

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Macro flow recorded mixed data from the US, positive figures from both Hong Kong and Vietnam, while UK house prices slowed further.** House prices in 20 US cities increased at a softer pace in Jun, according to the Case-Shiller gauge, while consumer confidence improved in the month of Aug. Over in the UK, house prices also slowed, rising at the slowest pace in 3 months in Aug.
- **There were better news in Japan, Hong Kong and Vietnam.** Spending accelerated in Japan in Jul, similarly with Hong Kong's retail sales in Jul that grew the most since Mar 2015 and bounce back from a contraction, led by stronger growth in jewelry, watches & clocks as well as other consumer goods. In Vietnam, retail sales and industrial production recorded quicker growth in Aug, but exports moderated though staying at double-digit.
- **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 is now bearish against a rebounding USD.** Technical viewpoint indicates that USDMYR is picking up to the upsides after bouncing strongly off 4.2648. A close above 4.2700 will improve USDMYR upside bias and push it higher to circa 4.2743 - 4.2764.
- **USD inched marginally higher against 7 G10s** after overturning early losses amid improved bids in US session as risk appetite returned. The Dollar Index bounced off intraday low at 91.62 and pared losses to settle 0.05% higher at 92.20. **USD is now bullish in our view** amid improved risk appetite in the US supporting inflows; caution that disappointing US data will once again cast renewed weakness in the greenback. Recapturing above 92.00 has allayed the bearish bias in the Dollar Index and there may be room, at least on a daily basis, for gains to test 92.55 - 92.69. However, signs point to a closing below 92.20 going forward first, before an extended rebound can take place.
- **SGD slipped 0.1% to 1.3550 against USD** and retreated against 7 G10s, uninspired even as risk appetite improved. **We stay slightly bearish on SGD in anticipation of further USD rebound.** Even though bearish bias prevails, USDSGD appears to be attempting a rebound after bouncing strongly off 1.3507. While above 1.3539, there is scope for USDSGD to climb to 1.3575.

Overnight Economic Data

US	➔
UK	⬇️
Japan	⬆️
Hong Kong	⬆️
Vietnam	⬆️
New Zealand	⬇️

What's Coming Up Next

Major Data

- US MBA mortgage applications, ADP employment change, GDP 2Q second print
- EU economic confidence, biz climate indicator, consumer confidence
- Japan retail sales, industrial production, housing starts

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1920	1.1955	1.1974	1.1984	1.2000	⬇️
USDJPY	109.58	109.74	109.85	110.00	110.24	⬆️
GBPUSD	1.2890	1.2909	1.2922	1.1944	1.2962	⬆️
AUDUSD	0.7937	0.7946	0.7956	0.7963	0.7981	⬆️
EURGBP	0.9246	0.9256	0.9267	0.9270	0.9290	⬇️
USDMYR	4.2648	4.2670	4.2690	4.2700	4.2717	⬆️
EURMYR	5.1058	5.1100	5.1126	5.1150	5.1180	⬆️
JPYMYR	3.8728	3.8818	3.8881	3.8950	3.9000	⬇️
GBPMYR	5.5100	5.5157	5.5173	5.5266	5.5321	⬇️
SGDMYR	3.1460	3.1481	3.1494	3.1500	3.1514	⬇️
AUDMYR	3.3881	3.3923	3.3960	3.4000	3.4080	⬇️
NZDMYR	3.0842	3.0887	3.0970	3.0998	3.1057	⬇️
USDSGD	1.3520	1.3540	1.3553	1.3565	1.3575	⬆️
EURSGD	1.6200	1.6222	1.6233	1.6250	1.6280	⬆️
GBPSGD	1.7482	1.7502	1.7517	1.7526	1.7568	⬆️
AUDSGD	1.0761	1.0769	1.0781	1.0800	1.0806	⬆️

*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	1761.1	0.5	7.3	CRB Index	177.5	-0.27	-7.8
Dow Jones Ind.	21865.4	0.3	10.6	WTI oil (\$/bbl)	46.4	-0.30	-13.6
S&P 500	2446.3	0.1	9.3	Brent oil (\$/bbl)	52.0	0.20	-8.5
FTSE 100	7337.4	0.9	2.7	Gold (\$/oz)	1309.2	-0.10	10.8
Shanghai	3365.2	0.1	8.4	CPO (RM/tonne)	2707.5	-0.06	-15.4
Hang Seng	27765.0	0.4	26.2	Copper (\$/tonne)	6791.5	1.88	22.7
STI	3249.3	0.6	12.8	Rubber (sen/kg)	550.5	-0.45	-14.7

