

Global Markets Research

Daily Market Highlights

Key Takeaways

- **RBNZ held benchmark rate unchanged at 1.75% as expected.** The central bank decided to hold rate at its current level for four straight meetings and was **in no hurry to raise rates anytime soon** as "numerous uncertainties remain". Governor Graeme Wheeler reiterated that RBNZ doesn't expect to start raising rates until late 2019 as a weaker currency will "help rebalance growth outlook towards the tradable sector".
- In the UK, there are **apparent signs of diverging views within BOE**. Contrasting Governor Carney's remark that brushed off a near term rate hike, **Chief Economist Haldane who voted for a pause at the last meeting said he is in support for a rate hike in 2H2017**. The diverging views among policy makers implies future policy decisions would potentially be close calls.
- On the data front, **releases from the US and Japan surprised on the upside. Back home, CPI tapered off for the 2nd straight month to 3.90% YOY in May**, as slower increase in transport prices offset quicker gain in food prices. Core CPI ticked higher for the first time in four months but remained modest nonetheless. **CPI readings will continue to taper from current levels** leading to a full year average of 3.40% for 2017 amid soft global oil prices.
- **USD fell against 7 G10s** while the Dollar Index retreated 0.21% to 97.55, easing from a lack of positive gains to push higher after 2-day advance. **We maintain a bullish view on USD** amid rising risk-off sentiment in the markets. The Dollar Index is now on the defensive after losing 97.72 overnight. A mild bullish bias prevails but will lose its luster if 97.43 is lost, which will likely trigger a move lower to 96.85 before attempting a rebound. Recapturing 97.72 exposes a move to 98.59 in the longer term.
- **MYR slipped 0.09% to 4.2875 against a firm USD** but closed mixed against the G10s. **Expect a bearish MYR against USD**, and further pressured by retreating risk appetite. USDMYR remains technically bullish despite an early gap down, and more inclined to gains. We set sights on a potential test at 4.2921, above which 4.3030 will be targeted.
- **SGD closed unchanged against USD at 1.3893** but fell against 7 G10s amid softer risk appetite in the markets. **We remain bearish on SGD against USD**, weighed down by retreating risk appetite in the markets. We maintain the view that USDSGD is likely to soon break above 1.3907, which will imbue the pair with more bullish bias to test 1.3950 next.

Overnight Economic Data

Malaysia
US
UK
Japan
New Zealand



What's Coming Up Next

Major Data

- Malaysia foreign reserves
- US initial jobless claims, Kansas City Fed manufacturing activity
- UK CBI trends total orders
- Eurozone consumer confidence

Major Events





























- ECB economic bulletin

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1143	1.1161	1.1165	1.1186	1.1207	↘
USDJPY	110.65	110.95	111.25	111.60	111.82	↗
GBPUSD	1.2605	1.2629	1.2677	1.2690	1.2703	↘
AUDUSD	0.7519	0.7539	0.7559	0.7579	0.7589	↘
EURGBP	0.8792	0.8800	0.8809	0.8820	0.8834	↘
USDMYR	4.2800	4.2829	4.2863	4.2875	4.2900	↗
EURMYR	4.7741	4.7834	4.7847	4.7873	4.7972	↗
JPYMYR	3.8405	3.8491	3.8530	3.8544	3.8597	↘
GBPMYR	5.4208	5.4292	5.4326	5.4346	5.4408	↗
SGDMYR	3.0833	3.0873	3.0880	3.0886	3.0900	↘
AUDMYR	3.2292	3.2371	3.2404	3.2421	3.2494	↘
NZDMYR	3.0973	3.1042	3.1071	3.1100	3.1142	↘
USDSGD	1.3837	1.3870	1.3898	1.3907	1.3925	↗
EURSGD	1.5475	1.5492	1.5499	1.5517	1.5547	↗
GBPSGD	1.7525	1.7590	1.7594	1.7626	1.7670	↘
AUDSGD	1.0432	1.0457	1.0495	1.0500	1.0540	↘

