

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US crude oil stockpiles rose for the first time in nearly nine weeks, stoking fresh concerns that increasing supply may curb the recovery in oil price this year.** Brent crude dropped 4.10% to \$48.06/barrel. On the data front, US data were mostly second tiered. One report showed that consumer borrowing dropped to \$ 8.197 billion in April (March: \$19.536 billion). In a separate report, MBA mortgage application rose 7.10% last week after a 3.40% drop in the previous week.
- Japan expanded at an even softer pace than previously anticipated last quarter. **The economy grew only 0.30% QOQ in 1Q, way lower than the 1.00% QOQ growth forecasted earlier.** Softer growth was due to softer growth in domestic demand and fixed asset investment. **Australia's GDP rose 0.30% QOQ in the first quarter of the year following growth of 1.10% QOQ in the previous quarter.**
- **Malaysia's foreign reserve position increased by \$0.7 billion to \$98.0 billion on May 31st.** The position was sufficient to finance 8.1 months of retained imports and was 1.1 x short term external debt.
- **USD rebounded against 7 G10s** while the Dollar Index climbed on the back of retreating European and haven majors to close 0.12% higher at 96.74. **We now turn bullish on USD** on the back of improved refuge demand from risk aversion in European majors ahead of ECB policy decision and ahead of UK elections. Technically, the Dollar Index decline appears to be bottoming and poised to rebound. Immediate target is likely 97.32, and if bulls accelerate, the Dollar Index will take aim at 98.24.
- **MYR overturned early losses to close 0.15% firmer at 4.2605 against a soft USD** going into European trade but was mixed against the G10s. **MYR is bearish against a rebounding USD**, and likely weighed down by prevailing risk-off in the markets. Bullish bias and upside momentum in USDMYR continue to improve, pointing to further advances going forward. The pair is likely to take aim at 4.2858, above which a climb to 4.3129 will be exposed.

Overnight Economic Data

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

What's Coming Up Next

Major Data

- US initial jobless claims
- UK RICS house price balance
- Japan BOP current account, eco watchers current survey, and eco watchers outlook survey
- China exports
- Australia trade balance

Major Events

- ECB main refinancing rate, asset purchase target

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1200	1.1224	1.1249	1.1272	1.1285	↘
USDJPY	109.10	109.60	109.95	110.19	110.51	↘
GBPUSD	1.2909	1.2940	1.2959	1.2975	1.3000	↗
AUDUSD	0.7490	0.7509	0.7534	0.7539	0.7566	↗
EURGBP	0.8652	0.8665	0.8680	0.8697	0.8714	↘
USDMYR	4.2600	4.2650	4.2675	4.2680	4.2735	↗
EURMYR	4.7818	4.7946	4.8012	4.8060	4.8111	↘
JPYMYR	3.8669	3.8717	3.8812	3.8839	3.8946	↘
GBPMYR	5.5177	5.5231	5.5299	5.5395	5.5459	↗
SGDMYR	3.0792	3.0820	3.0840	3.0862	3.0897	→
AUDMYR	3.2000	3.2095	3.2150	3.2164	3.2200	↗
NZDMYR	3.0600	3.0630	3.0695	3.0702	3.0762	↗

*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	1785.9	-0.3	8.8	CRB Index	175.6	-1.38	-8.8
Dow Jones Ind.	21173.7	0.2	7.1	WTI oil (\$/bbl)	48.1	-4.10	-14.9
S&P 500	2433.1	0.2	8.7	Brent oil (\$/bbl)	49.5	-1.00	-15.1
FTSE 100	7478.6	-0.6	4.7	Gold (\$/oz)	1287.2	-0.60	12.0
Shanghai	3140.3	1.2	1.2	CPO (RM/tonne)	2742.0	-0.27	-14.3
Hang Seng	25974.2	-0.1	18.1	Copper (\$/tonne)	5621.0	0.09	1.5
STI	3230.5	-0.2	12.1	Rubber (sen/kg)	587.5	-2.89	-8.9

