

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks jumpstarted the week with a rally overnight as rising expectations of global stimulus alongside positive trade news helped ease some fear of an impending recession and improved overall risk sentiment.** Higher tech and bank shares pushed up US major benchmarks to pick up around 1-1.4% gain and snapped back last Wednesday's losses when the yield curve inverted. **US Commerce Department announced a 90-day extension of a license that currently allows Chinese firm Huawei to do business with US firms.** Notably, markets became assured that global central banks and governments would inject stimulus in their respective attempt to stimulate growth. **The PBOC introduced a new benchmark interest rate** known as the "loan prime rate" in an attempt to reform its interest rates regime and to spur lower borrowing cost for corporate borrowers. **Meanwhile German Finance Minister Olaf Scholz said that the government could muster €50b in spending in case of an economic crisis.** Risk-on mode prompted investors to ditch gold (-1.2%) and treasuries leading yields to fall 5-7bps along the curve – benchmark 10Y UST yield picked up 5bps to 1.61%. **Crude oil prices extended further gains on news of a drone attack on a Saudi oil field** – WTI rose 2.4% to \$56.21/barrel and Brent crude went up by 1.9% to \$59.74/barrel.
- Data release is limited to Eurozone HICP inflation which was revised to a larger fall of -0.5% MOM for its July final reading. **YOY, inflation also eased to 1.0%, its slowest pace since late 2016.** Core inflation fell back to below 1% at 0.9% YOY after a brief surge in June, a firm sign that Eurozone inflation is sputtering, and raising expectations that the ECB would introduce a stimulus program next month.
- **The dollar index ended higher by 0.21% at 98.35** as UST yields gained ground after the US Treasury signaled that it may once again issue 50y and 100y bonds. **We are bullish USD in the short term** as demand for USTs are likely to continue to support short term USD strength.
- **MYR closed flat at 4.1785** as the pair tried to trade lower on better risk appetite on better-than-expected 2Q GDP results but failed. **We remain neutral to mildly bullish USDMYR over the short term** as markets shift focus to FOMC minutes and the Federal Reserve's Jackson Hole Symposium at the end of this week.
- **SGD closed weaker by 0.15% against the USD** at 1.3866 in line with a stronger USD. **We remain bearish SGD over the short term** as USD strength will likely be supported ahead of key events later this week.

#### Eco Overnight Economic Data

Eurozone

#### What's Coming Up Next

##### Major Data

- UK CBI Trends Total Orders
- Hong Kong CPI Composite YOY

##### Major Events

- RBA Minutes of August Policy Meeting

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1050	1.1070	1.1088	1.1100	1.1130	↘
GBPUSD	1.2050	1.2100	1.2129	1.2180	1.2230	→
USDJPY	106.00	106.20	106.65	106.80	107.00	↗
AUDUSD	0.6700	0.6725	0.6759	0.6800	0.6825	→
EURGBP	0.9075	0.9100	0.9141	0.9170	0.9200	↘
USDMYR	4.1750	4.1800	4.1850	4.1875	4.1900	→
EURMYR	4.6100	4.6200	4.6391	4.6500	4.6600	↘
JPYMYR	3.8900	3.9100	3.9255	3.9400	3.9600	→
GBPMYR	5.0300	5.0550	5.0755	5.0900	5.1000	↗
SGDMYR	3.0125	3.0150	3.0180	3.0200	3.0225	↘
AUDMYR	2.8100	2.8200	2.8285	2.8400	2.8500	→
NZDMYR	2.6600	2.6700	2.6805	2.7000	2.7200	→
USDSGD	1.3825	1.3850	1.3874	1.3900	1.3930	↗
EURSGD	1.5300	1.5350	1.5378	1.5400	1.5450	→
GBPSGD	1.6750	1.6800	1.6828	1.6900	1.6950	↗
AUDSGD	0.9325	0.9350	0.9377	0.9400	0.9430	↗

\* 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	1,596.45	-0.17	-5.57	CRB Index	170.78	0.22	0.57
Dow Jones Ind.	26,135.79	0.96	12.04	WTI oil (\$/bbl)	56.21	2.44	23.78
S&P 500	2,923.65	1.21	16.63	Brent oil (\$/bbl)	59.74	1.88	11.04
FTSE 100	7,189.65	1.02	6.86	Gold (\$/oz)	1,495.92	-1.16	16.63
Shanghai	2,883.10	2.10	15.61	CPO (RM/tonne)*	2,123.50	0.05	8.76
Hang Seng	26,291.84	2.17	1.73	Copper (\$/tonne)	5,774.00	0.52	-3.20
STI	3,128.45	0.43	1.95	Rubber (sen/kg)	441.00	0.46	16.36

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
CPI Core YOY	Jul F	0.9%	1.3%	0.9%
CPI YOY	Jul F	1.0%	1.3%	1.1%

Source: Bloomberg

**Macroeconomic**

- Eurozone's sputtering inflation raised pressure on ECB stimulus:**  
 Eurozone HICP inflation slipped more than initially expected by 0.5% MOM in July (Jun: +0.2%), leaving the annual CPI growth to soften to 1.0% YOY (Jun: +1.3%), the slowest pace observed since late 2016. After briefly hitting the ECB's target of "just below 2%" in November last year, the headline index has been trending down for the eighth consecutive month as higher wage cost struggled to find its way to consumer prices. The core reading also eased to 0.9% YOY (Jun: +1.1%) following a jump in the previous month, reaffirming the subdued price pressure in the economy. Faltering inflation, alongside weak economic data raised expectations that the ECB would introduce a huge stimulus program and potentially cut its deposit rate next month. ECB's key official Olli Rehn had recently hinted that the central bank would announce a bazooka after its coming meeting in September, pressuring the euro. Markets will be paying attentions to the latest ECB's meeting minutes slated for release on Thursday.

