

Global Markets Research

Daily Market Highlights

Key Takeaways

- **European stocks rose on Monday as results of the European Union elections were in favour of pro-EU parties which are set to remain as majority in the European Parliament for the next five years.** The voting results were more fragmented this round but notably, **populist or Eurosceptic parties gained lesser strength than expected**, offering respite that there is still firm support for the EU. The blue-chip Euro STOXX 50 finished 0.4% higher, whereas key benchmarks such as the German DAX and French CAC 40 rose 0.5% and 0.4%. The UK market was closed for Spring Bank holiday while trading halted in the US for Memorial Day. During his visit to Japan, **President Trump said the US was “not ready” to strike a trade deal with China and added that tariffs on Chinese goods could go up “easily”.** Asian markets finished mixed earlier- Chinese and Japanese stocks closed higher while Hong Kong Hang Seng index slipped on poor trade data. **Brent crude jumped 2.1% to \$70.11/barrel on expected disruption in supply from Libya and Iran.**
- **Dataflow were thin on Monday and generally disappointed. China industrial profits fell 3.7% YOY** in April pointing to entrenched weakness in the manufacturing sector. **Hong Kong exports fell for the sixth running month by 2.6% YOY in April** as slower Chinese and global demand continued to hit hard on the country's international trade sector. Japan leading indexes fell in March to confirm the sluggish growth momentum in the Japanese economy in the near term
- **The Dollar index closed 0.16% stronger at 97.739** led by broad gains against the majors. **We continue to maintain USD bullishness** as trade issues continue to be unresolved alongside leadership issues in the UK now on Brexit.
- **MYR closed marginally stronger at 4.1870** against the USD in a very quiet and subdued session. **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 flat at 1.3752** against USD. **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

Japan	↓
Hong Kong	↓
China	↓

What's Coming Up Next

Major Data

- US FHFA House Price Index, S&P CoreLogic CS 20-City, Conference Board Consumer Confidence, Dallas Fed Manf. Activity
- Eurozone Economic Confidence, Consumer Confidence
- UK Nationwide House Price

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1150	1.1175	1.1195	1.1220	1.1250	➔
GBPUSD	1.2625	1.2670	1.2681	1.2725	1.2750	⬇
USDJPY	109.00	109.25	109.63	119.75	110.00	⬆
AUDUSD	0.6875	0.6900	0.6925	0.6950	0.6975	⬇
EURGBP	0.8775	0.8800	0.8827	0.8850	0.8875	⬆
USDMYR	4.1800	4.1850	4.1880	4.1920	4.1950	⬆
EURMYR	4.6600	4.6800	4.6885	4.7000	4.7200	➔
JPYMYR	3.7800	3.8050	3.8220	3.8350	3.8500	⬆
GBPMYR	5.2800	5.3000	5.3120	5.3400	5.3500	⬇
SGDMYR	3.0350	3.0400	3.0465	3.0500	3.0550	➔
AUDMYR	2.8750	2.8900	2.9005	2.9150	2.9250	⬇
NZDMYR	2.7150	2.7300	2.7445	2.7500	2.7600	⬇
USDSGD	1.3700	1.3725	1.3753	1.3775	1.3800	⬆
EURSGD	1.5350	1.5370	1.5395	1.5450	1.5475	⬆
GBPSGD	1.7300	1.7400	1.7440	1.7500	1.7550	⬇
AUDSGD	0.9475	0.9500	0.9523	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	1,601.35	0.19	-5.28	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)	70.11	2.07	30.32
FTSE 100*	7,277.73	0.65	8.17	Gold (S/oz)	1,288.88	0.31	0.22
Shanghai	2,892.38	1.38	15.98	CPO (RM/tonne)	1,929.00	-0.54	-1.20
Hang Seng	27,288.09	-0.24	5.58	Copper (\$/tonne)	5,955.00	0.49	-0.17
STI	3,170.77	0.03	3.32	Rubber (sen/kg)	491.50	0.51	29.68

*Last price for 24 May

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
JP Leading Index CI	Mar F	95.9	97.1	--
JP Coincident Index	Mar F	99.4	100.5	--
HK Exports YOY	Apr	-2.6%	-1.2%	0.1%
HK Trade Balance HKD	Apr	-35.1b	-59.2b	-49.4b
CN Industrial Profits YOY	Apr	-3.7%	13.9%	--

