

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks posted modest losses overnight** on lack of positive headline from the ongoing trade talk between the US and China in Washington. The **US has gone ahead with the scheduled tariffs on Chinese goods earlier leading China to retaliate similarly**. All sectors ended on the red except for the tech sector. In fact markets barely reacted to Trump's earlier comment that the stock markets would crash if he is impeached by Congress. The Dow and S&P 500 fell 0.30% and 0.17% respectively whereas the Nasdaq posted a minimal gain of 0.07%. Investors are also paying attention to the Fed's annual meeting in Jackson Hole where Fed Chair Jay Powell is expected to deliver a speech. There was little movement in crude oil while yield on 10Y US treasuries rose 1bp to 2.83%.
- **Data flow was mixed from all covered economies overnight**. US registered **softer sales in housing market, while manufacturing and services sectors recorded slower growth** in Aug. US jobless claims dipped. **Macro outlook in the Eurozone was also mixed** with contrasting direction in PMI services and manufacturing. **Inflation in Japan ticked higher**, though core inflation was steady, but manufacturing sector saw firmer growth. **Inflation in Singapore held steady, and trade deficit in New Zealand widened** in Jul.
- **USD rebounded to beat all G10s** while the DXY snapped a 5-day decline to close 0.55% higher at 95.66, supported by renewed concerns over US-China trade relations and on firmer view that Fed remains on track towards policy normalization. **USD remains bearish in our view** as positive catalysts that drive buying interest ebb amid risk aversion rises ahead of Jackson Hole meeting. DXY will face another test to its bullish trend; closing above 95.90 today will tilt it to the upside, otherwise, it remains on track to a drop below 95.00 – 95.14.
- **MYR weakened 0.2% to 4.1050 against USD** but not before overturning strong early gains amid a softer greenback. MYR ended lower against all G10s. **MYR is neutral against USD** with room for losses as risk-off sentiment builds going into the week's close. Minor bearish trend was nullified by a close above 4.1010 yesterday. USDMYR is now tilted towards the upside again, with room to climb to circa 4.1120 – 4.1150 in the next leg higher if current bullish bias prevails.
- **SGD advanced against 7 G10s** as risk appetite eased in US session but **weakened 0.51% to 1.3734 against a firm USD**. **SGD is still slightly bullish against USD**, supported by signs of retreat in market sentiment. Technically, USDSGD is likely to retreat after overnight rally, but downsides may be minimal and limited to circa 1.3720 given the re-emergence of a minor bullish trend.

Overnight Economic Data

US	➔
Eurozone	➔
Japan	➔
Singapore	➔
New Zealand	➔

What's Coming Up Next

Major Data

- Malaysia CPI YOY
- US Durable Goods Orders, Cap Goods Orders Nondef Ex Air
- Singapore Industrial Production YOY

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1500	1.1528	1.1544	1.1571	1.1600	➔
USDJPY	111.04	111.20	111.37	111.50	111.62	➔
GBPUSD	1.2770	1.2790	1.2803	1.2827	1.2850	➔
AUDUSD	0.7200	0.7220	0.7245	0.7253	0.7272	➔
EURGBP	0.9000	0.9012	0.9016	0.9023	0.9030	➔
USDMYR	4.1055	4.1070	4.1090	4.1100	4.1120	➔
EURMYR	4.7383	4.7410	4.7429	4.7448	4.7515	➔
JPYMYR	3.6820	3.6850	3.6894	3.6920	3.6935	➔
GBPMYR	5.2520	5.2560	5.2604	5.2694	5.2767	➔
SGDMYR	2.9870	2.9890	2.9901	2.9910	2.9923	➔
AUDMYR	2.9735	2.9768	2.9780	2.9804	2.9859	➔
NZDMYR	2.7160	2.7200	2.7246	2.7288	2.7315	➔
USDSGD	1.3718	1.3732	1.3742	1.3750	1.3764	➔
EURSGD	1.5834	1.5847	1.5861	1.5866	1.5875	➔
GBPSGD	1.7556	1.7568	1.7593	1.7613	1.7638	➔
AUDSGD	0.9940	0.9950	0.9960	0.9980	1.0000	➔

