

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **The IMF has urged the ECB to maintain its stimulus programme**, backed by warnings of downside risks to growth in the Eurozone and soft inflation. Published in a report, the IMF stated that current policy should be maintained "until there is a sustained rise in the inflation path towards the ECB's price stability objective". Nonetheless, **the IMF shares a similar view with ECB's recent upbeat outlook**, stating that the region's recovery is "firming and becoming broad-based".
- **Slow data flow showed improved conditions in the US, except for slightly softer growth in house prices, as well as in New Zealand, while the UK gave mixed signals.** Manufacturing sector in the Richmond Fed district were reported growing at a quicker pace, while Conference Board gauge of US consumer sentiment suggest improved confidence in Jul. Meanwhile, business sentiment in the UK improved but the downside is that new orders at factory slowed. This morning, New Zealand reported wider trade surplus in Jun, led by stronger growth in dairy products.
- **MYR retreated 0.08% to 4.2813 against USD** after erasing early gains and slipped against 6 G10s on the back of soft risk appetite. **MYR is now bearish against USD** as demand ebbs ahead of FOMC policy announcement. Bearish bias shows signs of reversing and that has diminish USDMYR's scope for further declines. Closing above 4.2830 gives rise to a potential climb to 4.2914 going forward.
- **USD narrowed sharp early losses but still eased against 6 G10s** while the Dollar Index inched 0.08% firmer to 94.05 after bouncing off intraday low. **We now turn bullish on USD** as anticipation of details on balance sheet reduction builds ahead of FOMC announcement on policy. Technical outlook is still fragile but downside momentum appears to have bottomed, suggesting softer declines and more room for gains. Rebound remains likely but must beat 94.43 to establish a longer-term climb to test 95.24.
- **SGD was relatively unchanged at 1.3623 against USD** but slipped against 6 G10s. **Expect SGD to stay bearish against USD.** USDSGD continues to shy away from recent lows. 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	↑
UK	→
New Zealand	↑

#### What's Coming Up Next

##### Major Data

- US MBA mortgage applications and new home sales
- UK GDP 2Q A
- Japan small biz confidence
- Australia CPI

##### Major Events

- FOMC rate decision

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1600	1.1631	1.1641	1.1658	1.1670	↗
USDJPY	111.68	112.00	112.08	112.56	112.67	↗
GBPUSD	1.2975	1.3008	1.3028	1.3041	1.3053	↘
AUDUSD	0.7858	0.7902	0.7934	0.7943	0.7970	↘
EURGBP	0.8900	0.8920	0.8935	0.8948	0.8959	↗
USDMYR	4.2800	4.2829	4.2835	4.2851	4.2885	↗
EURMYR	4.9768	4.9796	4.9858	4.9963	4.9990	↘
JPYMYR	3.8173	3.8229	3.8251	3.8271	3.8340	↘
GBPMYR	5.5717	5.5771	5.5799	5.5855	5.5887	↘
SGDMYR	3.1364	3.1400	3.1437	3.1483	3.1511	→
AUDMYR	3.3837	3.3913	3.4000	3.4043	3.4089	↘
NZDMYR	3.1700	3.1752	3.1798	3.1850	3.1872	↘
USDSGD	1.3595	1.3615	1.3629	1.3648	1.3659	↗
EURSGD	1.5830	1.5846	1.5860	1.5875	1.5900	↘
GBPSGD	1.7704	1.7747	1.7751	1.7761	1.7790	↘
AUDSGD	1.0757	1.0799	1.0815	1.0837	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	1763.3	0.1	7.4	CRB Index	177.7	0.81	-7.7
Dow Jones Ind.	21613.4	0.5	9.4	WTI oil (\$/bbl)	47.9	3.30	-11.1
S&P 500	2477.1	0.3	10.6	Brent oil (\$/bbl)	50.2	3.30	-11.7
FTSE 100	7434.8	0.8	4.1	Gold (S/oz)	1250.1	-0.40	8.8
Shanghai	3243.7	-0.2	4.5	CPO (RM/tonne)	2576.5	-0.88	-19.5
Hang Seng	26852.1	0.0	22.1	Copper (\$/tonne)	6225.0	3.29	12.5
STI	3327.8	0.5	15.5	Rubber (sen/kg)	529.0	2.03	-18.0

