

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Stocks fell overnight in the US and Europe as risk-off sentiments sent investors fleeing to the safest parts of the financial markets leading global bonds yield to plunge to multi-month lows.** US-China trade uncertainties remained the biggest worry of all as President Trump signaled the unlikelihood of any incoming trade deal with China during his visit to Japan. US stocks resumed trading after the long Memorial Day weekend and had initially gone up in the early session but failed to preserve the upward momentum to give up early gains. The Dow lost 238pts or 0.9% whereas the S&P 500 and NASDAQ fell by 0.8% and 0.4%. **European markets were weighed down by concerns over Italian budget which dominated headlines following the EU elections.** Key benchmarks from STOXX 600, DAX, CAC 40, FTSE MIB to FTSE 100 all ended in the reds. **Global bonds rallied on safe haven bids.** US treasuries yield dropped by around 5 bps across the curve. 10Y UST yield lost 5bps to 2.27%, the lowest since Sept-17 while the German bund fell to -0.161. Brent crude was flat at \$70.11/barrel while WTI rose 0.9% to settle at \$59.14/barrel. **The expansion of US watchlist on currency manipulation from six to nine countries with the new inclusion of Ireland, Italy, Vietnam, Singapore, and Malaysia, are expected to exacerbate risk-off in the markets today.**
- **Economic data were limited.** In the US, the **Conference Board Consumer Confidence improved further to 134.1 in May** on strong labour market conditions. Dallas Fed manufacturing survey reported that its general business activity index turned negative at -5.3 in May. Home prices continued to rise at a slower pace in the US as proven in the limited gains in key house price indexes. Elsewhere, the **Eurozone Economic Sentiment Indicator (ESI) rose by 1.2pts to 105.1 in May.** Consumer sentiments were seen picking up.
- **The Dollar index closed 0.20% stronger at 97.933** led by safe haven demand. **We continue to maintain USD bullishness** as trade issues continue to support USD strength.
- **MYR closed only marginally weaker** against the USD at 4.1880 as demand picked up closer to month end. **We remain bearish MYR** with 4.20 being the target in focus as trade worries continue to linger in investors' minds. News headlines saying Malaysia is among the countries being included in the US currency manipulation watchlist following lowering in one of the US Treasury benchmarks could potentially weigh on the MYR today.
- **SGD closed weaker by 0.31% at 1.3795 against USD** on broad risk aversion. **We maintain bearish SGD** above 1.3680 on technicals and on poor risk sentiment overall in the EM space due to trade worries.

#### Overnight Economic Data

US	↓
Eurozone	↑

#### What's Coming Up Next

##### Major Data

- US MBA Mortgage Applications, Richmond Fed Manufact. Index
- New Zealand ANZ Business Confidence Index

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1130	1.1150	1.1174	1.1200	1.1230	↘
GBPUSD	1.2575	1.2625	1.2663	1.2725	1.2750	↘
USDJPY	108.80	109.00	109.22	119.60	110.00	↘
AUDUSD	0.6875	0.6900	0.6930	0.6950	0.6975	↘
EURGBP	0.8775	0.8800	0.8827	0.8850	0.8875	↗
USDMYR	4.1850	4.1900	4.1940	4.1950	4.2000	↗
EURMYR	4.6600	4.6800	4.6860	4.7000	4.7200	→
JPYMYR	3.8100	3.8250	3.8405	3.8500	3.8700	↗
GBPMYR	5.2800	5.3000	5.3100	5.3400	5.3500	↘
SGDMYR	3.0300	3.0350	3.0400	3.0450	3.0500	→
AUDMYR	2.8750	2.8900	2.9065	2.9150	2.9250	↘
NZDMYR	2.7150	2.7300	2.7475	2.7500	2.7600	↘
USDSGD	1.3730	1.3760	1.3796	1.3800	1.3830	↗
EURSGD	1.5350	1.5370	1.5417	1.5450	1.5475	↗
GBPSGD	1.7300	1.7400	1.7470	1.7500	1.7550	↘
AUDSGD	0.9500	0.9530	0.9565	0.9575	0.9600	↘

\* 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	1,614.57	0.83	-4.50	CRB Index	180.26	0.91	6.16
Dow Jones Ind.	25,347.77	-0.93	8.66	WTI oil (\$/bbl)	59.14	0.90	30.24
S&P 500	2,802.39	-0.84	11.79	Brent oil (\$/bbl)	70.11	0.00	30.32
FTSE 100	7,268.95	-0.12	8.04	Gold (S/oz)	1,279.33	-0.47	-0.24
Shanghai	2,909.91	0.61	16.68	CPO (RM/tonne)	1,949.50	1.06	-0.15
Hang Seng	27,390.81	0.38	5.98	Copper (\$/tonne)	5,960.00	0.08	-0.08
STI	3,165.32	-0.17	3.15	Rubber (sen/kg)	494.50	0.71	30.47

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US FHFA House Price Index MOM	Mar	0.1%	0.4% (revised)	0.2%
US S&P CoreLogic CS 20-City YOY NSA	Mar	2.7%	3.0%	2.6%
US Conf. Board Consumer Confidence	May	134.1	129.2	130.0
US Dallas Fed Manf. Activity	May	-5.3	2.0	5.8
EU Economic Confidence	May	105.1	103.9 (revised)	104.0
EU Consumer Confidence	May F	-6.2	-7.3	-6.5

