

Global Markets Research

Daily Market Highlights

Key Takeaways

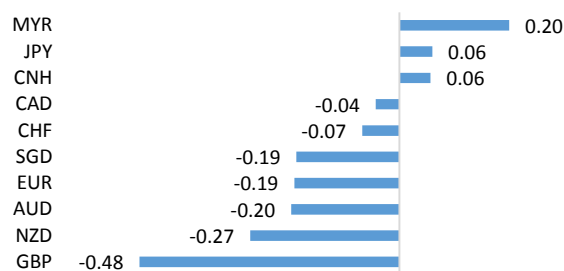
- US stocks ended broadly lower on Friday, as **cautious sentiment dominated markets in the wake of higher Covid-19 cases across more than 20 US states**. The Dow Jones fell 0.8% while the S&P500 was 0.6% lower; NASDAQ was virtually unchanged. Stocks managed to eke out minor gains last week, partially offset the losses recorded in the previous week. WOW, the Dow rose 1%, the S&P500 picked up nearly 2% and NASDAQ outperformed with a 3.7% gain.
- Recent optimism surrounding the reopening of US economies and the accompanying rebound in data had waned as cases rose sharply in certain US states, with daily record cases noted in Florida. Meanwhile, 10Y UST yield fell 2 basis points to 0.69% and gold price was higher (+1.2%) at \$1743.87/ounce, indicating a general retreat in risk sentiment. Crude oil prices rose for the second session on Friday and finished around 9% higher for the week; Brent crude settled at \$42.19/barrel and WTI at \$39.75/barrel.
- Data release was limited to UK retail sales on Friday. Retail sales rebounded by 12% MOM in May, driven by higher sales of household goods and fuel. **Key data this week are the flash PMI readings for US, Eurozone, UK and Japan.**
- USDMYR finished slightly lower (-0.2%) at 4.2675 on Friday, in line with our neutral expectations amid a lack of market driver. We are **neutral on USDMYR** today as market grapples with the uncertainties surrounding potential second waves of Covid-19 outbreaks in the US and China.
- USD gains saw some momentum late on Friday to end higher overall by 0.2% to 97.62 USD gained against most G10 currencies but corrected slightly against the JPY. We are **neutral to bullish on the USD** for the week ahead. DXY has remained in range movement since 10 June, after a bottom of 95.716 on 11 June. Risk sentiments will likely remain integral for USD movements. Fed accommodation will likely remain a large factor in driving further moves downwards.

Market Snapshots

	Last Price	DoD%	YTD %
Dow Jones Ind.	25,871.46	-0.80	-9.35
S&P 500	3,097.74	-0.56	-4.12
FTSE 100	6,292.60	1.10	-16.57
Hang Seng	24,643.89	0.73	-12.58
KLCI	1,507.26	0.16	-5.13
STI	2,634.83	-1.16	-18.24
Dollar Index	97.62	0.2	1.3
WTI oil (\$/bbl)	39.75	2.34	-34.90
Brent oil (\$/bbl)	42.19	1.64	-35.76
Gold (\$/oz)	1,743.87	1.22	15.32
CPO (RM/tonne)	2,393.00	-1.10	-20.91

Source: Bloomberg

Daily FX Performances vs USD (% change)



Source: Bloomberg

Overnight Economic Data

UK



Up Next

Date	Event	Prior
22/05	MA Foreign Reserves (15 Jun)	\$102.9b
	US Chicago Fed Nat Activity Index (May)	-16.74
	US Existing Home Sales MoM (May)	-17.80%
	EU Consumer Confidence (Jun A)	-18.8
	CN 1-Year Loan Prime Rate (22 Jun)	3.85%
	NZ Credit Card Spending MoM (May)	-41.30%
23/05	HK CPI Composite YoY (May)	1.90%
	US Markit US Manufacturing PMI (Jun P)	39.8
	US Markit US Services PMI (Jun P)	37.5
	US New Home Sales MoM (May)	0.60%
	US Richmond Fed Manufact. Index (Jun)	-27
	EC Markit Manufacturing PMI (Jun P)	39.4
	EC Markit Services PMI (Jun P)	30.5
	UK Markit PMI Manufacturing (Jun P)	40.7
	UK Markit/CIPS Services PMI (Jun P)	29
	JP Jibun Bank Japan PMI Mfg (Jun P)	38.4
JP Jibun Bank Japan PMI Services (Jun P)	26.5	
SG CPI YoY (May)	-0.70%	

Source: Bloomberg

Macroeconomics

- **UK retail sales rebounded:** Retail sales rose 12% in May, following the record 18% plunge in April. Compared to the same month last year, retail sales were still markedly lower, recording a 13.1% YOY decline, albeit a smaller magnitude compared to April's 22.7% loss. This reflects the rebound in sales of non-food, especially in household goods following the opening of hardware, paints and glass stores. Fuel sales also rebounded as oil prices recovered and stabilized albeit still more than 40% lower compared to Feb 2020, prior to government's lockdown. Proportion of online sales surged to an all-time high of 33.4% as consumers avoided going outdoor and became more accustomed to online shopping.

Forex

MYR (Bearish)

- USDMYR finished slightly lower (-0.2%) at 4.2675 on Friday, in line with our neutral expectations amid a lack of market driver.
- We are neutral on USDMYR today as market grapples with the uncertainties surrounding potential second waves of Covid-19 outbreaks in the US and China.

USD (Bullish)

- USD gains saw some momentum late on Friday to end higher overall. USD gained against most G10 currencies but corrected slightly against the JPY.
- We are **neutral to bullish** on the USD for the week ahead. DXY has remained in range movement since 10 June, after a bottom of 95.716 on 11 June. Risk sentiments will likely remain integral for USD movements. Fed accommodation will likely remain a large factor in driving further moves downwards.

EUR (Neutral-to-Bearish)

- EUR was 0.19% down against the USD on Friday. Pair failed to hold on to 1.12 levels and ended lower. This marked lowest levels since 3 June.
- In the week ahead, EUR may be driven by PMI data, especially if there are some differential performances between the major economies. EUR may have to be defensive against a resurgent USD.

GBP (Neutral-to-Bearish)

- GBP underperformed other G10 currencies on Friday. GBP/USD went down by 0.48% on Friday, now down to 1.2350.
- We are bearish on GBP during periods of USD strength. Brexit uncertainty, Covid-19 infection rates and possibly fragile fundamentals will likely continue to weigh down on the GBP.

JPY (Neutral-to-Bullish)

- USD/JPY continued to creep lower, now reaching the low of 106.50 seen on 11 June. JPY benefitted from weaker risk sentiments.
- Some JPY strength can come on current momentum. A return of risk aversion is likely to point towards some JPY resilience over the one-week horizon. However, we see a psychological support around the 106 big figure

AUD (Neutral-to-Bearish)

- AUD/USD dipped overall on Friday despite hitting a high of 0.6912. Pair corrected after which to 0.6835 at close. Risk aversion is hurting AUD at the moment.
- Some correction may be installed ahead. Pair remains much higher than 50, 100 and 200 day averages, so there may exist some pressure for a near-term retreat to 0.6551-0.6665. Still, AUD has now looking quite balanced in terms of both its bullish and bearish signs.

SGD (Neutral-to-Bearish)

- USD/SGD has moved higher on Friday, as Covid-19 concerns flared up again. SGD weakness was in sync with other G10 currencies.
- A breakthrough of the 1.38-1.40 range will likely signal at some bullish momentum. Psychological resistance for USD/SGD is at 1.4000. Following which, the attention may turn to 100-day moving average of 1.4085.

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