

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Wall Street stocks ended on a positive streak** on Friday ahead of the G7 meeting in Canada. Yields on 10 year US treasuries rose slightly to 2.95%. Over the weekend, **the G7 summit wrapped up with the member states presenting a seemingly united front only to see President Trump made an unexpected announcement that he would not endorse the summit communique** and instead threatened to impose auto tariffs. **Focus will be on the Trump-Kim summit in Singapore**, Fed and ECB meetings as well as key US data namely CPI, industrial production and retail sales this week.
- Among data published on last Friday was US wholesale inventories which was revised upwards to increase 0.1% MOM from its initial estimates of 0.0%. **China trade surplus narrowed due to surging imports. Meanwhile, its consumer inflation was held steady at 1.8% YOY while factory gate inflation rose at a faster pace** at 4.1% YOY. The latest Eco Watchers Survey results suggest that outlook on Japan has weakened.
- **USD advanced against 6 G10s** while the DXY climbed most in Asian-European session before paring gains thereafter, but still closed with a 0.11% gain at 93.53, supported by demand for refuge as markets head into major risk events. **DXY is still slightly bearish** in our view, weighed down by escalation of trade war concerns as the G7 summit concluded with signs of potential retaliatory stances by countries impacted by US' tariffs. DXY remains on track towards 92.81 in the coming weeks. Do allow for mild rebounds after recent losses, but failure to recapture above 94.03 continues to present a bearish case for DXY.
- **MYR weakened 0.29% to 3.9885 against USD** that rallied in Asian afternoon, but managed to beat 8 G10s that were also softer on the greenback's advance. **Remain neutral on MYR against USD** as rising risk-off in the markets are likely to limit potential gains in the local unit against a soft greenback. Based on current technical signs, there is room for USDMYR to test 3.9878 – 3.9900 in the next leg higher, but caution that this range is where previous 4 rejections took place.
- **SGD ended mixed against the G10s but weakened 0.16% to 1.3360 against USD. Stay bullish on SGD against a soft USD**, further supported by rising risk aversion in the markets. We reiterate that current bearish trend still suggests a close below 1.3325 by Tuesday. This would put USDSGD back on track to break below 1.3300.

#### Overnight Economic Data

US	↓
China	→
Japan	↓

#### What's Coming Up Next

##### Major Data

- Malaysia Industrial Production
- UK Visible Trade Balance, Industrial Production, Manufacturing Production, NIESR GDP Estimate
- Japan Core Machine Orders, Machine Tool Orders

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1753	1.1773	1.1785	1.1802	1.1822	↗
USDJPY	109.17	109.31	109.42	109.79	109.85	↘
GBPUSD	1.3386	1.3393	1.3412	1.3443	1.3460	↗
AUDUSD	0.7577	0.7591	0.7595	0.7613	0.7652	↘
EURGBP	0.8780	0.8784	0.8786	0.8789	0.8794	↗
USDMYR	3.9753	3.9816	3.9833	3.9847	3.9887	→
EURMYR	4.6900	4.6929	4.6943	4.7004	4.7035	↗
JPYMYR	3.6343	3.6400	3.6405	3.6424	3.6447	↗
GBPMYR	5.3315	5.3400	5.3429	5.3440	5.3500	↗
SGDMYR	2.9800	2.97824	2.9849	2.9857	2.9873	→
AUDMYR	3.0148	3.0210	3.0283	3.0294	3.0360	→
NZDMYR	2.7937	2.8000	2.8024	2.8064	2.8100	↗
USDSGD	1.3320	1.3332	1.3347	1.3357	1.3369	↘
EURSGD	1.5700	1.5708	1.5728	1.5745	1.5766	↗
GBPSGD	1.7847	1.7860	1.7901	1.7927	1.7950	↗
AUDSGD	1.0110	1.0136	1.0143	1.0151	1.0160	↘

\* 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	1778.32	-0.42	-1.03	CRB Index	200.04	0.28	3.18
Dow Jones Ind.	25316.53	0.30	2.42	WTI oil (\$/bbl)	65.74	-0.32	8.81
S&P 500	2779.03	0.31	3.94	Brent oil (\$/bbl)	76.46	-1.11	13.98
FTSE 100	7681.07	-0.30	-0.09	Gold (\$/oz)	1298.17	0.08	-0.25
Shanghai	3067.15	-1.36	-7.26	CPO (RM/tonne)	2373.00	-0.48	-0.71
Hang Seng	30958.21	-1.76	3.47	Copper (\$/tonne)	7312.00	-0.27	0.90
STI	3436.37	-1.06	0.98	Rubber (sen/kg)	443.00	1.14	-4.22

