

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Trade tension continues to drive risk-off sentiments** in the markets as Wall Street stocks opened on negative notes and closed lower. The Dow and S&P 500 dropped 0.41% and 0.21% respectively while the Nasdaq was little changed. US 10Y treasuries yield was little changed as well and ended at 2.92%. **Crude oil recovered after talks that producers will be discussing a relatively modest production hike** of 300k-600k barrels instead of the proposed 1.5mil barrels in the upcoming OPEC meeting in Vienna. WTI pared earlier day's losses to close at \$65.72.
- **It was a relatively quiet day at the data front, US homebuilders confidence slipped** as the NAHB Housing Market Index fell to 68 versus the expected 70 as due to rising lumber cost. **House prices in the UK accelerated on a yearly basis though softer MOM. Singapore non-oil domestic exports soared 15.5% driven by shipment of pharmaceutical products. New Zealand services sector expanded at a faster pace** led by higher new orders.
- **The USD traded mixed, gaining against 5 G10s.** The DXY however closed 0.03% lower at 94.76 dampened by gains in EUR, CHY and JPY. **DXY is expected to hold on to its gains today** as lingering concerns over US-China trade war will continue to undermine risk appetite. Technicals have turned bullish with closing above 94.03 and the Dollar Index looks set to push ahead towards 95.02 next.
- **MYR saw renewed weakness again, depreciating 0.33% to 3.9978, its weakest in five months, against sustained strength in the USD.** MYR however managed to advance against most G10s and regional peers. **We remain bearish on MYR on the back of a firmer USD** amid ongoing concerns over trade disputes and policy divergence between the US and other majors. Upside momentum in USDMYR continues to build up reinforced by yesterday's close above 3.9952. USDMYR looks on track to test the psychological 4.00 threshold now.
- **SGD fell against 6 G10s and weakened 0.03% to 1.3514 against the USD** amid risk aversion in the markets. **Expect a bearish SGD** on the back of a firm USD and subdued demand for EM currencies. Upside momentum in USDSGD continued to gain traction, heading towards 1.3526 next after which 1.3578 will be eyed.

Overnight Economic Data

US	↓
UK	↓
Japan	↓
Singapore	↑
New Zealand	↑

What's Coming Up Next

Major Data

- Housing Starts MOM, Building Permits
- Eurozone ECB Current Account SA, Construction Output
- New Zealand Westpac Consumer Confidence

Major Events

- RBA Meeting Minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1504	1.1568	1.1623	1.1655	1.1694	↘
USDJPY	109.85	110.09	110.35	110.54	110.77	↗
GBPUSD	1.3205	1.3228	1.3248	1.3284	1.3309	↘
AUDUSD	0.7341	0.7373	0.7405	0.7424	0.7442	↘
EURGBP	0.8744	0.8761	0.8774	0.8781	0.8794	→
USDMYR	3.9920	3.9952	3.9973	3.9994	4.0015	↗
EURMYR	4.6347	4.6418	4.6490	4.6535	4.6608	↗
JPYMYR	3.6205	3.6237	3.6295	3.6326	3.6375	↗
GBPMYR	5.2886	5.3037	5.2996	5.3037	5.3135	↗
SGDMYR	2.9512	2.9536	2.9567	2.9591	2.9631	↘
AUDMYR	2.9511	2.9570	2.9601	2.9643	2.9718	↘
NZDMYR	2.7612	2.7655	2.7695	2.7721	2.7760	↘
USDSGD	1.3484	1.3500	1.3518	1.3526	1.3549	↗
EURSGD	1.5681	1.5709	1.5728	1.5741	1.5751	↗
GBPSGD	1.7872	1.7900	1.7921	1.7936	1.7949	↗
AUDSGD	0.9971	0.9991	1.0008	1.0015	1.0023	↘