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US S&P CoreLogic CS house prices YOY	Jun	5.65%	5.74%	5.60%
US Conference Board consumer confidence	Aug	122.9	120.0	120.7
UK Nationwide house prices YOY	Aug	2.1%	2.9%	2.5%
JP retail sales MOM	Jul	1.1%	0.2%	0.3%
HK retail sales value YOY	Jul	4.0%	0.1%	0.8%
VN CPI YOY	Aug	3.35%	2.52%	2.50%
VN retail sales YTD YOY	Aug	10.3%	10.0%	--
VN industrial production YOY	Aug	8.4%	8.1%	--
VN exports YTD YOY	Aug	17.9%	18.7%	18.4%
NZ building permits MOM	Jul	-0.7%	-1.3%	--

Source: Bloomberg

- US macro flow were mixed, amid softer increase in house prices and firmer consumer confidence. The Case-Shiller gauge of house prices in 20 US cities gained 5.65% YOY in Jun, slightly softer than the 5.74% increase in May. Meanwhile, the Conference Board measure of consumer confidence showed improved sentiment in Aug, with the index rising to 122.9 from 120.0 in the previous month.
- In the UK, Nationwide House Price contracted -0.1% MoM causing levels to moderate to 2.1% YoY in Aug, which is the slowest in 3 months, after gaining 2.9% in Jul. The softer price in UK houses suggest softer momentum after the UK economy slowed in the 1H2017. From a trend perspective, gains have been on a downward trajectory since Feb 2017, after mild gains through Jun 2015 – Jan 2017.
- Japan's retail sales expanded to 1.1% MOM in Jul, accelerating from 0.2% in Jun, suggesting improving consumer spending.
- Retail sales in Hong Kong bounced back in Jul, rising 4.0% YOY after growing a measly 0.1% in Jun. The strongest growth since Mar 2015 was driven by robust increases in jewelry, watches & clocks (Jul: +12.9% vs Jun: -0.8%) and other consumer goods (Jul: +4.6% vs Jun: +0.7%), both of which are the biggest contribution to retail sales in terms of value. Meanwhile, spending on clothing & footwear rebounded (Jul: +0.6% vs Jun: -1.9%) but consumer durable goods contracted (Jul: -0.9% vs Jun: +0.2%).
- Data from Vietnam were mostly biased to the upside. Spending grew quicker on a cumulative basis, rising 10.3% YOY through Jan-Aug period compared to 10.0% through Jan-Jul. Industrial output picked up in Aug too, gaining 8.4% from 8.1% in Jul, with stronger growth in manufacturing sector offsetting softer gains in other sectors. Exports meanwhile, slowed to 17.9% through Jan-Aug, easing from 18.7% recorded through Jan-Jul. Trade balance was circa \$400m.
- Vietnam's Aug CPI gained 3.35% versus a prior print of 2.52% level on the back of softer contraction in cost of food (Aug: -1.36% vs Jul: -2.52%), firmer increases in housing / construction materials (Aug: 4.23% vs Jul: +3.24%) and transportation (Aug: 5.67% vs Jul: +1.43%).
- In New Zealand, building permits remain soft but better than previous print in June, with levels contracting -0.7% versus June's -1.3%.