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US Wholesale Inventories MOM	Apr F	0.1%	0.2% (revised)	0.0%
JP Eco Watchers Current	May	47.1	49.0	49.2
JP Eco Watchers Outlook	May	49.2	50.1	50.3
CH Trade Balance	Mar	\$24.92b	\$28.30b (revised)	\$33.25b
CH Exports YOY	Mar	12.6%	12.6% (revised)	11.1%
CH PPI YOY	May	4.1%	3.4%	3.9%
CH CPI YOY	May	1.8%	1.8%	1.8%

Source: Bloomberg

**➤ Macroeconomics**

- US wholesale inventories revised upwards:** Wholesales inventories increased 0.1% MOM in April (Mar: +0.2% revised) instead of being unchanged as initially estimated led by higher inventories in automotive, lumber, professional equipment, computer equipment and hardware.
- China trade surplus shrank:** China trade surplus narrowed to \$24.92b in May (Apr: \$28.2b) as exports growth remained flat at 12.6% YOY (Apr: +12.6% revised) while imports surged by a whopping 26.0% YOY (Apr: 21.5%). Uncertainties surrounding trade policies had led exporters to import more components for re-exports purposes. The US remained China's key trading partner with shipment to the US rose 11.6% YOY (Apr: +9.6%) and accounted for 18.5% of total exports (Apr: 18.0%). Despite that, China's trade surplus with the US, the ground on which President Trump has justified initiating protectionist measures rose to \$24.58b in May (Apr: \$22.15b).
- China consumer prices held steady, producer prices quickened:** CPI rose 1.8% YOY in May (Apr: +1.8%) as softer gain in food prices offset a quickening nonfood prices. PPI meanwhile rose at a faster pace at 4.1% YOY (Apr: +3.4%) on the back of higher commodities prices.
- Japan outlook dampened:** The Economy Watchers Survey of current and future business conditions came in lower for May. The seasonally adjusted Current Conditions Index fell to 47.1 in May (Apr: 49.0) while the Outlook Index dropped to 49.2 (April: 50.1). That said, the employment component for both indices rose indicating improvement in terms of views of the labour market.

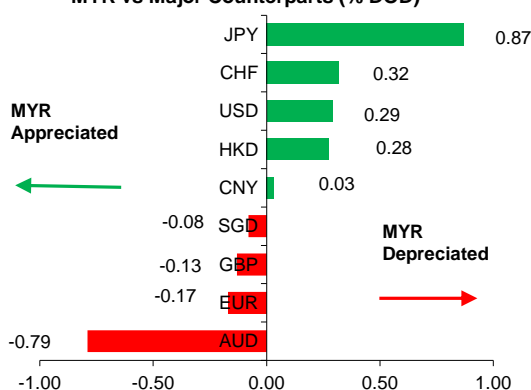
Economic Calendar Release Date						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
11/06	Malaysia	Industrial Production YOY	Apr	4.3%	3.1%	--
12/06	US	NFIB Small Business Optimism	May	105.0	104.8	--
		CPI MOM	May	0.2%	0.2%	--
		CPI YOY	May	2.7%	2.5%	--
12/06	Eurozone	ZEW Survey Expectations	Jun	--	2.4	--
11/06	UK	Visible Trade Balance GBP/Mn	Apr	-£11,400	-£12,287	--
		Industrial Production MOM	Apr	0.1%	0.1%	--
		Manufacturing Production MOM	Apr	0.3%	-0.1%	--
		NIESR GDP Estimate	May	0.3%	0.1%	--
12/06		Jobless Claims Change	May	--	31.2k	--
		Average Weekly Earnings 3M/YOY	Apr	2.5%	2.6%	--
		ILO Unemployment Rate 3Mths	Apr	4.2%	4.2%	--
11/06	Japan	Core Machine Orders YOY	Apr	9.6%	-2.4%	--
		Machine Tool Orders YOY	May P	--	28.1%	--
12/06		PPI YOY	May	2.1%	2.0%	--
12/06	Singapore	Retail Sales YOY	Apr	1.8%	-1.5%	--
12/06	Australia	NAB Business Conditions	May	--	21	--
		NAB Business Confidence	May	--	10	--
		Home Loans MOM	Apr	-1.8%	-2.2%	--
		Investment Lending	Apr	--	-9.0%	--
		Owner-Occupier Loan Value MOM	Apr	--	-1.9%	--
11-13/06	Vietnam	Domestic Vehicle Sales YOY	May	--	-3.7%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1769	-0.26	1.181	1.1727	-1.9
USDJPY	109.55	-0.14	109.85	109.20	-2.9
GBPUSD	1.3405	-0.13	1.3439	1.3355	-0.8
AUDUSD	0.7601	-0.30	0.7627	0.7561	-2.7
EURGBP	0.8777	-0.15	0.8799	0.8759	-1.1
USDMYR	3.9885	0.29	3.9887	3.9790	1.4
EURMYR	4.6925	-0.17	4.7035	4.6876	-3.1
JPYMYR	3.6469	0.87	3.6472	3.6227	1.4
GBPMYR	5.3451	-0.13	5.3566	5.3353	-2.1
SGDMYR	2.9833	-0.08	2.9873	2.9808	-1.4
AUDMYR	3.0187	-0.79	3.0360	3.0175	-4.1
NZDMYR	2.7957	-0.23	2.8001	2.7901	-2.6

