

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US equity ended higher** after yesterday's slide, lifted by the energy and tech sectors on the back of improved sentiments. **All three main indices posted modest gains** - the Dow (+0.12%), S&P 500 (+0.22%) and Nasdaq (+0.39%). Report claiming the US was pushing its allies to halt oil imports of Iran sent a 1.4% rally in the S&P 500 Energy Index to become the best performing sector while the barrel of WTI added 3.63% to close at \$70.53. Tech shares staged a comeback as the S&P 500 Information Technology Index closed 0.5% higher after the Trump Administration signaled a back down in its investment restriction plan. **Yield on US 20Y treasuries was little changed at 2.87%.**
- **US data were mixed overnight. House prices across the largest 20 cities continued to climb albeit slowly in April** as indicated by the S&P CoreLogic Case Shiller House Prices Composite Index for 20 Cities which rose 6.6% YOY. **Consumer sentiments slipped** – the Conference Board Consumer Confidence Consumer Sentiments fell to 126.4 in June as consumers do not foresee the economy gaining much momentum in the months ahead. **The Richmond Fed Composite Manufacturing Index rose to 20.0 in June** as the manufacturing sector in the Fifth District continued to expand. Elsewhere, **Singapore industrial production growth surged to a four-month high of 11.1% YOY in May** while **New Zealand posted a better than expected trade surplus of NZ\$294m.**
- **USD rebounded to beat all G10s** while the DXY rallied through European and US sessions to advanced 0.41% on signs of less tensed sentiment surrounding the on-going US-China trade spat. **We expect a slightly bullish USD** on the back of improved tone to the on-going US-China trade spat. Caution that soft US data may still reverse USD lower. Minor bearish trend continues to weigh down DXY. We set sights on a slide below 94.04, which would then target 93.12. A close above 94.86 today will end the bearish trend and tilt DXY upwards.
- **MYR weakened 0.12% to 4.0225 against a firm USD** and slipped against 5 G10s as it continued to be weighed down by on-going trade tension. **MYR is likely to remain slightly bearish against a firmer overnight USD.** Minor bullish trend remains in control, suggesting that USDMYR continues to tilt upwards. A test at 4.0259 is next but we caution that continue failure to beat 4.0280 – 4.0300 would be a sign that upside fatigue is kicking in.
- **SGD ended 0.07% lower at 1.3631 against a firmer USD** but managed to beat all G10s amid support from rising risk appetite in equities. **Expect a firmer SGD against USD**, supported by improving interest in equities. 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.

Overnight Economic Data

US	→
Singapore	↑
New Zealand	↑

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, Wholesale Inventories MoM, Durable Goods Orders, Retail Inventories MoM, Pending Home Sales MoM
- Nationwide House PX MoM
- China Industrial Profits YoY
- New Zealand Trade Balance NZD, Exports NZD

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1608	1.1615	1.1650	1.1657	1.1680	↘
USDJPY	109.59	109.79	110.05	110.14	110.22	↗
GBPUSD	1.3200	1.3209	1.3221	1.3226	1.3250	↘
AUDUSD	0.7350	0.7379	0.7388	0.7405	0.7413	↘
EURGBP	0.8800	0.8807	0.8812	0.8819	0.8833	↗
USDMYR	4.0180	4.0200	4.0225	4.0245	4.0259	↗
EURMYR	4.6823	4.6851	4.6872	4.6890	4.6974	↘
JPYMYR	3.6472	3.6509	3.6544	3.6548	3.6567	↘
GBPMYR	5.3105	5.3142	5.3188	5.3200	5.3268	↘
SGDMYR	2.9481	2.9500	2.9516	2.9523	2.9550	→
AUDMYR	2.9673	2.9707	2.9718	2.9754	2.9776	↘
NZDMYR	2.7470	2.7500	2.7518	2.7547	2.7600	↘
USDSGD	1.3580	1.3600	1.3631	1.3642	1.3663	↘
EURSGD	1.5850	1.5865	1.5880	1.5900	1.5914	↘
GBPSGD	1.7986	1.8002	1.8020	1.8038	1.8064	↘
AUDSGD	1.0046	1.0055	1.0071	1.0081	1.0100	↘

*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	1,675.86	-0.13	-6.73	CRB Index	197.24	0.97	1.74
Dow Jones Ind.	24,283.11	0.12	-1.76	WTI oil (\$/bbl)	70.53	3.60	16.73
S&P 500	2,723.06	0.22	1.85	Brent oil (\$/bbl)	76.31	2.11	14.12
FTSE 100	7,537.92	0.37	-1.95	Gold (S/oz)	1,259.04	-0.52	8.10
Shanghai	2,844.51	-0.52	-13.99	CPO (RM/tonne)	2,250.50	-0.75	-5.84
Hang Seng	28,881.40	-0.28	-3.47	Copper (\$/tonne)	6,713.00	-0.62	-7.37
STI	3,280.87	0.61	-3.59	Rubber (sen/kg)	432.50	0.00	-6.49

