

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Data overnight were mostly mixed or softer.** US jobless claims rose last week and housing market remains on a softer tone, though manufacturing sector in the Kansas Fed district showed signs of firmer growth. Economic growth in the UK steadied in 2Q, but there were signs of underlying weakness as private consumption eased and headline figure was supported by firmer government spending.
- Over in Japan, leading index final reading was downwardly revised in Jun, though remains the highest in 2 years and signaling that the economy is on a firmer footing. Hong Kong exports slowed in Jul, though headline figure was decent. Breaking down the data, demand from major trading partners such as China, the US and India sagged.
- **MYR closed largely unchanged at 4.2795 against USD** after returning early gains but retreated against 7 G10s amid softer risk appetite in the markets. **We are now bearish on MYR against USD** in anticipation of pressure from risk aversion ahead of the weekend and Jackson Hole. Technical viewpoint suggests that downsides continue to prevail, and even though there is room for a rebound, USDMYR is likely to stay on track for a test at 4.2747.
- **USD made marginal gains against 6 G10s** while the Dollar Index that was mostly sideways after gaining in Asian trade closed 0.14% higher at 93.27. **We are now bullish on USD**, supported by refuge demand as markets turn risk averse on potential market-moving catalysts during Jackson Hole meeting. The Dollar Index remains technically fragile and prone to downsides while below 93.32. Losses are likely limited by 93.03, while upside break of 93.32 could trigger a move to 93.60.
- SGD closed mixed against the G10s and **eased 0.05% to 1.3619 against USD** after returning early gains as risk appetite dimmed in US session. **We stay bearish on SGD against USD**, anticipating pressure from rising risk aversion. Holding above 1.3600 keeps USDSGD from extended losses and sustains the scope for a potential rebound higher to 1.3681 going forward.

Overnight Economic Data

US	➔
UK	➔
Japan	⬇️
Hong Kong	⬇️

What's Coming Up Next

Major Data

- US durable goods orders
- Japan national CPI
- Singapore industrial production

Major Events

- Central bankers meet at Jackson Hole Symposium

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1761	1.1789	1.1796	1.1804	1.1827	⬇️
USDJPY	109.29	109.42	109.55	109.77	109.88	➔
GBPUSD	1.2749	1.2780	1.2800	1.2836	1.2848	⬇️
AUDUSD	0.7873	0.7892	0.7898	0.7913	0.7937	⬇️
EURGBP	0.9171	0.9200	0.9215	0.9236	0.9253	⬇️
USDMYR	4.2737	4.2765	4.2775	4.2785	4.2802	➔
EURMYR	5.0313	5.0405	5.0451	5.0478	5.0516	⬇️
JPYMYR	3.8985	3.9000	3.9046	3.9062	3.9115	⬇️
GBPMYR	5.4662	5.4706	5.4746	5.4820	5.4887	⬇️
SGDMYR	3.1374	3.1400	3.1411	3.1423	3.1453	⬇️
AUDMYR	3.3700	3.3755	3.3769	3.3797	3.3830	⬇️
NZDMYR	3.0774	3.0800	3.0811	3.0842	3.0900	⬇️
USDSGD	1.3591	1.3600	1.3616	3.1618	3.1629	➔
EURSGD	1.6025	1.6054	1.6059	1.6083	1.6100	⬇️
GBPSGD	1.7364	1.7400	1.7425	1.7446	1.7474	⬇️
AUDSGD	1.0711	1.0735	1.0749	1.0761	1.0776	⬇️

*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	1775.5	0.1	8.1	CRB Index	177.8	0.12	-7.6
Dow Jones Ind.	21783.4	-0.1	10.2	WTI oil (\$/bbl)	47.4	-2.00	-12.1
S&P 500	2439.0	-0.2	8.9	Brent oil (\$/bbl)	52.0	-1.00	-8.4
FTSE 100	7407.1	0.3	3.7	Gold (\$/oz)	1286.4	-0.40	10.8
Shanghai	3271.5	-0.5	5.4	CPO (RM/tonne)	2693.5	-0.39	-15.8
Hang Seng	27518.6	0.4	25.1	Copper (\$/tonne)	6688.0	1.87	20.8
STI	3272.2	0.4	13.6	Rubber (sen/kg)	556.5	-0.45	-13.7

