

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight global financial markets ended little changed**, in the absence of major economic and earnings releases. Meanwhile, oil prices plunged to as low as US\$51.5/barrel (Brent) on destruction on US oil infrastructure by Hurricane Harvey before rebounding to US\$51.9/barrel at close, still near its one-week low. Breaking news reporting a **North Korean missile firing over Japan early morning sent investors scurrying for safety**, JPY gained a big figure to as much as 108.34 against the USD while gold hit US\$1325/ oz, its highest in 11 months. This should keep Asian markets in risk-off mode today.
- **Data flow was light and neutral in both the US and Japan.** US wholesale inventories continued to expand albeit at a slower rate while Dallas Fed report showed manufacturing activities have gained some steam in August. Japan Cabinet Office reiterated that its economy is on a moderate recovery, a stance it held constant for three straight months, but the renewed decline in household spending casted doubts on the strength of the Japanese consumers.
- **USD fell against 8 G10s** while the Dollar Index slipped further going into US session to close 0.57% lower at 92.20 on extended bids in European majors. **We now turn bearish on USD** amid risk aversion ahead of US employment data as well as amid domestic issues such as debt ceiling and impact of Hurricane Harvey on the US economy. Bearish bias has emerged and suggests the Dollar Index is likely to stay subdued, with scope to test 92.00. Holding above 92.00 will be crucial to the next phase of potential rebound, otherwise, the Dollar Index will take aim at 91.59.
- **MYR closed 0.11% firmer at 4.2677 against a soft USD** but retreated against 7 G10s that also rallied on the back of a soft greenback. **MYR remains slightly bullish against a soft USD**; early losses on risk aversion may be narrowed in European session as we anticipate further retreat in USD. We continue to set sights on a potential test at 4.2600. However, note that reversion level exists at 4.2648, thus we caution that extended closings below this level could trigger a rebound it going forward.
- **SGD slipped against 6 G10s but climbed 0.17% to 1.3536 against a soft USD. Expect a slightly bearish SGD against USD** as risk appetite take a turn down south. USDSGD is still tilted towards the downside and now has scope to test 1.3500, but a rebound to 1.3579 may be first in line before that happens.

Overnight Economic Data

US →
Japan →

What's Coming Up Next

Major Data

- US S&P Core Logic house prices, Conference Board consumer confidence
- UK nationwide house prices
- Hong Kong retail sales
- Vietnam CPI, retail sales, industrial production, exports

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1920	1.1955	1.1972	1.1980	1.2000	↗
USDJPY	108.20	108.46	108.67	108.85	109.10	↘
GBPUSD	1.2900	1.2917	1.2934	1.2962	1.3000	↗
AUDUSD	0.7892	0.7911	0.7928	0.7937	0.7946	↘
EURGBP	0.9210	0.9236	0.9252	0.9268	0.9290	↘
USDMYR	4.2648	4.2670	4.2685	4.2700	4.2717	↘
EURMYR	5.0829	5.0969	5.1066	5.1100	5.1150	↗
JPYMYR	3.9173	3.9242	3.9253	3.9291	3.9324	↗
GBPMYR	5.5196	5.5157	5.5198	5.5266	5.5321	↗
SGDMYR	3.1481	3.1500	3.1504	3.1520	3.1545	↗
AUDMYR	3.3763	3.3797	3.3843	3.3881	3.3923	↘
NZDMYR	3.0842	3.0887	3.0940	3.0998	3.1057	↘
USDSGD	1.3500	1.3520	1.3548	1.3579	1.3602	↗
EURSGD	1.6150	1.6195	1.6209	1.6238	1.6250	↗
GBPSGD	1.7456	1.7484	1.7522	1.7541	1.7568	↗
AUDSGD	1.0703	1.0720	1.0742	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	1769.5	0.0	7.8	CRB Index	178.0	0.10	-7.5
Dow Jones Ind.	21808.4	0.0	10.4	WTI oil (\$/bbl)	46.6	-2.20	-13.3
S&P 500	2444.2	0.0	9.2	Brent oil (\$/bbl)	51.9	-0.99	-13.5
FTSE 100	7401.5	-0.1	3.6	Gold (\$/oz)	1308.4	1.30	8.1
Shanghai	3362.7	0.9	8.3	CPO (RM/tonne)	2709.0	-0.29	-15.3
Hang Seng	27863.3	0.1	26.6	Copper (\$/tonne)	6666.0	-0.33	20.4
STI	3267.6	0.2	13.4	Rubber (sen/kg)	553.0	-1.60	-14.3

