

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Progressive talks between the US and China in reaching an amicable trade deal continues to instil positive vibes into markets,** driving up US stocks and the Dollar Index amid a light economic calendar.
- Data in the US was only limited to **Chicago Fed national activity index** which **showed activities have picked up** in the Chicago region in April. **Philly Fed President Harker did not discount probability of another three more hikes** for the rest of the year should inflation pick up although his current view is for two more hikes. Convenience store sales moderated in Japan but remained higher than its one-year average. Over in Hong Kong, CPI softened more than expected to increase 1.9% YOY in April as a result of slower gains in food and housing prices.
- **USD fell against 8 G10s** while the DXY ended with 0.04% gains at 93.67, relying on a higher opening to cushion the declines through European-US sessions, likely taking a breather after 5 consecutive days of gains. **USD is now bearish in our view** as we expect a lack of positive catalyst to drive further gains, on top of potential risk aversion heading into the release of FOMC minutes. There is room for DXY to correct but we expect losses are likely to hold above 93.39, otherwise the current minor bullish trend will end. Assuming the minor bullish trend still prevails, DXY is expected to close above 93.67 by end of this week before attempting a more sustained downward reversal.
- **MYR slipped 0.18% to 3.9795 against USD** after sliding most through Asian afternoon but ended mixed against the G10s. **Expect a slightly bullish MYR against a softer overnight USD,** further supported by an expected improvement in regional market sentiment. As we have noted days ago, USDMYR's continued failure to challenge the upper Bollinger has resulted in a reversal lower. We set sights on a potential decline to 3.9627, below which 3.9531 will be targeted.
- **SGD ended mixed against the G10s** as commodity majors were stronger but managed to **advance 0.25% to 1.3401 against a softer USD.** **SGD is bullish in our view against a soft USD,** further supported by improved risk appetite in the markets. USDSGD lost 1.3393 and is now exposed to a decline to 1.3332 in the coming week. Downside momentum has emerged, suggesting further weakness can be expected.

Overnight Economic Data

US
Japan
Hong Kong



What's Coming Up Next

Major Data

- Malaysia Foreign Reserves
- US Richmond Fed Manufacturing Index
- UK Public Finances (PSNCR), CBI Trend Total Orders
- Japan Supermarket Sales, Nikkei Japan PMI Mfg, All Industry Activity Index, Machine Tool Orders

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1750	1.1777	1.1793	1.1808	1.18378	↗
USDJPY	110.50	110.85	110.91	111.11	111.48	↘
GBPUSD	1.3400	1.3420	1.3437	1.3455	1.3486	↗
AUDUSD	0.7547	0.7565	0.7590	0.7600	0.7613	↗
EURGBP	0.8768	0.8774	0.8779	0.8788	0.8794	↗
USDMYR	3.9627	3.9660	3.9692	3.9713	3.9738	↘
EURMYR	4.6698	4.6749	4.6816	4.6855	4.6961	↗
JPYMYR	3.5718	3.5759	3.5781	3.5812	3.5843	↘
GBPMYR	5.3285	5.3300	5.3325	5.3385	5.3480	↘
SGDMYR	2.9583	2.9600	2.9631	2.9656	2.9677	↗
AUDMYR	3.0062	3.0086	3.0115	3.0160	3.0194	↗
NZDMYR	2.7500	2.7546	2.7596	2.7649	2.7688	↗
USDSGD	1.3361	1.3374	1.3387	1.3393	1.3411	↘
EURSGD	1.5750	1.5782	1.5794	1.5807	1.5816	↘
GBPSGD	1.7950	1.7980	1.7992	1.8013	1.8049	↘
AUDSGD	1.0122	1.0148	1.0163	1.0179	1.0190	↗

* 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	1853.58	0.0	3.2	CRB Index	205.69	0.98	6.1
Dow Jones Ind.	25013.29	1.2	1.2	WTI oil (\$/bbl)	72.24	1.35	19.6
S&P 500	2733.01	0.7	2.2	Brent oil (\$/bbl)	79.22	0.90	18.5
FTSE 100	7859.17	1.0	2.2	Gold (\$/oz)	1292.60	-0.03	-0.8
Shanghai	3213.84	0.6	-2.8	CPO (RM/tonne)	2427.50	1.15	1.6
Hang Seng	31234.35	0.6	4.4	Copper (\$/tonne)	6879.00	0.35	-5.1
STI	3548.23	0.5	4.3	Rubber (sen/kg)	493.50	1.65	6.7

