

## Global Markets Research

### Daily Market Highlights

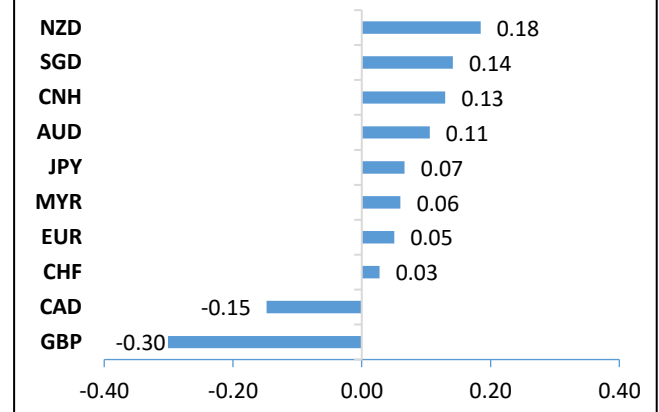
#### Key Takeaways

- Stocks rallied to record high overnight, lifted by renewed economic optimism after President Biden announced that he had secured a roughly \$1trillion bipartisan infrastructure deal** with a group of senators which would encompass some \$579billion in spending for new projects to upgrade roads, utilities and internet facilities. The Dow Jones outperformed with a near-1% gain while the S&P 500 (+0.6%) and NASDAQ (+0.7%) climbed to all-time highs. Financials and energy shares led the gains among the S&P 500 sectors; construction stocks jumped. Microsoft's market value hit the \$2trillion mark as it launched Windows 11.
- US treasuries yields stabilised**, closing within a tight range of -0.7 to +1.3bps across the curve. The yield on 10Y UST was little changed at 1.49%. **UK yields fell 1.8 to 3.9bps after the Bank of England gave no apparent signal of any potential policy tightening. The pound plunged.** The USD largely weakened against most of its G10 counterparts except GBP and CAD. EUR closed little changed. Gold prices traded lower on Thursday. Futures shed 0.4% to \$1775.6/oz. **Crude oil prices extended gains to the second session on the back of a strong economic outlook.** Brent crude edged up 0.5% to \$75.6/barrel while WTI rose 0.3% to \$73.3/barrel. **Stock futures pointed up in Hong Kong and Japan, indicating that Asian shares will track the overnight US rally. Key US data today are the core PCE inflation alongside personal spending and income.**
- The US reported mixed data. The initial jobless claims remained at above 400k for the second week in a row.** Durable goods orders rose 2.3% m/m in May, following upward revision to April's reading. The third estimate of 1Q GDP growth was unrevised at 6.4% q/q annualised rate. The advance goods trade deficit widened to \$88.1b in May. The GfK Consumer Confidence Index remained unchanged at -9 in the UK. New Zealand's 12-month trade balance swung to a deficit of NZD62m in May thanks to the steady recovery of imports.
- The USD was overall roughly flat for Thursday, with DXY closing at 91.81. USD strengthened against GBP and CAD but weakened compared to the SGD, CNH and AUD. This came as initial jobless claims stayed steady compared to last week in the US. We anticipate some **range movements** around 91.40 to 92.40 in today's session, as markets consolidate post-dollar rally. Focus shifts to PCE data.
- USD/MYR retraced to just below 4.16 after being overbought. Pair closed at 4.1595 (-0.06%) and is likely to trade on a more **neutral** note today, possibly within a tight range of 4.1550- 4.1650 ahead of the weekend and a general lack of market drivers.

#### Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	34,196.82	0.95	11.73
S&P 500	4,266.49	0.58	13.59
FTSE 100	7,109.97	0.51	10.05
Hang Seng	28,882.46	0.23	6.06
KLCI	1,555.71	-0.58	-4.39
STI	3,119.62	0.03	9.70
Dollar Index	91.81	0.01	2.09
WTI oil (\$/bbl)	73.30	0.30	51.38
Brent oil (\$/bbl)	75.56	0.49	45.87
Gold (\$/oz)	1,775.60	-0.38	-6.31
CPO (RM/tonne)	3,700.50	2.35	-2.31

#### FX Daily Change vs USD (%)



Source: Bloomberg

#### Overnight Economic Data

US	→	UK	→
NZ	↑		

#### Up Next

Date	Events	Prior
25/06	MA CPI YoY (May)	4.7%
	SG Industrial Production YoY (May)	2.1%
	US Personal Income (May)	-13.1%
	US Personal Spending (May)	0.5%
	US PCE Core Deflator YoY (May)	3.1%
	US U. of Mich. Sentiment (Jun F)	86.4
28/06	MA Exports YoY (May)	63.0%
	HK Exports YoY (May)	24.4%
29/06	US Dallas Fed Manf. Activity (Jun)	34.9
	JP Jobless Rate (May)	2.8%
	JP Retail Sales MoM (May)	-4.6%
	UK Nationwide House Px NSA YoY (Jun)	10.9%
	US S&P CoreLogic CS 20-City YoY NSA	13.27%
	US Conf. Board Consumer Confidence	117.2

