

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US equity extended losses overnight** as the tech sector continued to take a beating after a series of earnings disappointments last week leading to concerns that tech shares could be overvalued. **The Dow, S&P 500 and Nasdaq fell 0.57%, 0.58% and 1.39% respectively.** WTI firmed up substantially by 2.10% to close above \$70 per barrel giving a lift to the energy sector. Global bond yields rose ahead of major central bank meetings this week. **US 10Y treasuries yield rose climbed to 2bps to 2.97%.**
- **US pending home sales rebounded** to increase 0.9% MOM signaling improved existing home sales ahead. **Texas manufacturing sector continued to expand** albeit at a slower pace as perceptions of broader business conditions were a bit less positive. **Elsewhere sentiments in the Euro Area continued to weaken due to concerns over trade war** as the EC Economic Confidence Index fell to 112.1, its lowest in a year. Number of mortgages approved in the UK increased to 65.6k in June, consumer sentiments dampened further as the GfK Consumer Confidence Index slipped further to -10 in July, **The Lloyds Business Barometer meanwhile was held unchanged at 29** in the same month There were plenty of data coming from Japan - **industrial production contracted for the first time since Oct-16** by 1.2% YOY in June while jobless rates rose to 2.4% in the same month (%) after hitting a surprisingly all-time low of 2.2% in May. **Retail sales rebounded to increase 1.8% YOY in June** of which total department store and supermarket sales saw a gain of 1.5% YOY on same store basis.
- **USD slid against all G10s** while the DXY tumbled in European and US mornings before closing 0.12% lower at 94.66, extending its decline on 2Q GDP miss a day prior, as well as risk aversion ahead of BOJ meeting and US data. **Expect a slightly bearish USD,** weighed down by risk aversion heading into US data. A minor bearish trend has emerged, pointing to a potential decline below 94.22 soon. We set sights on a test at 93.94.
- **MYR inched 0.07% firmer to 4.0595 against USD** but retreated against 5 G10s that also advanced on a soft greenback. **MYR is expected to be slightly bullish against a softer overnight USD,** though gains may be modest given continued risk-off sentiment in the markets. We continue to note prevalence of price-momentum divergence and signs of upside fatigue, both of which suggest a reversal lower is impending for USDMYR.
- **SGD** was also pressured by softer risk appetite in the markets, sliding against 9 G10s but **managed to inch 0.04% firmer to 1.3610 against a soft USD.** **Stay slightly bullish on SGD in anticipation of a soft USD,** further supported by refuge demand within the region. Downside bias remains firm in USDSGD. Expect further losses going forward, with scope to test 1.3600, below which a drop to 1.3579 is expected.

#### Overnight Economic Data

US	➔
Eurozone	➘
UK	➔
Japan	➔

#### What's Coming Up Next

##### Major Data

- US PCE Core, Personal Income, Personal Spending, S&P CoreLogic CS 20-City Index, Chicago Purchasing Manager, Conf. Board Consumer Confidence
- Eurozone Unemployment Rate, CPI Estimate, GDP SA
- Japan Construction Orders, Housing Starts
- China Non-manufacturing PMI, Manufacturing PMI
- Australia Building Approvals
- New Zealand Building Permits, ANZ Business Confidence

##### Major Events

- BOJ Policy Balance Rate

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1662	1.1691	1.1708	1.1723	1.1744	➔
USDJPY	110.30	110.73	111.00	111.27	111.51	➘
GBPUSD	1.3098	1.3120	1.3136	1.3161	1.3170	➔
AUDUSD	0.7377	0.7397	0.7408	0.7415	0.7436	➔
EURGBP	0.8900	0.8911	0.8913	0.8918	0.8927	➔
USDMYR	4.0560	4.0580	4.0595	4.0620	4.0650	➘
EURMYR	4.7478	4.7500	4.7535	4.7550	4.7575	➔
JPYMYR	3.6518	3.6558	3.6574	3.6598	3.6625	➔
GBPMYR	5.3280	5.3300	5.3329	5.3341	5.3350	➔
SGDMYR	2.9800	2.9824	2.9832	2.9854	2.9876	➔
AUDMYR	3.0025	3.0069	3.0075	3.0094	3.0116	➔
NZDMYR	2.7640	2.7684	2.7712	2.7727	2.7767	➔
USDSGD	1.3579	1.3594	1.3611	1.3628	1.3643	➘
EURSGD	1.5886	1.5905	1.5935	1.5958	1.5977	➔
GBPSGD	1.7850	1.7868	1.7877	1.7888	1.7904	➔
AUDSGD	1.0050	1.0072	1.0083	1.0089	1.0095	➘

