HongLeong Bank

Global Markets Research

Weekly Market Highlights

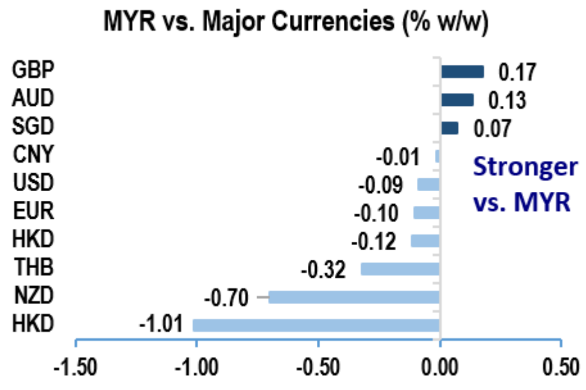
Market

	Last Price	WOW%	YTD %
Dow Jones Ind.	53,839.99	-0.08	12.02
S&P 500	7,798.99	1.15	13.93
FTSE 100	10,772.67	-0.88	8.47
Hang Seng	25,396.51	-0.52	-0.91
KLCI	1,734.71	-0.14	3.25
STI	5,720.05	1.44	23.11
Dollar Index	99.96	0.03	1.67
WTI oil ($/bbl)	81.25	5.12	41.50
Brent oil ($/bbl)	87.07	5.55	43.09
Gold (S/oz)	4,363.60	2.87	0.52
CPO (RM/ MT)	4,528.00	-0.13	13.26
Copper ($$/MT)	14,148.50	0.32	13.89
Aluminum($/MT)	3,258.50	-0.02	8.78

Source: Bloomberg

- **US stocks closed mixed, crude oil price closed up:** Growing doubts of a US-Iran deal saw the WTI and Brent elevated during the week and closing up more than 5% w/w, while in Wall Street, stocks swung between gains and losses before closing mixed between -0.1% w/w to +1.7% w/w amid risk-on/risk-off appetite for tech stocks, the latter despite strong earnings and guidance from corporates, and on the fundamental front, supported by dialling back on expectations for a Fed rate this year by market. The latter came at the back of an unexpectedly weak NFP numbers and modest inflation numbers for the month of July. At the point of writing, market is pencilling in a less than even chance for a Fed rate hike this year, but there is no change in our view for a status quo.
- **FOMC meeting minutes, PMIs for the majors next week:** The PBoC expected to decide on their next monetary move, while the FOMC will release minutes to the latest policy meeting. Data wise, S&P will release of preliminary August PMIs for the majors. US PMI will be accompanied by its IPI, its leading index, import prices and a slew of housing/construction-related indicators. Eurozone's CPI, consumer and investors' sentiment indices are also up on deck, while UK will see the release of 1st tier indicators like CPI, retail sales and labour indicators. Japan will publish the preliminary GDP print for 2Q, accompanied by its July data for CPI and exports. All eyes will also focus on China's slew of monthly data for July, while Singapore and Malaysia will publish their export numbers for the same month, the latter accompanied by its CPI print.

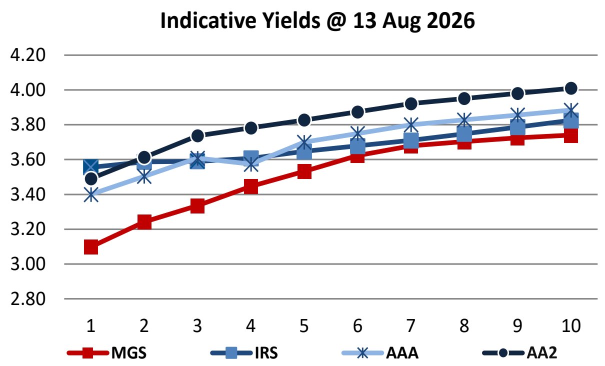
Forex



Source: Bloomberg

- **MYR:** MYR was slightly firmer in trading against the USD for the week, inching up by 0.1% (prior: 0.0%) to 4.0865 from 4.0900 the prior week, amidst industrial production growth for June easing by more than anticipated, driven by the mining sector. Against the rest of the G10 and major regional currencies, the MYR was mixed, gaining ground against the PHP (+1.0%) and NZD (+0.7%), but retreating versus the GBP (-0.2%) and TWD (-0.2%). We are ***Neutral-to-Slightly Bullish*** on USD/MYR for the coming week, looking at a likely trading range of 4.0650 – 4.1150. The week ahead sees the release of some key economic data, with CPI for July and trade figures for the month both due during the week, on top of the final 2Q GDP numbers scheduled for release later today.
- **USD:** The DXY was little changed in trading this week, closing trading on Thursday at 99.96 (prior: +0.1%) from 99.93 the week before, amidst the monthly employment report revealing that the US economy unexpectedly shedding jobs in July and CPI figures for the month that eased slightly as expected, and producer prices that were softer than anticipated. We are ***Neutral-to-Slightly Bullish*** on the USD for the week ahead, foreseeing a possible trading range of 99.00 – 101.25 for the DXY. The coming week brings the release of the retail sales report and leading index for July, as well as the University of Michigan's preliminary consumer sentiment index and the NAHB housing market index for August. The minutes of the Jul 29 FOMC are also scheduled for release and may provide more information into the decision to leave rates unchanged that came with three dissents.

