

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rose a little on Friday** ahead of the long Memorial Day weekend, despite ongoing uncertainties over US-China trade tension. President Trump said that a trade deal with China could be “happening fast” and blacklisted tech giant Huawei might be included in the deal. **Tensions remained high** with the absence of news on any potential date of a renegotiation. In fact, Reuters reported on Friday that a key Chinese official said that the US was misleading public on trade war. **The Dow added 95pts or 0.37% but posted its fifth consecutive weekly loss**, the S&P 500 and NASDAQ rose 0.14% and 0.11%. 10Y UST yield was flat at 2.32%. The dollar index slipped by 0.25% to 97.61. European stocks benchmarks rebounded as well while Asian markets finished mixed. **Crude oil rebounded from Thursday’s sharp fall but posted biggest weekly loss of the year**. WTI rose 1.2% to \$58.63/barrel while Brent crude picked up 1.4% to \$68.69/barrel.
- **Dataflow failed to soothe concern over slowing global growth. US durable goods orders fell 2.1% MOM in April** weighed down mainly by the decline in transportations orders. Notably, nondefense aircrafts fell by 25.1% dragged down by commercial airplanes sales. **Core capital orders, a barometer for capex slipped by 0.9%**. **UK retail sales were flat** in April beating consensus’ call for a decline. Japan All Industry Activity Index fell 0.4% MOM in March as both manufacturing and tertiary (services) industries recorded declines in output. Singapore IPI rose a mere 0.1% YOY in April after declining in the previous month. **Malaysia CPI sustained a 0.2% YOY increase in April**.
- **The Dollar index closed 0.25% lower at 97.602** as the broad USD traded weaker on poor US durable goods print. **We continue to maintain USD bullishness** as trade issues continue to be unresolved alongside leadership issues in the UK now on Brexit.
- **MYR closed 0.13% stronger** against the USD at 4.1880 even as trade tensions continue to weigh. **We remain bearish MYR** with 4.20 being the target in focus as there doesn’t seem to be any development or renegotiation effort in the US-China trade saga.
- **SGD closed 0.37% stronger at 1.3753 against USD** in line with broad USD weakness. **We maintain bearish SGD** above 1.3680 on technicals as well as ongoing trade tensions which will likely weigh on overall risk sentiment.

Overnight Economic Data

Malaysia	→
US	↓
UK	→
Japan	↓
Singapore	↑

What’s Coming Up Next

Major Data

- Japan Leading Index, Coincident Index
- Hong Kong Trade Report
- China Industrial Profits

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1150	1.1175	1.1205	1.1220	1.1250	→
GBPUSD	1.2625	1.2675	1.2725	1.2750	1.2775	↘
USDJPY	109.00	109.25	109.47	119.75	110.00	↘
AUDUSD	0.6875	0.6900	0.6930	0.6950	0.6975	↘
EURGBP	0.8775	0.8800	0.8808	0.8825	0.8850	↗
USDMYR	4.1800	4.1850	4.1900	4.1950	4.2000	↗
EURMYR	4.6600	4.6800	4.6955	4.7000	4.7200	→
JPYMYR	3.7800	3.8050	3.8280	3.8350	3.8500	↗
GBPMYR	5.2800	5.3100	5.3305	5.3400	5.3500	↘
SGDMYR	3.0350	3.0400	3.0485	3.0500	3.0550	→
AUDMYR	2.8750	2.8900	2.9035	2.9150	2.9250	↘
NZDMYR	2.7150	2.7300	2.7460	2.7500	2.7600	↘
USDSGD	1.3700	1.3725	1.3745	1.3775	1.3800	↗
EURSGD	1.5350	1.5370	1.5405	1.5450	1.5475	↗
GBPSGD	1.7400	1.7450	1.7490	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	1,598.32	-0.22	-5.46	CRB Index	178.63	0.97	5.20
Dow Jones Ind.	25,585.69	0.37	9.68	WTI oil (\$/bbl)	58.63	1.24	28.67
S&P 500	2,826.06	0.14	12.73	Brent oil (\$/bbl)	68.69	1.37	28.77
FTSE 100	7,277.73	0.65	8.17	Gold (\$/oz)	1,284.93	0.12	0.15
Shanghai	2,853.00	0.02	14.40	CPO (RM/tonne)	1,938.50	-2.10	-0.72
Hang Seng	27,353.93	0.32	5.84	Copper (\$/tonne)	5,955.00	0.49	-0.17
STI	3,169.89	0.29	3.30	Rubber (sen/kg)	489.00	0.20	29.02

