

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US equity suffered yet another loss overnight on escalating trade tension** as well as a report published by the Wall Street Journal claiming that the US Treasury Department was mulling a plan to prevent firms with at least 25% of Chinese ownership to invest in American tech firms. Later remarks by Peter Navarro, White House economic advisor that there were no immediate plan on such investment restriction, had failed to stem the decline. **The EU implemented tariffs on \$3.2bn worth of US goods on Friday while President Trump has threatened to impose a 20% tariff on European cars.** All three major indices dropped - the Dow closed 1.33% lower below its key 200-day moving average, the broader S&P 500 went down 1.37% while the Nasdaq erased 2.09%. Yields on US 10Y Treasuries closed 1bp lower to 2.88%.
- The US economic calendar is packed this week. **New home sales surpassed expectation to increase a whopping 6.7% MOM in May** driven largely by the surge in sales in the South. The lack of existing homes for sales has likely led buyers into this segments as overall home supply in the US remained limited. **The Chicago Fed released its National Activity Index which dropped to -0.15** suggesting a slower growth in May. Texas manufacturing sector expanded at a faster rate as indicated by the **Dallas Fed Manufacturing Business Index which jumped to 36.5 in June.** Elsewhere, Japan leading and coincident indexes went up painting a brighter picture of the economy. Inflation in Singapore rose to a three-month high at 0.4% YOY.
- **USD weakened against 6 G10s** while the DXY tumbled in European session before moving lower in US morning, closing 0.24% weaker at 94.28 on economic concerns over US-centered trade tensions as well as on softer US data. **Continue to view a bearish USD** on extended concern over US economic slowdown due to on-going trade tensions. Minor bearish trend continues to weigh down DXY. We set sights on a slide below 94.04, which would then target 93.12.
- **MYR weakened 0.39% to 4.0177 against USD** and fell against 9 G10s on continued sell-off in emerging majors amid on-going trade spats between the US and its trading partners. **Expect a softer MYR against USD** as Asian / emerging majors remain under pressure from on-going trade spat. Minor bullish trend remains in control, suggesting that USDMYR is likely to close above 4.0157 before the week is out. Early break of 4.02 suggesting upside bias is set to increase going forward.
- **SGD slipped in line with Asian / emerging majors, falling against 8 G10s and weakening 0.26% to 1.3621 against USD.** Expect a firmer SGD against USD, supported by refuge demand as sentiment in the markets weakens. We note that bullish bias in USDSGD is showing signs of lethargy as it continues to fail to close above 1.3663. A reversal lower may be in the works.

Overnight Economic Data

US	↑
Japan	→
Singapore	↑

What's Coming Up Next

Major Data

- US S&P CoreLogic CS 20-City YoY NSA, Richmond Fed Manufact. Index, Conf. Board Consumer Confidence, Conf. Board Expectations
- Singapore Industrial Production YOY

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1645	1.1686	1.1703	1.1723	1.1760	↗
USDJPY	109.20	109.44	109.58	109.79	109.93	↘
GBPUSD	1.3250	1.3275	1.3278	1.3297	1.3310	↗
AUDUSD	0.7374	0.7400	0.7410	0.7419	0.7444	↘
EURGBP	0.8800	0.8805	0.8813	0.8819	0.8830	↗
USDMYR	4.0163	4.0180	4.0203	4.0215	4.0265	↗
EURMYR	4.7000	4.7032	4.7070	4.7113	4.7144	↗
JPYMYR	3.6607	3.6652	3.6695	3.6712	3.6728	↗
GBPMYR	5.3368	5.3380	5.3397	5.3407	5.3425	↗
SGDMYR	2.9508	2.9521	2.9532	2.9537	2.9550	↗
AUDMYR	2.9776	2.9800	2.9818	2.9857	2.9900	→
NZDMYR	2.7668	2.7700	2.7716	2.7740	2.7764	↗
USDSGD	1.3580	1.3600	1.3618	1.3642	1.3663	↘
EURSGD	1.5909	1.5930	1.5939	1.5958	1.5977	↘
GBPSGD	1.8050	1.8065	1.8082	1.8107	1.8123	↘
AUDSGD	1.0057	1.0085	1.0096	1.0111	1.0122	↘

* 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	1,678.10	-0.95	-6.61	CRB Index	195.34	-1.11	0.76
Dow Jones Ind.	24,252.80	-1.33	-1.89	WTI oil (\$/bbl)	68.08	-0.73	18.47
S&P 500	2,717.07	-1.37	1.63	Brent oil (\$/bbl)	74.73	-1.09	11.75
FTSE 100	7,509.84	-2.24	-2.31	Gold (\$/oz)	1,265.64	-0.39	8.10
Shanghai	2,859.34	-1.05	-13.54	CPO (RM/tonne)	2,267.50	0.29	-5.13
Hang Seng	28,961.39	-1.29	-3.20	Copper (\$/tonne)	6,755.00	-0.50	-6.79
STI	3,260.84	-0.81	-4.18	Rubber (sen/kg)	431.50	0.35	-6.70