Fixed Income



Source: Bloomberg/ BPAM

- **UST:** US Treasuries were firmer in trading for the week in review, with the shorter end of the maturity spectrum outperforming, amidst the US economy unexpectedly losing jobs in July and easing consumer and producer price inflation for the month. The pricing of rate hikes by the Fed this year were dialled back during the week, with 23bps of hikes priced in for 2026 (prior week: 34bps). **Overall benchmark yields for the week were lower by between 1 to 10bps w/w** (prior: 0 to 1bp), with the UST yield curve bull-steepening. The benchmark 2Y UST yield fell by 10bps for the week to 4.14% while the benchmark 10Y UST yield declined by 4bps to 4.64%. **We expect USTs to continue to trade on a constructive note for the coming week.** The week ahead sees the release of minutes of the Jul 29 FOMC, as well as the retail sales report and leading index for July and the preliminary consumer sentiment index from the University of Michigan also due.
- **MGS/GII:** Local government bonds declined for the week in review, amidst industrial production growth easing by more than expected in July, weighed down by the mining sector. The re-opening auction of RM3bn of the 30Y MGS 7/55 saw decent demand and drew a moderate BTC of 2.017x. **Overall benchmark MGS/GII yields closed the week mixed by between -1 to +7bps w/w** (prior: -3 to +3bps). The benchmark 5Y MGS 6/31 yield was 2bps higher for the week at 3.55%, while the benchmark 10Y MGS 7/35 yield also advanced by 2bps to 3.74%. **For the week ahead, we expect local govvies to trade within a range.** The coming week sees the release of the final 2Q GDP numbers, as well as the CPI and trade figures for July, and we should also get the announcement and auction of the re-opening of the benchmark 7Y GII 3/33 during the week, where we expect RM5bn to be put up for sale.

Macroeconomic Updates

- **US stocks closed mixed, crude oil price closed up:** Growing doubts of a US-Iran deal saw the WTI and Brent elevated during the week and closing up more than 5% w/w, while in Wall Street, stocks swung between gains and losses before closing mixed between -0.1% w/w to +1.7% w/w amid risk-on/risk-off appetite for tech stocks, the latter despite strong earnings and guidance from corporates like CoreWeave and Super Micro Computer, and on the fundamental front, supported by dialling back on expectations for a Fed rate this year by market. The latter came at the back of an unexpectedly weak non-farm payroll (NFP) numbers and modest inflation numbers for the month of July. At the point of writing, market is pencilling in a less than even chance for a Fed rate hike this year, but there is no change in our view for a status quo.

- **RBA maintained cash rate at 4.35%:** Policy wise, the Reserve Bank of Australia (RBA) left the cash rate target unchanged at 4.35% this week. The decision was unanimous and released quarterly forecasts assume rates to remain around this level for the rest of 2026. At the same time, the RBA lowered its inflation forecasts, but expects trimmed mean inflation to remain above 3.0% until mid-2027, before easing to 2.5% by early-2028. While Governor Michele Bullock repeatedly flagged upside risks to inflation during her presser, RBA's stance that the current policy rate is somewhat restrictive, the central bank's expectation of softer growth (GDP: 1.9% in June quarter vs 1.4% in Dec quarter) and higher unemployment rate (4.4% in June vs 4.5% in Dec) ahead reaffirms our view that the cash rate will likely be left unchanged at the current level for the rest of 2026. On the data front, the NAB business confidence index held steady at -6 in July after three months of gains, while the business conditions index rose 1ppts to +4, suggesting that business conditions have stabilised.

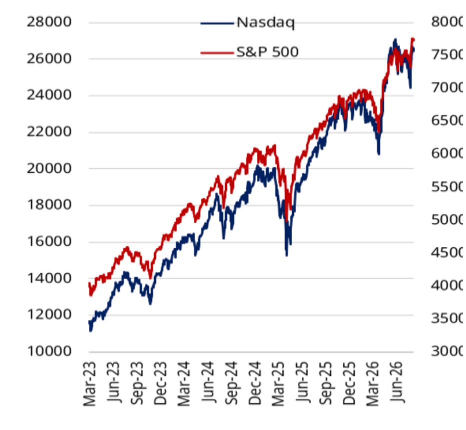
- **PBoC likely to maintain loan prime rates next week:** Next week, the People's Bank of China (PBoC) is expected to decide on their next monetary move, while the FOMC will release minutes to the latest policy meeting. For China, data this week showed that exports continue to remain one of the bright spots in economy, growing 23.9% y/y in July (prior: 27.0% y/y), with the product breakdown continues to show strength for higher value-added exports. Import growth was equally robust at 27.5% y/y (prior: 36.0% y/y), but with trade surplus returning to positive yearly growth, this will bode well for GDP calculation. On the price front, both PPI and CPI moderated to 3.5% y/y (prior: 4.1% y/y) and 0.5% y/y (prior: 1.0% y/y) in July, reflecting in part some easing in energy shocks from the Middle East conflict, and for the latter, added dampener from sluggish domestic demand. In the absence of concrete broad-based stimulus signal from the recent Politburo meeting, this suggests that PBoC is likely to maintain their 1Y and 5Y loan prime rates unchanged at 3.00% and 3.50%, with policy makers preferring to focus on targeted stimulus measures.

