

# DAILY MARKET REPORT

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## **GLOBAL MARKETS**

- The yield on the benchmark U.S. 10-year Treasury note hit its highest in about seven years on Tuesday on the heels of a report that indicated a pick-up in consumer spending, lifting the dollar to its strongest level this year and weighing on stocks.

## **GLOBAL ECONOMIES**

- Damaging revelations of widespread misconduct in Australia's banking sector could hurt house price growth and household spending, the country's central bank said on Tuesday in a fresh signal that rates will stay at record lows for some time.
- New Zealand's Labour-led government is expected to unveil a modest spending boost in its first annual budget on Thursday, but it's facing the challenge of ramping up infrastructure investments and reducing homelessness while delivering on an ambitious debt repayment plan.
- China reported weaker-than-expected investment and retail sales in April and a drop in home sales, clouding its economic outlook even as policymakers try to navigate debt risks and defuse a heated trade row with the United States.
- As Haruhiko Kuroda walks away from his "shock and awe" stimulus in favour of incremental policy shifts, he is edging ever closer to the approach of his predecessor at the Bank of Japan, a man he once derided for being too cautious.
- Euro zone economic growth slowed in the first three months of the year and industrial output in March was weaker than expected, data from the European Union's statistics office Eurostat showed on Tuesday.
- British employers hired many more workers than expected in early 2018, a tentative sign that the economy's weak start to the year may be temporary, as the Bank of England hopes.
- U.S. retail sales rose moderately in April as rising gasoline prices cut into discretionary spending, but consumer spending appeared on track to accelerate after slowing sharply in the first quarter.

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**GLOBAL MARKETS & ECONOMIES**
**GLOBAL MARKETS**

**U.S. & Global Markets** – The yield on the benchmark U.S. 10-year Treasury note hit its highest in about seven years on Tuesday on the heels of a report that indicated a pick-up in consumer spending, lifting the dollar to its strongest level this year and weighing on stocks.

The 10-year yield neared 3.1 percent, blowing through the 3 percent level, as a wave of selling propelled the yield through a key technical support.

Wall Street's main indexes slumped, with the Dow industrials snapping an eight-session streak of gains, hurt by concerns that rising bond yields would undercut stock valuations. The dollar's rise also helped send gold to its low point for the year.

Yields had already been increasing earlier on Tuesday before the release of data that showed a moderate rise in U.S. retail sales in April, but also that consumer spending appeared on track to accelerate after slowing sharply in the first quarter. Other data showed factory activity regaining momentum in May.

A quicker pace of growth could fuel concerns about inflation that might prompt the Federal Reserve to increase interest rates at a quicker pace, investors and traders said.

The data indicated consumer spending is stronger than expected by the market, said Jon Mackay, investment strategist at Schroders North America in New York.

"The implication is that means inflation has more upside potential, which means the Fed is more likely than not to hike four times this year, versus what the market was pricing in a month ago, which is two to three times," Mackay said.

The 10-year yield's rise marked its first significant move above 3 percent since breaching that level last month.

Benchmark 10-year notes last fell 20/32 in price to yield 3.0686 percent, from 2.995 percent late on Monday, after reaching 3.095 percent, its highest point since July 2011.

"It's taken some time to get through it and this is kind of that breakout day," said Willie Delwiche, investment strategist at Baird in Milwaukee.

The two-year yield, which is most sensitive to traders' view on Federal Reserve policy, hit its highest since August 2008.

The dollar index, which tracks the greenback against six major currencies, rose 0.69 percent to 93.225, after rising as high as 93.457 during the session.

On Wall Street, the Dow Jones Industrial Average fell 193.00 points, or 0.78 percent, to 24,706.41, the S&P 500 lost 18.68 points, or 0.68 percent, to 2,711.45 and the Nasdaq Composite dropped 59.69 points, or 0.81 percent, to 7,351.63.

"The reason why the equity market is falling today is because we are once again pondering if the strength of the U.S. economy is enough to make the Fed raise faster in the future," said Brent Schutte, chief investment strategist at Northwestern Mutual Wealth Management Co in Milwaukee, Wisconsin.

After improved trade sentiment helped stocks on Monday, equities were again jostled by developments involving U.S.-China talks.

Earlier on Tuesday, U.S. Ambassador to China Terry Branstad said the United States wanted a timetable on how China would open up its markets to U.S. exports, with the two countries still not close to resolving trade frictions.