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA CPI YOY	Apr	0.2%	0.2%	0.4%
MA Foreign Reserves	15 May	\$102.8	\$103.4b	--
US Durable Goods Orders	Apr P	-2.1%	1.7% (revised)	-2.0%
US Cap Goods Orders Nondef Ex Air	Apr P	-0.9%	0.3% (revised)	-0.3%
UK Retail Sales Inc Auto Fuel MOM	Apr	0.0%	1.2% (revised)	-0.3%
JP All Industry Activity Index MOM	Mar	-0.4%	-0.2%	-0.2%
SG Industrial Production YOY	Apr	0.1%	-4.3% (revised)	-3.7%

Source: Bloomberg

➤ Macroeconomics

- US durable goods orders fell in April, dragged down by Boeing:** Durable goods orders which measures orders of manufacturing products that could last at least three years fell 2.1% MOM in April (Mar: +1.7% revised), weighed down mainly by the decline in transportations orders. Within transportations orders, all key categories namely motor vehicles & parts, nondefense aircrafts and defense aircrafts recorded declines. Notably, nondefense aircrafts fell by 25.1% MOM (Mar: +7.8%), attributed to the fall in Boeing aircraft orders following aviation authorities' decision to ground its 737 Max planes. Excluding transportation, orders were flat (Mar: -0.5%) pointing to tepid demand in general. Orders for core capital, a leading barometer for business investments slipped by 0.9% MOM (Mar: +0.3% revised) after stabilizing for two months, as firms scaled back on capex. Overall durable goods data continued to paint a sluggish picture of US manufacturing sector, in line with the weak industrial production data and manufacturing PMI.
- UK retail sales flat-lined, better than expected:** UK retail sales were flat in April (Mar: +1.2% revised), beating consensus' call for a decline. Excluding auto fuel, sales fell by 0.2% MOM (Mar: +1.4%). On a yearly basis, total sales growth eased to a reasonably modest 5.2% (Mar: +6.7%) supported by steady growth in online sales (+20.6% vs +23.1%). The better-than-expected reading came after a surge in sales in the previous month, suggesting that customers spending is supported by rising wage growth amidst tighter labour market.
- Japan All Industry Activity Index fell in March:** Japan All Industry Activity Index fell 0.4% MOM in March (Feb: -0.2%) as both manufacturing and tertiary (services) industries recorded declines in output at the end of the first quarter. YOY, the headline index fell -0.4% (Feb: +0.3%) reversing part of the increases in February and January.
- Singapore industrial production at near stagnation:** IPI rose a mere 0.1% YOY in April (Mar: -4.3%) after declining in the previous month, pointing to persisting weakness in the country's manufacturing activities. April saw yet another month of decline in electronics production (-0.6% vs -15.1%) with semiconductors output also nearly flat at 0.3% YOY (Mar: -16.2% reaffirming the lack of global demand for chips. Biomedical manufacturing production growth eased to 11.2% YOY (Mar: +13.3%) whereas chemicals output rose 1.9% YOY (Mar: -2.6%). Looking ahead, taking cue from weak PMI readings, manufacturing activities are likely to remain subdued in Singapore, leading to below trend IPI in 2019 amidst generally slower growth in global manufacturing sector.
- Malaysia CPI held steady amid subdued price pressure:** Consumer Price Index (CPI) sustained a 0.2% YOY increase in April (Mar: +0.2% YOY), a tad below our expectation for a 0.3% YOY gain confirming lack of inflationary pressure in the system. Extended decline in transport prices (-2.6% vs -3.0% YOY) was once again the biggest drag on overall CPI, as the increases in food and housing costs stabilized at 1.1% and 2.0% YOY respectively. Other categories in the CPI basket also showed steady to softer price gains, suggesting the benign inflation is broad-based and not only specific to policy-induced sectors. Excluding most volatile items of fresh food and administered prices of goods and services, core CPI halted two consecutive months of pick-up and stabilized at a 4-month high of 0.5% YOY in April (Mar: +0.5% YOY). However, this remained way below the historical norm of 2.0-3.0%. Against this backdrop, we foresee downside risks to our full year CPI forecast of 1.0% YOY for 2019 although the CPI trajectory is expected to pick up going forward benefitting from a lower base effect last year. That said, much would depend on the movement in global crude oil prices and policy measures including the new petrol subsidy system to the targeted B40 group, and the timing of review in the ceiling prices on RON95 and diesel.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
28/05	US	FHFA House Price Index MOM	Mar	0.2%	0.3%	--
		S&P CoreLogic CS 20-City YOY NSA	Mar	2.6%	3.0%	--
		Conf. Board Consumer Confidence	May	130.0	129.2	--
		Dallas Fed Manf. Activity	May	5.8	2.0	--
28/05	Eurozone	Economic Confidence	May	104.0	104.0	--
		Consumer Confidence	May F	-6.5	-7.3	--
28/05	UK	Nationwide House Px NSA YOY	May	1.2%	0.9%	--
27/05	Japan	Leading Index CI	Mar F	--	96.3	--
		Coincident Index	Mar F	--	99.6	--
27/05	Hong Kong	Exports YOY	Apr	0.1%	-1.2%	--
		Trade Balance HKD	Apr	-49.4b	-59.2b	--
27/05	China	Industrial Profits YOY	Apr	--	13.9%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1203	-0.20	1.1212	1.1175	-2.24
GBPUSD	1.2714	0.45	1.2733	1.2648	-0.21
USDJPY	109.31	-0.27	109.75	109.27	-0.26
AUDUSD	0.6927	0.38	0.6935	0.6881	-1.62
EURGBP	0.8814	-0.23	0.8850	0.8803	-2.02
USDMYR	4.1880	-0.13	4.1945	4.1860	1.32
EURMYR	4.6864	0.37	4.6932	4.6842	-0.87
JPYMYR	3.8258	0.49	3.8291	3.8184	1.81
GBPMYR	5.3179	0.46	5.3187	5.3046	0.95
SGDMYR	3.0433	0.27	3.0439	3.0364	0.24
AUDMYR	2.8909	0.33	2.8948	2.8847	-1.10
NZDMYR	2.7369	0.55	2.7376	2.7301	-1.50
CHFMYR	4.1820	0.66	4.1849	4.1736	-0.41
CNYMYR	0.6071	0.14	0.6071	0.6061	0.30
HKDMYR	0.5340	-0.04	0.5344	0.5333	1.10
USDSGD	1.3753	-0.37	1.3805	1.3748	0.84
EURSGD	1.5407	-0.18	1.5440	1.5396	-1.42
GBPSGD	1.7484	0.07	1.7507	1.7407	0.63
AUDSGD	0.9522	-0.03	0.9534	0.9492	-0.77

