

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks posted modest gains overnight** with both the S&P 500 and NASDAQ rallied to all-time highs **as investors focused on upbeat US data and corporate earnings** while the newly proposed trade deal between the US and Mexico helped lifted investors' sentiments too. **The Conference Board announced last night that its Consumer Confidence Index rose to an 18-year high while other economic data came in positive as well.** The Dow closed at 26,064.02 (+0.06%), the S&P 500 ended at 2,897.52 (+0.03%) and Nasdaq at 8,030.04 (+0.15%). The yield on 10Y US treasuries climbed 3bps to 2.88% on abated concerns over trade war as investors trimmed their safe-haven holdings in US government debt.
- **Economic data are limited to those coming from the US.** Advance goods trade deficit widened to \$72.2b in July as imports increased 0.9% MOM while exports fell 6.7% MOM. Wholesale and retail inventories went up by 0.7% MOM and 0.4% MOM respectively in July. Growth in house prices moderated as the S&P CoreLogic Home Price Index rose 6.3% YOY in June. Richmond Fed Manufacturing Index beat expectations to register a solid reading of 24.0 in August. Conference Consumer Confidence surged to 133.4 in August, the highest level since Oct-2000.
- **USD ended mixed against the G10s** while the DXY narrowed early losses to close just 0.06% lower at 94.72 as demand for refuge reared its head. **USD is expected to remain bearish** as risk aversion emerges ahead of US GDP report; a bigger than expected downward revision will trigger sharp losses. DXY expectedly tested 94.45 overnight but was unable to break lower. A rebound may be in the works but we reckon that given prevailing bearish bias and rising downward momentum, gains could stall near 95 level before heading lower.
- **MYR closed 0.09% firmer at 4.0970 against a soft USD** but slipped against all other G10s that also rallied on a soft greenback. **We are neutral on MYR against USD**, with room for mild losses amid potential for rebound in the greenback following receding risk appetite in the markets. Technically, a bearish trend still prevails, tilting USDMYR downwards. We set sights on a drop to circa 4.0875 going forward.
- **SGD weakened 0.12% to 1.3640 against USD** and fell against 6 G10s as risk appetite retreated in US session. **SGD is still slightly bullish against a soft USD.** Bearish trend still prevails, on top of rising downside momentum, both suggesting further losses for USDSGD. USDSGD needs to break below 1.3630 to sustain further declines to test 1.3590.

Overnight Economic Data

US



What's Coming Up Next

Major Data

- US 2Q GDP, Personal Consumption, Pending Home Sales, MBA mortgage applications
- Japan Consumer Confidence Index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1656	1.1678	1.1689	1.1700	1.1723	↗
USDJPY	110.96	111.04	111.26	111.39	111.60	↗
GBPUSD	1.2827	1.2860	1.2864	1.2880	1.2900	↘
AUDUSD	0.7310	0.7333	0.7339	0.7347	0.7362	↗
EURGBP	0.9066	0.9080	0.9085	0.9090	0.9100	↗
USDMYR	4.1000	4.1010	4.1030	4.0980	4.1000	→
EURMYR	4.7920	4.7950	4.7960	4.7980	4.8015	→
JPYMYR	3.6830	3.6850	3.6888	3.6900	3.6920	↘
GBPMYR	5.2750	5.2774	5.2787	5.2820	5.2870	→
SGDMYR	3.0000	3.0031	3.0071	3.0085	3.0100	↗
AUDMYR	3.0100	3.0120	3.0129	3.0141	3.0176	↗
NZDMYR	2.7490	2.7524	2.7543	2.7560	2.7592	↗
USDSGD	1.3630	1.3641	1.3648	1.3651	1.3660	↘
EURSGD	1.5930	1.5945	1.5950	1.5960	1.5970	↗
GBPSGD	1.7531	1.7545	1.7555	1.7568	1.7575	↘
AUDSGD	0.9990	1.0010	1.0019	1.0025	1.0040	↗

* 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	1,826.90	0.84	1.67	CRB Index	191.71	-0.60	-1.11
Dow Jones Ind.	26,064.02	0.06	5.44	WTI oil (\$/bbl)	68.53	-0.49	13.42
S&P 500	2,897.52	0.03	8.37	Brent oil (\$/bbl)	75.95	-0.34	13.58
FTSE 100	7,617.22	0.52	-0.92	Gold (\$/oz)	1,201.00	-0.86	8.10
Shanghai	2,777.98	-0.10	-6.00	CPO (RM/tonne)	2,171.50	-0.37	-9.14
Hang Seng	28,351.62	0.28	-5.24	Copper (\$/tonne)	6,147.00	0.69	-15.18
STI	3,247.55	0.68	-4.57	Rubber (sen/kg)	405.00	0.00	-12.43