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	May	-0.15	0.42 (revised)	0.30
US New Home Sales MOM	May	6.7%	-3.7% (revised)	0.8%
US Dallas Fed Manf. Activity	Jun	36.5	26.8	23.0
JP Leading Index CI	Apr F	106.2	104.5 (revised)	--
JP Coincident Index	Apr F	117.5	116.0 (revised)	--
SG CPI YOY	May	0.4%	0.1%	0.4%

Source: Bloomberg

➤ Macroeconomics

- US New home sales surged, beat expectations:** The seasonally adjusted sales of newly constructed single family homes soared 6.7% MOM in May (Apr: -3.7% revised) to 689k rate (Apr: 646k revised), driven solely by a surge in sales in the South. Median sales price in May dropped to \$313k (Apr: 318.5k) and it would take 5.2 months at the current selling pace to draw down available inventory. Lower house prices signal higher sales in entry level homes and houses in the South are generally more affordable. While the month-on-month comparisons are often volatile, annual growth is consistently on the upside - sales rose 14.8% YOY (May: +8.8%, Apr: +8.4%). The lack of existing homes (which make up majority of the US housing markets) for sales also pushed buyers into the new home segments. As the housing markets saw rapid growth this year, demand has outstripped supply as homebuilders struggle to build more houses given limited land supply as well as rising input cost (higher lumber prices).
- US Chicago Fed Activity Index points to slower growth:** The Chicago Fed National Activity Index, a gauge of the US overall economic growth for a particular month dropped to -0.15 in May (Apr: 0.42 revised) attributed to fall in productions related indicators but supported by employment related indicators. Out of the total 85 indicators, 43 improved while 42 deteriorated suggesting a potentially slower economic growth in May.
- US Texas manufacturing sector expanded:** Dallas Fed Manufacturing Business Index jumped to 36.5 in June (May: 26.8) indicating that the manufacturing sector in Texas expanded at a faster rate. This was also accompanied by an increase in the company outlook index to 33.2, the highest reading since 2006 while the employment index remained at 23.9 (31% of firms reported net hiring). Prices of raw materials surged as well (a widely reported phenomena nationwide), leading to higher prices of finished goods.
- Japan leading and coincident indexes painted brighter picture of economy:** Leading index that measures future economic activities edged up to 106.2 in April (Mar: 104.5 revised) while the coincident index which gauges current economic activities rose to 117.5 (Mar: 116.0 revised).
- Singapore inflation rose to three-month high:** Headline CPI rose 0.4% YOY in May (Apr: +0.1%) attributed to faster increases in household durables and services by 0.8% YOY (Apr: +0.7%), healthcare by 2.3% YOY (Apr: +2.0%) and recreation & culture by 1.2% YOY (Apr: +0.7%). Growth in food prices as well as clothing & footwear slowed to increase 1.3% YOY (Apr: +1.4%) and 0.6% YOY (Apr: +0.8%) respectively. Prices of transport meanwhile remained unchanged for the month recording a flat growth of 0.0% YOY (Apr: -0.7%) after two consecutive months of decline. Core inflation, which excludes accommodation and private road transports, increased 1.5% YOY (Apr: +1.3%).

Economic Calendar Release Date						
Date	Country	Event	Reporting Period	Survey	Prior	Revised
26/06	US	S&P CoreLogic CS 20-City YOY NSA	Apr	6.80%	6.79%	--
		Richmond Fed Manufact. Index	Jun	15.0	16.0	--
		Conf. Board Consumer Confidence	Jun	128.0	128.0	--
		Conf. Board Expectations	Jun	--	105.6	--
27/06		MBA Mortgage Applications	Jun-22	--	5.1%	--
		Wholesale Inventories MoM	May P	0.2%	0.1%	--
		Durable Goods Orders	May P	-1.0%	-1.6%	--
		Retail Inventories MoM	May	--	0.6%	0.5%
		Pending Home Sales MoM	May	0.5%	-1.3%	--
26/06	Singapore	Industrial Production YOY	May	10.0%	9.1%	--
26/06/18- 30/06/18	Vietnam	Exports YTD YOY	Jun	15.7%	15.8%	--
		Trade Balance	Jun	-\$248m	-\$500m	--
		CPI YOY	Jun	4.35%	3.86%	--
		GDP YTD YOY	2Q	6.80%	7.38%	--
		Industrial Production YOY	Jun	--	7.1%	--
		Retail Sales YTD YOY	Jun	--	10.1%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1704	0.45	1.1713	1.1629	-2.5
USDJPY	109.77	-0.18	110.04	109.37	-2.7
GBPUSD	1.3281	0.15	1.329	1.3221	-1.7
AUDUSD	0.7414	-0.35	0.7444	0.7396	-5.1
EURGBP	0.8813	0.29	0.8819	0.8781	-0.8
USDMYR	4.0177	0.39	4.0180	4.0070	-0.7
EURMYR	4.6804	0.31	4.6851	4.6646	-3.5
JPYMYR	3.6692	1.09	3.6712	3.6405	2.1
GBPMYR	5.3197	-0.02	5.3259	5.3065	-2.6
SGDMYR	2.9483	-0.02	2.9502	2.9406	-2.7
AUDMYR	2.9825	0.42	2.9859	2.9754	-5.7
NZDMYR	2.7716	0.32	2.7754	2.7657	-3.8

