



IMPORTANT ECONOMIC DATA RELEASE TODAY

Economic data is an important factor that will have an impact on market direction. There are a number of economic figures releases daily. Below are some important data to watch out for, which would have impact to today's market.

No	Time	Event	Actual	Forecast	Previous
1	16:30	UK Claimant Count Change (May)	-	22.9K	24.7K
2	16:30	UK Unemployment Rate (Apr)	-	3.8%	3.8%
3	20:30	US PPI (MoM) (May)	-	0.1%	0.2%

Source: Bloomberg/ Phillip Futures

Market Update (Fundamentals):

1) Global stock index futures: Generally held steady as focus returns to US-Sino relations

Prices as at 10.30am:

Mini Dow Futures: +0.20%

Mini S&P 500 Futures: +0.21%

FTSE China A50 Futures: +1.76%

MSCI Singapore Free Index (SiMSCI) Futures: +0.40%

Global indices futures generally steadied, as markets weighed in on further possible clashes between US and China. Meanwhile, the euphoria on the Mexico trade relief, has also started to fade, as markets begin to realise that it was only a temporary reprieve, and that the threat could resurface again in due course if no significant improvement was observed. Tariffs, which is the new weapon of choice for US President Trump, has also been generating market jittery. US President Trump started using tariffs to negotiate trade, but has of late used it to negotiate on other issues as well. It started on Mexico for immigration issues, and now it is towards China for Chinese President Xi to meet with him during the G-20 summit. Tariffs has thus far slowed down global economic growth, and implementation of further tariffs will sap business and market confidence, in turn further slow the global economy. Hence, with constant projections by global organisations that global economic growth remains low and that risks remain tilted to the downside, market confidence would be further wavered.

At present two opposing forces are at play for global indices. The first is the excitement over the global central banks dovish stance amid concerns over global economic growth, with the speculation growing that there will be possible rate cuts soon. While the second is the geopolitical strife, which has transcended over several fronts, as US President Trump uses tariffs as a treat against many nations such as China, Japan, Eurozone and Mexico. The latter has been more apparent on investors' minds recently given US President's Trump constant outrages over twitter and threats of new tariffs. In fact, just last night, President Trump targeted tariffs on a new nation, namely France for its French wines. This once again affirms President Trump's protectionist policies, which could derail the whole global trading landscape. The campaign by the US to strike bilateral trade agreements that are beneficial to the US have been wreaking havoc across global economics, as observed in most global economic numbers released recently that indicated a slowdown. The IMF have also warned that the current and threatened US-Sino tariffs could cut 2020's global GDP by 0.5%, or about US\$455 billion. There is never a winner in a trade war, and with more potential trade tensions between US and other nations, it would have a cascading effect on companies and consumers, slowing down global economies further. Therefore, as there have been growing evidence of a slowdown in the global economy and the weakening of corporate confidence due to the ongoing trade war, should the trade war drag out, more downside risk will persist for global indices, which could cause investors to increase their cash buffer, or go into safer assets, such as bonds and treasuries.

On the Mexican issue, clarity is still needed on the claim by US President Trump that Mexico agreed to purchase large amounts of US agricultural products as part of the agreement, but was denied by Mexican officials who stated that there was no such provision. The contradiction would prove that relations between both nations are still rock, and that it cannot be assumed that all will be well after the tariffs were called off.

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It is to be noted that the deal on border security and illegal immigration that allowed Mexico to avoid US tariffs is not a permanent. Both sides have agreed that more action could be taken if the measures do not have the desired result of drastically bringing down the numbers of undocumented migrants reaching the US borders within 90 days. US Secretary of State Mike Pompeo reiterated that last night, by stating that the US could still apply tariffs if it judged that Mexico had not done enough, and that the US expected to see results in the next four to six weeks. Thus, the tariff cancellation appears more of a temporary reprieve than an actual solution, as the problem issue is likely to surface again if viable progress are not observed. The tariffs will cause the slowing demand issues to escalate, as businesses will have to pass higher prices along to consumers and manufacturers across a range of products.

On the Sino-US front, relations still seems to be frosty between both nations. China has stated that while it was open for trade talks with the US, it had nothing to announce about a possible meeting between Chinese President Xi and US President Trump during the G-20 summit later this month and did not confirm if the meeting is even taking place. This has sparked ire from President Trump, who has since threatened to raise tariffs on China again if President Xi does not meet with him. President Trump stated that he would impose tariffs of 25% or even higher on US\$300 billion worth of Chinese imports, if progress could not be made on trade at the G-20 Summit and that he was confident China would make the deal.

