

Global Markets Research

Daily Market Highlights

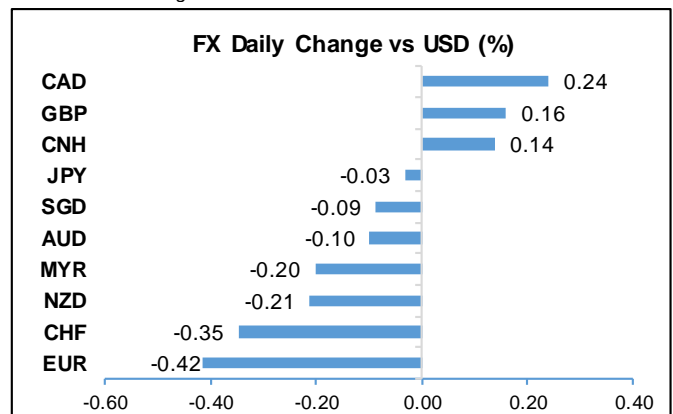
Key Takeaways

- US stocks kicked off the week on a mixed note.** The Dow Jones added 358pts or 1.3%, the S&P500 was only slightly higher by 0.3% as investors shed tech stocks. NASDAQ retreated by 0.4%. Gains were led by the energy and industrial shares; Investors continued to eye a potential stimulus deal at Capitol Hill after Trump signed four executive orders over the weekend to extend aids to the unemployed, and were unfazed by Chinese sanction of 11 American individuals. European equities closed higher while Asian markets saw mixed performances.
- Treasury yields increased slightly (0.2-2bps) across the curve overnight;** 10Y UST yield rose by 1bps to 0.576%. Gold futures rebounded by 0.7% to \$2024.4/ounce. Crude oils rallied -Brent crude added 1.3% to near \$45/barrel while WTI jumped by 1.7% to \$41.94/barrel. Futures show that Asian stocks are expected to open on a muted note today. Key data release today is the UK's employment data.
- On the data front, Singapore GDP contracted 13.2% YOY in 2Q,** more than initially estimated. Eurozone Sentix Investor Confidence Index improved but remained negative in August. China CPI inflation accelerated and factory deflation continued. New Zealand business confidence faltered and retail spending extended gain.
- The dollar strengthened for the second session.** Most G10 currencies weakened against the greenback, save for CAD, GBP and NOK. The DXY rose nearly 0.2%. This brought the index to a high of 93.695, staying close to that level on Tuesday open.
- USD/MYR picked up 0.2% to 4.1965 on Monday.** The pair remained oversold and further consolidation in the USD will likely keep it in rangebound mode, limiting any upside.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	27,791.44	1.30	-2.62
S&P 500	3,360.47	0.27	4.01
FTSE 100	6,050.59	0.31	-19.78
Hang Seng	24,377.43	-0.63	-13.52
KLCI	1,571.66	-0.41	-1.08
STI	2,545.51	-0.53	-21.02
Dollar Index	93.58	0.16	-2.91
WTI oil (\$/bbl)	41.94	1.75	-31.31
Brent oil (\$/bbl)	44.99	1.33	-31.83
Gold (\$/oz)	2,024.40	0.71	32.91
CPO (RM/tonne)	2,855.50	-0.21	-5.62

Source: Bloomberg



Source: Bloomberg

Overnight Economic Data

Eurozone	↑	China	→
New Zealand	→	Singapore	↓

Up Next

Date	Event	Prior
11/08	AU NAB Business Confidence (Jul)	1
	UK Jobless Claims Change (Jul)	-28.1k
	UK ILO Unemployment Rate 3Mths (Jun)	3.90%
	EU ZEW Survey Expectations (Aug)	59.6
	US NFIB Small Business Optimism (Jul)	100.6
12/08	US PPI Final Demand MoM (Jul)	-0.20%
	AU Westpac Consumer Conf Index (Aug)	87.9
	AU Wage Price Index YoY (2Q)	2.10%
	NZ RBNZ Official Cash Rate (12 Aug)	0.25%
	UK Visible Trade Balance GBP/Mn (Jun)	-£2805m
	UK GDP QoQ (2Q P)	-2.20%
	UK Industrial Production MoM (Jun)	6.00%
	JP Machine Tool Orders YoY (Jul P)	-32.10%
	EU Industrial Production SA MoM (Jun)	12.40%
	US MBA Mortgage Applications (44050)	-5.10%
US CPI YoY (Jul)	0.60%	