* 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	1,743.43	-1.04	-2.97	CRB Index	196.18	-0.03	1.20
Dow Jones Ind.	24,987.47	-0.41	1.09	WTI oil (\$/bbl)	65.85	1.21	8.99
S&P 500	2,773.75	-0.21	3.75	Brent oil (\$/bbl)	75.34	2.59	12.67
FTSE 100	7,631.33	-0.03	0.73	Gold (S/oz)	1,278.32	-0.05	8.10
Shanghai	3,021.90	-0.73	8.63	CPO (RM/tonne)	2,319.00	0.09	-2.97
Hang Seng	30,309.49	-0.43	1.30	Copper (\$/tonne)	6,964.00	-0.80	-3.91
STI	3,324.04	-0.97	-2.32	Rubber (sen/kg)	429.50	0.23	-7.14

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US NAHB Housing Market Index	Jun	68	70	70
UK Rightmove House Prices MOM	Jun	0.4%	0.8%	
JP Trade Balance	May	-¥578.3b	¥624.6b	-¥205.2b
JP Exports YOY	May	8.1%	7.8%	7.5%
SG Non-oil Domestic Exports YOY	May	15.5%	11.8%	3.0%
NZ Services Index	May	57.3	56.4 (revised)	

Source: Bloomberg

➤ Macroeconomics

- US homebuilders confidence slipped:** The NAHB Housing Market Index edged lower to 68 in June (May: 70) due to concerns over rising lumber prices. Builders are optimistic over robust housing market in the US but tariff placed on Canadian lumbers last year and other imported products as well as limited buildable land supply may continue to weigh on input cost leading to builders' inability to keep up with increasingly higher demand from customers. Since January 2017, higher lumber prices have added \$9,000 to the price of a new single-family home according to the NAHB Chairman and this coupled with rising mortgage interest rates could significantly affect housing affordability.
- UK house prices quickened:** The Rightmove House Prices eased to increase 0.4% MOM in June (May: +0.8%) but on a yearly basis, the increase in house prices accelerated 1.7% YOY (May: +1.1%). The average asking prices for a house inched up to £309,439 (May: £308,075), setting a record high for the third consecutive month. Sales in May bounced back after a slow start in the year at the end of the spring selling season driven by sales in the northern part of Britain housing market.
- Japan trade balance swung to deficit:** The non-seasonally adjusted trade balance was recorded at -¥578.3b in May (Apr: ¥624.6) due to a surge in imports for the month - exports decreased 7.3% MOM in May (Apr: -7.6%) while imports increased 11.4% MOM (Apr: -5.9%). On a yearly basis, exports accelerated to increase 8.1% YOY in May (Apr: +7.8%) as demand for Japanese goods remained steady despite rising trade tension and this reaffirms views that global growth continued to be moderate.
- Singapore non-oil domestic exports beat expectations:** Non-oil domestic exports rose a whopping 15.5% YOY in May (June: +11.8%) led by a continuous higher gain in pharmaceutical products – exports rose 32.1% YOY (Apr: +43.7%). Electronic exports meanwhile dropped 7.8% YOY (Apr: -6.9%), its sixth consecutive month of decline. The robust exports number signals a strong 2Q18 but growth in pharmaceutical exports has always been volatile and may last only a period of time hence could be unsustainable.
- New Zealand services sector expanded at a faster pace:** The Performance of Services PMI edged up to 57.3 in May (Apr: 56.4) driven by a broad based improvement. The area of new orders recorded the highest surge – PMI increased 3.1 points to 64.4 (Apr: 61.5) signaling great demand for services and stronger sales ahead.

Economic Calendar Release Date

Date	Country	Events	Reporting Period	Survey	Prior	Revised
19/06	US	Housing Starts MOM	May	1.9%	-3.7%	--
		Building Permits MOM	May	-1.0%	-1.8%	-0.9%
20/06		MBA Mortgage Applications	15 Jun	--	-1.5%	--
		Existing Home Sales MOM	May	1.1%	-2.5%	--
19/06	Eurozone	ECB Current Account SA	Apr	--	32.0b	--
		Construction Output MOM	Apr	--	-0.3%	--
20/06	UK	CBI Trends Total Orders	Jun	2	-3	--
20/06	Japan	Convenience Store Sales YOY	May	--	0.70%	--
19/06	Australia	RBA June Meeting Minutes				
20/06	New Zealand	Westpac Consumer Confidence MOM	2Q	--	111.2	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1623	0.11	1.1624	1.1565	-3.2
USDJPY	110.55	-0.10	110.74	110.30	-1.9
GBPUSD	1.3245	-0.25	1.3291	1.3226	-2.0
AUDUSD	0.7423	-0.26	0.7461	0.7414	-4.9
EURGBP	0.8774	0.39	0.8779	0.8729	-1.2
USDMYR	3.9978	0.33	4.0015	3.9930	-1.2
EURMYR	4.6363	-1.61	4.6399	4.6178	-4.4
JPYMYR	3.6128	-0.25	3.6251	3.6016	0.3
GBPMYR	5.2883	-1.22	5.3094	5.2845	-3.2
SGDMYR	2.9574	-0.93	2.9603	2.9451	-2.4
AUDMYR	2.9756	-1.22	2.9795	2.9621	-5.9
NZDMYR	2.7727	-1.98	2.7794	2.7595	-3.7

