

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Wall Street stocks fell overnight taking cue from a global rout after Trump's threat to hike tariffs on \$200b Chinese goods sent markets into a jitter.** Stocks however managed to bounce off intraday low as investors digested trade headlines over the day. **The scheduled trade talks between US and China are still slated to take place this week in Washington as China said that it will still send its delegates to the US, easing concerns over an immediate escalation of current trade tension.** The Dow, S&P500 and NASDAQ fell 0.25% (-66.47pts), 0.45% (-13.17pts) and 0.50% (-40.71pts). **Treasuries rallied on safe haven bidding leading yield to fall by 3-6bps across the curve.** 10Y UST yield lost 6bps to 2.47%. **Earlier, stocks in Europe and Asia ended in the reds over renewed trade concerns. Chinese markets sold off and bled profusely with the Shanghai Composite Index erasing 5.58% in one day.** Crude oil strengthened slightly-WTI rose 0.5% to \$62.25/barrel and Brent crude gained 0.55% to \$71.24/barrel. **Focus will be on the RBA meeting today where the central bank is widely expected to deliver a rate cut. In Malaysia, BNM is also expected to announce a cut in the OPR by 25bps today.**
- Data releases were limited. **The Eurozone Sentix Investor Confidence Index jumped to 5.3 in May signaling the tremendous surge in sentiments following upbeat 1Q GDP growth.** Retail sales meanwhile were flat in March. The final reading of Markit Eurozone Services PMI was revised upward to 52.8 in April but was still lower compared to March. Elsewhere, China Caixin PMI came in a tad higher, Hong Kong PMI went up but remained below 50.0 while Singapore Nikkei PMI strengthened by a larger margin.
- **The Dollar index closed 0.04% lower at 97.524** as the broad USD retraced lower from a high of 97.708 as cooler heads prevail and equity markets recover some ground. **We maintain USD bullishness** as the US-China trade spat continues on which will put a damper on risk appetite.
- **MYR closed 0.08% lower** against the USD at 4.1470 in an environment where the USD is broadly stronger thanks to the US-China spat. **We remain neutral MYR** as it continues to consolidate between the 4.12-4.15 immediate range with an upwards bias as we await BNM MPC outcome later.
- **SGD closed 0.19% weaker at 1.3631 against USD** in line with EM weakness. **We maintain bearish SGD** as the resumption of the US-China trade spat will continue to dampen risk appetite and support USD/EM in general.

#### Overnight Economic Data

Eurozone	→
Hong Kong	↑
China	↑
Singapore	↑

#### What's Coming Up Next

##### Major Data

- Malaysia Foreign Reserves
- UK Halifax House Prices Index
- Japan Nikkei Services PMI
- Australia AiG Performance of Construction Index, Trade Report

##### Major Events

- BNM OPR Decision
- RBA Cash Rate Decision

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1140	1.1170	1.1202	1.1230	1.1250	↘
GBPUSD	1.3050	1.3100	1.3108	1.3150	1.3200	↗
USDJPY	110.00	110.40	110.73	111.00	111.20	↘
AUDUSD	0.6920	0.6950	0.6995	0.7030	0.7050	↘
EURGBP	0.8450	0.8500	0.8548	0.8560	0.8600	→
USDMYR	4.1350	4.1400	4.1490	4.1500	4.1600	↗
EURMYR	4.6000	4.6250	4.6485	4.6500	4.6650	↗
JPYMYR	3.7300	3.7450	3.7470	3.7700	3.7800	↗
GBPMYR	5.4200	5.4350	5.4380	5.4650	5.4800	↗
SGDMYR	3.0300	3.0350	3.0435	3.0450	3.0500	→
AUDMYR	2.8800	2.8900	2.9020	2.9050	2.9100	↗
NZDMYR	2.7300	2.7350	2.7415	2.7550	2.7650	↗
USDSGD	1.3600	1.3625	1.3635	1.3675	1.3700	↗
EURSGD	1.5170	1.5225	1.5273	1.5310	1.5350	→
GBPSGD	1.7700	1.7820	1.7870	1.8055	1.8150	→
AUDSGD	0.9450	0.9500	0.9535	0.9550	0.9600	↘