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US wholesale inventories	Jul P	0.4%	0.6%	0.3%
US Dallas Fed manufacturing	Aug	17.0	16.8	17.0
JP jobless rate	Jul	2.8%	2.8%	2.8%
JP overall household spending	Jul	-0.2%	2.3%	0.7%

Source: Bloomberg

- Economic releases is light, limited to only US and Japan data.
- US wholesale inventories softened less than expected, increasing 0.4% MOM in July, as slower stock increase in non-durable goods offset faster gain in durable goods inventories. Continued rise in inventories signaled wholesalers are building up inventories on optimism over future demand. In a separate release, Dallas Fed manufacturing index inched up for a 2nd straight month to 17.0 in August as expected, suggesting manufacturing activities have gained further traction in the district.
- Japan jobless rate held steady at 2.8% in July as expected but overall household spending decelerated and fell 0.2% YOY in July, proving last month's gain (its first since Feb-16) as just a blip. Consumers continued to spend less on essentials including food, housing, utilities, healthcare, and education, raising concerns of the underlying health of the consumer sector despite recent signs of an uptick in the Japanese economy.
- Japan Cabinet Office in its August monthly report maintained that the Japanese economy is on a moderate recovery, a view it has been keeping unchanged in the last three months. The government reiterated that consumption was "picking up moderately" while capital expenditure, exports, and production were "picking up".

Economic Calendar Release Date

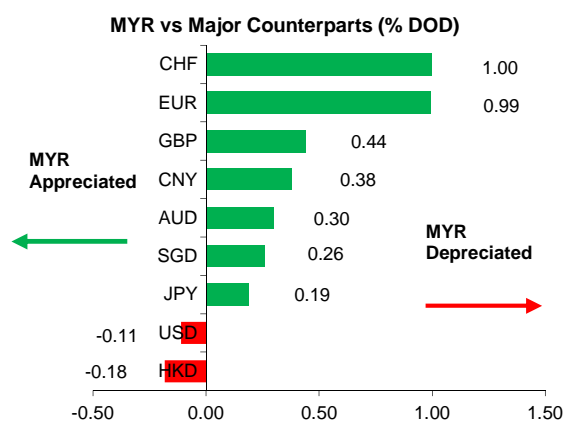
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	8/29	S&P CoreLogic CS house prices YOY	Jun	5.60%	5.69%	--
		Conference Board consumer confidence	Aug	120.7	121.1	--
	8/30	MBA mortgage application	Aug 25	--	-0.5%	--
		ADP employment change	Aug	185k	178k	--
		GDP QOQ	2Q S	2.7%	2.6%	--
EU	08/30	Economic confidence	Aug	111.3	111.2	--
		Business climate indicator	Aug	1.05	1.05	--
		Consumer confidence	Aug F	-1.5	-1.5	--
UK	8/29	Nationwide house prices YOY	Aug	2.5%	2.9%	--
	8/30	Net consumer credit	Jul	1.5b	1.5b	--
Japan	8/30	Mortgage approvals	Jul	65.5k	64.7k	--
		Retail sales MOM	Jul	0.3%	0.2%	--
		Retail trade YOY	Jul	1.0%	2.1%	2.2%
China	8/28 – 31	FDI YOY	Jul	--	2.3%	--
Hong Kong	8/29	Retail sales value YOY	Jul	0.8%	0.1%	--
Vietnam	8/29	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%	--
		Building approvals MOM	Jul	-5.0%	10.9%	--
Australia	08/30	Building permits MOM	Jul	--	-1.0%	--
New Zealand	8/30	Building permits MOM	Jul	--	-1.0%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1979	0.46	1.1984	1.1917	13.8
USDJPY	109.25	-0.10	109.41	109.03	-7.1
GBPUSD	1.2933	0.40	1.2947	1.2874	4.8
AUDUSD	0.7963	0.39	0.7973	0.7914	9.9
EURGBP	0.9263	0.08	0.9268	0.9229	8.4
USDMYR	4.2677	-0.11	4.2682	4.2640	-4.9
EURMYR	5.0929	0.99	5.1030	5.0829	8.1
JPYMYR	3.9069	0.19	3.9126	3.9005	2.5
GBPMYR	5.5064	0.44	5.5096	5.4918	0.1
SGDMYR	3.1494	0.26	3.1498	3.1431	1.5
AUDMYR	3.3922	0.30	3.3948	3.3838	4.4
NZDMYR	3.0909	0.12	3.0971	3.0848	-0.8

