

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- Wall Street stocks rose modestly overnight **led by the rebound in energy shares along with higher oil prices as attacks to two oil tankers near the Strait of Hormuz raised immediate concerns over global oil supply.** Oil prices jumped back up by 2.2% after losing nearly 4% just a day before, leading energy stocks to recover 1.3% to become the biggest winner of the day. **The gain in overall stocks however were constrained by investors' caution against the currently uncertain US-China trade relations and most importantly the anticipation over next week's FOMC meeting.** Markets are looking to the Fed for any signal of an easing bias amidst trade tensions, slower hiring and persistently soft inflation. In fact the fall in import prices index was the latest data to confirm this phenomena. At closings, the Dow added 102pts or 0.4%, the broader S&P 500 also gained 0.4%, whereas NASDAQ finished 0.6% higher. **Treasuries yield curve steepened** as rising rate cut expectations pushed short-dated bond yield lower. Yield on 2Y notes closed 4bps lower at 1.84% while that of the 10s fell 3bps to 2.09%, pushing the 2Y10Y spread higher to 25.7bps.
- On the data front, **the 0.3% MOM fall in US import prices index was the latest data to confirm a lack of inflation in the US economy.** Initial jobless claims meanwhile rose to five-week high of 222k last week, added to signs of a cooling job market. Eurozone industrial productions slipped for the second month by 0.5% MOM in April. Germany output resumed decline. Down under, Australia jobless rate steadied at 5.2% in May as labour force expanded. New Zealand manufacturing PMI ticked down to 50.2, just a touch above 50.0.
- **MYR closed weaker by 0.16%** against the USD at 4.1650. **We continue to remain neutral to slightly bearish on MYR** in the short term as the pair is consolidating within broad range of 4.15-4.18 with a slight upwards pressure.
- **The Dollar index closed marginally higher by 0.06% at 97.023** as the broad USD continues to gain ground on better overall demand. **We remain bearish USD over the medium term** as Fed rate cut expectations still hold water although as mentioned previously we may see some volatility in the short term due to trade and global growth worries alongside geopolitical issues.
- **SGD closed unchanged at 1.3668 against USD.** **We remain neutral SGD** over the short term as mentioned previously as the pair is going through some consolidation between 1.3620-1.3680.

#### Overnight Economic Data

US	↓
Eurozone	↓
Australia	→
New Zealand	↓

#### What's Coming Up Next

##### Major Data

- US Retail Sales, Industrial Production, U. of Mich. Sentiment Index
- Japan Industrial Production
- China Fixed Assets Investment, Industrial Production, Retail Sales

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1250	1.1270	1.1283	1.1300	1.1330	↗
GBPUSD	1.2600	1.2650	1.2684	1.2700	1.2750	↘
USDJPY	107.70	108.10	108.33	108.50	108.80	↘
AUDUSD	0.6870	0.6900	0.6914	0.6950	0.6975	↘
EURGBP	0.8850	0.8875	0.8897	0.8925	0.8950	↗
USDMYR	4.1600	4.1625	4.1670	4.1700	4.1725	→
EURMYR	4.6700	4.6850	4.7008	4.7200	4.7350	↗
JPYMYR	3.8100	3.8300	3.8475	3.8500	3.8700	↗
GBPMYR	5.2600	5.2800	5.2845	5.3200	5.3400	↘
SGDMYR	3.0450	3.0475	3.0500	3.0550	3.0600	→
AUDMYR	2.8600	2.8750	2.8805	2.9000	2.9150	↘
NZDMYR	2.7100	2.7250	2.7335	2.7450	2.7600	↘
USDSGD	1.3600	1.3620	1.3665	1.3675	1.3690	→
EURSGD	1.5370	1.5400	1.5416	1.5450	1.5475	↗
GBPSGD	1.7250	1.7300	1.7335	1.7400	1.7500	↘
AUDSGD	0.9400	0.9430	0.9449	0.9475	0.9500	↘

