

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Little change in macro outlook and market sentiments** from overnight economic releases and financial markets performance. **Global crude oil prices rebounded from a 10-month low** but persistent oversupply will continue to keep oil prices at the soft side.
- **Despite a slight uptick, US initial jobless claims remained at healthy levels** reaffirming continued tightening in the labour market. The bigger than expected increase in Kansas City Fed manufacturing index to a 3-month high also bolstered the case of continuous improvement in the manufacturing sector. Although the positive data flow offers some reprieve, we opine it is premature to conclude that downside risks have abated and that the US economy is seeing better days ahead.
- **USD fell against 6 G10s** amid rally in commodity majors but the Dollar Index managed to inch 0.03% higher to 97.59 buoyed by weakness in major component EUR. **Expect USD to sustain a bullish bias** amid rising risk-off sentiment in the markets going into the weekend and bullish potential from US data. The Dollar Index is still on the defensive though resisting a drop below 97.50 overnight provides some respite and potential to break above 97.72 in the next leg higher. Clearing 97.72 exposes a move to 98.20.
- **MYR** briefly softened in European trade before rallying to **overturn losses into 0.03% gain at 4.2863 against USD**. MYR closed lower against 6 G10s. **Expect a bearish MYR against USD**, and further pressured by retreating risk appetite going into the weekend. USDMYR remains technically bullish, more so after an early gap up, and therefore inclined to gains. We set sights on a potential test at 4.2921, above which 4.3030 will be targeted.
- **SGD lost 0.06% to 1.3902 against USD** and fell against 7 G10s amid risk-off in the markets. **SGD to remain bearish against USD**, weighed down by retreating risk appetite in the markets. The 1.3907 continues to look more and more vulnerable after another overnight break. USDSGD is poised to soon close above it, and with this, trigger a move to 1.3950.

Overnight Economic Data

Malaysia	↑
US	↑↑
UK	↑↑↑
Eurozone	↑↑↑

What's Coming Up Next

Major Data

- US Markit manufacturing PMI, Markit services PMI, new home sales
- Eurozone Markit manufacturing PMI, Markit services PMI
- Japan Nikkei manufacturing PMI
- Singapore CPI, industrial production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1112	1.1128	1.1147	1.1156	1.1184	↘
USDJPY	110.65	110.95	111.36	111.60	111.82	↗
GBPUSD	1.2629	1.2642	1.2680	1.2690	1.2703	↘
AUDUSD	0.7505	0.7539	0.7544	0.7554	0.7562	↘
EURGBP	0.8771	0.8787	0.8791	0.8802	0.8828	↘
USDMYR	4.2839	4.2870	4.2885	4.2900	4.2921	↗
EURMYR	4.7747	4.7772	4.7819	4.7839	4.7863	↘
JPYMYR	3.8438	3.8491	3.8513	3.8597	3.8608	↘
GBPMYR	5.4314	5.4337	5.4383	5.4472	5.4527	↗
SGDMYR	3.0774	3.0812	3.0838	3.0847	3.0871	↘
AUDMYR	3.2300	3.2327	3.2354	3.2385	3.2441	↘
NZDMYR	3.1000	3.1042	3.1123	3.1142	3.1180	↘
USDSGD	1.3843	1.3880	1.3905	1.3907	1.3923	↗
EURSGD	1.5469	1.5489	1.5504	1.5517	1.5532	↗
GBPSGD	1.7590	1.7606	1.7634	1.7658	1.7700	↘
AUDSGD	1.0431	1.0473	1.0492	1.0505	1.0524	↘

*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	1777.4	0.1	8.3	CRB Index	166.5	-0.55	-13.5
Dow Jones Ind.	21397.3	-0.1	8.3	WTI oil (\$/bbl)	42.5	0.50	-20.8
S&P 500	2434.5	0.0	8.7	Brent oil (\$/bbl)	45.2	0.90	-20.4
FTSE 100	7439.3	-0.1	4.2	Gold (\$/oz)	1250.5	0.30	9.1
Shanghai	3147.5	-0.3	1.4	CPO (RM/tonne)	2607.0	-1.70	-18.5
Hang Seng	25674.5	-0.1	16.7	Copper (\$/tonne)	5742.0	0.00	3.7
STI	3215.6	0.4	11.6	Rubber (sen/kg)	543.5	-1.27	-15.7

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY foreign reserves	Jun-15	\$98.7b	\$98.0b	--
US initial jobless claims	Jun-17	241k	237k	240k
US Kansas City fed manf. activity	Jun	11	8	9
UK CBI trends total orders	Jun	16	9	7
EU consumer confidence	Jun A	-1.3	-3.3	-3.0

Source: Bloomberg

- Kansas City Fed manufacturing index rose to a three-month high of 11 in June (May: 8), suggesting that modest acceleration in factories expansion may contribute to overall GDP growth this quarter. On the other hand, data from labor market showed that the number of jobless claims ticked up more than expected by 4k to 241k last week. Signs of tightening labor market and anticipation of inflation reaching the Fed's goal of 2.00% may pave the way for another rate hike before the turn of the year.
- Report from the Confederation of British Industry showed that factory order books surged to the highest in almost 30 years as exports demand improved. The CBI index climbed to 16 in June from 9 in May as the gauge for exports jumped to the highest in 22 years.
- Despite recent uncertainties in the political sphere, optimism in the euro area climbed to a sixteen-year high in June as economic recovery remains on solid footing. Consumer confidence index rose to -1.3 this month (May: -3.3), marking the highest reading since April 2001.
- Malaysia's foreign reserves rose by \$ 0.70 billion to \$ 98.70 billion on June 15th. The position was sufficient to finance 8.2 months of retained imports and is 1.1x short term external debt.

