

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Overnight economic releases were scanty and second-tier.** In the Eurozone, **Sentix investor confidence pulled back** to 19.2 in May (Apr: 19.6). Although this was against expectations for a climb to 21.0, we are not surprised by the reading given how economic activities have turned softer in recent months.
- **On the contrary, business conditions in Australia edged up to 21 in April** (Mar: 15) while business confidence also inched up to 10 (Mar: 8) attributed to a broad based improvement which indicate better overall sentiments of the Australian economy.
- **In line with recent observation of a softening growth in the Japanese economy, household spending unexpectedly dropped** 0.7% YOY in March (Feb: -0.9% revised). The figure is in line with a softer March headline CPI. Expect inflation to remain benign in the near term and the BOJ to stay put.
- **USD extended its upsides to beat 8 G10s** while the DXY closed 0.2% higher at 92.74 after rallying through Asian and European sessions on continued losses in European majors. **Continue to keep a bearish view on USD** in anticipation of retreating upside momentum and the absence of positive catalysts to drive further gains. DXY is losing upside momentum and there may be some room for retracement after recent rally. Caution that losing 92.51 exposes a drop to 91.70.
- **MYR slipped 0.13% to 3.9447 against USD** and ended mixed against the G10s on the back of receding buying interest ahead of Malaysian General Election. **Continue to expect a subdued MYR against USD** though losses are likely to be kept minimal. Upside momentum is diminishing and USDMYR appears to be encountering some difficulty in climbing higher. We reckon that this sets the stage of a potential pullback going forward, with scope to slide to 3.9271.
- **SGD slipped 0.1% to 1.3355 against a firm USD** but managed to strengthen against 6 G10s that were on the retreat against the greenback. **Stay bullish on SGD against USD**, anticipating firmer risk appetite in the markets to support gains. We maintain that USDSGD is tilted to the downside. There is scope to test 1.3300 in the next leg lower, below which a drop to 1.3269 is expected.

#### Overnight Economic Data

Malaysia	↓
Eurozone	↓
Japan	↓
China	↓
Hong Kong	↓
Australia	↑
Singapore	↑

#### What's Coming Up Next

##### Major Data

- US NFIB Small Business Optimism
- UK Halifax House Price
- China Exports, Trade Balance
- Australia Retail Sales

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1900	1.1911	1.1937	1.1951	1.1978	↗
USDJPY	108.43	108.75	108.93	109.10	109.35	↘
GBPUSD	1.3538	1.3550	1.3570	1.3588	1.3600	↗
AUDUSD	0.7500	0.7520	0.7524	0.7531	0.7553	↗
EURGBP	0.8775	0.8785	0.8792	0.8801	0.8808	↘
USDMYR	3.9380	3.9410	3.9450	3.9480	3.9500	→
EURMYR	4.7000	4.7022	4.7087	4.7116	4.7150	↗
JPYMYR	3.6162	3.6200	3.6235	3.6258	3.6291	↗
GBPMYR	5.3470	5.3500	5.3556	5.3625	5.3700	↗
SGDMYR	2.9552	2.9568	2.9574	2.9600	2.9630	↗
AUDMYR	2.9596	2.9631	2.9696	2.9723	2.9747	↗
NZDMYR	2.7643	2.7700	2.7723	2.7747	2.7796	↗
USDSGD	1.3300	1.3323	1.3343	1.3363	1.3374	↘
EURSGD	1.5900	1.5912	1.5923	1.5934	1.5950	↗
GBPSGD	1.8065	1.8100	1.8109	1.8120	1.8166	↘
AUDSGD	1.0000	1.0022	1.0040	1.0046	1.0087	↗

\* 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	1828.2	-0.7	1.7	CRB Index	203.6	0.19	5.0
Dow Jones Ind.	24357.3	0.4	-1.5	WTI oil (\$/bbl)	70.7	1.45	17.1
S&P 500	2672.6	0.3	0.0	Brent oil (\$/bbl)	76.2	1.70	13.9
FTSE 100	7567.1	0.9	-1.6	Gold (\$/oz)	1314.2	0.00	1.0
Shanghai	3136.6	1.5	-5.2	CPO (RM/tonne)	2341.0	-0.76	-2.1
Hang Seng	29994.3	0.2	0.3	Copper (\$/tonne)	6826.0	-0.01	-5.8
STI	3532.9	-0.4	3.8	Rubber (sen/kg)	483.5	0.94	4.5