**Economic Calendar**

Date	Country	Events	Reporting Period	Survey	Prior	Revised
21/08	US	MBA Mortgage Applications	16 Aug	--	21.7%	--
		Existing Home Sales MOM	Jul	2.5%	-1.7%	--
<b>20/08</b>	<b>UK</b>	<b>CBI Trends Total Orders</b>	<b>Aug</b>	<b>-25.0</b>	<b>-34.0</b>	--
<b>20/08</b>	<b>Hong Kong</b>	<b>CPI Composite YOY</b>	<b>Jul</b>	<b>3.0%</b>	<b>3.3%</b>	--
<b>20/08</b>	<b>Australia</b>	<b>RBA Minutes of August Policy Meeting</b>				--
21/08		Westpac Leading Index MOM	Jul	--	-0.08%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1078	-0.11	1.1114	1.1076	-3.37
GBPUSD	1.2126	-0.19	1.2173	1.2105	-4.92
USDJPY	106.64	0.24	106.70	106.22	-2.80
AUDUSD	0.6764	-0.22	0.6797	0.6762	-4.04
EURGBP	0.9135	0.07	0.9170	0.9112	1.65
USDMYR	4.1785	0.01	4.1785	4.1640	1.09
EURMYR	4.6385	0.16	4.6423	4.6187	-1.38
JPYMYR	3.9190	-0.31	3.9286	3.9152	4.29
GBPMYR	5.0653	-0.21	5.0805	5.0590	-3.34
SGDMYR	3.0157	0.14	3.0171	3.0067	-0.67
AUDMYR	2.8280	-0.25	2.8359	2.8221	-3.25
NZDMYR	2.6780	-0.35	2.6851	2.6728	-3.62
CHFMYR	4.2706	0.12	4.2730	4.2531	1.70
CNYMYR	0.5929	-0.12	0.5932	0.5913	-2.04
HKDMYR	0.5326	-0.08	0.5327	0.5309	0.83
USDSGD	1.3866	0.15	1.3872	1.3839	1.77
EURSGD	1.5360	0.03	1.5388	1.5350	-1.66
GBPSGD	1.6814	-0.07	1.6865	1.6764	-3.24
AUDSGD	0.9383	0.01	0.9416	0.9374	-2.83

Source: Bloomberg

## Forex

### MYR

- **MYR closed flat at 4.1785** as the pair tried to trade lower on better risk appetite on better-than-expected 2Q GDP results but failed.
- **We remain neutral to mildly bullish USDMYR over the short term** as markets shift focus to FOMC minutes and the Federal Reserve's Jackson Hole Symposium at the end of this week. **We remain bullish USDMYR over the medium term** at least until US and China show some form of firm commitment towards reaching a trade resolution.

### USD

- **The dollar index ended higher by 0.21% at 98.35** as UST yields gained ground after the US Treasury signaled that it may once again issue 50y and 100y bonds.
- **We are bullish USD in the short term** as demand for USTs are likely to continue to support short term USD strength. **We remain bearish USD over the medium term** as global growth outlook remains dim and may spur further Fed easing.

### EUR

- **EUR closed lower by 0.11% against the USD at 1.1078** as the pair tried to rally in earlier session but slipped to close lower on broad USD strength.
- **We remain bearish EUR today** as USD strength spillover might still be in play. **We remain bullish EUR over the medium term** as dim global growth outlook might trigger a Fed rate cut.

### GBP

- **GBP closed 0.19% weaker at 1.2126** in line with broadly stronger USD.
- **We are neutral GBP in the short term** as there seems to be some consolidation ahead of key events later this week. **We remain bearish GBP in the medium term** given that the chances of a no-deal Brexit remain high even with the upcoming meet-up.

### JPY

- **JPY finished 0.24% weaker at 106.64** in line with higher UST yields and a stronger USD.
- **We turn bearish JPY today** as the move in UST yields may continue to drive JPY bearishness ahead of key events later this week. **We remain bullish JPY over the medium term** on dim global growth outlook and prolonged trade uncertainties.

### AUD

- **AUD closed weaker against the USD by 0.22% at 0.6764** as overall USD strength dominates higher UST yields.
- **We remain neutral AUD in the short term** as markets gear up for the 2 major events happening later this week. **We remain bearish AUD over the medium term** over dim global growth outlook and prolonged trade uncertainties.

### SGD

- **SGD closed weaker by 0.15% against the USD** at 1.3866 in line with a stronger USD.
- **We remain bearish SGD over the short term** as USD strength will likely be supported ahead of key events later this week. **We are bearish SGD in the medium term similarly** on dismal global growth outlook and prolonged trade uncertainties.

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