Economic Calendar Release Date

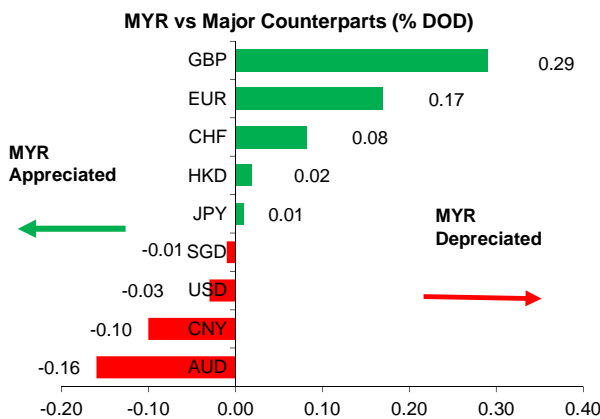
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	06/23	Markit US Manufacturing PMI	Jun P	53.0	52.7	--
		Markit US Services PMI	Jun P	53.5	53.6	--
		New Home Sales MoM	May	3.70%	-11.40%	--
	06/26	Chicago Fed Nat Activity Index	May	--	0.49	--
	Dallas Fed Manf. Activity	Jun	--	17.2	--	
UK	06/26	BBA Loans for House Purchase	May	--	40750	--
Euro zone	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	--
	06/26	Leading Index CI	Apr F	--	104.5	--
		Coincident Index	Apr F	--	117.7	--
Hong Kong	06/26	Exports YoY	May	--	7.10%	--
Singapore	06/23	CPI YoY	May	1.30%	0.40%	--
		Industrial Production YoY	May	7.50%	6.70%	--
Vietnam	06/24	CPI YoY	Jun	3.00%	3.19%	--
	06/25-30	GDP YTD YoY	2Q	--	5.10%	--
		Exports YTD YoY	Jun	--	17.40%	--
		Retail Sales YTD YoY	Jun	--	10.20%	--
		Industrial Production YoY	Jun	--	7.20%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1152	-0.14	1.1178	1.1139	6.0
USDJPY	111.33	-0.04	111.45	110.95	-4.9
GBPUSD	1.2682	0.09	1.2691	1.2654	2.7
AUDUSD	0.7542	-0.15	0.7576	0.7535	4.6
EURGBP	0.8794	-0.22	0.8829	0.8786	3.0
USDMYR	4.2863	-0.03	4.2882	4.2830	-4.4
EURMYR	4.7864	0.17	4.7929	4.7839	1.3
JPYMYR	3.8586	0.01	3.8642	3.8502	0.6
GBPMYR	5.4268	0.29	5.4390	5.4229	-1.4
SGDMYR	3.0852	-0.01	3.0882	3.0838	-0.5
AUDMYR	3.2393	-0.16	3.2413	3.2324	-0.2
NZDMYR	3.1147	0.33	3.1157	3.1045	-0.2

Source: Bloomberg



Forex

MYR

- **MYR** briefly softened in European trade before rallying to **overturn losses into 0.03% gain at 4.2863 against USD**. MYR closed lower against 6 G10s.
- **Expect a bearish MYR against USD**, and further pressured by retreating risk appetite going into the weekend. USDMYR remains technically bullish, more so after an early gap up, and therefore inclined to gains. We set sights on a potential test at 4.2921, above which 4.3030 will be targeted.

USD

- **USD fell against 6 G10s** amid rally in commodity majors but the Dollar Index managed to inch 0.03% higher to 97.59 buoyed by weakness in major component EUR.
- **Expect USD to sustain a bullish bias** amid rising risk-off sentiment in the markets going into the weekend and bullish potential from US data. The Dollar Index is still on the defensive though resisting a drop below 97.50 overnight provides some respite and potential to break above 97.72 in the next leg higher. Clearing 97.72 exposes a move to 98.20.

EUR

- **EUR fell 0.14% to 1.1152 against USD** and slipped against 8 G10s as risk appetite remained soft in European majors.
- **EUR is still bearish against USD**, likely pressured by continued risk-off in European markets. Losing 1.1159 overnight tilts EURUSD further to the downside. The pair is now inclined towards a test at 1.1112, below which a drop to 1.1062 will be exposed in the coming weeks.

GBP

- **GBP inched 0.09% higher to 1.2682 against USD** and rose against 6 G10s, supported by refuge demand amid weakness in European majors.
- **Stay bearish on GBP against USD** on lingering Brexit concerns. We set sights on a break below 1.2629, possibly even 1.2579, soon, which will expose a longer term decline to 1.2468. Rebounds that fail below 1.2737 is unlikely to change current technical landscape.

JPY

- **JPY** retreated against 5 G10s but **inched 0.04% firmer to 111.33 against USD**, after paring major gains in early trade.
- **We stay slightly bearish on JPY against USD**, anticipating firmer support from refuge demand for the greenback. USDJPY is technically bullish and a strong repel from further declines at 110.95 is a sign that bears may have been thwarted, at least temporarily.

AUD

- **AUD** was still weighed down by sliding equities, falling against all G10s and **dipping 0.15% to 0.7542 against USD**.
- **AUD is bearish against USD**, continued to be weighed down by retreating equities, more so on risk-off going into the weekend. AUDUSD remains technically bearish and we now set sights on a break at 0.7539, below which a decline to 0.7490 is imminent.

SGD

- **SGD lost 0.06% to 1.3902 against USD** and fell against 7 G10s amid risk-off in the markets.
- **SGD to remain bearish against USD**, weighed down by retreating risk appetite in the markets. The 1.3907 continues to look more and more vulnerable after another overnight break. USDSGD is poised to soon close above it, and with this, trigger a move to 1.3950.

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