

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks sold off on Friday following the escalation of US-China trade war in a dramatic tit-for-tat fashion leading major indexes to plunge around 2-3% in a single day.** In response to China's announcement to slap 5-10% tariffs on \$75b US goods, President Trump announced that the US would hike existing tariffs from 25% to 30% on \$250b Chinese goods and from 10% to 15% on another \$300b Chinese goods. The news sent investors fleeing riskier assets and fled to safe havens, the Dow Jones lost 623pts or 2.4%, the broader S&P 500 Index erased 2.6% and NASDAQ dropped by 3.0%. **A major retreat in risk sentiment led investors to pile into government bonds, gold, safe havens currencies like JPY and CHF. Global yields broadly tumbled** - 10Y German bunds fell by 3bps to -0.68%, 10Y UK gilts yield lost 4bps to 0.48% and US treasuries yield slipped around 8bps along the curve. Yield on benchmark 10Y UST fell by 8bps to 1.54%. Gold prices surged by 1.9%, crude oil prices slipped around 1-2% (WTI at \$54.17, Brent at \$59.34/barrel). Trade headlines overshadowed the long-anticipated speech by **Fed Chair Jerome Powell** at the central bank's annual Jackson Hole Symposium. He **reiterated the Fed's earlier commitment to "act as appropriate" to sustain growth, again giving no clear hint of next interest rate move.**
- **On the data front, US new home sales dipped by 12.8% MOM in July** after a huge upward revision to June number. Singapore headline CPI growth eased for the second month to 0.4% YOY in July, **core inflation softened to 0.8% YOY**, its smallest gain in more than three years, supporting the case for MAS to ease policy amidst dismal outlook. New Zealand trade balance swung to a deficit on higher imports in July.
- **The dollar index ended lower by 0.55% at 97.651** led by JPY on risk aversion. **We turn bearish USD in the short term** as risk aversion kicks in and investors dump the USD for relative safe haven assets. **We remain bearish USD over the medium term** as escalating trade tensions will further deteriorate the growth outlook and force the Fed to act to support growth.
- **MYR closed flat at 4.1910** while markets waits for key events. **We are bullish USDMYR over the short term** as US and China escalated tensions by increasing tariffs on each other. **We remain bearish USD over the medium term** as this scenario might spur the Fed to cut rates in the coming meetings.
- **SGD closed weaker by 0.11% against the USD** as EM currencies lost ground over trade worries. **We remain bearish SGD over the short and medium term** as USD gains strength against EM currencies over escalating and prolonged trade tensions.

Eco Overnight Economic Data

US	↓
Singapore	↓
New Zealand	↓

What's Coming Up Next

Major Data

- US Chicago Fed National Activity Index, Durable Goods Orders, Dallas Fed Manufacturing Activity
- Japan Leading Index
- Hong Kong Trade Report
- Singapore Industrial Production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1080	1.1110	1.1144	1.1170	1.1200	↗
GBPUSD	1.2150	1.2200	1.2268	1.2300	1.2350	↗
USDJPY	104.50	104.75	105.12	105.50	105.80	↘
AUDUSD	0.6670	0.6700	0.6725	0.6750	0.6775	↘
EURGBP	0.9025	0.9050	0.9084	0.9100	0.9130	→
USDMYR	4.1900	4.2000	4.2090	4.2150	4.2200	↗
EURMYR	4.6700	4.6800	4.6900	4.7000	4.7200	↗
JPYMYR	3.9800	3.9900	4.0055	4.0150	4.0300	↗
GBPMYR	5.1200	5.1450	5.1640	5.1700	5.1900	↗
SGDMYR	3.0250	3.0270	3.0294	3.0325	3.0350	→
AUDMYR	2.8100	2.8200	2.8305	2.8500	2.8600	→
NZDMYR	2.6600	2.6700	2.6866	2.7000	2.7100	→
USDSGD	1.3850	1.3875	1.3898	1.3925	1.3950	↗
EURSGD	1.5450	1.5470	1.5486	1.5500	1.5530	↗
GBPUSD	1.6900	1.7000	1.7051	1.7100	1.7150	↗
AUDSGD	0.9270	0.9300	0.9345	0.9370	0.9400	→

* 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	1,609.33	0.43	-4.81	CRB Index	168.61	-1.00	-0.70
Dow Jones Ind.	25,628.90	-2.37	9.87	WTI oil (\$/bbl)	54.17	-2.13	19.16
S&P 500	2,847.11	-2.59	13.57	Brent oil (\$/bbl)	59.34	-0.97	8.77
FTSE 100	7,094.98	0.47	5.45	Gold (\$/oz)	1,526.96	1.93	20.48
Shanghai	2,897.43	0.49	16.18	CPO (RM/tonne)*	2,153.00	1.77	10.27
Hang Seng	26,179.33	0.50	1.29	Copper (\$/tonne)	5,633.00	-0.88	-5.57
STI	3,110.35	-0.56	1.36	Rubber (sen/kg)	433.00	-0.69	14.25

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US New Home Sales MOM	Jul	-12.8%	20.9% (revised)	0.2%
SG CPI YOY	Jul	0.4%	0.6%	0.5%
NZ Trade Balance NZD	Jul	-685m	331m (revised)	-402m
NZ Exports NZD	Jul	5.03b	5.01b	5.02b

