

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **A slew of upbeat corporate earnings and better-than-expected 2Q GDP growth sent Wall Street stocks higher on Friday, leading its key indexes to again hit record highs for the second time last week.** Google's parent company Alphabet stole the show on Friday with a 9.6% jump in share price after reporting 2Q earnings that beat expectations and announced a \$25bn shares buyback program. **Robust results from companies like Twitter, McDonald's and Starbucks** and the better-than-expected 2Q GDP growth also helped boost the stock markets, which saw the S&P 500 (+0.7%) and NASDAQ (+1.1%) soaring to record highs. The blue-chip Dow Jones picked up a modest 0.2%. Treasuries yields fell slightly by 1-2bps in anticipation of this week's Fed rate cut. Crude oil prices extended further gains – WTI rose 0.3% to \$56.2/barrel and Brent crude picked up 0.1% to \$63.46/barrel. On the trade front, **President Donald Trump said that China may delay trade deal until after the 2020 US elections as Beijing prefers to sign a deal with Democrats**, his remarks came just ahead of the resuming talks scheduled for this week in Shanghai between US and Chinese officials.
- **Economic data were scanty on Friday.** Advance report shows that **US economic growth slowed less than expected in the second quarter of 2019** as GDP rose 2.1% QOQ, higher than what a Bloomberg survey had estimated at 1.8%. **China industrial profits fell by 3.1% YOY in June**, confirming that the current downturn in manufacturing is squeezing margins at Chinese firms. **Singapore industrial production fell for the fourth successive month** by 6.9% YOY in June, pointing to a potential downward revision to the final 2Q GDP growth.
- **The dollar index ended 0.20% higher at 98.01** as DXY continues to gain on a decent US GDP print and reports that the White House would not competitively devalue the USD. **We are neutral USD in the short term** as market prepares to weather through the high number of event risks due this week. **We are bearish on USD** in the medium term as the Fed is expected to cut rate in the upcoming meeting this week.
- **MYR closed 0.12% weaker at 4.1195** after spending most of the day in a tight range due to most investors being sidelined pre a heavy event risk week. **We are neutral USDMYR** intraday given that it is an ad hoc holiday tomorrow and most investors are likely staying sidelined. We remain bullish on MYR over the medium term due to impending Fed rate cut.
- **SGD closed 0.16% weaker against the USD** at 1.3696 in line with general USD strength. **We are mildly bearish on SGD today but remain bullish on SGD** in the medium term as yield differentials are likely to narrow when the Fed cuts rate this week. We also look towards US-China trade talks and the possibility of any trade resolutions for medium term guidance.

#### Overnight Economic Data

US	↓
China	↓
Singapore	↓

#### What's Coming Up Next

##### Major Data

- US Dallas Fed Manf. Activity
- UK Mortgage Approvals
- Japan Retail Sales
- Vietnam CPI, Industrial Production, Retail Sales, Trade Data

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1100	1.1110	1.1137	1.1160	1.1200	→
GBPUSD	1.2250	1.2330	1.2380	1.2450	1.2500	↘
USDJPY	108.00	108.30	108.51	108.75	109.00	→
AUDUSD	0.6870	0.6900	0.6912	0.6950	0.6975	↘
EURGBP	0.8950	0.8975	0.8996	0.9025	0.9050	↗
USDMYR	4.1125	4.1175	4.1230	4.1250	4.1300	→
EURMYR	4.5600	4.5750	4.5925	4.6000	4.6150	→
JPYMYR	3.7700	3.7850	3.8013	3.8100	3.8250	→
GBPMYR	5.0850	5.1000	5.1059	5.1250	5.1500	↘
SGDMYR	3.0070	3.0100	3.0122	3.0150	3.0200	→
AUDMYR	2.8200	2.8350	2.8505	2.8650	2.8800	↘
NZDMYR	2.7150	2.7250	2.7383	2.7500	2.7600	↘
USDSGD	1.3650	1.3670	1.3692	1.3700	1.3730	↗
EURSGD	1.5180	1.5210	1.5249	1.5260	1.5290	→
GBPSGD	1.6700	1.6850	1.6953	1.7050	1.7150	↘
AUDSGD	0.9400	0.9430	0.9465	0.9500	0.9530	↘

