

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rose overnight as US-China trade tensions eased somewhat after the PBOC set its daily yuan fixing at stronger than expected level while at the same time investors continued to bargain-hunt for cheaper stocks after recent sell-offs.** Taking cue from the rally in European and Asian markets, the S&P 500 rose 1.9%, its largest gain in two months. The Dow Jones advanced by 1.4% whereas Nasdaq bounced up by 2.2%. Treasuries yields moved sideways throughout an indecisive session and ended mostly lower. Benchmark 10Y UST yield fell by 2bps to 1.72%. The dollar weakened after President Trump again voiced his discontent over a strong dollar and urged the Fed to cut rate. Oil prices rebounded on easing trade tensions – WTI jumped by 2.8% to \$52.54/barrel and Brent crude picked up 2.1% to \$57.38/barrel. **News came in this morning that the US is postponing its decision about licenses for US companies to resume business with Chinese giant Huawei Technologies** after Beijing announced that it has stopped buying US agricultural goods. **Earlier in the Philippines, BSP joined global central banks in easing monetary policy** by cutting its key interest rates by 25bps as widely expected.
- On the data front, **US job market stayed firm as initial jobless claims fell by 8k to 209k last week.** Wholesale inventories was flat in June after picking up for two months amidst lacklustre sales. **China exports unexpectedly rose by 3.3% YOY in July** following a contraction while imports slipped for the third month by 5.6% YOY. Its trade surplus narrowed to \$45.1b. **Singapore retail sales fell for the fifth month by 8.9% YOY** in June reflecting consumers' cautiousness.
- **The dollar index closed virtually flat at 97.59** as the USD recovered some strength vs safe haven assets but lost ground on relatively riskier assets. **We remain neutral USD today** as the markets goes through some short term consolidation on a more stable yuan. **We remain bearish USD** in the medium term as it is likely trade issues are not going to be solved in the short term, hence weighing on risk appetite and general USD performance against the majors.
- **MYR closed marginally stronger by 0.08% at 4.1855** as risk appetite somewhat improves over a more stable Chinese Yuan. **We are neutral USDMYR today** as markets continue to digest recent moves. **We remain bullish USDMYR over the medium term** as it is likely trade issues are prolonged or may be escalated.
- **SGD closed marginally stronger by 0.04% against the USD** at 1.3820 as most Asian currencies continue to consolidate against recent moves. **We turn neutral SGD today** as market consolidates but **we remain bearish SGD over the medium term** as trade issues will likely continue to weigh on EM currencies as a whole given the slim chance that the US and China will reach any trade resolution any time soon.

Eco Overnight Economic Data

US	→
Japan	↓
China	→
Singapore	↓

What's Coming Up Next

Major Data

- Malaysia Industrial Production
- US PPI Final Demand
- UK GDP, Industrial Production, Visible Trade Balance
- China CPI, PPI

Major Events

- RBA Statement on Monetary Policy

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1140	1.1170	1.1192	1.1200	1.1230	↗
GBPUSD	1.2080	1.2120	1.2145	1.2170	1.2200	→
USDJPY	105.40	105.70	105.94	106.30	106.60	↘
AUDUSD	0.6750	0.6780	0.6814	0.6830	0.6860	↗
EURGBP	0.9170	0.9200	0.9218	0.9250	0.9280	→
USDMYR	4.1800	4.1830	4.1880	4.1930	4.1950	→
EURMYR	4.6600	4.6800	4.6872	4.7000	4.7200	→
JPYMYR	3.9100	3.9350	3.9540	3.9700	3.9850	↗
GBPMYR	5.0550	5.0750	5.0855	5.1000	5.1200	→
SGDMYR	3.0250	3.0275	3.0304	3.0325	3.0350	→
AUDMYR	2.8150	2.8350	2.8540	2.8700	2.8850	↗
NZDMYR	2.6850	2.7000	2.7168	2.7300	2.7450	→
USDSGD	1.3770	1.3800	1.3822	1.3850	1.3875	→
EURSGD	1.5400	1.5430	1.5470	1.5500	1.5550	→
GBPSGD	1.6680	1.6730	1.6784	1.6830	1.6900	→
AUDSGD	0.9350	0.9375	0.9420	0.9450	0.9475	↗

