

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks broadly rose overnight as investors continued to weigh mixed trade headlines while anticipating the outcome of Saturday's high stake Trump-Xi meeting at the G20 Summit in Japan.** The Wall Street Journal reported that President Xi will present President Trump with a set of conditions that it expects the US to meet which include lifting the current ban on Chinese tech giant Huawei, before settling for a trade deal. White House economic advisor Larry Kudlow then denied the existence of such preconditions and added that the US might move ahead with additional tariffs on Chinese goods. The Dow was virtually unchanged whereas the S&P500 and NASDAQ rose 0.4% and 0.7%. Treasuries yield fell by 2-4bps along the curve - 10Y UST yield lost 4bps to 2.01%. Both WTI and Brent rose by a marginal 0.1% to \$59.43/barrel and \$66.55/barrel respectively.
- US data were mixed. **The final 1Q GDP growth was unrevised at 3.1% QOQ as widely expected.** Initial jobless claims rose by 10k to a seven-week high of 227k last week. Pending home sales rebounded by 1.1% MOM in May. **The Kansas City Fed manufacturing index was the latest regional factory gauge to ease, adding signs to a downturn in US manufacturing.** In Europe, **the headline Economic Sentiment Indicator for the Eurozone fell more than expected to 103.3 in June,** weighed down by a sharp fall in industrial confidence, consumer confidence also inched deeper into the negative area. **UK GfK Consumer Confidence slipped further to -13** in the same month suggesting lower summer spending. **Japan May jobless rate held steady at 2.4% while industrial output fell for the fourth running month** and by a deeper 1.8% YOY in May. **China industrial profits posted a 1.1% YOY increase** in May. New Zealand business confidence deteriorated but consumer sentiments appeared to have improved in June after RBNZ cut rate.
- **The Dollar index closed flat at 96.222** as markets remain in consolidation mode. **We remain bearish USD over the medium term** but a dovish Fed and some form of resolution expected out of US-China will ultimately lead to a lower USD.
- **MYR closed stronger by 0.11%** against the USD at 4.1435. **We remain bullish MYR** in line with the broad USD weakness theme. However, as mentioned previously, markets seem to be in consolidation now as we await G20 meeting outcomes.
- **SGD closed stronger by 0.10% at 1.3534 against USD.** **We remain bullish SGD** in the short term as the weak USD theme still has significant room to play out especially against EM. However, the pair seems to be going through the same consolidation phase in line with the broader market ahead of G20.

Overnight Economic Data

US	→
Eurozone	↓
UK	↓
Japan	↓
China	↑
New Zealand	→

What's Coming Up Next

Major Data

- US Personal Outlay Report, MNI Chicago, U. of Mich. Sentiment
- Eurozone CPI
- UK 1Q GDP
- Japan Housing Starts
- China Manufacturing PMI, Non-manufacturing PMI
- Vietnam IPI, Retail Sales, Trade Report, CPI

Major Events

- G20 meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1300	1.1340	1.1377	1.1390	1.1400	→
GBPUSD	1.2600	1.2650	1.2676	1.2700	1.2730	→
USDJPY	107.25	107.50	107.70	108.00	108.20	→
AUDUSD	0.6950	0.6980	0.7010	0.7030	0.7050	→
EURGBP	0.8925	0.8950	0.8975	0.9000	0.9025	→
USDMYR	4.1350	4.1400	4.1450	4.1500	4.1550	→
EURMYR	4.6850	4.7050	4.7150	4.7350	4.7500	→
JPYMYR	3.8300	3.8400	3.8500	3.8700	3.8900	→
GBPMYR	5.2300	5.2500	5.2540	5.2700	5.2950	→
SGDMYR	3.0575	3.0600	3.0640	3.0650	3.0675	→
AUDMYR	2.8700	2.8850	2.9055	2.9150	2.9300	→
NZDMYR	2.7500	2.7650	2.7805	2.7900	2.8050	→
USDSGD	1.3500	1.3520	1.3532	1.3555	1.3580	→
EURSGD	1.5350	1.5370	1.5394	1.5430	1.5460	→
GBPSGD	1.7100	1.7130	1.7153	1.7200	1.7230	→
AUDSGD	0.9440	0.9470	0.9486	0.9500	0.9520	→

* 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	1,672.70	-0.11	-1.06	CRB Index	182.48	0.06	7.46
Dow Jones Ind.	26,526.58	-0.04	13.71	WTI oil (\$/bbl)	59.43	0.08	30.87
S&P 500	2,924.92	0.38	16.68	Brent oil (\$/bbl)	66.55	0.09	23.70
FTSE 100	7,402.33	-0.19	10.02	Gold (\$/oz)	1,409.78	0.06	9.87
Shanghai	2,996.79	0.69	20.17	CPO (RM/tonne)	1,909.00	-1.14	-2.23
Hang Seng	28,621.42	1.42	10.74	Copper (\$/tonne)	5,989.00	0.02	0.40
STI	3,328.60	0.83	8.47	Rubber (sen/kg)	498.00	0.40	31.40