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US S&P CoreLogic CS 20-City YOY NSA	May	5.58%	5.77%	5.80%
US Conference Board consumer confidence	Jul	121.1	117.3	116.5
US Richmond Fed manufacturing index	Jul	14	11	7
UK CBI trends total orders	Jul	10	16	12
UK CBI business optimism	Jul	5	0	1
NZ trade balance	Jun	242m	74m	150m

- The IMF has urged the ECB to maintain its stimulus programme, backed by warnings of downside risks to growth in the Eurozone and soft inflation. Published in a report, the IMF stated that current policy should be maintained “until there is a sustained rise in the inflation path towards the ECB’s price stability objective”. Nonetheless, the IMF shares a similar view with ECB’s recent upbeat outlook, stating that the region’s recovery is “firming and becoming broad-based.”
- Data flow showed firmer conditions in the US save for the housing sector. The S&P CoreLogic Case-Shiller gauge of house prices in 20 US cities showed that values increased more moderately by 5.58% YOY in May, a tad softer than 5.77% in Apr; this is in line with recent reports suggesting that the housing sector remains somewhat on a backpedal of late.
- The brighter sides were that US consumer confidence and manufacturing growth improved in Jul. Conference Board index climbed to 121.1 in Jul, up from 117.3 in Jun and against an expected dip to 116.5, a sign of better sentiment amongst consumers that could potentially translate into increased spending. Meanwhile, manufacturing sector in the Richmond Fed district grew at a quicker pace, as indicated by an increase in the index to 14 in Jul, up from 11 previously. Growth in the US manufacturing sector sustains at a relatively robust level as revealed by recent data.
- Surveys from the UK’s Confederation of Business Industry showed that business optimism improved in Jul but new orders at factories slipped. Respondents mostly agreed that sentiment has picked up, with a net yes-vs-no replies rising to 5% as opposed to 0% in Jun. However, demand may be waning as balance of new orders fell to 10% from 16%, bypassing an expected drop to 12%.
- New Zealand’s trade surplus surged to NZD 242 million in Jun, racing higher from an excess of NZD 74 million in May. Exports were led by a surge in shipments of dairy products and to a lesser extent, crude oil.

### Economic Calendar Release Date

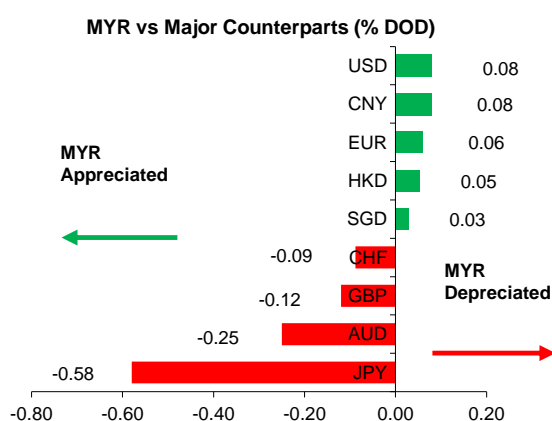
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	7/26	MBA mortgage applications	Jul 21	--	6.3%	--
		New home sales MOM	Jun	0.8%	2.9%	--
	7/27	FOMC rate decision (upper bound)	Jul 26	1.25%	1.25%	--
		Durable goods orders	Jun P	3.5%	-0.8%	--
		Initial jobless claims	Jul 22	240k	233k	--
		Chicago Fed nat activity index	Jun	0.35	-0.26	--
UK	7/26	Kansas City Fed manf. activity	Jul 22	11	11	--
		GDP QOQ	2Q A	0.3%	0.2%	--
Japan	7/26	Index of services 3M/3M	May	0.4%	0.2%	--
China	7/27	Small business confidence	Jul	49.8	49.2	--
Singapore	7/27	Industrial profits YOY	Jun	--	16.7%	--
Singapore	7/26	Industrial production YOY	Jun	8.5%	5.0%	--
Australia	7/26	CPI YOY	2Q	2.2%	2.1%	--

