

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global equities traded mixed with the US markets out for Labour Day holiday.** Major European stock indices rose while the Asian stock markets ended mixed taking the brunt of **renewed trade tension following the kickoff of higher tariffs by both the US and China.** The US on Sunday slapped a 15% tariff on \$112bn of Chinese consumer goods as part of the larger \$300bn targeted imports while China retaliated within hours by imposing higher tariff on \$75bn of American goods in phases including 5% tariff on crude oil. Brent crude last traded at \$58.66/ barrel yesterday, down 1.0% on the day. **Today, all eyes will be on RBA policy decision where no change is expected.** For the rest of the week, on top of Brexit and US-China trade headlines, investors will be scrutinizing Friday's nonfarm job report, Fed Beige Book and series of Fed speeches including that of Powell's on economic outlook in Zurich.
- **On the data front, global PMI prints, while mixed, offered little reprieve as it continued to signal a languishing manufacturing sector in August, hence reinforcing global growth concern as new orders broadly fell.** China Caixin PMI manufacturing and Australia AiG manufacturing surprised on the upside while the EU, UK, and Japan manufacturing activities continued to contract in the midst of weaker new orders, testifying to dwindling global demand as the trade tension remains unresolved.
- **The dollar index closed higher by 0.24% to 99.058** led by GBP and EUR weakness. **We are bullish USD over the short term** led by EUR and GBP weakness on Brexit worries and an impending ECB stimulus package. **We are bearish USD over the medium term** as prolonged issues may trigger a Fed rate cut.
- **MYR closed marginally stronger by 0.28% at 4.2055** towards the end of the trading day on thin liquidity trading ahead of the long weekend. **We turn bullish USDMYR over the short term.** USD/AXJ is supported by overall USD strength and CNH weakness as it approaches key resistance levels. **We remain bearish USDMYR over the medium term** as continued trade worries might trigger a Fed rate cut.
- **SGD closed weaker by 0.25% against the USD at 1.3907** led by a higher USDCNH and a stronger USD overall. **We remain bearish SGD over the short and medium term** as risk sentiment continues to remain gloomy over prolonged trade issues.

Overnight Economic Data

Eurozone	↑
UK	↓
Japan	↓
China	→
Australia	↑

What's Coming Up Next

Major Data

- US ISM & PMI manufacturing, construction spending
- EU PPI
- Australia retail sales
- Malaysia, Singapore and Vietnam PMI

Major Events

- RBA monetary policy meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.0900	1.0920	1.0953	1.0980	1.1010	↘
GBPUSD	1.2000	1.2030	1.2063	1.2080	1.2120	↘
USDJPY	105.80	106.00	106.31	106.65	106.90	↘
AUDUSD	0.6670	0.6700	0.6714	0.6750	0.6775	↘
EURGBP	0.9025	0.9050	0.9084	0.9100	0.9125	↗
USDMYR	4.2150	4.2200	4.2250	4.2300	4.2350	↗
EURMYR	4.5800	4.6000	4.6281	4.6500	4.6700	↘
JPYMYR	3.9350	3.9500	3.9753	3.9900	4.0150	↗
GBPMYR	5.0500	5.0700	5.0966	5.1100	5.1250	↘
SGDMYR	3.0325	3.0350	3.0369	3.0400	3.0425	↗
AUDMYR	2.8200	2.8300	2.8371	2.8500	2.8600	↘
NZDMYR	2.6450	2.6600	2.6643	2.6750	2.6850	↘
USDSGD	1.3850	1.3880	1.3918	1.3940	1.3970	↗
EURSGD	1.5200	1.5220	1.5247	1.5275	1.5300	↗
GBPSGD	1.6600	1.6700	1.6789	1.6850	1.6950	↘
AUDSGD	0.9280	0.9310	0.9348	0.9375	0.9400	→

* 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*	1,612.14	1.06	-4.64	CRB Index	170.36	-1.00	0.33
Dow Jones Ind.*	26,403.28	0.16	13.19	WTI oil (\$/bbl)*	55.10	-2.84	21.34
S&P 500*	2,926.46	0.06	16.74	Brent oil (\$/bbl)	58.66	-1.00	27.88
FTSE 100	7,281.94	1.04	8.23	Gold (\$/oz)	1,529.29	0.59	18.91
Shanghai	2,924.11	1.31	17.25	CPO (RM/tonne)**	2,145.50	-0.69	9.88
Hang Seng	25,626.55	-0.38	-0.85	Copper (\$/tonne)	5,620.00	-0.57	-5.78
STI	3,082.96	-0.76	0.46	Rubber (sen/kg)	431.00	-0.23	13.72

