

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended on mixed notes overnight** - tech sector rallied lifted by better-than expected Google's earnings, financials closed higher while the energy sector continued to be dragged down by lower oil prices. **Global bond yields rose amidst speculations that the BOJ would tweak its yield curve control policy potentially discouraging Japanese investors to seek for yields overseas.** Yield on 10Y US treasuries rose 6bps to close at 2.95%, the highest since mid-June. The benchmark German, UK and France 10-Year went up 4bps respectively as well. **Markets await meeting between President Trump and European Commission President Jean-Claude Juncker on Wednesday.**
- **Existing home sales in the US faltered for the third consecutive month** decreasing by 0.6% MOM in June to 5.38m units as median house price rose to a record high of \$276k reaffirming views that ongoing shortage pushed potential buyers out of the markets. **Chicago Fed National Activities Index rebounded** to +0.43 in June indicating an above average expansion for the month mainly due to higher contribution in production related indicators as manufacturing production bounced back in June. **Eurozone consumer confidence held steady at -0.6 in July. Hong Kong CPI increased 2.4% YOY in June while Singapore CPI rose to a seven-month high of 0.6% YOY** in the same month. Both countries saw broad-based increase in prices across categories.
- **Dollar Index** bounced back with steady climb through Asian to European and US sessions, **closing 0.17% stronger at 94.63**, its best in three weeks, as President Trump's comments a day earlier seemed to have done little to sway market expectations of a gradual Fed rate hike path. The greenback strengthened against all G10s save for the JPY and CHF which advanced on haven flows. **Maintain a bearish view on USD** amid double whammy concerns over a currency war and trade war. Technical landscape of a reversal in USD strength has not changed despite overnight rebound. Odds remain for a slide to 93.92 in the next leg lower, below which exposes a potential move to 93.19.
- **MYR closed flat at 4.0620 against the greenback**, paring all gains seen in early Asian trading as the USD steadily regained its strength. MYR however advanced against 8 G10s that was battered down by a resurging USD. **MYR could still be slightly bullish** amid lack of upside catalyst in the USD but again, gains may remain modest in anticipation of renewed weakness in market sentiment following fears of currency war. Expect a potential decline in USDMYR to 4.0385, unless the pair closes above 4.0640 today.
- **SGD fell 0.16% to 1.3653** despite a softer USD but managed to advance against 7 G10s. **Stay slightly bullish on SGD against a weak USD**, but gains will be capped by risk-off market sentiments. USDSGD remains technically bearish after breaking below 1.3643. It is now tilted to the downside, with scope to test 1.3579 next, below which a drop to 1.3527 is expected.

Overnight Economic Data

US	➔
Eurozone	➔
Hong Kong	⬆️
Singapore	⬆️

What's Coming Up Next

Major Data

- US FHFA House Price Index, Markit Manufacturing PMI, Markit Services PMI, Richmond Fed Manufacturing Index
- Eurozone Markit Manufacturing PMI, Markit Services PMI
- Japan Nikkei PMI Mfg, Supermarket Sales, Leading Index CI, Coincident Index, Nationwide Dept. Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1653	1.1678	1.1694	1.1728	1.1750	↗️
USDJPY	110.84	111.20	111.44	111.55	111.91	↘️
GBPUSD	1.3010	1.3073	1.3104	1.3139	1.3172	↘️
AUDUSD	0.7352	0.7369	0.7382	0.7399	0.7419	↘️
EURGBP	0.8889	0.8904	0.8924	0.8931	0.8947	➔
USDMYR	4.0604	4.0623	4.0673	4.0709	4.0747	↘️
EURMYR	4.7430	4.7498	4.7545	4.7551	4.7585	↗️
JPYMYR	3.6390	3.6421	3.6520	3.6596	3.6636	↗️
GBPMYR	5.3083	5.3176	5.3286	5.3315	5.3362	↘️
SGDMYR	2.9667	2.9737	2.9780	2.9807	2.9850	↘️
AUDMYR	2.9971	3.0016	3.0003	3.0090	3.0126	↘️
NZDMYR	2.7500	2.7549	2.7579	2.7613	2.7660	↘️
USDSGD	1.3620	1.3634	1.3655	1.3674	1.3709	↘️
EURSGD	1.5938	1.5954	1.5967	1.5983	1.6010	↗️
GBPSGD	1.7848	1.7880	1.7890	1.7903	1.7920	↘️
AUDSGD	1.0048	1.0057	1.0071	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	1,757.96	0.19	-2.16	CRB Index	192.49	-0.07	-0.71
Dow Jones Ind.	25,044.29	-0.06	1.32	WTI oil (\$/bbl)	67.89	-3.65	15.09
S&P 500	2,806.98	0.18	4.99	Brent oil (\$/bbl)	73.06	-0.01	9.26
FTSE 100	7,655.79	-0.30	-0.42	Gold (\$/oz)	1,224.50	-0.41	8.10
Shanghai	2,859.54	1.07	-13.54	CPO (RM/tonne)	2,165.50	-1.37	-9.39
Hang Seng	28,256.12	0.11	-5.56	Copper (\$/tonne)	6,130.00	-0.28	-15.41
STI	3,293.71	-0.12	-3.21	Rubber (sen/kg)	411.50	-1.20	-11.03