\* 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	1,643.74	-0.42	-2.77	CRB Index	174.42	0.68	2.72
Dow Jones Ind.	26,106.77	0.39	11.91	WTI oil (\$/bbl)	52.28	2.23	15.13
S&P 500	2,891.64	0.41	15.35	Brent oil (\$/bbl)	61.31	2.23	13.96
FTSE 100	7,368.57	0.01	9.52	Gold (\$/oz)	1,342.31	0.65	4.76
Shanghai	2,910.74	0.05	16.71	CPO (RM/tonne)	1,967.50	-0.18	0.77
Hang Seng	27,294.71	-0.05	5.61	Copper (\$/tonne)	5,858.00	0.10	-1.79
STI	3,220.66	0.40	4.95	Rubber (sen/kg)	502.00	0.20	32.45

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US Import Price Index MOM	May	-0.3%	0.1% (revised)	-0.2%
US Initial Jobless Claims	Jun-08	222k	219k	215k
EU Industrial Production SA MOM	Apr	-0.5%	-0.4% (revised)	-0.5%
AU Employment Change	May	42.3k	43.1k (revised)	16.0k
AU Unemployment Rate	May	5.2%	5.2%	5.1%
NZ BusinessNZ Manufacturing PMI	May	50.2	53.7 (revised)	--

Source: Bloomberg

**Macroeconomics**

- US import prices fell, reaffirmed weak inflation; initial jobless claims at five-week high** Import prices index fell for the first time in five months by 0.3% MOM in May (Apr: +0.1% revised) as prices of both fuel imports (-1.0% vs +1.7% revised) and non-fuel imports (-0.3% vs -0.1%) declined, reaffirming the lack of imported inflation in the domestic economy which was also partly supported by a firmer dollar in May. The data were the latest to confirm the muted inflationary environment in the US, reinforcing beliefs that the Federal Reserve will signal an easing bias next week and cut rates multiple times this year. Separate government data meanwhile show that initial jobless claims rose to a five-week high of 222k for the week ended 08 Jun (previous: 219k revised), offering signs that job growth is cooling in the US.
- Eurozone industrial output fell again in April:** Eurozone industrial production slipped for the second month by 0.5% MOM in April (Mar: -0.4% revised). Output also fell more than initially estimated in March as its reading was revised from -0.3% to -0.4% MOM, reaffirming the weakness in the currency bloc's manufacturing industry. Looking at details, the decline in production of intermediate goods, capital goods and durable consumer goods offset the rebound in energy output and non-durable consumer goods. Notably Germany output resumed a 2.3% MOM decline (Mar: +0.6%) highlighting manufacturing weakness in the bloc's largest economy. The plunge in industrial output came in line with the poor PMI readings which continued to suggest poor outlook for the manufacturing sector.
- Australia jobless rate steadied as workforce expanded:** Unemployment rate was steady at 5.2% in May (Apr: 5.2%) missing consensus estimate of 5.1%, as the labour force expanded last month leading the participation rate to rise to a record high of 66.0% (Apr: 65.9% revised). May hiring went up way above expectation by 42.3k in May (Apr: +43.1k revised), accompanied by a substantial upward revision to previous number. The bigger than expected job addition in May however was led mainly by the 39.8k increase in part time jobs (+39.8k vs 43.4k revised) as full-time employment managed a 2.4k addition (Apr: -0.3k revised) after falling in the previous month.
- New Zealand manufacturing sector growth neared stagnation:** The BusinessNZ Manufacturing PMI fell to 50.2 in May (Apr: 52.7 revised), just a touch above the 50.0 neutral threshold, indicating that the country's manufacturing sector barely grew last month. May print was the PMI's lowest recorded since Dec-12. Notably output contracted for the first time in 10 months where the sub-index dipped 3.7pts to 46.4 (Apr: 50.1). The new orders sub-index fell to 50.4 (Apr: 52.2) suggesting a much slower rise in new businesses and pointing to a weaker outlook for demand for manufacturing goods in the near term.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
14/06	US	Retail Sales Advance MOM	May	0.6%	-0.2%	--
		Industrial Production MOM	May	0.2%	-0.5%	--
		U. of Mich. Sentiment	Jun P	98.0	100.0	--
17/06		Empire Manufacturing	Jun	12.0	17.8	--
		NAHB Housing Market Index	Jun	67.0	66.0	--
17/06	Eurozone	Labour Costs YOY	1Q	--	2.3%	--
17/06	UK	Rightmove House Prices YOY	Jun	--	0.1%	--
14/06	Japan	Industrial Production YOY	Apr F	--	-4.3%	--
14/06	China	Fixed Assets Ex Rural YTD YOY	May	6.1%	6.1%	--
		Industrial Production YOY	May	5.4%	5.4%	--
		Retail Sales YOY	May	8.1%	7.2%	--
17/06	Singapore	Non-oil Domestic Exports YOY	May	-18.7%	-10.0%	--
17/06	New Zealand	Performance Services Index	May	--	51.8	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1276	-0.10%	1.1304	1.1269	-0.64
GBPUSD	1.2674	-0.12%	1.2708	1.2662	-0.59
USDJPY	108.38	-0.11%	108.54	108.17	-0.23
AUDUSD	0.6915	-0.19%	0.6937	0.6902	-0.90
EURGBP	0.8898	0.02%	0.8920	0.8878	-0.05
USDMYR	4.1650	0.16%	4.1655	4.1565	0.76
EURMYR	4.7017	-0.20%	4.7045	4.6958	-0.54
JPYMYR	3.8419	-0.03%	3.8498	3.8317	2.24
GBPMYR	5.2767	-0.46%	5.2883	5.2702	0.17
SGDMYR	3.0467	-0.09%	3.0487	3.0426	0.36
AUDMYR	2.8763	-0.52%	2.8879	2.8716	-0.60
NZDMYR	2.7331	-0.19%	2.7427	2.7325	-0.64
CHFMYR	4.1939	-0.03%	4.1968	4.1777	-0.13
CNYMYR	0.6015	0.08%	0.6020	0.6007	-0.61
HKDMYR	0.5322	0.09%	0.5327	0.5311	0.76
USDSGD	1.3668	0.00%	1.3672	1.3654	0.28
EURSGD	1.5413	-0.10%	1.5440	1.5402	-0.37
GBPSGD	1.7321	-0.13%	1.7359	1.7297	-0.31
AUDSGD	0.9451	-0.21%	0.9478	0.9430	-0.61