\* 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	1,647.96	-0.52	-2.52	CRB Index	177.16	-0.41	4.33
Dow Jones Ind.	27,192.45	0.19	16.57	WTI oil (\$/bbl)	56.20	0.32	23.76
S&P 500	3,025.86	0.74	20.70	Brent oil (\$/bbl)	63.46	0.11	17.38
FTSE 100	7,549.06	0.80	12.20	Gold (S/oz)	1,418.90	0.31	10.73
Shanghai	2,944.54	0.24	18.07	CPO (RM/tonne)	1,919.00	0.71	-1.72
Hang Seng	28,397.74	-0.69	9.87	Copper (\$/tonne)	5,963.00	-0.73	-0.03
STI	3,363.76	-0.52	9.61	Rubber (sen/kg)	468.00	-0.53	23.48

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US GDP Annualized QOQ	2Q A	2.1%	3.1%	1.8%
CN Industrial Profits YOY	Jun	-3.1%	1.1%	--
SG Industrial Production YOY	Jun	-6.9%	-2.0% (revised)	-8.5%

Source: Bloomberg

## ➤ Macroeconomics

- US 2Q advance GDP growth slowed less than expected, supported by consumer & government spending:** Advance report shows that US economic growth slowed less than expected in the second quarter of 2019 as GDP rose 2.1% QOQ (1Q: +3.1%), higher than what a Bloomberg survey had estimated at 1.8%. The increase in GDP reflected positive contributions from personal consumption expenditures (PCE), federal government spending, and state and local government spending that were partly offset by negative contributions from private inventory investment, exports, nonresidential fixed investment and residential fixed investment. On an annual basis, GDP growth pulled back to 2.3% YOY in 2Q (1Q: +2.7%). Looking at details, business fixed investment fell for the first time in more than three years while residential investment continued to contract for the sixth successive quarter, reflecting cooling businesses sentiments as well as lacklustre housing market. This also means that the US economy is likely to be supported by consumer spending in the quarters ahead, as wage growth continued to grow steadily in the tight labour market. The Federal Reserve is expected to cut its fed funds rates by 25bps on this Wednesday and we are looking to the statement and Fed Chair Jerome Powell's presser for future rates indications.
- China industrial profit fell in June as manufacturing downturn continues:** China industrial profits fell by 3.1% YOY in June (May: +1.1%), more than reversed the modest gain in May, confirming that the current downturn in manufacturing is squeezing margins at Chinese firms. The fall in profit was in line with the recently stagnating producer prices inflation, heightening concerns of dis-inflation at Chinese factories which could further bite into manufacturers' profits. In the first six months of 2019, firms' profit totaled CNY 2.98 trillion, a 2.4% decline compared to the same period a year earlier, driven by falling profits in the auto, oil processing and steels industries.
- Singapore industrial output fell in June, 2Q GDP growth likely revised downwards:** Singapore industrial production fell for the fourth successive month and by an even larger margin of 6.9% YOY in June (May: -2.0% revised), highlighting the continuous downturn in the manufacturing industry and pointing to a potential downward revision to the final 2Q GDP. The decline was primarily due to the substantial drop in electronics output (-18.8% vs -10.8%). Chemicals output also fell (-3.3% vs +0.4%) whereas biomedical manufacturing experienced slower growth (+5.0% vs +9.8%). The advance 2Q GDP growth has come in at a mere 0.1% YOY and normally took into account data for the first two months of the second quarter. June IPI fall albeit better than what analysts' had expected could lead to further downward revision to the final reading.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
<b>29/07</b>	<b>US</b>	<b>Dallas Fed Manf. Activity</b>	<b>Jul</b>	<b>-5.0</b>	<b>-12.1</b>	--
30/07		Personal Income	Jun	0.4%	0.5%	--
		Personal Spending	Jun	0.3%	0.4%	--
		PCE Core Deflator YOY	Jun	1.7%	1.6%	--
		S&P CoreLogic CS 20-City YOY NSA	May	2.4%	2.5%	--
		Pending Home Sales MOM	Jun	0.4%	1.1%	--
		Conf. Board Consumer Confidence	Jul	125.0	121.5	--
30/07	Eurozone	Economic Confidence	Jul	102.7	103.3	--
		Consumer Confidence	Jul F	-6.6	-7.2	--
<b>29/07</b>	<b>UK</b>	<b>Mortgage Approvals</b>	<b>Jun</b>	<b>65.8k</b>	<b>65.4k</b>	--
29/07	Japan	Retail Sales YOY	Jun	0.2%	1.2%	1.3%
30/07		Jobless Rate	Jun	2.4%	2.4%	--
		Job-To-Applciant Ratio	Jun	1.62	1.62	--
		Industrial Production YOY	Jun P	-2.0	-2.1%	--
		BOJ Policy Balance Rate	Jul-30	-0.1	-0.1%	--
<b>29/07</b>	<b>Vietnam</b>	<b>CPI YOY</b>	<b>Jul</b>	<b>2.5%</b>	<b>2.2%</b>	--
		<b>Industrial Production YOY</b>	<b>Jul</b>	<b>--</b>	<b>9.6%</b>	--
		<b>Retail Sales YTD YOY</b>	<b>Jul</b>	<b>--</b>	<b>11.5%</b>	--
		<b>Exports YOY</b>	<b>Jul</b>	<b>7.3%</b>	<b>8.5%</b>	--
		<b>Trade Balance</b>	<b>Jul</b>	<b>-\$480m</b>	<b>\$400m</b>	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1128	-0.17	1.1151	1.1112	-2.93
GBPUSD	1.2384	-0.39	1.2460	1.2376	-2.95
USDJPY	108.68	0.05	108.83	108.56	-0.98
AUDUSD	0.6911	-0.38	0.6955	0.6903	-1.97
EURGBP	0.8987	0.42	0.8988	0.8946	0.03
USDMYR	4.1195	0.12	4.1225	4.1145	-0.34
EURMYR	4.5903	0.25	4.5951	4.5851	-2.90
JPYMYR	3.7914	-0.48	3.7953	3.7849	0.89
GBPMYR	5.1255	-0.39	5.1350	5.1179	-2.70
SGDMYR	3.0101	-0.16	3.0148	3.0068	-0.85
AUDMYR	2.8549	-0.45	2.8660	2.8537	-2.33
NZDMYR	2.7383	-0.52	2.7454	2.7375	-1.45
CHFMYR	4.1544	-0.30	4.1614	4.1510	-1.07
CNYMYR	0.5987	-0.03	0.5992	0.5981	-1.07
HKDMYR	0.5271	0.06	0.5275	0.5264	-0.21
USDSGD	1.3696	0.16	1.3705	1.3670	0.45
EURSGD	1.5242	-0.01	1.5259	1.5225	-2.49
GBPSGD	1.6964	-0.41	1.7038	1.6957	-2.50
AUDSGD	0.9467	-0.40	0.9512	0.9457	-1.52