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
Malaysia foreign reserves	May-31	\$98.0b	\$97.3b	--
US MBA mortgage applications	Jun-02	7.10%	-3.40%	--
US consumer credit	Apr	\$8.197b	\$19.536b	\$15.000b
UK Halifax house price 3Mths/Year	May	3.30%	3.80%	3.00%
Japan GDP SA QOQ	1Q F	0.30%	0.50%	0.60%
Australia performance of construction index	May	56.7	51.9	--
Australia GDP SA QOQ	1Q	0.30%	1.10%	0.30%
New Zealand manufacturing sales QOQ	1Q	2.80%	1.30%	--

➤ Macroeconomics

- Data from the US were mostly second tiered. One report showed that consumer borrowing in the US dropped to \$ 8.197 billion in April (March: \$19.536 billion). Borrowing was at the lowest level since August 2011 amid sluggish increase in non-revolving credit (mainly student loan). In a separate report, MBA mortgage application rose 7.10% last week after a 3.40% drop in the previous week.
- UK's house prices increased 3.30% YOY in the three years to May (April: +3.80% YOY). Weak real wage growth and increasing concerns on Brexit negotiation had dampened demand in the housing market, resulting in the softest increase in price growth in four years.
- Japan expanded at an even softer pace than previously anticipated last quarter. The economy grew only 0.30% QOQ in 1Q, way lower than the 1.00% QOQ growth forecasted earlier. Softer growth was due to softer growth in domestic demand and fixed asset investment.
- Australia's GDP rose 0.30% QOQ in the first quarter of the year following growth of 1.10% QOQ in the previous quarter. The figure was in line with RBA's assessment of softer GDP growth last quarter amid the 0.40% QOQ drop in exports coupled with slowdown in household consumption (1Q: +0.30% QOQ vs 4Q: +0.60% QOQ) which offset the rebound in government spending (1Q: +0.20% QOQ vs 4Q: -0.10% QOQ). Fixed asset investment was flat for two straight quarters. Separately, a gauge of the construction sector increased to a 32 months high of 56.7 in May (April: 51.9) which reflected a robust housing sector.
- New Zealand's manufacturing sales increased twice fold and advanced 2.80% QOQ in the first quarter. The increase was driven by sales excluding meat and dairy (1Q: +3.50% QOQ vs 4Q: +0.70% QOQ).
- Malaysia's foreign reserve position increased by \$0.7 billion to \$98.0 billion on May 31st. The position was sufficient to finance 8.1 months of retained imports and was 1.1 x short term external debt.

Economic Calendar Release Date

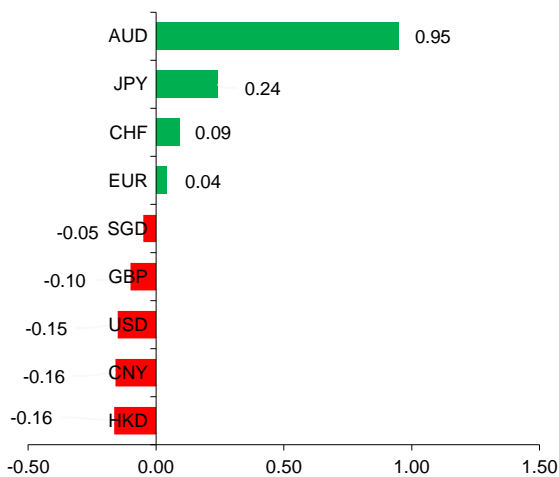
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	06/09	Industrial Production YoY	Apr	4.80%	4.60%	--
US	06/08	Initial Jobless Claims	Jun-03	240k	248k	--
UK	06/09	Wholesale Inventories MoM	Apr F	-0.30%	-0.30%	--
	06/08	RICS House Price Balance	May	20%	22%	22%
	06/09	Industrial Production MoM	Apr	0.70%	-0.50%	--
		Construction Output SA MoM	Apr	0.40%	-0.70%	--
		Visible Trade Balance GBP/Mn	Apr	-£12000	-£13441	--
Euro zone		NIESR GDP Estimate	May	--	0.20%	--
	06/08	ECB Main Refinancing Rate	Jun-08	0.00%	0.00%	--
		ECB Asset Purchase Target	Jun	EU 60b	EU60b	--
Japan		GDP SA QOQ	1Q	0.50%	0.50%	--
	06/08	BoP Current Account Adjusted	Apr	¥1624.4b	¥1731.2b	--
		Eco Watchers Survey Current SA	May	48.6	48.1	--
		Eco Watchers Survey Outlook SA	May	48.5	48.8	--
China	06/09	Tertiary Industry Index MoM	Apr	0.50%	-0.20%	--
	06/08	Exports YoY	May	7.20%	8.00%	--
	06/09	CPI YoY	May	1.50%	1.20%	--
		PPI YoY	May	5.70%	6.40%	--
Australia	06/08	Trade Balance	Apr	A\$2000m	A\$3107m	--
	06/09	Home Loans MoM	Apr	-1.00%	-0.50%	--