"A little bit of today's jitters are related to a hangover to yesterday's wrongly placed exuberance that a trade deal was imminent and the reality is we are in for a long slugfest between the U.S. and China," Mackay said.

Home Depot shares fell 1.6 percent after the home improvement chain missed Wall Street's sales forecast.

The pan-European FTSEurofirst 300 index rose 0.14 percent.

MSCI's gauge of stocks across the globe shed 0.87 percent amid weak economic data from Germany and China.

*(Source Reuters – @her1en)*

**GLOBAL ECONOMIES**

**Australia** – Damaging revelations of widespread misconduct in Australia's banking sector could hurt house price growth and household spending, the country's central bank said on Tuesday in a fresh signal that rates will stay at record lows for some time.

The Reserve Bank of Australia (RBA) inserted a new line in the minutes of its May policy meeting, saying "it would be appropriate to hold the cash rate steady and for the Reserve Bank to be a source of stability and confidence."

"Members noted that a further tightening in lending standards in Australia, particularly in the context of the current high level of public scrutiny of banks, was possible, which would affect household borrowing and spending," the RBA said.

Economists said the central bank may be trying to signal a steady policy path at a time when the quasi-judicial Royal Commission inquiry was unearthing years of malpractice and criminal behaviour at the country's largest financial firms.

"The new comment in the minutes...suggests that the RBA isn't going to rock the boat by raising interest rates while the Royal Commission is questioning the behaviour of the banks," said Capital Economics chief economist Paul Dales.

"The new 'stability and confidence' comment imply that the RBA believes it has an extra role to play over and above setting policy according to the economic outlook."

The RBA last cut rates to a historical low of 1.5 percent in August 2016, notching up the longest period without a change in modern history. Financial markets are wagering the steady spell could last well into 2019.

Overall credit growth has already slowed since last year thanks to macroprudential measures, but banks are seen further battering down the hatches as the Royal Commission reveals dodgy lending practices.

In a speech ahead of the minutes, RBA Deputy Governor Guy Debelle said the inquiry has more of an implication for house prices than it does for the outlook for consumption.

Home prices across Australia's major cities have been falling since late last year with a marked pullback in demand in the once red-hot markets of Sydney and Melbourne.

**New Zealand** – New Zealand's Labour-led government is expected to unveil a modest spending boost in its first annual budget on Thursday, but it's facing the challenge of ramping up infrastructure investments and reducing homelessness while delivering on an ambitious debt repayment plan.

The centre-left ruling party, led by popular 37-year-old Jacinda Ardern, took the helm in October after campaigning to make the economy 'work for all New Zealanders' as concerns mounted over increasing inequality that was masked by robust economic growth.

The government has inherited a rosy set of accounts underpinned by an expanding economy thanks to record immigration levels and strong dairy prices creating growth of around 3 percent a year.

But the May 17 budget is seen by economists as a balancing act between pouring funds into badly needed infrastructure and social services to reduce rising poverty and homelessness, and avoiding putting unnecessary strain on the country's finances.

"We can't spend every single dollar that's in the kitty in one budget, that would be irresponsible," Finance Minister Grant Robertson said in Wellington on Tuesday.

The government has previously said it would deliver operating surpluses for the next five years and trim government debt to 20 percent of GDP by 2022 - around two years slower than the previous National government had planned.

The budget will likely disappoint Labour supporters, said Bryce Edwards, political analyst at Critical Politics in Wellington, because the government fears that costly reforms would leave it open to criticism.

"They won't stray too far from the previous government's fiscal settings out of fear it will be labelled irresponsible," Edwards said.

"They actually risk bending so far to conservatives they won't be able to deliver for their supporters."

**China** – China reported weaker-than-expected investment and retail sales in April and a drop in home sales, clouding its economic outlook even as policymakers try to navigate debt risks and defuse a heated trade row with the United States.

Fixed asset investment grew the slowest since 1999 while the pace of retail sales softened to a four-month low, suggesting a long-anticipated slowdown in the world's second-largest economy may finally be setting in even as protectionism is on the rise.

The lone bright spot on Tuesday's activity data was industrial output, which jumped more than expected as automobile and steel production surged.