- **All eyes on the FOMC meeting minutes amid softer labour print and modest inflation:** Over in the US, all eyes will be on the FOMC meeting minutes especially with recent data pointing to surprisingly weak July labour data and modest inflation numbers. On the price front, July's CPI print came in as per consensus forecast. Headline rose 0.1% m/m, while core came in at 0.2% m/m (prior: -0.4% m/m and 0), bringing the yearly inflation down to 3.4% y/y from 3.5% y/y for headline, and 2.5% y/y from 2.6% y/y for core. Similarly, PPI eased to 4.7% y/y, and was unchanged m/m (prior: 5.5% y/y and -0.1% m/m).

  On the labour front, payrolls unexpectedly fell 23k (prior: +20k), while there were 103K of downward revisions to the past two months' data. The unemployment rate nonetheless eased to 4.1% from 4.2% previously, primarily because of a further drop in the participation rate (61.4% vs 61.5%), while average hourly earnings growth slowed to just 3.2% y/y from 3.4% y/y previously. Housing data was equally soft, with higher mortgage rates a constrain to housing demand, sending existing home sales falling at a wider pace than expected at -1.7% m/m to 4.06m in July (prior: -1.4% m/m). The supply landscape was unchanged, with available housing able to meet 4.6 months of supply, while median existing home prices continued to post small gains of 2.0% y/y to $434.1k (prior: 1.8%m/m).

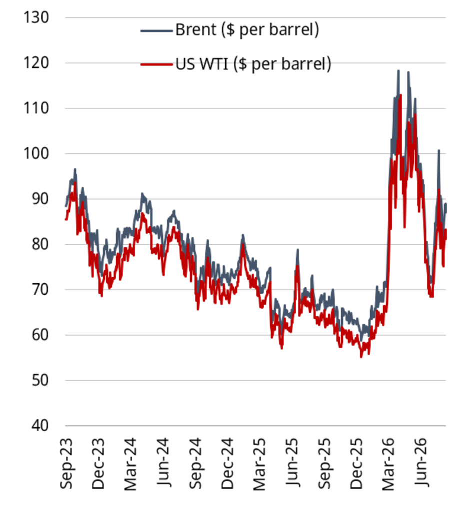
- **August preliminary PMIs for majors also due next week:** Data wise, S&P will release of preliminary August PMIs for the majors, giving us more clues on how the global economy performs in 2H. US PMI will be accompanied by its industrial production data, its leading index, import prices and a slew of housing/construction-related indicators. Eurozone's CPI, consumer and investors' sentiment indices are also up on deck, while UK will see the release of 1st tier indicators like CPI, retail sales and labour indicators. Japan will publish the preliminary GDP print for 2Q, accompanied by its July data for CPI and exports. All eyes will also focus on China's slew of monthly data for July, while Singapore and Malaysia will publish their export numbers for the same month, the latter accompanied by its CPI print.

US stocks closed mixed; sentiment partially supported by pared rate hike bets



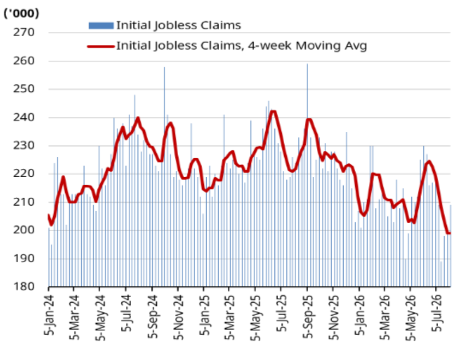
Source: Bloomberg

Growing doubt of a US-Iran deal kept crude oil prices elevated



Source: Bloomberg

Low initial jobless claims suggest limited evidence of a broad deterioration in the labour market



Source: Bloomberg

Foreign Exchange

- **MYR:** MYR was slightly firmer in trading against the USD for the week, inching up by 0.1% (prior: 0.0%) to 4.0865 from 4.0900 the prior week, amidst industrial production growth for June easing by more than anticipated, driven by the mining sector. Against the rest of the G10 and major regional currencies, the MYR was mixed, gaining ground against the PHP (+1.0%) and NZD (+0.7%), but retreating versus the GBP (-0.2%) and TWD (-0.2%). We are ***Neutral-to-Slightly Bullish*** on USD/MYR for the coming week, looking at a likely trading range of 4.0650 – 4.1150. The week ahead sees the release of some key economic data, with CPI for July and trade figures for the month both due during the week, on top of the final 2Q GDP numbers scheduled for release later today.