Source: Bloomberg

Macroeconomics

- China industrial profits fell in April:** Profits at China's industrial enterprises fell 3.7% YOY in April (Mar: +13.9%) after rebounding by a hefty margin in the previous month. For the first four month of the year, profits extended a further decline of 3.4% YOY (Jan-Mar: -3.3% YOY) amidst slower sales, receivables. Manufacturing profit fell by 4.7% YOY for the same period (Jan-Mar: -4.2% YOY), reaffirming the weakness in the manufacturing sector.
- Hong Kong exports fell for sixth straight month on weak global demand:** Hong Kong exports fell 2.6% YOY in April (Mar: -1.2%), marking its sixth consecutive month of declines since November last year as slower Chinese and global demand continued to hit hard on the country's international trade sector. Shipments to China, its largest trading partner slipped for the sixth running month by 2.6% YOY (Mar: -1.2%) while exports to the other main destinations namely US, Japan, Germany, Taiwan, India and Vietnam all dropped as well with Singapore standing in exception. Imports meanwhile fell for the fifth straight month by 5.5% YOY (Mar: -0.1%) as domestic demand weakened further. MOM, exports ticked lower by 6.4% (Mar: +50.3%) and imports fell 11.5% (Mar: +45.2%) leaving the trade deficit to narrow to HK\$35.1b (Mar: -59.2b).
- Japan leading indexes suggest slower growth ahead:** The final reading of the Economic and Social Research Institute's leading index was revised lower to 95.9 in March (Feb: 97.1) and that of the coincident index was also revised down to 99.4 (Feb: 100.5) to confirm the sluggish growth momentum in the Japanese economy in the near term.

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	--
29/05		MBA Mortgage Applications	May-24	--	2.4%	--
		Richmond Fed Manufact. Index	May	6	3	--
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%	--
29/05	New Zealand	ANZ Business Confidence	May	--	-37.5	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1194	-0.03	1.1215	1.1187	-2.39
GBPUSD	1.2679	-0.23	1.2753	1.2668	-0.56
USDJPY	109.51	0.18	109.58	109.28	-0.14
AUDUSD	0.6918	-0.13	0.6939	0.6904	-1.84
EURGBP	0.8828	0.16	0.8835	0.8778	-1.82
USDMYR	4.1870	-0.02	4.1885	4.1830	1.29
EURMYR	4.6869	0.01	4.6949	4.6831	-0.65
JPYMYR	3.8236	-0.05	3.8275	3.8180	1.75
GBPMYR	5.3191	0.02	5.3358	5.3190	0.98
SGDMYR	3.0459	0.09	3.0493	3.0429	0.33
AUDMYR	2.8984	0.26	2.9043	2.8965	-0.84
NZDMYR	2.7405	0.13	2.7457	2.7388	-1.37
CHFMYR	4.1626	-0.46	4.1802	4.1603	-0.67
CNYMYR	0.6070	-0.01	0.6080	0.6068	0.29
HKDMYR	0.5333	-0.13	0.5337	0.5329	0.97
USDSGD	1.3752	-0.01	1.3754	1.3731	0.90
EURSGD	1.5393	-0.09	1.5419	1.5380	-1.52
GBPSGD	1.7436	-0.27	1.7537	1.7414	0.32
AUDSGD	0.9513	-0.09	0.9543	0.9507	-0.95

Source: Bloomberg

Forex

MYR

- **MYR closed marginally stronger at 4.1870** against the USD in a very quiet and subdued session.
- **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 0.16% stronger at 97.739** led by broad gains against the majors.
- **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 0.08% weaker at 1.1194** against USD in line with a stronger USD across the board.
- **We remain neutral on EUR** as the pair is likely to continue consolidation around here whilst waiting for further catalysts.

GBP

- **GBP closed 0.28% lower at 1.2679** in line with broad USD strength and on the back of continuous squabbling amongst UK lawmakers.
- **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 0.18% weaker at 109.51** on broad USD strength against the majors.
- **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 0.13% weaker at 0.6918** against the USD on overall USD strength.
- **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 flat at 1.3752** against USD.
- **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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