

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Minutes from BOJ's Jun meeting revealed that policy makers mostly agreed that the target inflation of 2% is crucial for Japan's economy.** However, there were disparities in opinion amongst board members, with some opining that BOJ should "thoroughly explain and gain better understanding" of the central bank's thinking on policies. But with inflation still far from BOJ's target, a few members expressed that "communicating uncertain information at too early a stage could cause confusion in the market".
- **Data-wise, the Eurozone and Japan came in on the soft side, while reports were mixed from the US.** Markit PMI surveys estimated quicker manufacturing sector growth in the US in Jul, but the pace of expansion moderated in Eurozone though still at healthy levels. Services sectors in the US and Eurozone grew at the same rate in Jul and Jun. Meanwhile, the leading index in Japan eased in the final reading of May, suggesting a tad softer activity going forward.
- **MYR advanced 0.14% to 4.2780 against a weak USD** but weakened against 7 G10s that also rallied on a weak greenback. **MYR is slightly bullish against USD** but expect gains to be modest on the back of soft market sentiment. Bearish bias builds and adds to downside pressure on USDMYR. The pair remains inclined to losses going forward, but momentum is likely to diminish approach the strong support at 4.2730.
- **USD fell against 6 G10s** as on-going political concerns amid investigation into Trump's presidential campaign continue to pressure. The Dollar Index however, managed to inch 0.13% higher to 93.97 as major components EUR, CHF retreated. **Stay bearish on USD** on political concerns and lack of positive catalyst to drive further rebound. Technical outlook remains bearish and the Dollar Index is still prone to a drop to 93.76. However, overnight bounce has staved off the bears and improved the chances of an extended rebound going forward.
- **SGD closed mixed against the G10s** as risk appetite remained side-lined but **managed to inch 0.05% firmer to 1.3621 against USD.** **SGD is now bearish against USD**, weighed down by retreating risk appetite in the markets. USDSGD is gradually shying away from recent lows and appears to be setting up for a rebound. Gains are likely limited by 1.3671, but if this level is broken, expect USDSGD to target 1.3748 in the coming weeks.

Overnight Economic Data

US	→
EU	↓
Japan	↓
Singapore	↓

What's Coming Up Next

Major Data

- US S&P CoreLogic CS 20-City house price, Conference Board consumer confidence and Richmond Fed manufacturing index
- UK CBI trends total orders

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1600	1.1619	1.1633	1.1658	1.1670	↗
USDJPY	110.88	111.25	111.30	111.48	111.76	↗
GBPUSD	1.2970	1.3003	1.3022	1.3036	1.3047	↘
AUDUSD	0.7883	0.7900	0.7924	0.7943	0.7960	↘
EURGBP	0.8910	0.8920	0.8935	0.8948	0.8977	↗
USDMYR	4.2768	4.2798	4.2813	4.2835	4.2866	↘
EURMYR	4.9700	4.9768	4.9806	4.9873	4.9900	↘
JPYMYR	3.8351	3.8372	3.8478	3.8525	3.8586	↘
GBPMYR	5.5613	5.5630	5.5729	5.5768	5.5851	↘
SGDMYR	3.1363	3.1393	3.1416	3.1421	3.1450	↘
AUDMYR	3.3857	3.3880	3.3927	3.3953	3.4000	↘
NZDMYR	3.1780	3.1803	3.1838	3.1850	3.1872	↘
USDSGD	1.3595	1.3615	1.3628	1.3639	1.3672	↗
EURSGD	1.5800	1.5836	1.5856	1.5880	1.5903	↗
GBPSGD	1.7680	1.7704	1.7741	1.7755	1.7768	↘
AUDSGD	1.0695	1.0757	1.0800	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	1762.0	0.2	7.3	CRB Index	176.2	-0.24	-8.5
Dow Jones Ind.	21513.2	-0.3	8.9	WTI oil (\$/bbl)	46.3	1.20	-14.0
S&P 500	2469.9	-0.1	10.3	Brent oil (\$/bbl)	48.6	1.10	-14.5
FTSE 100	7377.7	-1.0	3.3	Gold (\$/oz)	1255.3	0.80	9.3
Shanghai	3250.6	0.4	4.7	CPO (RM/tonne)	2599.5	0.15	-18.7
Hang Seng	26846.8	0.5	22.0	Copper (\$/tonne)	6027.0	0.38	8.9
STI	3310.8	-0.1	14.9	Rubber (sen/kg)	518.5	0.19	-19.6