Source: Bloomberg

## Forex

### MYR

- **MYR closed 0.12% weaker at 4.1195** after spending most of the day in a tight range due to most investors being sidelined pre a heavy event risk week.
- **We are neutral USDMYR** intraday given that it is an ad hoc holiday tomorrow and most investors are likely staying sidelined. We remain bullish on MYR over the medium term due to impending Fed rate cut.

### USD

- **The dollar index ended 0.20% higher at 98.01** as DXY continues to gain on a decent US GDP print and reports that the White House would not competitively devalue the USD.
- **We are neutral USD in the short term** as market prepares to weather through the high number of event risks due this week. **We are bearish on USD** in the medium term as the Fed is expected to cut rate in the upcoming meeting this week.

### EUR

- **EUR closes 0.17% weaker against the USD at 1.1128** in a rather muted one-way session.
- **We are neutral to mildly bullish on EUR today** as markets would likely continue to adjust positioning to reflect a perceived less dovish ECB and to reduce positioning ahead of event risk heavy week.

### GBP

- **GBP closed 0.59% weaker at 1.2384** as GBP continues to be punished as PM BoJo begins work to draw out an acceptable Brexit deal.
- **We remain bearish on GBP over the short and medium term** as the prospects of a no-deal Brexit remain high with little new developments.

### JPY

- **JPY finished flattish at 108.68** as UST yields finished marginally lower.
- **We are neutral to mildly bullish on JPY today** as market braces for an event risks-heavy week. In the medium term, **we remain bullish on JPY** as a looming Fed rate cut will likely support JPY strength.

### AUD

- **AUD closed 0.58% weaker at 0.6911** as the pair continues to lose ground on a broadly stronger USD.
- **We remain bearish AUD today** as the market may continue to sell relatively risky assets in favour of perceived safe haven assets ahead of event risks-heavy week. However, **we remain bullish on AUD** in the medium term over a looming Fed rate cut and possible trade resolutions as US and China restart trade talks.

### SGD

- **SGD closed 0.16% weaker against the USD** at 1.3696 in line with general USD strength.
- **We are mildly bearish on SGD today but remain bullish on SGD** in the medium term as yield differentials are likely to narrow when the Fed cuts rate this week. We also look towards US-China trade talks and the possibility of any trade resolutions for medium term guidance.

**Hong Leong Bank Berhad**

Fixed Income &amp; 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](mailto:HLMarkets@hlbb.hongleong.com.my)**DISCLAIMER**

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