

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks extended further decline overnight as the uncertainties surrounding the prolonged US-China trade dispute again sent investors to pare back riskier assets and seek refuge in safe havens instead.** Negative trade headlines dampened sentiments in general as reports emerged from local Chinese media that China could cut rare-earth exports to the US while Huawei filed new legal actions to end its lawsuit against the US government. **The Dow lost another 221 pts or 0.9% while the S&P500 and NASDAQ fell by 0.7% and 0.8% each.** Treasuries yields were pushed down further along the curve. 10Y UST yield rebounded from session's low to end 1bp lower at 2.26%, the lowest level since Sep-17. **Crude oil prices fell victim to trade uncertainties** – Brent crude fell 0.9% to \$69.45/barrel and WTI dropped 0.6% to \$58.81/barrel.
- **Economic data remained little.** In the US, **the Richmond Fed's Manufacturing Index rose to 5** in May suggesting moderately faster growth but expectations over shipments and new orders pointed to easing factory activities ahead. **Mortgage applications fell again** by 3.3% last week despite generally lower mortgages rates, another mixed sign for the housing market. Elsewhere, **New Zealand business sentiments improved** in May as the ANZ Business Confidence Index rose to -32.0.
- **The Dollar index closed 0.21% stronger at 98.127** led by safe haven demand. **We continue to maintain USD bullishness** as trade worries continue to support USD strength.
- **MYR closed 0.14% weaker** against the USD at 4.1940 as hedging demand picked up closer to month end as well as a US Treasury report placing Malaysia on a watchlist. **We remain bearish MYR** with 4.20 being the short term target in focus as trade worries continue to weigh.
- **SGD closed weaker by 0.12% at 1.3812 against USD** on broad risk aversion. **We maintain bearish SGD** above 1.3680 on technicals and on continued poor risk sentiment overall in the EM space due to trade worries.

Overnight Economic Data

US	➔
New Zealand	⬆

What's Coming Up Next

Major Data

- US 1Q GDP, Wholesale & Retail Inventories, Initial Jobless Claims, Advance Goods Trade Balance, Pending Home Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1110	1.1130	1.1143	1.1170	1.1200	⬇
GBPUSD	1.2575	1.2600	1.2630	1.2680	1.2730	⬇
USDJPY	108.80	109.20	109.60	119.80	110.00	⬇
AUDUSD	0.6875	0.6900	0.6927	0.6950	0.6975	⬇
EURGBP	0.8775	0.8800	0.8823	0.8850	0.8875	↗
USDMYR	4.1875	4.1900	4.1970	4.2000	4.2050	↗
EURMYR	4.6400	4.6600	4.6770	4.6900	4.7000	➔
JPYMYR	3.8100	3.8250	3.8310	3.8500	3.8700	↗
GBPMYR	5.2600	5.2800	5.3010	5.3200	5.3400	⬇
SGDMYR	3.0300	3.0350	3.0410	3.0450	3.0500	➔
AUDMYR	2.8750	2.8900	2.9060	2.9150	2.9250	⬇
NZDMYR	2.7150	2.7300	2.7365	2.7500	2.7600	⬇
USDSGD	1.3750	1.3770	1.3805	1.3830	1.3850	↗
EURSGD	1.5320	1.5350	1.5380	1.5400	1.5450	↗
GBPSGD	1.7300	1.7400	1.7435	1.7500	1.7550	⬇
AUDSGD	0.9500	0.9530	0.9560	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	1,623.67	0.56	-3.96	CRB Index	180.34	0.04	6.21
Dow Jones Ind.	25,126.41	-0.87	7.71	WTI oil (\$/bbl)	58.81	-0.56	29.51
S&P 500	2,783.02	-0.69	11.02	Brent oil (\$/bbl)	69.45	-0.94	29.09
FTSE 100	7,185.30	-1.15	6.79	Gold (\$/oz)	1,279.78	0.04	-0.20
Shanghai	2,914.70	0.16	16.87	CPO (RM/tonne)	1,951.00	-0.05	-0.08
Hang Seng	27,235.71	-0.57	5.38	Copper (\$/tonne)	5,883.00	-1.29	-1.37
STI	3,163.28	-0.06	3.08	Rubber (sen/kg)	491.50	-1.01	29.68

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US MBA Mortgage Applications	May-24	-3.3%	2.4%	--
US Richmond Fed Manufacturing Index	May	5	3	7
NZ ANZ Business Confidence	May	-32.0	-37.5	--