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
MA Foreign Reserves	30 Apr	\$109.5b	\$110.0b	--
EU Sentix investor confidence	May	19.2	19.6	21.0
JP Household Spending	Mar	-0.7%	-0.9% (revised)	1.0%
CH Foreign Reserves	Apr	\$3,124.85b	\$3,142.82b	\$3,131.00b
HK Foreign Reserves	Apr	\$434.4b	\$440.3b	--
SG Foreign Reserves	Apr	\$287.73b	\$286.96b	--
AU NAB Business Conditions	Apr	21	15 (revised)	--
AU NAB Business Confidence	Apr	10	8 (revised)	--
AU Foreign Reserves	Apr	A\$72.8b	A\$76.6b	--

Source: Bloomberg

**Macroeconomics**

- Investor confidence in the Eurozone pulled back to 19.2 in May (Apr: 19.6). Although this was against expectations for a climb to 21.0, we are not surprised by the reading given how economic activities have turned softer in recent months.
- Japan household spending disappointed, unexpectedly dropping 0.7% YOY in March (Feb: -0.9% revised). The figure is in line with a softer March headline CPI at 1.1% YOY compared to two previous months when inflation has been gathering momentum in January and February. Expect inflation to remain benign in the near term and the BOJ to stay put.
- Business conditions in Australia edged up to 21 in April (Mar: 15) while business confidence went up to 10 (Mar: 8) attributed to a broad based improvement which indicate better overall sentiments of the Australian economy. Further breakdown shows that labour cost inched up 1.0% QOQ (Mar: +0.9%), a sign that wage growth is picking up. Growth in price of final products went up 0.4% QOQ (Mar: +0.3%). In a separate release, Australia foreign reserves fell to A\$72.8b in April 9Mar: A\$76.6b).
- On top of Australia, foreign reserves from a number of countries are being released, falling in China, Hong Kong and Malaysia but rising in Singapore. Singapore foreign reserves increased to \$287.73b in April (Mar: \$286.96b). China foreign reserves fell to \$3,124.85b in April (Mar: \$3,142.82b). Hong Kong foreign reserves fell to \$434.4b in April (Mar: \$440.3b).
- Back home, foreign reserves tapered off to \$109.5b as at 30 April (Previous: \$110.0b) which is sufficient to finance 7.5 months of retained imports and is 1.1 times short term external debt.

**Economic Calendar Release Date**

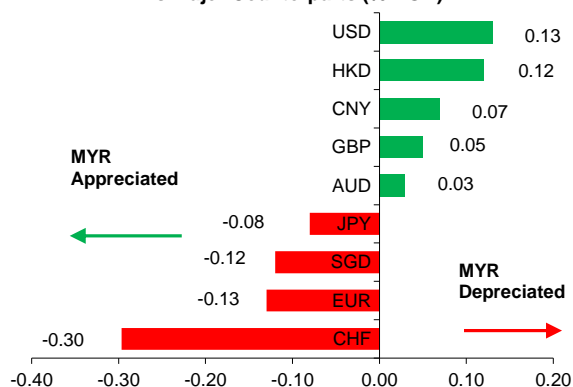
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	08/05	NFIB Small Business Optimism	Apr	104.5	104.7	--
	09/05	MBA Mortgage Applications	4 May	--	-2.5%	--
		PPI Final Demand MOM	Apr	0.2%	0.3%	--
		Wholesale Inventories MOM	Mar F	0.5%	0.5%	--
UK	08/05	Halifax House Price MOM	Apr	-0.2%	1.5%	--
Japan	09/05	Labour Cash Earnings YOY	Mar	1.0%	1.3%	1.0%
		Leading Index CI	Mar P	105.1	106.0	--
		Coincident Index	Mar P	116.4	116.1	--
China	08/05	Exports YOY	Apr	8.0%	-2.7%	--
		Trade Balance	Apr	\$27.50b	-\$4.98b	--
		Foreign Direct Investment YOY	Apr	--	0.4%	--
Australia	08/05	Retail Sales MOM	Mar	0.2%	0.6%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1922	-0.32	1.1978	1.1898	-0.6
USDJPY	109.09	-0.03	109.4	108.76	-3.3
GBPUSD	1.3557	0.19	1.3575	1.3516	0.4
AUDUSD	0.7517	-0.29	0.7544	0.7493	-3.7
EURGBP	0.8794	-0.53	0.8841	0.8779	-1.0
USDMYR	3.9447	0.13	3.9450	3.9380	-2.5
EURMYR	4.7054	-0.13	4.7212	4.7022	-2.9
JPYMYR	3.6094	-0.08	3.6232	3.6073	0.4
GBPMYR	5.3397	0.05	5.3471	5.3304	-2.3
SGDMYR	2.9514	-0.12	2.9602	2.9487	-2.6
AUDMYR	2.9629	0.03	2.9725	2.9612	-6.3
NZDMYR	2.7653	0.11	2.7747	2.7631	-4.0