Source: Bloomberg



Forex

MYR

- **MYR closed 0.11% firmer at 4.2677 against a soft USD** but retreated against 7 G10s that also rallied on the back of a soft greenback.
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USD

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- **We now turn bearish on USD** amid risk aversion ahead of US employment data as well as amid domestic issues such as debt ceiling and impact of Hurricane Harvey on the US economy. Bearish bias has emerged and suggests the Dollar Index is likely to stay subdued, with scope to test 92.00. Holding above 92.00 will be crucial to the next phase of potential rebound, otherwise, the Dollar Index will take aim at 91.59.

EUR

- **EUR climbed 0.46% to 1.1979 against USD** and advanced against all G10s as bids extended after the absence of talk down from ECB President at the recently concluded Jackson Hole.
- **EUR is expected to keep gains on the back of a soft USD**, but amid prevailing risk aversion in the markets on renewed geopolitical concerns, expect upsides to be limited. We maintain that upside strength is likely firm while above 1.1900. EURUSD is poised to test 1.2000 next, but caution that a rejection here could cause sharp declines.

GBP

- **GBP climbed 0.40% to 1.2933 against a soft USD** and rose against 6 G10s.
- **We now turn bullish on GBP in anticipation of further weakness in USD.** GBPUSD closing above 1.2913 has allayed the bears, for now, and cleared a path for the tests of 1.2962. Caution that this is a crucial point for GBPUSD that could determine if further advance to 1.3020 is permitted or a rejection to 1.2890 is triggered.

JPY

- **JPY fell against 6 G10s** as risk appetite in the FX space improved after Jackson Hole but **managed to beat a soft USD by 0.1% to close at 109.25.**
- **Expect JPY to keep a bullish bias against a soft USD**, more so supported by increased refuge demand amid renewed geopolitical tensions. USDJPY remains inclined to the downsides and it appears that 108.60 level has been breached. As such, do not rule out a drop bypassing this level to test 108.00.

AUD

- **AUD advanced 0.39% to 0.7963 against USD** and strengthened against 7 G10s, supported by firmer risk appetite in the FX space.
- **We are now slightly bearish on AUD against USD**, pressured by renewed risk-off in the region but losses may be modest given a soft greenback. AUDUSD appears to have retreated ahead of the crucial test at 0.7980; this is a sign of weakness and a drop below 0.7892 will likely put an end to current attempt to bounce higher and set a course for 0.7784.

SGD

- **SGD slipped against 6 G10s but climbed 0.17% to 1.3536 against a soft USD.**
- **Expect a slightly bearish SGD against USD** as risk appetite take a turn down south. USDSGD is still tilted towards the downside and now has scope to test 1.3500, but a rebound to 1.3579 may be first in line before that happens.

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