

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks rose overnight ahead of a busy week packed with key corporate earnings and data such as the US second quarter GDP growth, supported by ongoing optimism that the Fed would cut rate next week.** The Dow, S&P500 and NASDAQ picked up 0.1%, 0.3% and 0.7% prior to crucial earnings reports by Google parent company, Alphabet as well as Amazon and Facebook. Treasuries yield stabilized along the curve after a choppy week - 10Y UST yield fell 1bp to 2.05%. **Crude oil prices climbed more than 1% over supply disruption concerns after Iran seized a British tanker last week.** WTI rose 1.1% to \$56.22/barrel while Brent settled 1.3% higher at \$63.26/barrel. **Focus ahead will be on the new UK Prime Minister and Thursday's ECB Governing Council meeting where the central bank is expected to revise its forward guidance to signal a likely cut in its key deposit rate some time this year.**
- **Economic data remained little at the start of the week.** The Chicago Fed National Activity Index ticked up to -0.02 in June, indicating that US economic growth is near historical trend in June. Hong Kong inflation spiked to 3.3% YOY in June driven mainly by the surge in prices of pork as well as the continuous rise in housing cost. The international reserves of Bank Negara Malaysia rose to \$103.3 billion as at 15 July 2019. The reserves position is sufficient to finance 7.3 months of retained imports and is 1.2 times total short-term external debt.
- **The dollar index closed 0.16% higher at 97.307** as the USD continues to recover ahead of this Thursday's ECB meeting. **We remain bearish on USD in the medium term** as the Fed is more or less committed to a rate cut by the end of this month. However, in the shorter term, the overall USD may be subjected to headline volatility.
- **MYR closed virtually flat at 4.1125** in quiet trading amid the lack of headlines and economic data. **We are bullish USDMYR** intraday given a higher DXY overnight. However, over in the medium term, we are bullish MYR over an expected Fed rate cut.
- **SGD closed flattish** at 1.3609 against a stronger USD overall. **We are bearish SGD over the short term but remain bullish SGD** in the medium term as yield differential is likely to narrow as the Fed signals a July cut is more or less confirmed.

#### Overnight Economic Data

Malaysia	↑
US	↑↑
Hong Kong	↑↑

#### What's Coming Up Next

##### Major Data

- US FHFA House Price Index, Richmond Fed Manufacturing Index, Existing Home Sales
- Eurozone Consumer Confidence
- UK CBI Trends Total Orders
- Japan Machine Tool Orders
- Singapore CPI

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1150	1.1180	1.1209	1.1225	1.1250	↘
GBPUSD	1.2420	1.2450	1.2474	1.2500	1.2530	↘
USDJPY	107.50	107.70	107.99	108.30	108.50	↗
AUDUSD	0.6970	0.7000	0.7034	0.7050	0.7070	↘
EURGBP	0.8920	0.8950	0.8987	0.9000	0.9030	→
USDMYR	4.1100	4.1125	4.1160	4.1175	4.1200	↗
EURMYR	4.6000	4.6100	4.6139	4.6350	4.6500	↘
JPYMYR	3.7700	3.7900	3.8135	3.8200	3.8300	↘
GBPMYR	5.1150	5.1300	5.1355	5.1500	5.1750	↘
SGDMYR	3.0200	3.0225	3.0248	3.0275	3.0300	↘
AUDMYR	2.8600	2.8800	2.8955	2.9000	2.9100	↘
NZDMYR	2.7500	2.7700	2.7761	2.7800	2.7950	↘
USDSGD	1.3570	1.3600	1.3615	1.3650	1.3670	↗
EURSGD	1.5200	1.5230	1.5259	1.5280	1.5310	↘
GBPSGD	1.6850	1.6950	1.6986	1.7050	1.7150	↘
AUDSGD	0.9520	0.9550	0.9578	0.9600	0.9620	→

\* 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	1,655.40	-0.17	-2.08	CRB Index	178.55	-0.02	5.15
Dow Jones Ind.	27,171.90	0.07	16.48	WTI oil (\$/bbl)	56.22	1.06	23.81
S&P 500	2,985.03	0.28	19.07	Brent oil (\$/bbl)	63.26	1.26	17.58
FTSE 100	7,514.93	0.08	11.69	Gold (\$/oz)	1,424.88	-0.03	11.05
Shanghai	2,886.97	-1.27	15.76	CPO (RM/tonne)	1,866.50	-0.53	-4.40
Hang Seng	28,371.26	-1.37	9.77	Copper (\$/tonne)	6,017.50	-0.78	0.88
STI	3,357.22	-0.61	9.40	Rubber (sen/kg)	470.00	0.11	24.01

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
MA Foreign Reserves	Jul-15	\$103.3b	\$102.7b	--
US Chicago Fed Nat Activity Index	Jun	-0.02	-0.03 (revised)	0.1
HK CPI Composite YOY	Jun	3.3%	2.8%	2.6%