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US initial jobless claims	Aug 19	234k	232k	238k
US Kansas City Fed manufacturing	Aug	16	10	11
US existing home sales MOM	Jul	-1.3%	-1.8%	0.5%
UK GDP QOQ	2Q P	0.3%	0.3%	0.3%
JP leading index	Jun F	105.9	106.3	--
JP coincident index	Jun F	117.1	117.2	--
HK exports YOY	Jul	7.3%	11.1%	9.2%

Source: Bloomberg

- US data came out mixed. Initial jobless claims for the week ended 19 Aug increased 234k, up slightly from the 232k gain in the previous week. The figure was better than an expected gain of 238k. Manufacturing sector in the Kansas City Fed district grew at a quicker pace in Aug, indicated by the index that jumped to 16 from 10 in Jul, bypassing the expected rise to 11. Housing sector remains on a softer tone nonetheless, as existing home sales fell 1.3% MOM in Jul after a 1.8% decrease in Jun.
- No surprise in UK advance 2Q GDP as expansion paced at 0.3% QOQ, steady from 1Q figures. Private consumption growth slowed to 0.1% in 2Q, dipping from 0.4% previously but better than expected government spending (2Q: +0.6% vs 1Q: +0.7%) and rebound in exports (2Q: +0.7% vs 1Q: -0.7%) kept the headline figure unchanged. Investments also grew more than expected though softer than before (2Q: +0.7% vs 1Q: +1.0%). Annually, GDP increased 1.7% YOY in 2Q, also unchanged from 1Q.
- Leading index in Japan climbed less than initially estimated to only 105.9 in June according to the final print, still the best in two years nonetheless. This, coupled with improvement seen in recent indicators, bolstered expectations the Japanese economy is on firmer footing, but far from solid.
- Hong Kong exports slowed more than expected in Jul, managing a growth of 7.3% YOY compared to 11.1% in Jun. Demand from major trading partners retreated, most glaringly from China (Jul: +8.8% vs Jun: +12.2%), the US (Jul: -0.6% vs Jun: +0.6%) and India (Jul: -0.4% vs Jun: +38.0%). Imports grew the softest in 6 months, rising just 5.5% in Jul after surging 10.4%. That helped to narrow the trade deficit to HK\$29.6b from a shortfall of HK\$48.3b.

Economic Calendar Release Date

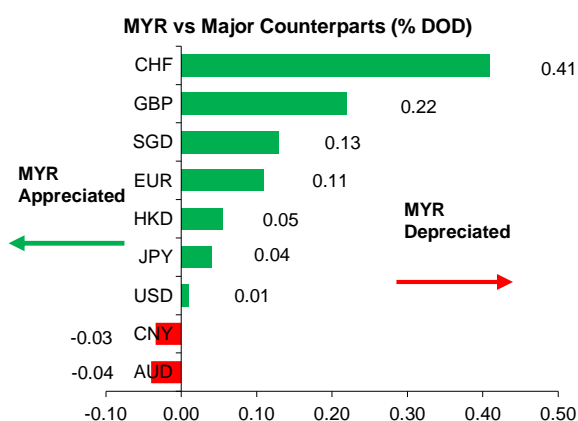
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	8/25	Durable goods orders	Jul P	-6.0%	6.4%	--
	8/28	Wholesale inventories MOM	Jul P	0.3%	0.7%	--
		Dallas Fed manufacturing activity	Aug	--	16.8	--
Japan	8/25	National CPI YOY	Jul	0.4%	0.4%	--
	8/28	Cabinet Office monthly economic report	Aug			--
China	8/25	FDI YOY	Jul	--	2.3%	--
Singapore	8/25	Industrial production YOY	Jul	12.6%	13.1%	--
Vietnam	8/25-31	CPI YOY	Aug	2.50%	2.52%	--
		Retail sales YTD YOY	Aug	--	10.0%	--
		Industrial production YOY	Aug	--	8.1%	--
		Exports YTD YOY	Aug	18.4%	18.7%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD%
EURUSD	1.1799	-0.07	1.1818	1.1784	12.2
USDJPY	109.56	0.48	109.6	108.85	-6.4
GBPUSD	1.2801	0.01	1.2837	1.2774	3.8
AUDUSD	0.7905	0.01	0.7916	0.7867	9.6
EURGBP	0.9218	-0.07	0.9235	0.9190	8.0
USDMYR	4.2795	0.01	4.2817	4.2765	-4.6
EURMYR	5.0459	0.11	5.0567	5.0443	6.8
JPYMYR	3.9135	0.04	3.9291	3.9128	2.1
GBPMYR	5.4885	0.22	5.4885	5.4662	-0.5
SGDMYR	3.1436	0.13	3.1466	3.1413	1.4
AUDMYR	3.3772	-0.04	3.3870	3.3667	4.2
NZDMYR	3.0870	-0.06	3.0965	3.0777	-1.0

