



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	06:45	New Zealand GDP (YoY) (Q1)	-0.2%	0.3%	1.8%
2	09:30	Australia Employment Change (May)	-227.7K	-125.0K	-594.3K
3	09:30	Australia Unemployment Rate (May)	7.1%	7.0%	6.2%
4	19:00	BoE Interest Rate Decision and Statement (Jun)	-	0.10%	0.10%
5	20:30	US Initial Jobless Claims	-	1,300K	1,542K

Source: Bloomberg/ Phillip Futures

Market Update (Fundamentals):

1) **Global stock index futures: Generally retreated amid rising fears towards second Covid-19 wave**

Prices as at 10:30am:

Mini Dow Futures: **-1.22%**

Mini S&P 500 Futures: **-1.03%**

FTSE China A50 Futures: **-0.28%**

MSCI Singapore Free Index (SiMSCI) Futures: **-0.78%**

Concern over rising infections appears to be taking dominance in driving market direction for global indices futures this morning, as broad selloff was observed. New Covid-19 infections have hit record highs in six US states, and a fresh outbreak in Beijing has resulted in China having partial lockdowns to contain the spread, presenting the biggest challenge yet in efforts to prevent a second wave of infections. The spike in cases also highlights that while a second wave could be milder than the first, the threat is still real, and could still wreak havoc to economies. With previous optimism regarding economies reopening showing signs of fatigue, it seems that the current negative developments will continue to paint a grim backdrop for markets and continue to weigh on global indices. For now, the narrative around policy stimulus and better economic data seems to be losing its sway, as the resurgence of risk factors continues to keep markets on the edge. Aside from the downbeat numbers that has been emerging of late, such as the contraction in New Zealand's GDP, weak Australia job numbers, and a contraction in exports seen in Japan and Singapore, there has also been rising geopolitics tensions since between China and India, as well as North and South Korea. Hence, given the rising uncertainties, there is likely still more gloom ahead for global indices.

Amid hopes of a rapid recovery, the emerging data seems to give a mixed picture. While the recent US retail sales numbers saw an unexpected rebound earlier this week, which hint towards a possible improvement in consumer confidence, the export figures in Japan and NODX number in Singapore released yesterday painted a different picture. After being supported by the increase in pharmaceutical exports over the past few months, numbers were finally unsustainable, as previously warned. With the widely reduced global demand, it was unsurprising such a dip happened, which was also observed in Japan where exports fell the most since 2009 due to weak global appetite. The data released in New Zealand and Australia this morning painted a similar picture, as the prospects of a "V-shaped" recovery remain dimmed. Hence, a bumpy road still lay ahead in terms of economic recovery, as nations embrace a new normal and take greater precautions against reopening, especially amid the possibility of a second wave. Meanwhile there were also downdrafts in geopolitical tensions as China and India clashed at a disputed border site, the first deadly faceoff in more than four decades. North Korea and South Korea's relations also soured drastically, with North Korea sending in more troops into the DMZ and rejecting offers for South Korea to send in special envoys. Therefore, with brewing tensions, it also raised concerns of escalations. Thus, as there is still so much uncertainty and risks imminent right now, we are of the view that global indices are still poised for downside.

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Although there has been encouraging signs on policy stimulus against worrying increases in coronavirus cases, such as the US's preparations for a nearly US\$1 trillion infrastructure proposal to spur its economy, as well as the Fed beginning to buy individual corporate bonds, risks are also still lurking, given that we are still unlikely to see Pre-Covid-19 levels anytime soon. Hence, while global indices may not retest previous lows in March, there is also still little reason for new highs to be seen. For now, any new hints of massive outbreak will be closely looked at by markets, given there is still strong fear with regard to the impacts of Covid-19. The past incidents where nations and economies go into shutdown remain fresh on investors' minds. Hence, jitters remains towards whether any fresh onslaught of Covid-19 cases will warrant nations to shut down once again, which is barely a few week since nations begun to reopen.

Data will matter again, as we get readings for May, a period where the global recovery theme started emerging. Hence, with the impending data, markets will be able to better determine if the real economic data validates the prior market enthusiasm. Should market ecstasy be given a reality check, markets will start to ease off from the huge levels of optimism previously seen. For now, it appears that a long road could lie ahead to repairing the Covid-19 attributed economic damage, given the already clear impact of restrictions and lockdowns. This will be a stark contrast as compared to the strong market hopes placed towards a V-shaped recovery. Hence, amid the risk skewed to the downside, we stand by our previous warnings, and remain of the view that pressure still remains apparent for global indices, especially with a great deal of negative economic data and corporate earnings reports still expected in the coming weeks and months.

