

Global Markets Research

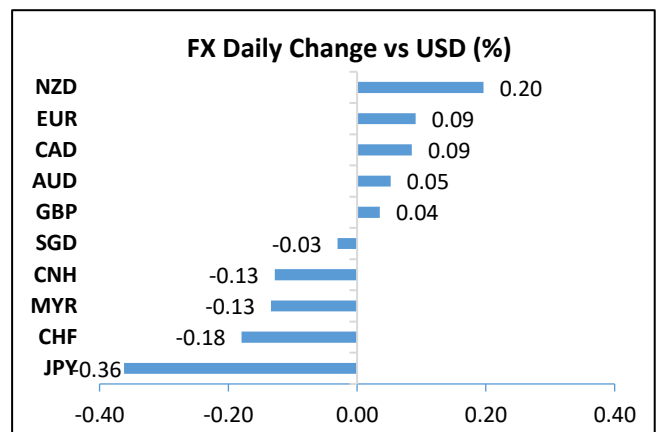
Daily Market Highlights

Key Takeaways

- **US stocks broadly closed higher overnight as investors rotated into the tech sector.** The S&P 500 gained 0.2% in its third record setting session, supported by the advance in infotech and communication services shares whereas the financials and materials sectors registered losses. Shares of Apple shot up by 2.5%, alongside the likes of Netflix, Amazon, Facebook and Tesla. This helped the NASDAQ notch its first record high since 26 April. The blue-chip Dow Jones meanwhile edged lower by 0.3%.
- Wall Street kicked off the week with generally higher risk appetites despite the anticipation for Thursday's FOMC's decision as markets look for signals of a future Fed tightening. **The US treasuries market retreated** on Monday, driving up yields by 1 to 4.7bps. The yield on the benchmark 10Y UST rose 4.2bps to 1.49%. **The greenback saw mixed performances as the markets turned risk-on; the commodity currencies generally traded higher while safe havens (CHF, JPY) fell.** EUR and GBP were little changed. This kept the dollar index grounded at 90.52 (-0.04%). Gold prices fell as investors flocked into risk assets. Futures slumped for the second session (-0.7%) to \$1864/oz. **Brent crude meanwhile saw further gain (+0.2%) to \$72.86/barrel, its highest level since the start of the global pandemic last year.** WTI was flat at \$70.88/barrel.
- Monday's data were limited to the Eurozone and Japan's industrial production readings. **Output rose 0.8% m/m in April in the euro area while Japan recorded 2.9% m/m growth in industrial production.** Key releases today include the **UK's April job report** in the afternoon, followed by the **US' May retail sales and industrial production data.** The **RBA meeting minutes will be out in the Asian trading session.**
- DXY corrected slightly by 0.04% from last Friday's sharp gain as expected, closing marginally lower at 90.52 on Monday after a day of relatively muted trading. It held above the 90 handle for the 5th consecutive day and based on strengthening positive momentum, we are **neutral on the USD** today but see some room for the USD to inch slightly higher today but upside is capped at 90.70. Focus is on retail sales and PPI. The FOMC rate decision on 17 June will also be keenly watched.
- USD/MYR recovered modestly by 0.1% to 4.1140 from last Friday's decline. We turned neutral on the pair after this small correction, expecting more **neutral** trading ahead of key events. We eye a weekly range of 4.09-4.13, with support at 4.1077 (the lower bound of the Bollinger Band) and resistance at 4.1200.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	34,393.75	-0.25	12.37
S&P 500	4,255.15	0.18	13.29
FTSE 100	7,146.68	0.18	10.62
Hang Seng	28,842.13	0.36	5.92
KLCI	1,582.46	0.46	-2.75
STI	3,153.14	-0.15	10.88
Dollar Index	90.52	-0.04	0.65
WTI oil (\$/bbl)	70.88	-0.04	46.08
Brent oil (\$/bbl)	72.86	0.23	40.66
Gold (\$/oz)	1,864.00	-0.71	-1.64
CPO (RM/tonne)	3,993.00	-2.07	5.41