Source: Bloomberg

*as at 30-August close; ** as at 29-August close

➤ Macroeconomic

Economic Data

	For	Actual	Last	Survey
EU PMI manufacturing	Aug F	47.0	46.5	47.0
UK PMI manufacturing	Aug	47.4	48.0	48.8
JP Jibun PMI manufacturing	Aug F	49.3	49.5	--
CH PMI manufacturing	Aug	49.5	49.7	49.6
CH Caixin PMI manufacturing	Aug	50.4	49.9	49.8
AU AiG manufacturing index	Aug	53.1	51.3	--

Source: Bloomberg

- Eurozone PMI manufacturing ticked up but remained contractionary:** Market PMI manufacturing in Eurozone ticked 0.5ppt up to 47.0 in August, unchanged from the flash estimate released earlier but remained contractionary for the 7th consecutive month in August. The slight uptick was driven by smaller contraction in new orders, suggesting overall manufacturing activities remained weak in the Euro area notably Germany and Italy.
- UK PMI manufacturing deepened its fall to a 7-year low:** The UK manufacturing sector deteriorated further, with the PMI reading unexpectedly plunging to a 7-year low of 47.4 in August (Jul: 48.0), as broadening trade fallout and mounting Brexit uncertainties took a toll on business confidence, employment and new orders. We expect this weakening momentum to continue amid rising global growth slowdown and increased anxiety over a no-deal Brexit as the 31-October deadline approaches.
- Japan manufacturing softened amid lower new orders:** The Japanese Jibun PMI manufacturing pulled back a notch to 49.3 in August (Jul: 49.4), as the manufacturing sector contracted in six of the eight months this year. The easier print was dragged by a fall in new orders to its lowest since March, adding to signs of sluggishness in global demand.
- China official and Caixin PMI manufacturing diverged again:** The Caixin PMI manufacturing staged a surprised rebound to 50.4 in August (Jul: 49.9), as a rise in output (51.0 vs 50.1) offset the decline in new orders. This halted two months of contraction and diverged from the official PMI manufacturing which softened more than expected to 49.5 in August (Jul: 49.7), and has been staying below the 50 threshold signaling contraction for the 4th consecutive month. Deterioration was widespread from output to new orders and employment as protracted trade war continues to take a toll on China's manufacturing sector.
- Australia manufacturing strengthened for a 2nd straight month:** The AiG manufacturing index showed activities picked up steam for the 2nd straight month to 53.1 in August (Jul: 51.3), thanks to upticks in production, new orders and exports. This came as a surprise as Australia's trade is highly dependent on China who is currently facing mounting slowdown risks.
- Today, all eyes will be on RBA policy decision where no change is expected. On the data front, ISM and PMI manufacturing from the US will take the lead in the run up to Friday's nonfarm job report, Fed Beige Book and series of Fed speeches including that of Powell's on economic outlook in Zurich. In addition, PPI in the Eurozone will offer further clues on inflation outlook while other data on the deck include Australia retail sales, Singapore and Vietnam PMI.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
03/09	Malaysia	PMI manufacturing	Aug	--	47.6	--
04/09		Exports YOY	Jul	-2.5%	-3.1%	--
03/09	US	PMI manufacturing	Aug F	50.0	49.9	--
		ISM manufacturing	Aug	51.2	51.2	--
		Construction spending MOM	Jul	0.3%	-1.3%	--
04/09		MBA mortgage applications	Aug-30	--	-6.2%	--
		Trade balance	Jul	-\$53.5b	-\$55.2b	--
03/09	Eurozone	PPI YOY	Jul	0.2%	0.7%	--
04/09		PMI services	Aug F	53.4	53.4	--
		Retail sales MOM	Jul	-0.6%	1.1%	--
04/09	UK	PMI services	Aug	51.0	51.4	--
04/09	Japan	Jibun PMI services	Aug F	--	53.4	--
04/09	China	Caixin PMI services	Aug	51.7	51.6	--
04/09	Hong Kong	Markit PMI	Aug	--	43.8	--
03/09	Singapore	PMI	Aug	49.7	49.8	--
04/09		Markit PMI	Aug	--	51.0	--
03/09	Australia	Retail sales MOM	Jul	0.2%	0.4%	--
		RBA cash target rate	Sept-3	1.0%	1.0%	--
04/09		AiG services index	Aug	--	43.9	--
		GDP SA QOQ	2Q	0.5%	0.4%	--
04/09	New Zealand	QV house prices YOY	Aug	--	2.2%	--
03/09	Vietnam	PMI manufacturing	Aug	--	52.6	--

