

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global financial markets have had another round of selloffs as US-China trade tensions deepened and broadened** following the crackdown on Huawei and as the trade standoff is increasingly evolving into geopolitical risks. Major US and European equity indices however managed to narrow early losses and bounced back from the day lows while government bonds yields also reversed earlier declines, closing 1-2bps higher led by the UST. The Dollar Index shed slightly to 97.93, after hitting an intraday high of 98.04 while gold inched only marginally higher.
- **Economic releases were scanty and were largely negative.** Chicago Fed national activity index signaled moderation in the US economy while services sector in New Zealand pulled back to a near 7-year low explaining the 25bps RBNZ rate cut earlier this month. **Singapore saw a weaker than expected 1Q GDP print of 1.2% YOY**, as a contraction in manufacturing activities overshadowed rebound in construction and sustained gains in services. Looming downside risks suggest the Singapore economy could now expand by only 1.5-2.5% this year, according to MTI projection. **The UK offered the only bright spot with house prices showing some signs of stabilization.**
- **The Dollar index closed 0.05% lower at 97.932 yesterday** as the broad USD traded marginally softer. **We continue to maintain USD bullishness** so long as there continues to be safe haven demand as trade tensions continue.
- **MYR closed 0.29% higher at 4.1765** against the USD last Friday as the overall USD remains firm on ongoing trade jitters. **We remain bearish MYR** as trade tensions continue to rise. However, in the shorter term we may see some consolidation between 4.16-4.19.
- **SGD closed 0.06% stronger at 1.3766 against USD** in line with a marginally weaker USD. **We maintain bearish SGD** as escalation of US-China trade spat will continue to dampen risk appetite and support USD/EM in general however we may see some consolidation around the recent ranges as risk appetite improves somewhat.

Overnight Economic Data

US	↓
UK	↑
Singapore	↓
New Zealand	↓

What's Coming Up Next

Major Data

- US Existing Home Sales
- Eurozone Consumer Confidence

Major Events

- Australia RBA Minutes of May Policy Meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1120	1.1150	1.1168	1.1190	1.1230	↘
GBPUSD	1.2650	1.2700	1.2728	1.2750	1.2800	↘
USDJPY	109.50	109.75	110.17	110.35	110.65	↘
AUDUSD	0.6875	0.6900	0.6923	0.6950	0.6975	→
EURGBP	0.8725	0.8750	0.8773	0.8800	0.8830	→
USDMYR	4.1700	4.1750	4.1800	4.1850	4.1900	↗
EURMYR	4.6450	4.6650	4.6680	4.6800	4.6900	→
JPYMYR	3.7600	3.7800	3.7950	3.8150	3.8350	↗
GBPMYR	5.2800	5.3000	5.3205	5.3400	5.3650	↘
SGDMYR	3.0300	3.0350	3.0395	3.0450	3.0500	→
AUDMYR	2.8800	2.8850	2.8935	2.9000	2.9100	→
NZDMYR	2.7150	2.7300	2.7345	2.7550	2.7650	→
USDSGD	1.3700	1.3725	1.3755	1.3775	1.3800	↗
EURSGD	1.5300	1.5325	1.5360	1.5375	1.5400	→
GBPSGD	1.7400	1.7450	1.7510	1.7550	1.7600	↘
AUDSGD	0.9475	0.9500	0.9525	0.9550	0.9575	→

* 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	1,605.36	0.39	-5.04	CRB Index	181.70	0.39	7.01
Dow Jones Ind.	25,679.90	-0.33	10.08	WTI oil (\$/bbl)	63.10	0.54	38.96
S&P 500	2,840.23	-0.67	13.30	Brent oil (\$/bbl)	71.97	-0.33	39.80
FTSE 100	7,310.88	-0.51	8.66	Gold (\$/oz)	1,288.01	0.10	-0.37
Shanghai	2,870.60	-0.41	15.11	CPO (RM/tonne)*	1,979.00	1.20	1.36
Hang Seng	27,787.61	-0.57	7.51	Copper (\$/tonne)	6,029.00	-0.45	1.07
STI	3,205.46	-0.77	4.45	Rubber (sen/kg)	483.00	-0.51	27.44

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Apr	-0.45	0.05 (revised)	-0.20
UK Rightmove House Prices YOY	May	0.1%	-0.1%	--
NZ Performance Services Index	Apr	51.8	52.3 (revised)	--
SG GDP YOY	1Q F	1.2%	1.3%	1.4%