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Advance Goods Trade Balance	Jul	-\$72.2b	-\$67.9b	-\$69.0b
US Wholesale Inventories MoM	Jul P	0.7%	0.1%	0.2%
US Retail Inventories MoM	Jul	0.4%	0.0%	--
US S&P CoreLogic CS 20-City YoY NSA	Jun	6.31%	6.54% (revised)	6.50%
US Richmond Fed Manufact. Index	Aug	24.0	20.0	18.0
US Conf. Board Consumer Confidence	Aug	133.4	127.9 (revised)	126.6

Source: Bloomberg

➤ Macroeconomics

- US advance goods trade deficit widened, inventories investment ticked up in July:** Advance goods trade deficit widened to \$72.2 b in July (Jun: -\$67.9b) as imports increased 0.9% MOM (Jun: +0.7%) while exports fell 1.7% MOM (Jun: -1.2%). Export of foods, feeds and beverages contracted 6.7% MOM (Jun: -0.3%) as exporter had earlier rushed shipments of these goods overseas prior to the imposition of tariffs before July. Imports continued to hold up signalling a strong domestic demand. Wholesale inventories increased 0.7% MOM in July (Jun: +0.1%) driven by the rebound of nondurable goods (+0.2% vs -1.0%) whereas durable goods inventories were held steady at 0.9% MOM. Retail inventories rose 0.4% MOM (Jun: +0.0%) as inventories in motor vehicles and parts rose 1.0% MOM (Jun: +0.0%). Excluding motor vehicles and parts, retail inventories rose a mere 0.1% MOM (Jun: +0.0%).
- US house prices posted moderate climb in June:** The latest S&P CoreLogic House Price Index for 20 US cities rose a moderate 6.3% YOY in June (May: +6.5%) as it came in below consensus estimate of 6.5% YOY. This was again driven by higher gains in house prices in Las Vegas, Seattle and San Francisco. House prices continued to rise in the US, but there are signs of easing growth in the market as both new and existing home sales have weakened in the past few months. Higher prices and rising mortgage cost weighed down affordability and the lack of inventory especially in the existing homes segment pushed potential buyers out of the market.
- US Richmond Fed District reported strong manufacturing growth:** The Richmond Fed Manufacturing Index beat expectations to register a solid reading of 24.0 in August (Jul: 20.0). A Bloomberg survey had placed consensus estimate at 18.0. The key components namely shipments, new orders and employment all posted robust gains while respondents remained optimistic, expecting growth to continue in the coming months. Readings from District Feds' surveys have been mixed recently, a sign of softer economic growth in 3Q - manufacturing firms in Kansas City and Philadelphia recorded considerably slower growth whereas firms in New York saw faster expansion in activities. Manufacturing activities in Dallas meanwhile continued to expand albeit at a slightly slower pace this month.
- US consumer confidence strengthened to 18-year high in August:** The Conference Board Consumer Index edged up to 133.4 in August (Jul: 127.9 revised), the highest level since Oct-2000. The Present Situation Index improved to 172.2 (Jul: 166.1 revised) while the Expectations Index increased to 107.6 (Jul: 102.4 revised). Consumers' assessment of current business and labor market conditions improved further while the gain in expectations is likely to support consumer spending in the near term.