With the recent market sentiments swinging from extreme fear to absolute confidence in a short span of less than three months, it could spell a period of upcoming potential distress, should more tragic news emerge. It is to be noted that global indices have already largely priced in a full economic recovery from the Covid-19 pandemic. Therefore, with a growing number of companies on the verge of financial distress and possible bankruptcy, it could be a matter of time before these underlying issues blow up, and result in yet another market frenzy. Thus, it remains too early to carry such a high degree of optimism for now, given that there remains a strong disparity between how high prices are right now, against the actual fundamentals of things.

Currencies: USD steadies amid growing concerns of second Covid-19 wave; NZD weakens after sharp Q1 GDP correction; AUD dips as job numbers disappoint; GBP dampened ahead of BOE announcement

The USD held firm against a basket of currencies this morning, as worries about the resurgence of Covid-19 cases across various nations, underpinned safe haven demand. As the USD has traditionally tracked risk sentiments closely, the rising geopolitical tension in Asia, stemming from South and North Korea as well as China and India, also piqued market demand for the USD. However, we remained dampened towards the outlook of the USD given the recent statements and actions by the Fed, which would undoubtedly undermine the USD. Fed Chairman Powell still holds a cautious view of the US economy. In his latest testimony to congress last night, he highlighted that economic activity and employment would remain below Pre-Covid-19 levels for a prolonged period. He also pointed towards significant uncertainty in economic recovery in the US, until there was assurance towards Covid-19 being fully brought under control. The hint by the Fed that more policy support is needed, appears in line with their previous FOMC statement, where continual stimulus were pledged, and it was expressed that interest rates are expected to remain at current levels until the end on 2021. Therefore, with more QE and ultra-easy monetary policy imminent, such as the recent announcement that the Fed will buy individual corporate bonds in the secondary market, it will ultimately undermine the USD's strength. With the current size and the pace of Fed balance sheet expansion, focus will remain towards whether the US financial position will eventually weaken. Meanwhile, the economic outlook for the US also appears downbeat. 1/3 of the US job losses risk to become permanent, with the Covid-19 pandemic inflicted a reallocation shock, where firms and even entire sectors suffer lasting damage. This would result in some of these lost jobs not returning and unemployment staying elevated. The job losses serve as a stern reminder that economic pain remains widespread, and that numbers are still more than seven times the pre-pandemic average. The temporary jobs created also only serve as a short-term solution. The jobless claims numbers due later is also likely to disappoint, and possibly bring about some fresh dampening of the USD. For now, the economic activity largely remains weak amid the unprecedented downturn that shuttered businesses and reduced demand permanently in some areas, and will transcend down to companies and jobs. Therefore, a weaker USD is still expected.

The NZD dipped slightly this morning after its Q1 GDP results contracted more than expected. The downbeat GDP numbers this morning indicated that New Zealand entered recession for the first time in almost a decade, with the Covid-19 induced shutdown leading to its biggest quarterly contraction in 29 years. Although New Zealand far lower infection numbers and death counts from Covid-19 as compared to other developed nations, and have reopened its economy late last month, the sharp corrections seen in the first quarter may still extend to second quarter. This is because it is observed that the Covid-19 pandemic already had a material impact on the economy in the first quarter, even though the period of complete lockdown covered only six days of the quarter, and the largest impact of Q1 is being borne by the external sector, with travel restrictions starting in early February. Thus, with complete border restrictions being in place for a large part of Q2, we expecting the bulk of the economic impact to hit in greater strength in the upcoming quarter. However, despite the negativity, the NZD seems little changed, as it seems that markets are brushing it aside and remain optimistic that the like the economic impact of Covid-19 on New Zealand may not be as bad as previously feared. While the long-term risk for the NZD still remains, the short term outlook could still see strength, as it gets driven by the overall picture of New Zealand overcoming Covid-19 earlier than many nations.