Thus, sentiment will remain fragile as investors look to the G-20 summit as the crucial event in the trade dispute, which will set the future direction between the world's two largest economies. The market is expected to remain volatile going into the G-20 as sentiments gets swayed by developments on how the trade negotiations are likely to unfold. Should Present Trump be unable to determine if Chinese President Xi is willing to head in his direction on the deal, it is unlikely that the Buenos Aires summit last year repeats itself. At present, the situation does not seem promising, and we are of the view that the US would even threaten tariffs again, in order to re-balance the relationship towards a situation that is viewed to be fair in the US's opinion.

At present, it seems that both the US and China have not faced enough weakness to the economy to warren an immediate end to the trade war. The US economy has not faltered as badly as the rest of the other economies, while China is still able to support their economy via easing. In fact, PBOC governor stated over the weekends that there was tremendous room to adjust monetary policy if the trade war deepens, displaying readiness to act to support the economy if needed. Thus, with no strong catalyst to force either parties to compromise or accept any deal which they feel as non-desirable, it is likely the trade war will last for a prolonged period. Therefore, given that both sides continue to escalate their dispute, imposing higher tariff and suggesting more levies to come, markets should be prepared for more trade disappointments, as the continuation and escalation of unfavourable trade policies could further skew corporate earnings to the downside. Thus, as market sentiments markets sentiments are still kept relatively risk adverse by news headlines on Sino-US trade relation, more volatility is expected for global indices.

2) Currencies: USD faces pressure as trade war fears curbs risk appetite; Weak UK data pushed the GBP lower

The dollar faltered this morning, as investors' were generally more risk adverse after US President Trump renewed his tariff threats toward China. As the US is directly involved in the trade war, investors appear to be shunning the USD and turning to other safe-haven assets instead. Financial markets have been gripped by fears of escalating trade tensions between the world's two largest economies, stoking worries over the outlook for global growth, with risk appetite remaining subdued as investors await more clarity of the future direction after the G-20 summit. Meanwhile, the US economy has too been showing signs of slowing and has resulted in increased probability of the Fed reducing interest rates in the near future. Last Friday, non-farm payroll numbers indicate that job creasing has slowed drastically. Hence, with much attention from markets focused on trade disputes and the potential for a slowing economy, the disappointing US employment report provides further evidence that the end of the business cycle near and economic activity is indeed slowing, with US being no exception. It has also placed further focus to the Fed's upcoming decisions, and they could change their forward guidance, given the negative outlook. Hence with the FOMC meeting occurring next week (18-19 June), eyes will be towards whether it will set the stage for a July rate hike. Fed Chairman Powell had recently acknowledged the uncertainty over resolution of the trade issues, and signalled an openness to cut interest rates if necessary, while pledging to keep a close watch on fallout from a deepening set of disputes between the US and its largest trading partners. This was a seemingly 180 degree shift in his tone given that the month before he stated that there was no strong case for the Fed to hike or cut rates, and that the Fed would be patient. Coupled with President Trump's constant calls for the Fed to reduce rates, the questions of when the potential rate cuts will take place coupled with how many rate hikes will occur will weigh on markets, and result in more downside risk for the USD.

The GBP is poised to weaken further as economic data has been showing constant vulnerability. The UK economy slowed sharply with the manufacturing sector proving to be a weak spot as a result of Brexit uncertainty. As the Brexit situation continues to drag out without a clear direction in mind, business confidence towards the UK has continued to decline. With the departure of Theresa May, and ten candidates vying for the UK Prime Minister seat, it puts the Brexit situation in further peril. The first round of voting among Conservative lawmakers to begin whittling down the field to two candidates, who will then be put to a vote of party members, will take place on Thursday, and markets are closely watching who the candidates will eventually be. This is because the new UK PM will be the one eventually setting the tone for future Brexit negotiations. Should the new UK PM be receptive towards a “hard Brexit” scenario and wants to leave the EU regardless of the potential consequences, it could bring about more potential downside for the UK economy. We are of the view that an eventual second referendum or an early general election could be called in order to break the deadlock and finally achieve some progress towards the Brexit situation. However, until then, the GBP is expected to face more weakness in face of further uncertainty.