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1257	-0.18	1.1282	1.1204	7.0
USDJPY	109.82	0.37	109.88	109.12	-6.1
GBPUSD	1.2960	0.38	1.2967	1.2888	5.1
AUDUSD	0.7549	0.57	0.7566	0.7500	4.6
EURGBP	0.8687	-0.54	0.8741	0.8677	1.7
USDMYR	4.2605	-0.15	4.2733	4.2605	-4.9
EURMYR	4.8016	0.04	4.8183	4.7994	1.6
JPYMYR	3.9000	0.24	3.9112	3.8911	1.3
GBPMYR	5.5040	-0.10	5.5200	5.4969	0.3
SGDMYR	3.0871	-0.05	3.0946	3.0869	-0.5
AUDMYR	3.2232	0.95	3.2277	3.1999	-0.8
NZDMYR	3.0691	0.26	3.0764	3.0584	-1.6

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR** overturned early losses to **close 0.15% firmer at 4.2605 against a soft USD** going into European trade but was mixed against the G10s.
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USD

- **USD rebounded against 7 G10s** while the Dollar Index climbed on the back of retreating European and haven majors to close 0.12% higher at 96.74.
- **We now turn bullish on USD** on the back of improved refuge demand from risk aversion in European majors ahead of ECB policy decision and ahead of UK elections. Technically, the Dollar Index decline appears to be bottoming and poised to rebound. Immediate target is likely 97.32, and if bulls accelerate, the Dollar Index will take aim at 98.24.

EUR

- **EUR** plummeted intraday on speculation that the ECB may shift its inflation outlook lower, thus having to **claw back from sharp losses to end 0.18% down at 1.1257 against USD**, but managed to beat 6 G10s.
- **EUR is now bearish against USD**, weighed down ahead of ECB policy decision / statement that could potentially yield dovish sentiment. After overnight rejection, we now view that EURUSD is beginning a decline that could test 1.1161, below which 1.1062 will be aimed.

GBP

- **GBP** jumped against 8 G10s and **rose 0.38% to 1.2960 against USD** on again improved UK sentiment heading into elections.
- **Stay bullish on GBP against USD**; expect slightly improved bids given easing concerns ahead of UK elections as well as on risk aversion in European majors. We reiterate that even though GBPUSD sustains a bullish bias, current upward direction is not for the long-term and would likely fizzle out before 1.3048.

JPY

- **JPY** retreated **0.37% to 109.82 against USD** and fell against 7 G10s as risk appetite improved in the markets.
- **Keep a bullish view on JPY against USD** in anticipation of firmer refuge demand ahead of various risk events. Upside break of 109.60 allows USDJPY passage higher but we are doubtful if gains could test 110.51. We expect USDJPY to still close below 109.41 in the coming days.

AUD

- **AUD** jumped **0.57% to 0.7549 against USD** and beat all G10s, after rallying post-RBA decision and invigorated by continued upsides in market risk-on.
- **Stay slightly bullish on AUD against USD**, supported by firmer risk appetite in equities; strong data from China could boost upsides. Despite losing 0.7539 in early trade, bullish bias sustains and points to further gains towards 0.7589. However, extended gains beyond that looks doubtful at this juncture.

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