\*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	1,770.26	0.06	-1.48	CRB Index	195.75	0.82	0.97
Dow Jones Ind.	25,306.83	-0.57	2.38	WTI oil (\$/bbl)	70.13	2.10	16.07
S&P 500	2,802.60	-0.58	4.82	Brent oil (\$/bbl)	74.97	0.92	12.11
FTSE 100	7,700.85	-0.01	0.17	Gold (\$/oz)	1,221.45	-0.23	8.10
Shanghai	2,869.05	-0.16	-13.25	CPO (RM/tonne)	2,152.00	-0.81	-9.96
Hang Seng	28,733.13	-0.25	-3.96	Copper (\$/tonne)	6,250.00	-0.75	-13.76
STI	3,307.15	-0.54	-2.81	Rubber (sen/kg)	406.00	-1.34	-12.22

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US Pending Home Sales MOM	Jun	0.9%	-0.5%	0.2%
US Dallas Fed Manf. Activity	Jul	32.3	36.5	31.0
EU Economic Confidence	Jul	112.1	112.3	112.0
EU Consumer Confidence	Jul F	-0.6	-0.6	-0.6
UK Mortgage Approvals	Jun	65.6k	64.5k	65.5k
UK GfK Consumer Confidence	Jul	-10	-9	--
UK Lloyds Business Barometer	Jul	29	29	--
JP Retail Trade YOY	Jun	1.8%	0.6%	1.7%
JP Dept. Store, Supermarket Sales YOY (Same Store Basis)	Jun	1.5%	-2.0%	1.5%
JP Jobless Rate	Jun	2.4%	2.2%	2.3%
JP Job-To-Applicant Ratio	Jun	1.62	1.60	1.60
JP Industrial Production YOY	Jun P	-1.2%	4.2%	0.6%

Source: Bloomberg

**➤ Macroeconomics**

- US pending home sales rebounded, signaled better existing home sales ahead:** Pending home sales rebounded to increase 0.9% MOM in June (May:-0.5%) following two consecutive months of decline, while on a yearly basis, sales continued to fall 4.0% YOY (May: -2.8%). Pending home sales, which tracks the signed real estate contracts for existing homes that have not closed, is a leading indicator for existing home sales in the next one or two month(s). The rebound in hence signaled an improvement of sales in existing homes possibly in July and August which have been falling for the past three months.
- US Texas manufacturing sector continued to expand:** The Dallas Fed general business activity index slipped to 32.3 in July (Jun: 36.5) as perceptions of broader business conditions were a bit less positive compared to the previous month. The company outlook index dropped to 20.4 (Jun: 23.3), the second lowest reading of the year but remained high. The production index rose to 29.4 (33.4) as output accelerated while shipments increased to 30.8 (Jun: 25.5). New orders however slid to 23.3 (Jun: 29.6) a sign of lower demand in the coming month.
- Eurozone economic confidence dragged down by trade war concerns:** The European Commission Economic Confidence Index fell to 112.1 (Jun: 112.3), its lowest level in a year as uncertainty surrounding trade policies weighed down sentiments. Consumer confidence continued to take a beating as the Consumer Confidence Index remained unchanged at -6 in July (Jun: -6), its second consecutive month of negative reading. The Business Climate Indicator fell to 1.29 (Jun: 1.38 revised) while Industrial Confidence also dropped to 5.8 (Jun: 6.9). Services Confidence stood was an exception as it rose to 15.3 (Jun: 14.4).
- Japan industrial production faltered; jobless rate went up:** Preliminary reading released this morning shows that industrial production contracted for the first time since Oct-16 by 1.2% YOY in June (May: +4.2%) dragged down by output in mining and manufacturing. In a separate release earlier, the seasonally adjusted jobless rate rose to 2.4% in June (May: 2.2%) after hitting a surprisingly all-time low of 2.2% in May as the number of unemployed persons went up by a 150k (May: -210k). Participation rates however remained unchanged for the third straight month at 61.7% (May: 61.7%) while jobs-to-applicant ratio went up to 1.62 (May: 1.60) indicating that there are now 1.62 jobs available for every applicant.
- Japan retail sales rebounded as consumer spending picked up:** Data from the Ministry of Economy, Trade and Industry shows that retail sales increased 1.8% YOY in Jun (May: +0.6%) led mainly by the whopping gains in sales of fuel (Jun +16.7% vs. May +13.7%) lifted by higher gasoline prices. Sales of general merchandise rebounded to increase 1.8% YOY (May: -2.5%) while that of food & beverages and machinery & equipment saw quicker gains of 1.5% YOY (May: +0.7%) and 5.4% (May: +0.4%). Within total retail sales, sales in department store and supermarkets rebounded to increase 2.1% YOY (May: -2.5%) while on a same store basis, sales rose 1.5% YOY (May: -2.0%) following two months of decline. The overall figure suggests that consumer spending picked up in July, but given the contraction in the preliminary reading of industrial output above, the sign of whether the economy has recovered in 2Q following a contraction in 1Q is still rather mixed.