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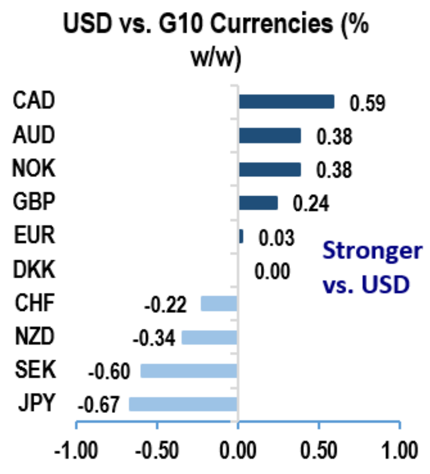
- **EUR**: EUR was little changed again in trading this week (prior: 0.0%), settling against the greenback at 1.1528 on Thursday from 1.1525 the prior week, amidst industrial production figures for June coming in as per expectations with upward revisions to the previous month's figures. We are ***Neutral-to-Slightly Bearish*** on the EUR/USD for the coming week, eyeing a probable trading range of 1.1400 – 1.1625 for the pair. The week ahead sees the release of the second reading of Eurozone 2Q GDP and the preliminary employment figures and labour costs for the quarter, as well as the final CPI numbers for July, with the ECB's Lane also due to speak during the week.

- **GBP**: The GBP appreciated slightly against the USD in trading this week, inching higher by 0.2% w/w (prior: -0.1% w/w) to 1.3487 from 1.3455 the week before, amidst UK 2Q GDP growth printing as per expectations in the preliminary report, with better-than-expected private consumption and business investment figures offsetting the drag from reduced government spending. We are ***Neutral-to-Slightly Bearish*** on the Cable for the week ahead, looking at a likely trading range of 1.3350 – 1.3600. The coming week brings the release of the latest monthly employment report, as well as the price indices (CPI, RPI and PPI) for July and the house price index for June.

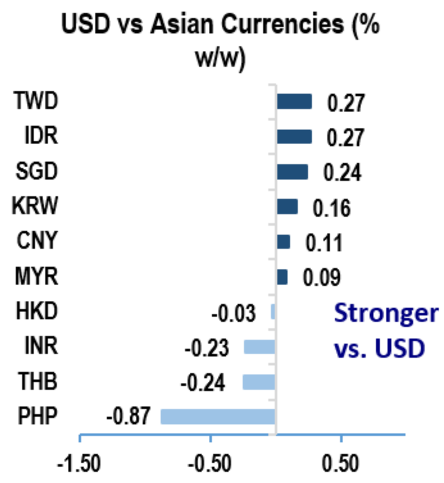
- **JPY**: The Japanese Yen lost ground against USD in trading this week for the first week in three, declining by 0.7% (prior: +0.7%) to 159.50 from 158.43 the prior week, amidst producer prices for July coming in softer than anticipated. The summary of opinions from the Bank of Japan's July meeting increased speculation that a rate hike could come by as soon as the next meeting in September, revealing that one board member pointed to the possibility of an acceleration in the pace of interest rate hikes, while another called for larger rate hikes to demonstrate the Bank's determination to prevent upward inflation deviations. We are ***Neutral-to-Slightly Bearish*** on USD/JPY for the coming week, foreseeing a possible trading range of 156.50 – 161.50. The week ahead sees the release of the preliminary 2Q GDP figures, the core machine orders numbers for June and the trade figures for July.

- **AUD**: AUD rose against the USD in trading this week for the third week on a trot, climbing by 0.4% (prior: +0.1%) to 0.7059 from 0.7032 the week before, amidst the Reserve Bank of Australia holding rates steady in a unanimous decision but continuing to warn that inflation remains too high. We are ***Neutral-to-Slightly Bearish*** on AUD/USD for the week ahead, eyeing a probable trading range of 0.6925 – 0.7150. The coming week see the release of the monthly employment report for July, as well as the wage price index for 2Q and consumer inflation expectations for August, with the RBA's Hauser also due to be delivering some comments.

- **SGD**: SGD advanced against the greenback in trading this week, rising by 0.2% (prior: +0.2%) to 1.2806 from 1.2837 the prior week, amidst the 2Q GDP figures being revised up slightly in the final release to 5.9% y/y versus the advanced release of 5.7% y/y last month. Against other G10 currencies the SGD was mixed, gaining the most against the JPY (+0.9%) and losing the most ground versus the CAD (-0.4%), but compared to major regional currencies, the SGD was firmer across the board for the week except against the TWD and IDR, where it was little changed. We are ***Neutral-to-Slightly Bullish*** on USD/SGD for the coming week, with the pair beginning to appear oversold, looking at a likely trading range of 1.2700 – 1.2925. The highlight of the week ahead will be the release of the export figures for July.