Source: Bloomberg

Overnight Economic Data

EZ

JP

Up Next

Date	Events	Prior
15/06	AU RBA Minutes of June Policy Meeting ()	
	UK ILO Unemployment Rate 3Mths (Apr)	4.80%
	UK Employment Change 3M/3M (Apr)	84k
	EZ Trade Balance SA (Apr)	13.0b
	US Retail Sales Advance MoM (May)	0.0%
	US Empire Manufacturing (Jun)	24.3
	US PPI Final Demand YoY (May)	6.2%
	US Industrial Production MoM (May)	0.5%
	US NAHB Housing Market Index (Jun)	83
	16/06	JP Exports YoY (May)
	JP Core Machine Orders MoM (Apr)	3.7%
	AU Westpac Leading Index MoM (May)	0.2%
	CH Retail Sales YoY (May)	17.7%
	CH Industrial Production YoY (May)	9.8%
	CH Fixed Assets Ex Rural YTD YoY (May)	19.9%

Source: Bloomberg

Macroeconomics

Eurozone's industrial production rose in April:

- Industrial production in the euro area rose 0.8% m/m in April, following the 0.4% gain in March, adding to signs of an upcoming rebound in growth. This was better than the estimate of 0.4% m/m growth. Output rose in all categories except the non-durable sector which recorded a minor decline. Production of both durable goods and energy led the gains at over 3% m/m. The low base effect from last year helped propel the y/y growth to a whopping 39.3%, compared to 11.5% prior.

Japan's industrial production growth revised upwards in April:

- Japan's industrial production growth was revised upwards from 2.5% m/m to 2.9% m/m in April, according to a final reading. This followed the 1.7% gain in output in March and marked its second month of increase, thanks to the strong foreign demand. Compared to the same month last year, industrial output was 15.8% higher (Mar: +3.4%), inflated by the low base.

Forex

MYR (Neutral)

- USD/MYR recovered modestly by 0.1% to 4.1140 from last Friday's decline. We turned neutral on the pair after this small correction, expecting more neutral trading ahead of key events. We eye a weekly range of 4.09-4.13, with support at 4.1077 (the lower bound of the Bollinger Band) and resistance at 4.1200.

USD (Neutral)

- DXY corrected slightly by 0.04% from last Friday's sharp gain as expected, closing marginally lower at 90.52 on Monday after a day of relatively muted trading. It held above the 90 handle for the 5th consecutive day and based on strengthening positive momentum, we are neutral on the USD today but see some room for the USD to inch slightly higher today but upside is capped at 90.70. Focus is on retail sales and PPI. The FOMC rate decision on 17 June will also be keenly watched.

EUR (Neutral-to-Bearish)

- EUR/USD regained some footing, eking out a 0.1% daily gain to close at 1.2120 on Monday. The pair looks set for some sideways trading with a bearish bias, with support at 1.2070. Market attention will be on CPI, alongside trade and industrial production releases.

GBP (Neutral-to-Slightly Bearish)

- GBP/USD also saw minor gains to 1.4112 at Monday's close, hovering at the 1.41 big figure for a good two weeks. Outlook of the pair is neutral to slightly bearish today, potentially breaking the 1.4100 support, after which we expect a move towards 1.4000. CPI and PPI data are market focus for the week.

JPY (Neutral)

- USD/JPY was up by 0.4% on Monday's session to close at 110.07, back above the 110 big figure for the first time in seven days. We see the pair staying within a range of 109.50 to 110.40. A key level on the downside is the 50-day MA at 109.11. Momentum is fairly muted and slightly biased on the upside. Weekly data focus is on trade balance and CPI figures. Bank of Japan announces policy decision on 18 June.

AUD (Neutral)

- AUD/USD rebounded very modestly to 0.7712 Monday's close, but still remaining near the lower levels (0.7708-0.7754) seen in the past week. Momentum is slightly negative, but we see limited room for further down move for now unless 0.7700 is broken, which will pave the way towards 0.7660. Resistance remains at 0.7800. Australia releases employment data on 17 June, which may shape AUD movements.

SGD (Neutral-to-Bullish)

- USD/SGD traded within a very tight range of 1.3255-1.3277 before closing out Monday at 1.3264, its highest since 3-June. Bullish momentum in the pair is picking up and we expect a move towards 1.3278, towards the upper bound of our weekly range at 1.3190-1.3300. Focus will shift to the release of non-oil domestic exports on 17 June.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.