

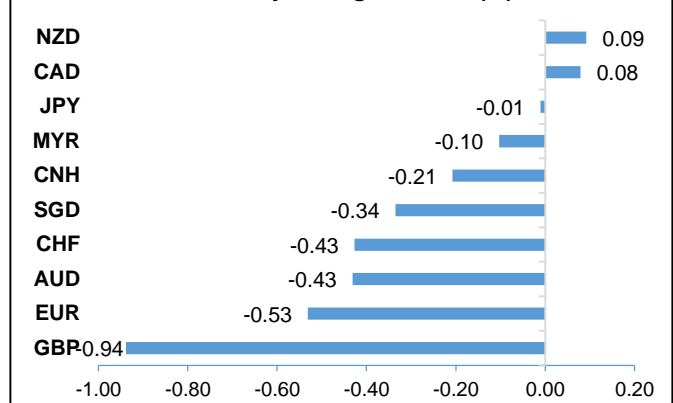
Global Markets Research
Daily Market Highlights
Key Takeaways

- US stocks closed on a positive note on Friday;** wrapping up the week with gains. The Dow Jones, S&P500 and NASDAQ all recorded modest increase of 0.7%, 0.3% and 0.4%. For the week, the Dow however was unchanged; the S&P500 added 0.7% and is now at its record high; NASDAQ outperformed with a weekly gain of 2.65%. **Tech shares continued to lead the gain** on Friday; the S&P500 Info Tech Index closed the week 3.5% WOW higher, climbing for the fourth consecutive week as investors continued to bet on upbeat tech company outlook in a pandemic.
- US treasury yields were little changed at the front end and slipped at the longer end. 10Y UST yield fell 2.3bps to 0.628%. On the commodity front, gold futures was virtually unchanged at \$1934.6/oz; spot gold fell nearly 0.4% \$1940.48/oz. **Oils fell on mixed economic data;** Brent crude slipped for the third day (-1.2%) \$44.35/barrel. WTI fell for the second day (-0.6%) to \$42.34/barrel. **Data calendar is lighter but nonetheless filled with first tier releases this week. Focus is on Fed Chair Jerome Powell's speech at the annual Jackson Hole Symposium.**
- Preliminary PMI data continued to paint a picture of uneven recovery across key economies; PMI edged up in the US and UK, weaker in the Eurozone and remained below 50 in Japan.** US existing home sales saw record jump; Eurozone consumer sentiment remained downbeat; UK retail sales and New Zealand spending growth slowed.
- The greenback firmed up on Friday, the dollar index gained 0.5% to 93.25 after hitting an intraday high of 93.47. GBP weakened nearly 1% while EUR fell 0.5%. DXY is opening the week on a slight downward tone on Monday and we maintain a **neutral to bearish view on the USD.**
- USD/MYR fell 0.1% to 4.1780 on Friday and lost 0.35% for the week. We are biased towards **neutral to slight bearishness in the MYR** this week. USD/MYR remains oversold which implies chance for a move higher. We are now eyeing a range of 4.16-4.20 for USDMYR.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	27,930.33	0.69	-2.13
S&P 500	3,397.16	0.34	5.15
FTSE 100	6,001.89	-0.19	-20.43
Hang Seng	25,113.84	1.30	-10.91
KLCI	1,577.12	0.11	-0.73
STI	2,528.54	0.02	-21.54
Dollar Index	93.25	0.49	-3.26
WTI oil (\$/bbl)	42.34	-0.56	-30.90
Brent oil (\$/bbl)	44.35	-1.22	-32.80
Gold (\$/oz)	1,934.60	0.04	27.02
CPO (RM/tonne)	2,833.00	0.00	-6.36

Source: Bloomberg

FX Daily Change vs USD (%)


Source: Bloomberg

Overnight Economic Data

US	↑	Eurozone	↓
UK	↓	Japan	↓
New Zealand	↓	Malaysia	↑

Up Next

Date	Event	Prior
24/08	SI CPI YoY (Jul)	-0.5%
	US Chicago Fed Nat Activity Index (Jul)	4.11
25/08	US FHFA House Price Index MoM (Jun)	-0.30%
	US S&P CoreLogic CS US HPI YoY NSA	4.46%
	US New Home Sales MoM (Jul)	13.80%
	US Richmond Fed Manufact. Index (Aug)	10
	US New Home Sales (Jul)	776k
	US Conf. Board Consumer Confidence	92.6