*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	1775.6	 -0.3	 8.2	CRB Index	167.4	 -1.32	 -13.0
Dow Jones Ind.	21410.0	 -0.3	 8.3	WTI oil (\$/bbl)	42.5	 -1.60	 -21.2
S&P 500	2435.6	 -0.1	 8.8	Brent oil (\$/bbl)	44.8	 -2.60	 -20.9
FTSE 100	7447.8	 -0.3	 4.3	Gold (\$/oz)	1246.5	 0.30	 8.9
Shanghai	3156.2	 0.5	 1.7	CPO (RM/tonne)	2652.0	 -1.30	 -17.1
Hang Seng	25694.6	 -0.6	 16.8	Copper (\$/tonne)	5742.0	 1.50	 3.7
STI	3201.8	 -0.9	 11.1	Rubber (sen/kg)	550.5	 -0.81	 -14.7

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MY CPI YOY	May	3.90%	4.40%	4.10%
US MBA mortgage applications	Jun-16	0.60%	2.80%	--
US existing home sales MOM	May	1.10%	-2.30%	-0.40%
UK public finances (PSNCR)	May	£13.4b	-£15.2b	--
UK public sector net borrowing ex banking	May	£6.7b	£9.4b	£6.8b
JP all industry activity index	Apr	2.10%	-0.70%	1.60%
JP machine tool orders YOY	May F	24.50%	34.70%	--
AU Westpac leading index MOM	May	-0.02%	-0.08%	--
NZ RBNZ official cash rate	Jun 22	1.75%	1.75%	1.75%

Macroeconomics

RBNZ held benchmark rate unchanged at 1.75% as expected. The central bank decided to hold rate at its current level for four straight meetings and was in no hurry to raise rates anytime soon as "numerous uncertainties remain". Governor Graeme Wheeler reiterated that RBNZ doesn't expect to start raising rates until late 2019 as a weaker currency will "help rebalance growth outlook towards the tradable sector".

- US existing home sales rebounded to increase 1.10% MOM to 5.62 million units in May followed a 2.30% MOM decline in April. Steady job gains and economic outlook continue to bolster demand for previously owned home sales, alleviating concerns from weak building permits and housing starts figure last month. In tandem, mortgage applications rose 0.60% last week after a 2.80% growth in the previous week.
- UK's budget deficits narrowed to £6.7 billion last month (April: revised to £9.4 billion), figure from the Office for National Statistics showed. Tax revenue and spending rose 5.10% and 4.20% respectively. Deficit for the fiscal year ended in March was revised downward to £46.6 billion and was equivalent to 2.40% of GDP, the lowest in a decade.
- Dataflow from Japan was mostly positive, signaling modest but sustained economic growth in the second quarter. The all industry activity gauge rebounded to stage a 2.10% MOM increase in April after a short lived 0.70% MOM drop in March. The increase was led by quicker activity in the construction and services industries. On a separate report, machine tool orders rose 24.50% YOY in May (April: 34.70% YOY), advancing at double digit pace for three straight months.
- Australia's Westpac leading index slipped 0.02% MOM in May, extending the 0.08% MOM drop in April due to the decline in commodity prices which compounded the drag from a more pessimistic view of the broad economy.
- On the domestic front, CPI tapered off for the 2nd straight month to 3.90% YOY in May, as a result of slower increase in transport prices. Core CPI ticked higher for the first time in four months but remained modest nonetheless. CPI readings may continue to taper from current levels leading to a full year average of 3.40% for 2017 should global crude oil prices continue to range trade at USD 48-50/barrel for the remainder of the year. More modest price outlook, coupled with resilient growth shall pave the way for BNM to keep OPR unchanged this year.