"Industrial activity was buoyed by the easing of pollution controls (imposed over the winter). But there are signs in the rest of today's data that the economy is losing momentum," Capital Economics senior China Economist Julian Evans-Pritchard wrote in a note following the data.

"Domestic spending is likely to continue to soften given the headwinds from slowing credit creation," he said, adding that the rebound in industry may be short-lived once companies rebuild inventories which were depleted in recent months.

Capital Economics has long predicted Beijing will loosen monetary policy later this year to keep growth from slowing too sharply as it continues a crackdown on financial risks.

Industrial output rose 7.0 percent in April, the National Bureau of Statistics said, beating forecasts for a rise of 6.3 percent and up from a seven-month low of 6.0 percent in March.

**Japan** – As Haruhiko Kuroda walks away from his "shock and awe" stimulus in favour of incremental policy shifts, he is edging ever closer to the approach of his predecessor at the Bank of Japan, a man he once derided for being too cautious.

An actual exit from stimulus does not appear imminent. But central bank policymakers have begun brainstorming ways to raise bond yields from near-zero levels as a first step toward ending crisis-mode policy, sources familiar with the BOJ's thinking say.

Last month's decision to drop a deadline for hitting its inflation target was the latest sign the central bank was scaling back Kuroda's radical monetary experiment.

The move is partially an acknowledgement of the pain prolonged easing is inflicting on banks' profits. It also gives the Bank of Japan more flexibility on monetary policy, the sources say, which could prove useful if it wants to raise its yield target before inflation reaches its goal of 2 percent.

"It's back to the old days, when monetary policy was guided by carefully weighing the pros and cons of each step," one of the sources said, a view echoed by another source.

Policy normalisation will be gradual, with plenty of advance signals to avoid disrupting markets - unlike the "bazooka" stimulus Kuroda deployed five years ago, the sources say.

Reading those signals might not be easy, however, as the central bank will likely keep its signals nuanced, partly to ensure it can back off if markets overreact.

Sources say the signs could be as subtle as a modest upgrade in the bank's assessment of inflation expectations or stronger warnings on the risks of prolonged easing.

"The trigger for action has become ambiguous as the BOJ puts more weight on factors besides inflation, such as the impact of its policy on the banking system," a third source said.

**Euro Zone** – Euro zone economic growth slowed in the first three months of the year and industrial output in March was weaker than expected, data from the European Union's statistics office Eurostat showed on Tuesday.

Eurostat confirmed its earlier preliminary flash estimate that gross domestic product in the 19 countries that share the euro rose 0.4 percent quarter on quarter in the January-March period slowing from 0.7 percent in the previous quarters.

Year-on-year, euro zone GDP grew 2.5 percent, in line with the preliminary estimate and down from 2.8 percent in the fourth quarter of 2017 and 2.7 percent in the third quarter.

Eurostat also said that industrial production rose 0.5 percent month-on-month in March, falling short of market expectations of a 0.7 percent rise.

Year-on-year, production increased 3.0 percent in March against expectations of a rise of 3.7 percent.

February output numbers were revised down as well to -0.9 percent month-on-month from -0.8 and to 2.6 percent year-on-year from 2.9 percent.

**UK** – British employers hired many more workers than expected in early 2018, a tentative sign that the economy's weak start to the year may be temporary, as the Bank of England hopes.

Employment rose by 197,000 during the first quarter, the biggest jump since late 2015 and far exceeding the 130,000 consensus expectation of a Reuters poll of economists.

The figures painted a familiar picture of strong growth in jobs and unemployment at its lowest rate in decades, but only a modest pick-up in pay for most British workers who have been hit by higher inflation since the 2016 Brexit vote.

Sterling pared its losses on the day against the U.S. dollar and British government bonds were little changed.

Annual growth in earnings, excluding bonuses, edged up to 2.9 percent in the three months to March, as expected in the Reuters poll.

While this was the biggest increase since mid-2015, it represented only a 0.4 percent increase in pay in inflation-adjusted terms, the Office for National Statistics (ONS) said.

Including bonuses, total pay growth cooled to 2.6 percent from 2.8 percent in the three months to February, as expected.

Last week the BoE left interest rates on hold, saying it wanted to be sure the economy was bouncing back after barely growing in the first quarter. In February it had said rates were likely to go up more quickly than it previously thought.

Economists said the strength of hiring in Tuesday's figures suggested Britain's economy did not have such a bad start to 2018 as portrayed by the preliminary official data.

