

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Another day of recovery in risk appetite** with gains in Dow (+0.35%) and S&P 500 (+0.24%) while Asian majors such as Shanghai Composite (+1.11%) and Hang Seng (+1.41%) jumped. The Turkish Lira extended its decline but contagion fears in Europe continue to recede as markets focused on **US President Trump's disapproving comments on the Federal Reserve's policy tightening** while at the same time accusing Europe and China of currency manipulation.
- **Firmer data came out from Eurozone while Japan and the UK lagged behind.** Construction output growth in Eurozone accelerated in Jun and bested estimates amid quicker growth in construction of buildings. In the UK, house prices were softer in Aug, impacted by summer sale but possibly also exacerbated by uncertainties over economic outlook. In Japan, sales at convenience stores slowed drastically (on a same store basis), while total sales and customer traffic also eased, suggesting downtick in demand.
- **USD weakened against 9 G10s** while the DXY lost 0.21% to 95.90, declining in European morning amid softer demand for refuge before sliding further after President Trump said that he was "not thrilled" with the Fed's policy tightening. **Stay bearish on USD** as buying interest is likely to retreat amid potential rise of risk aversion ahead of FOMC minutes, on top of extended downsides resulting from President Trump's comments. Bearish trend continues to take hold, suggesting further losses for DXY. We continue to expect DXY to potentially challenge 95.40, below which a drop to 94.85 – 95.00 will be eyed.
- **MYR advanced 0.12% to 4.1010 against USD** after edging firmer in European morning while closing mixed against the G10s on the back of firmer risk appetite. **MYR remains slightly bullish against a soft USD**, with buying interest supported by extended recovery in market sentiment. Bullish trend has ended and USDMYR is likely at the onset of a reversal lower going forward. We maintain that USDMYR is on a course to 4.0840, below which further losses will accelerate.
- **SGD was outpaced amid firmer risk appetite, sliding against 6 G10s but managed to strengthen 0.16% to 1.3692 against a soft USD. SGD is still bullish against a soft USD.** A bearish trend has emerged alongside downward momentum, dictating further losses in USDSGD. Expect a break below 1.3678 soon, which will expose a drop to 1.3618 in the next leg lower.

Overnight Economic Data

Eurozone	↑
UK	↓
Japan	↓

What's Coming Up Next

Major Data

- Malaysia Foreign Reserves
- Japan Machine Tool Orders YOY
- Hong Kong CPI Composite YOY

Major Events

- RBA August Meeting Minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1460	1.1473	1.1488	1.1500	1.1525	↗
USDJPY	109.50	109.73	109.94	110.06	110.30	↘
GBPUSD	1.2757	1.2787	1.2807	1.2827	1.2854	↗
AUDUSD	0.7319	0.7328	0.7339	0.7347	0.7357	↗
EURGBP	0.8963	0.8969	0.8976	0.8980	0.8988	↗
USDMYR	4.0875	4.0900	4.0920	4.0950	4.0970	↘
EURMYR	4.7120	4.7150	4.7181	4.7200	4.7260	↗
JPYMYR	3.7220	3.7250	3.7284	3.7309	3.7320	↗
GBPMYR	5.2400	5.2439	5.2463	5.2500	5.2523	↗
SGDMYR	2.9900	2.9915	2.9929	2.9952	2.9985	↗
AUDMYR	3.0000	3.0013	3.0050	3.0069	3.0092	↗
NZDMYR	2.7120	2.7176	2.7213	2.7259	2.7315	↗
USDSGD	1.3661	1.3679	1.3685	1.3695	1.3708	↘
EURSGD	1.5720	1.5729	1.5735	1.5745	1.5760	↗
GBPSGD	1.7500	1.7516	1.7526	1.7535	1.7556	↗
AUDSGD	1.0012	1.0035	1.0044	1.0046	1.0051	↗