The AUD remained vulnerable as both jobs and unemployment rate numbers miss. The Australian economy shed twice as many jobs last month, which highlighted that the damage caused by the lockdown could be more deep-rooted than expected. Unemployment rate also jumped to its highest in about two decades, with the scale of job losses estimated to take a few years become the labour market in Australia recovers. This is well within expectations, as it was would previously warned that the actual labour situation would worsen in the upcoming months due to the economic dynamics of the Australian economy. For now, with Australia have announcing that it is unlikely to reopen its borders until 2021, it could result in more economic weakness for Australia and in turn pressure the AUD. Meanwhile, the RBA minutes released yesterday also hinted that it was prepared to scale up QE if needed, and that monetary and fiscal support will likely be needed for some time. Hence, this would further weaken Australia's financial position and in turn result in the AUD's outlook being bleak.

Ahead of the BOE meeting later, the GBP traded in a narrow range. Although rates are widely expected to remain unchanged, the BOE is expected to expand QE to combat the lacklustre economy, and the rocky EU-US negotiations. It is forecasted that the BOE will give a foreboding assessment of the UK economy during its policy decision later, on the backdrop of its most recent GDP data plumbing to new depths of weakness, and its most recent core CPI reading that also fell into the abyss. Hence, as a possible aggressive easing package is likely, the GBP is poised to retreat further. Meanwhile, the GBP remains in a relatively dangerous position, as Brexit could rock the world once more. While there were some goodwill observed between EU and UK earlier this week, major obstacles still remain. Although things have come together in the eleventh hour in Brexit talks in the past, this time may be a step too far, with the next three to six months crucial for the GBP's trajectory, which has room of failure. A "Hard Brexit" will eventually result in the risk of supply chain disruptions in the UK from next year, and shroud the GBP with greater risks. In addition, trade negotiations between UK and other nations have not progressed too smoothly as well, with the US stating that a UK-US trade deal remains unlikely before November. Hence, with so much on the line for the UK, The GBP is not expected to have it easy as well.

Technical Chart pick of the day:

