

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Markets were largely risk-off on lingering concerns over Trump administration**, and still mired in ECB's "autumn tapering talk" in the absence of major events and economic releases. The most notable data was **UK public finance which deteriorated in June amid rising borrowings, exerting pressure on UK's budget deficit**. Separately on a more comforting note in **Malaysia, foreign reserves extended its leg up to US\$99.1bn as at 14-Jul**, not only further **alleviating earlier concerns on dwindling reserves**, but also shored expectations that foreign reserves would soon return to the \$100bn mark.
- On the monetary policy front, **RBA Deputy Governor Guy Debelle remarked that even as other central banks were on a tightening bias, it "does not automatically mean that the policy rate here (Australia) needs to increase"**. Debelle also hinted that AUD strength is working against the upsides in the Australian economy that is benefiting from quicker global growth, **somewhat reversing hawkishness in the most recent RBA minutes**.
- **USD retreated against 8 G10s** while the Dollar Index fell 0.48% to 93.85 amid extended risk-off from political concerns over Trump's administration. **Expect USD to remain bearish** amid downside pressure from continuing development in the investigation of Trump's presidential campaign. Technical outlook has turned direr and signs of rebound has faded. The Dollar Index is set to lose further ground after closing below 94.04, with the next leg lower likely to target 93.42.
- **MYR advanced 0.16% to 4.2840 against a weak USD** but slipped against all other G10s that also rallied amid a weak greenback. **Keep a bullish view on MYR against a weak USD**. Downside momentum continues to build, adding to the pressure on USDMYR and scope for a potential decline to 4.2764 going forward.
- **SGD slipped against 7 G10s** as risk appetite stayed soft but **advanced 0.25% to 1.3628 against a weak USD**. **We are slightly bullish on SGD against a weak USD** but retreating risk appetite in the markets would keep gains modest. A mild bullish bias continues to prevail in USDSGD; we continue to set sights on a rebound to 1.3849 going forward, above which 1.3879 will be targeted.

#### Overnight Economic Data

Malaysia  
UK  
Japan



#### What's Coming Up Next

##### Major Data

- US PMI manufacturing & services, existing home sales
- Eurozone manufacturing & services PMI
- Japan leading index
- Singapore CPI
- Vietnam CPI

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1619	1.1657	1.1674	1.1684	1.1700	↗
USDJPY	110.65	110.70	110.81	110.95	111.13	↘
GBPUSD	1.2958	1.2969	1.3001	1.3030	1.3047	↘
AUDUSD	0.7863	0.7900	0.7919	0.7943	0.7960	↘
EURGBP	0.8960	0.8970	0.8979	0.8994	0.9000	↗
USDMYR	4.2764	4.2805	4.2820	4.2832	4.2850	↘
EURMYR	4.9800	4.9937	4.9999	5.0036	5.0050	↗
JPYMYR	3.8433	3.8586	3.8616	3.8653	3.8767	↗
GBPMYR	5.5548	5.5652	5.5666	5.5733	5.5782	↘
SGDMYR	3.1400	3.1420	3.1432	3.1459	3.1480	↗
AUDMYR	3.3850	3.3880	3.3907	3.3945	3.4000	↘
NZDMYR	3.1817	3.1850	3.1888	3.1922	3.1954	↘
USDSGD	1.3609	1.3615	1.3622	1.3639	1.3654	↘
EURSGD	1.5855	1.5900	1.5906	1.5929	1.5950	↗
GBPSGD	1.7678	1.7700	1.7712	1.7747	1.7768	↘
AUDSGD	1.0700	1.0757	1.0788	1.0820	1.0852	↘