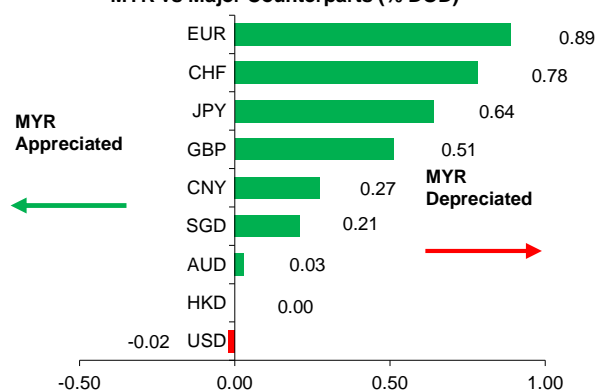
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	8/30	MBA mortgage applications	Aug 25	--	-0.5%	--
		ADP employment change	Aug	185k	178k	--
		GDP QOQ	2Q S	2.7%	2.6%	--
	8/31	Personal income	Jul	0.3%	0.0%	--
		Personal spending	Jul	0.4%	0.1%	--
		PCE core YOY	Jul	--	1.5%	--
		Initial jobless claims	Aug 26	--	--	--
		Chicago PMI	Aug	58.0	58.9	--
		Pending home sales MOM	Jul	0.6%	1.5%	--
		EU	8/30	Economic confidence	Aug	111.3
Business climate indicator	Aug	1.05		1.05	--	
Consumer confidence	Aug F	-1.5		-1.5	--	
8/31	Unemployment rate	Jul	--	9.1%	--	
	CPI estimate YOY	Aug	--	1.3%	--	
UK	8/30	Net consumer credit	Jul	1.5b	1.5b	--
		Mortgage approvals	Jul	65.5k	64.7k	--
Japan	8/31	GfK consumer confidence	Aug	--	-12	--
	8/30	Retail sales MOM	Jul	0.3%	0.2%	--
Retail trade YOY		Jul	1.0%	2.1%	2.2%	
Industrial production YOY		Jul	--	2.2%	--	
Housing starts YOY		Jul	--	1.7%	--	
China	8/30 – 31	FDI YOY	Jul	--	2.3%	--
	8/31	PMI manufacturing	Aug	--	51.4	--
		PMI services	Aug	--	54.5	--
Australia	8/30	Building approvals MOM	Jul	-5.0%	10.9%	--
	8/31	HIA new home sales MOM	Jul	--	-6.9%	--
New Zealand	8/31	ANZ activity outlook	Jul	--	40.3	--
		ANZ biz confidence	Aug	--	19.4	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD%
EURUSD	1.1972	-0.06	1.207	1.1947	13.8
USDJPY	109.71	0.42	109.9	108.27	-6.2
GBPUSD	1.2918	-0.12	1.2979	1.2915	4.7
AUDUSD	0.7951	-0.15	0.7983	0.7906	10.4
EURGBP	0.9267	0.05	0.9307	0.9247	8.5
USDMYR	4.2670	-0.02	4.2698	4.2648	-4.9
EURMYR	5.1382	0.89	5.1505	5.1053	8.8
JPYMYR	3.9319	0.64	3.9406	3.9179	2.6
GBPMYR	5.5345	0.51	5.5378	5.5167	0.4
SGDMYR	3.1560	0.21	3.1581	3.1484	1.8
AUDMYR	3.3931	0.03	3.3994	3.3812	4.7
NZDMYR	3.1029	0.39	3.1068	3.0824	-0.5

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

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.
- **MYR is now bearish against a rebounding USD.** Technical viewpoint indicates that USDMYR is picking up to the upsides after bouncing strongly off 4.2648. A close above 4.2700 will improve USDMYR upside bias and push it higher to circa 4.2743 – 4.2764.

USD

- **USD inched marginally higher against 7 G10s** after overturning early losses amid improved bids in US session as risk appetite returned. The Dollar Index bounced off intraday low at 91.62 and pared losses to settle 0.05% higher at 92.20.
- **USD is now bullish in our view** amid improved risk appetite in the US supporting inflows; caution that disappointing US data will once again cast renewed weakness in the greenback. Recapturing above 92.00 has allayed the bearish bias in the Dollar Index and there may be room, at least on a daily basis, for gains to test 92.55 – 92.69. However, signs point to a closing below 92.20 going forward first, before an extended rebound can take place.

EUR

- **EUR dipped 0.06% lower to 1.1972 against USD** after failing to hold above its 18-month high, and slipped against 5 G10s.
- **We are now bearish on EUR on the back of US rebound.** Strong rejection to lose 1.2000 is a sign that EURUSD could not keep up to its current upside strength. EURUSD could still gain in the coming several days but threading within 1.2000 – 1.2070 poses strong rejection risk going forward.

GBP

- **GBP slipped 0.12% to 1.2918 against a rebounding USD** and retreated against 7 G10s as risk appetite improved.
- **Stay slightly bullish on GBP against USD,** supported by inflows amid retreats in European majors. A mild bullish bias has emerged in GBPUSD and we set sights on another test at 1.2962 going forward.

JPY

- **JPY tumbled against all G10s and weakened 0.42% to 109.71 against USD** after refuge demand receded.
- **JPY is now bearish in our view against USD,** retreating amid reduced haven flows. USDJPY is now inclined to the upsides after bouncing strongly overnight to overturn sharp losses. While above 109.74, there is scope to beat 110 and head to 110.24.

AUD

- **AUD fell 0.15% to 0.7951 against USD** and eased against 8 G10s, weighed down by softer commodities.
- **Expect a slightly bullish AUD against USD** as bids are likely to improve amid firmer risk appetite in the markets. AUDUSD showed resilience by holding above crucial support levels, and this is likely to keep the pair supported for further tries at 0.7981 – 0.8000. Caution that rejection by this range will trigger a drop to 0.7892, or lower.

SGD

- **SGD slipped 0.1% to 1.3550 against USD** and retreated against 7 G10s, uninspired even as risk appetite improved.
- **We stay slightly bearish on SGD in anticipation of further USD rebound.** Even though bearish bias prevails, USDSGD appears to be attempting a rebound after bouncing strongly off 1.3507. While above 1.3539, there is scope for USDSGD to climb to 1.3575.

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