Source: Bloomberg

Forex

MYR

- **MYR weakened 0.39% to 4.0177 against USD** and fell against 9 G10s on continued sell-off in emerging majors amid on-going trade spats between the US and its trading partners.
- **Expect a softer MYR against USD** as Asian / emerging majors remain under pressure from on-going trade spat. Minor bullish trend remains in control, suggesting that USDMYR is likely to close above 4.0157 before the week is out. Early break of 4.02 suggesting upside bias is set to increase going forward.

USD

- **USD weakened against 6 G10s** while the DXY tumbled in European session before moving lower in US morning, closing 0.24% weaker at 94.28 on economic concerns over US-centered trade tensions as well as on softer US data.
- **Continue to view a bearish USD** on extended concern over US economic slowdown due to on-going trade tensions. Minor bearish trend continues to weigh down DXY. We set sights on a slide below 94.04, which would then target 93.12.

EUR

- **EUR jumped most in European session, closing 0.45% higher at 1.1704 against a soft USD** and advanced against all G10s.
- **Stay bearish on EUR against a USD** that remains bogged down by economic concerns. EURUSD continues to gain upside momentum and now needs to break above 1.1723 to launch another leg higher. Above 1.1723, 1.1855 will be challenged, otherwise, a drop to 1.1612 remains a risk.

GBP

- **GBP strengthened against 6 G10s and rose 0.15% to 1.3281 against USD**, supported by refuge demand as European equities sank into the red.
- **We remain slightly bullish on GBP against a soft USD**, supported by likelihood of extended weakness in European markets. Bullish bias sustains while above 1.3236 but GBPUSD needs to beat 1.3310 to strengthen that bias. Otherwise, a return to 1.3236 remains likely.

JPY

- **JPY** was also supported by firmer demand for refuge, beating 7 G10s and **strengthening 0.18% to 109.77 against a soft USD**.
- **JPY is likely to remain bullish against a soft USD**, further supported by renewed weakness in market sentiment. USDJPY remains inclined to losses while below 109.79. We set sights on a potential drop to circa 108.79 – 109.00 next.

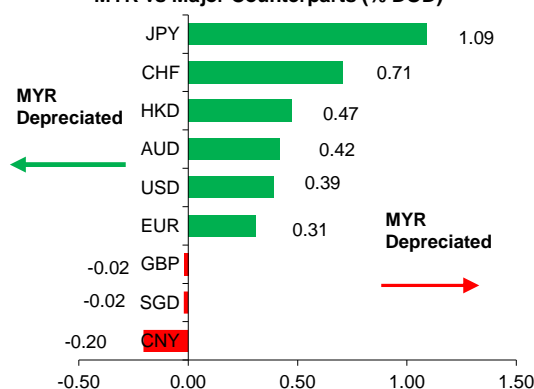
AUD

- **AUD weakened 0.35% to 0.7414 against USD** and fell against all G10s, pressured by renewed weakness in equities and commodities.
- **We turn bearish on AUD against USD** as risk sentiment took a turn south overnight. We maintain that AUDUSD has bottomed; though declines cannot be ruled out, we reckon that losses will likely be limited to 0.7379 before the recent rebound continues. We set sights on AUDUSD beating 0.7440 by Friday.

SGD

- **SGD** slipped in line with Asian / emerging majors, falling against 8 G10s and **weakening 0.26% to 1.3621 against USD**.
- **Expect a firmer SGD against USD**, supported by refuge demand as sentiment in the markets weakens. We note that bullish bias in USDSGD is showing signs of lethargy as it continues to fail to close above 1.3663. We reckon that a reversal lower is in the works.

MYR vs Major Counterparts (% DOD)



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