Source: Bloomberg

Economic Calendar Release Date

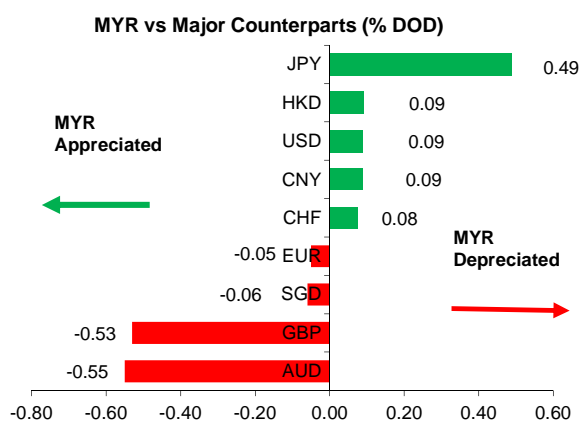
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	06/22	Foreign Reserves	Jun-15	--	\$98.0b	--
US	06/22	Initial Jobless Claims	Jun-17	240k	237k	--
		Kansas City Fed Manf. Activity	Jun	9	8	--
	06/23	Markit US Manufacturing PMI	Jun P	53.0	52.7	--
		Markit US Services PMI	Jun P	53.5	53.6	--
		New Home Sales MoM	May	3.70%	-11.40%	--
UK	06/22	CBI Trends Total Orders	Jun	7	9	--
Euro zone	06/22	ECB Publishes Economic Bulletin				
		Consumer Confidence	Jun A	-3.0	-3.3	--
	06/23	Markit Eurozone Manufacturing PMI	Jun P	56.8	57.0	--
		Markit Eurozone Services PMI	Jun P	56.1	56.3	--
Japan	06/23	Nikkei Japan PMI Mfg	Jun P	--	53.1	--
Singapore	06/23	CPI YoY	May	1.30%	0.40%	--
		Industrial Production YoY	May	7.50%	6.70%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1168	0.31	1.1169	1.1128	6.2
USDJPY	111.38	-0.06	111.74	111.07	-4.9
GBPUSD	1.2671	0.33	1.271	1.2589	2.7
AUDUSD	0.7553	-0.36	0.7586	0.7543	4.8
EURGBP	0.8814	-0.03	0.8846	0.8771	3.2
USDMYR	4.2875	0.09	4.2910	4.2875	-4.5
EURMYR	4.7782	-0.05	4.7814	4.7720	1.4
JPYMYR	3.8583	0.49	3.8603	3.8491	0.5
GBPMYR	5.4110	-0.53	5.4194	5.3985	-1.5
SGDMYR	3.0856	-0.06	3.0894	3.0827	-0.5
AUDMYR	3.2445	-0.55	3.2510	3.2378	-0.1
NZDMYR	3.1044	-0.13	3.1087	3.0946	-0.4

Source: Bloomberg



Forex

MYR

- **MYR slipped 0.09% to 4.2875 against a firm USD** but closed mixed against the G10s.
- **Expect a bearish MYR against USD**, and further pressured by retreating risk appetite. USDMYR remains technically bullish despite an early gap down, and more inclined to gains. We set sights on a potential test at 4.2921, above which 4.3030 will be targeted.

USD

- **USD fell against 7 G10s** while the Dollar Index retreated 0.21% to 97.55, easing from a lack of positive gains to push higher after 2-day advance.
- **We maintain a bullish view on USD** amid rising risk-off sentiment in the markets. The Dollar Index is now on the defensive after losing 97.72 overnight. A mild bullish bias prevails but will lose its luster if 97.43 is lost, which will likely trigger a move lower to 96.85 before attempting a rebound. Recapturing 97.72 exposes a move to 98.59 in the longer term.

EUR

- **EUR climbed 0.31% to 1.1168 against USD** and rose against 6 G10s
- **EUR is still bearish against USD**, likely pressured by retreating risk appetite in the markets. EURUSD is still technically bearish, on top of preliminary sign of a drop below 1.1134 in the coming days. Rebound is still possible, but unlikely to be sustained if below 1.1207.

GBP

- **GBP jumped against 8 G10s and strengthened 0.33% to 1.2671 against USD**, lifted by revelations that a usually dovish BOE official Haldane is more geared towards a hawkish stance.
- **Stay bearish on GBP against USD**; upsides from hawkish comments from BOE official is likely temporary as longer-term concerns from Brexit negotiations linger. We set sights on a break below 1.2629, possibly even 1.2579, soon, which will expose a longer term decline to 1.2468.

JPY

- **JPY inched 0.06% firmer to 111.38 against USD** and fell against 5 G10s as interest in European majors returned.
- **We stay slightly bearish on JPY against USD**, anticipating firmer support from refuge demand for the greenback. We maintain that recent retreat in USDJPY is likely temporary; the pair is poised to soon break above 111.60.

AUD

- **AUD was still weighed down by sliding equities**, falling against 8 G10s and **sliding 0.36% to 0.7553 against USD**.
- **AUD is bearish against a firm USD**, continued to be weighed down by retreating equities and persisting weakness in commodities. AUDUSD remains technically bearish and we continue to set sights on a test at 0.7539, below which a decline to 0.7490 is imminent.

SGD

- **SGD closed unchanged against USD at 1.3893** but fell against 7 G10s amid softer risk appetite in the markets.
- **We remain bearish on SGD against USD**, weighed down by retreating risk appetite in the markets. We maintain the view that USDSGD is likely to soon break above 1.3907, which will imbue the pair with more bullish bias to test 1.3950 next.

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