

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Following a three-day closure, financial markets in Malaysia reopened amid much anxiety on concerns of short-term uncertainties. The faster than expected rebound from early morning selloffs shall offer comfort that investors' confidence has not been severely dented and sentiments were not as negative as initially feared.** Equities were volatile at first, with the FBMKLCI opening lower by 1.72% and fell as much as 2.67% only to recover and edged upwards in less than half an hour supported by buying interests. The index closed at 1,850.42, 0.2% higher than its election eve level. Meanwhile the bond market saw a temporary 5-12 bps spike in MGS yields across tenures in the morning only to narrow in later session and eventually reversed losses. Similarly, the ringgit was sold off initially with USDMYR opened higher at 3.9844 and went up to a high of 3.9875 nearing the psychological threshold of 4.00 but managed to slip back to pre-election level at late morning and ended only slightly weaker by 0.02% against the USD at 3.9505.
- **USD rebounded to beat 9 G10s** while the DXY rallied in US session to overturn early losses and settled 0.05% higher at 92.58. **Stay bearish on USD** in anticipation of potentially softer US data. Downside momentum continues to build in DXY and we maintain that a loss of 92.42 is imminent. Breaking below this exposes a move to 91.81.
- **MYR ended barely changed at 3.9505 against USD** after rallying strongly to narrow sharp losses at opening and beating 6 G10s, suggesting that post-election sentiment may not be as negative as initially expected. **We turn bullish on MYR against USD**, supported by firm market sentiment. We note that upside momentum has softened after the strong rejection at 3.9875 yesterday. Continued failure to break 3.9637 is to us a sign that bulls could not sustain further gains, and thus, we expect a reversal lower going forward.
- **SGD** was buoyed by firmer risk appetite in the markets to beat 9 G10s and **inched 0.04% firmer to 1.3359 against USD. Stay bullish on SGD against USD**, anticipating firmer risk appetite in the markets to support gains. We continue to view 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

Japan



What's Coming Up Next

Major Data

- US Empire Manufacturing, Retail Sales, NAHB Housing Market Index
- Eurozone Industrial Production, GDP, ZEW Survey Expectations
- UK Jobless Claims Change, Average Weekly Earnings, Unemployment Rate
- China Retail Sales, Industrial Production, New Home Prices

Major Events

- Australia RBA May Meeting Minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1900	1.1916	1.1933	1.1950	1.1962	↗
USDJPY	109.33	109.50	109.70	109.78	109.90	↘
GBPUSD	1.3519	1.3545	1.3563	1.3590	1.3608	↗
AUDUSD	0.7507	0.7518	0.7527	0.7544	0.7565	↗
EURGBP	0.8780	0.8785	0.8797	0.8809	0.8816	↗
USDMYR	3.9500	3.9509	3.9520	3.9550	3.9570	↘
EURMYR	4.7025	4.7086	4.7165	4.7204	4.7319	↗
JPYMYR	3.5985	3.6000	3.6022	3.6038	3.6053	↘
GBPMYR	5.3500	5.3555	5.3613	5.3653	5.3709	↗
SGDMYR	2.9553	2.9585	2.9595	2.9607	2.9630	↗
AUDMYR	2.9719	2.9742	2.9757	2.9788	2.9833	↘
NZDMYR	2.7300	2.7318	2.7332	2.7394	2.7414	↘
USDSGD	1.3332	1.3347	1.3354	1.3367	1.3391	↘
EURSGD	1.5910	1.5927	1.5939	1.5947	1.5961	↗
GBPSGD	1.8084	1.8100	1.8117	1.8128	1.8145	↗
AUDSGD	1.0027	1.0046	1.0053	1.0055	1.0072	↗

