

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks broadly gained overnight as surprisingly upbeat retail sales data and positive Walmart earnings eased earlier fear of a looming recession despite China's fresh threat to take counter measures against the US.** The Dow and S&P 500 notched 0.4% and 0.3% gains but NASDAQ fell marginally by 0.1%, weighed down by CISCO shares as the networking equipment firm issued weak growth forecast. **Bond yields continued to plunge globally on safe havens bidding as investors broadly sought the relative safety of government papers.** Crude oil prices fell by 1.4-2.1% where Brent crude finished Thursday's session at \$58.23/barrel and WTI at \$54.47/barrel. **Mexico's central bank, Banxico surprised with a 25bps cut in its benchmark interest rate from 8.25% to 8.00%**, citing global uncertainty.
- On the data front, **US headline retail sales rose 0.7% MOM in July**, retail sales for control group gained 1.0% MOM. On a less positive note, industrial production fell by 0.2% MOM in July. The earliest batch of regional manufacturing surveys (NY and Philly Fed indexes) turned out largely positive. Initial jobless claims rose 9k to 220k last week. The NAHB housing index edged up to 66.0. **In the UK, robust online sales boosted a 0.2% MOM increase in UK retail sales.** **Japan industrial production fell** for the fifth successive month by 3.8% YOY in June. **Australia job data skewed to the upside** as the economy added 41.1k jobs. **New Zealand manufacturing PMI fell below 50.0 for the first time** in nearly 7 years.
- **The dollar index picked up 0.2% to 98.14** on better retail sales and as the USD surged against the EUR after ECB's Olli Rehn hinted the announcement of a huge stimulus package in September. **We are bullish on USD today** as better US retail sales data, a weaker euro, fresh Chinese threat and persistent risk-off mode are expected to keep USD well supported.
- **MYR finished 0.13% weaker at 4.1945** on Thursday as retreating risk sentiment amidst plunging global yields drove broad-based USD strength. **We are bullish on USDMYR today** as better US retail sales data, a weaker euro, fresh Chinese threat and persistent risk-off mode are expected to keep USD well supported. **In the medium term, we remain bullish USDMYR** on dismal growth outlook and unresolved US-China trade dispute.
- **SGD closed marginally firmer by 0.07% at 1.3890** against the USD on broader dollar strength. **We are bearish SGD over the short term** as persistent risk-off mode is driving down emerging market currencies as a whole. **We remain bearish SGD over the medium term** over dismal growth outlook and unresolved trade dispute.

Eco Overnight Economic Data

US	↑
UK	↓
Japan	↑
Australia	↓
New Zealand	→

What's Coming Up Next

Major Data

- Malaysia 2Q GDP
- US Housing Starts, Building Permits, U. of Mich. Sentiment
- Eurozone Trade Balance
- Hong Kong 2Q GDP
- Singapore Non-oil Domestic Exports

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1070	1.1085	1.1103	1.1125	1.1140	↘
GBPUSD	1.2000	1.2050	1.2089	1.2115	1.2150	→
USDJPY	105.40	105.70	106.11	106.25	106.50	→
AUDUSD	0.6725	0.6750	0.6777	0.6790	0.6830	→
EURGBP	0.9145	0.9175	0.9186	0.9239	0.9260	↘
USDMYR	4.1850	4.1900	4.1920	4.1950	4.200	↗
EURMYR	4.6380	4.6470	4.6547	4.6700	4.6800	↘
JPYMYR	3.9375	3.9439	3.9502	3.9640	3.9850	→
GBPMYR	5.0350	5.0505	5.0670	5.0700	5.0900	→
SGDMYR	3.0150	3.0175	3.0184	3.0200	3.0250	→
AUDMYR	2.8200	2.8300	2.8410	2.8550	2.8700	→
NZDMYR	2.6800	2.6950	2.6972	2.7150	2.7300	→
USDSGD	1.3850	1.3875	1.3888	1.3925	1.3950	↗
EURSGD	1.5378	1.5400	1.5416	1.5450	1.5500	↘
GBPSGD	1.6680	1.6760	1.6783	1.6820	1.6848	→
AUDSGD	0.9350	0.9375	0.9413	0.9430	0.9450	→

* 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	1,600.29	0.00	-5.34	CRB Index	170.03	-0.36	0.14
Dow Jones Ind.	25,579.39	0.39	9.65	WTI oil (\$/bbl)	54.47	-1.38	19.95
S&P 500	2,847.60	0.25	13.59	Brent oil (\$/bbl)	58.23	-2.10	8.23
FTSE 100	7,067.01	-1.13	5.04	Gold (\$/oz)	1,523.29	0.46	18.69
Shanghai	2,815.80	0.25	12.91	CPO (RM/tonne)*	2,123.00	0.02	8.73
Hang Seng	25,495.46	0.76	-1.36	Copper (\$/tonne)	5,751.00	-0.24	-3.59
STI	3,126.09	-0.68	1.87	Rubber (sen/kg)	439.00	-0.23	15.83