Source: Bloomberg



Source: Bloomberg

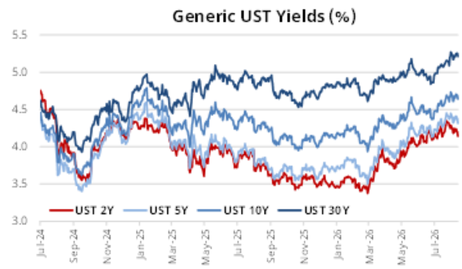
Forecasts

	Q3-26	Q4-26	Q1-27	Q2-27
DXY	102.28	100.86	99.42	98.07
EUR/USD	1.13	1.14	1.16	1.18
GBP/USD	1.29	1.30	1.32	1.33
USD/JPY	162	159	155	153
AUD/USD	0.68	0.70	0.71	0.72
USD/MYR	4.15	4.11	4.07	4.03
USD/SGD	1.31	1.30	1.28	1.27
USD/CNY	6.85	6.78	6.72	6.65
	Q3-26	**Q4-26**	**Q1-27**	**Q2-27**
EUR/MYR	4.68	4.71	4.73	4.75
GBP/MYR	5.37	5.36	5.36	5.36
AUD/MYR	2.83	2.86	2.87	2.89
SGD/MYR	3.18	3.17	3.17	3.17
CNY/MYR	0.61	0.61	0.61	0.61

Source: HLBB Global Markets Research

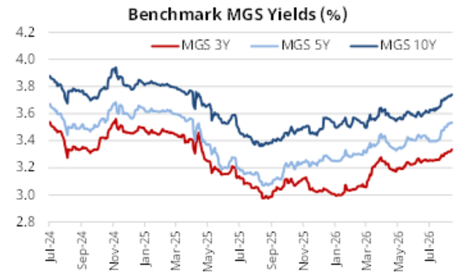
Fixed Income

- **UST:** US Treasuries were firmer in trading for the week in review, with the shorter end of the maturity spectrum outperforming, amidst the US economy unexpectedly losing jobs in July and easing consumer and producer price inflation for the month. The monthly employment report also saw wage growth unexpectedly declining to the lowest level since May 2021, adding the questions about the sustainability of consumer spending going forward. The pricing of rate hikes by the Fed this year were dialled back during the week, with 23bps of hikes priced in for 2026 (prior week: 34bps). **Overall benchmark yields for the week were lower by between 1 to 10bps w/w** (prior: 0 to 1bp) as of the close of business on Thursday, with the UST yield curve bull-steepening for the week. The benchmark 2Y UST yield fell by 10bps for the week to 4.14% while the benchmark 10Y UST yield declined by 4bps to 4.64%. **We expect USTs to continue to trade on a constructive note for the coming week.** The week ahead sees the release of minutes of the Jul 29 FOMC, which may provide more information as to the deliberations during the meeting that led to an unchanged policy rate in a majority vote, with less than a full 25bps rate hike now priced in for 2026. We are also due to get the release of the retail sales report and leading index for July, as well as the preliminary consumer sentiment index from the University of Michigan.



Source: Bloomberg

- **MGS/GII:** Local government bonds declined for the week in review, amidst industrial production growth easing by more than expected in July, weighed down by the mining sector. The re-opening auction of RM3bn of the 30Y MGS 7/55 saw decent demand and drew a moderate BTC of 2.017x. **Overall benchmark MGS/GII yields closed the week mixed by between -1 to +7bps w/w** (prior: -3 to +3bps), except for the 30Y MGS which was skewed by off-market trades. The benchmark 5Y MGS 6/31 yield was 2bps higher for the week at 3.55%, while the benchmark 10Y MGS 7/35 yield also advanced by 2bps to 3.74%. Secondary market activity fell markedly for the week, with the average daily secondary market volume for MGS/GII declining by 51% to RM2.98bn for the week in review versus the daily average of RM6.01bn seen the prior week, with both MGS and GII trading falling. Trading for the week was again led by the off-the-run GII 9/26, which saw RM4.04bn swapping hands, while decent interest was also seen in the off-the-run MGS 11/26 and the off-the-run MGS 5/27, with RM1.46bn and RM1.02bn traded respectively. GII trades totalled 48% of government bond trading for the week, easing from the 52% seen the week before. **For the week ahead, we expect local govvies to trade within a range.** The coming week sees the release of the final 2Q GDP numbers, as well as the CPI and trade figures for July, and we should also get the announcement and auction of the re-opening of the benchmark 7Y GII 3/33 during the week, where we expect RM5bn to be put up for sale.



