

Global Markets Research

Daily Market Highlights

Key Takeaways

- **A final reading of the US GDP showed that the economy expanded 1.40% QOQ last quarter following a 2.10% QOQ growth in 4Q16.** Growth moderated at a slower pace than anticipated, helped by the rebound in net exports which alleviated the slowdown in private consumption and private investment.
- **Britain's consumer borrowing surged to a six month high in May, underscoring BOE's concern of mounting debt as weak Sterling pushed inflation to a multi-year high.** Household borrowing climbed by £ 0.20 billion to £ 1.70 billion the month before Brexit negotiation began, suggesting that slow increase in real wage dragged by high inflation had dampened purchasing power even as spending remained strong.
- **MYR inched 0.09% firmer to 4.2935 on the back of a sliding USD** but weakened against 8 G10s as market sentiment remains soft. **Stay bearish on MYR against USD** as bids are hampered by soft local market sentiment and risk aversion going into the weekend. USDMYR is still inclined to higher levels, though we reckon that on the back of softening upside momentum, gains appear to be nearing top unless the pair manages to beat 4.3030. Then, USDMYR will be exposed to a move to 4.3098.
- **USD extended its weakness, falling against 9 G10s** while the Dollar Index tumbled another 0.4% to 95.62 despite upward revision to US GDP. **Expect bearish bias in USD to prevail** as interest in the FX space shifts to majors that are backed by hawkish rhetoric of their respective central banks. A strong set of US data could offset recent losses. The Dollar Index remains technically bearish, therefore prone to further losses. Rebound are likely capped by 96.00 before heading lower again.
- **SGD fell against 8 G10s amid extended retreat in equities but strengthened 0.22% to 1.3792 against a weak USD. SGD remains slightly bullish on the back of a weak USD.** Closing below 1.3800 has likely embolden the bears, and USDSGD is now poised to slide lower to test 1.3762. Breaking this exposes a potential move to 1.3709.

Overnight Economic Data

US	↑
UK	↓
Euro zone	↑
Hong Kong	↑
Vietnam	↑

What's Coming Up Next

Major Data

- US personal income, personal spending, Chicago purchasing manager, University of Michigan sentiment
- UK GfK consumer confidence, 1Q final GDP, index of services
- Japan housing starts, construction order
- China manufacturing PMI, non-manufacturing PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1400	1.1418	1.1435	1.1450	1.1480	↗
USDJPY	111.60	111.82	112.08	112.25	112.81	↗
GBPUSD	1.2972	1.3000	1.3015	1.3034	1.3048	↗
AUDUSD	0.7627	0.7679	0.7695	0.7708	0.7720	↗
EURGBP	0.8766	0.8775	0.8785	0.8791	0.8809	↘
USDMYR	4.2882	4.2900	4.2945	4.2997	4.3013	↗
EURMYR	4.8962	4.9000	4.9097	4.9120	4.9150	↗
JPYMYR	3.8295	3.8327	3.8365	3.8387	3.8433	↗
GBPMYR	5.5781	5.5900	5.5914	5.6000	5.6050	↗
SGDMYR	3.1116	3.1138	3.1158	3.1195	3.1220	↗
AUDMYR	3.2986	3.3000	3.3049	3.3080	3.3123	↗
NZDMYR	3.1350	3.1383	3.1410	3.1450	3.1480	↗
USDSGD	1.3762	1.3780	1.3793	1.3800	1.3812	↘
EURSGD	1.5729	1.5760	1.5766	1.5780	1.5800	↗
GBPSGD	1.7900	1.7921	1.7948	1.7967	1.7993	↗
AUDSGD	1.0582	1.0600	1.0607	1.0617	1.0626	↗

*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	1771.4	0.0	7.9	CRB Index	171.9	0.53	-10.7
Dow Jones Ind.	21287.0	-0.8	7.7	WTI oil (\$/bbl)	44.9	0.40	-16.4
S&P 500	2419.7	-0.9	8.1	Brent oil (\$/bbl)	47.4	0.20	-16.5
FTSE 100	7350.3	-0.5	2.9	Gold (\$/oz)	1245.5	-0.30	8.6
Shanghai	3188.1	0.5	2.7	CPO (RM/tonne)	2622.5	0.13	-18.0
Hang Seng	25965.4	1.1	18.0	Copper (\$/tonne)	5940.0	1.00	7.3
STI	3258.7	1.3	13.1	Rubber (sen/kg)	554.5	2.40	-14.0