\*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	1759.2	<div></div>	0.2	<div></div>	7.2	CRB Index	176.7	<div></div>	-0.97	<div></div>	-8.2
Dow Jones Ind.	21580.1	<div></div>	-0.1	<div></div>	9.2	WTI oil (\$/bbl)	45.8	<div></div>	-2.20	<div></div>	-15.1
S&P 500	2472.5	<div></div>	0.0	<div></div>	10.4	Brent oil (\$/bbl)	48.1	<div></div>	-2.50	<div></div>	-15.6
FTSE 100	7452.9	<div></div>	-0.5	<div></div>	4.3	Gold (S/oz)	1255.0	<div></div>	0.80	<div></div>	9.5
Shanghai	3238.0	<div></div>	-0.2	<div></div>	4.3	CPO (RM/tonne)	2595.5	<div></div>	0.54	<div></div>	-18.9
Hang Seng	26706.1	<div></div>	-0.1	<div></div>	21.4	Copper (\$/tonne)	6004.0	<div></div>	0.76	<div></div>	8.5
STI	3314.1	<div></div>	0.6	<div></div>	15.0	Rubber (sen/kg)	517.5	<div></div>	-0.10	<div></div>	-19.8

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
MY foreign reserves	Jul 14	\$99.1b	\$98.9b	--
UK public sector net borrowings	Jun	£6.3b	£6.4b	£4.2b
JP Nationwide dept. sales YOY	Jun	1.4%	0.0%	--
JP Nikkei PMI manufacturing	Jul P	52.2	52.4	--

Source: Bloomberg

- RBA dampened hawkish hopes last Friday when Deputy Governor Guy Debelle remarked that even as other central banks were on a tightening bias, it "does not automatically mean that the policy rate here (Australia) needs to increase". That triggered a decline in AUDUSD in early Asian trade as markets were disappointed that upbeat tone from recent RBA minutes came to a naught. Debelle also hinted that AUD strength is working against the upsides in the Australian economy that is benefiting from quicker global growth.
- There were little on the macro front to digest; more notable ones include those from the UK, Japan and Malaysia. The latest data showed that net borrowings of the UK government in Jun eased to £6.3b, dipping from £6.4b in May. Nonetheless, the additional debt is still more than what was expected to be just £4.2b, and likely to further weigh on UK's budget deficit.
- Data from Japan ticked higher as spending expanded at quicker pace. Nationwide survey found that sales at departmental stores rose 1.4% YOY in Jun after stagnating in May, one of the few signs of an improving domestic sector after recent dips in data. Manufacturing sector grew at a slightly slower pace as shown by the slight moderation in Nikkei PMI reading to 52.2 in July.
- Malaysia's foreign reserves climbed to \$99.1b in the week ended 14 Jul, extending its climb from \$98.9b previously, not only further alleviating earlier concerns on dwindling reserves, but also shored expectations that foreign reserves would soon return to \$100bn mark.

### Economic Calendar Release Date

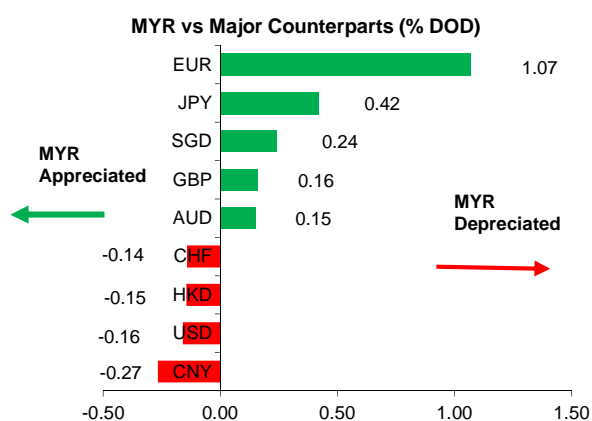
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	7/24	Markit PMI manufacturing	Jul P	52.2	52.0	--
		Markit PMI services	Jul P	54.0	54.2	--
		Existing home sales MOM	Jun	-0.9%	1.1%	--
	7/25	S&P CoreLogic CS 20-City YOY NSA	May	5.80%	5.67%	--
		Conference Board consumer confidence	Jul	116.0	118.9	--
		Richmond Fed manufacturing index	Jul	7	7	--
Eurozone	7/24	Markit PMI manufacturing	Jul P	57.2	57.4	--
		Markit PMI services	Jul P	55.4	55.4	--
UK	7/25	CBI trends total orders	Jul	12	16	--
Japan	7/24	Leading index	May F	--	104.7	--
Singapore	7/24	CPI YOY	Jun	0.7%	1.4%	--
Vietnam	7/24	CPI YOY	Jul	--	2.54%	--
		Retail sales YTD YOY	Jul	--	10.1%	--
		Exports YTD YOY	Jul	--	18.9%	--
		Industrial production YOY	Jul	--	8.6%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1663	0.28	1.1683	1.1619	11.0
USDJPY	111.13	-0.70	112.08	111.01	-5.1
GBPUSD	1.2997	0.18	1.302	1.2954	5.4
AUDUSD	0.7916	-0.53	0.7959	0.7875	9.9
EURGBP	0.8974	0.08	0.8995	0.8940	5.2
USDMYR	4.2840	-0.16	4.2908	4.2832	-4.5
EURMYR	4.9892	1.07	5.0036	4.9801	5.6
JPYMYR	3.8351	0.42	3.8373	3.8250	0.1
GBPMYR	5.5722	0.16	5.5733	5.5517	1.1
SGDMYR	3.1396	0.24	3.1421	3.1342	1.2
AUDMYR	3.3953	0.15	3.4116	3.3784	4.8
NZDMYR	3.1876	1.27	3.1885	3.1693	2.2