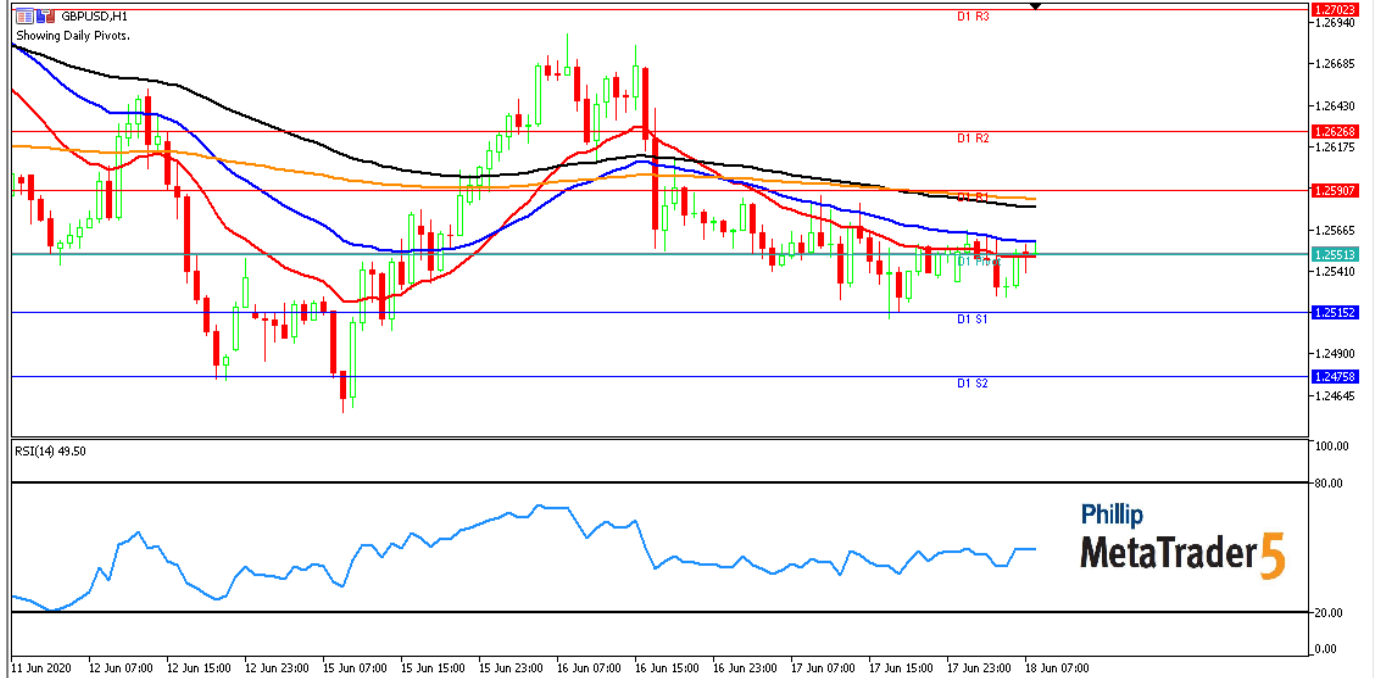
GBP/USD – Bearish

- On a technical perspective, the trend is bearish, with prices below the 20, 40, 100 and 200 EMAs.
- Prices failed to break above the 40 EMA and retraced. This indicates that selling pressure is present.
- Based on the pivot point analysis, prices are currently below the pivot levels. This signifies the presence of bearishness.