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US S&P CoreLogic CS 20-City YOY NSA	Apr	6.60%	6.7% (revised)	6.80%
US Richmond Fed Manufact. Index	Jun	20.0	16.0	15.0
US Conf. Board Consumer Confidence	Jun	126.4	128.8 (revised)	128.0
US Conf. Board Expectations	Jun	103.2	107.2	--
SG Industrial Production YOY	May	11.1%	9.1%	10.0%
NZ Trade Balance NZ\$	May	294m	193m (revised)	100m
NZ Exports NZ\$	May	5.42b	4.96b	5.25b

Source: Bloomberg

➤ Macroeconomics

- US Consumer sentiments slipped:** The Conference Board Consumer Confidence index fell to 126.4 in June (May: 128.8 revised). The Present Situation Index was rather flat at 161.1 (May: 161.2) indicating that consumers' view of current economic conditions was little changed while the Expectations Index dropped to 103.2 (May: 107.2). The Conference Board saw the lower reading in expectations index as a "modest" curtailment in optimism as the index remained high by historical standards, suggesting that consumers do not foresee the economy gaining much momentum in the months ahead.
- US Fifth District manufacturing firms reported continued growth:** The Richmond Fed Composite Manufacturing Index rose to 20.0 in June (May: 16.0) driven by an increase in all three components - shipments, new orders and employment. Respondents were optimistic in June and were expecting growth to continue across most indicators. Even though survey results suggest a rise in employment, firms reported continuous struggle to find employees with the skills needed and expected continued shortages but expected increase payrolls in coming months. Price increases accelerated in June as seen in the average increase in current prices paid which reached its highest level since 2012.
- US House prices recorded slower gains:** The largest 20 US cities continued to see gains in house prices albeit at a slower pace as the S&P CoreLogic CaseShiller House Price Composite Index for 20 cities posted an increase of 6.6% YOY in April (Mar: 6.7% revised) buoyed by continuously high growth in Las Vegas, Seattle and San Francisco. The report cited continued low supply of homes for sale as one factor pushing up prices which is in line with other key housing data. Lack of supply in existing homes has driven buyers into the new homes segment recently. Builders meanwhile face challenges to build more homes due to elevated input prices.
- Singapore Industrial production beat estimates:** Growth in industrial production surged to a fourth-month high to 11.1% in May (Apr: +9.1%) led by gains in biomedical manufacturing (+17.7% YOY), electronics (+17.1% YOY) and chemicals (+8.5% YOY). Within the biomedical segment, pharmaceutical production rose 19.2% YOY to keep up with the recent surge in pharmaceutical exports. Within the electronic segments, semiconductor output posted a robust growth of 26.9% YOY while output in the rest of the electronic segments fell.
- New Zealand posted higher than expected trade surplus:** Exports came in 9.2% MOM higher at NZ\$5.42bn in May (Apr: 4.96bn revised), the second highest reading for any single month led by higher shipments of meat and forestry products. Meanwhile imports went up 7.3% MOM to NZ\$5.12bn (Apr: 4.77bn) due to higher demand for cars and this brings the trade surplus to NZ\$294m (Apr: 193m).