Source: Bloomberg

Macroeconomics

- **Preliminary PMIs point to uneven recovery across developed economies – more convincing trend in the US and UK, weaker in Europe and sub-50 levels in Japan:**
 - US Manufacturing PMI rose to 53.6 in August (Jul: 50.9); Services PMI went up to 54.8 in August (Jul: 50.0), its first above-50 reading that indicates growth in seven months.
 - Eurozone Manufacturing PMI was little changed at 51.7 in August (Jul: 51.8); Services PMI slipped to 50.1 (Jul: 54.7).
 - UK Manufacturing PMI edged up to 55.3 in August (Jul: 53.3); Services PMI surged to 60.1 (Jul: 56.5).
 - Japan Jibun Bank Manufacturing PMI rose to 46.6 in August (Jul: 45.2). The services PMI was a tad softer at 45.0 (Jul: 45.4).
- **Record rise in US existing home sales:** Sales of previously owned home in the US jumped by a record 24.7% MOM in July (Jun: +20.2%) to the seasonally adjusted annual rate 5.86mil units (Jun: 4.7mil). This beat consensus estimate of 14.6% growth and confirmed the robust housing demand in the US in a low interest rate environment.
- **Gloomy consumer sentiment in Europe:** The European Commission's preliminary Consumer Confidence Index rose slightly to -14.7 in August (Jul: -15.0), reflecting gloomy consumer sentiment over uncertain economic outlook as Covid-19 cases began to surge again in Europe in August.
- **UK retail sales beat expectation in July:** UK retail sales growth beat expectation at 3.6% MOM in July, after having just recorded a 13.9% increase in June. This marks retail sales' third consecutive month of growth after the economy reopened and led the annual rate to record its first positive reading (+1.4%) in six months. Sales rose across all key categories compared to the previous month. Online sales fell 2.1% MOM, reflecting customers' return to brick-and-mortar stores.
- **New Zealand card spending growth slowed in July:**
 - New Zealand retail sales (excluding inflation) fell 14.6% QOQ in the second quarter of 2020 (1Q: -1.2% revised), its sharpest decline on record amid the Covid-19 lockdown.
 - The economy has reopened in May and spending has rebounded since then. However in the month of July, card spending rose a mere 1.8% MOM, from the revised 11.5% growth in June. The pull-back in spending reflects a more cautious consumer sentiment after pent-up demand helped boost card spending by 60% in the May when lockdown rules were loosened. Compared to the same month last year, retail sales were still 5.8% lower (Jun: -9.4%).
- **Malaysia foreign reserves rose slightly in mid-Aug:** The international reserves of Bank Negara Malaysia rose to \$104.3b as at 14 August (30 Jul: \$104.2b). This is sufficient to finance 8.5 months of retained imports and is 1.1 times short term external debt.

Forex

MYR (Neutral)

- USD/MYR fell 0.1% to 4.1780 on Friday and lost 0.35% for the week. The greenback strengthened on Friday, offering signs that a correction is underway.
- **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 saw a rebound on Friday, with DXY registering a 0.5% increase. This brought DXY to a high of 93.47 before slightly retreating. DXY is opening the week on a slight downward tone on Monday.
- **Factors supporting:** Risk aversion, US-China relations
- **Factors against:** Complacent markets, positive developments from global policymakers, poor US economy, US stimulus

EUR (Neutral-to-Bullish)

- EUR/USD came off on Friday, to a low of 1.1754, after a high of 1.1966 on 18 August. Pair was seen on a recovery mode on Monday open.
- **Factors supporting:** Solid fiscal support on confidence, recovering economy, USD weakness
- **Factors against:** Risk aversion, 2nd wave of Covid-19 infections

GBP (Neutral-to-Bullish)

- GBP/USD endured some volatility on Friday. Pair was up to a high close to 1.3267 but dipped to a low of 1.3059. GBP/USD is last seen slightly recovering on Monday's open.
- **Factors supporting:** Breakthrough in news, USD weakness
- **Factors against:** Risk aversion, Brexit, twin deficits

JPY (Neutral-to-Bullish)

- USD/JPY overall was roughly flat on Friday but rebounded from an intraday dip. In the process, pair stayed around the 105.8 level. Pair is opening Monday looking relatively range bound and subdued.
- **Factors supporting:** BOJ policy, USD weakness
- **Factors against:** Weak fundamentals, risk sentiments

AUD (Neutral-to-Bullish)

- AUD/USD dipped on Friday, matching the low seen on Thursday of around 0.714. Pair is opening Monday looking slightly subdued and looking to make some inroads higher.
- **Factors supporting:** Current account, resilient economy, USD weakness
- **Factors against:** Risk aversion, 2nd wave of Covid-19 infections, China-Australia relations

SGD (Neutral-to-Bullish)

- USD/SGD saw a low of around 1.365 before a sharp rebound up to a high of 1.3736 on Friday. Pair is consolidating and looking to grind lower on Monday's open.
- **Factors supporting:** Fed vs. MAS policy, economic recovery, USD weakness
- **Factors against:** Risk aversion, trade war, US-China

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