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Markit PMI manufacturing	Jul P	53.2	52.0	52.2
US Markit PMI services	Jul P	54.2	54.2	54.2
US existing home sales MOM	Jun	-1.8%	1.1%	-0.9%
EU Markit PMI manufacturing	Jul P	56.8	57.4	57.2
EU Markit PMI services	Jul P	55.4	55.4	55.4
JP leading index	May F	104.6	104.7	--
SG CPI YOY	Jun	0.5%	1.4%	0.7%

- The BOJ released its minutes of Jun meeting early this morning and revealed that policy makers mostly agreed that the target inflation of 2% is crucial for Japan's economy. During the meeting, board members discussed about the "recent growing interest" from the markets about BOJ exiting its current policy stance. Some policy makers believed that it is important for the central bank to "thoroughly explain and gain better understanding" of BOJ's thinking on policies. On this, a few board members opined that there is "a long way to go" before the target inflation is met, and thus "communicating uncertain information at too early a stage could cause confusion in the market".
- Manufacturing growth in the US quickened in Jul while the service sector steadied, according to Markit's surveys. The PMI manufacturing climbed to 53.2 in Jul early print, up from 52.0 and beating the 52.2 estimated rise. The PMI services stood unchanged at 54.2. The housing sector still trends to a soft patch as existing home sales in Jun sliding 1.8% MOM after growing 1.1% in May.
- In the Eurozone, Markit's survey estimated that the manufacturing sector grew at a softer pace in Jul, while pace of growth in the services sector steadied. The PMI manufacturing slipped to 56.8 in Jul estimates, slowest in 3 months and down from 57.4. The PMI services was unchanged at 55.4 in Jul, staying at 6-month low. Though both PMIs remain at healthy levels, this could be a sign that growth may have peaked and is now moderating.
- Japan's economic growth is expected to grow at a slightly slower pace going forward, according to the final print of May's leading index; it eased from 104.7 in Apr to 104.6 in May, suggesting that a collection of indicators that include new job offers, new machinery orders, new housing construction, consumer confidence and manufacturing investment sentiment (among others) have turned softer.
- Consumer prices in Singapore eased to 0.5% YOY in Jun after peaking at 1.4% in Apr. The deceleration was due to declines in housing & utility costs and prices of communications, while headline CPI was also weighed down by moderating food prices and household durables & services.

Economic Calendar Release Date

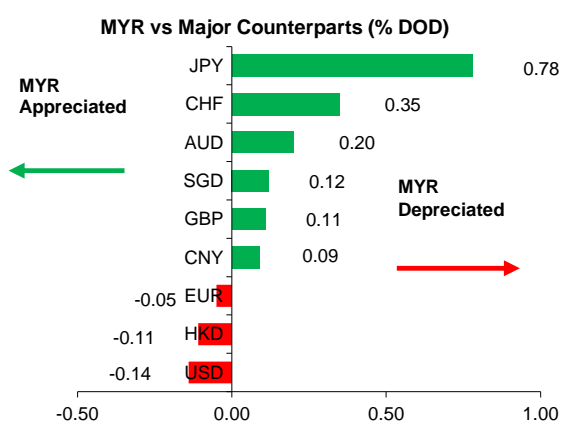
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	7/25	S&P CoreLogic CS 20-City YOY NSA	May	5.75%	5.67%	--
		Conference Board consumer confidence	Jul	116.55	118.9	--
		Richmond Fed manufacturing index	Jul	7	7	--
	7/26	MBA mortgage applications	Jul 21	--	6.3%	--
UK	7/25	New home sales MOM	Jun	0.8%	2.9%	--
		CBI trends total orders	Jul	12	16	--
	7/26	GDP QOQ	2Q A	0.3%	0.2%	--
Japan	7/26	Index of services 3M/3M	May	0.4%	0.2%	--
		Small business confidence	Jul	49.8	49.2	--
Singapore	7/26	Industrial production YOY	Jun	8.5%	5.0%	--
Australia	7/26	CPI YOY	2Q	2.2%	2.1%	--
New Zealand	7/26	Trade balance NZD	Jun	150m	103m	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD%
EURUSD	1.1642	-0.18	1.1684	1.1626	10.7
USDJPY	111.10	-0.03	111.32	110.62	-4.9
GBPUSD	1.3028	0.24	1.3058	1.2984	5.6
AUDUSD	0.7924	0.10	0.7968	0.7901	9.9
EURGBP	0.8936	-0.43	0.8985	0.8921	4.7
USDMYR	4.2780	-0.14	4.2845	4.2768	-4.6
EURMYR	4.9868	-0.05	5.0027	4.9796	5.6
JPYMYR	3.8649	0.78	3.8670	3.8525	0.9
GBPMYR	5.5783	0.11	5.5830	5.5626	1.2
SGDMYR	3.1435	0.12	3.1483	3.1420	1.4
AUDMYR	3.4021	0.20	3.4089	3.3857	5.0
NZDMYR	3.1834	-0.13	3.1922	3.1786	2.1