* 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	1850.42	0.2	3.0	CRB Index	203.83	0.13	5.1
Dow Jones Ind.	24899.41	0.3	0.7	WTI oil (\$/bbl)	70.96	0.37	17.4
S&P 500	2730.13	0.1	2.1	Brent oil (\$/bbl)	78.23	1.44	17.0
FTSE 100	7710.98	-0.2	0.3	Gold (\$/oz)	1313.50	-0.44	0.9
Shanghai	3174.03	0.3	-4.0	CPO (RM/tonne)	2378.00	0.40	-0.5
Hang Seng	31541.08	1.3	5.4	Copper (\$/tonne)	6885.00	-0.82	-5.0
STI	3562.46	-0.2	4.7	Rubber (sen/kg)	496.00	0.40	7.2

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
JP PPI YOY	Apr	2.0%	2.1%	2.0%
JP Machine Tool Orders	Apr P	22.0%	28.1%	--

Source: Bloomberg

➤ Macroeconomics

- Producer prices in Japan extended its slowdown towards April. PPI rose 2.0% YOY (Mar: +2.1%) attributed to a broad based easing across sectors except for the area of minerals. Prices in the manufacturing sector slowed to increase 1.6% YOY (Mar: +1.7%) while that of agriculture increased 2.6% YOY (Mar: +3.4%). From a value chain perspective, prices of raw materials eased while intermediate materials ticked up marginally. Prices of final goods meanwhile remained the same however breakdown shows that cost of consumer goods dropped for the month. Total domestic demand went up 2.8% YOY (Mar: +2.1%) as firms ramped up materials at lower cost.
- Preliminary reading shows that machine tool orders in Japan stabilized to increase 22.0% YOY in April (Mar: +28.1%) as expected following a series of enormous annual growth in 2017 which reached as high as 49.8% in October 2017.

Economic Calendar Release Date

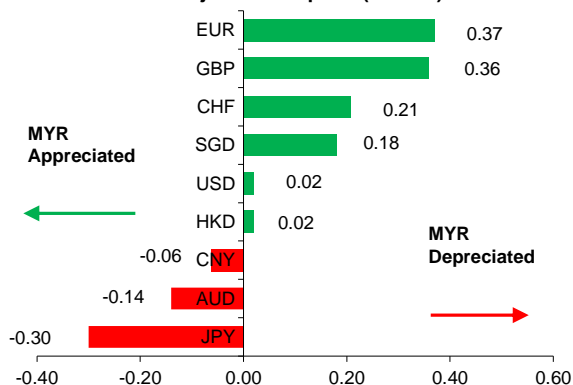
Date	Country	Event	Reporting Period	Survey	Prior	Revised
15/05	US	Empire Manufacturing	May	15.0	15.8	--
		Retail Sales Advance MOM	Apr	0.3%	0.6%	--
		NAHB Housing Market Index	May	70	69	--
16/05		MBA Mortgage Applications	11 May	--	-0.4%	--
		Housing Starts MOM	Apr	-0.7%	1.9%	
		Building Permits MOM	Apr	-2.1%	2.5%	4.4%
		Industrial Production MOM	Apr	0.6%	0.5%	--
15/05	Eurozone	Capacity Utilization	Apr	78.4%	78.0%	--
		Industrial Production SA MOM	Mar	0.7%	-0.8%	--
		GDP SA QOQ	1QP	0.4%	0.4%	--
16/05		ZEW Survey Expectations	May	--	1.9	--
16/05		CPI YOY	Apr F	1.2%	1.3%	1.3%
15/05	UK	Jobless Claims Change	Apr	--	11.6k	--
		Average Weekly Earnings 3 Months Avg	Mar	2.6%	2.8%	--
		ILO Unemployment Rate 3 Months SA	Mar	4.2%	4.2%	--
16/05	Japan	GDP SA QOQ	1QP	0.0%	0.4%	--
		Industrial Production YOY	Mar F	--	2.2%	--
15/05	China	Retail Sales YOY	Apr	10.0%	10.1%	--
		Industrial Production YOY	Apr	6.4%	6.0%	--
		New Home Prices MOM	Apr	--	0.42%	--
15/05	Australia	RBA May Meeting Minutes				--
16/05		Westpac Consumer Conf SA MOM	May	--	-0.6%	--
		Wage Price Index YOY	1Q	2.1%	2.1%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1927	-0.13	1.1996	1.1926	-0.6
USDJPY	109.66	-0.25	109.67	109.21	-2.6
GBPUSD	1.3556	-0.10	1.3608	1.3535	0.4
AUDUSD	0.7526	-0.23	0.7565	0.7525	-3.6
EURGBP	0.8799	-0.22	0.8827	0.8798	-0.9
USDMYR	3.9505	-0.02	3.9875	3.9425	-2.2
EURMYR	4.7319	-0.37	4.7710	4.7172	-2.6
JPYMYR	3.6031	-0.30	3.6501	3.5993	0.3
GBPMYR	5.3630	-0.36	5.4113	5.3499	-1.8
SGDMYR	2.9630	-0.18	2.9920	2.9583	-2.2
AUDMYR	2.9786	-0.14	3.0160	2.9756	-5.8
NZDMYR	2.7438	-0.40	2.7807	2.7406	-5.0