\* 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	1,632.80	-0.27	-3.42	CRB Index	180.68	-0.60	6.41
Dow Jones Ind.	26,438.48	-0.25	13.34	WTI oil (\$/bbl)	62.25	0.50	37.08
S&P 500	2,932.47	-0.45	16.98	Brent oil (\$/bbl)	71.24	0.55	32.42
FTSE 100	7,380.64	0.40	9.70	Gold (\$/oz)	1,281.10	0.16	-0.03
Shanghai	2,906.46	-5.58	16.54	CPO (RM/tonne)	1,963.00	0.26	0.54
Hang Seng	29,209.82	-2.90	13.02	Copper (\$/tonne)	6,236.00	1.12	4.54
STI	3,290.62	-3.00	7.23	Rubber (sen/kg)	476.50	-1.04	25.73

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
EU Markit Services PMI	Apr F	52.8	53.3	52.5
EU Sentix Investor Confidence	May	5.3	-0.3	1.2
EU Retail Sales MOM	Mar	0.0%	0.5% (revised)	-0.1%
HK Nikkei Hong Kong PMI	Apr	48.4	48.0	--
CN Caixin PMI Services	Apr	54.5	54.4	54.2
SG Nikkei PMI	Apr	53.3	51.8	--

Source: Bloomberg

**Macroeconomics**

- Tremendous improvement in Eurozone investor confidence:** Investor confidence got a boost this month as the Sentix Investor Confidence Index jumped to 5.3 in May (Apr: -0.3). The current situation index rose from 3.8 to 11.0 while the expectations index surged from -4.3 to -0.3. The improvement in sentiments came after the Eurozone recorded a better-than-expected first quarter GDP growth, shrugging off earlier concerns of a potential recession in the euro area economy.
- Eurozone retail sales were flat in March:** Eurozone retail sales were unchanged in March (Feb: +0.5% revised) as the faster sales in food, drinks, tobacco were offset by the fall in sales of nonfood product as well as the continuous decline in automotive fuel. On a yearly basis, retail sales rose at a modest pace of 1.9% YOY (Feb: +3.0%), driven by a broad-based slowdown across all categories.
- Eurozone services sector stayed solid:** The final reading of Markit Eurozone Services PMI was revised upward from 52.5 to 52.8 in April (Mar: 53.3), but was still lower than the reading in previous month, thus signaling a slower expansion of the euro area's services industry. That said, the sector remained very much in a solid state due to a slight pickup in new business and ongoing strong employment, in contrast with the struggling manufacturing sector.
- China Caixin Services PMI points to strong services sector:** The Caixin China Services PMI came in a tad higher at 54.5 in April (Mar: 54.4) suggesting that the state of China's services sector remains solid. The upturn was driven by a further strong increase in new business and new exports order, reflecting solid demand in the services industry and was at odd with the official NBS reading which had earlier suggested a weakening of the sector instead.
- Hong Kong PMI indicated still weak private sector conditions:** The Nikkei Hong Kong PMI edged up to 48.4 in April (Mar: 48.0) on but nonetheless indicating that the private sector conditions continued to deteriorate in Hong Kong. Demand continued to soften in April with overall new order inflows contracting further particularly that from mainland China.
- Singapore Nikkei PMI strengthened in April:** The Nikkei Singapore PMI went up to 53.3 in April (Mar: 51.8), suggesting a stronger improvement in the private sector economic conditions, mainly because of pickups in output and new orders. Demand was said to have improved on better advertising, firmer underlying conditions in local markets and promotional efforts.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
07/05	Malaysia	<b>BNM Overnight Policy Rate</b>	<b>May-07</b>	<b>3.00%</b>	<b>3.25%</b>	--
		<b>Foreign Reserves</b>	<b>Apr-30</b>	--	<b>\$103.5b</b>	--
08/05	US	MBA Mortgage Applications	May-03	--	-4.3%	--
07/05	UK	<b>Halifax House Price 3Mths/Year</b>	<b>Apr</b>	<b>4.5%</b>	<b>2.6%</b>	--
07/05	Japan	<b>Nikkei Japan Manufacturing PMI</b>	<b>Apr</b>	--	<b>49.2</b>	--
08/05	China	Trade Balance	Apr	\$34.60b	\$32.64b	--
		Exports YOY	Apr	3.0%	14.2%	--
		Imports YOY	Apr	-2.5%	-7.6%	--
07/05	Australia	<b>AiG Perf of Construction Index</b>	<b>Apr</b>	--	<b>45.6</b>	--
		<b>Trade Balance</b>	<b>Mar</b>	<b>A\$4480m</b>	<b>A\$4801m</b>	--
		<b>Retail Sales MOM</b>	<b>Mar</b>	<b>0.2%</b>	<b>0.8%</b>	--
		<b>RBA Cash Rate Target</b>	<b>May-07</b>	<b>1.25%</b>	<b>1.5%</b>	--
08/05	New Zealand	RBNZ Official Cash Rate	May-08	1.50%	1.75%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1199	0.01	1.1209	1.1159	-2.32
GBPUSD	1.3097	-0.58	1.3185	1.3082	2.69
USDJPY	110.76	-0.31	110.96	110.28	0.98
AUDUSD	0.6991	-0.38	0.7003	0.6963	-0.82
EURGBP	0.8550	0.57	0.8557	0.8490	-4.86
USDMYR	4.1470	0.08	4.1495	4.1460	0.38
EURMYR	4.6419	0.44	4.6449	4.6343	-1.81
JPYMYR	3.7468	0.84	3.7603	3.7416	-0.29
GBPMYR	5.4369	0.80	5.4542	5.4369	3.21
SGDMYR	3.0429	0.15	3.0441	3.0333	0.28
AUDMYR	2.8990	-0.03	2.9039	2.8881	-0.82
NZDMYR	2.7451	0.10	2.7499	2.7368	-1.21
CHFMYR	4.0767	0.38	4.0868	4.0760	-2.92
CNYMYR	0.6131	-0.16	0.6134	0.6102	1.29
HKDMYR	0.5287	0.11	0.5289	0.5281	0.09
USDSGD	1.3631	0.19	1.3661	1.3607	0.07
EURSGD	1.5267	0.20	1.5282	1.5192	-2.26
GBPSGD	1.7854	-0.37	1.7964	1.7831	2.75
AUDSGD	0.9530	-0.26	0.9543	0.9485	-0.74

