

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global equities remained under pressure** with key stock indices across the US, Europe and Asia all engulfed in a sea of red **as markets hang on to believes the Fed will be less aggressive in cutting rates to shore up growth** following Friday's positive job gains. The Dow, S&P and Nasdaq closed 0.4-0.8% lower on the day while losses in European benchmark were more muted within 0.1-0.2%. **UST fell with the 10Y yields inching up another ~1bps to 2.05%. The Dollar Index continued to gain grounds** for a 3rd consecutive day, up a further 0.10% to 97.38 as at yesterday's close **and will likely stay firm today unless Fed speaks (Powell and Bullard) turn out extremely dovish or hawkish and prompt markets to reposition ahead of FOMC minutes and Fed Powell's testimony to the House tomorrow.**
- **The data docket was super light.** Sentix investor confidence reaffirmed lingering pessimism among European investors but business outlook in Japan surprisingly rebounded. **Today's focus will be on BNM MPC meeting where no OPR cut is expected** but speculation for a SRR cut is rife. Abroad, calendar will be dominated by Fed Powell and Fed Bullard's comments in the absence of key data releases, which will likely reaffirm that a July rate cut remains live.
- **The dollar index closed 0.10% stronger at 97.381** as the USD continues to register gains led by higher UST yields on lower rate cut expectations. **We remain bearish on USD in the medium term** as the Fed is still expected to cut rates at the end of this month, while any positive US-China trade headlines in this period could drive down the USD.
- **MYR closed 0.10% weaker at 4.1400** in subdued trading as the USD clings on to gains. **We turn bearish MYR over the short term** as market expectations of a series of rate cut expectations begin to dim and market begins repositioning for the shorter term to better reflect this.
- **SGD closed flat** at 1.3599 against the USD as USD holds on to gains. **We remain cautiously bearish SGD** over the short term as market reprices a one-and done insurance cut vs a series of cuts by the Fed. In the more medium term, Fed speaks and US-China trade talk outcomes are likely to drive direction for the pair.

Overnight Economic Data

EU	↓
Japan	→

What's Coming Up Next

Major Data

- US NFIB small biz confidence
- Japan machine tool orders
- Australia NAB business confidence

Major Events

- BNM MPC meeting
- Fed Powell and Fed Bullard speeches

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1170	1.1200	1.1216	1.1250	1.1280	↘
GBPUSD	1.2470	1.2500	1.2518	1.2580	1.2630	↘
USDJPY	108.00	108.40	108.87	109.00	109.30	↗
AUDUSD	0.6930	0.6950	0.6974	0.7000	0.7025	→
EURGBP	0.8925	0.8950	0.8964	0.8990	0.9030	→
USDMYR	4.1350	4.1400	4.1450	4.1500	4.1550	↗
EURMYR	4.6300	4.6450	4.6500	4.6700	4.6800	↘
JPYMYR	3.7850	3.8000	3.8083	3.8250	3.8400	↘
GBPMYR	5.1600	5.1850	5.1880	5.2100	5.2250	↘
SGDMYR	3.0425	3.0450	3.0485	3.0500	3.0525	→
AUDMYR	2.8700	2.8800	2.8900	2.9000	2.9100	↘
NZDMYR	2.7300	2.7400	2.7477	2.7600	2.7700	↘
USDSGD	1.3550	1.3570	1.3600	1.3630	1.3650	↗
EURSGD	1.5225	1.5240	1.5254	1.5300	1.5325	↘
GBPSGD	1.6970	1.7010	1.7022	1.7080	1.7150	↘
AUDSGD	0.9450	0.9475	0.9483	0.9525	0.9550	↘

* 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	1,677.64	-0.29	-0.77	CRB Index	180.68	-0.05	6.41
Dow Jones Ind.	26,806.14	-0.43	14.91	WTI oil (\$/bbl)	57.66	0.26	26.98
S&P 500	2,975.95	-0.48	18.71	Brentoil (\$/bbl)	64.11	-0.19	19.16
FTSE 100	7,549.27	-0.05	12.20	Gold (\$/oz)	1,395.53	-0.28	8.68
Shanghai	2,933.36	-2.58	17.62	CPO (RM/tonne)	1,880.00	-0.13	-3.71
Hang Seng	28,331.69	-1.54	9.62	Copper (\$/tonne)	5,892.00	-0.17	-1.22
STI	3,334.23	-0.97	8.65	Rubber (sen/kg)	486.00	-0.72	28.23

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
EU Sentix investor confidence	Jul	-5.8	-3.3	0.1
JP Eco Watcher current	Jun	44.0	44.1	43.8
JP Eco Watcher outlook	Jun	45.8	45.6	44.5