"Broadly, these data provide ammunition for the BoE's view that Q1 weakness was transitory and that the UK is operating at its speed limit," HSBC economist Elizabeth Martins said.

But the Resolution Foundation think-tank, which focuses on living standards, described the wage growth figures as underwhelming.

**U.S.** – U.S. retail sales rose moderately in April as rising gasoline prices cut into discretionary spending, but consumer spending appeared on track to accelerate after slowing sharply in the first quarter.

Stronger consumer spending supports economists' expectations that the Federal Reserve will raise interest rates next month. The U.S. central bank lifted borrowing costs in March and has forecast at least two more rate hikes for this year.

"The steady spending results today on the part of consumers will keep the Fed on course to raise interest rates at a gradual pace with the next rate

hike likely at the June meeting," said Chris Rupkey, chief economist at MUFG in New York.

The Commerce Department said on Tuesday retail sales rose 0.3 percent last month after surging 0.8 percent in March. April's increase in retail sales was in line with economists' expectations. Retail sales in April increased 4.7 percent from a year ago.

Excluding automobiles, gasoline, building materials and food services, retail sales rose 0.4 percent last month after increasing 0.5 percent in March. These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product.

The U.S. dollar was trading higher against a basket of currencies after the data. U.S. stock indexes fell while yields on U.S. Treasuries rose.

As a result of April's increase in core retail sales, economists estimated that consumer spending, which accounts for more than two-thirds of U.S. economic activity, was growing at a 2.5 percent annualized rate in the

second quarter. Consumer spending grew at a 1.1 percent pace in the January-March quarter, which was the slowest in nearly five years.

Economists blamed the slowdown in consumer spending, which held back first-quarter economic growth to a 2.3 percent pace, on delays in processing tax refunds. They also said clean-up efforts in the wake of back-to-back hurricanes in late 2017 had pulled forward spending into the fourth quarter.

While consumer spending is picking up, the rise could be limited by gasoline prices, which have risen about 31 cents per gallon this year. The gasoline price rise, if sustained, could blunt the impact of lower income taxes on consumer spending.

*(Source Reuters, Research – @her1en)*

## WEEKLY ECONOMIC CALENDAR

DATE	WIB	CTY	INDICATORS	PER	ACTUAL	FORECAST	PREV.	REV.
<b>Mon/14-May-18</b>	05:30	NZ	Performance Services Index	Apr	55.9	--	58.8	58.6
	06:50	JP	PPI MoM	Apr	0.1%	0.1%	-0.1%	
	06:50	JP	PPI YoY	Apr	2.0%	2.0%	2.1%	
	13:00	JP	Machine Tool Orders YoY	Apr P	22.0%	--	28.1%	
	13:30	EZ	ECB's Villeroy Speaks in Paris					
	13:45	US	Fed's Mester Speaks at Bank of France Conference					
	13:45	EZ	Fed's Mester, ECB's Villeroy Speak in Paris					
	20:40	US	Fed's Bullard Speaks at Crypto Conference in New York					
<b>Tue/15-May-18</b>	06:10	AU	RBA's Debelle Gives Speech in Sydney					
	08:30	AU	RBA May Meeting Minutes					
	08:40	AU	RBA's Debelle Speech to HK Forum Via Video Link					
	09:00	CN	Industrial Production YoY	Apr	7.0%	6.4%	6.0%	
	09:00	CN	Industrial Production YTD YoY	Apr	6.9%	6.7%	6.8%	
	09:00	CN	Retail Sales YoY	Apr	9.4%	10.0%	10.1%	
	09:00	CN	Retail Sales YTD YoY	Apr	9.7%	9.9%	9.8%	
	09:00	CN	Surveyed Jobless Rate	Apr	4.9%	--	5.1%	
	11:30	JP	Tertiary Industry Index MoM	Mar	-0.3%	-0.2%	0.0%	0.1%
	13:00	DE	GDP NSA YoY	1Q P	1.6%	1.7%	2.3%	
	13:00	DE	GDP SA QoQ	1Q P	0.3%	0.4%	0.6%	
	13:00	DE	GDP WDA YoY	1Q P	2.3%	2.4%	2.9%	
	14:15	CH	Producer & Import Prices MoM	Apr	0.4%	0.3%	-0.2%	
	14:15	CH	Producer & Import Prices YoY	Apr	2.7%	--	2.0%	
	15:30	GB	Average Weekly Earnings 3M/YoY	Mar	2.6%	2.6%	2.8%	
	15:30	GB	Claimant Count Rate	Apr	2.5%	--	2.4%	
	15:30	GB	Employment Change 3M/3M	Mar	197k	129k	55k	
	15:30	GB	ILO Unemployment Rate 3Mths	Mar	4.2%	4.2%	4.2%	
	15:30	GB	Jobless Claims Change	Apr	31.2k	7.8k	11.6k	15.7k
	15:30	GB	Weekly Earnings ex Bonus 3M/YoY	Mar	2.9%	2.9%	2.8%	
	16:00	EZ	GDP SA QoQ	1Q P	0.4%	0.4%	0.4%	
	16:00	EZ	GDP SA YoY	1Q P	2.5%	2.5%	2.5%	
	16:00	EZ	Industrial Production SA MoM	Mar	0.5%	0.7%	-0.8%	-0.9%
	16:00	EZ	Industrial Production WDA YoY	Mar	3.0%	3.7%	2.9%	2.6%
	16:00	DE	ZEW Survey Current Situation	May	87.4	85.2	87.9	
	16:00	EZ	ZEW Survey Expectations	May	2.4	2.0	1.9	
	16:00	DE	ZEW Survey Expectations	May	-8.2	-8.2	-8.2	
	19:30	US	Empire Manufacturing	May	20.1	15	15.8	
	19:30	US	Retail Sales Advance MoM	Apr	0.3%	0.3%	0.6%	0.8%
	19:30	US	Retail Sales Control Group	Apr	0.4%	0.4%	0.4%	0.5%
19:30	US	Retail Sales Ex Auto and Gas	Apr	0.3%	0.4%	0.3%	0.4%	
19:30	US	Retail Sales Ex Auto MoM	Apr	0.3%	0.5%	0.2%	0.4%	