Economic Calendar

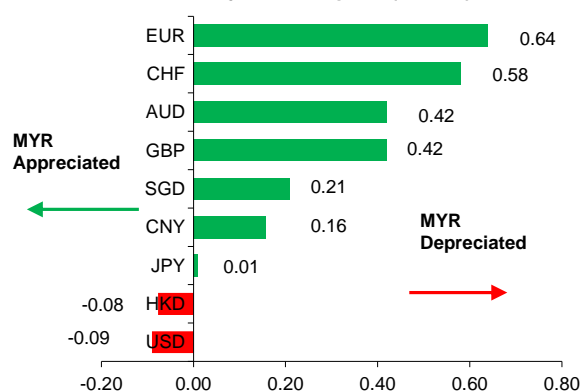
Date	Country	Events	Reporting Period	Survey	Prior	Revised
29/08	US	MBA Mortgage Applications	Aug 24	--	4.2%	--
		GDP Annualized QoQ	2Q S	4.0%	4.1%	--
		Personal Consumption	2Q S	3.9%	4.0%	--
		Pending Home Sales MoM	Jul	0.3%	0.9%	--
30/08		PCE Core YoY	Jul	2.0%	1.9%	--
		Personal Income	Jul	0.4%	0.4%	--
		Initial Jobless Claims	Aug-25	213k	210k	--
		Personal Spending	Jul	0.4%	0.4%	--
		PCE Deflator YoY	Jul	2.3%	2.2%	--
30/08	Eurozone	Economic Confidence	Aug	111.9	112.1	--
		Consumer Confidence	Aug F	-1.9	-0.5	--
30/08	UK	Net Consumer Credit	Jul	1.5b	1.6b	--
		Mortgage Approvals	Jul	65.0k	65.6k	--
29/08	Japan	Consumer Confidence Index	Aug	43.3	43.5	--
30/08		Retail Trade YoY	Jul	1.2%	1.8%	1.7%
		Dept. Store, Supermarket Sales	Jul	-0.7%	1.5%	--
30/08	Hong Kong	Retail Sales Value YoY	Jul	9.7%	12.0%	--
30/08	Australia	Building Approvals MoM	Jul	-2.0%	6.4%	--
30/08	New Zealand	Building Permits MoM	Jul	--	-7.6%	--
		ANZ Business Confidence	Aug	--	-44.9	--
29-31/08	Vietnam	Exports YTD YoY	Aug	14.4%	15.30%	--
		Trade Balance	Aug	\$872m	-\$300m	--
		CPI YoY	Aug	3.90%	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	1.1695	0.15	1.1733	1.1663	2.6
USDJPY	111.19	0.10	111.36	110.96	1.3
GBPUSD	1.2873	-0.15	1.2932	1.2862	4.8
AUDUSD	0.7338	-0.18	0.7362	0.7321	5.9
EURGBP	0.9085	0.29	0.9099	0.9055	2.3
USDMYR	4.0970	-0.09	4.1100	4.0900	1.4
EURMYR	4.7942	0.64	4.7952	4.7786	1.0
JPYMYR	3.6871	0.01	3.6879	3.6785	2.6
GBPMYR	5.2857	0.42	5.2885	5.2699	3.4
SGDMYR	3.0052	0.21	3.0107	3.0016	0.7
AUDMYR	3.0087	0.42	3.0136	2.9998	4.7
NZDMYR	2.7445	0.34	2.7491	2.7362	4.3

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR closed 0.09% firmer at 4.0970 against a soft USD** but slipped against all other G10s that also rallied on a soft greenback.
- **We are neutral on MYR against USD**, with room for mild losses amid potential for rebound in the greenback following receding risk appetite in the markets. Technically, a bearish trend still prevails, tilting USDMYR downwards. We set sights on a drop to circa 4.0875 going forward.

USD

- **USD ended mixed against the G10s** while the DXY narrowed early losses to close just 0.06% lower at 94.72 as demand for refuge reared its head following ebbing optimism that US-China trade talks will yield a breakthrough as well as after Moody's downgrade of several banks of Turkey.
- **USD is expected to remain bearish** as risk aversion emerges ahead of US GDP report; a bigger than expected downward revision will trigger sharp losses. DXY expectedly tested 94.45 overnight but was unable to break lower. A rebound may be in the works but we reckon that given prevailing bearish bias and rising downward momentum, gains could stall near 95 level before heading lower. We set sights on DXY to challenge 94.13 – 94.26 soon.

EUR

- **EUR advanced 0.15% to 1.1695 against USD** but lost the 1.17 handle as risk aversion emerged in US afternoon. EUR ended higher against 5 G10s.
- **Continue to view a bullish EUR against USD** that is bogged by trade developments and US data. EURUSD remains in a bullish trend and upward momentum has picked up. We continue to caution the possibility of a pullback after recent rally, but reiterate that as long as EURUSD holds above 1.1656, it is likely inclined towards gains going forward.

GBP

- **GBP slipped against 6 G10s and fell 0.15% to 1.2873 against USD**, unable to sustain early gains as Brexit sentiment dipped following UK PM May's comments revived speculation that the UK is heading into a no-deal Brexit.
- **We turn slightly bearish on GBP against USD**, weighed down by softening Brexit sentiment and a lack of positive catalysts to drive gains. Technically, we note that GBPUSD tested but was rejected by 1.2930, and failed to beat 1.2912, both of which will add downside pressure that could spill over into today's direction. GBPUSD is now inclined to a return to 1.2827.

JPY

- **JPY fell against 5 G10s and slipped 0.1% to 111.19 against USD** after narrowing early losses as refuge demand picked up.
- **JPY remains bearish 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 retreated against 7 G10s and weakened 0.18% to 0.7338 against USD** as risk appetite ebbed in US session.
- **We are slightly bullish on AUD in line with our bearish view on USD**, but unless risk appetite in the markets improves, gains are likely modest. Technical signals indicate a mildly bullish scenario, suggesting potential for AUDUSD to test 0.7362 again. Caution that closing below 0.7330 increases the risk of a drop to 0.7277.

SGD

- **SGD weakened 0.12% to 1.3640 against USD** and fell against 6 G10s as risk appetite retreated in US session.
- **SGD is still slightly bullish against a soft USD**. Bearish trend still prevails, on top of rising downside momentum, both suggesting further losses for USDSGD. USDSGD needs to break below 1.3630 to sustain further declines to test 1.3590.

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