Source: Bloomberg

Macroeconomics

- EU investor confidence staged a surprised plunge:** Sentix investor confidence failed to turnaround, plunging deeper into negative territory at -5.8 in July (Jun: -3.3) marking its worst level since Nov-14. Both the current situation and expectations indices worsened, reflecting pessimism among investors as the Euro area continues to be confronted by multiple headwinds notably the US protectionism policies that are expected to exert further pressure on its already fragile growth outlook.
- Japan Eco Watcher outlook unexpectedly improved:** Surveys by Eco Watcher showed business outlook staged a surprised rebound from a 3-year low level to 45.8 in Jun (May: 45.6), driven by upticks in employment and households while the business sector stabilized. This ties in with recent development showing resiliency in the household sector as consumers brought forward purchases ahead of the sales tax hike in October. On the contrary, the current situation index pulled back a tad to 44.0 in Jun (May: 44.1), albeit still higher than the expected reading of 43.8, dragged by weaknesses in the household services sector. The slight uptick in outlook offered hopes of continuous recovery in the Japanese economy.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
09/07	Malaysia	BNM OPR	9 Jul	3.00%	3.00%	--
09/07	US	NFIB small biz confidence	Jun	103.1	105.0	--
10/07		MBA mortgage applications	Jul 5	--	-0.1%	--
		Wholesale inventories MOM	May F	0.4%	0.4%	--
10/07	UK	GDP monthly MOM	May	0.3%	-0.4%	--
		Industrial production MOM	May	1.5%	-2.7%	--
		Visible trade balance	May	-£12550m	-£12113m	--
09/07	Japan	Machine tool orders YOY	Jun P	--	-27.3%	--
10/07		PPI YOY	Jun	0.4%	0.7%	--
10/07	China	CPI YOY	Jun	2.7%	2.7%	--
		PPI YOY	Jun	0.2%	0.6%	--
09/07	Australia	NAB biz conditions	Jun	--	1	--
		NAB biz confidence	Jun	--	7	--
10/07		Westpac consumer confidence	Jul	--	100.7	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1214	-0.10	1.1234	1.1207	-2.20
GBPUSD	1.2515	-0.05	1.2540	1.2500	-1.86
USDJPY	108.72	0.23	108.80	108.28	-0.84
AUDUSD	0.6972	-0.11	0.6994	0.6967	-1.11
EURGBP	0.8960	-0.03	0.8974	0.8954	-0.33
USDMYR	4.1400	0.10	4.1425	4.1355	0.15
EURMYR	4.6481	-0.22	4.6556	4.6429	-1.68
JPYMYR	3.8204	-0.17	3.8274	3.8120	1.67
GBPMYR	5.1905	-0.01	5.1939	5.1795	-1.46
SGDMYR	3.0457	-0.02	3.0473	3.0407	0.32
AUDMYR	2.8939	-0.24	2.8978	2.8868	-1.00
NZDMYR	2.7523	-0.19	2.7567	2.7412	-0.95
CHFMYR	4.1780	-0.20	4.1873	4.1716	-0.50
CNYMYR	0.6019	0.14	0.6020	0.6009	-0.55
HKDMYR	0.5310	0.08	0.5317	0.5304	0.53
USDSGD	1.3599	0.02	1.3617	1.3582	-0.21
EURSGD	1.5251	-0.06	1.5287	1.5238	-2.41
GBPSGD	1.7018	-0.06	1.7060	1.6986	-2.07
AUDSGD	0.9482	-0.06	0.9514	0.9475	-1.31

Source: Bloomberg

Forex

- **MYR closed 0.10% weaker at 4.1400** in subdued trading as the USD clings on to gains.
- **We turn bearish MYR over the short term** as market expectations of a series of rate cut expectations begin to dim and market begins repositioning for the shorter term to better reflect this.

USD

- **The dollar index closed 0.10% stronger at 97.381** as the USD continues to register gains led by higher UST yields on lower rate cut expectations.
- **We remain bearish on USD in the medium term** as the Fed is still expected to cut rates at the end of this month, while any positive US-China trade headlines in this period could drive down the USD.

EUR

- **EUR closed lower by 0.10% against the USD at 1.1214** in line with general USD performance.
- **We remain cautiously bearish EUR today** as we approach Friday's low circa 1.1206. Failure to extend further decline will result in a bounce back towards 1.1250 area where short term resistance and the 100 DMA sits.

GBP

- **GBP closed marginally weaker at 1.2515** in line with extended USD marginal gains across.
- **We remain bearish on GBP** as dovish BOE coupled with relatively poor economic data and market repricing Fed rate cuts will weigh GBP in the short term towards 1.2500 support. In the medium term, leadership and Brexit uncertainties would likely keep the sterling under pressure from now until 31 Oct.

JPY

- **JPY finished weaker by 0.23% at 108.72** led again by higher UST yields.
- **We remain bearish JPY today** as the market continues to reprice a one-and-done Fed rate cut scenario vs a series of cuts. In the more medium term, we look towards Fed speaks on Wed and Thurs for further directional cues.

AUD

- **AUD closed 0.11% weaker at 0.6972** against the USD in line with general USD strength.
- **We remain neutral on AUD** as it continues to trade within the recent range set post the RBA cut. In the more medium term, we look towards Fed speakers for further directional guidance as well as US-China trade talk outcomes.

SGD

- **SGD closed flat at 1.3599** against the USD as USD holds on to gains.
- **We remain cautiously bearish SGD** over the short term as market reprices a one-and done insurance cut vs a series of cuts by the Fed. In the more medium term, Fed speaks and US-China trade talk outcomes are likely to drive direction for the pair.

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