

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Major markets ended slightly lower** last Friday amid continued jitters from a cancelled summit between the US and North Korea, putting in doubt the recent progress towards a more stable geopolitical landscape. **Both benchmarks of oil plunged about 3%** on speculation that OPEC and its allies will soon end their production curbs given their view that markets have rebalanced.
- **Data flow were biased to the downside in the UK but mixed in the US.** US durable goods orders fell on a monthly basis, but after adjusting for volatility, demand for durable goods appear steady. Consumer confidence reading was downwardly revised but remains elevated, suggesting that sentiment remains somewhat firm. **UK GDP growth slowed in 1Q**, according to preliminary estimates, **dragged by softer expansion in household consumption and investment**, while firmer growth in government spending supported the headline GDP figure. **Singapore's IPI increased more than expected** and looks set to further support economic expansion to build on the recent 1Q GDP growth that outperformed.
- **USD rallied to beat 9 G10s** while the DXY climbed through Euro-US session to settle 0.51% higher at 94.25, led higher by risk aversion in the markets. **Maintain a bearish view on USD** amid a lack of buying interest from closure of US markets today. We reiterate that DXY's bullish trend has ended and we set sights on a decline going forward, possibly testing 93.10 in the next leg lower. A close above 94.25 is still highly likely tomorrow, but even so, our bearish view does not change.
- **MYR closed 0.04% softer at 3.9813 against USD** after erasing most losses in European session as the greenback retreated. MYR fell against 6 G10s. **We are neutral on MYR against USD**, likely with minor gains amid likelihood of a softer greenback going into European session. We maintain the view that USDMYR is initiating a reversal lower. We set sights on a potential decline to 3.9627, below which 3.9531 will be targeted.
- **SGD weakened 0.21% to 1.3420 against a strong USD** but held its own against 6 G10s that were also on the retreat against the greenback. **We are slightly bullish on SGD against a softening USD.** USDSGD is still tilted to the downside amid rising downside momentum. Expect a break below 1.3393 soon that would set a course for 1.3332.

Overnight Economic Data

US	→
UK	↓
Singapore	↑

What's Coming Up Next

Major Data

- Hong Kong Trade balance, Exports

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1646	1.1676	1.1686	1.1691	1.1740	↗
USDJPY	109.22	109.51	109.67	109.85	110.08	↘
GBPUSD	1.3347	1.3385	1.3310	1.3391	1.3422	↗
AUDUSD	0.7526	0.7548	0.7563	0.7565	0.7583	↗
EURGBP	0.8771	0.8780	0.8783	0.8789	0.8800	↗
USDMYR	3.9800	3.9815	3.9830	3.9852	3.9878	→
EURMYR	4.6525	4.6568	4.6607	4.6638	4.6695	→
JPYMYR	3.6209	3.6277	3.6315	3.6385	3.6404	↘
GBPMYR	5.2950	5.3000	5.3040	5.3091	5.3117	↘
SGDMYR	2.9677	2.9703	2.9728	2.9756	2.9780	↗
AUDMYR	3.0068	3.0100	3.0128	3.0152	3.0182	↗
NZDMYR	2.7516	2.7555	2.7588	2.7600	2.7632	↗
USDSGD	1.3374	1.3393	1.3404	1.3415	1.3429	↘
EURSGD	1.5622	1.5641	1.5673	1.5694	1.5708	↗
GBPSGD	1.7800	1.7820	1.7841	1.7854	1.7890	↘
AUDSGD	1.0109	1.0129	1.0136	1.0144	1.0162	↘

* 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	1846.5	1.0	0.0	CRB Index	203.3	-1.13	4.9
Dow Jones Ind.	24753.1	-0.2	0.1	WTI oil (\$/bbl)	67.9	-3.92	12.4
S&P 500	2721.3	-0.2	1.8	Brent oil (\$/bbl)	76.4	-3.00	13.5
FTSE 100	7730.3	0.2	0.6	Gold (\$/oz)	1302.3	-0.20	-0.4
Shanghai	3141.3	-0.4	-5.0	CPO (RM/tonne)	2443.0	1.01	2.2
Hang Seng	30588.0	-0.6	2.2	Copper (\$/tonne)	6885.0	0.07	-5.0
STI	3513.2	-0.4	3.2	Rubber (sen/kg)	501.0	0.40	8.3