Source: Bloomberg

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


## Forex

### MYR

- **MYR weakened 0.29% to 3.9885 against USD** that rallied in Asian afternoon, but managed to beat 8 G10s that were also softer on the greenback's advance.
- **Remain neutral on MYR against USD** as rising risk-off in the markets are likely to limit potential gains in the local unit against a soft greenback. Based on current technical signs, there is room for USDMYR to test 3.9878 – 3.9900 in the next leg higher, but caution that this range is where previous 4 rejections took place.

### USD

- **USD advanced against 6 G10s** while the DXY climbed most in Asian-European session before paring gains thereafter, but still closed with a 0.11% gain at 93.53, supported by demand for refuge as markets head into major risk events.
- **DXY is still slightly bearish** in our view, weighed down by escalation of trade war concerns as the G7 summit concluded with signs of potential retaliatory stances by countries impacted by US' tariffs. DXY remains on track towards 92.81 in the coming weeks. Do allow for mild rebounds after recent losses, but failure to recapture above 94.03 continues to present a bearish case for DXY.

### EUR

- **EUR fell 0.26% to 1.1769 against USD** and retreated against 6 G10s as buying interest on news that ECB is finally entering into QE exit discussion fizzled out while risk aversion emerged heading into G7 summit.
- **Stay slightly bullish on EUR against USD**, but expect gains to be more moderate approaching ECB policy meeting. EURUSD's advance that fizzled out at 1.1840 and subsequently dipped below 1.1800 are signs of softening bullish bias. While we maintain that EURUSD is still inclined to gains today and possibly tomorrow, the pair is at risk of a reversal to the downside if it still fails to beat 1.1855.

### GBP

- **GBP** was firmer against 5 G10s, supported by refuge demand but **slipped 0.13% to 1.3405 against a firmer USD**.
- **Expect a slightly bullish GBP against USD**; upside surprises in UK data will further improve current bullish bias. GBPUSD remains inclined to gains in the coming days provided it does not close below 1.3393 today, which would then end current minor bullish trend.

### JPY

- **JPY** extended its advance on firmer refuge demand, beating 7 G10s and **strengthening 0.14% to 109.55 against USD**.
- **Expect JPY to remain bullish against USD**, supported by continued risk-off sentiment in the markets amid fall-out from a less-than-ideal conclusion to the recent G7 summit. USDJPY remains exposed to further losses, possibly to circa 108.79. Recapturing 110 would reinstate the recent bullish trend.

### AUD

- **AUD** remains pressured by risk aversion ahead of G7 and US-North Korea summits, falling against 8 G10s and **sliding 0.30% to 0.7601 against USD**.
- **Stay bearish on AUD against USD**, weighed down by rising risk-off sentiment in the markets. Closing below 0.7613 has exposed AUDUSD to a decline towards 0.7565 next, below which 0.7507 will be tested. Do not rule out a potential bounce off 0.7565, a level that we believe to be strong enough to reboot the recent minor bullish trend.

### SGD

- **SGD** ended mixed against the G10s but **weakened 0.16% to 1.3360 against USD**.
- **Stay bullish on SGD against a soft USD**, further supported by rising risk aversion in the markets. We reiterate that current bearish trend still suggests a close below 1.3325 by Tuesday. This would put USDSGD back on track to break below 1.3300.

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