*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	1787.58	0.23	-0.51	CRB Index	189.11	0.20	-2.45
Dow Jones Ind.	25758.69	0.35	4.21	WTI oil (\$/bbl)	66.43	0.79	9.95
S&P 500	2857.05	0.24	6.86	Brent oil (\$/bbl)	72.21	0.53	7.99
FTSE 100	7591.26	0.43	-1.26	Gold (\$/oz)	1190.48	0.53	-8.57
Shanghai	2698.47	1.11	-18.41	CPO (RM/tonne)	2189.00	0.88	-8.41
Hang Seng	27598.02	1.41	-7.76	Copper (\$/tonne)	5991.50	1.11	-17.32
STI	3204.71	-0.15	-5.82	Rubber (sen/kg)	405.00	0.62	-12.43

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
EU Construction Output YOY	Jun	2.6%	1.8%	2.0%
UK Rightmove House Prices YOY	Aug	1.1%	1.4%	--
JP Convenience Store Sales YOY	Jul	0.1%	1.1%	--

Source: Bloomberg

➤ Macroeconomics

- Eurozone construction output accelerates:** Construction output increased 2.6% YOY in Jun, rising from 1.8% in May and bested estimates of a 2.0% gain. The strongest growth in 5 months due to quicker growth in construction of buildings (Jun: +2.1% vs May: +1.4%) while output from civil engineering steadied (Jun: +3.7% vs May: +3.7%). MOM, output eased 0.2% in Jun from 0.3% in May.
- UK house prices lower in Aug:** Rightmove survey revealed that house prices in the UK grew at a softer pace in Aug, rising 1.1% YOY from 1.4% in Jul. On a monthly basis, prices fell 2.3% in Aug from a 0.1% dip in Jul as the average property asking price slipped to £301.9k, lowest since Feb. While softer levels coincided with discounts in the summer that generally register lower prices, the MOM decline was the biggest since 2011, likely impacted by uncertainties over UK economic outlook.
- Japan convenience store sales slowed:** Sales at convenience stores in Japan (same store basis) slowed to just 0.1% YOY in Jul from 1.1% in Jun, likely a normalization from the strong rebound (May: -1.2%). Total sales eased (Jul: +2.0% vs Jun: +3.3%), while customer traffic also recorded a slowdown (Jul: +1.5% vs Jun: +2.6%), hinting at potential downtick in demand.

Economic Calendar Release Date

Date	Country	Event	Reporting Period	Survey	Prior	Revised
21/08	Malaysia	Foreign Reserves	Aug-15	--	\$104.5b	--
22/08	US	MBA Mortgage Applications	Aug-17	--	-2.0%	--
		Existing Home Sales MOM	Jul	0.6%	-0.60%	--
19-25/08	UK	CBI Trends Total Orders	Aug	9	11.0	--
21/08	Japan	Machine Tool Orders YOY	Jul F	--	13.0%	--
22/08		All Industry Activity Index MOM	Jun	-0.8%	0.1%	--
21/08	Hong Kong	CPI Composite YOY	Jul	2.4%	2.4%	--
21/08	Australia	RBA August Meeting Minutes				
22/08		Westpac Leading Index MOM	Jul	--	0.01%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1482	0.38	1.1485	1.1394	4.3
USDJPY	110.07	-0.39	110.68	110.02	2.4
GBPUSD	1.2798	0.38	1.28	1.2724	5.3
AUDUSD	0.7340	0.37	0.7344	0.7296	6.1
EURGBP	0.8973	0.00	0.8977	0.8940	1.1
USDMYR	4.1010	-0.12	4.1060	4.1010	1.4
EURMYR	4.6804	0.15	4.6877	4.6643	3.5
JPYMYR	3.7048	-0.05	3.7084	3.6954	3.1
GBPMYR	5.2212	0.04	5.2329	5.2149	4.4
SGDMYR	2.9882	0.02	2.9904	2.9816	1.3
AUDMYR	2.9956	0.30	2.9920	2.9768	5.3
NZDMYR	2.7120	0.05	2.7128	2.7006	5.8

Source: Bloomberg

Forex

MYR

- **MYR advanced 0.12% to 4.1010 against USD** after edging firmer in European morning while closing mixed against the G10s on the back of firmer risk appetite.
- **MYR remains slightly bullish against a soft USD**, with buying interest supported by extended recovery in market sentiment. Bullish trend has ended and USDMYR is likely at the onset of a reversal lower going forward. We maintain that USDMYR is on a course to 4.0840, below which further losses will accelerate.