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Durable Goods Orders	Apr P	-1.7%	2.7% (revised)	-1.3%
US University of Michigan Sentiment	May F	98.0	98.8	98.8
UK GDP QOQ	1QP	0.1%	0.4%	0.1%
SG Industrial Production YOY	Apr	9.1%	6.1% (revised)	8.0%

Source: Bloomberg

➤ Macroeconomics

- US headline durable goods orders fell, consumer confidence softer:** Flash print for durable goods orders showed a 1.7% MOM decline in Apr after a decent growth of 2.7% in Mar. The bright side of it was that after discounting the volatile transportation segment, orders actually rose 1.0% in Apr, and rebounded from a 0.9% dip in Mar, suggesting that underlying demand remains relatively steady. Meanwhile, University of Michigan's gauge of consumer sentiment was downwardly revised in the final print of May; it was adjusted to 98.0 from initial estimate of 98.8, easing from 98.8 in Apr. Despite the softer reading, sentiment remains firm as current levels are still elevated compared to the last 12 months.
- UK flash 1Q GDP matched forecast, slowed for 4th consecutive quarter:** The UK economy grew 0.1% QOQ in 1Q, according to preliminary estimates, easing from 0.4% in 4Q17. This was unchanged from advanced print released in Apr. Growth led by stronger government spending (1Q: +0.5% vs 4Q: +0.4%) that was offset by the slowest expansion in household spending since 4Q14 (1Q: +0.2% vs 4Q: +0.3%) and softer gain in investment (1Q: +0.9% vs 4Q: +1.1%); both items were likely weighed down by continued uncertainties emanating from slow progress in Brexit preparations. Annually, GDP growth eased from 1.4% in 4Q17 to 1.2%, slowest since 2Q12.
- Singapore industrial production rose at a faster pace, beat estimates:** Factory output increased 9.1% YOY in April (Mar: +6.1% revised) led by surge in pharmaceuticals and petrochemicals signaling a decent growth momentum for 2Q18. Production growth of electronics remained strong but moderated (Apr: +11.2% vs Mar: +12.4%), while the traditionally volatile biomedical products rebounded moderately (Apr: +8.2% vs Mar: -5.4%), both lifting the headline IPI figure. Also recording quicker growth rates were output of chemicals (Apr: +12.4% vs Mar: +8.4%), transport engineering (Apr: +8.3% vs Mar: +3.5%) and general manufacturing (Apr: +3.3% vs Mar: -0.1%). This adds credence to a stronger GDP in 1Q, suggesting that growth going forward is likely to remain firm.

