

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Data showed that active US rigs declined for the first time in 24 weeks, leading to eight straight days of higher crude oil prices on Monday.** Crude oil surged by 1.90% to \$49.70/barrel. On the equity front, US stocks hit fresh all-time high, in tandem with the improvement in the ISM manufacturing index.
- **US ISM manufacturing index surged to 57.8 in June, the highest since August 2014.** The improvement from the previous month's reading of 54.9 was driven by quicker production and new orders as demand was fueled by the notable pick up in global trade activities. Manufacturing data from UK, Japan, China and Australia affirmed that global manufacturing sector is on the mend. The only soft spot was the drop in Malaysia Nikkei PMI to a record low of 46.9 in June.
- **MYR weakened 0.13% to 4.2987 against USD** but managed to beat 7 G10s that were relatively weaker on the back of greenback's rebound. **Stay slightly bullish on MYR in anticipation of a softer USD** as well as support from improving market risk appetite. Even though USDMYR is still inclined to higher levels, potentially testing 4.3060, we reckon that softening upside momentum is likely to restrict gains and gradually tilt the pair into a bearish bias going forward. Caution that losing 4.2903 exposes a longer-term drop to 4.2780.
- **USD rebounded against all G10s** while the Dollar Index jumped in early European session and climbed further on strong ISM manufacturing data to settle at 96.21, up 0.62%. **Stay bearish on USD** on receding demand amid dampened market activity as the US market closes for 4th of July holiday. Technical outlook is gradually improving but in the absence of a bullish bias we currently maintain a bearish view. A close above 96.32 is likely to open a path to 96.88.
- **SGD** remained supported by firmer equities to beat 7 G10s but **weakened 0.47% to 1.3827 against a firmer USD.** **SGD remains slightly bullish in anticipation of a soft USD,** further supported by firmer market risk appetite. A close below 1.3762 in the coming days is likely, but given softer downside momentum, we caution that there may be a change in technical outlook going forward that could tilt USDSGD into a bullish bias.

Overnight Economic Data

Malaysia	↓
US	↑
UK	→
Japan	↑
China	↑

What's Coming Up Next

Major Data

- UK Markit/ CIPS construction PMI
- euro zone PPI
- Australia retail sales

Major Events

- RBA cash rate

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1300	1.1361	1.1374	1.1392	1.1427	↗
USDJPY	112.80	113.06	113.28	113.51	113.85	↗
GBPUSD	1.2972	1.3000	1.2952	1.2972	1.3000	↗
AUDUSD	0.7623	0.7640	0.7667	0.7692	0.7720	↗
EURGBP	0.8763	0.8780	0.8782	0.8792	0.8816	↘
USDMYR	4.2916	4.2968	4.2985	4.3000	4.3022	↘
EURMYR	4.8800	4.8860	4.8893	4.8962	4.9071	↗
JPYMYR	3.7877	3.7941	3.7951	3.8000	3.8073	↘
GBPMYR	5.5459	5.5560	5.5670	5.5723	5.5858	↗
SGDMYR	3.1056	3.1098	3.1116	3.1138	3.1156	↗
AUDMYR	3.2791	3.2909	3.2968	3.2986	3.3033	↘
NZDMYR	3.1211	3.1265	3.1317	3.1351	3.1383	↘
USDSGD	1.3787	1.3812	1.3816	1.3835	1.3849	↘
EURSGD	1.5647	1.5687	1.5713	1.5729	1.5738	↘
GBPSGD	1.7827	1.7868	1.7892	1.7943	1.7967	↗
AUDSGD	1.0547	1.0582	1.0596	1.0602	1.0628	↘

*at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1768.7	0.3	7.7	CRB Index	176.2	0.79	-8.5
Dow Jones Ind.	21479.3	0.6	8.7	WTI oil (\$/bbl)	47.1	2.20	-12.4
S&P 500	2429.0	0.2	8.5	Brent oil (\$/bbl)	49.7	1.90	-12.6
FTSE 100	7377.1	0.9	3.3	Gold (\$/oz)	1220.2	-1.70	6.6
Shanghai	3195.9	0.1	3.0	CPO (RM/tonne)	2600.5	0.25	-18.7
Hang Seng	25784.2	0.1	17.2	Copper (\$/tonne)	5928.0	-0.15	7.1
STI	3223.5	-0.1	11.9	Rubber (sen/kg)	564.5	-0.53	-12.5