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Apr	0.34	0.32 (revised)	0.30
JP Convenience Store Sales YOY	Apr	0.7%	1.3%	--
HK CPI Composite YOY	Apr	1.9%	2.6%	2.2%

Source: Bloomberg

➤ Macroeconomics

- Economic activity improved in the US according to the Federal Reserve Bank of Chicago as indicated by its National Activity Index which rose to 0.34 in April (Mar: 0.32 revised). The index draws on 85 indicators and a reading above zero indicates above-the-trend growth. This brings the 3-month moving average (which provides more consistent picture of growth) to 0.46 in April (Mar: 0.23), a 4-month high, signaling a robust activity in the economy.
- Convenience store sales in Japan slowed to increase 0.7% YOY on same store basis in April (Mar: +1.3%) after a considerable gain in the preceding month but remained higher than its one-year average. Figure is based on a sales reported by a total of 55,465 convenience stores in Japan.
- Inflation in Hong Kong eased more than expected following two months of faster growth due to festivity (the Lunar New Year was celebrated in mid-February this year). Composite CPI rose 1.9% YOY in April (Mar: +2.6%) while underlying CPI increased 2.2% YOY (Mar: +2.6%). Food prices continued to increase quite substantially at 3.5% YOY (Mar: +3.7%) albeit a slower pace compared to February and March. It is worth noted that cost of housing softened to edge up 1.8% YOY (Mar: +2.6%) – private rent gained 1.7% YOY (Mar: +2.6%) after hovering around the level of 2.3-2.6% for the past 6 months as the government's plan to implement a property vacancy tax. Detail of the tax plan is yet to be released as the government would have to undergo a comprehensive study prior to implementation but this has led developers to speed up sales of apartments while individual owners to lower rent prices.

Economic Calendar Release Date

Date	Country	Event	Reporting Period	Survey	Prior	Revised
22/05	Malaysia	Foreign Reserves	15 May	--	\$109.5b	--
23/05		CPI YOY	Apr	1.6%	1.3%	--
22/05	US	Richmond Fed Manufacturing Index	May	10	-3	--
23/05		MBA Mortgage Applications	18 May	--	-2.7%	--
		Markit US Manufacturing PMI	May P	56.5	56.5	--
		Markit US Services PMI	May P	55.0	54.6	--
		New Home Sales MOM	Apr	-2.2%	4.0%	--
23/05	Eurozone	Markit Eurozone Manufacturing PMI	May P	56.1	56.2	--
		Markit Eurozone Services PMI	May P	54.7	54.7	--
		Consumer Confidence	May A	0.4	0.4	--
22/05	UK	Public Finances (PSNCR)	Apr	--	0.5b	--
		CBI Trends Total Orders	May	2	4	--
23/05		CPI YOY	Apr	2.5%	2.5%	--
		RPI YOY	Apr	3.4%	3.3%	--
		PPI Output NSA YOY	Apr	2.3%	2.4%	--
		House Price Index YOY	Mar	4.5%	4.4%	--
22/05	Japan	Supermarket Sales YOY	Apr	--	-0.1%	--
		Nikkei Japan PMI Mfg	May P	--	53.8	--
		All Industry Activity Index	Mar	0.1%	0.4%	--
		Machine Tool Orders YOY	Apr F	--	22.0%	--
23/05	Singapore	CPI YOY	Apr	0.5%	0.2%	--
23/05	Australia	Westpac Leading Index MOM	Apr	--	-0.22%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1791	0.16	1.1796	1.1717	-1.8
USDJPY	111.05	0.24	111.4	110.75	-1.6
GBPUSD	1.3427	-0.31	1.3493	1.3391	-0.6
AUDUSD	0.7582	0.95	0.7587	0.7503	-2.9
EURGBP	0.8782	0.50	0.8784	0.8720	-1.2
USDMYR	3.9795	0.18	3.9815	3.9738	-1.8
EURMYR	4.6749	-0.07	4.6751	4.6638	-3.4
JPYMYR	3.5765	-0.11	3.5833	3.5708	-0.4
GBPMYR	5.3337	-0.54	5.3552	5.3305	-2.3
SGDMYR	2.9586	-0.02	2.9606	2.9539	-2.1
AUDMYR	2.9953	0.35	2.9967	2.9844	-4.7
NZDMYR	2.7466	0.12	2.7487	2.7394	-4.1