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Jun	0.43	-0.45 (revised)	0.25
US Existing Home Sales MOM	Jun	-0.6%	-0.7% (revised)	-0.2%
EU Consumer Confidence	Jul A	-0.6	-0.6 (revised)	-0.7
HK CPI Composite YOY	Jun	2.4%	2.1%	2.2%
SG CPI YOY	Jun	0.6%	0.4%	0.6%

Source: Bloomberg

➤ Macroeconomics

- US existing home sales extended further decline:** Existing home sales which makes up majority of the US housing markets continued to fall for the third consecutive month in June by 0.6% MOM (May: -0.7% revised). Total sales stood at 5.38m units (May: 5.41m revised) as median prices rose to a record high of \$276.9k (May: \$265.1k) further reaffirming that the ongoing shortage of housing supply pushed up property prices hence driving the potential buyers particularly first-time millennial buyers out of the markets.
- US Chicago National Activities Index rebounded:** The Chicago Fed National Activity Index (CFNAI) rebounded to +0.43 in June (May: -0.45 revised) led by improvements in production-related indicators which contributed +0.36 to the CFNAI. This is mainly due to the rebound in manufacturing industrial production which saw an increase of 0.8% MOM (May: -1.0%). Meanwhile, the sales, orders & inventories categories contributed +0.06 (May: +0.03) while employment related indicators contributed +0.08 (May: +0.11) due to the increase in nonfarm payrolls. The contribution of the personal consumption and housing category ticked lower to -0.06 (May: -0.04) as both housing starts and permits decreased. A positive CFNAI indicates that the US economy is expanded at an above average growth.
- Eurozone consumer confidence held steady:** The flash reading of the European Monetary Union Consumer Confidence remained unchanged at -0.6 in July (Jun: -0.6 revised).
- Hong Kong inflation rebounded:** Composite CPI increased 2.4% YOY in June (May: +2.1%) as prices across major categories increased at a faster pace – food (June +3.7% vs May +3.6%), housing (+2.1% vs +2.0%), utilities (+3.8% vs +3.4%), clothing & footwear (+3.6% vs +1.4%) and alcohol & tobacco (+1.4% vs +0.2%).
- Singapore inflation rose to seven-month high:** CPI rose 0.6% YOY in June (May: +0.4%), its fastest in seven months, led by broad-based climb across categories – food (June +1.5% vs May +1.3%), clothing & footwear (+1.5% vs +0.6%), household durables & services (+0.9% vs +0.8%), healthcare (+2.4% v 2.3%) and transport (+0.3% vs +0.0%). Prices of housing and utilities continued to drop albeit at a slower pace by 1.8% YOY (May: -2.0% YOY) as cost of accommodation fell.

Economic Calendar Release Date

Date	Country	Event	Reporting Period	Survey	Prior	Revised
24/07	US	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	--
25/07		MBA Mortgage Applications	Jul-20	--	-2.5%	--
		New Home Sales MOM	Jun	-3.1%	6.7%	--
24/07	Eurozone	Markit Eurozone Manufacturing PMI	Jul P	54.7	54.9	--
		Markit Eurozone Services PMI	Jul P	55.1	55.2	--
		Nikkei Japan PMI Mfg	Jul P	--	53.0	--
24/07	Japan	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%	--
25/07	Australia	CPI YOY	2Q	2.2%	1.9%	--
25/07	New Zealand	Trade Balance NZD	Jun	200m	294m	--
		Exports NZD	Jun	5.06b	5.42b	--