Technical Chart pick of the day:

GBP/USD – Bearish

- On a technical perspective, the trend is bearish, with prices below the 20, 40, 100 and 200 EMA.
- A bearish crossover occurred, with the 20 EMA crossing the 200 EMA. This indicates that selling pressure is present.
- Based on the pivot point analysis, prices are below the pivot level. This signifies bearishness.

Resistance: R1: 1.27271, R2: 1.27715, R3: 1.28529

Support: S1: 1.26457, S2: 1.26087, S3: 1.25273

GBP/USD Hourly Chart



Economic Calendar

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
United States							
06/10/19	22:00	JOLTS Job Openings	Apr	--	7496	7488	--
06/11/19	18:00	NFIB Small Business Optimism	May	--	102.8	103.5	--
06/11/19	20:30	PPI Final Demand MoM	May	--	0.10%	0.20%	--
06/11/19	20:30	PPI Ex Food and Energy MoM	May	--	0.20%	0.10%	--
06/11/19	20:30	PPI Ex Food, Energy, Trade MoM	May	--	0.20%	0.40%	--
06/11/19	20:30	PPI Final Demand YoY	May	--	2.00%	2.20%	--
06/11/19	20:30	PPI Ex Food and Energy YoY	May	--	2.30%	2.40%	--
06/11/19	20:30	PPI Ex Food, Energy, Trade YoY	May	--	--	2.20%	--
06/12/19	19:00	MBA Mortgage Applications	Jun-07	--	--	1.50%	--
06/12/19	20:30	CPI MoM	May	--	0.10%	0.30%	--
06/12/19	20:30	CPI Ex Food and Energy MoM	May	--	0.20%	0.10%	--
06/12/19	20:30	CPI YoY	May	--	1.90%	2.00%	--
06/12/19	20:30	CPI Ex Food and Energy YoY	May	--	2.10%	2.10%	--
06/12/19	20:30	CPI Core Index SA	May	--	262.28	261.735	--
06/12/19	20:30	CPI Index NSA	May	--	256.196	255.548	--
06/12/19	20:30	Real Avg Hourly Earning YoY	May	--	--	1.20%	--
06/12/19	20:30	Real Avg Weekly Earnings YoY	May	--	--	0.90%	--
06/13/19	2:00	Monthly Budget Statement	May	--	--	\$160.3b	--
06/13/19	20:30	Import Price Index MoM	May	--	-0.40%	0.20%	--
06/13/19	20:30	Import Price Index ex Petroleum MoM	May	--	-0.10%	-0.60%	--
06/13/19	20:30	Import Price Index YoY	May	--	--	-0.20%	--
06/13/19	20:30	Export Price Index MoM	May	--	--	0.20%	--
06/13/19	20:30	Export Price Index YoY	May	--	--	0.30%	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
06/13/19	20:30	Initial Jobless Claims	Jun-08	--	--	218k	--
06/13/19	20:30	Continuing Claims	Jun-01	--	--	1682k	--
06/13/19	21:45	Bloomberg Consumer Comfort	Jun-09	--	--	61.7	--
06/14/19	20:30	Retail Sales Advance MoM	May	--	0.60%	-0.20%	--
06/14/19	20:30	Retail Sales Ex Auto MoM	May	--	0.50%	0.10%	--
06/14/19	20:30	Retail Sales Ex Auto and Gas	May	--	0.40%	-0.20%	--
06/14/19	20:30	Retail Sales Control Group	May	--	--	0.00%	--
06/14/19	21:15	Industrial Production MoM	May	--	0.20%	-0.50%	--
06/14/19	21:15	Manufacturing (SIC) Production	May	--	0.20%	-0.50%	--
06/14/19	21:15	Capacity Utilization	May	--	78.00%	77.90%	--
06/14/19	22:00	U. of Mich. Sentiment	Jun P	--	97	100	--
06/14/19	22:00	U. of Mich. Current Conditions	Jun P	--	--	110	--
06/14/19	22:00	U. of Mich. Expectations	Jun P	--	--	93.5	--
06/14/19	22:00	U. of Mich. 1 Yr Inflation	Jun P	--	--	2.90%	--
06/14/19	22:00	U. of Mich. 5-10 Yr Inflation	Jun P	--	--	2.60%	--
06/14/19	22:00	Business Inventories	Apr	--	0.40%	0.00%	--