	20:00	CA	Existing Home Sales MoM	Apr	-2.9%	0.4%	1.3%	
	21:00	US	Business Inventories	Mar	0.0%	0.1%	0.6%	
	21:00	US	NAHB Housing Market Index	May	70	69	69	68
<b>Wed/16-May-18</b>	06:00	KR	Unemployment rate SA	Apr		--	4.0%	
	06:50	JP	GDP Annualized SA QoQ	1Q P		-0.1%	1.6%	
	06:50	JP	GDP Business Spending QoQ	1Q P		0.4%	1.0%	
	06:50	JP	GDP Deflator YoY	1Q P		0.3%	0.1%	
	06:50	JP	GDP Nominal SA QoQ	1Q P		0.0%	0.3%	
	06:50	JP	GDP Private Consumption QoQ	1Q P		0.0%	0.5%	
	06:50	JP	GDP SA QoQ	1Q P		0.0%	0.4%	
	07:30	AU	Westpac Consumer Conf Index	May		--	102.4	
	07:30	AU	Westpac Consumer Conf SA MoM	May		--	-0.6%	
	07:30	AU	Westpac Leading Index MoM	Apr		--	-0.22%	
	08:30	AU	Wage Price Index QoQ	1Q		0.6%	0.6%	
	08:30	AU	Wage Price Index YoY	1Q		--	2.1%	
	11:30	JP	Capacity Utilization MoM	Mar		--	1.3%	
	11:30	JP	Industrial Production MoM	Mar F		1.2%	1.2%	
	11:30	JP	Industrial Production YoY	Mar F		--	2.2%	
	13:00	DE	CPI EU Harmonized MoM	Apr F		--	-0.1%	
	13:00	DE	CPI EU Harmonized YoY	Apr F		--	1.4%	
	13:00	DE	CPI MoM	Apr F		0.0%	0.0%	
	13:00	DE	CPI YoY	Apr F		--	1.6%	
	16:00	EZ	CPI Core YoY	Apr F		--	0.7%	
	16:00	EZ	CPI MoM	Apr		--	1.0%	
	16:00	EZ	CPI YoY	Apr F		--	1.3%	
	19:30	US	Building Permits	Apr		1330k	1354k	
	19:30	US	Building Permits MoM	Apr		-3.6%	2.5%	
	19:30	US	Fed's Bostic to Give Economic Update					
	19:30	US	Housing Starts	Apr		1318k	1319k	
	19:30	US	Housing Starts MoM	Apr		0.0%	1.9%	
	19:30	CA	Manufacturing Sales MoM	Mar		--	1.9%	
	19:30	US	Revisions: Housing Starts					
	20:15	US	Capacity Utilization	Apr		78.4%	78.0%	
	20:15	US	Industrial Production MoM	Apr		0.5%	0.5%	
	20:15	US	Manufacturing (SIC) Production	Apr		--	0.1%	
	21:30	US	DOE Cushing OK Crude Inventory	May-11		--	--	
	21:30	US	DOE U.S. Crude Oil Inventories	May-11		--	--	
	21:30	US	DOE U.S. Distillate Inventory	May-11		--	--	
	21:30	US	DOE U.S. Gasoline Inventories	May-11		--	--	
	23:15	CA	Bank of Canada's Schembri Speaks at the OEA					
<b>Thu/17-May-18</b>	05:45	NZ	PPI Input QoQ	1Q		0.3%	0.9%	
	05:45	NZ	PPI Output QoQ	1Q		0.2%	1.0%	
	06:50	JP	Core Machine Orders MoM	Mar		-2.7%	2.1%	
	06:50	JP	Core Machine Orders YoY	Mar		--	2.4%	
	08:30	AU	Employment Change	Apr		20.3k	4.9k	
	08:30	AU	Full Time Employment Change	Apr		--	-19.9k	
	08:30	AU	Part Time Employment Change	Apr		--	24.8k	
	08:30	AU	Participation Rate	Apr		--	65.5%	
	08:30	AU	Unemployment Rate	Apr		5.5%	5.5%	
	N/A	HK	Composite Interest Rate	Apr		--	0.38%	
	15:30	HK	Unemployment Rate SA	Apr		--	2.9%	
	16:00	EZ	Construction Output MoM	Mar		--	-0.5%	
	16:00	EZ	Construction Output YoY	Mar		--	0.4%	
	19:30	CA	ADP Publishes April Payrolls Report					
	19:30	US	Continuing Claims	May-05		--	1790k	
	19:30	US	Initial Jobless Claims	May-12		--	211k	
	19:30	US	Philadelphia Fed Business Outlook	May		21.1	23.2	
	21:00	US	Leading Index	Apr		0.4%	0.3%	
	21:45	US	Fed's Kashkari Speaks at Moderated Q&A in Minneapolis					
<b>Fri/18-May-18</b>	06:30	JP	Japan Apr CPI					
	06:30	JP	Natl CPI Ex Fresh Food YoY	Apr		--	0.9%	
	06:30	JP	Natl CPI Ex Fresh Food, Energy YoY	Apr		--	0.0%	
	06:30	JP	Natl CPI YoY	Apr		--	1.1%	
	13:00	DE	PPI MoM	Apr		--	0.1%	
	13:00	DE	PPI YoY	Apr		--	1.9%	
	15:00	EZ	Current Account NSA	Mar		--	22.7b	