*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	1,810.87	0.71	0.78	CRB Index	190.50	-0.33	-1.74
Dow Jones Ind.	25,656.98	-0.30	3.79	WTI oil (\$/bbl)	67.83	-0.04	13.92
S&P 500	2,856.98	-0.17	6.86	Brent oil (\$/bbl)	74.73	-0.07	11.75
FTSE 100	7,563.22	-0.15	1.62	Gold (\$/oz)	1,185.56	-0.86	8.10
Shanghai	2,724.63	0.37	-17.61	CPO (RM/tonne)	2,193.00	-0.32	-8.24
Hang Seng	27,790.46	-0.49	-7.11	Copper (\$/tonne)	5,986.50	-0.31	-17.39
STI	3,249.89	1.56	-4.50	Rubber (sen/kg)	408.50	0.49	-11.68

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Initial Jobless Claims	18 Aug	210k	212k	215k
US FHFA House Price Index MOM	Jun	0.2%	0.4% (revised)	0.30%
US Markit US Manufacturing PMI	Aug P	54.5	55.3	55.0
US Markit US Services PMI	Aug P	55.2	56.0	55.8
US New Home Sales MOM	Jul	-1.7%	-2.4% (revised)	2.2%
US Kansas City Fed Manf. Activity	Aug	14	23	23
EU Markit Eurozone Manufacturing PMI	Aug P	54.6	55.1	55.2
EU Markit Eurozone Services PMI	Aug P	54.4	54.2	54.4
EU Consumer Confidence	Aug A	-1.9	-0.5 (revised)	-0.7
JP Nikkei Japan PMI Mfg	Aug P	52.5	52.3	--
JP Leading Index CI	Jun F	104.7	105.2	--
JP Coincident Index	Jun F	116.4	116.3	--
Natl CPI YOY	Jul	0.9%	0.7%	1.0%
Natl CPI Ex Fresh Food YOY	Jul	0.8%	0.8%	0.9%
SG CPI YOY	Jul	0.6%	0.6%	0.6%
NZ Trade Balance NZD	Jul	-143m	-288m (revised)	-400m
NZ Exports NZD	Jul	5.35b	4.88b	4.76b

Source: Bloomberg

➤ Macroeconomics

- US new home sales disappointed as housing markets cooled:** New home sales fell 1.7% MOM in July (Jun: -2.4% revised), marking its third month of decline out of the past four months, adding signs to a cooling housing market where existing home sales have been declining for four consecutive months and housing starts were weak. The latest July housing data further reaffirmed view that the market has peaked previously as demand was softer amidst lack of inventory. House prices continued to increase as the median house price rose to \$328.7k (Jun: \$310k). A separate release by the FHFA shows that the House Price Index posted a modest gain of 0.2% MOM in June (May: +0.2%).
- US services and manufacturing sector expanded at softer pace:** The flash Markit Manufacturing PMI fell to 54.5 in August (Jul: 55.3) as output and new business growth slowed while job creation and capacity also moderated. The flash Services PMI edged lower to 55.2 (Jul: 56.0) on softer new business and new employment growth. Kansas City Fed Manufacturing index slipped to 14.0 in August (Jul: 23.0) as production, new orders, employment, and new orders for exports indexes all decreased modestly. Last but not least, the labour market continued to tighten as initial jobless claims fell by 2k to 210k for the week ended 18 Aug (previous: 212k) which brings the 4-week moving average to 213.75k (previous: 215.5k).
- Eurozone flash PMIs signal steady growth and weakening sentiment:** The flash Eurozone Manufacturing PMI fell to 54.6 in August (Jul: 55.1) while manufacturing output index edged up to 54.5 (Jul: 54.4). Meanwhile the services sector PMI rose to 54.4 (Jul: 54.2) indicating a sustained growth in the euro area economy. New order growth picked up in both sectors where a particularly sluggish growth was seen in manufacturing as new export orders recorded the smallest monthly rise in two years. Employment growth hit a six-month high driven mainly by higher payrolls in the services sector, suggesting that the labour market will continue to tighten. That said, sentiment seemed to have weakened drastically as future expectations in business activity deteriorated to a 23-month due to recent signs of cooling demand, higher prices and rising political concerns. In another separate release by the European Commission, the advance consumer confidence index came in at -1.9 in August (Jul: -0.5 revised), the lowest level in 15 months, marking its third month of negative reading. No details were provided but consumers may be worried about Italy's fiscal position as well as the financial crisis in Turkey.
- Japan July inflation ticked higher but remained subdued:** Japan consumer price inflation clocked in higher at 0.9% YOY (Jun: +0.7%) but missed consensus estimate of 1.0% YOY while core inflation, which excludes fresh food prices, was held steady at 0.8% YOY (Jun: +0.8% YOY). Excluding fresh food and energy, inflation rose at a faster pace of 0.3% YOY (Jun: +0.2%). The marginal increase in inflation was mainly driven by higher prices of food which saw an increase of 1.4% YOY (Jun: +0.4%) while prices of fresh food (a sub-category) rebounded substantially to increase 4.3% YOY (Jun: -1.2%). July print reaffirms view that inflation remained subdued matching the BOJ's revised outlook on inflation. The central bank has also tweaked its ultra-loose monetary policy recently to accommodate for more flexibility.