New Zealand							
06/11/19	6:45	Mfg Activity Volume QoQ	1Q	--	--	2.00%	--
06/11/19	6:45	Mfg Activity SA QoQ	1Q	--	--	-0.50%	--
06/11/19		Manpower Survey	3Q	--	--	9%	--
06/12/19	6:45	Net Migration SA	Apr	--	--	5020	--
06/12/19	6:45	Card Spending Retail MoM	May	--	0.50%	0.60%	--
06/12/19	6:45	Card Spending Total MoM	May	--	--	0.40%	--
06/14/19	6:30	BusinessNZ Manufacturing PMI	May	--	--	53	--
06/14/19	6:45	Food Prices MoM	May	--	--	-0.10%	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
China							
06/10/19		Trade Balance	May	--	\$23.25b	\$13.84b	\$1.38b
06/10/19		Exports YoY	May	--	-3.80%	-2.70%	--
06/10/19		Imports YoY	May	--	-3.30%	4.00%	--
06/10/19		Exports YoY CNY	May	--	4.70%	3.10%	--
06/10/19		Imports YoY CNY	May	--	5.80%	10.30%	--
06/10/19		Trade Balance CNY	May	--	136.00b	93.57b	--
06/11/19		Manpower Survey	3Q	--	--	6%	--
06/12/19	9:30	CPI YoY	May	--	2.70%	2.50%	--
06/12/19	9:30	PPI YoY	May	--	0.60%	0.90%	--
06/14/19	10:00	Fixed Assets Ex Rural YTD YoY	May	--	6.10%	6.10%	--
06/14/19	10:00	Industrial Production YoY	May	--	5.40%	5.40%	--
06/14/19	10:00	Industrial Production YTD YoY	May	--	6.20%	6.20%	--
06/14/19	10:00	Retail Sales YoY	May	--	8.00%	7.20%	--
06/14/19	10:00	Retail Sales YTD YoY	May	--	8.00%	8.00%	--
06/14/19	10:00	Surveyed Jobless Rate	May	--	--	5.00%	--
06/14/19	10:00	Property Investment YTD YoY	May	--	--	11.90%	--
India							
06/11/19		Manpower Survey	3Q	--	--	13%	--
06/12/19	20:00	CPI YoY	May	--	3.08%	2.92%	--
06/12/19	20:00	Industrial Production YoY	Apr	--	0.70%	-0.10%	--
06/14/19	14:30	Wholesale Prices YoY	May	--	3.04%	3.07%	--
Eurozone							
06/11/19	16:30	Sentix Investor Confidence	Jun	--	--	5.3	--
06/13/19	17:00	Industrial Production SA MoM	Apr	--	-0.20%	-0.30%	--
06/13/19	17:00	Industrial Production WDA YoY	Apr	--	-0.30%	-0.60%	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
United Kingdom							
06/10/19	16:30	GDP (MoM)	Apr	--	-0.10%	-0.10%	--
06/10/19	16:30	Industrial Production MoM	Apr	--	-0.70%	0.70%	--
06/10/19	16:30	Industrial Production YoY	Apr	--	1.00%	1.30%	--
06/10/19	16:30	Manufacturing Production MoM	Apr	--	-0.80%	0.90%	--
06/10/19	16:30	Manufacturing Production YoY	Apr	--	2.40%	2.60%	--
06/10/19	16:30	Construction Output SA MoM	Apr	--	0.50%	-1.90%	--
06/10/19	16:30	Construction Output SA YoY	Apr	--	3.30%	3.20%	--
06/10/19	16:30	Visible Trade Balance GBP/Mn	Apr	--	-£12700m	-£13650m	--
06/10/19	16:30	Trade Balance Non EU GBP/Mn	Apr	--	-£4500m	-£4361m	--
06/10/19	16:30	Trade Balance	Apr	--	-£4200m	-£5408m	--
06/10/19	16:30	Index of Services MoM	Apr	--	0.00%	-0.10%	--
06/10/19	16:30	Index of Services 3M/3M	Apr	--	0.20%	0.30%	--
06/11/19	16:30	Claimant Count Rate	May	--	--	3.00%	--
06/11/19	16:30	Jobless Claims Change	May	--	--	24.7k	--
06/11/19	16:30	Average Weekly Earnings 3M/YoY	Apr	--	3.00%	3.20%	--
06/11/19	16:30	Weekly Earnings ex Bonus 3M/YoY	Apr	--	3.20%	3.30%	--
06/11/19	16:30	ILO Unemployment Rate 3Mths	Apr	--	3.80%	3.80%	--
06/11/19	16:30	Employment Change 3M/3M	Apr	--	--	99k	--