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US GDP annualized QoQ	1Q T	1.40%	1.20%	1.20%
UK net consumer credit	May	1.7b	1.5b	1.4b
UK mortgage approvals	May	65.2k	65.05k	64.0k
Euro zone economic confidence	Jun	111.1	109.2	109.5
Euro zone business climate indicator	Jun	1.15	0.90	0.94
Euro zone consumer confidence	Jun F	-1.3	-3.3	-1.3
Hong Kong retail sales value YoY	May	0.50%	0.10%	1.50%
Vietnam industrial production YoY	Jun	8.60%	7.20%	--
Vietnam GDP YTD YoY	2Q	5.73%	5.10%	5.50%
Vietnam exports YTD YoY	Jun	18.90%	17.40%	19.60%
Vietnam retail sales YTD YoY	Jun	10.10%	10.20%	--
Vietnam CPI YOY	Jun	2.54%	3.19%	2.75%

- A final report showed that the US expanded 1.40% QOQ in the first quarter followed 2.10% QOQ expansion in 4Q16. Slower growth was mostly due to the decline in government consumption (1Q: -0.16% QOQ vs 4Q: +0.03% QOQ), compounding the impact of moderation in personal consumption (1Q: +0.75% QOQ vs 4Q: +2.40% QOQ) and private investment (1Q: +0.60% QOQ vs 4Q: +1.47% QOQ).
- Britain's consumer borrowing surged to a six month high in May, underscoring BOE's concern of mounting debt as weak Sterling pushed inflation to a multi- year high. Household borrowing climbed by £ 0.20 billion to £ 1.70 billion the month before Brexit negotiation began, suggesting that slow increase in real wage dragged by high inflation had dampened purchasing power even as spending remained strong.
- Business and consumer confidence remained firm in the euro area in the face of Brexit negotiation, reflecting optimism that the bloc was on track for sustained economic recovery going into the second half of the year. Economic confidence and business climate indicator rose to 111.1 (May: 109.2) and 1.15 (May: 0.90) respectively while consumer confidence posted the smallest negative print since April 2001, suggesting that consumption will buoy GDP growth as recovery remain on track.
- Hong Kong retail sales rose at a quicker pace of 0.50% YOY to HKD 35.94 billion in May (April: +0.10% YOY) due to the surge in sales of jewelry, watches and clock.
- Vietnam's economy expanded 5.73% YOY in the first half of the year as growth in the industry/ construction and services sectors gathered steam. Reflecting firmer global demand, exports quickened to 18.90% YOY (May: +17.40% YOY) while industrial production grew 8.60% YOY in June (May: +7.20% YOY).

Economic Calendar Release Date

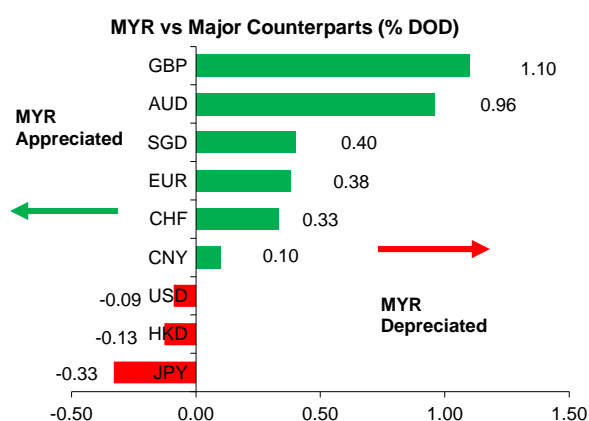
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	07/03	Nikkei Malaysia PMI	Jun	--	48.7	--
US	06/30	Personal Income	May	0.30%	0.40%	--
		Personal Spending	May	0.10%	0.40%	--
		Chicago Purchasing Manager	Jun	58.0	59.4	--
		U. of Mich. Sentiment	Jun F	94.5	94.5	--
		Markit US Manufacturing PMI	Jun F	--	--	--
UK	06/30	ISM Manufacturing	Jun	54.5	54.9	--
		GfK Consumer Confidence	Jun	--	-5	--
		GDP QoQ	1Q F	--	0.20%	--
		Index of Services 3M/3M	Apr	--	0.20%	--
		Markit UK PMI Manufacturing SA	Jun	--	56.7	--
Euro zone	06/30	CPI Estimate YoY	Jun	1.30%	1.40%	--
		Markit Eurozone Manufacturing PMI	Jun F	--	--	--
		Unemployment Rate	May	--	9.30%	--
Japan	06/30	Housing Starts YoY	May	-1.10%	1.90%	--
		Construction Orders YoY	May	--	-0.20%	--
		Tankan Large Mfg Outlook	2Q	14	11	--
	07/03	Tankan Large Non-Mfg Outlook	2Q	20	16	--
Singapore	07/03	Purchasing Managers Index	Jun	--	50.8	--
China	06/30	Manufacturing PMI	Jun	51.0	51.2	--
		Non-manufacturing PMI	Jun	--	54.5	--
		Caixin China PMI Mfg	Jun	49.6	49.6	--
Australia	07/03	AiG Perf of Mfg Index	Jun	--	54.8	--
		Building Approvals MoM	May	--	4.40%	--
Vietnam	07/03	Nikkei Vietnam PMI Mfg	Jun	--	51.6	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD%
EURUSD	1.1441	0.55	1.1445	1.1375	8.7
USDJPY	112.18	-0.11	112.93	111.82	-4.2
GBPUSD	1.3007	0.63	1.3015	1.2924	5.4
AUDUSD	0.7683	0.56	0.7686	0.7635	6.6
EURGBP	0.8796	-0.07	0.8809	0.8780	3.0
USDMYR	4.2935	-0.09	4.2970	4.2900	-4.3
EURMYR	4.9004	0.38	4.9122	4.8860	4.0
JPYMYR	3.8183	-0.33	3.8295	3.8133	0.0
GBPMYR	5.5680	1.10	5.5858	5.5560	1.3
SGDMYR	3.1131	0.40	3.1158	3.1061	0.4
AUDMYR	3.2948	0.96	3.2982	3.2791	1.9
NZDMYR	3.1362	0.55	3.1502	3.1355	0.7