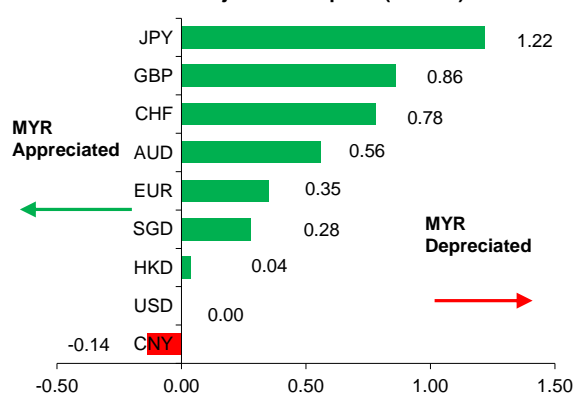
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1692	-0.27	1.175	1.1684	-2.6
USDJPY	111.35	-0.05	111.54	110.75	-1.2
GBPUSD	1.3101	-0.27	1.3158	1.3083	-3.0
AUDUSD	0.7381	-0.46	0.7438	0.7372	-5.5
EURGBP	0.8923	-0.02	0.8947	0.8911	0.5
USDMYR	4.0620	0.00	4.0635	4.0450	0.4
EURMYR	4.7511	0.35	4.7710	4.7480	-2.0
JPYMYR	3.6563	1.22	3.6625	3.6434	1.7
GBPMYR	5.3314	0.86	5.3459	5.3174	-2.4
SGDMYR	2.9787	0.28	2.9854	2.9727	-1.7
AUDMYR	3.0085	0.56	3.0199	3.0044	-4.8
NZDMYR	2.7667	0.74	2.7719	2.7579	-3.9

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR closed flat at 4.0620 against the greenback**, paring all gains seen in early Asian trading as the USD steadily regained its strength. MYR however advanced against 8 G10s that was battered down by a resurging USD.
- **MYR could still be slightly bullish** amid lack of upside catalyst in the USD but again, gains may remain modest in anticipation of renewed weakness in market sentiment following fears of currency war. Expect a potential decline in USDMYR to 4.0385, unless the pair closes above 4.0640 today.

USD

- **Dollar Index** bounced back with steady climb through Asian to European and US sessions, **closing 0.17% stronger at 94.63**, its best in three weeks, as President Trump's comments a day earlier seemed to have done little to sway market expectations of a gradual Fed rate hike path. The greenback strengthened against all G10s save for the JPY and CHF which advanced on haven flows.
- **Maintain a bearish view on USD** amid double whammy concerns over a currency war and trade war. Technical landscape of a reversal in USD strength has not changed despite overnight rebound. Odds remain for a slide to 93.92 in the next leg lower, below which exposes a potential move to 93.19.

EUR

- **EUR fell 0.27% to 1.1692 against a rebounding USD** and underperformed 8 G10s which fell less to a resurging USD.
- **We remain bullish on EUR** in anticipation of a bearish USD although gains may be limited by softer market sentiments at the moment amid rising concerns over a currency war. Disappointing PMI readings could further limit EUR strength. Bearish trend has been nullified and we 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 also fell 0.27% to 1.3101 against a strengthening USD** and weakened against 7 G10s, dampened by renewed risk-off in the markets and concerns over a currency war took center stage.
- **GBP is turning slightly bearish** even against prospects of a soft USD today. A close below 1.3115 yesterday has somewhat reinforced bearish trend, paving the way for GBPUSD to head towards 1.3069.

JPY

- **JPY managed to advance 0.05% against the USD to 111.35**, supported by refuge demand as it beat all G10s.
- **Stay bullish on JPY against USD** in anticipation of further increase in refuge demand amid brewing concerns over a currency war. As long as the pair holds below 112.05, USDJPY will be inclined to the downsides going forward, and will be looking to break below 110.30.

AUD

- **AUD fell 0.46% to 0.7381 against a rebounding USD** and underperformed all G10s on the back of risk-off sentiments in the markets triggered by rising currency war concerns.
- **AUD is turning slightly bearish in our view** despite anticipation of a soft USD, dampened by softer market sentiments. Technically, AUDUSD remains prone 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 fell 0.16% to 1.3653** despite a softer USD but managed to advance against 7 G10s.
- **Stay slightly bullish on SGD against a weak USD**, but gains will be capped by risk-off market sentiments. USDSGD remains technically bearish after breaking below 1.3643. It is now tilted to the downside, with scope to test 1.3579 next, below which a drop to 1.3527 is expected.

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