06/13/19	7:01	RICS House Price Balance	May	--	--	-23%	--
Singapore							
06/11/19		Manpower Survey	3Q	--	--	11%	--
06/12/19	13:00	Retail Sales YoY	Apr	--	0.30%	-1.00%	--
06/12/19	13:00	Retail Sales SA MoM	Apr	--	--	1.00%	--
06/12/19	13:00	Retail Sales Ex Auto YoY	Apr	--	--	-1.50%	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
Japan							
06/10/19	7:50	BoP Current Account Balance	Apr P	--	¥1515.1b	¥2847.9b	--
06/10/19	7:50	BoP Current Account Adjusted	Apr P	--	¥1444.8b	¥1271.0b	--
06/10/19	7:50	Trade Balance BoP Basis	Apr P	--	¥11.8b	¥700.1b	--
06/10/19	7:50	GDP SA QoQ	1Q F	--	0.60%	0.50%	--
06/10/19	7:50	GDP Annualized SA QoQ	1Q F	--	2.20%	2.10%	--
06/10/19	7:50	GDP Nominal SA QoQ	1Q F	--	0.80%	0.80%	--
06/10/19	7:50	GDP Deflator YoY	1Q F	--	0.20%	0.20%	--
06/10/19	7:50	GDP Private Consumption QoQ	1Q F	--	-0.10%	-0.10%	--
06/10/19	7:50	GDP Business Spending QoQ	1Q F	--	0.50%	-0.30%	--
06/10/19	7:50	Bank Lending Incl Trusts YoY	May	--	--	2.40%	--
06/10/19	7:50	Bank Lending Ex-Trusts YoY	May	--	--	2.50%	--
06/11/19	7:50	Money Stock M2 YoY	May	--	2.60%	2.60%	--
06/11/19	7:50	Money Stock M3 YoY	May	--	2.20%	2.20%	--
06/11/19	8:01	Manpower Survey	3Q	--	--	27	--
06/11/19	14:00	Machine Tool Orders YoY	May P	--	--	-33.40%	--
06/12/19	7:50	PPI MoM	May	--	0.00%	0.30%	--
06/12/19	7:50	PPI YoY	May	--	0.70%	1.20%	--
06/12/19	7:50	Core Machine Orders MoM	Apr	--	-0.80%	3.80%	--
06/12/19	7:50	Core Machine Orders YoY	Apr	--	-5.60%	-0.70%	--
06/13/19	7:50	BSI Large Manufacturing QoQ	2Q	--	--	-7.3	--
06/13/19	7:50	BSI Large All Industry QoQ	2Q	--	--	-1.7	--
06/13/19	7:50	Japan Buying Foreign Bonds	Jun-07	--	--	¥441.7b	--
06/13/19	7:50	Japan Buying Foreign Stocks	Jun-07	--	--	¥344.0b	--
06/13/19	7:50	Foreign Buying Japan Bonds	Jun-07	--	--	¥685.8b	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
06/13/19	7:50	Foreign Buying Japan Stocks	Jun-07	--	--	-¥285.9b	--
06/13/19	12:30	Tertiary Industry Index MoM	Apr	--	0.50%	-0.40%	--
06/14/19	12:30	Industrial Production MoM	Apr F	--	--	0.60%	--
06/14/19	12:30	Industrial Production YoY	Apr F	--	--	-1.10%	--
06/14/19	12:30	Capacity Utilization MoM	Apr	--	--	-0.40%	--
Australia							
06/11/19	9:30	NAB Business Conditions	May	--	--	3	67.6471
06/11/19	9:30	NAB Business Confidence	May	--	--	0	72.0588
06/11/19		Manpower Survey	3Q	--	--	10%	--
06/12/19	8:30	Westpac Consumer Conf Index	Jun	--	--	101.3	--
06/12/19	8:30	Westpac Consumer Conf SA MoM	Jun	--	--	0.60%	--
06/13/19	09:00	Consumer Inflation Expectation	Jun	--	--	3.30%	--
06/13/19	9:30	Employment Change	May	--	16.0k	28.4k	--
06/13/19	9:30	Unemployment Rate	May	--	5.10%	5.20%	--
06/13/19	9:30	Full Time Employment Change	May	--	--	-6.3k	--
06/13/19	9:30	Part Time Employment Change	May	--	--	34.7k	--
06/13/19	9:30	Participation Rate	May	--	65.80%	65.80%	--

Source: Bloomberg/ Phillip Futures

Note: Releases highlighted in red denote indicators which are deemed by the analyst to potentially cause significant market movements

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