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
Malaysia Nikkei PMI	Jun	46.9	48.7	--
US Markit manufacturing PMI	Jun F	52.0	52.7	52.1
US ISM manufacturing	Jun	57.8	54.9	55.2
UK Markit PMI manufacturing SA	Jun	54.3	56.3	56.3
Japan tankan large mfg outlook	2Q	15	11	14
Japan tankan large non-mfg outlook	2Q	18	16	21
China Caixin PMI mfg	Jun	50.4	49.6	49.8
Australia AiG perf of mfg index	Jun	55.0	54.8	--
Australia building approvals MOM	May	-5.60%	4.80%	-1.30%
Vietnam Nikkei PMI mfg	Jun	52.5	51.6	--

➤ Macroeconomics

- US ISM manufacturing index surged to 57.8 in June, the highest since August 2014. The improvement from the previous month's reading of 54.9 was driven by quicker production and new orders as demand was fueled by the notable pick up in global trade activities. Markit manufacturing PMI was a tad softer at 52.0 in June (May: 52.7) but underlying trend suggest that factories activities were robust in the second quarter.
- Britain's manufacturing indicator edged down to 54.3 in June from 56.3 in May. After hitting a record high of 57.0 in April, demand for British goods had remained resilient as Sterling's depreciation kept goods competitive in overseas markets.
- Japan's Tankan manufacturing outlook index climbed to 15 in the second quarter (1Q: 11), marking its highest reading in eight quarters. Outlook for the non-manufacturing sector improved as the index ticked up to a six quarter high of 18 in 2Q compared to 16 in 1Q.
- In other Asian countries, China Caixin manufacturing PMI edged up to 50.4 in June (May: 49.6) while Vietnam Nikkei manufacturing PMI increased to 52.5 last month (May: 51.6). Back home, Malaysia's gauge of the manufacturing sector slipped to a low of 46.9 last month (May: 48.7) and remained in the contractionary phase for two straight months.
- Australia's performance of manufacturing index rose to a firm reading of 55.0 in June followed a reading of 54.8 in May. The increase in headline number was due to the rise in production, exports and new orders sub-indexes. On a second report, building approval slipped 5.60% MOM in May, reversing the revised 4.80% MOM increase in April.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	07/05	Factory Orders	May	-0.50%	-0.20%	--
		Durable Goods Orders	May F	-1.00%	-1.10%	--
UK	07/04	Markit/CIPS UK Construction PMI	Jun	55.0	56.0	--
	07/05	Markit/CIPS UK Services PMI	Jun	53.5	53.8	--
Euro zone	07/04	PPI YoY	May	3.50%	4.30%	--
	07/05	Markit Eurozone Services PMI	Jun F	54.7	54.7	--
		Retail Sales YoY	May	2.30%	2.50%	--
Japan	07/05	Nikkei Japan PMI Services	Jun	--	53	--
China	07/05	Caixin China PMI Services	Jun	--	52.8	--
Singapore	07/05	Nikkei Singapore PMI	Jun	--	51.4	--
Australia	07/04	Retail Sales MoM	May	0.20%	1.00%	--
		RBA Cash Rate Target	Jul-04	1.50%	1.50%	--
		AiG Perf of Services Index	Jun	--	51.5	--