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Empire Manufacturing	Aug	4.8	4.3	2.0
US Philadelphia Fed Business Outlook	Aug	16.8	21.8	9.5
US Retail Sales Advance MOM	Jul	0.7%	0.3% (revised)	0.3%
US Initial Jobless Claims	10 Aug	220k	211k (revised)	212k
US Industrial Production MOM	Jul	-0.2%	+0.2% (revised)	0.1%
US NAHB Housing Market Index	Aug	66.0	65.0	65.0
UK Retail Sales Inc. Auto Fuel MOM	Jul	0.2%	0.9% (revised)	-0.2%
JP Industrial Production YOY	Jun F	-3.8%	-2.1%	--
AU Employment Change	Jul	41.1k	-2.3k (revised)	14.0k
AU Unemployment Rate	Jul	5.2%	5.2%	5.2%
NZ Business NZ Manufacturing PMI	Jul	48.2	51.1 (revised)	--

Source: Bloomberg

Macroeconomic

- US retail sales surprised to upside; industrial production fell again:** US retail sales continued to benefit from resilient consumer demand, recording a better-than-expected increase of 0.7% MOM in July (Jun: +0.3% revised), led by the gain in sales of furniture, electronics, gasoline, clothing as well as online spending. The retail sales for control group, seen mainly as a gauge of core retail sales picked up 1% following a 0.7% increase in the previous month, adding to comfort that consumption is holding up amidst steady US wage growth. On a less positive note, Federal Reserve data show that industrial production fell by 0.2% MOM in July (Jun: +0.2% revised) driven by the contractions in output of manufacturing (-0.4% vs +0.6%) and mining (-1.8% vs +0.6%). The earliest batch of regional manufacturing surveys turned out largely positive as the New York Fed Empire State Manufacturing Index recorded slightly higher reading of 4.8 in August (Jul: 4.3) and the Philly Fed Business Outlook Index came off previous month's high to 16.8 (Jul: 21.8). Initial jobless claims rose by 9k to 220k for the week ended 9 Aug (previous: 211k revised), still a historically low level, confirming the solid condition of the labour market. Last but not least, the NAHB Housing Market index rose to 66 in August (July: 65) reflecting home builders' optimism for better sales outlook amidst lower borrowing cost.
- Robust online sales kept UK retail sales supported:** UK retail sales unexpectedly increased by 0.2% MOM in July (Jun: +0.9% revised), lifted by the tremendous jump in online sales (+6.9% vs +0.6%) as sales either faltered or were flat in physical stores. Excluding auto fuel, retail sales also picked up 0.2% MOM (Jun: +0.8%), better than analysts' expectations, reflecting the resilience in consumer demand amidst recently stronger wage growth. On a yearly basis, growth in total retail sales eased to 3.3% YOY (Jun: +3.6%).
- Japan factories conditions deteriorated as output fell for fifth month:** Japan industrial production fell for the fifth successive month by 3.8% YOY in June (May: -2.1%) according to the final reading released by the government. MOM, output contracted by 3.3% (May: +2.0%) underscoring the loss in growth momentum at Japanese factories. The manufacturing sector continued to take the brunt from slower growth abroad plagued by weakening demand for Japanese goods as observed in falling machine tools orders and exports in general.
- Australia job data beat expectation, suggest RBA to hold rate:** Australia economy added 41.1k jobs in July (Jun: -2.3k revised) after recording a fall in the previous month, offering major relief that the Aussie job market remained rather solid. A plus point was that July's better-than-expected additions were made up mainly of full-time employments (+34.5k vs +21.0k) whereas part-time employment managed a modest rise (+6.7k vs -23.3k). The unemployment rate remained unchanged at 5.2%, at bright spot as well considering the fact that participation rate went up to 66.1% (Jun: 66.0%) to imply an expansion in the labour force. The decent job numbers if persists alongside steadying wage growth in 2Q suggest that the RBA is likely to stay pat for the remainder of the year after delivering two rate cuts in the past months.
- New Zealand manufacturing contracted for first time in nearly 7 years:** The BusinessNZ Manufacturing PMI slipped below 50.0 to 48.2 in July (Jun: 51.1 revised), the lowest since Sep-12, to imply a contraction in New Zealand's manufacturing sector for the first time in nearly seven years. Production saw steady growth but employments, new orders and deliveries all contracted, adding to signs of a further slump in the coming months.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
16/08	Malaysia	GDP YOY	2Q	4.7%	4.5%	--
16/08	US	Housing Starts MOM	Jul	0.2%	-0.9%	--
		Building Permits MOM	Jul	3.1%	-6.1%	-5.2%
		U. of Mich. Sentiment	Aug P	97.0	98.4	--
16/08	Eurozone	Trade Balance SA	Jun	18.5b	20.2b	--
19/08		CPI Core YOY	Jul F	0.9%	1.1%	--
		CPI YOY	Jul F	1.1%	1.3%	1.3%
19/08	UK	Rightmove House Prices YOY	Aug	--	-0.2%	--
		CBI Trends Total Orders	Aug	-25	-34	--
19/08	Japan	Trade Balance	Jul	¥210.0b	¥589.5b	¥589.6b
		Exports YOY	Jul	-2.3%	-6.7%	-6.6%
16/08	Hong Kong	GDP YOY	2Q F	0.6%	0.6%	--
16/08	Singapore	Non-oil Domestic Exports YOY	Jul	-15.4%	-17.3%	--
19/08	New Zealand	Performance Services Index	Jul	--	52.7	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1107	-0.29	1.1158	1.1092	-3.10
GBPUSD	1.2088	0.23	1.2151	1.2051	-5.20
USDJPY	106.12	0.20	106.78	105.70	-3.27
AUDUSD	0.6775	0.40	0.6790	0.6746	-3.90
EURGBP	0.9188	-0.52	0.9251	0.9155	2.23
USDMYR	4.1945	0.13	4.1970	4.1910	1.48
EURMYR	4.6771	-0.12	4.6774	4.6680	-1.06
JPYMYR	3.9528	0.46	3.9646	3.9278	5.19
GBPMYR	5.0666	0.27	5.0679	5.0519	-3.82
SGDMYR	3.0184	-0.10	3.0230	3.0149	-0.58
AUDMYR	2.8389	0.14	2.8466	2.8295	-2.88
NZDMYR	2.6989	0.04	2.7067	2.6971	-2.87
CHFMYR	4.3014	0.03	4.3124	4.2956	2.43
CNYMYR	0.5965	-0.04	0.5974	0.5960	-1.45
HKDMYR	0.5349	0.22	0.5358	0.5339	1.27
USDSGD	1.3890	-0.07	1.3906	1.3867	1.91
EURSGD	1.5427	-0.86	1.5513	1.5404	-1.25
GBPSGD	1.6789	0.16	1.6878	1.6730	-3.39
AUDSGD	0.9412	0.35	0.9428	0.9373	-2.05