Source: Bloomberg

Macroeconomics

- **Sentix investor confidence improved in August:** The Sentix Investor Confidence Index rose to -13.4 in August, from -18.2 in July as economic recovery in the euro area is underway. This reflects improvement in the current situation index (-41.3 vs -49.5) while expectation, a gauge of six economic sentiment six months from now, was roughly at the same level.
- **China consumer prices accelerated, factory deflation continued:** China consumer price inflation beat expectation with a 2.7% YOY gain in July, following a 2.5% increase in June. This was largely driven by the surge in food prices (+13.2% YOY) of which prices of pork rose nearly 86% as flood in the central and southern part of China disrupted prices. Producer prices index meanwhile fell 2.4% YOY in the same month (June: -3%), extending its current losing streak to 6-month long following a temporary and minor gain in January. The deflationary trend continued, spelling bad outlook for industrial profits as the economy is in the process from recovering from the pandemic shock.
- **Singapore GDP contracted more than initially estimated:** Singapore's final GDP print was worse than advance estimates. Growth contracted by 13.2% YOY (advance: -12.6%), following a 0.3% decline in 1Q. The result showed the challenging outlook for Singapore in the months ahead as the outlook stays grim. A recovery is likely under way in 2H but faces many headwinds (e.g. poor external demand).
- **Mixed New Zealand data:**
 - Preliminary report shows that the ANZ Business Confidence Index fell sharply to -42.4 in early August, from -31.8 in July, after recording straight three months of improvement, offering signs that businesses are still struggling to recover from pandemic downturn despite successful containment of the virus. The Activity Outlook gauge fell to -17 (Jul: -8.9).
 - In a separate note, New Zealand retail card spending rose 1.2% MOM in July, as spending normalized following the recovery in May (+79%) and Jun (+16.2%). The country had went more than 100 days without local community transmission of Covid-19.

Forex

MYR (Neutral)

- USD/MYR picked up 0.2% to 4.1965 on Monday. The pair remained oversold following recent and further consolidation in the USD will likely keep it in rangebound mode, limiting any upside. **Factors supporting:** Economic recovery
- **Factors against:** Risk aversion, US-China relations, domestic politics, imposition of second lockdown

USD (Neutral Outlook over 1 Week Horizon)

- USD gained on Monday, as DXY was up 0.15%. This brought the index to a high of 93.695, staying close to that level on Tuesday open.
- **Factors supporting:** Risk aversion, US-China relations, stretched low DXY levels
- **Factors against:** Complacent markets, positive developments from global policy makers, poor US economy

EUR (Neutral)

- EUR/USD continued to come off on Tuesday after the high on 6 August. Pair is now below 1.1750 after Monday's move downwards.
- **Factors supporting:** Solid fiscal support on confidence, recovering economy
- **Factors against:** Risk aversion, 2nd wave of Covid-19 infections, stretched levels.

GBP (Neutral)

- GBP/USD gained a little on Monday, with a modest gain compared to the USD. This helped alongside some outperformance compared to other G10 currencies. This comes as Deputy Governor Dave Ramsden said overnight that BOE may step up QE if needed.
- **Factors supporting:** Breakthrough in news, USD weakness
- **Factors against:** Risk aversion, Brexit, twin deficits

JPY (Neutral-to-Bullish)

- USD/JPY was in a bid tone on Monday. Pair moved higher above the 106 handle, registering a high of 106.20 on Monday.
- **Factors supporting:** BOJ policy, risk aversion, USD weakness
- **Factors against:** Weak fundamentals

AUD (Neutral-to-Bearish)

- AUD/USD consolidated on Monday, around the 0.7160 level. This was off the 0.7243 high registered on 7 August.
- **Factors supporting:** Current account, resilient economy
- **Factors against:** Risk aversion, 2nd wave of Covid-19 infections, China-Australia relations, stretched levels

SGD (Neutral-to-Bearish)

- USD/SGD had a bid tone on Monday, registering a 1.3746 high in the process. Pair stayed on the upside momentum as Singapore's final GDP print stayed poor.
- **Factors supporting:** Fed vs. MAS policy, economic recovery
- **Factors against:** Risk aversion, trade war, US-China

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