Resistance: R1: 1.25907, R2: 1.26268, R3: 1.27023

Support: S1: 1.25513, S2: 1.24758, S3: 1.24003

GBP/USD Hourly Chart



Economic Calendar

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
United States							
06/15/20	20:30	Empire Manufacturing	Jun	--	-30	-48.5	--
06/16/20	4:00	Net Long-term TIC Flows	Apr	--	--	-\$112.6b	--
06/16/20	4:00	Total Net TIC Flows	Apr	--	--	\$349.9b	--
06/16/20	20:30	Retail Sales Advance MoM	May	--	8.00%	-16.40%	--
06/16/20	20:30	Retail Sales Ex Auto MoM	May	--	5.30%	-17.20%	--
06/16/20	20:30	Retail Sales Ex Auto and Gas	May	--	5.00%	-16.20%	--
06/16/20	20:30	Retail Sales Control Group	May	--	5.80%	-15.30%	--
06/16/20	21:15	Industrial Production MoM	May	--	3.00%	-11.20%	--
06/16/20	21:15	Capacity Utilization	May	--	66.90%	64.90%	--
06/16/20	22:00	Business Inventories	Apr	--	-1.00%	-0.20%	--
06/16/20	22:00	NAHB Housing Market Index	Jun	--	45	37	--
06/17/20	19:00	MBA Mortgage Applications	Jun-12	--	--	9.30%	--
06/17/20	20:30	Building Permits	May	--	1250k	1074k	1070k
06/17/20	20:30	Building Permits MoM	May	--	17.30%	-20.80%	-21.40%
06/17/20	20:30	Housing Starts	May	--	1100k	891k	--
06/17/20	20:30	Housing Starts MoM	May	--	23.50%	-30.20%	--
06/18/20	20:30	Philadelphia Fed Business Outlook	Jun	--	-25	-43.1	--
06/18/20	20:30	Initial Jobless Claims	Jun-13	--	1290k	1542k	--
06/18/20	20:30	Continuing Claims	Jun-06	--	19650k	20929k	--
06/18/20	21:45	Bloomberg Economic Expectations	Jun	--	--	29	--
06/18/20	21:45	Bloomberg Consumer Comfort	Jun-14	--	--	38.7	--
06/18/20	22:00	Leading Index	May	--	2.40%	-4.40%	--
06/19/20	20:30	Current Account Balance	1Q	--	-\$103.0b	-\$109.8b	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
China							
06/15/20	9:30	New Home Prices MoM	May	--	--	0.42%	--
06/15/20	10:00	Industrial Production YoY	May	--	5.00%	3.90%	--
06/15/20	10:00	Industrial Production YTD YoY	May	--	-3.00%	-4.90%	--
06/15/20	10:00	Retail Sales YoY	May	--	-2.30%	-7.50%	--
06/15/20	10:00	Retail Sales YTD YoY	May	--	-13.50%	-16.20%	--
06/15/20	10:00	Property Investment YTD YoY	May	--	-0.80%	-3.30%	--
06/15/20	10:00	Fixed Assets Ex Rural YTD YoY	May	--	-6.00%	-10.30%	--
06/15/20	10:00	Surveyed Jobless Rate	May	--	5.90%	6.00%	--
06/18/20	9:00	Swift Global Payments CNY	May	--	--	1.66%	--
06/19/20		FX Net Settlement - Clients CNY	May	--	--	84.9b	--
Eurozone							
06/15/20	17:00	Trade Balance SA	Apr	--	--	23.5b	--
06/15/20	17:00	Trade Balance NSA	Apr	--	--	28.2b	--
06/16/20	17:00	Labour Costs YoY	1Q	--	--	2.40%	--
06/16/20	17:00	ZEW Survey Expectations	Jun	--	--	46	--
06/17/20	14:00	EU27 New Car Registrations	May	--	--	-76.30%	--
06/17/20	17:00	Construction Output MoM	Apr	--	--	-14.10%	--
06/17/20	17:00	Construction Output YoY	Apr	--	--	-15.40%	--
06/17/20	17:00	CPI YoY	May F	--	0.10%	0.30%	0.30%
06/17/20	17:00	CPI MoM	May F	--	-0.10%	-0.10%	--
06/17/20	17:00	CPI Core YoY	May F	--	0.90%	0.90%	--
06/18/20	16:00	ECB Publishes Economic Bulletin					
06/19/20	16:00	ECB Current Account SA	Apr	--	--	27.4b	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
Australia							
06/16/20	9:30	RBA Minutes of Jun. Policy Meeting					
06/16/20	9:30	House Price Index YoY	1Q	--	8.10%	2.50%	--
06/16/20	9:30	House Price Index QoQ	1Q	--	2.50%	3.90%	--
06/17/20	8:30	Westpac Leading Index MoM	May	--	--	-1.50%	--
06/18/20	9:30	Employment Change	May	--	-75.0k	-594.3k	--
06/18/20	9:30	Unemployment Rate	May	--	7.00%	6.20%	--
06/18/20	9:30	Participation Rate	May	--	63.70%	63.50%	--
06/18/20	9:30	Full Time Employment Change	May	--	--	-220.5k	--
06/18/20	9:30	Part Time Employment Change	May	--	--	-373.8k	--
06/18/20	9:30	RBA FX Transactions Market	May	--	--	A\$1026m	--
06/18/20	9:30	RBA FX Transactions Other	May	--	--	-A\$2795m	--
06/18/20	9:30	RBA FX Transactions Government	May	--	--	-A\$1037m	--
06/19/20	9:30	ABS Australia Preliminary May Retail Sales					
New Zealand							
06/15/20	5:00	REINZ House Sales YoY	May	--	--	-78.50%	--
