

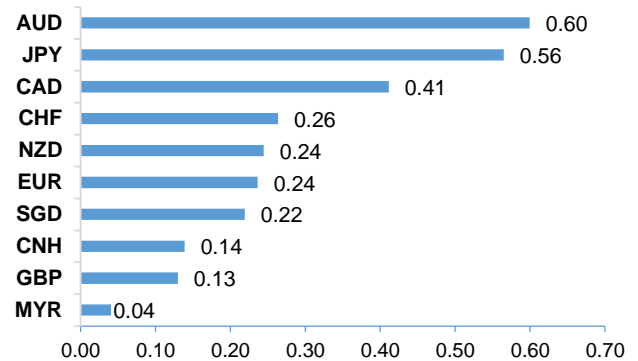
Key Takeaways

- US stocks started the week on a mixed note.** The Dow Jones lost 86pts or 0.31%; NASDAQ rose 1.0% as tech shares rallied. The S&P500 added a modest 0.27%, hovering just below its February's all-time high, led by gains in consumer discretionary and tech stocks. Investors are still eyeing a stimulus deal at Capitol Hill. **The White House announced more restrictions on Hua Wei** by adding 38 Huawei affiliates to a blacklist in order to ban the company's access to chips. The Democratic convention kick-off with a two-hour virtual event. Stocks had risen in Europe but saw mixed performances across Asia's key markets.
- Treasury yields generally fell** - 10Y UST yield was down by 2bps to 0.688%. **Gold jumped 2.5%** to \$1985/oz, more than offsetting last Friday's losses. After retreating last week, the gold rally was emboldened by Berkshire Hathaway's investment in New York-listed Barrick Gold Corp, the world's second largest metal mining company. **Crude oils rallied overnight** - Brent settled at \$45.37/barrel (+1.3%) and WTI at \$42.89/barrel (+2.1%). **Stock futures are pointing to positive openings in Asia later this morning.** The RBA is expected to publish its meeting minutes today. Data calendar is limited to US homebuilding activity numbers.
- US data were mixed overnight.** Homebuilding sentiment surged to all-time high according to the NAHB Housing Market Index. The Empire State Manufacturing Index however fell sharply. **Japan industrial production rose MOM for the first time in five months.** Singapore NODX recorded growth for second month.
- The US dollar slipped on Monday; AUD and JPY were the top gainers among the G10s currencies. DXY fell for the fourth consecutive session (-0.3% DOD) to 92.85. We are turning **neutral to bearish on the USD** in the near term.
- USD/MYR continued to hold steady, finishing little changed at 4.1910 on Monday in the absence of fresh catalysts. Continued consolidation in the USD and cautious investor sentiments are expected to keep **USDMYR in a rangebound** mode in our view.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	27,844.91	-0.31	-2.43
S&P 500	3,381.99	0.27	4.68
FTSE 100	6,127.44	0.61	-18.76
Hang Seng	25,347.34	0.65	-10.08
KLCI	1,560.74	-0.25	-1.76
STI	2,571.55	-0.38	-20.21
Dollar Index	92.85	-0.26	-3.67
WTI oil (\$/bbl)	42.89	2.09	-29.76
Brent oil (\$/bbl)	45.37	1.27	-31.26
Gold (\$/oz)	1,985.00	2.48	30.33
CPO (RM/tonne)	2,784.00	-2.66	-7.98

Source: Bloomberg

FX Daily Change vs USD (%)


Source: Bloomberg

Overnight Economic Data

US	→	Japan	↑
Singapore	↑		

Up Next

Date	Event	Prior
18/08	AU RBA Minutes of Aug. Policy Meeting	--
	US Housing Starts MoM (Jul)	17.3%
	US Building Permits MoM (Jul)	3.5%
19/08	JP Core Machine Orders MoM (Jun)	1.7%
	JP Exports YoY (Jul)	-26.2%
	AU Westpac Leading Index MoM (Jul)	0.44%
	UK CPI YoY (Jul)	0.6%
	EU CPI YoY (Jul F)	0.3%
	US MBA Mortgage Applications (14 Aug)	6.8%

Source: Bloomberg

Macroeconomics

- US homebuilding sentiment surged to record high, manufacturing slowed in New York:**
 - The NAHB Housing Market Index jumped to the record high of 78 in August (Jul: 72), indicating bullish sentiment among American homebuilders amid low interest rates. The last time the index hit 78 was in December 1998. Sales of single-family homes for the present as well as expected future sales both increased. Prospective buyers also turned higher.
 - The New York Fed Empire State Manufacturing Index fell sharply to 3.7 in August following a rebound in July (17.2), indicating that the recent post-reopening rebound has slowed tremendously.
- Japan industrial rose in June:** Industrial production rose 1.9% MOM in June (May: -8.9%), its first gain in five months, reflecting the impact of the economic reopening. Compared to the same month last year, output was still 18.2% lower (May: -26.3%), marking its ninth month of successive fall since October last year when typhoon hit industrial activity.
- Singapore NODX rose for second month:** NODX rose 1.2% MOM in July (Jun: -1.4%), its first monthly increases in four months. This translates to a 6% YOY growth following the near 14% jump in the previous month and marked its second month of YOY gain. Details on its exports destinations were mixed - Shipments to the US, Japan, Malaysia, Taiwan and Korea recorded growth while shipments to China, the Eurozone, Hong Kong and India declined. Exports of electronic products (+2.8%) rose for the third straight month. The volatile pharmaceuticals rose 15.5% YOY.

Forex

MYR (Neutral)

- USD/MYR continued to hold steady, finishing little changed at 4.1910 on Monday.
- Factors supporting:** Economic recovery
- Factors against:** Risk aversion, US-China relations, domestic politics, imposition of second lockdown

USD (Neutral-to-Bearish Outlook over 1 Week Horizon)

- USD weakened on Monday, with DXY down by 0.26%. This came as JPY rebounded and AUD saw some further advances.
- Factors supporting:** Risk aversion, US-China relations, stretched low DXY levels
- Factors against:** Complacent markets, positive developments from global policymakers, poor US economy, US stimulus

EUR (Neutral-to-Bullish)

- EUR/USD stretched gains on Monday, reaching a high of 1.1877, from around 1.184 levels at open. Pair looks bid on Tuesday open.
- 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 was more range bound vs. USD compared to EUR. Pair stayed around the 1.31 big figure with an intraday high of 1.132.
- Factors supporting:** Breakthrough in news, USD weakness
- Factors against:** Risk aversion, Brexit, twin deficits

JPY (Neutral-to-Bullish)

- USD/JPY came off a second consecutive day. Pair looked to move with a downward bias on Tuesday open, reaching a low of 105.88. This was lowest level since 11 August.
- Factors supporting:** BOJ policy, USD weakness
- Factors against:** Weak fundamentals, risk sentiments

AUD (Neutral-to-Bullish)

- AUD/USD moved higher again on Monday, with pair now looking to test the 7 August high of 0.7243. Pair moved from close to 0.7160 level to 0.722 level at the time of writing.
- Factors supporting:** Current account, resilient economy
- Factors against:** Risk aversion, 2nd wave of Covid-19 infections, China-Australia relations, stretched levels, RBA

SGD (Neutral-to-Bullish)

- USD/SGD dipped more on Monday, below the 1.37 big figure. Pair is now close to the 5 August low of 1.367 and a break could turn attention to 1.365.
- Factors supporting:** Fed vs. MAS policy, economic recovery
- Factors against:** Risk aversion, trade war, US-China

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