- **UK mortgage approvals steadied; consumer sentiments weakened:**

The number of mortgages approved to purchase a house increased to 65.6k in June (May: 64.5k) and amounted to £12.3b (May: £12.0b). In the refinancing segment, number of approvals fell to 47.9k (May: 51.7k) with total amount stood at £8.6b (May: £9.0b). In a separate release, the GfK Consumer Confidence Index slipped further to -10 in July (Jun: -9) as UK consumer sentiments remained weak amidst ongoing uncertainty surrounding Brexit. The Llyods Business Barometer meanwhile was held unchanged at 29 (Jun: 29) in the same month.

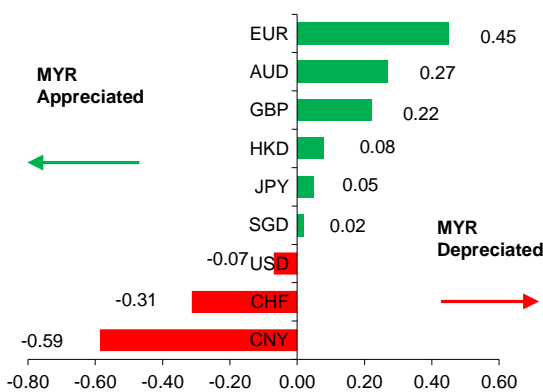
Economic Calendar Release Date						
Date	Country	Event	Reporting Period	Survey	Prior	Revised
01/08	Malaysia	Nikkei Malaysia PMI	Jul	--	49.5	--
<b>31/07</b>	<b>US</b>	<b>PCE Core YoY</b>	<b>Jun</b>	<b>2.0%</b>	<b>2.0%</b>	--
		<b>Personal Income</b>	<b>Jun</b>	<b>0.4%</b>	<b>0.4%</b>	--
		<b>Personal Spending</b>	<b>Jun</b>	<b>0.4%</b>	<b>0.2%</b>	--
		<b>S&amp;P CoreLogic CS 20-City YoY NSA</b>	<b>May</b>	<b>6.40%</b>	<b>6.56%</b>	--
		<b>Chicago Purchasing Manager</b>	<b>Jul</b>	<b>62.0</b>	<b>64.1</b>	--
		<b>Conf. Board Consumer Confidence</b>	<b>Jul</b>	<b>126.0</b>	<b>126.4</b>	--
01/08		MBA Mortgage Applications	27-Jul	--	-0.2%	--
		ADP Employment Change	Jul	186k	177k	--
		Markit US Manufacturing PMI	Jul F	55.5	55.4	--
		Construction Spending MoM	Jun	0.3%	0.4%	--
		ISM Manufacturing	Jul	59.3	60.2	--
<b>31/07</b>	<b>Eurozone</b>	<b>Unemployment Rate</b>	<b>Jun</b>	<b>8.3%</b>	<b>8.4%</b>	--
		<b>CPI Core YoY</b>	<b>Jul A</b>	<b>1.0%</b>	<b>0.9%</b>	--
		<b>CPI Estimate YoY</b>	<b>Jul</b>	<b>2.0%</b>	<b>2.0%</b>	--
		<b>GDP SA QoQ</b>	<b>2Q A</b>	<b>0.4%</b>	<b>0.4%</b>	--
		<b>GDP SA YoY</b>	<b>2Q A</b>	<b>2.2%</b>	<b>2.5%</b>	--
01/08		Markit Eurozone Manufacturing PMI	Jul F	55.1	54.9	--
01/08	UK	Markit UK PMI Manufacturing SA	Jul	54.2	54.4	--
<b>31/07</b>	<b>Japan</b>	<b>Construction Orders YoY</b>	<b>Jun</b>	<b>--</b>	<b>-18.7%</b>	--
		<b>Housing Starts YoY</b>	<b>Jun</b>	<b>-2.5%</b>	<b>1.3%</b>	--
		<b>BOJ Policy Balance Rate</b>	<b>31-Jul</b>	<b>-0.1%</b>	<b>-0.1%</b>	--
01/08		Nikkei Japan PMI Mfg	Jul F	--	53.0	--
<b>31/07</b>	<b>China</b>	<b>Non-manufacturing PMI</b>	<b>Jul</b>	<b>54.9</b>	<b>55.0</b>	--
		<b>Manufacturing PMI</b>	<b>Jul</b>	<b>51.3</b>	<b>51.5</b>	--
01/08		Caixin China PMI Mfg	Jul	50.9	51.0	--
01/08	Hong Kong	Retail Sales Value YoY	Jun	13.0%	12.9%	--
<b>31/07</b>	<b>Australia</b>	<b>Building Approvals MoM</b>	<b>Jun</b>	<b>1.0%</b>	<b>-3.2%</b>	--
01/08		AiG Perf of Mfg Index	Jul	--	57.4	--
<b>31/07</b>	<b>New Zealand</b>	<b>Building Permits MoM</b>	<b>Jun</b>	<b>--</b>	<b>7.1%</b>	--
		<b>ANZ Business Confidence</b>	<b>Jul</b>	<b>--</b>	<b>-39.0</b>	--
01/08		QV House Prices YOY	Jul	--	5.7%	--
		Unemployment Rate	2Q	4.4%	4.4%	--
		Employment Change YoY	2Q	3.6%	3.1%	--
		Participation Rate	2Q	70.8%	70.8%	--
		Average Hourly Earnings QoQ	2Q	1.0%	1.1%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1706	0.42	1.1719	1.1648	-2.5
USDJPY	111.04	-0.01	111.17	110.89	-1.5
GBPUSD	1.3133	0.21	1.3152	1.3084	-2.8
AUDUSD	0.7407	0.09	0.7413	0.7386	-5.1
EURGBP	0.8914	0.25	0.8919	0.8881	0.4
USDMYR	4.0595	-0.07	4.0680	4.0580	0.3
EURMYR	4.7439	0.45	4.7477	4.7326	-2.2
JPYMYR	3.6581	0.05	3.6625	3.6558	0.8
GBPMYR	5.3343	0.22	5.3387	5.3221	-2.4
SGDMYR	2.9834	0.02	2.9859	2.9805	-1.5
AUDMYR	3.0054	0.27	3.0094	3.0033	-4.9
NZDMYR	2.7623	0.44	2.7684	2.7584	-4.1