Source: Bloomberg

Macroeconomics

- US Chicago Fed national activity index signaled moderation in the US economy:** The Chicago Fed national activity index fell more than expected to -0.45 in April, reversing the upwardly revised positive print of 0.05 in March. This marked its third decline in four months, underscoring concerns over moderation in the US economy as only 33 of the 85 indicators within the index were positive whilst the remaining 52 were negative in April.
- UK house prices offered signs of stabilization:** Nationwide house prices rebounded to increase 0.1% YOY in May (Apr: -0.1% YOY), and has been increasing for the 5th straight month on a MOM basis, offering tentative signs of stabilization in the UK housing market despite looming Brexit uncertainties.
- New Zealand services sector moderated to a near 7-year low:** Performance services index tapered off for the 3rd consecutive month to 51.8 in April (Mar: 52.3 revised), its lowest in nearly seven years, dragged by declines in employment (-2.1pt), activity/ sales (-1.2pt), and stocks/ inventories (-1.4pt). These offset the slight 0.2-point uptick in new orders. This reinforced believes of increasing headwinds in the New Zealand economy that has prompted RBNZ to cut its official cash rate two weeks ago.
- Singapore 1Q softened more than expected in 1Q:** Final print of 1Q GDP growth tapered off more than expected to 1.2% YOY (4Q: +1.3% YOY), and was lower than the preliminary reading of 1.3%. The slowest growth pace in 6½ years confirmed that the Singapore economy has entered a soft patch, mainly dragged by a 0.5% YOY decline in manufacturing which offset the turnaround in construction activities (+2.9% vs -1.2%) and sustained growth in the services sector. QOQ, growth rebounded more than expected to 3.8% in 1Q (4Q: -0.8% QOQ). The weak start in 1Q, coupled with mounting downside risks in the global economy, all point to softer growth prospects ahead, prompting the Ministry of Trade and Industry (MTI) to narrow down its full year growth projection from 1.5-3.5% to 1.5-2.5%. This shall support the case for MAS to continue stand pat on its neutral monetary policy stance.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised.
21/05	US	Existing Home Sales MOM	Apr	2.7%	-4.9%	--
22/05		MBA Mortgage Applications	17 May	--	-0.6%	--
21/05	Eurozone	Consumer Confidence	May A	-7.7	-7.9	--
22/05	UK	CPI YOY	Apr	2.2%	1.9%	--
		CPI Core YOY	Apr	1.9%	1.8%	--
		PPI Output NSA YOY	Apr	2.3%	2.4%	--
22/05	Japan	Exports YOY	Apr	-1.6%	-2.4%	--
		Trade Balance	Apr	¥232.7b	¥528.5b	¥527.8b
		Core Machine Orders MOM	Mar	0.0%	1.8%	--
21/05	Australia	RBA Minutes of May Policy Meeting				
22/05		Westpac Leading Index MOM	Apr	--	0.19%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1165	0.07	1.1175	1.1151	-2.63
GBPUSD	110.15	0.02	1.2757	1.2715	-0.21
USDJPY	1.2727	-0.02	110.32	109.81	0.42
AUDUSD	0.6920	0.58	0.6938	0.6890	-1.83
EURGBP	0.8773	0.04	0.8784	0.8745	-2.41
USDMYR	4.1765	0.29	4.1780	4.1655	1.11
EURMYR	4.6632	-0.14	4.6695	4.6534	-1.29
JPYMYR	3.8108	0.25	3.8110	3.7909	0.97
GBPMYR	5.3392	-0.12	5.3420	5.3267	0.98
SGDMYR	3.0364	-0.24	3.0405	3.0296	0.06
AUDMYR	2.8726	-0.48	2.8779	2.8689	-1.06
NZDMYR	2.7285	-0.43	2.7326	2.7228	-1.66
CHFMYR	4.1394	0.20	4.1409	4.1240	-1.38
CNYMYR	0.6041	-0.19	0.6067	0.6042	-0.19
HKDMYR	0.5321	0.28	0.5322	0.5306	0.80
USDSGD	1.3766	-0.06	1.3782	1.3744	0.95
EURSGD	1.5372	0.03	1.5388	1.5340	-1.71
GBPSGD	1.7517	-0.05	1.7688	1.7404	0.73
AUDSGD	0.9509	0.50	0.9559	0.9491	-0.88

Source: Bloomberg

Note: MYR crosses as at 17-May close

Forex

MYR

- **MYR closed 0.29% higher at 4.1765** against the USD last Friday as the overall USD remains firm on ongoing trade jitters.
- **We remain bearish MYR** as trade tensions continue to rise. However, in the shorter term we may see some consolidation between 4.16-4.19.

USD

- **The Dollar index closed 0.05% lower at 97.932 yesterday** as the broad USD traded marginally softer.
- **We continue to maintain USD bullishness** so long as there continues to be safe haven demand as trade tensions continue.

EUR

- **EUR closed marginally stronger at 1.1165 against USD** in line with marginal USD weakness.
- **We remain bearish on EUR** as divergence between Eurozone economies and the US economy as well as trade tensions may continue to provide some drag to EUR.

GBP

- **GBP closed 0.02% higher at 1.2727** in line with a marginally weaker USD.
- **GBP remains bearish** as the pair continues to trade poorly past various supports as PM May continues to try to win Parliament support for her Brexit deal with no resolution in sight for the short term.

JPY

- **JPY closed flat at 110.11** as US equities slumped on Huawei crackdown.
- **We remain bullish JPY** as ongoing trade tensions are likely to continue and investors continue to seek safe haven. As previously mentioned, pair is pulling back towards the 110 handle for the time being with 110.50 likely to cap things for now.

AUD

- **AUD closed 0.58% stronger at 0.6920 against the USD.**
- **We turn neutral on AUD** as the election euphoria fades and would shift focus to ongoing trade tensions which would indirectly impact the AUD.

SGD

- **SGD closed 0.06% stronger at 1.3766 against USD** in line with a marginally weaker USD.
- **We maintain bearish SGD** as escalation of US-China trade spat will continue to dampen risk appetite and support USD/EM in general however we may see some consolidation around the recent ranges as risk appetite improves somewhat.

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