Source: Bloomberg

Forex

MYR

- **MYR** saw renewed weakness again, depreciating 0.33% to 3.9978, its weakest in five months, against sustained strength in the USD. MYR however managed to advance against most G10s and regional peers.
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USD

- **The USD traded mixed, gaining against 5 G10s.** The DXY however closed 0.03% lower at 94.76 dampened by gains in EUR, CHY and JPY.
- **DXY is expected to hold on to its gains today** as lingering concerns over US-China trade war will continue to undermine risk appetite. Technicals have turned bullish with closing above 94.03 and the Dollar Index looks set to push ahead towards 95.02 next.

EUR

- **EUR** saw narrower gains of 0.11% to 1.1623 against the USD, as tensions over US trade and Germany migration policies curbed demand for risk currencies. However, EUR still managed to gain against 8 G10s.
- **EUR is now bearish against the USD in our view** in light of increasing policy divergence with the Fed but stands a chance for a brief rebound before resuming its downward move again. We maintain our view for EURUSD to head towards 1.1510 next, unless the pair closes above 1.1698.

GBP

- **GBP** fell 0.25% to 1.3245 against the USD and was weaker against 8 G10s, on the back of reducing risk appetite amid lingering trade concerns.
- **Expect GBP to stay bearish against the USD.** GBPUSD has broken below 1.3311, and is on track to move lower to 1.3205.

JPY

- **JPY** gained 0.10% against the USD to 110.55 and strengthened against 7 G10s, supported by refuge demand amid lingering trade tensions.
- **JPY is bearish against a firmer USD.** Extended close above 110 continued to reinforce bullishness in USDJPY, pushing the pair towards 110.75 in the next move higher, after which 110.91 could be eyed.

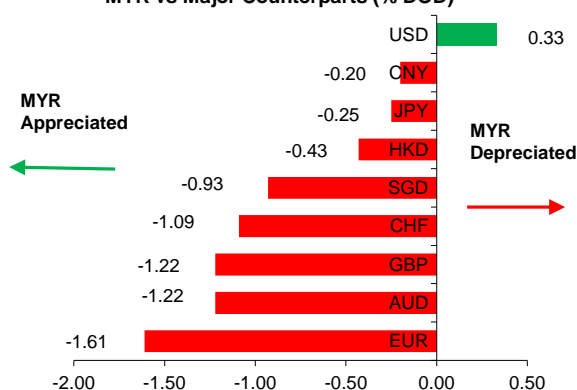
AUD

- **AUD** fell for a 3rd straight day to its lowest level in a year, by 0.26% to 0.7423 against a firmer USD, and underperformed all G10s save for the SEK amid continuous paring of demand for riskier commodity currencies.
- **Stay bearish on AUD against USD,** weighed down by absence of risk appetite in the markets. Bearish bias in AUDUSD is increasing following a break below 0.7507 and we now expect the pair to potentially break 0.7412 today, paving the way for the next downward move to 0.7388 next.

SGD

- **SGD** fell against 6 G10s and weakened 0.03% to 1.3514 against the USD amid risk aversion in the markets.
- **Expect a bearish SGD** on the back of a firm USD and subdued demand for EM currencies. Upside momentum in USDSGD continued to gain traction, heading towards 1.3526 next after which 1.3578 will be eyed.

MYR vs Major Counterparts (% DOD)



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