Source: Bloomberg

Forex

MYR

- **MYR finished 0.13% weaker at 4.1945** on Thursday as retreating risk sentiment amidst plunging global yields drove broad-based USD strength.
- **We are bullish on USDMYR today** as better US retail sales data, a weaker euro, fresh Chinese threat and persistent risk-off mode are expected to keep USD well supported. **In the medium term, we remain bullish USDMYR** on dismal growth outlook and unresolved US-China trade dispute.

USD

- **The dollar index picked up 0.2% to 98.14** on better retail sales and as the USD surged against the EUR after ECB's Olli Rehn hinted the announcement of a huge stimulus package in September.
- **We are bullish on USD today** as better US retail sales data, a weaker euro, fresh Chinese threat and persistent risk-off mode are expected to keep USD well supported.

EUR

- **EUR closed lower for the third day by 0.29% against the USD at 1.1108** after the ECB's member Olli Rehn said that the central bank would soon announce a stimulus package that should "exceed investors' expectations" in September, triggering a sharp drop in EUR.
- **We remain bearish EUR today on broad USD strength and** as markets digests potential ECB bazooka next month. For the medium term outlook, we look towards next week Fed's minutes to gauge the magnitude of the Fed's next move relative to that of the ECB.

GBP

- **GBP closed 0.23% stronger at 1.2088 vs the USD** on better-than-expected UK retail sales numbers.
- **We are neutral GBP today** in the absence of key UK data and market focus on US-China trade dispute. **We are still bearish on GBP in the medium term as chances of** a no-deal Brexit remain dangerously high given the Johnson government's lack of concrete development in crafting a withdrawal plan.

JPY

- **JPY finished 0.20% weaker at 106.12 against the USD** as the greenback experienced broad-based strength after upbeat retail sales data sparked slight improvement in risk sentiment.
- **We are neutral to slightly bullish on the pair today** due to a stronger dollar. **We remain bullish JPY** over the medium term on dismal global growth outlook and unresolved trade dispute.

AUD

- **AUD finished 0.40% stronger against the USD at 0.6775** as Australian job report surprised to the upside.
- **We are neutral to AUD today** as markets weigh China's latest threat to take retaliatory measure against the US and President Trump's seemingly positive remarks to restart talks with China. **We remain bearish AUD over the medium term** over dismal growth outlook and unresolved trade dispute.

SGD

- **SGD closed marginally firmer by 0.07% at 1.3890** against the USD on broader dollar strength.
- **We are bearish SGD over the short term** as persistent risk-off mode is driving down emerging market currencies as a whole. **We remain bearish SGD over the medium term** over dismal growth outlook and unresolved trade dispute.

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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