Source: Bloomberg

## Forex

### MYR

- **MYR closed weaker by 0.16%** against the USD at 4.1650.
- **We continue to remain neutral to slightly bearish on MYR** in the short term as the pair is consolidating within broad range of 4.15-4.18 with a slight upwards pressure.

### USD

- **The Dollar index closed marginally higher by 0.06% at 97.023** as the broad USD continues to gain ground on better overall demand.
- **We remain bearish USD over the medium term** as Fed rate cut expectations still hold water although as mentioned previously we may see some volatility in the short term due to trade and global growth worries alongside geopolitical issues.

### EUR

- **EUR closed 0.10% weaker at 1.1276 against USD** amidst broad USD strength.
- **We remain bullish on EUR over the medium term** as the overall outlook continues to favour a weaker USD due to a neutral ECB and Fed rate cut expectations with the Ichimoku cloud top to support the short term.

### GBP

- **GBP closed 0.12% lower at 1.2674** dragged by a stronger USD and Brexit drama.
- **We remain bearish GBP** despite Boris Johnson winning initial voting. Johnson is an advocate of a non no-deal Brexit and GBP would likely see another relief rally higher if he wins the leadership race as the next Prime Minister.

### JPY

- **JPY closed stronger by 0.11% at 108.38** on slightly lower UST yields.
- **We remain bullish JPY** as trade worries continue to support JPY even though in the short term it is being dragged by push/pull factors manifesting through a lower UST yield vs a higher USD.

### AUD

- **AUD closed lower by 0.19% at 0.6915 against the USD.**
- **We remain bearish on AUD** due to AUD sensitivity to China. As mentioned previously, the pair may be going through some consolidation although at a broader 0.6850-0.7000 range with a bearish bias.

### SGD

- **SGD closed unchanged at 1.3668 against USD.**
- **We remain neutral SGD** over the short term as mentioned previously as the pair is going through some consolidation between 1.3620-1.3680.

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