USD

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- **Stay bearish on USD** as buying interest is likely to retreat amid potential rise of risk aversion ahead of FOMC minutes, on top of extended downsides resulting from President Trump's comments. Bearish trend continues to take hold, suggesting further losses for DXY. We continue to expect DXY to potentially challenge 95.40, below which a drop to 94.85 – 95.00 will be eyed.

EUR

- **EUR climbed 0.38% to 1.1482 against a soft USD** and advanced against 6 G10s as contagion fears stemming from Turkey waned.
- **EUR is bullish as we continue to anticipate a softer USD** and as contagion fears continue to recede. As downside momentum continues to ebb, EURUSD is now exposed to a test at 1.1500, above which 1.1541 will be targeted. Caution on potential rejection at 1.1500 that could push EURUSD lower to 1.1421.

GBP

- **GBP rose 0.38% to 1.2798 against a soft USD** and strengthened against 6 G10s following news that the UK may allow migrants from the EU to remain even in a no-deal Brexit scenario.
- **Continue to expect slightly bullish GBP against a softer USD** but caution that gains may be mild and quickly overturned on emergence of negative Brexit news flow. Downside momentum continues to ease in GBPUUSD and likely to allow further advances. But caution that risk of rejection increases as GBPUUSD approaches 1.2827; breaking higher exposes a move to 1.2930 in the next leg higher, otherwise, expect a return to 1.2728.

JPY

- **JPY** was again in demand, climbing against 8 G10s and **strengthening 0.39% to 110.07 against USD** in reaction to President Trump's comments.
- **Stay bullish on JPY against a soft USD** as risk aversion in the greenback emerges. USDJPY bearish trend still prevails, dictating a potential drop to 109.50 in the next leg lower.

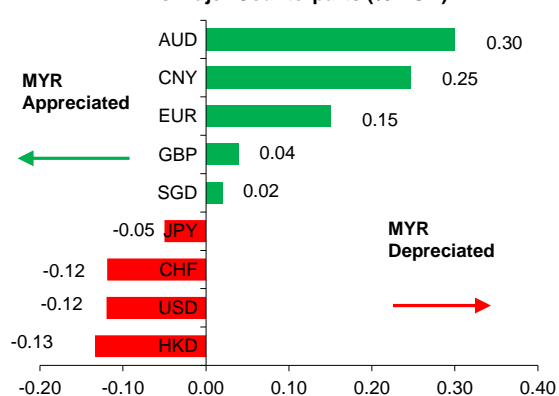
AUD

- **AUD** ended marginally lower against 5 G10s but remained supported by recovery in risk sentiment in the markets to **climb 0.37% to 0.7340 against USD**.
- **AUD remains slightly bullish against a softer USD**, unless RBA minutes reveal a dovish tone to the recent meeting. Firmer upsides are taking hold and AUDUSD is likely to test 0.7358 soon. A break here exposes a move to 0.7408, otherwise expect a drop back to circa 0.7293.

SGD

- **SGD** was outpaced amid firmer risk appetite, sliding against 6 G10s but **managed to strengthen 0.16% to 1.3692 against a soft USD**.
- **SGD is still bullish against a soft USD**. A bearish trend has emerged alongside downward momentum, dictating further losses in USDSGD. Expect a break below 1.3678 soon, which will expose a drop to 1.3618 in the next leg lower.

MYR vs Major Counterparts (% DOD)



Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hbb.hongleong.com.my**DISCLAIMER**

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