Source: Bloomberg



## Forex

### MYR

- **MYR advanced 0.16% to 4.2840 against a weak USD** but slipped against all other G10s that also rallied amid a weak greenback.
- **Keep a bullish view on MYR against a weak USD.** Downside momentum continues to build, adding to the pressure on USDMYR and scope for a potential decline to 4.2764 going forward.

### USD

- **USD retreated against 8 G10s** while the Dollar Index fell 0.48% to 93.85 amid extended risk-off from political concerns over Trump's administration.
- **Expect USD to remain bearish** amid downside pressure from continuing development in the investigation of Trump's presidential campaign. Technical outlook has turned direr and signs of rebound has faded. The Dollar Index is set to lose further ground after closing below 94.04, with the next leg lower likely to target 93.42.

### EUR

- **EUR rose 0.28% to 1.1663 against a weak USD** but closed mixed against the G10s, outpaced by haven and risk-sensitive majors.
- **EUR remains bullish on the back of a weak USD**, but signs of weakness in Eurozone PMIs will overturn gains. EURUSD gains is expected to prevail after firmly breaking 1.1640, with 1.1720 – 1.1740 in sight. However, we caution that signs of reversal still prevail, putting current uptrend in doubt.

### GBP

- **GBP fell against 7 G10s** as expectations on the BOE to make a near-term rate hike diminished but **climbed 0.18% to 1.2997 against a weak USD**.
- **GBP is slightly bearish against USD**, weighed down by Brexit concerns and diminishing market view on near-term BOE hike. Technical viewpoint suggests GBPUSD may still try climbing higher but gains will likely be modest and below 1.3030. Signs indicate GBPUSD to close below 1.2973 soon.

### JPY

- **JPY strengthened 0.7% to 111.13 against USD** and beat 8 G10s, supported by firmer refuge demand.
- **A bullish JPY is set to prevail against a weak USD**, supported by retreating risk appetite in the markets ahead of risk events in the US. USDJPY is poised to lose 110.70, which will tilt the pair further downwards and set a course for 109.49 in the coming days.

### AUD

- **AUD tumbled against all G10s and fell 0.53% to 0.7916 against USD** after remarks from RBA deputy governor dampened markets' hawkish bets.
- **We maintain a bearish view on AUD against USD** as we anticipate residual downside bias from remarks of RBA deputy governor to prevail. Rejection from 0.7989 is possibly one of the first signs that AUDUSD could not sustain an extended climb. While the pair may still set higher grounds, we opine that it would ultimately fail and head lower to 0.7737 in the coming weeks.

### SGD

- **SGD slipped against 7 G10s** as risk appetite stayed soft but **advanced 0.25% to 1.3628 against a weak USD**.
- **We are slightly bullish on SGD against a weak USD** but retreating risk appetite in the markets would keep gains modest. A mild bullish bias continues to prevail in USDSGD; we continue to set sights on a rebound to 1.3849 going forward, above which 1.3879 will be targeted.

**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.