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US GDP Annualized QOQ	1Q T	3.1%	3.1%	3.2%
US Initial Jobless Claims	22 Jun	227k	217k (revised)	220k
US Pending Home Sales MOM	May	1.1%	-1.5%	1.0%
US Kansas City Fed Manf. Activity	Jun	0.0	4.0	1.0
EU Economic Confidence	Jun	103.3	105.2 (revised)	104.8
EU Consumer Confidence	Jun F	-7.2	-6.5	-7.2
UK GfK Consumer Confidence	Jun	-13.0	-10.0	-11.0
JP Jobless Rate	May	2.4%	2.4%	2.4%
JP Industrial Production YOY	May P	-1.8%	-1.1%	-2.9%
CN Industrial Profits YOY	May	1.1%	-3.7%	--
NZ ANZ Business Confidence	Jun	-38.1	-32.0	--
NZ ANZ Consumer Confidence Index	Jun	122.6	119.3	--

Source: Bloomberg

Macroeconomics

- US final 1Q GDP growth unrevised; Kansas City manufacturing index retreated:** The final reading of US first quarter GDP growth was left unchanged at 3.1% QOQ (4Q: + 2.2%) as widely expected, confirming the faster pace of growth in the US economy in early 2019. Initial jobless claims rose by 10k to a seven-week high of 227k last week (previous: 217k revised), reflecting a potential slowdown in hiring. Pending home sales rose 1.1% MOM in May (Apr: -1.5%). Often a leading indicator for existing home sales, the rebound signals a better prospect for existing home sales in the coming months. Last but not least, the Kansas City Fed composite manufacturing index fell to 0 in June (May: 4.0) adding to worrying signs of a downturn in US manufacturing sector. The index was the latest regional factory gauge to decline following a series of disappointing results of all the other manufacturing surveys. Tonight's MNI Chicago PMI is the final index of the June batch, another miss would suggest a considerable drop in next week's ISM manufacturing index.
- Eurozone economic sentiments faltered to near-three year low:** The European Commission headline Economic Sentiment Indicator fell more than expected to 103.3 in June (May: 105.2 revised), its lowest level in nearly three years, weighed down by a sharp 2.7pts fall in industrial confidence (-5.6 vs -2.9) and declines in all the other sub-indexes. Consumer confidence inched deeper into the negative area (-7.2 vs -6.5) while business climate indicator (+0.17 vs +0.30) and services confidence (11.0 vs 12.10) slipped as well. The sharp decline in the sentiment gauge highlights deteriorating confidence across various sectors in the euro-area particularly among industrial firms as the manufacturing industry remains in downturn amidst trade uncertainties and generally slower global demand.
- Weak UK consumer confidence points to poor summer spending amidst Brexit uncertainties:** The GfK Consumer Confidence Index slipped further to -13 in June (May: -10) as the gauge for personal finances, economic situation and plan for major purchases all recorded declines while saving intentions turned 3pts higher, suggesting that consumers may scale back on spending this summer in the midst of Brexit uncertainties.
- Japan jobless rate held steady; industrial output fell for fourth straight month:** Japan jobless rate was unchanged at 2.4% in May (Apr: 2.4%), still a historically low level confirming that the labour market remained tight. The job-to-applicant ratio however fell to 1.62 (Apr: 1.63), potentially due to a decline in factory job offers in the midst of a manufacturing downturn. Separate release this morning confirmed the weakness in the sector as preliminary reading for industrial production fell 1.8% YOY in May (Apr: -1.1%), marking its fourth consecutive month of decline since February this year.
- China industrial profits rebounded:** China industrial profits posted an increase of 1.1% YOY in May (Apr: -3.7%), offsetting parts of the decline in the previous month, offering reliefs that industrial firms still have some breathing space despite slower domestic demand and unresolved trade dispute. On a year-to-date basis, profits at manufacturing firms continued to fall but at a slower pace (-4.1% vs -4.7%) while mining firms managed a turnaround (+4.7% vs -0.7%). Profits of power supply industry continue to accelerate (+9.6% vs +8.0%).
- New Zealand see mixed sentiments among businesses and consumers:** Business confidence in New Zealand was hampered again in June as the ANZ Business Outlook Survey business confidence index fell by 6pts to -38.1% (May: -32.0%) despite good commodity prices, record low interest rates and tight labour market mainly because global outlook continues to deteriorate. In contrast, the ANZ Consumer Confidence Index rebounded from the six-month low in May to 122.6 in June (May: 119.3) as consumers turned more optimistic over current and future conditions after the RBNZ cut rate in early May.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
01/07	Malaysia	Markit Malaysia PMI Mfg	Jun	--	48.8	--
28/06	US	Personal Income	May	0.3%	0.5%	--
		Personal Spending	May	0.5%	0.3%	--
		Core PCE Price Index YOY	May	1.5%	1.6%	--
		MNI Chicago PMI	Jun	53.5	54.2	--
		U. of Mich. Sentiment	Jun F	97.9	100.0	--
01/07		Markit US Manufacturing PMI	Jun F	--	50.5	--
		ISM Manufacturing	Jun	51.2	52.1	--
		Construction Spending MOM	May	0.0%	0.0%	--
28/06	Eurozone	CPI Core YOY	Jun A	1.0%	0.8%	--
		CPI Estimate YOY	Jun	1.2%	1.2%	--
01/07		Markit Eurozone Manufacturing PMI	Jun F	47.8	47.7	--
		Unemployment Rate	May	7.5%	7.6%	--
28/06	UK	GDP QOQ	1Q F	0.5%	0.5%	--
01/07		Mortgage Approvals	May	65.6k	66.3k	--
		Markit UK PMI Manufacturing SA	Jun	49.2	49.4	--
28/06	Japan	Housing Starts YOY	May	-4.2%	-5.7%	--
01/07		Tankan Large Mfg Index	2Q	9.0	12.0	--
		Tankan Large Non-Mfg Index	2Q	20.0	21.0	--
		Tankan Large All Industry Capex	2Q	8.1%	1.2%	--
		Markit Japan PMI Mfg	Jun F	--	49.8	--
30/06	China	Manufacturing PMI	Jun	49.5	49.4	--
		Non-manufacturing PMI	Jun	54.2	54.3	--
01/07		Caixin China PMI Mfg	Jun	50.0	50.2	--
01/07	Australia	AiG Perf of Mfg Index	Jun	--	52.7	--
28/06	Vietnam	Industrial Production YOY	Jun	--	10.0%	--
		Retail Sales YTD YOY	Jun	--	11.6%	--
		Trade Balance	Jun	-\$376m	-\$1300m	--
		GDP YOY	2Q	6.6%	6.8%	--
		CPI YOY	Jun	2.6%	2.9%	--
		Exports YOY	Jun	8.2%	7.5%	--
01/07		Markit Vietnam PMI Mfg	Jun	--	52.0	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1369	0.00	1.1381	1.1348	-0.86
GBPUSD	1.2674	-0.13	1.2725	1.2662	-0.65
USDJPY	107.79	0.00	108.16	107.65	-1.73
AUDUSD	0.7009	0.34	0.7009	0.6984	-0.62
EURGBP	0.8972	0.12	0.8982	0.8938	-0.20
USDMYR	4.1435	-0.11	4.1530	4.1425	0.24
EURMYR	4.7137	0.04	4.7232	4.7103	-0.29
JPYMYR	3.8396	-0.56	3.8542	3.8378	2.18
GBPMYR	5.2623	0.10	5.2729	5.2572	-0.10
SGDMYR	3.0594	-0.10	3.0661	3.0594	0.77
AUDMYR	2.8997	0.13	2.9059	2.8974	-0.80
NZDMYR	2.7725	0.25	2.7763	2.7696	-0.22
CHFMYR	4.2340	-0.42	4.2478	4.2299	0.83
CNYMYR	0.6027	-0.01	0.6036	0.6026	-0.42
HKDMYR	0.5305	-0.13	0.5317	0.5304	0.44
USDSGD	1.3534	-0.10	1.3556	1.3526	-0.70
EURSGD	1.5387	-0.10	1.5416	1.5373	-1.55
GBPSGD	1.7152	-0.22	1.7235	1.7135	-1.34
AUDSGD	0.9485	0.23	0.9487	0.9460	-1.30

