services, consumer confidence
- Japan Nikkei PMI, machine tool orders
- Hong Kong exports
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1709	1.1733	1.1754	1.1778	1.1800	↘
USDJPY	109.15	109.42	109.65	109.77	110.00	↗
GBPUSD	1.2749	1.2800	1.2815	1.2848	1.2868	↘
AUDUSD	0.7855	0.7875	0.7888	0.7892	0.7920	↘
EURGBP	0.9149	0.9162	0.9171	0.9180	0.9190	↘
USDMYR	4.2808	4.2840	4.2845	4.2861	4.2870	↘
EURMYR	3.0168	3.0249	5.0360	3.0444	3.0546	↘
JPYMYR	3.9000	3.9036	3.9074	3.9083	3.9188	↘
GBPMYR	5.4820	5.4866	5.4908	5.4975	5.5000	↘
SGDMYR	3.1350	3.1394	3.1435	3.1459	3.1495	↘
AUDMYR	3.3750	3.3797	3.3807	3.3856	3.3952	↘
NZDMYR	3.1000	3.1057	3.1073	3.1164	3.1204	↘
USDSGD	1.3600	1.3615	1.3629	1.3638	1.3654	↗
EURSGD	1.5982	1.6000	1.6015	1.6036	1.6043	↘
GBPSGD	1.7400	1.7413	1.7463	1.7504	1.7557	↘
AUDSGD	1.0700	1.0742	1.0753	1.0761	1.0783	↘

*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	1774.2	0.1	8.1	CRB Index	176.7	0.10	-8.2
Dow Jones Ind.	21899.9	0.9	10.8	WTI oil (\$/bbl)	47.6	0.57	-11.3
S&P 500	2452.5	1.0	9.5	Brent oil (\$/bbl)	51.9	0.41	-13.6
FTSE 100	7381.7	0.9	3.3	Gold (\$/oz)	1285.1	-0.50	8.1
Shanghai	3290.2	0.1	6.0	CPO (RM/tonne)	2656.0	0.66	-17.0
Hang Seng	27401.7	0.9	24.5	Copper (\$/tonne)	6580.0	-0.09	18.9
STI	3263.8	0.5	13.3	Rubber (sen/kg)	572.0	-0.44	-11.3

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MY foreign reserves	Aug 15	\$100.4b	\$99.4b	--
US Richmond Fed manufacturing	Aug	14	14	10
EU ZEW survey expectations	Aug	29.3	35.6	--
UK PSNCR	Jul	-£3.9b	£18.4b	--
UK CBI total orders	Aug	13	10	8
JP supermarket sales YOY	Jul	0.0%	-1.2%	--
HK CPI YOY	Jul	2.0%	1.9%	2.0%

Source: Bloomberg

➤ Macroeconomics

- Manufacturing activity in the Richmond Fed district grew at the same pace in Aug as it did in Jul with the index stabilizing at 14, against expectations for a slide to 10.
- ZEW's survey of economic expectations in the Eurozone returned a dimmer finding in Aug, pushing the index lower to 29.3 from 35.6 in Jul. This is the lowest level in 4 months, a sign that economic confidence may have peaked and could be on the wane going forward.
- Data from the UK improved. The government recorded a budget surplus in July, as public sector net cash requirement (PSNCR) fell to -£ 3.9b, down sharply from £18.4b in Jun. Meanwhile, a survey by the Confederation of British Industry showed that balance of total orders at factories increased in Aug; the difference in percentage of respondents stating that total orders were above normal versus below normal rose to +13%, rising from +10% in July, a sign that demand remains firm.
- Spending in Japan showed no sign of improvement as data on supermarket sales indicated no growth in Jul. Annually, sales stagnated in July, but it was a relatively better figure from Jun's 1.2% YOY decline. Purchases of household goods (Jul: +0.4% vs Jun: -2.0%) and other items (Jul: +4.7% vs Jun: -2.1%) helped lift the headline figure, while declines in clothing and services softened.
- Inflation in Hong Kong picked up in July, rising 2.0% YOY as expected from a 1.9% increase previously. Cost of food steadied at 2.5%, while cost of housing also held steady at 2.7%. Also contributing to the pick-up was costlier transportation (Jul: +3.0% vs Jun: +2.5%) and clothing & footwear (Jul: +0.9% vs Jun: -1.4%). Upside risks to inflation should remain contained in the near term, given the low imported inflation and moderate local cost pressures. The Hong Kong government said in its most recent forecast earlier this month it expects headline CPI to rise by 1.6% this year, easing from the 2.4% increase in 2016.
- Malaysia's foreign reserve increased by \$1b in the week ended 15 Aug, rising to \$100.4b, its highest since mid-July 2015. The reserves position is sufficient to finance 7.9 months of retained imports and is 1.1 times the short-term debt.