Source: Bloomberg



Forex

MYR

- **MYR advanced 0.14% to 4.2780 against a weak USD** but weakened against 7 G10s that also rallied on a weak greenback.
- **MYR is slightly bullish against USD** but expect gains to be modest on the back of soft market sentiment. Bearish bias builds and adds to downside pressure on USDMYR. The pair remains inclined to losses going forward, but momentum is likely to diminish approach the strong support at 4.2730.

USD

- **USD fell against 6 G10s** as on-going political concerns amid investigation into Trump's presidential campaign continue to pressure. The Dollar Index however, managed to inch 0.13% higher to 93.97 as major components EUR, CHF retreated.
- **Stay bearish on USD** on political concerns and lack of positive catalyst to drive further rebound. Technical outlook remains bearish and the Dollar Index is still prone to a drop to 93.76. However, overnight bounce has staved off the bears and improved the chances of an extended rebound going forward.

EUR

- **EUR slipped 0.18% to 1.1642 against USD** and fell against 8 G10s amid signs of slowdown in the Eurozone economy.
- **EUR is slightly bullish against a soft USD** but gains are likely modest after recent advances. EURUSD is inclined to a close above 1.1631 by tomorrow but we caution that signs of reversal still prevail, putting current uptrend in doubt. Gains are likely limited by 1.1700 – 1.1720 before a rejection.

GBP

- **GBP climbed 0.24% to 1.3028 against USD** and advanced against 8 G10s, lifted by anticipation of possibly another round of hawkish comments ahead of a speech by BOE chief economist Andy Haldane.
- **We maintain a slight bearish view on GBP against USD**, weighed down by Brexit concerns and diminishing market view on near-term BOE hike. GBPUSD remains inclined to lower levels while below 1.3036. We set sights on a below 1.2973 going forward, and losing 1.2970 will expose a drop to 1.2858 in the coming weeks.

JPY

- **JPY was marginally firmer at 111.10 against USD** but eased against 5 G10s of mostly commodity majors.
- **Expect a slightly bullish JPY against a soft USD**, supported by relatively soft risk appetite in the markets. USDJPY remains poised to slide further, and losing 110.81 will expose a drop to 109.49 in the next leg lower.

AUD

- **AUD** was lifted by relatively firmer commodities to beat 5 G10s and **inched 0.1% higher to 0.7924 against USD**.
- **We maintain a bearish view on AUD against USD** amid pressure from extended soft market sentiment. Despite a soft overnight bounce, we still opine that AUDUSD has peaked and will be heading lower overall going forward. We set sights on a drop to 0.7833, below which 0.7737 will be targeted in the coming weeks.

SGD

- **SGD** closed mixed against the G10s as risk appetite remained side-lined but **managed to inch 0.05% firmer to 1.3621 against USD**.
- **SGD is now bearish against USD**, weighed down by retreating risk appetite in the markets. USDSGD is gradually shying away from recent lows and appears to be setting up for a rebound. Gains are likely limited by 1.3671, but if this level is broken, expect USDSGD to target 1.3748 in the coming weeks.

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