Source: Bloomberg



Forex

MYR

- **MYR inched 0.09% firmer to 4.2935 on the back of a sliding USD** but weakened against 8 G10s as market sentiment remains soft.
- **Stay bearish on MYR against USD** as bids are hampered by soft local market sentiment and risk aversion going into the weekend. USDMYR is still inclined to higher levels, though we reckon that on the back of softening upside momentum, gains appear to be nearing top unless the pair manages to beat 4.3030. Then, USDMYR will be exposed to a move to 4.3098.

USD

- **USD extended its weakness, falling against 9 G10s** while the Dollar Index tumbled another 0.4% to 95.62 despite upward revision to US GDP.
- **Expect bearish bias in USD to prevail** as interest in the FX space shifts to majors that are backed by hawkish rhetoric of their respective central banks. A strong set of US data could offset recent losses. The Dollar Index remains technically bearish, therefore prone to further losses. Rebound are likely capped by 96.00 before heading lower again.

EUR

- **EUR rose 0.55% to 1.1441 against a weak USD** and climbed against 5 G10s, supported by signs of firmer economic outlook in Eurozone.
- **EUR remains bullish on the back of a weak USD** given extended interest in European majors; surprise uptick in Eurozone CPI will boost EUR. We maintain that EURUSD is still vulnerable to rejections approaching 1.1450, and a rejection here could push the pair back to circa 1.1255. Clearing 1.1450 exposes a climb to 1.1526.

GBP

- **GBP strengthened 0.63% to 1.3007 against USD** and beat 8 G10s after receiving another boost amid hawkish comments from BOE Chief Economist.
- **We keep a bullish view on GBP against USD** on the back of rising market expectations of a near-term BOE policy action; expect upsides to be boosted if UK GDP outperforms. Bullish bias still prevails; GBPUSD is targeting 1.3048 next and a close above this is expected to trigger a long-term move to 1.3337.

JPY

- **JPY fell against 8 G10s** as refuge demand continued to recede but **advanced 0.11% to 112.18 against a weak USD**.
- **Maintain a bearish view on JPY against USD** as refuge demand in the FX space continues to recede. Signs continue to point to an upside break of 112.35 going forward, thus we stay bullish on USDJPY. Closing below 111.86 will alter current technical outlook.

AUD

- **AUD advanced 0.56% to 0.7683 against USD** and rose against 6 G10s, lifted by risk-on in FX space and supported by recovery in commodities.
- **Stay bullish on AUD against a soft USD** amid signs of improving risk appetite in FX space and recovery in commodities. Expect AUDUSD to soon test 0.7720 – 0.7750. Closing above 0.7720 is possible, but likely unsustainable as it is a firm reversion level that could trigger a near-term decline below it whenever it is surpassed.

SGD

- **SGD fell against 8 G10s** amid extended retreat in equities but **strengthened 0.22% to 1.3792 against a weak USD**.
- **SGD remains slightly bullish on the back of a weak USD**. Closing below 1.3800 has likely embolden the bears, and USDSGD is now poised to slide lower to test 1.3762. Breaking this exposes a potential move to 1.3709.

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