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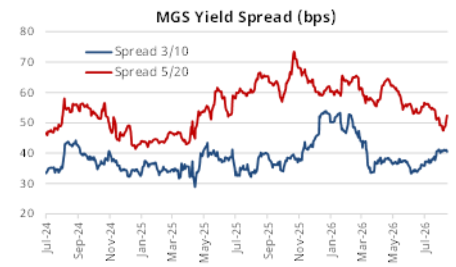
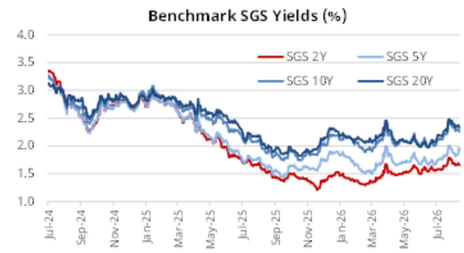


Source: Bloomberg

- **MYR Corporate bonds/ Sukuk**: Trading in the secondary corporate bond/sukuk market was better offered for the week in review. Secondary market activity declined, with the average daily volume traded coming off by 51% to RM0.46bn (prior week: RM0.94bn). Trading for the week was again led by the AAA-rated segment of the market. In the GG universe, the interest was led by LPPSA 8/30, with RM100m traded for the week and the bond last changing hands at 3.59%. Good interest was also seen in PRASA 9/29, with RM80m switching hands and last being traded at 3.50%. In the AAA-rated space, TNBPG 3/33 led the activity for the week, with RM85m traded and last swapping hands at 3.78%. Keen interest was also seen in SEB 1/27, with RM60m traded and the paper last changing hands at 3.40%. Over in the AA-rated arena, trading was led by GENM 3/27, with RM100m changing hands for the week and last being traded at 4.05%. Good interest was also seen in AEON 6/31, with RM70m traded and last switching hands at 3.90%. In the A-rated segment of the market, trading was led by WCT 3/28, where RM20m swapped hands for the week with the bond last traded at 4.92%. Issuance activity eased slightly versus the prior week, led by AA1-rated Maybank, which came to the market with a total of RM4.8 billion of issuance of four IMTNs (RM400m 10yr at 4.05%, RM1.8bn 12yr at 4.17%, RM1.2bn 15yr at 4.23% and RM1.4bn 17yr at 4.33%). Also seen in the primary market was unrated Sime Darby Property NEV, which printed a total of RM527 total of five monthly paying floaters from 3-5 years maturity, as well as AA1-rated Time Dotcom, who issued RM500m worth of two IMTNs (RM100m 5yr at 3.79% and RM400m 7yr at 3.92%).



Source: Bloomberg

- **Singapore Government Securities:** SGS were mixed in trading for the week in review, amidst a revision higher to 2Q GDP in its final release and MTI revising their full-year growth targets higher. Benchmark yields closed the week mixed by between -1 to +13bps (prior week: 9 to 14bps lower) as at the end of business on Thursday. **The benchmark SGS 2Y yield was little changed for the week at 1.65%, while the benchmark SGS 10Y yield declined by 1bp to 2.26%.** The mixed nature of bond prices resulted in Bloomberg's Total Return Index unhedged SGD being little changed for the week (prior week: +1.1%). The coming week brings the release of the NODX and electronic export figures for July.

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Kapar Energy Ventures Sdn Bhd	RM2bn Sukuk Ijarah	AA+/Stable	Withdrawn
TNB Northern Energy Berhad	Outstanding RM1.045bn sukuk	AAA/Stable	Affirmed
AEON CO. (M) BHD	RM1bn Islamic Medium-Term Notes (MTN) Programme (2016/2031) and RM2bn Islamic MTN Programme (2024/-)	AA2/Stable	Affirmed
Great Eastern Labuan Company Limited	Insurer financial strength rating	AAA/Stable/P1	Assigned first time rating
TRIplc Medical Sdn Bhd	RM639m Senior Sukuk Murabahah (2017/2035)	AA1/Stable	Affirmed
SHC Capital Sdn Bhd	RM80m issuance under the company's RM200m Islamic Medium-Term Notes (Sukuk Wakalah) Programme	AA/Stable	Upgraded

