

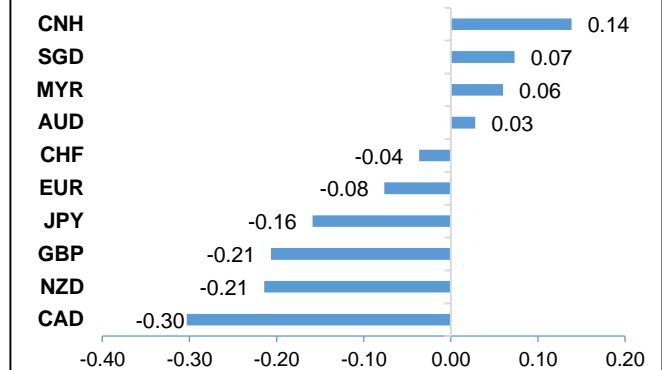
**Key Takeaways**

- The S&P 500 reached another new record high** overnight at 3431.28 (+1% DOD), **buoyed by FDA's approval of convalescent plasma for Covid-19 treatment.** This marks the index' third record closing for the past week after having overtaken its February's pre-pandemic top on Tuesday. Energy and financials shares led the gain, recording more than 2% single-day increases. The Dow Jones added 378pts or 1.4% whereas the NASDAQ saw a more modest 0.6% gain. **Stocks had risen in both Europe and Asia earlier. US treasuries fell as stocks rose;** yields rose 0.8 to 2.6bps along the curve of which 10Y UST yield picked up 2.6bps.
- Gold futures fell 0.4% to \$1927.7/oz. Oil prices rallied as an expected hurricane and tropical storm had forced companies to halt more than 50% of oil production at the Gulf of Mexico.** Brent futures jumped 1.8% to \$45.13/barrel. WTI gained 0.7% to \$42.62/barrel. **Data calendar today is dominated by US data but is unlikely to elicit much movement in market.**
- Focus remains on Fed Chair Jerome Powell's speech** at the annual Jackson Hole Symposium on Thursday **as well as the second estimate of US GDP growth. Chinese-owned Tik Tok sued the Trump Administration** in Federal Court, challenging the White House's recent executive order to ban the social media app should its US operation is not sold to an American firm.
- The greenback was flat. The DXY finished only 0.05% higher at 93.3. Key currencies mostly closed within recent ranges against the greenback as markets are eyeing Powell's speech on Thursday for guidance. We are **neutral on USD outlook.**
- USD/MYR closed on a flattish note (-0.06%) at 4.1755. We remain biased towards **neutral to slight bearishness in the MYR** this week. USD/MYR remains oversold which implies chance for a move higher. We are still eyeing a range of 4.16-4.20 for USDMYR. All eyes are on Powell's speech on Thursday.

**Market Snapshots**

	Last Price	DoD %	YTD %
Dow Jones Ind.	28,308.46	1.35	-0.81
S&P 500	3,431.28	1.00	6.21
FTSE 100	6,104.73	1.71	-19.06
Hang Seng	25,551.58	1.74	-9.36
KLCI	1,568.58	-0.54	-1.27
STI	2,538.61	0.40	-21.23
Dollar Index	93.30	0.05	-3.21
WTI oil (\$/bbl)	42.62	0.66	-30.45
Brent oil (\$/bbl)	45.13	1.76	-31.62
Gold (\$/oz)	1,927.70	-0.36	26.56
CPO (RM/tonne)	2,787.50	-1.61	-7.87

Source: Bloomberg

**FX Daily Change vs USD (%)**


Source: Bloomberg

**Overnight Economic Data**

US	↓	Singapore	↑
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**Up Next**

Date	Event	Prior
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
26/08	US Conf. Board Consumer Confidence	92.6
	NZ Trade Balance 12 Mth YTD NZD (Jul)	-1196m
	SI Industrial Production YoY (Jul)	-6.70%
	HK Exports YoY (Jul)	-1.30%
	US MBA Mortgage Applications (21/08)	--
	US Cap Goods Orders Nondef Ex Air (Jul)	3.40%
US Durable Goods Orders (Jul P)	7.60%	

Source: Bloomberg

## Macroeconomics

- **US Chicago Fed National Index retreated from record high:** The Chicago Fed National Activity Index retreated to 1.18 in July, from the all-time-high of 5.33 in June, thanks to some moderation in the growth of production and employment related indicators. This suggests a slower, but still well-above-average growth in July as economic activity underwent recovery.
- **Singapore deflationary pressures persisted in July:** Singapore inflation down 0.4% YOY in July, from -0.5% a month ago. This translates to a decrease of 0.3% MOM from June. There was a smaller decline to private transport inflation (higher COE prices). Core inflation decreased 0.4% YOY, lower than -0.2% a month ago. Food inflation eased alongside lower utility prices. The MAS expects headline and core inflation at a range of -1 to 0% in 2020, no changes in its subdued inflation outlook.

## Forex

### MYR (Neutral)

- USD/MYR closed on a flattish note (-0.06%) at 4.1755.
- **Factors supporting:** Economic recovery
- **Factors against:** Risk aversion, US-China relations, domestic politics, imposition of second lockdown

### USD (Neutral Outlook over 1 Week Horizon)

- The greenback was flat. The DXY finished only 0.05% higher at 93.3. Key currencies mostly closed within recent ranges against the greenback as markets are eyeing Powell's speech on Thursday for guidance.
- **Factors supporting:** Risk aversion, US-China relations, stretched low DXY levels
- **Factors against:** Complacent markets, positive developments from global policymakers, poor US economy

### EUR (Neutral-to-Bullish)

- EUR/USD closed 0.08% lower at 1.1788, retreating from the intraday high of 1.1850.
- **Factors supporting:** Solid fiscal support on confidence, recovering economy
- **Factors against:** Risk aversion, 2<sup>nd</sup> wave of Covid-19 infections, stretched levels.

### GBP (Neutral-to-Bullish)

- GBP/USD weakened 0.21% to 1.3063 amid a steady greenback.
- **Factors supporting:** Breakthrough in news, USD weakness
- **Factors against:** Risk aversion, Brexit, twin deficits

### JPY (Neutral-to-Bullish)

- USD/JPY climbed 0.16% higher to 105.98 on the return of risk sentiments.
- **Factors supporting:** BOJ policy, risk aversion, USD weakness
- **Factors against:** Weak fundamentals

### AUD (Neutral-to-Bullish)

- AUD/USD finished little changed (+0.03%) at 0.7163.
- **Factors supporting:** Current account, resilient economy
- **Factors against:** Risk aversion, 2<sup>nd</sup> wave of Covid-19 infections, China-Australia relations, stretched levels

### SGD (Neutral-to-Bullish)

- USD/SGD nudged slightly lower by 0.07% to 1.3707 riding on improved risk sentiments.
- **Factors supporting:** Fed vs. MAS policy, economic recovery
- **Factors against:** Risk aversion, trade war, US-China

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