Source: Bloomberg

**MYR vs Major Counterparts (% DOD)**

**Forex**
**MYR**

- **MYR inched 0.07% firmer to 4.0595 against USD** after rallying in the closing hour but retreated against 5 G10s that also advanced on a soft greenback.
- **MYR is expected to be slightly bullish against a softer overnight USD**, though gains may be modest given continued risk-off sentiment in the markets. We continue to note prevalence of price-momentum divergence and signs of upside fatigue, both of which suggest a reversal lower is impending for USDMYR. Losing 4.0580 will expose a decline to 4.0500 in the next leg lower.

**USD**

- **USD slid against all G10s** while the DXY tumbled in European and US mornings before closing 0.12% lower at 94.66, extending its decline on 2Q GDP miss a day prior, as well as risk aversion ahead of BOJ meeting and US data.
- **Expect a slightly bearish USD**, weighed down by risk aversion heading into US data, which if again disappoints would trigger further losses. A minor bearish trend has emerged, pointing to a potential decline below 94.22 soon. We continue to set sights on a test at 93.94 going forward.

**EUR**

- **EUR jumped 0.42% to 1.1706 against a soft USD** but was lower against 5 G10s on relatively soft Eurozone data.
- **Stay slightly bullish on EUR in line with our view of a soft USD**; firm Eurozone data will provide support for extended advance. EURUSD is on track for a test at 1.1723. Beating this exposes a move to 1.1791, otherwise, expect a decline back to 1.1662 or lower. We note that closing above 1.1791 is to us a completion of a bullish pattern that could take EURUSD higher to 1.1962.

**GBP**

- **GBP climbed 0.21% to 1.3133 against a soft USD** but slipped against 6 G10s amid eroding Brexit sentiment.
- **Stay slightly bullish on GBP in line with our view of a soft USD**, though gains may be marginal amid downside pressure from ebbing Brexit sentiment. Technically, holding above 1.3100 continues to allow GBPUSD to attempt a rebound that could potentially test 1.3161 – 1.3171. Beating this exposes a move to 1.3241.

**JPY**

- **JPY inched just 0.01% firmer to 111.04 against a soft USD** and fell against 9 G10s on risk aversion heading into BOJ policy decision today.
- **JPY is likely to remain bullish in anticipation of a soft USD**. USDJPY remains inclined to a close below 110.98 going forward. Below this exposes a move to 110.30.

**AUD**

- **AUD fell against 8 G10s**, weighed down by continued risk aversion in the markets but **managed to rise 0.09% to 0.7407 against a soft USD**.
- **Continue to view AUD as slightly bullish against a soft USD**, but upsides may again be modest on continued risk aversion in the markets. Holding above 0.7397 allows further rebound in AUDUSD. We set sights on a climb to 0.7415 next, above which there is scope to test 0.7436.

**SGD**

- **SGD** was also pressured by softer risk appetite in the markets, sliding against 9 G10s but **managed to inch 0.04% firmer to 1.3610 against a soft USD**.
- **Stay slightly bullish on SGD in anticipation of a soft USD**, further supported by refuge demand within the region. Downside bias remains firm in USDSGD. Expect further losses going forward, with scope to test 1.3600, below which a drop to 1.3579 is expected.

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