Economic Calendar Release Date

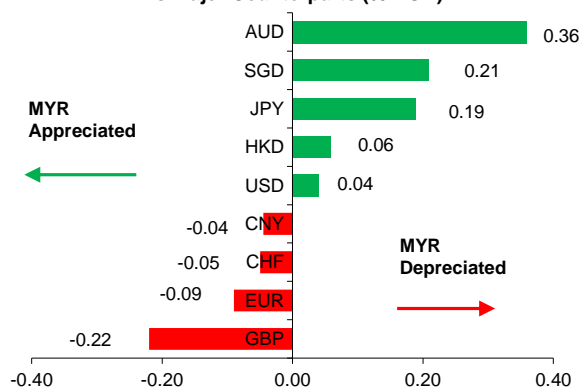
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	29/05	S&P CoreLogic CS 20-City YOY NSA	Mar	6.4%	6.8%	--
		Conference Board Consumer Confidence	May	128.0	128.7	--
		Dallas Fed Manufacturing Activity	May	23.0	21.8	--
UK	28/05 - 03/06	Nationwide House PX MOM	May	0.2%	0.2%	--
Japan	29/05	Jobless Rate	Apr	2.5%	2.5%	--
Hong Kong	28/05	Exports YOY	Apr	9.1%	8.0%	--
		Trade Balance HKD	Apr	-38.5b	-55.5b	--
Vietnam	28/05-31/05	Trade Balance	May	--	\$700.0m	--
		CPI YOY	May	--	2.75%	--
		Exports YTD YOY	May	--	19.0%	--
		Industrial Production YOY	May	--	9.4%	--
		Retail Sales YTD YOY	May	--	9.8%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1651	-0.59	1.1734	1.1646	-2.6
USDJPY	109.41	0.14	109.74	109.13	-2.7
GBPUSD	1.3309	-0.53	1.3389	1.3295	-1.5
AUDUSD	0.7548	-0.37	0.759	0.7543	-3.2
EURGBP	0.8755	-0.03	0.8781	0.8742	-4.1
USDMYR	3.9813	0.04	3.9852	3.9760	-1.6
EURMYR	4.6639	-0.09	4.6697	4.6563	-3.8
JPYMYR	3.6349	0.19	3.6443	3.6306	1.1
GBPMYR	5.3243	-0.22	5.3291	5.3115	-2.6
SGDMYR	2.9744	0.21	2.9746	2.9670	-1.8
AUDMYR	3.0208	0.36	3.0213	3.0103	-4.5
NZDMYR	2.7608	0.25	2.7624	2.7538	-4.1

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR closed 0.04% softer at 3.9813 against USD** after erasing most losses in European session as the greenback retreated. MYR fell against 6 G10s.
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USD

- **USD rallied to beat 9 G10s** while the DXY climbed through Euro-US session to settle 0.51% higher at 94.25, led higher by risk aversion in the markets.
- **Maintain a bearish view on USD** amid a lack of buying interest from closure of US markets today. We reiterate that DXY's bullish trend has ended and we set sights on a decline going forward, possibly testing 93.10 in the next leg lower. A close above 94.25 is still highly likely tomorrow, but even so, our bearish view does not change.

EUR

- **EUR tumbled 0.59% to 1.1651 against a strong USD** and fell against 6 G10s, weighed down by fiscal uncertainties in Italy.
- **Stay bullish on EUR against a softening USD.** We maintain that EURUSD is still vulnerable to a rebound going forward after another failure last Friday to break below the lower Bollinger. Expect a climb to circa 1.1740 in the next leg higher.

GBP

- **GBP tumbled 0.53% to 1.3309 against USD** and fell against 5 G10s, failing to benefit from European majors' declines as demand was curbed by signs of slowing economic growth in the UK.
- **We stay slightly bullish on GBP, led by a soft USD.** We maintain that GBPUSD is at the cusp of a sustained rebound that could test 1.3513. Caution that a close below 1.3309 in the coming days cannot be ruled out.

JPY

- **JPY** was also supported by demand for refuge in the markets, climbing against 7 G10s amid continued jitters over cancelled US-North Korea summit, but slipped 0.14% to 109.41 against a firmer USD.
- **Stay bullish JPY in line with our view of a softer USD** today; gains are likely modest given that refuge demand is likely to retreat after improved sentiment post North and South Korea summit over the weekend. Current bearish trend still suggest a close below 109.26 before the week is out, therefore, we stay bearish on USDJPY.

AUD

- **AUD** was pressured by risk-off sentiment in the markets, falling 0.37% to 0.7548 against USD but remained higher against 5 G10s.
- **Expect a slightly bullish AUD against a soft USD**, further supported by likelihood of recovery in market risk appetite. Upside momentum is fading and this puts in doubt the potential for further advances. But unless AUDUSD closes below 0.7507, we continue to expect AUDUSD to break 0.7613 soon and set course for 0.7660.

SGD

- **SGD** weakened 0.21% to 1.3420 against a strong USD but held its own against 6 G10s that were also on the retreat against the greenback.
- **We are slightly bullish on SGD against a softening USD.** USDSGD is still tilted to the downside amid rising downside momentum. Expect a break below 1.3393 soon that would set a course for 1.3332.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hbb.hongleong.com.my

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