Source: Bloomberg

Forex

	Last Price	DoD%	High	Low	YTD%
EURUSD	1.0970	-0.11	1.0999	1.0958	-4.37
GBPUSD	1.2066	-0.74	1.2175	1.2036	-5.41
USDJPY	106.24	-0.04	106.40	105.91	-3.18
AUDUSD	0.6716	-0.25	0.6735	0.6710	-4.74
EURGBP	0.9092	0.56	0.9109	0.9026	1.12
USDMYR	4.2055	-0.28	4.2275	4.2048	1.74
EURMYR	4.6437	-0.59	4.6699	4.6426	-1.77
JPYMYR	3.9622	-0.16	3.9725	3.9581	5.44
GBPMYR	5.1305	-0.26	5.1488	5.1300	-2.60
SGDMYR	3.0368	-0.07	3.0426	3.0359	0.03
AUDMYR	2.8324	-0.41	2.8414	2.8303	-3.10
NZDMYR	2.6558	-0.65	2.6646	2.6551	-4.42
CHFMYR	4.2649	-0.56	4.2814	4.2634	1.56
CNYMYR	0.5899	-0.03	0.5910	0.5897	-2.54
HKDMYR	0.5375	-0.02	0.5389	0.5373	1.76
USDSGD	1.3907	0.25	1.3914	1.3874	2.11
EURSGD	1.5258	0.14	1.5281	1.5239	-2.36
GBPSGD	1.6779	-0.49	1.6912	1.6738	-3.42
AUDSGD	0.9344	0.00	0.9357	0.9321	-2.73

Source: Bloomberg

MYR

- **MYR closed marginally stronger by 0.28% at 4.2055** towards the end of the trading day on thin liquidity trading ahead of the long weekend.
- **We turn bullish USDMYR over the short term** USD/AXJ is supported by overall USD strength and CNH weakness as it approaches key resistance levels. **We remain bearish USDMYR over the medium term** as continued trade worries might trigger a Fed rate cut.

USD

- **The dollar index closed higher by 0.24% to 99.058** led by GBP and EUR weakness.
- **We are bullish USD over the short term** led by EUR and GBP weakness on Brexit worries and an impending ECB stimulus package. **We are bearish USD over the medium term** as prolonged issues may trigger a Fed rate cut.

EUR

- **EUR closed lower by 0.11% against the USD at 1.0970** setting a new YTD low and reaching a 2 year low.
- **We remain bearish EUR over the foreseeable future** as we head into September where the ECB is expected to introduce an aggressive stimulus package.

GBP

- **GBP closed 0.74% weaker at 1.2066** over recent Brexit developments.
- **We remain bearish GBP for the foreseeable future** as the UK government struggles internally to come to terms with Brexit issues right before a 31 October deadline.

JPY

- **JPY finished marginally firmer at 106.24** as it is torn between a higher USD and continuous demand for safe haven assets.
- **We remain bullish JPY** as risk sentiment continues to deteriorate on prolonged US-China trade issues and Brexit political turmoil.

AUD

- **AUD closed weaker against the USD by 0.25% at 0.6716** on a broadly stronger USD.
- **We remain bearish AUD** over gloomy risk sentiment and over lower commodity prices which may weigh on AUD due to expected slower global growth.

SGD

- **SGD closed weaker by 0.25% against the USD at 1.3907** led by a higher USDCNH and a stronger USD overall.
- **We remain bearish SGD over the short and medium term** as risk sentiment continues to remain gloomy over prolonged trade issues.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my

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