Source: Bloomberg

### FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1647	0.04	1.1712	1.1631	10.7
USDJPY	111.89	0.71	111.96	110.83	-4.3
GBPUSD	1.3025	-0.02	1.3084	1.3008	5.6
AUDUSD	0.7937	0.16	0.797	0.7903	10.1
EURGBP	0.8943	0.08	0.8959	0.8927	4.7
USDMYR	4.2813	0.08	4.2835	4.2775	-4.6
EURMYR	4.9896	0.06	4.9963	4.9768	5.6
JPYMYR	3.8425	-0.58	3.8609	3.8425	0.3
GBPMYR	5.5718	-0.12	5.5822	5.5704	1.1
SGDMYR	3.1445	0.03	3.1473	3.1393	1.4
AUDMYR	3.3935	-0.25	3.4018	3.3839	4.7
NZDMYR	3.1790	-0.14	3.1881	3.1696	1.9

Source: Bloomberg



## Forex

### MYR

- **MYR retreated 0.08% to 4.2813 against USD** after erasing early gains and slipped against 6 G10s on the back of soft risk appetite.
- **MYR is now bearish against USD** as demand ebbs ahead of FOMC policy announcement. Bearish bias shows signs of reversing and that has diminish USDMYR's scope for further declines. Closing above 4.2830 gives rise to a potential climb to 4.2914 going forward.

### USD

- **USD** narrowed sharp early losses but still **eased against 6 G10s** while the Dollar Index inched 0.08% firmer to 94.05 after bouncing off intraday low.
- **We now turn bullish on USD** as anticipation of details on balance sheet reduction builds ahead of FOMC announcement on policy. Technical outlook is still fragile but downside momentum appears to have bottomed, suggesting softer declines and more room for gains. Rebound remains likely but must beat 94.43 to establish a longer-term climb to test 95.24.

### EUR

- **EUR was 0.04% firmer at 1.1647 against USD** and advanced against 6 G10s, but gains were much diminished, sliding from intraday high on build-up in downside pressure after the IMF urged the ECB to maintain its stimulus programme.
- **Expect a bearish EUR in line with our view of a firmer USD**, also weighed down by dampened expectations of a near-term policy change by the ECB. Upside momentum has retreated and suggests that EURUSD is now less inclined to further gains. However, signs hint that EURUSD could hold above 1.1631 today, failing which a drop to 1.1589 will be targeted next.

### GBP

- **GBP dipped 0.02% to 1.3025 against USD** and fell against 6 G10s on the back of firmer risk appetite in European markets and also weighed down 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; losses will likely accelerate if BOE Haldane strikes a less hawkish tone in his speech. GBPUSD remains inclined to lower levels while below 1.3041. 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 tumbled 0.71% to 111.89 against USD** and slumped against all G10s as markets turned risk-on, damping demand for refuge.
- **JPY is now bearish in line with our expectation of a firmer USD**; expect risk appetite to improve post-FOMC announcement. A strong overnight bounce to beat 111.25 has renewed USDJPY's upside strength. The pair is now inclined to further gains, with 112.67 within reach in the coming days.

### AUD

- **AUD climbed 0.16% to 0.7937 against USD** and beat 8 G10s, supported by firmer risk appetite in the markets and recovery in relevant commodities.
- **AUD remains bearish as we expect a firmer USD**. We maintain that AUDUSD has peaked and view recent soft gains to be residual upside momentum that will soon fade, tilting the pair lower. AUDUSD is likely to target 0.7833 in the next leg lower.

### SGD

- **SGD was relatively unchanged at 1.3623 against USD** but slipped against 6 G10s.
- **Expect SGD to stay bearish against USD**. USDSGD continues to shy away from recent lows. 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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