Source: Bloomberg

Forex
MYR

- **MYR slipped 0.18% to 3.9795 against USD** after sliding most through Asian afternoon but ended mixed against the G10s.
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USD

- **USD fell against 8 G10s** while the DXY ended with 0.04% gains at 93.67, relying on a higher opening to cushion the declines through European-US sessions, likely taking a breather after 5 consecutive days of gains.
- **USD is now bearish in our view** as we expect a lack of positive catalyst to drive further gains, on top of potential risk aversion heading into the release of FOMC minutes. There is room for DXY to correct but we expect losses are likely to hold above 93.39, otherwise the current minor bullish trend will end. Assuming the minor bullish trend still prevails, DXY is expected to close above 93.67 by end of this week before attempting a more sustained downward reversal.

EUR

- **EUR climbed 0.16% to 1.1791 against USD** but slipped against 6 G10s, weighed down by concerns over Italy's proposed government policies that contravene the EU's.
- **Expect a bullish EUR on the back of a softening USD.** EURUSD must close above 1.1808 today to nullify current minor bearish trend that continues to threaten a close below 1.1772 before the week is out. Success at beating 1.1808 today, or 1.1795 tomorrow, could be the onset of a sustained rebound to 1.1881.

GBP

- **GBP fell 0.31% to 13427 against USD** and tumbled against all G10s on rising speculation of a snap election in the UK and emergence of Europhilic sentiment emanating from Italy that worsens Brexit sentiment.
- **We are now slightly bullish on GBP against a softening USD.** GBPUSD is deep in bearish territory and that is dragging the pair lower despite improvement in upside momentum. Unless GBPUSD beats 1.3486 today, it remains vulnerable to a decline below 1.3427 before the week is out.

JPY

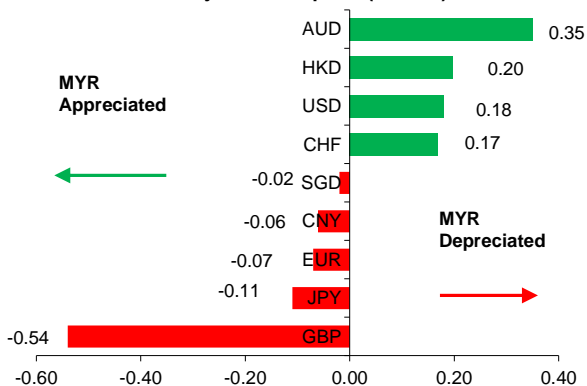
- **JPY weakened 0.24% to 111.05 against USD** and fell against 8 G10s as refuge demand retreated amid firmer equities and commodities.
- **Expect a slightly bullish JPY against a softer USD.** We opine that the bullish trend has ended. There may still be mild gains in the next couple of days for USDJPY, but we set sights ultimately on a decline to 109.65.

AUD

- **AUD** was supported by rebound in equities and commodities to beat all G10s and **surge 0.95% to 0.7582 against USD.**
- **We turn bullish on AUD against a softening USD**, further supported by improved risk appetite in the markets. Strong upside break of 0.7565 and improved upside momentum suggest more gains going forward. Expect AUDUSD to break 0.7613 soon and set course for 0.7660.

SGD

- **SGD** ended mixed against the G10s as commodity majors were stronger but managed to **advance 0.25% to 1.3401 against a softer USD.**
- **SGD is bullish in our view against a soft USD**, further supported by improved risk appetite in the markets. USDSGD lost 1.3393 and is now exposed to a decline to 1.3332 in the coming week. Downside momentum has emerged, suggesting further weakness can be expected.

MYR vs Major Counterparts (% DOD)


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