Global Markets Research
Daily Market Highlights

Key Takeaways

- **US' main stock benchmarks closed slightly** higher on Tuesday; the **S&P 500 eked out a small gain (+0.03%) to hit a record high for the fourth straight session**, mainly driven by gains in the tech and consumer discretionary sectors as other sectors mostly edged lower in a rather indecisive trading session. NASDAQ (+0.2%) also ended the day at its all-time-high while the Dow picked up +0.03%. Stocks were largely supported by economic optimism as the US reported strong consumer confidence data while Moderna said that its vaccine showed promise against the Covid delta variant in a lab study.

- **Treasury yields pulled back slightly** (-0.4 to -1.1bps) across the curve ahead of month-end as investors await June's NFP payroll data this Friday. The yield on 10Y UST fell less than 1bp to 1.47%. The dollar firmed up amid cautious sentiments; the **USD strengthened against all G10 currencies (except the JPY)** where **commodity currencies were seen leading the losses again.** Gold suffered losses amid a stronger dollar. Futures closed 0.9% lower at $1763.6/oz. **Crude oil benchmarks consolidated ahead of Thursday's OPEC+ meeting where the oil cartel and its allies are expected to raise output** to match stronger global demand. Both Brent crude and WTI rose 0.1% to $74.76/barrel and $72.98/barrel. **Futures pointed higher in Japan and Hong Kong this morning, indicating firmer starts. China's NBS is set to publish its monthly PMI data while the Eurozone's CPI inflation and US' ADP job report are among key releases to watch out for.**

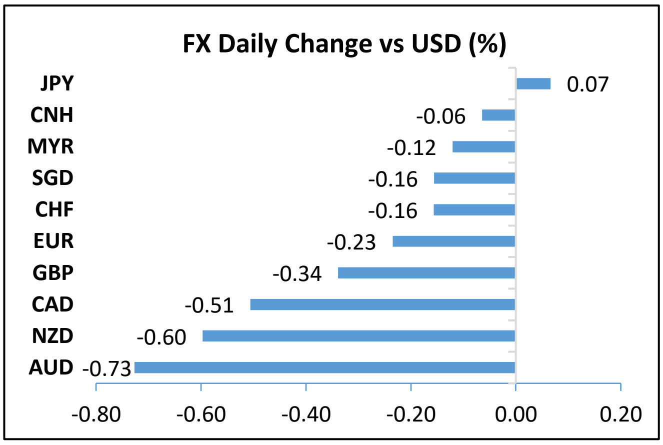
- The US' Conference Board Consumer Confidence Index climbed for the fifth straight month. The S&P CoreLogic home prices rose at its fastest pace (+14.6% y/y) on record in April. The Eurozone's economic sentiment improved sharply in June. Japan's industrial production fell. Vietnam's 2Q GDP growth missed estimates at 6.6% y/y while its June indicators underperformed.

- Safe haven currencies gained as virus concerns grew. This benefitted the USD, with the DXY eking out a 0.18% gain. DXY closed at 92.05. This comes as Conference Board Consumer Confidence Index soared to 127.3 in June, from 120.0 in May, marking its fifth consecutive climb since February. We see some **range movements for the DXY** around 92 for month-end.

- USD/MYR firmed up 0.1% to close at 4.1520 on Tuesday as the ringgit weakened alongside its Asian counterparts. This is in line with our view that the pair may revert back to circa 4.15 levels after the recent correction. We note that the crossing of the 4.16-mark last week has built up positive momentum for the pair and USD bulls may continue to manifest themselves, resulting in a **neutral to bearish MYR** targeting the 4.16-mark. We eye a weekly range of 4.13-4.18.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	34,292.29	0.03	12.04
S&P 500	4,291.80	0.03	14.26
FTSE 100	7,087.55	0.21	9.71
Hang Seng	28,994.10	-0.94	6.47
KLCI	1,548.31	0.23	-4.85
STI	3,089.49	-1.20	8.64
Dollar Index	92.05	0.18	2.35
WTI oil ($/bbl)	72.98	0.10	50.41
Brent oil ($/bbl)	74.76	0.11	44.32
Gold (S/oz)	1,763.60	-0.90	-7.04
CPO (RM/tonne)	3,704.50	0.37	-2.20



Source: Bloomberg

Overnight Economic Data

US	↑	EZ	↑
UK	↓	JP	↓
VN	→		

Up Next

Date	Events	Prior
30/06	NZ ANZ Business Confidence (Jun F)	-0.4
	CH Non-manufacturing PMI (Jun)	55.2
	CH Manufacturing PMI (Jun)	51.0
	UK GDP QoQ (1Q F)	-1.5%
	HK Retail Sales Value YoY (May)	12.1%
	EC CPI Estimate YoY (Jun)	2.0%
	US MBA Mortgage Applications (25 May)	2.1%
	US ADP Employment Change (Jun)	978k
	US MNI Chicago PMI (Jun)	75.2
	US Pending Home Sales MoM (May)	-4.4%
01/07	JP BOJ Tankan Survey (2Q)	
	US, EZ, UK, JP, CN, VN, MA Manf. PMI (Jun)	
	AU Exports MoM (May)	3%
	US ISM Manufacturing (Jun)	61.2
	US Construction Spending MoM (May)	0.2%

Source: Bloomberg

Macroeconomics

US' consumer confidence soared for the fifth month:

- The Conference Board Consumer Confidence Index soared to 127.3 in June, from 120.0 in May, marking its fifth consecutive climb since February. The considerable increases in the Present Situation Index (+9pts) and Expectations Index (+6.1pts) showed consumers' stronger assessments of current and short-term business and labour market conditions.