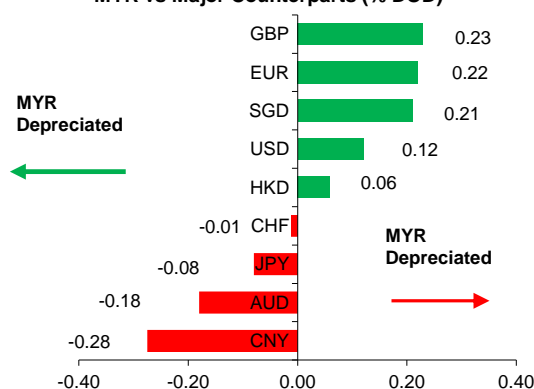
Economic Calendar Release Date						
Date	Country	Event	Reporting Period	Survey	Prior	Revised
27/06	US	MBA Mortgage Applications	Jun-22	--	5.1%	--
		Wholesale Inventories MoM	May P	0.2%	0.1%	--
		Durable Goods Orders	May P	-1.0%	-1.6%	--
		Retail Inventories MoM	May	--	0.6%	0.5%
		Pending Home Sales MoM	May	0.5%	-1.3%	--
28/06		GDP Annualized QoQ	1Q T	2.2%	2.9%	--
		Personal Consumption	1Q T	1.0%	1.0%	--
		Initial Jobless Claims	Jun-23	220k	218k	--
28/06	Eurozone	Kansas City Fed Manf. Activity	Jun	26.0	29.0	--
		Economic Confidence	Jun	112.0	112.5	--
		Consumer Confidence	Jun F	-0.5	0.2	--
27/06	UK	Nationwide House PX MoM	Jun	0.2%	-0.2%	--
28/06	Japan	Retail Trade YoY	May	1.4%	1.6%	1.5%
		Dept. Store, Supermarket Sales	May	-1.0%	-0.8%	--
27/06	China	Industrial Profits YoY	May	--	21.9%	--
27/06	New Zealand	ANZ Business Confidence	Jun	--	-27.2	--
28/06		RBNZ Official Cash Rate	Jun-28	1.75%	1.75%	--
27/06/18-30/06/18	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	1.1648	-0.48	1.172	1.1635	-3.0
USDJPY	110.06	0.26	110.22	109.37	-2.3
GBPUSD	1.3225	-0.42	1.3292	1.3193	-2.2
AUDUSD	0.7394	-0.27	0.7423	0.7380	-5.4
EURGBP	0.8806	-0.08	0.8823	0.8799	-0.8
USDMYR	4.0225	0.12	4.0245	4.0180	-0.5
EURMYR	4.6906	0.22	4.7154	4.6868	-3.3
JPYMYR	3.6664	-0.08	3.6781	3.6629	1.6
GBPMYR	5.3320	0.23	5.3474	5.3268	-2.6
SGDMYR	2.9546	0.21	2.9594	2.9492	-2.6
AUDMYR	2.9770	-0.18	2.9851	2.9747	-6.0
NZDMYR	2.7641	-0.27	2.7755	2.7622	-4.3

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR weakened 0.12% to 4.0225 against a firm USD** and slipped against 5 G10s as it continued to be weighed down by on-going trade tension.
- **MYR is likely to remain slightly bearish against a firmer overnight USD.** Minor bullish trend remains in control, suggesting that USDMYR continues to tilt upwards. A test at 4.0259 is next but we caution that continue failure to beat 4.0280 – 4.0300 would be a sign that upside fatigue is kicking in.

USD

- **USD rebounded to beat all G10s** while the DXY rallied through European and US sessions to advanced 0.41% on signs of less tensed sentiment surrounding the on-going US-China trade spat.
- **We expect a slightly bullish USD** on the back of improved tone to the on-going US-China trade spat. Caution that soft US data may still reverse USD lower. Minor bearish trend continues to weigh down DXY. We set sights on a slide below 94.04, which would then target 93.12. A close above 94.86 today will end the bearish trend and tilt DXY upwards.

EUR

- **EUR weakened 0.48% to 1.1648 against a rebounding USD** and fell against 8 G10s as buying interest shifted to the greenback and risk-sensitive majors in an apparent improvement in the tone of US-China trade spat.
- **EUR is slightly bearish against a rebounding USD** but expect losses to be modest as on-going trade spat remains unabated. Current bullish trend suggests EURUSD to close above 1.1704 going forward, provided it manages to hold above 1.1604 today. We reiterate that EURUSD needs to break above 1.1723 to launch another leg higher.

GBP

- **GBP** was softer against 6 G10s and **fell 0.42% to 1.3225 against USD** as demand for refuge ebbed following firmer market sentiment in Europe.
- **GBP is likely to be softer against USD** as buying interest is kept at bay ahead of speeches by BOE officials tonight and tomorrow night. Losing 1.3226 overnight has weakened GBPUSD's bullish bias. Recapturing this level will put GBPUSD back on track to test 1.3304, otherwise expect a return to 1.3148 going forward.

JPY

- **JPY** climbed against 8 G10s, supported by softer Asian equities and European majors but **weakened 0.26% to 110.06 against a firmer USD.**
- **We turn slightly bearish on JPY against USD** as risk appetite appears to be improving, likely to dampen refuge demand. Recapturing above 109.79 has altered USDJPY's technical landscape. Provided it closes above 110 today, it is tilted towards the upside, with scope to climb to 110.43 next.

AUD

- **AUD** advanced against 7 G10s amid recovery in market sentiment but **fell 0.27% to 0.7394 against a rebounding USD.**
- **Stay slightly bearish on AUD against USD;** while risk appetite is improving, we reckon that AUD will be pressured by a rebounding greenback. We maintain that AUDUSD has bottomed and 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 ended 0.07% lower at 1.3631 against a firmer USD** but managed to beat all G10s amid support from rising risk appetite in equities.
- **Expect a firmer SGD against USD,** supported by improving interest in equities. We continue to 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.

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