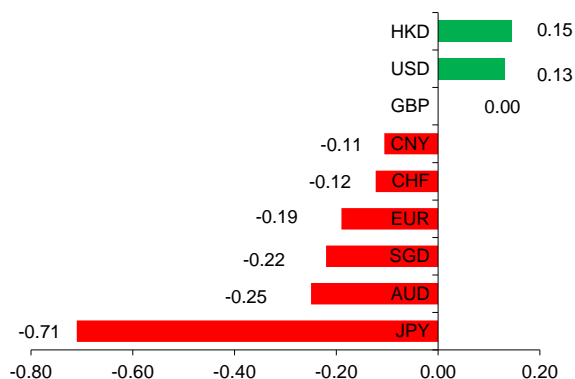
Forex

FX Table

Name	Last Price	DoD%	High	Low	YTD%
EURUSD	1.1364	-0.54	1.1427	1.1355	8.1
USDJPY	113.38	0.88	113.47	111.91	-3.1
GBPUSD	1.2940	-0.65	1.3024	1.2932	4.9
AUDUSD	0.7661	-0.36	0.7695	0.7645	6.3
EURGBP	0.8782	-0.12	0.8790	0.8757	2.9
USDMYR	4.2987	-0.13	4.2987	4.2925	-4.2
EURMYR	4.8892	-0.19	4.9074	4.8892	3.5
JPYMYR	3.8087	-0.71	3.8267	3.8073	-1.0
GBPMYR	5.5774	0.00	5.5969	5.5723	0.9
SGDMYR	3.1123	-0.22	3.1206	3.1121	0.3
AUDMYR	3.2913	-0.25	3.3033	3.2909	1.7
NZDMYR	3.1362	-0.32	3.1521	3.1351	0.4

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



MYR

- **MYR weakened 0.13% to 4.2987 against USD** but managed to beat 7 G10s that were relatively weaker on the back of greenback's rebound.
- **Stay slightly bullish on MYR in anticipation of a softer USD** as well as support from improving market risk appetite. Even though USDMYR is still inclined to higher levels, potentially testing 4.3060, we reckon that softening upside momentum is likely to restrict gains and gradually tilt the pair into a bearish bias going forward. Caution that losing 4.2903 exposes a longer-term drop to 4.2780.

USD

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- **Stay bearish on USD** on receding demand amid dampened market activity as the US market closes for 4th of July holiday. Technical outlook is gradually improving but in the absence of a bullish bias we currently maintain a bearish view. A close above 96.32 is likely to open a path to 96.88.

EUR

- **EUR fell 0.54% to 1.1364 against a rebounding USD** but was mixed against the G10s.
- **EUR remains bullish in anticipation of a soft USD.** Technical landscape has changed; while there is still some room for gains, we opine that EURUSD is now more inclined to losses going forward. A close below 1.1361 exposes a longer-term decline to 1.1247.

GBP

- **GBP tumbled 0.65% to 1.2940 against a rebounding USD** and weakened against 7 G10s as UK data missed estimates, paring hawkish BOE bets.
- **We keep a slight bullish view on GBP on the back of a soft USD;** expect upsides to be boosted if UK data outperforms. Strong decline overnight has dented GBPUSD's bullish bias. Though gains are still possible, and we still set sights on a close above 1.3025 in the coming days, we reckon that it would be more difficult to challenge higher levels going forward.

JPY

- **JPY weakened 0.88% to 113.38 against a rebounding USD** and fell against all G10s on the back of markets turning risk-on.
- **We are now bearish on JPY against USD** amid signs of continued retreat in refuge demand. A firm break at 113.06 has improved USDJPY's bullish bias and there is now scope for the pair to target 113.85 in the short-term.

AUD

- **AUD fell 0.36% to 0.7661 against a rebounding USD** but managed to beat 7 G10s, supported by continued recovery in market risk appetite.
- **A slightly bullish AUD is likely to prevail against a USD,** supported further by recovery in market risk appetite. AUDUSD is still poised to close above 0.7689 in the coming days but given slowing upside momentum, we now view a growing risk of upside failure as it approaches 0.7720. Failure to beat 0.7720 could be the onset of a reversal that could fall as low as 0.7566.

SGD

- **SGD** remained supported by firmer equities to beat 7 G10s but **weakened 0.47% to 1.3827 against a firmer USD.**
- **SGD remains slightly bullish in anticipation of a soft USD,** further supported by firmer market risk appetite. A close below 1.3762 in the coming days is likely, but given softer downside momentum, we caution that there may be a change in technical outlook going forward that could tilt USDSGD into a bullish bias.

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