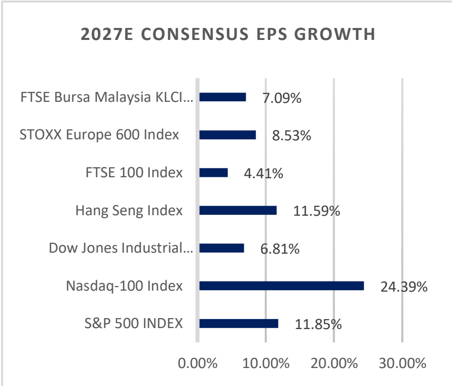
Source: MARC/RAM

Equities

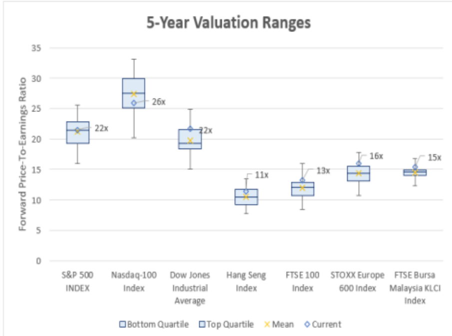
- **US**: The dominant theme of the week was disinflation confirming the Fed's pause, with back-to-back inflation prints at or below consensus driving the S&P 500 to a record close. The S&P 500 gained **+1.2%**, the Dow was broadly flat at **-0.1%**, and the Nasdaq Composite rose **+1.7%.** The Nasdaq-100 added **+2.4%** and the SOX advanced **+3.4%.** Earnings were a mixed driver. Cisco beat on adjusted EPS ($1.22 vs $1.17 consensus) and revenue ($17.25bn vs $16.85bn), and issued FY2027 guidance of $72.2 - 73.4bn well above the prior consensus, but shares fell sharply after the company projected only $7.5bn in AI-related revenue for the year, disappointing investors who had seen the company accumulate $9.3bn in AI orders over the past year. Applied Materials beat on revenue ($9.12bn vs $9.02bn) and issued Q4 guidance of $9.75 - 10.75bn above the prior consensus of $9.54bn, but fell ~5% after hours as declining free cash flow and rising capex raised margin concerns. Sandisk's investor day, where the company outlined mid-to-high teens revenue growth and ~80% gross margins through 2028 - 2030, provided a late-week boost to the memory and semiconductor equipment complex, with Sandisk shares closing up 14% on the final day. Within mega-caps, Nvidia was the standout at **+2.9%**, while Alphabet lagged at **-3.2%**, Amazon **-2.6%**, and Apple **-2.3%**. We maintain a bullish bias amid a record close and a Fed pause likely confirmed. However, semiconductors remain a leading indicator for the broader Nasdaq complex and we need a more constructive close to reaffirm tech bullishness.

- **Asia**: The CSI 300 eked out a modest **+0.3%** gain, with the index caught between improving global risk sentiment and a domestic inflation miss that reinforced deflation concerns. July CPI came in at 0.5% YoY against a 0.8% consensus, while PPI printed at 3.5% YoY vs 3.9% expected, both below forecast. The week's macro data left the demand recovery narrative fragile, though improving US rate expectations and the broader global AI trade provided a floor for sentiment. The HSI slipped **-0.5%** and the HSTECH fell **-0.6%**, with Tencent's earnings the dominant single-stock event of the week. Tencent reported Q2 revenue of CNY 204.8bn (+11% YoY), beating the CNY 202.8bn consensus, but adjusted EPS of CNY 7.43 narrowly missed the CNY 7.46 consensus as capex surged to CNY 52.8bn, well above the CNY 32.1bn estimate and more than double the prior year, turning free cash flow negative. The AI spending acceleration overshadowed the revenue beat, and Tencent fell **-8.0%** over the week, with CXMT overtaking Tencent as China's most valuable listed company by market capitalisation during the period. Alibaba slipped **-2.0%** and Meituan edged down **-1.0%**. Mainland investors were reported to have bought a net HK$3.67bn via Stock Connect on 13 August, though this was insufficient to offset the index-level drag from Tencent. The "long Korea, short Hong Kong" rotation reportedly re-emerged as a dominant regional positioning theme through the week. The KOSPI was the standout regional performer, surging **+8.2%** and entering a technical bull market, having risen approximately 21.8% from its 30 July intraday low of 5,547.41. The recovery was driven by a sharp reversal in the memory chip trade: Samsung Electronics surged **+14.3%** and SK Hynix gained **+5.1%** as the global AI infrastructure buildout reasserted itself as the dominant demand narrative. The Korean won strengthened alongside equities as foreign funds returned to buy KOSPI stocks. The Sandisk investor day on 13 August, outlining sustained ~80% gross margins and mid-to-high teens revenue growth through 2028–2030, further reinforced the memory sector outlook, with Asian memory names advancing in early trading on 14 August. We remain mixed in the short-term due to divergent performances - Korea and Taiwan bullish on memory and chip recovery while Hong Kong consolidating under Tencent AI capex overhang on top of a cautiously constructive China pending activity data.

- **Malaysia**: The KLCI slipped **-0.1%** on the week, masking a bifurcated market in which the YTL group surged while financials retreated. Energy (KLENG +2.7%) and Utilities (KLUTL +3.9%) were the best Bursa sectors, while Financials (KLFIN -0.8%) and Plantation (KLPLN -1.0%) weighed. Within the KLCI, **YTL Corp was the top constituent at +12.3%** and **YTL Power +11.1%**, both extending their data centre connectivity re-rating. IOI Properties added **+4.4%** and Nestle Malaysia **+2.3%.** On the downside, Sunway Healthcare fell **-2.9%**, Axiata **-2.6%**, MR DIY **-2.6%**, RHB Bank **-1.9%**, and Maybank **-1.8%.** Economic data was mixed. Malaysia's June industrial production rose 6.5% YoY, below the 7.2% consensus, while June retail trade grew 6.6% YoY, a slight deceleration from May but sufficient to lift the KLCI mid-week. Q2 construction activity rose 8.8% YoY, accelerating from 8.5% in Q1, though the positive data failed to sustain the index on the final day. AirAsia Group reported a Q2 net loss of MYR 527.2mn on revenue of MYR 5.08bn, with financial pressures concentrated in short-haul operations in Thailand, the Philippines, and Indonesia. The PBOC expanded its local currency swap line with Malaysia to CNY 220bn from CNY 180bn, a positive signal for bilateral trade and investment flows. The KLCI should remain range-bound near 1,735, with 1,750 a headwind near term. The broader index lacks a fresh catalyst ahead of the August earnings season. GDP print today is the near-term swing factor.