Source: Bloomberg

Macroeconomics

- Richmond Fed Manufacturing Index suggests slower factory activities:** The Richmond Fed's Fifth District manufacturing survey reported that its composite index rose to 5 in May (Apr: 3) as shipments and new orders recorded fairly flat readings while hiring continued to expand with wages seen picking up further in the region. However, the expectations over the outlook for shipments and new orders appeared to have eased pointing to slower activities ahead.
- US mortgages demand dropped last week despite lower borrowing cost:** Mortgage applications fell again by 3.3% for the week ended 24 May (previous: +2.4%) as both applications to buy a new home and to refinance fell despite generally lower mortgages rates. The average rate for a fixed-rate 30Y mortgage was flat at 4.33%. Housing indicators continued to paint a mixed picture of the property markets given the limited gains in house prices and the sideway movements of home sales. The general view remains for the housing market to rebound this year, supported by lower mortgages rates as treasuries yields were suppressed by ongoing global trade uncertainties and Fed's rate hikes pause.
- New Zealand saw improvement in business confidence:** New Zealand business sentiments improved in May as pointed by the ANZ Business Confidence Index which rose to -32.0 (April: -37.5). The reading indicates that that respondents who were pessimistic over business outlook went down to a net 32%. A net 8.5% of respondents expected their businesses to grow in the next 12 months, higher compared to 7.1% observed last month.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
30/05	US	Wholesale Inventories MOM	Apr P	0.1%	-0.1%	--
		GDP Annualized QOQ	1Q S	3.0%	3.2%	--
		Initial Jobless Claims	May-25	214k	211k	--
		Advance Goods Trade Balance	Apr	-\$72.7b	-\$71.4b	--
		Retail Inventories MOM	Apr	0.2%	-0.3%	--
		Pending Home Sales MOM	Apr	0.5%	3.8%	--
31/05		Personal Income	Apr	0.3%	0.1%	--
		Personal Spending	Apr	0.2%	0.9%	--
		PCE Core Deflator YOY	Apr	1.6%	1.6%	--
		MNI Chicago PMI	May	54.0	52.6	--
		U. of Mich. Sentiment	May F	101.5	97.2	--
31/05	UK	GfK Consumer Confidence	May	-12.0	-13.0	--
		Lloyds Business Barometer	May	--	14.0	--
		Mortgage Approvals	Apr	63.5k	62.3k	--
31/05	Japan	Jobless Rate	Apr	2.4%	2.5%	--
		Industrial Production YOY	Apr P	-1.5%	-4.3%	--
		Retail Sales YOY	Apr	0.9%	1.0%	--
		Housing Starts YOY	Apr	-0.6%	10.0%	--
31/05	Hong Kong	Retail Sales Value YOY	Apr	-0.2%	-0.2%	--
31/05	China	Manufacturing PMI	May	49.9	50.1	--
		Non-manufacturing PMI	May	54.3	54.3	--
31/05	New Zealand	ANZ Consumer Confidence Index	May	--	123.2	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1131	-0.26	1.1172	1.1125	-2.89
GBPUSD	1.2626	-0.21	1.2671	1.2612	-0.97
USDJPY	109.59	0.19	109.70	109.15	-0.12
AUDUSD	0.6917	-0.10	0.6932	0.6904	-1.86
EURGBP	0.8816	-0.05	0.8833	0.8799	-1.91
USDMYR	4.1940	0.14	4.1980	4.1850	1.46
EURMYR	4.6783	-0.17	4.6860	4.6755	-1.04
JPYMYR	3.8417	0.20	3.8453	3.8279	2.23
GBPMYR	5.3063	0.01	5.3139	5.2994	0.73
SGDMYR	3.0347	-0.16	3.0405	3.0322	-0.04
AUDMYR	2.9030	0.20	2.9081	2.8997	-0.68
NZDMYR	2.7360	-0.26	2.7471	2.7352	-1.54
CHFMYR	4.1740	0.03	4.1743	4.1568	-0.60
CNYMYR	0.6074	0.26	0.6075	0.6063	0.36
HKDMYR	0.5347	0.22	0.5349	0.5334	1.23
USDSGD	1.3812	0.12	1.3837	1.3788	1.31
EURSGD	1.5374	-0.14	1.5434	1.5373	-1.61
GBPSGD	1.7439	-0.09	1.7503	1.7430	0.32
AUDSGD	0.9553	0.02	0.9573	0.9545	-0.55

Source: Bloomberg

Forex

MYR

- **MYR closed 0.14% weaker** against the USD at 4.1940 as hedging demand picked up closer to month end as well as a US Treasury report placing Malaysia on a watchlist.
- **We remain bearish MYR** with 4.20 being the short term target in focus as trade worries continue to weigh.

USD

- **The Dollar index closed 0.21% stronger at 98.127** led by safe haven demand.
- **We continue to maintain USD bullishness** as trade worries continue to support USD strength.

EUR

- **EUR closed 0.26% weaker at 1.1131** against USD in line with a stronger USD across the board.
- **We remain bearish on EUR** as 1.1230 now providing decent resistance against a largely USD positive backdrop due to nagging concerns over trade.

GBP

- **GBP closed 0.21% lower at 1.2626** in line with broad USD strength.
- **GBP remains bearish** below 1.29 pivot and current leadership crisis adding weight and uncertainty to GBP.

JPY

- **JPY closed 0.19% weaker at 109.59** as USD strength dominates.
- **We remain bullish JPY** as trade worries will continue to support JPY strength and there doesn't seem to be a resolution foreseen in the short term.

AUD

- **AUD closed 0.10% weaker at 0.6917** against the USD.
- **We remain bearish on AUD** over the potential RBA rate cut next week and a stronger USD overall.

SGD

- **SGD closed weaker by 0.12% at 1.3812** against USD on broad risk aversion.
- **We maintain bearish SGD** above 1.3680 on technicals and on continued poor risk sentiment overall in the EM space due to trade worries.

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