US' home prices rose at record pace in April:

- The S&P CoreLogic Case-Shiller National Index rose 14.6% y/y in April (Mar: +13.3%) as home prices continued to surge in the US on the back of tight inventory and robust demand. The same gauge for 20 US cities also rose 14.9% y/y (Mar: +13.4%) with the m/m gain steady at 1.6% (Mar: +1.6%).
- Meanwhile, the separate FHFA House Price Index picked up a stronger than expected 1.8% m/m increase in April, following the upwardly revised 1.6% rate in March.

Eurozone's economic confidence improved sharply in June:

- The European Commission's economic sentiment index surged to 117.9 in June, from 114.5 in May, reflecting broad-based improvement in confidence levels after the removal of some restrictions were lifted in the region. Consumers turned less negative about the economy (-3.3 vs -5.1); industrial confidence rose slightly (12.7 vs 11.5) while sentiment roared in the services sector (17.9 vs 11.3).

The UK reported smaller gain in house prices in June:

- The UK's Nationwide House Price Index rose 0.7% m/m in June, matching the consensus estimate. This marked its second month of slowing down as the index retreated from the 1.7% m/m rate in May, after having hit the multi-year high of 2.3% prior. This suggests that the housing boom may be losing its momentum after the expiry of the stamp duty waiver this month. The measures announced by the government to counter pandemic related downturn have propped up housing demand, as buyers (both domestic and foreign) rushed to purchase properties in the UK. On a year-on-year basis, the index rose 13.4% in June (May: +10.9%).

Japan's industrial production fell nearly 6% in May:

- Industrial production fell more than expected by 5.9% m/m in May (Apr: +2.9%) as the State of Emergency measures were expanded to more prefectures. This followed two consecutive monthly gains and economist consensus were expecting a more modest 2.1% reversal. Compared to the same month last year, output was 22% y/y higher (Apr: +15.8%).

Vietnam's GDP expanded 6.6% in 2Q:

- Vietnam's 2Q GDP growth came in at 6.6% y/y (1Q: +4.5%), compared to the consensus forecast of 7.2%. The slightly disappointing reading coincides with the tightening of social distancing restrictions as the country struggled to contain the fourth Covid-19 outbreak which started in early May.
- The latest set of monthly indicators underperformed in June as the new outbreak and its accompanying restrictions may weigh on overall activity. Industrial production growth slowed to 6.8% y/y (May: +11.6%) while exports growth decelerated sharply to 17.3% y/y (May: +35.6%);
- Retail sales fell 10.9% y/y (Apr: -2.1%) based on our calculations. The annual rate of CPI meanwhile eased to 2.4% y/y in June (May: 2.9%).

Forex

MYR (Neutral-to-Bearish)

- USD/MYR firmed up 0.1% to close at 4.1520 on Tuesday as the ringgit weakened alongside its Asian counterparts. This is in line with our view that the pair may revert back to circa 4.15 levels after the recent correction. We note that the crossing of the 4.16-mark last week has built up positive momentum for the pair and USD bulls may continue to manifest themselves, targeting the 4.16-mark. We eye a weekly range of 4.13-4.18.

USD (Neutral)

- Safe haven currencies gained as virus concerns grew. This benefitted the USD, with the DXY eking out a 0.18% gain. DXY closed at 92.05. This comes as Conference Board Consumer Confidence Index soared to 127.3 in June, from 120.0 in May, marking its fifth consecutive climb since February. We see some range movements for the DXY around 92 for month-end.

EUR (Neutral)

- EUR/USD pulled back by 0.23% as dollar strength intensified. This brought the pair to close the session at 1.1897 after a low of 1.1878. The European Commission's economic sentiment index surged to 117.9 in June, from 114.5 in May. Consumers turned less negative regarding the economy. Data focus now turns to the CPI and PPI. We continue to see a 1.18 to 1.20 range, with slight downside momentum.

GBP (Neutral-to-Bearish)

- GBP/USD was down by a significant 0.34%, after stabilising the previous session. Pair closed at 1.3836 in the process. Haven currencies strengthened, inversely weakening the pound. This comes as house prices rose by 0.7% m/m in June, in line with market expectations. The bias from technicals is still on the downside. We eye a range of 1.3810 to 1.4090.

JPY (Neutral-to-Bullish)

- USD/JPY was down by 0.07% to close 110.53. The yen strengthened as safe haven currencies benefitted from risk aversion. This comes as Japan's industrial production plummeted by 5.9% m/m, from state of emergency measures. Slight downsides are possible, despite technicals pointing towards an upside trend. Eye resistance at 111, and support at 110.

AUD (Neutral-to-Bearish)

- AUD/USD fell sharply by 0.73% d/d to close at 0.7512. AUD underperformed G10 from risk off movements. Concerns about the Covid-19 variants may bring about more downsides, as technical have a downside bias for the pair. We eye support at 0.7500, before 0.7410, and resistance at 0.7721 (100-day MA).

SGD (Neutral)

- USD/SGD was pushed higher as the dollar strengthened. Pair was up by 0.16% to a close of 1.3453. On a bigger picture, the pair has looked relatively entrenched within the five-day range of 1.3397 to 1.3476. We eye the 100-day MA of 1.3340 as the support, while resistance is around 1.3490. Momentum is fading on the upside. Singapore will release PMI figures for June.

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