Source: Bloomberg

## Forex

### MYR

- **MYR closed 0.08% lower** against the USD at 4.1470 in an environment where the USD is broadly stronger thanks to the US-China spat.
- **We remain neutral MYR** as it continues to consolidate between the 4.12-4.15 immediate range with an upwards bias as we await BNM MPC outcome later.

### USD

- **The Dollar index closed 0.04% lower at 97.524** as the broad USD retraced lower from a high of 97.708 as cooler heads prevail and equity markets recover some ground.
- **We maintain USD bullishness** as the US-China trade spat continues on which will put a damper on risk appetite.

### EUR

- **EUR closed flattish at 1.1199 against USD** as it initially lost ground on the break of the trade news but recovered towards the NYK close in line with the broad USD.
- **We remain bearish on EUR** as there looks to be a divergence between Eurozone economies and the US economy which may drag on the EUR as a whole as well as recent trade war developments.

### GBP

- **GBP closed 0.58% lower at 1.3097** in line with broad USD strength on break of trade tensions.
- **GBP remains bullish** as the pair continues to trade within the upper bound of the Bollinger.

### JPY

- **JPY closed 0.31% stronger at 110.76** as demand for safe haven assets surge with the resumption of the US-China trade spat.
- **We remain bullish JPY** as trade tensions will have a negative impact on equity markets which in turn will be bullish for JPY overall as investors seek safety.

### AUD

- **AUD closed 0.38% lower at 0.6991 against the USD** amidst poor risk appetite.
- **We remain bearish on AUD** as even as the USD retraces some losses, AUD could not close back above the 0.7000 level which is a very bearish sign.

### SGD

- **SGD closed 0.19% weaker at 1.3631 against USD** in line with EM weakness.
- **We maintain bearish SGD** as the resumption of the US-China trade spat will continue to dampen risk appetite and support USD/EM in general.

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