Source: Bloomberg

Forex

MYR

- **MYR closed 0.13% stronger** against the USD at 4.1880 even as trade tensions continue to weigh.
- **We remain bearish MYR** with 4.20 being the target in focus as there doesn't seem to be any development or renegotiation effort in the US-China trade saga.

USD

- **The Dollar index closed 0.25% lower at 97.602** as the broad USD traded weaker on poor US durable goods print.
- **We continue to maintain USD bullishness** as trade issues continue to be unresolved alongside leadership issues in the UK now on Brexit.

EUR

- **EUR closed 0.20% stronger at 1.1203 against USD** in line with weaker USD across the board.
- **We turn neutral on EUR** as the pair managed to break through a slew of moving average resistances.

GBP

- **GBP closed 0.45% higher at 1.2714** despite the UK leadership crisis on a broadly weaker USD.
- **GBP remains bearish** below 1.29 pivot and we look towards further development post PM May's resignation for further direction cues.

JPY

- **JPY closed 0.27% stronger at 109.31** on broad USD weakness.
- **We remain bullish JPY** as ongoing trade tensions are likely to continue and investors continue to seek safe haven however, we may see a short term rebound to circa 110.00 levels in the short term.

AUD

- **AUD closed 0.38% stronger at 0.6927 against the USD** on overall USD weakness.
- **We remain bearish on AUD** as the focus remains on the potential RBA rate cut next month. However, we may be seeing a short term rebound towards 0.6950.

SGD

- **SGD closed 0.37% stronger at 1.3753 against USD** in line with broad USD weakness.
- **We maintain bearish SGD** above 1.3680 on technicals as well as ongoing trade tensions which will likely weigh on overall risk sentiment.

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