06/15/20	6:30	Performance Services Index	May	--	--	25.9	--
06/15/20	6:45	Food Prices MoM	May	--	--	1.00%	--
06/15/20	6:45	Net Migration SA	Apr	--	--	9700	--
06/16/20	5:00	Westpac Consumer Confidence	2Q	--	--	104.2	--
06/17/20	6:45	Current Account GDP Ratio YTD	1Q	--	-2.70%	-3.00%	--
06/17/20	6:45	BoP Current Account Balance NZD	1Q	--	1.585b	-2.657b	--
06/17/20	11:00	Non Resident Bond Holdings	May	--	--	51.30%	--
06/18/20	6:45	GDP SA QoQ	1Q	--	-1.00%	0.50%	--
06/18/20	6:45	GDP YoY	1Q	--	0.30%	1.80%	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
Japan							
06/15/20	12:30	Tertiary Industry Index MoM	Apr	--	-7.50%	-4.20%	--
06/16/20		BOJ Policy Balance Rate	Jun-16	--	-0.10%	-0.10%	--
06/16/20		BOJ 10-Yr Yield Target	Jun-16	--	0.00%	0.00%	--
06/17/20	7:50	Trade Balance	May	--	-¥1051.8b	-¥930.4b	-¥932.0b
06/17/20	07:50	Trade Balance Adjusted	May	--	-¥675.1b	-¥996.3b	--
06/17/20	07:50	Exports YoY	May	--	-26.10%	-21.90%	--
06/17/20	7:50	Imports YoY	May	--	-20.70%	-7.20%	-7.10%
06/18/20	7:50	Japan Buying Foreign Bonds	Jun-12	--	--	¥1065.5b	--
06/18/20	7:50	Japan Buying Foreign Stocks	Jun-12	--	--	¥157.4b	--
06/18/20	7:50	Foreign Buying Japan Bonds	Jun-12	--	--	-¥738.8b	--
06/18/20	07:50	Foreign Buying Japan Stocks	Jun-12	--	--	¥268.7b	--
06/18/20	12:00	Tokyo Condominiums for Sale YoY	May	--	--	-51.70%	--
06/19/20	7:30	Natl CPI YoY	May	--	0.20%	0.10%	--
06/19/20	7:30	Natl CPI Ex Fresh Food YoY	May	--	-0.10%	-0.20%	--
06/19/20	7:30	Natl CPI Ex Fresh Food, Energy YoY	May	--	0.50%	0.20%	--
Singapore							
06/17/20	8:30	Non-oil Domestic Exports SA MoM	May	--	-4.90%	-5.80%	--
06/17/20	8:30	Non-oil Domestic Exports YoY	May	--	1.70%	9.70%	--
06/17/20	8:30	Electronic Exports YoY	May	--	2.50%	-0.60%	--
India							
06/15/20	14:30	Wholesale Prices YoY	May	--	-1.20%	--	--
06/15/20		Trade Balance	May	--	-\$7048.0m	-\$6760.0m	--
06/15/20		Exports YoY	May	--	--	-60.30%	--
06/15/20		Imports YoY	May	--	--	-58.70%	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
United Kingdom							
06/16/20	14:00	Claimant Count Rate	May	--	--	5.80%	--
06/16/20	14:00	Jobless Claims Change	May	--	--	856.5k	--
06/16/20	14:00	Average Weekly Earnings 3M/YoY	Apr	--	1.30%	2.40%	--
06/16/20	14:00	Weekly Earnings ex Bonus 3M/YoY	Apr	--	1.80%	2.70%	--
06/16/20	14:00	ILO Unemployment Rate 3Mths	Apr	--	4.70%	3.90%	--
06/16/20	14:00	Employment Change 3M/3M	Apr	--	-110k	210k	--
06/17/20	14:00	CPIH YoY	May	--	0.70%	0.90%	--
06/17/20	14:00	CPI MoM	May	--	0.00%	-0.20%	--
06/17/20	14:00	CPI YoY	May	--	0.50%	0.80%	--
06/17/20	14:00	CPI Core YoY	May	--	1.30%	1.40%	--
06/17/20	14:00	Retail Price Index	May	--	292.8	292.6	--
06/17/20	14:00	RPI MoM	May	--	0.10%	0.00%	--
06/17/20	14:00	RPI YoY	May	--	1.20%	1.50%	--
06/17/20	14:00	RPI Ex Mort Int.Payments (YoY)	May	--	1.40%	1.60%	--
06/17/20	14:00	PPI Input NSA MoM	May	--	3.20%	-5.10%	--
06/17/20	14:00	PPI Input NSA YoY	May	--	-6.70%	-9.80%	--
06/17/20	14:00	PPI Output NSA MoM	May	--	-0.10%	-0.70%	--
06/17/20	14:00	PPI Output NSA YoY	May	--	-1.10%	-0.70%	--
06/17/20	14:00	PPI Output Core NSA MoM	May	--	0.00%	-0.10%	--
06/17/20	14:00	PPI Output Core NSA YoY	May	--	0.50%	0.60%	--
06/18/20	19:00	Bank of England Bank Rate	Jun-18	--	0.10%	0.10%	--
06/18/20	19:00	BOE Asset Purchase Program Total	Jun-18	--	745b	645b	--
06/19/20	14:00	Retail Sales Ex Auto Fuel YoY	May	--	-14.90%	-18.40%	--
06/19/20	14:00	Retail Sales Ex Auto Fuel MoM	May	--	4.10%	-15.20%	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
06/19/20	14:00	Retail Sales Inc Auto Fuel MoM	May	--	6.40%	-18.10%	--
06/19/20	14:00	Retail Sales Inc Auto Fuel YoY	May	--	-16.40%	-22.60%	--
06/19/20	14:00	Public Finances (PSNCR)	May	--	--	89.5b	--
06/19/20	14:00	Central Government NCR	May	--	--	63.5b	--
06/19/20	14:00	Public Sector Net Borrowing	May	--	49.3b	61.4b	--
06/19/20	14:00	PSNB ex Banking Groups	May	--	50.0b	62.1b	--

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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