Source: Bloomberg

**Macroeconomics**

- US consumers turned more upbeat on strong labour market;** The Conference Board Consumer Confidence improved further to 134.1 in May (Apr: 129.2) with both Present Situation Index and Expectations Index notching considerable gains. Consumers' upbeat assessment over present situation was driven primarily by employment gains according to Conference Board, however their assessment over income prospect was mixed.
- Texas manufacturing activities slowed:** The outlook for Texas' manufacturing industry became weaker as the latest Dallas Fed manufacturing survey reported that its general business activity index turned negative at -5.3 in May (Apr: 2.0), the lowest reading this year. Details show that the production and new orders eased substantially this month as demand waned. The Company Outlook Index also locked in its first negative reading of the year.
- Limited gains in US house prices indexes:** On the housing front, home prices continued to rise at a slower pace in the US as proven in the slower gain of key house price indexes. The S&P CoreLogic Case-Schiller Index for house prices across 20 US cities gained 2.7% YOY in March (Feb: +3.0%), marking its 12<sup>th</sup> running month of deceleration. House prices nationwide also saw an easier rise 3.7% YOY (Feb: +3.9%). Separately, the FHFA House Price Index also rose at a much slower pace of 0.1% MOM in March (Apr: +0.4%). Limited gains in house prices together with other key housing indicators continued to paint a mixed picture of the US housing market as the sector is yet to reap benefit from falling mortgages rates.
- Eurozone saw improvement in economic sentiments:** The Economic Sentiment Indicator (ESI) rose by 1.2pts to 105.1 in May (Apr: 103.9 revised) reflecting improvement of industry, services and consumer confidence (-6.2 vs -7.3) as confidence level in retail trade and construction weakened this month. Consumer confidence firmed up as households became more upbeat over general economic conditions, following positive first quarter GDP reading and supported by rising wage growth in a solid labour market.

**Economic Calendar**

Date	Country	Events	Reporting Period	Survey	Prior	Revised
29/05	US	MBA Mortgage Applications	May-24	--	2.4%	--
		Richmond Fed Manufact. Index	May	7	3	--
30/05		Wholesale Inventories MOM	Apr P	0.1%	-0.1%	--
		GDP Annualized QOQ	1Q S	3.0%	3.2%	--
		Initial Jobless Claims	May-25	215k	211k	--
		Advance Goods Trade Balance	Apr	-\$72.5b	-\$71.4b	--
		Retail Inventories MOM	Apr	0.2%	-0.3%	--
		Pending Home Sales MOM	Apr	0.5%	3.8%	--
29/05	New Zealand	ANZ Business Confidence	May	--	-37.5	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1160	-0.30	1.1198	1.1159	-2.63
GBPUSD	1.2653	-0.21	1.2702	1.2651	-0.75
USDJPY	109.38	-0.12	109.63	109.21	-0.29
AUDUSD	0.6924	0.09	0.6936	0.6916	-1.80
EURGBP	0.8820	-0.09	0.8842	0.8806	-1.67
USDMYR	4.1880	0.02	4.1940	4.1850	1.32
EURMYR	4.6863	-0.01	4.6916	4.6838	-0.67
JPYMYR	3.8342	0.28	3.8376	3.8189	2.03
GBPMYR	5.3060	-0.25	5.3242	5.3026	0.73
SGDMYR	3.0396	-0.21	3.0459	3.0390	0.12
AUDMYR	2.8972	-0.04	2.9053	2.8960	-0.68
NZDMYR	2.7430	0.09	2.7492	2.7410	-1.28
CHFMYR	4.1727	0.24	4.1771	4.1686	-0.63
CNYMYR	0.6058	-0.19	0.6073	0.6057	0.10
HKDMYR	0.5335	0.04	0.5344	0.5333	1.00
USDSGD	1.3795	0.31	1.3798	1.3746	1.20
EURSGD	1.5396	0.02	1.5424	1.5387	-1.47
GBPSGD	1.7455	0.11	1.7486	1.7432	0.44
AUDSGD	0.9551	0.40	0.9554	0.9512	-0.61

Source: Bloomberg

## Forex

### MYR

- **MYR closed only marginally weaker** against the USD at 4.1880 as demand picked up closer to month end.
- **We remain bearish MYR** with 4.20 being the target in focus as trade worries continue to linger in investors' minds. News headlines saying Malaysia is among the countries being included in the US currency manipulation watchlist following lowering in one of the US Treasury benchmarks could potentially weigh on the MYR today.

### USD

- **The Dollar index closed 0.20% stronger at 97.933** led by safe haven demand.
- **We continue to maintain USD bullishness** as trade issues continue to support USD strength.

### EUR

- **EUR closed 0.30% weaker at 1.1160 against USD** in line with a stronger USD across the board.
- **We turn bearish on EUR** as it is now clear that the pair can't rally past the 1.1230 resistance with trade tensions, Brexit and EU elections weighing on EUR.

### GBP

- **GBP closed 0.21% lower at 1.2653** in line with broad USD strength.
- **GBP remains bearish** below 1.29 pivot and we look towards headlines for further direction cues.

### JPY

- **JPY closed 0.12% stronger at 109.38** as investors sought safe haven assets.
- **We remain bullish JPY** as trade worries continue to support JPY strength and there doesn't seem to be a resolution foreseen in the short term.

### AUD

- **AUD closed 0.09% stronger at 0.6924 against the USD.**
- **We remain bearish on AUD** over the potential RBA rate cut next week.

### SGD

- **SGD closed weaker by 0.31% at 1.3795 against USD** on broad risk aversion.
- **We maintain bearish SGD** above 1.3680 on technicals and on poor risk sentiment overall in the EM space due to trade worries.

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