- Japan manufacturing sector grew at relatively soft pace:** Japan flash Nikkei Manufacturing PMI gained slightly to 52.5 in August (Jul: 52.3) driven by both output and new orders that increased at a faster rate this month. New export orders however contracted, signalling slower exports growth ahead and confirmed that growth is expected to be supported by domestic demand in the near term. Price increase also accelerated at both input and output stages, a sign of higher inflation. Firms' future expectations remained positive but have turned weaker due to slower international sales and concerns over potential trade conflicts. In a separate release, Japan leading index fell to 104.7 in June (May: 105.2) while coincident index rose slightly to 116.4 (May: 116.3).
- Singapore inflation held steady:** Consumer prices inflation was held steady at 0.6% YOY in July (Jun: +0.6%) as the faster growth in prices of clothing and footwear (+2.3% vs 1.5%) and recreation of culture (+1.7% vs +1.4%) were offset by the contraction in cost of transports (-0.3% vs +0.3%) as well as slower gains in household durables & services (+0.5% +0.9%) and healthcare (+2.0% vs +2.4%). Prices of food grew at a similar pace (+1.5% vs +1.5%) while that of housing and utilities continued to decline albeit at a slower rate (-1.0% vs -1.8%). MAS core inflation, which stripped out cost of accommodation's and private road transport, quickened to increase 1.9% YOY (Jun: +1.7%).
- New Zealand posted biggest annual trade deficit since Mar-09:** The monthly trade deficit narrowed to -NZ\$142m in July (Jun: -NZ\$288m revised) as exports rebounded to increase 9.7% MOM (Jun: -8.8%) while imports also surged by 6.3% MOM (Jun: +0.4%). Shipments of key products bounced up higher – dairy (+11.8% vs +3.4%), meat products (+13.6% vs -2.1%) and fruit (+2.3% vs -4.7%). The annual trade deficit measured in the 12 months to July however was the largest since March 2009 at -NZ\$4.44b (Jun: -\$NZ4.21b revised).

Economic Calendar Release Date						
Date	Country	Event	Reporting Period	Survey	Prior	Revised
24/08	Malaysia	CPI YOY	Jul	0.9%	0.8%	--
24/08	US	Durable Goods Orders	Jul P	-1.0%	0.8%	--
		Cap Goods Orders Nondef Ex Air	Jul P	0.5%	0.2%	--
27/08		Chicago Fed Nat Activity Index	Jul	0.45	0.43	--
		Dallas Fed Manf. Activity	Aug	30.0	32.3	--
27/08	Hong Kong	Exports YoY	Jul	--	3.30%	--
		Trade Balance HKD	Jul	--	-54.1b	--
27/08	China	Industrial Profits YoY	Jul	--	20.00%	--
24/08	Singapore	Industrial Production YOY	Jul	6.0%	7.4%	--
25-31/08	Vietnam	Exports YTD YoY	Aug	--	15.30%	--
		Trade Balance	Aug	--	-\$300m	--
		CPI YoY	Aug	--	4.46%	--
		Industrial Production YoY	Aug	--	14.30%	--
		Retail Sales YTD YoY	Aug	--	11.10%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1540	-0.49	1.16	1.1530	-0.9
USDJPY	111.29	0.66	111.32	110.52	1.2
GBPUSD	1.2811	-0.77	1.2919	1.2805	-5.2
AUDUSD	0.7248	-1.36	0.7357	0.7241	-7.3
EURGBP	0.9009	0.31	0.9024	0.8970	1.5
USDMYR	4.1050	0.20	4.1055	4.0985	1.5
EURMYR	4.7457	0.55	4.7515	4.7383	2.2
JPYMYR	3.7029	-0.39	3.7078	3.6998	2.6
GBPMYR	5.2851	0.55	5.2900	5.2767	0.7
SGDMYR	2.9960	-0.05	2.9978	2.9915	1.3
AUDMYR	2.9956	-0.67	3.0048	2.9886	5.9
NZDMYR	2.7407	0.28	2.7464	2.7350	5.5