Source: Bloomberg

➤ Macroeconomic

- US July new home sales dipped after huge June revision:** New home sales fell by 12.8% MOM in July (Jun: +20.9% revised) to a seasonally adjusted 635k units. The number was accompanied by a substantial upward revision to June's data where the number of units sold were revised to 728k units (from +7.0% to +20.9%). New home sales make up about 10% of the US housing market and have been moving sideways for the past couples of months as potential buyers continued to stay cautious in anticipation of lower borrowing cost and the lack of inventories.
- Singapore core CPI eased to more-than-3-year low:** Singapore headline CPI fell for the second straight month by 0.4% MOM in July (Jun: -0.2%) leaving the annual pace to slow to 0.4% YOY (Jun: +0.6%), a six-month low. The slower annual upturn in the headline index was a result of sharper fall in prices of clothing & footwear, housing & utilities and communication alongside slower gain in cost of other categories such as household goods & services, recreation & culture as well as education. Cost of transports managed to pick up 0.9% YOY (Jun: +0.6%). Notably, the MAS Core inflation eased to 0.8% YOY (Jun: +1.2%), marking its smallest gain in more than three years, further supporting the case for the Monetary Authority of Singapore to ease policy amidst dismal growth outlook.
- New Zealand trade deficit at a 6-month high:** New Zealand exports fell by 5.8% YOY in July (Jun: +1.8%) and imports rose 3.1% YOY (Jun: -10.2%). On a MOM basis, exports rose a mere 1.3% (Jun: -13.6%) while imports surged by 23.3% (Jun: -16.8%), led by higher purchase of aircrafts, communications equipment and crude oil, leading trade balance to swing to a deficit of NZ\$685m (Jun: NZ\$331m revised), the highest since January this year.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
26/08	US	Chicago Fed Nat Activity Index	Jul	0.05	-0.02	--
		Durable Goods Orders	Jul P	1.0%	1.9%	--
		Cap Goods Orders Nondef Ex Air	Jul P	0.0%	1.5%	--
		Dallas Fed Manf. Activity	Aug	-4.5	-6.3	--
27/08		FHFA House Price Index MOM	Jun	0.2%	0.1%	--
		S&P CoreLogic CS 20-City YOY NSA	Jun	2.4%	2.4%	--
		Richmond Fed Manufact. Index	Aug	-4.0	-12.0	--
		Conf. Board Consumer Confidence	Aug	129.0	135.7	--
26/08	Japan	Leading Index CI	Jun F	--	93.3	--
26/08	Hong Kong	Exports YOY	Jul	-8.4%	-9.0%	--
		Trade Balance HKD	Jul	-45.2b	-55.2b	--
27/08	China	Industrial Profits YOY	Jul	--	-3.1%	--
26/08	Singapore	Industrial Production YOY	Jul	-5.8%	-6.9%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1144	0.58	1.1153	1.1052	-2.83
GBPUSD	1.2266	0.12	1.2294	1.2195	-3.80
USDJPY	105.39	-0.99	106.74	105.26	-4.16
AUDUSD	0.6756	-0.01	0.6778	0.6736	-4.64
EURGBP	0.9093	0.55	0.9096	0.9038	1.03
USDMYR	4.1910	0.05	4.1925	4.1855	1.80
EURMYR	4.6354	-0.14	4.6436	4.6336	-0.81
JPYMYR	3.9299	-0.09	3.9352	3.9277	6.51
GBPMYR	5.1140	0.58	5.1323	5.1112	-1.99
SGDMYR	3.0217	0.06	3.0237	3.0188	-0.26
AUDMYR	2.8324	0.01	2.8348	2.8268	-3.22
NZDMYR	2.6748	0.11	2.6797	2.6722	-3.47
CHFMYR	4.2443	-0.39	4.2584	4.2443	2.82
CNYMYR	0.5917	0.21	0.5919	0.5901	-2.24
HKDMYR	0.5345	0.16	0.5350	0.5339	1.59
USDSGD	1.3870	0.11	1.3888	1.3843	1.97
EURSGD	1.5457	0.70	1.5467	1.5332	-0.92
GBPSGD	1.7004	0.18	1.7051	1.6910	-1.92
AUDSGD	0.9371	0.11	0.9384	0.9354	-2.75

Source: Bloomberg

Forex

MYR

- MYR closed flat at 4.1910 while markets waits for key events.
- We are bullish USDMYR over the short term as US and China escalated tensions by increasing tariffs on each other. We remain bearish USD over the medium term as this scenario might spur the Fed to cut rates in the coming meetings.

USD

- The dollar index ended lower by 0.55% at 97.651 led by JPY on risk aversion.
- We turn bearish USD in the short term as risk aversion kicks in and investors dump the USD for relative safe haven assets. We remain bearish USD over the medium term as escalating trade tensions will further deteriorate the growth outlook and force the Fed to act to support growth.

EUR

- EUR closed higher by 0.58% against the USD at 1.1144 as the USD lost ground against its G7 peers on risk aversion.
- We are bullish EUR over the short term on risk aversion flows over escalating trade issues. We remain bearish EUR over the medium term over anticipated aggressive ECB stimulus.

GBP

- GBP closed 0.12% stronger at 1.2266 as it managed to cling on to previous day's gains on a weaker USD.
- We are cautiously bullish GBP in the short term as the current market focus shifts to headlines on trade. We remain neutral GBP in the medium term at least until markets have digested recent moves and refocus back on Brexit issues.

JPY

- JPY finished 0.99% stronger at 105.39 on risk aversion flows due to escalating trade tensions.
- We are bullish JPY on escalating tensions on US-China trade and over the dim global economic growth outlook and over prolonged trade worries.

AUD

- AUD closed flat against the USD at 0.6756 torn between a weaker USD against the majors and rising tensions on trade.
- We are bearish AUD over both short and medium term on rising US-China trade tensions, dim global economic outlook and likely prolonged trade worries.

SGD

- SGD closed weaker by 0.11% against the USD as EM currencies lost ground over trade worries.
- We remain bearish SGD over the short and medium term as USD gains strength against EM currencies over escalating and prolonged trade tensions.

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