Source: Bloomberg

**MYR vs Major Counterparts (% DOD)**

**Forex**
**MYR**

- **MYR slipped 0.13% to 3.9447 against USD** and ended mixed against the G10s on the back of receding buying interest ahead of Malaysian General Election.
- **Continue to expect a subdued MYR against USD** though losses are likely to be kept minimal. Upside momentum is diminishing and USDMYR appears to be encountering some difficulty in climbing higher. We reckon that this sets the stage of a potential pullback going forward, with scope to slide to 3.9271.

**USD**

- **USD extended its upsides to beat 8 G10s** while the DXY closed 0.2% higher at 92.74 after rallying through Asian and European sessions on continued losses in European majors.
- **Continue to keep a bearish view on USD** in anticipation of retreating upside momentum and the absence of positive catalysts to drive further gains. DXY is losing upside momentum and there may be some room for retracement after recent rally. Caution that losing 92.51 exposes a drop to 91.70.

**EUR**

- **EUR weakened 0.32% to 1.1922 against USD** and fell against 7 G10s, amid softer than expected Eurozone data that suggest slowdown in regional growth.
- **Maintain a bullish view on EUR in expectation of a softer USD.** We continue to eye a technical rebound in EURUSD. Gains will likely be limited by 1.2055, otherwise a more sustained rebound will form.

**GBP**

- **GBP rallied to beat all G10s and climbed 0.19% to 1.3557 against USD,** supported by refuge demand in the region amid declines in European majors.
- **Stay slightly bullish on GBP against a softening USD** as we continue to view that downside pressure due to expectations of a BOE no-hike scenario is abating. Downside momentum has receded and we suspect a modest rebound may be in the works. Gains are likely limited by 1.3666, otherwise a recovery to 1.3782 is possible.

**JPY**

- **JPY** was also supported by risk-off in the FX space, climbing against 8 G10s and **inching 0.03% firmer to 109.09 against USD.**
- **Continue to expect a slightly bullish JPY against a softening USD** in the absence of positive catalysts to drive extended gains. A minor bearish trend prevails and we reckon that this would take USDJPY lower to 108.33 in the next leg lower.

**AUD**

- **AUD fell 0.29% to 0.7517 against USD** and retreated against 6 G10s amid risk-off in the FX space and softer performance in commodities.
- **Keep a bullish view on AUD as we anticipate a softer USD,** further supported by potential recovery in market risk sentiment. AUDUSD is likely to extend its recent rebound, with scope to test 0.7553. A break here exposes a move to 0.7603.

**SGD**

- **SGD slipped 0.1% to 1.3355 against a firm USD** but managed to strengthen against 6 G10s that were on the retreat against the greenback.
- **Stay bullish on SGD against USD,** anticipating firmer risk appetite in the markets to support gains. We maintain that USDSGD is tilted to the downside. There is scope to test 1.3300 in the next leg lower, below which a drop to 1.3269 is expected.

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