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR ended barely changed at 3.9505 against USD** after rallying strongly to narrow sharp losses at opening and beating 6 G10s, suggesting that post-election sentiment may not be as negative as initially expected.
- **We turn bullish on MYR against USD**, supported by firm market sentiment. We note that upside momentum has softened after the strong rejection at 3.9875 yesterday. Continued failure to break 3.9637 is to us a sign that bulls could not sustain further gains, and thus, we expect a reversal lower going forward.

USD

- **USD rebounded to beat 9 G10s** while the DXY rallied in US session to overturn early losses and settled 0.05% higher at 92.58.
- **Stay bearish on USD** in anticipation of potentially softer US data. Downside momentum continues to build in DXY and we maintain that a loss of 92.42 is imminent. Breaking below this exposes a move to 91.81.

EUR

- **EUR slipped 0.13% to 1.1927 against a rebounding USD** on renewed weakness in European risk appetite but managed to beat 6 G10s.
- **Maintain a bullish view on EUR in expectation of a softer USD**; upside surprises in Eurozone data will drive firmer gains. We continue to eye a technical rebound in EURUSD, looking for a climb above 1.1962 and target 1.2049. Direction thereafter will depend on whether 1.2049 is firmly broken.

GBP

- **GBP advanced against all G10s and climbed 0.10% to 1.3556 against USD** as rebound from recent weakness continues.
- **Stay slightly bullish on GBP against a softening USD**, further supported by rising buying interest after recent sell-off. Firmer set of UK data will drive extended upsides. Downside momentum continues to recede and we continue to expect a modest rebound. Gains are likely limited by 1.3678, otherwise a recovery to 1.3782 is possible.

JPY

- **JPY remained soft against 6 G10s and slipped 0.25% to 109.66 against USD** as risk appetite gradually improved in US session.
- **Continue to expect a slightly bullish JPY against a softening USD**. USDJPY is still forming a double top in our view; a close below 108.98 completes this pattern and is expected to trigger a drop to 107.95.

AUD

- **AUD retreated against 5 G10s and fell 0.23% to 0.7526 against USD** amid risk aversion ahead of RBA minutes' release today.
- **Keep a bullish view on AUD as we anticipate a softer USD**; upside strength is likely to pick up post RBA minutes, which we opine to unlikely carry any material change from recent tone. Expect AUDUSD to extend its recent rebound, with scope to test 0.7565. A break here exposes a move to 0.7613.

SGD

- **SGD was buoyed by firmer risk appetite in the markets to beat 9 G10s and inched 0.04% firmer to 1.3359 against USD**.
- **Stay bullish on SGD against USD**, anticipating firmer risk appetite in the markets to support gains. We continue to view 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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