

Global Markets Research

Daily Market Highlights

Key Takeaways

- US stocks ended slightly lower on Friday with the Dow, S&P 500 and Nasdaq fell 0.03%, 0.09%, and 0.07% respectively, wrapping up the week with small gains. President Trump took to Twitter to **make further comments on the Fed monetary policy** accusing that rate hikes contributed to a stronger dollar thus taking the “big competitive edge” away from the US. In an interview with CNBC, he also said that he was “**ready to go**” with tariffs on **\$500mil worth of Chinese imports** taking trade tensions back to the spotlight. Yield on US 10Y treasuries rose 6bps to close at 2.89%.
- The seasonally adjusted Eurozone current account surplus fell to €22.4b in May on a balance of payment basis attributed to decline across net goods, services and primary income inflow. Japanese convenience stores sales rebounded to increase 1.1% YOY on same store basis in June while the All Industrial Activity Index, which estimates the overall Japanese economic activities, rose a mere 0.1% MOM in May. Malaysia foreign reserves fell: Foreign reserves fell to \$104.6b as at 13 July sufficient to finance 7.5 months of retained imports and is 1.1 times external debt.
- **USD tumbled against all G10s** while the DXY plunged in US morning and closed 0.72% lower at 94.47, resuming its decline on Trump’s remarks regarding how Fed rate hikes and a strong USD puts the US at a disadvantage, which spark current devaluation concerns. **Expect a bearish USD** amid rising concerns over a currency war to gain an advantage on the on-going trade war. Technically, we view last Friday’s decline as the onset of a reversal to DXY’s strength that we have been looking for. There is now scope to slide to 93.92 in the next leg lower, below which exposes a potential move to 93.19.
- **MYR inched 0.05% firmer to 4.0620 after USD tumbled in Asian afternoon**, but performed softer against 5 G10s that also rallied on a soft USD. **MYR is now bullish against a weak USD** but gains may be modest in anticipation of renewed weakness in market sentiment following fears of currency war. The price-momentum divergence that we previously noted has triggered a drop to 4.0465 as expected. However, unless USDMYR closes below 4.0465 today and nullifies the bullish trend, it remains exposed to a close above 4.0590 tomorrow.
- **SGD tumbled against all G10s that rallied strongly given a weak greenback but managed to advance 0.56% to 1.3631 against USD. Stay slightly bullish on SGD against a weak USD**, supported by potential emergence of refuge demand within Asian session taking cue from overnight US trade. USDSGD is now technically bearish after breaking below 1.3643. It is now tilted to the downside, with scope to test 1.3579 in the next leg lower, below which a drop to 1.3527 is expected.

Overnight Economic Data

Malaysia	↓
Eurozone	↓
Japan	→

What’s Coming Up Next

Major Data

- US Chicago Fed Nat Activity Index, Existing Home Sales MOM
- Eurozone Consumer Confidence
- Hong Kong CPI Composite YOY
- Singapore CPI YOY

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1600	1.1619	1.1746	1.1669	1.1686	↗
USDJPY	110.50	110.77	110.93	111.27	111.32	↘
GBPUSD	1.3115	1.3126	1.3148	1.3161	1.3179	↗
AUDUSD	0.7397	0.7412	0.7430	0.7451	0.7467	↗
EURGBP	0.8915	0.8926	0.8933	0.8947	0.8957	↘
USDMYR	4.0430	4.0450	4.0480	4.0540	4.0590	↘
EURMYR	4.7430	4.7498	4.7525	4.7551	4.7585	↗
JPYMYR	3.6375	3.6434	3.6478	3.6520	3.6596	↗
GBPMYR	5.3110	5.3174	5.3204	5.3231	5.3266	↗
SGDMYR	2.9688	2.9719	2.9734	2.9753	2.9787	↗
AUDMYR	2.9971	3.0016	3.0053	3.0090	3.0126	↗
NZDMYR	2.7500	2.7549	2.7585	2.7613	2.7660	↗
USDSGD	1.3579	1.3602	1.3607	1.3628	1.3643	↘
EURSGD	1.5958	1.5966	1.5979	1.5988	1.6010	↗
GBPSGD	1.7848	1.7880	1.7888	1.7903	1.7920	↗
AUDSGD	1.0089	1.0103	1.0110	1.0115	1.0124	↗