* 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	1,616.02	0.71	-4.41	CRB Index	170.32	1.45	0.31
Dow Jones Ind.	26,378.19	1.43	13.08	WTI oil (\$/bbl)	52.54	2.84	15.70
S&P 500	2,938.09	1.88	17.20	Brent oil (\$/bbl)	57.38	2.05	6.65
FTSE 100	7,285.90	1.21	8.29	Gold (\$/oz)	1,500.95	-0.01	17.21
Shanghai	2,794.55	0.93	12.06	CPO (RM/tonne)	2,010.00	-0.12	2.94
Hang Seng	26,120.77	0.48	1.06	Copper (\$/tonne)	5,798.00	1.63	-2.80
STI	3,168.94	-0.49	3.26	Rubber (sen/kg)	439.50	0.23	15.96

Source: Bloomberg

Economic Data
➤ Macroeconomics

	For	Actual	Last	Survey
US Initial Jobless Claims	03 Aug	209k	217k (revised)	215k
US Wholesale Inventories MOM	Jun F	0.0%	0.4% (revised)	0.2%
JP Eco Watchers Survey Current SA	Jul	41.2	44.0	43.6
JP Eco Watchers Survey Outlook SA	Jul	44.3	45.8	45.4
JP GDP SA QOQ	2Q P	0.4	0.7% (revised)	0.1%
CN Trade Balance	Jul	\$45.06b	\$50.98b	\$42.65b
CN Exports YOY	Jul	3.3%	-1.3%	-1.0%
CN Imports YOY	Jul	-5.6%	-7.4% (revised)	-9.0%
SG Retail Sales YOY	Jun	-8.9%	-2.1%	-3.7%

Source: Bloomberg

- US job markets stayed firm; wholesale inventory unchanged:** Initial jobless claims fell by 8k to 209k for the week ended 03 August (previous: 217k revised). The applications for unemployment benefits declined for the second time in three weeks, reflecting resilience in the US labour market. Wholesale inventories was flat in June (May: +0.4%) after picking up for two months as business hold back on inventories investment amidst lackluster sales. Wholesale trade sales dropped by 0.3% MOM (May: -0.6% revised), its third straight monthly fall since April.
- China exports surprised to the upside:** China exports unexpectedly rose by 3.3% YOY in July (Jun: -1.3%) following a contraction in the previous month. Looking at destinations, shipments to the US fell for the fourth month running by 6.5% YOY (Jun: -7.8%) but the decline was offset by increase in shipments to the EU, most of Asia, South Africa and Brazil. Imports on the other hand slipped for the third month by 5.6% YOY (Jun: -7.4% revised) as domestic demand for foreign goods remained significantly weak. MOM, exports rose 4.1% (Jun: -0.5%) and imports rebounded by a larger margin to record 9.0% growth (Jun: -6.0%) leaving the trade surplus to narrow to \$45.1b (Jun: \$51b). The overall outlook for Chinese external trade remains largely gloomy despite the encouraging July numbers especially following an escalation in trade dispute with the US this month. A weakening of the yuan could lend some support to the sector but generally softer global demand conditions would put a lid on external trade growth.
- Japan 2Q GDP growth beat expectations but Eco Watcher Survey pointed to softer outlook:** Japan's preliminary GDP growth for the second quarter came in better than expected at 0.4% QOQ (1Q: +0.7% revised) while growth for 1Q was also revised upward from 0.6% QOQ to 0.7% QOQ. The surprisingly better print was supported by firmer domestic demand especially in household consumption (+0.6% vs +0.1%), investment (+1.2% vs +0.6%) and government consumption (+0.9% vs -0.1%) as consumers ramped up spending prior to an October sales tax hike and businesses continued to raise capex in anticipation of the 2020 Summer Olympics. Analysts had earlier expected GDP to grow a mere 0.1% QOQ. Meanwhile, the Eco Watcher Survey reported that its Current Conditions Index fell to 41.2 in July (Jun: 44.0) while the Expectations or Outlook Index also slipped to 44.3 (Jun: 45.8), adding to signs of slower growth outlook in Japan.
- Singapore retail sales fell again as consumers stayed cautious:** Singapore retail sales fell 8.9% YOY in June (May: -2.0%), marking its fifth consecutive month of decline. The decline was in large part a result of a sharp fall in motor vehicle sales by 32.4% YOY (May: -7.5%). Excluding motor vehicles, sales slipped by 2.7% YOY (May: -0.8%). Details suggest that consumers remained cautious in spending and hold back in spending on large ticket items. This could be demonstrated in the decline in sales at petrol service stations, sales of furniture & household equipment, watches & jewellery as well as telecommunications & computers.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
09/08	Malaysia	Industrial Production YOY	Jun	3.8%	4.0%	--
09/08	US	PPI Final Demand YOY	Jul	1.7%	1.7%	--
09/08	UK	GDP QOQ	2Q P	0.0%	0.5%	--
		Industrial Production MOM	Jun	-0.2%	1.4%	--
		Visible Trade Balance GBP/Mn	Jun	-£11,800m	-£11,524m	--
09/08	Japan	GDP SA QOQ	2Q P	0.1%	0.6%	--
09/08	China	CPI YOY	Jul	2.7%	2.7%	--
		PPI YOY	Jul	-0.1%	0.0%	--
09/08	Australia	RBA Statement on Monetary Policy				