Source: Bloomberg



Forex

MYR

- **MYR closed largely unchanged at 4.2795 against USD** after returning early gains but retreated against 7 G10s amid softer risk appetite in the markets.
- **We are now bearish on MYR against USD** in anticipation of pressure from risk aversion ahead of the weekend and Jackson Hole. Technical viewpoint suggests that downsides continue to prevail, and even though there is room for a rebound, USDMYR is likely to stay on track for a test at 4.2747.

USD

- **USD made marginal gains against 6 G10s** while the Dollar Index that was mostly sideways after gaining in Asian trade closed 0.14% higher at 93.27.
- **We are now bullish on USD**, supported by refuge demand as markets turn risk averse on potential market-moving catalysts during Jackson Hole meeting. The Dollar Index remains technically fragile and prone to downsides while below 93.32. Losses are likely limited by 93.03, while upside break of 93.32 could trigger a move to 93.60.

EUR

- **EUR dipped 0.07% to 1.1799 against USD** and slipped against 5 G10s as demand for European majors ebbed going into Jackson Hole meeting.
- **EUR is now bearish against USD** on the back of risk aversion ahead of Jackson Hole. We note that downside momentum has increased amid continued failure to beat the firm resistance at 1.1827. Sliding below 1.1789 will expose a move to 1.1714 in the next leg lower.

GBP

- **GBP inched 0.01% firmer to 1.2801 against USD** and rose against 6 G10s, supported by firmer demand on the back of softer European majors.
- **Stay bearish on GBP against USD** amid rising uncertainties concerning Brexit negotiations. Bearish bias continues to pick up in GBPUSD and we opine that the pair will continue to struggle to beat the firm 1.2800 level. We maintain that GBPUSD is aiming at 1.2749 in the next leg lower, below which 1.2636 will be targeted.

JPY

- **JPY tumbled against all G10s and weakened 0.48% to 109.56 against USD.**
- **JPY is now bearish in anticipation of a rebound in USD.** Technical landscape has again been altered by a close above 109.18, and USDJPY is now inclined to gains, with scope to test 110 in the next leg higher.

AUD

- **AUD inched 0.01% higher to 0.7905 against USD** and made marginal advances against 7 G10s from gains in Asian / European trades when risk appetite improved.
- **Keep a bearish view on AUD against USD**, weighed down by risk aversion in the markets that is likely to firm up going into Jackson Hole. AUDUSD remains inclined to the downsides; losing 0.7892 will increase the current downside momentum that could see the pair testing 0.7831 in the next leg lower.

SGD

- **SGD closed mixed against the G10s and eased 0.05% to 1.3619 against USD** after returning early gains as risk appetite dimmed in US session.
- **We stay bearish on SGD against USD**, anticipating pressure from rising risk aversion. Holding above 1.3600 keeps USDSGD from extended losses and sustains the scope for a potential rebound higher to 1.3681 going forward.

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