*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	1,754.67	-0.26	-2.35	CRB Index	192.62	0.63	-0.64
Dow Jones Ind.	25,058.12	-0.03	1.37	WTI oil (\$/bbl)	70.46	1.44	16.62
S&P 500	2,801.83	-0.09	4.80	Brent oil (\$/bbl)	73.07	0.68	9.57
FTSE 100	7,678.79	-0.07	-0.12	Gold (\$/oz)	1,229.53	0.54	8.10
Shanghai	2,829.27	2.05	-14.45	CPO (RM/tonne)	2,195.50	0.09	-8.14
Hang Seng	28,224.48	0.76	-5.66	Copper (\$/tonne)	6,147.50	1.36	-15.17
STI	3,297.83	0.62	-3.09	Rubber (sen/kg)	416.50	0.12	-9.95

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA Foreign Reserves	13 Jul	\$104.6b	\$104.7b	--
EU ECB Current Account SA	May	€22.4b	€29.6b (revised)	--
JP All Industry Activity Index MOM	May	0.1%	1.0%	--
JP Convenience Store Sales YOY	Jun	1.1%	-1.2%	--

Source: Bloomberg

➤ Macroeconomics

- **Eurozone current account surplus fell:** The seasonally adjusted current account surplus fell to €22.4b in May (Apr: €29.6b revised) on a balance of payment basis attributed to decline across net goods, services and primary income inflow.
- **Japan convenience store sales rebounded, economic activities stalled:** Sales in Japanese convenience stores rebounded to increase 1.1% YOY on same store basis in June (May: -1.2%) nearly reversing the decline recorded in the previous month. The All Industrial Activity Index which estimated the overall Japanese economic activities rose a mere 0.1% MOM in May (Apr: +0.1%) attributed to the faltering of industrial production and a slower tertiary industry.
- **Malaysia foreign reserves fell:** Foreign reserves fell to \$104.6b as at 13 July (previous: \$104.7b) sufficient to finance 7.5 months of retained imports and is 1.1 times external debt.

Economic Calendar Release Date

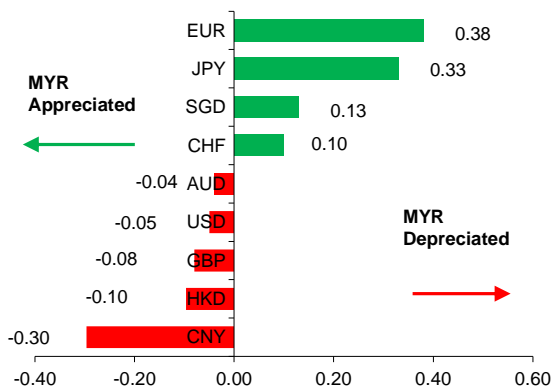
Date	Country	Event	Reporting Period	Survey	Prior	Revised
23/07	US	Chicago Fed Nat Activity Index	Jun	0.25	-0.15	--
		Existing Home Sales MOM	Jun	-0.2%	-0.4%	--
24/07		FHFA House Price Index MoM	May	0.3%	0.1%	--
		Markit US Manufacturing PMI	Jul P	55.1	55.4	--
		Markit US Services PMI	Jul P	56.5	56.5	--
		Richmond Fed Manufact. Index	Jul	18.0	20.0	--
23/07	Eurozone	Consumer Confidence	Jul A	-0.7	-0.5	--
24/07		Markit Eurozone Manufacturing PMI	Jul P	54.7	54.9	--
		Markit Eurozone Services PMI	Jul P	55.1	55.2	--
24/07	Japan	Nikkei Japan PMI Mfg	Jul P	--	53.0	--
		Supermarket Sales YoY	Jun	--	-2.3%	--
		Leading Index CI	May F	--	106.9	--
		Coincident Index	May F	--	116.1	--
		Nationwide Dept. Sales YoY	Jun	--	-2.0%	--
23/07	Hong Kong	CPI Composite YOY	Jun	2.2%	2.1%	--
23/07	Singapore	CPI YOY	Jun	0.6%	0.4%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1724	0.70	1.1739	1.1626	-2.2
USDJPY	111.41	0.94	112.62	111.39	-1.5
GBPUSD	1.3136	0.94	1.314	1.2995	-2.8
AUDUSD	0.7415	0.73	0.7431	0.7318	-4.9
EURGBP	0.8925	0.23	0.8958	0.8921	0.6
USDMYR	4.0620	0.05	4.0675	4.0565	0.0
EURMYR	4.7347	0.38	4.7430	4.7267	-2.0
JPYMYR	3.6121	0.33	3.6234	3.6076	1.4
GBPMYR	5.2861	0.08	5.2979	5.2807	-2.7
SGDMYR	2.9705	0.13	2.9718	2.9591	-4.9
AUDMYR	2.9918	0.04	2.9967	2.9764	-4.9
NZDMYR	2.7463	0.05	2.7485	2.7333	-4.2