Source: Bloomberg

## ➤ Macroeconomics

- US Chicago Fed National Activity Index improved slightly in June:** The Chicago Fed National Activity Index ticked up to -0.02 in June (May: -0.03 revised), indicating that economic growth is near historical trend in June. The improved reading was driven by employment-related indicators which made a positive contribution to the overall index following a solid gain in June nonfarm payroll. Meanwhile, production related indicators made a neutral contribution as industrial production was flat in June. The remaining two categories namely personal consumption & housing categories as well as sales, orders & inventories made negative contribution to the headline index.
- Hong Kong inflation spiked in June on higher food prices:** Hong Kong inflation spiked to 3.3% YOY in June (May: +2.8%), driven mainly by the surge in prices of food as well as the continuous rise in housing cost. Food prices rose by a whopping 5.6% YOY (May: +3.6%) supported by doubled-digit increase in prices of pork which remains in short supply due to the swine flu in China. Housing cost also experienced a steady gain of 4.1% YOY (May: +4.2%), a result of positive sentiments arising from upcoming Fed rate cuts which would simultaneously bring down interest rates in Hong Kong.
- Malaysia foreign reserves rose in mid-July:** The international reserves of Bank Negara Malaysia rose to \$103.3 billion as at 15 July 2019 (previous: \$102.7b). The reserves position is sufficient to finance 7.3 months of retained imports and is 1.2 times total short-term external debt.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
24/07	Malaysia	CPI YOY	Jun	1.5%	0.2%	--
23/07	US	<b>FHFA House Price Index MOM</b>	<b>May</b>	<b>0.4%</b>	<b>0.4%</b>	--
		<b>Richmond Fed Manufacturing Index</b>	<b>Jul</b>	<b>5.0</b>	<b>3.0</b>	--
		<b>Existing Home Sales MOM</b>	<b>Jun</b>	<b>-0.4%</b>	<b>2.5%</b>	--
24/07		MBA Mortgage Applications	Jul-19	--	-1.1%	--
		Markit US Manufacturing PMI	Jul P	51.0	50.6	--
		Markit US Services PMI	Jul P	51.8	51.5	--
		New Home Sales MOM	Jun	5.3%	-7.8%	--
23/07	Eurozone	<b>Consumer Confidence</b>	<b>Jul A</b>	<b>-7.2</b>	<b>-7.2</b>	--
24/07		Markit Eurozone Manufacturing PMI	Jul P	47.7	47.6	--
		Markit Eurozone Services PMI	Jul P	53.3	53.6	--
23/07	UK	<b>CBI Trends Total Orders</b>	<b>Jul</b>	<b>-15.0</b>	<b>-15.0</b>	--
23/07	Japan	<b>Machine Tool Orders YOY</b>	<b>Jun F</b>	<b>--</b>	<b>-38.0%</b>	--
24/07		Jibun Bank Japan PMI Mfg	Jul P	--	49.3	--
23/07	Singapore	<b>CPI YOY</b>	<b>Jun</b>	<b>0.8%</b>	<b>0.9%</b>	--
24/07	New Zealand	Trade Balance NZD	Jun	100m	264m	--
		Exports NZD	Jun	5.3b	5.8b	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1209	-0.11	1.1225	1.1206	-2.25
GBPUSD	1.2476	-0.21	1.2530	1.2456	-2.17
USDJPY	107.87	0.15	108.07	107.70	-1.63
AUDUSD	0.7036	-0.09	0.7057	0.7031	-0.21
EURGBP	0.8985	0.12	0.9000	0.8962	-0.07
USDMYR	4.1125	-0.01	4.1175	4.1110	-0.53
EURMYR	4.6130	-0.20	4.6193	4.6111	-2.42
JPYMYR	3.8130	-0.35	3.8210	3.8065	1.47
GBPMYR	5.1270	-0.34	5.1502	5.1266	-2.67
SGDMYR	3.0240	-0.07	3.0260	3.0212	-0.39
AUDMYR	2.8964	-0.09	2.8996	2.8935	-0.93
NZDMYR	2.7876	0.18	2.7896	2.7810	0.32
CHFMYR	4.1890	0.23	4.1910	4.1802	-0.24
CNYMYR	0.5976	-0.03	0.5985	0.5974	-1.26
HKDMYR	0.5267	0.00	0.5274	0.5266	-0.28
USDSGD	1.3609	0.04	1.3618	1.3594	-0.15
EURSGD	1.5254	-0.07	1.5275	1.5247	-2.40
GBPSGD	1.6978	-0.17	1.7029	1.6947	-2.31
AUDSGD	0.9574	-0.06	0.9596	0.9561	-0.38

Source: Bloomberg

## Forex

### MYR

- **MYR closed virtually flat at 4.1125** in quiet trading amid the lack of headlines and economic data.
- **We are bullish USDMYR** intraday given a higher DXY overnight. However, over in the medium term, we are bullish MYR over an expected Fed rate cut.

### USD

- **The dollar index closed 0.16% higher at 97.307** as the USD continues to recover ahead of this Thursday's ECB meeting.
- **We remain bearish on USD in the medium term** as the Fed is more or less committed to a rate cut by the end of this month. However, in the shorter term, the overall USD may be subjected to headline volatility.

### EUR

- **EUR closed 0.11% weaker against the USD at 1.1209** as the broad USD continues to gain ground.
- **We are neutral to mildly bearish EUR today** as the market continues to position ahead of the ECB meeting due later this week.

### GBP

- **GBP closed 0.21% weaker at 1.2476 against the greenback** as the broad USD continues to gain ground.
- **We are bearish GBP today** on market positioning ahead of ECB meeting and **we remain bearish GBP over the medium term** as UK leadership and Brexit issues likely to continue to weigh.

### JPY

- **JPY finished weaker by 0.15% at 107.87 vs the USD** as the broad USD continues to gain.
- **We are bearish JPY today** on a stronger USD but **remain bullish JPY** over the medium term on an imminent Fed July rate cut. Ongoing trade uncertainties and persistently weak inflation according to the Fed will also likely support JPY strength in the medium term.

### AUD

- **AUD closed 0.09% weaker at 0.7036** as the pair is rejected by the top of the Bollinger band and the broad USD continues to gain.
- **We are bearish AUD today** as the USD rebounds on market positioning ahead of ECB meeting but **we remain bullish AUD over the medium term** as a Fed July cut is imminent.

### SGD

- **SGD closed flattish at 1.3609** against a stronger USD overall.
- **We are bearish SGD over the short term but remain bullish SGD** in the medium term as yield differential is likely to narrow as the Fed signals a July cut is more or less confirmed.

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