Source: Bloomberg

## Macroeconomics

### BOE maintained policy; made no hawkish shift:

- The Bank of England left its bank rate unchanged at 0.1% as well as its asset purchase program at £895 billion as widely expected. It said that the current monetary policy stance is appropriate and did not make any hawkish shift towards potential policy tightening. Instead, it said that the economic recovery should not be undermined by premature tightening of monetary conditions.
- Economic assessment turned more positive in the latest statement and the June output is expected to be 2.5% lower compared to its pre-Covid 4Q19 level.
- The MPC said that the surging inflation is expected to be transitory. It maintained the view that growth and inflation will fall back after a period of strong readings, but added that the near-term gain in prices may prove somewhat larger than expected. It remained unclear whether this current inflation is short-term, driven by pickup in oil and other commodity prices or could extend to the medium term.

### Initial jobless claims at 411k; durable goods orders rebounded:

- Initial jobless claims came in at 411k last week, versus expectation of 380k; this was little changed from the revised 418k claims in the week before. Initial jobless claims disappointed for the second week in a row, holding at over-400k last week, highlighting the job market's challenges to recover to the pre-pandemic level despite the reopening of the economy.
- The third estimate of 1Q GDP growth was unrevised at 6.4% q/q annualised rate (4Q20: +4.3%).
- Durable goods orders rose 2.3% m/m in May, supported by higher orders for planes and motor vehicles. This was less than the expected gain of 2.8% but the upward revision to April's orders to represent a smaller decline (-0.8% m/m) offered some optimism. The core capital orders missed estimates, edging lower by 0.1% m/m, compared to the forecast of 0.6% growth. Nonetheless, the minor decline also came alongside higher revision for April (+2.7%). The report indicates that the US' manufacturing orders remained healthy.
- The advance goods trade deficit widened to \$88.1b in May (Apr: -\$85.7b) as the strong growth in imports (+0.8% m/m) to near-record levels, outweighed the lower exports (-0.3% m/m). Exports were weighed down by fall in vehicle shipments to overseas as car makers faced input shortages.

### UK' consumer confidence stayed unchanged:

- The GfK Consumer Confidence Index remained unchanged at -9 in June (May: -9), missing the estimate for an improvement to -7. Consumers turned only slightly more optimistic over personal finances in the next 12 months (11 vs 10 prior) and downgraded their views of the next-12-month economic situation (-2 vs 4 prior). The climate for major purchases improved albeit still at negative level (-5 vs -7 prior). Saving intentions remained high (21 vs 22). This may have reflected consumers' uncertainties regarding the latest outbreak of the Covid-19's delta variants in the UK.

### Import recovery turned New Zealand's annual trade to deficit:

- New Zealand's 12-month trade balance swung to a deficit of NZD62m in May (Apr: 764m), thanks to the steady recovery of imports in recent months. This marks its first 12-month deficit since Jun-20.
- The monthly trade balance was a surplus of NZD469m (Apr: 414m) as both exports and imports rose over 8% m/m after the declines in the previous month. Exports were driven by dairy products.

## Forex

### MYR (Neutral-to-Bearish)

- USD/MYR retraced to just below 4.16 after being overbought. Pair closed at 4.1595 (-0.06%) and is likely to trade on a more neutral note today, possibly within a tight range of 4.1550- 4.1650 ahead of the weekend and a general lack of market drivers.

### USD (Neutral)

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### EUR (Neutral-to-Bullish)

- EUR/USD was 0.05% higher d/d, closing at 1.1932. Pair however lacked momentum to deviate significantly from ranges a day earlier. We maintain our view of resistance at 1.2000, with support firming at 1.1850. The European Central Bank executive board member Isabel Schnabel warned governments not to tighten fiscal policy too soon.

### GBP (Neutral-to-Bearish)

- GBP/USD was down by 0.3%, closing at 1.3922. This came mostly from Bank of England policy reaction, as pair stayed mostly horizontal moving on Thursday. Markets were slightly disappointed that Bank of England did not change its stance towards more hawkish tones, as inflation surged. We place support at 21 June low of 1.3787, and resistance at 1.4090.

### JPY (Neutral-to-Bearish)

- USD/JPY was 0.07% down, despite hitting another intraday high of 111.12. Pair retraced gains to close at 110.80. A double hit of the 111 big figure may trigger further bearishness for the yen. We place resistance at 111.60, while support now shifts to 110.20. Focus shifts towards the 112.23 high seen on 20 February 2020.

### AUD (Neutral-to-Bullish)

- AUD/USD was 0.11% up on Thursday's session, closing at 0.7583. This comes as market sentiments improved during the session. Given a slight recovery after hitting at 0.75 big figure, we see slight upsides continuing. Watch resistance at 0.7640, while support is around 0.7470.

### SGD (Neutral)

- USD/SGD was 0.14% lower, closing at 1.3430 from 1.3449 a day earlier. However, the pair stayed in recent ranges as the dollar stabilised. We continue to eye a range of 1.3410 to 1.3490 for the day. Industrial production figures are due for release.

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