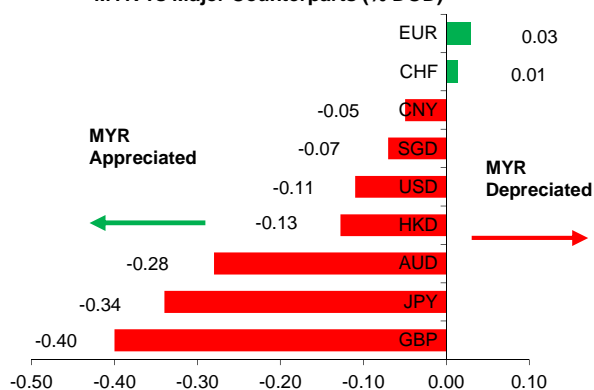
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	8/23	CPI YOY	Jul	3.4%	3.6%	--
US	8/23	MBA mortgage applications	Aug 18	--	0.1%	--
		Markit US manufacturing PMI	Aug P	53.4	53.3	--
		Markit US services PMI	Aug P	54.9	54.7	--
		New home sales MOM	Jul	0.0%	0.8%	--
		Initial jobless claims	Aug 19	--	232k	--
Eurozone	8/23	Kansas City Fed manufacturing index	Aug	--	10	--
		Markit PMI manufacturing	Aug P		56.6	--
		Markit PMI services	Aug P		55.4	--
		Consumer confidence	Aug A		-1.7	--
UK	8/24	GDP QOQ	2Q P	0.3%	0.3%	--
Japan	8/23	Nikkei Japan PMI manufacturing	Aug P	--	52.1	--
		Machine tool orders YOY	Jul F	--	26.3%	--
		Leading index	Jun F	--	106.3	--
China	8/23 – 24	Coincident index	Jun F	--	117.2	--
		FDI YOY	Jul	--	2.3%	--
Hong Kong	8/23	Exports YOY	Jul	6.2%	11.1%	--
Singapore	8/23	CPI YOY	Jul	0.7%	0.5%	--
New Zealand	8/23	Trade balance (NZD)	Jul	--	242m	--
Vietnam	8/24	CPI YOY	Aug	--	2.52%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1762	-0.45	1.1824	1.1745	11.8
USDJPY	109.57	0.54	109.65	108.89	-6.2
GBPUSD	1.2824	-0.59	1.2909	1.2811	3.9
AUDUSD	0.7911	-0.35	0.7951	0.7898	9.6
EURGBP	0.9172	0.13	0.9177	0.9154	7.4
USDMYR	4.2825	-0.11	4.2865	4.2790	-4.6
EURMYR	5.0343	0.03	5.0662	5.0318	6.6
JPYMYR	3.9183	-0.34	3.9324	3.9123	1.8
GBPMYR	5.4977	-0.40	5.5313	5.4928	-0.5
SGDMYR	3.1431	-0.07	3.1499	3.1403	1.3
AUDMYR	3.3847	-0.28	3.4068	3.3822	4.4
NZDMYR	3.1196	-0.45	3.1428	3.1164	-0.2

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR advanced 0.11% to 4.2825 against a soft USD** and climbed against 7 G10s on the back of improved regional sentiment.
- **Expect a mildly bullish MYR against USD**, supported by firmer risk appetite in the markets. A mild bearish bias has emerged, tilting USDMYR to the downside. We expect USDMYR to drop below 4.2800 going forward, with scope to test 4.2746.

USD

- **USD staged a rebound to beat all G10s** amid gradual easing of political woes and positioning as markets bet on potential rally going into Jackson Hole. The Dollar Index climbed through Asian – European trade before settling at 93.54, up 0.48% for the day.
- **We now expect USD to remain supported** by refuge demand in the FX space amid retreat in European majors; firm US data will boost USD upsides. Technical outlook for the Dollar Index improved overnight with the retaking above 93.37 and it is now slightly tilted to the upside, with scope to test 93.85 in the next leg higher. Even so, caution that current upside strength is fragile and prone to renewed weakness.

EUR

- **EUR fell 0.45% to 1.1762 against a rebounding USD** and slipped against 5 G10s as buying interest start to wane on risk aversion ahead of an expected speech by ECB President Draghi at the upcoming Jackson Hole.
- **We turn bearish on EUR now that USD is showing firmer upsides**; expect weak Eurozone data to add further downside weigh. The mild upside bias that EURUSD was carrying has been lost after sliding below 1.1800. The pair is now inclined to the downsides, with scope to slide to 1.1715 next.

GBP

- **GBP tumbled 0.59% to 1.2824 against USD** and fell against 7 G10s, pressured by speculation that negotiations about post-Brexit trade agreements with the EU will be delayed.
- **Expect a bearish GBP against USD** amid rising uncertainties concerning Brexit negotiations; firmer UK data could limit losses but unless sentiment regarding Brexit negotiations improve, gains would be tough to come by. Losing crucial support at 1.2848 could be the onset of further losses. GBPUSD is aiming at 1.2749 in the next leg lower, below which 1.2636 will be targeted.

JPY

- **JPY weakened 0.54% to 109.57 against USD** and fell against 6 G10s as risk sentiment in equities improved.
- **JPY is now bearish against a rebounding USD**, more so now that refuge demand is on the wane. A mild bullish bias has emerged in USDJPY and the pair is now inclined towards the upsides. A test at 110 is expected.

AUD

- **AUD** was supported by improved risk appetite in equities to beat 6 G10s but **fell 0.35% to 0.7911 against a firmer USD**.
- **AUD has regained a bearish outlook against USD** on technical reasons. AUDUSD again lost the important supports at 0.7900 and 0.7892, which adds further downside pressure on the pair. AUDUSD is expected to head to 0.7875 next, and below this has scope to slide to 0.7831.

SGD

- **SGD** also rallied on firmer risk appetite in equities to climb against 9 G10s but **slipped 0.12% to 1.3624 against USD**.
- **We turn bearish on SGD against a rebounding USD**. Recapturing 1.3611 now puts USDSGD on a firmer tone, with scope to climb higher to 1.3654. Beating this exposes a move to 1.3681.

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