Source: Bloomberg

Forex

MYR

- **MYR closed stronger by 0.11%** against the USD at 4.1435.
- **We remain bullish MYR** in line with the broad USD weakness theme. However, as mentioned previously, markets seem to be in consolidation now as we await G20 meeting outcomes.

USD

- **The Dollar index closed flat at 96.222** as markets remain in consolidation mode.
- **We remain bearish USD over the medium term** but a dovish Fed and some form of resolution expected out of US-China will ultimately lead to a lower USD.

EUR

- **EUR closed unchanged at 1.1369** against USD.
- **We remain bullish on EUR** over the medium term but the pair is going through some consolidation ahead of G20.

GBP

- **GBP closed 0.13% lower at 1.2674** against the USD.
- **We remain bearish GBP** over the medium term as there is ample room for the UK leadership drama and Brexit issues to play out from now until 31 Oct. However, we expect the pair to range trade awaiting G20 meeting outcomes.

JPY

- **JPY closed unchanged at 107.79** in line with consolidating markets.
- **We remain bullish JPY** as a weak USD and likely lower UST yields due to rate cuts will likely continue to weigh on the pair.

AUD

- **AUD closed 0.34% stronger at 0.7009** against the USD.
- **We remain neutral on AUD** over the short term as market awaits G20 meeting outcomes.

SGD

- **SGD closed stronger by 0.10% at 1.3534** against USD.
- **We remain bullish SGD** in the short term as the weak USD theme still has significant room to play out especially against EM. However, the pair seems to be going through the same consolidation phase in line with the broader market ahead of G20.

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