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR inched 0.05% firmer to 4.0620 after USD tumbled in Asian afternoon**, but performed softer against 5 G10s that also rallied on a soft USD.
- **MYR is now bullish against a weak USD** but gains may be modest in anticipation of renewed weakness in market sentiment following fears of currency war. The price-momentum divergence that we previously noted has triggered a drop to 4.0465 as expected. However, unless USDMYR closes below 4.0465 today and nullifies the bullish trend, it remains exposed to a close above 4.0590 tomorrow.

USD

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- **Expect a bearish USD** amid rising concerns over a currency war to gain an advantage on the on-going trade war. Technically, we view last Friday's decline as the onset of a reversal to DXY's strength that we have been looking for. There is now scope to slide to 93.92 in the next leg lower, below which exposes a potential move to 93.19.

EUR

- **EUR jumped 0.7% to 1.1724 against a weak USD** but was lower against 6 G10s that rallied more on the greenback's tumble.
- **We are now bullish on EUR to the extent of USD weakness.** Bearish trend has been nullified and EURUSD is now tilted to the upside after breaking above 1.1723. Expect a test at 1.1788 next, which if broken is likely a completion of a bullish pattern that puts EURUSD towards at least 1.1855.

GBP

- **GBP surged 0.94% to 1.3136 against a weak USD** and advanced against 6 G10s, supported by refuge demand as risk appetite in European markets faded.
- **Expect a slightly bullish GBP on the back of a weak USD.** GBPUSD appears to be initiating a rebound but we caution that it remains fragile and prone to a return to bearish trend if it closes below 1.3115 today, or below 1.3069 tomorrow.

JPY

- **JPY** was also supported by refuge demand as it beat 7 G10s and **strengthened 0.94% to 111.41 against USD.**
- **Stay bullish on JPY against USD** in anticipation of further increase in refuge demand amid brewing concerns over a currency war. USDJPY broke below 112.05 much earlier than expected and we caution that such moves often result in a modest rebound. As long as the rebound holds below 112.05, USDJPY will be inclined to the downsides going forward, and will be looking to break below 110.30.

AUD

- **AUD** made marginal gains against 5 G10s as risk appetite restricted its advance but **jumped 0.73% to 0.7415 against a weak USD.**
- **AUD is now bullish in our view, in line with our view of a weak USD.** AUDUSD expectedly dropped to 0.7326 but very quickly (and strongly) rebounded to retake 0.7397. It is now tilted to the upside and poses a threat to 0.7451, above which a bullish pattern will be completed and potentially targets as high as 0.7537.

SGD

- **SGD** tumbled against all G10s that rallied strongly given a weak greenback but **managed to advance 0.56% to 1.3631 against USD.**
- **Stay slightly bullish on SGD against a weak USD,** supported by potential emergence of refuge demand within Asian session taking cue from overnight US trade. USDSGD is now technically bearish after breaking below 1.3643. It is now tilted to the downside, with scope to test 1.3579 in the next leg lower, below which a drop to 1.3527 is expected.

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