Source: Bloomberg

Forex

MYR

- **MYR weakened 0.2% to 4.1050 against USD** but not before overturning strong early gains amid a softer greenback. MYR ended lower against all G10s.
- **MYR is neutral against USD** with room for losses as risk-off sentiment builds going into the week's close. Minor bearish trend was nullified by a close above 4.1010 yesterday. USDMYR is now tilted towards the upside again, with room to climb to circa 4.1120 – 4.1150 in the next leg higher if current bullish bias prevails.

USD

- **USD rebounded to beat all G10s** while the DXY snapped a 5-day decline to close 0.55% higher at 95.66, supported by renewed concerns over US-China trade relations and on firmer view that Fed remains on track towards policy normalization.
- **USD remains bearish in our view** as positive catalysts that drive buying interest ebb amid risk aversion rises ahead of Jackson Hole meeting. Caution that disappointment in US data could trigger renewed weakness in USD. DXY will face another test to its bullish trend; closing above 95.90 today will tilt it to the upside, otherwise, it remains on track to a drop below 95.00 – 95.14.

EUR

- **EUR fell 0.49% to 1.1540 against a rebounding USD** but advanced against 8 G10s as risk sentiment held firm in Europe.
- **Expect a bullish EUR against USD**, supported by continued easing of contagion fears in Europe. Despite overnight losses and potential for another daily drop, upward momentum continues to rise, suggesting room for EURUSD gains going forward. Holding above 1.1482 will allow EURUSD to beat 1.1597 soon.

GBP

- **GBP tumbled 0.77% to 1.2811 against a firmer USD** and retreated against 6 G10s as risk sentiment held firm in Europe.
- **Continue to expect slightly bullish GBP in anticipation of a soft USD** but gains are likely mild as markets turn their focus on lack of firm progress in Brexit agreements with the EU. We anticipate a modest rebound from overnight sharp losses, but gains are likely soft and stemmed by 1.2827. Risk of GBPUSD turning bearish has increased and a close below 1.2798 will tilt it to the downside.

JPY

- **JPY weakened 0.66% to 111.29 against a firm USD** and retreated against 5 G10s.
- **Stay bearish on JPY against USD** on technical reasons. USDJPY remains tilted to the upside, with scope to test 111.55 next. Breaking above this exposes a move to 111.96 – 112.05.

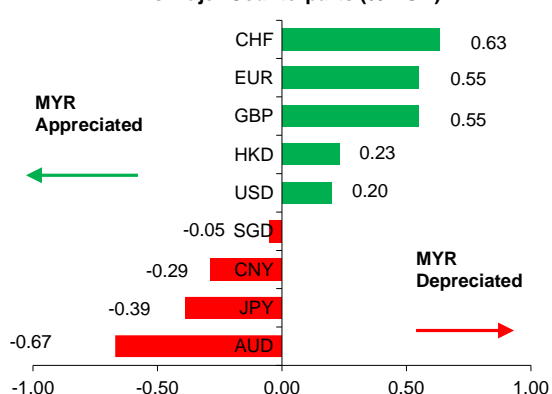
AUD

- **AUD slumped against all G10s and plunged 1.36% to 0.7248 against USD** amid concerns in Australia as leadership of PM Turnbull is challenged by political in-fighting.
- **We now turn bearish on AUD against USD** as political concerns continue to escalate, with likelihood of a change in leadership in Australia that is likely to weigh on political / economic outlook. A bearish trend has just emerged after strong overnight losses in AUDUSD. It is now inclined to test 0.7200 next, below which a drop to 0.7158 is likely.

SGD

- **SGD advanced against 7 G10s** as risk appetite eased in US session but **weakened 0.51% to 1.3734 against a firm USD**.
- **SGD is still slightly bullish against USD**, supported by signs of retreat in market sentiment. Technically, USDSGD is likely to retreat after overnight rally, but downsides may be minimal and limited to circa 1.3720 given the re-emergence of a minor bullish trend.

MYR vs Major Counterparts (% DOD)



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