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1180	-0.17	1.1232	1.1177	-2.44
GBPUSD	1.2133	-0.08	1.2182	1.2095	-4.82
USDJPY	106.07	-0.19	106.30	105.90	-3.54
AUDUSD	0.6802	0.67	0.6822	0.6746	-3.59
EURGBP	0.9214	-0.11	0.9266	0.9207	2.52
USDMYR	4.1855	-0.08	4.1905	4.1775	1.26
EURMYR	4.6929	0.16	4.6992	4.6817	-0.73
JPYMYR	3.9418	0.00	3.9527	3.9316	4.90
GBPMYR	5.0861	0.01	5.0949	5.0800	-3.45
SGDMYR	3.0261	-0.06	3.0317	3.0245	-0.32
AUDMYR	2.8368	0.70	2.8369	2.8271	-2.95
NZDMYR	2.7025	0.46	2.7090	2.6960	-2.74
CHFMYR	4.2913	0.21	4.3010	4.2831	2.19
CNYMYR	0.5938	-0.11	0.5944	0.5927	-1.88
HKDMYR	0.5335	-0.09	0.5345	0.5329	1.00
USDSGD	1.3820	-0.04	1.3845	1.3805	1.46
EURSGD	1.5452	-0.23	1.5529	1.5450	-1.02
GBPSGD	1.6770	-0.11	1.6838	1.6743	-3.43
AUDSGD	0.9403	0.63	0.9429	0.9340	-2.18

Source: Bloomberg

➤ Forex

MYR

- **MYR closed marginally stronger by 0.08% at 4.1855** as risk appetite somewhat improves over a more stable Chinese Yuan.
- **We are neutral USDMYR today** as markets continue to digest recent moves. **We remain bullish USDMYR over the medium term** as it is likely trade issues are prolonged or may be escalated.

USD

- **The dollar index closed virtually flat at 97.59** as the USD recovered some strength vs safe haven assets but lost ground on relatively riskier assets.
- **We remain neutral USD today** as the markets goes through some short term consolidation on a more stable yuan. **We remain bearish USD** in the medium term as it is likely trade issues are not going to be solved in the short term, hence weighing on risk appetite and general USD performance against the majors.

EUR

- **EUR closed lower by 0.17% against the USD at 1.1180** as the USD recovered some lost ground against perceived safe haven currencies and some news about Italian elections.
- **We remain mildly bullish EUR today** as it continues to benefit from US-China headlines with the latest being the Huawei license to deal on hold. **We remain bullish EUR over the medium term** as long as trade war is an issue which could drive EUR bullishness over safe haven seeking.

GBP

- **GBP closed marginally weaker by 0.08% at 1.2133** as it could not take advantage of a weaker USD against G7 currencies amidst nagging Brexit issues.
- **We are neutral GBP today** as market consolidates while **we are bearish GBP in the medium term** over a looming no-deal Brexit as the deadline to hammer out a deal comes closer.

JPY

- **JPY finished 0.19% stronger at 106.07** after another lower then higher session.
- **We remain bullish JPY over both short and medium term** as risk aversion will likely continue to nag on investors' minds so long as the US-China debacle continues to drag.

AUD

- **AUD closed stronger by 0.67% at 0.6802** as risk appetite improves somewhat over a relatively more stable Chinese Yuan.
- **We turn cautiously bullish AUD over the short term** on overall better risk appetite but **maintain bearish AUD over the medium term** as risk aversion theme is still nagging in investors' minds and continue to monitor developments for further guidance.

SGD

- **SGD closed marginally stronger by 0.04% against the USD** at 1.3820 as most Asian currencies continue to consolidate against recent moves.
- **We turn neutral SGD today** as market consolidates but **we remain bearish SGD over the medium term** as trade issues will likely continue to weigh on EM currencies as a whole given the slim chance that the US and China will reach any trade resolution any time soon.

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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