Source: Bloomberg



Source: Bloomberg

Economic Calendar

Date	Time	Country	Event	Period	Prior
17-Aug	7:50	JN	GDP Annualized SA QoQ	2Q P	1.80%
	8:30	SI	Non-oil Domestic Exports YoY	Jul	20.70%
	9:30	CH	New Home Prices MoM	Jul	-0.15%
	9:30	CH	Used Home Prices MoM	Jul	-0.32%
	10:00	CH	Retail Sales YoY	Jul	1.00%
	10:00	CH	Industrial Production YoY	Jul	5.30%
	10:00	CH	Fixed Assets Ex Rural YTD YoY	Jul	-5.70%
	10:00	CH	Surveyed Jobless Rate	Jul	5.00%
	12:00	MA	CPI YoY	Jul	1.90%
	20:30	US	Empire Manufacturing	Aug	15.6
	22:00	US	NAHB Housing Market Index	Aug	34
18-Aug	8:30	AU	Westpac Consumer Conf SA MoM	Aug	4.10%
	14:00	UK	Average Weekly Earnings 3M/YoY	Jun	4.30%
	14:00	UK	ILO Unemployment Rate 3Mths	Jun	4.90%
	14:00	UK	Payrolled Employees Monthly Change	Jul	-4k
	17:00	EC	ZEW Survey Expectations	Aug	23.4
	20:30	US	New York Fed Services Business Activity	Aug	8.7
	20:30	US	Import Price Index YoY	Jul	7.10%
	20:30	US	Housing Starts MoM	Jul	19.00%
	20:30	US	Building Permits MoM	Jul P	-2.60%
	21:15	US	Industrial Production MoM	Jul	0.10%
	22:00	US	Pending Home Sales MoM	Jul	-5.40%
19-Aug	7:50	JN	Core Machine Orders MoM	Jun	-12.40%
	9:30	AU	Wage Price Index YoY	2Q	3.30%
	14:00	UK	CPI Core YoY	Jul	2.60%
	14:00	UK	PPI Input NSA YoY	Jul	7.30%
	16:30	UK	House Price Index YoY	Jun	2.70%
	17:00	EC	Labour Costs YoY	2Q P	3.20%
	17:00	EC	CPI Core YoY	Jul F	2.50%
	19:00	US	MBA Mortgage Applications	14-Aug	3.60%
20-Aug	2:00	US	FOMC Meeting Minutes		
	7:50	JN	Exports YoY	Jul	19.30%
	9:00	CH	1-Year Loan Prime Rate		3.00%
	9:00	CH	5-Year Loan Prime Rate		3.50%
	9:30	AU	Employment Change	Jul	76.3k
	9:30	AU	Unemployment Rate	Jul	4.40%
	12:00	MA	Exports YoY	Jul	45.40%
	16:30	HK	Unemployment Rate 3Mths	Jul	3.70%
	16:30	HK	CPI Composite YoY	Jul	2.00%
	17:00	EC	Construction Output MoM	Jun	0.40%

	20:30	US	Philadelphia Fed Business Outlook	Aug	41.4
	20:30	US	Initial Jobless Claims	14 Aug	209k
	22:00	US	Leading Index	Jul	-0.20%
21-Aug	7:00	AU	S&P Global Australia PMI Mfg	Aug P	52
	7:00	AU	S&P Global Australia PMI Services	Aug P	53.6
	7:01	UK	GfK Consumer Confidence	Aug	-17
	7:30	JN	Natl CPI YoY	Jul	1.60%
	8:30	JN	S&P Global Japan PMI Mfg	Aug P	54.5
	8:30	JN	S&P Global Japan PMI Services	Aug P	51.2
	14:00	UK	Retail Sales Inc Auto Fuel MoM	Jul	1.00%
	15:00	MA	Foreign Reserves		$132.1b
	16:00	EC	S&P Global Eurozone Manufacturing PMI	Aug P	51.9
	16:00	EC	S&P Global Eurozone Services PMI	Aug P	51.7
	16:30	UK	S&P Global UK Manufacturing PMI	Aug P	51.9
	16:30	UK	S&P Global UK Services PMI	Aug P	52.1
	21:45	US	S&P Global US Manufacturing PMI	Aug P	53.9
	21:45	US	S&P Global US Services PMI	Aug P	54.6
	22:00	EC	Consumer Confidence	Aug P	-15.9

Source: Bloomberg

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