	15:00	EZ	ECB Current Account SA	Mar		--	35.1b	
	16:00	EZ	Trade Balance NSA	Mar		--	18.9b	
	16:00	EZ	Trade Balance SA	Mar		--	21.0b	
	19:30	CA	Consumer Price Index	Apr		--	132.9	
	19:30	CA	CPI Core- Common YoY%	Apr		--	1.9%	
	19:30	CA	CPI Core- Median YoY%	Apr		--	2.1%	
	19:30	CA	CPI Core- Trim YoY%	Apr		--	2.0%	
	19:30	CA	CPI NSA MoM	Apr		--	0.3%	
	19:30	CA	CPI YoY	Apr		--	2.3%	
	19:30	CA	Retail Sales Ex Auto MoM	Mar		--	0.0%	
	19:30	CA	Retail Sales MoM	Mar		--	0.4%	
<b>Sat/19-May-18</b>	00:00	US	Baker Hughes U.S. Rig Count	May-18		--	1045	

*(Source: Bloomberg-Reuters-Forexfactory-DailyFX-Tradingeconomics-FXStreet, Research: @LukmanLoeng,@her1en,rizal)*

## ASIAN STOCK INDEX

**Japanese stocks** pulled back from a recent 3-1/2 month high on Tuesday, hit by profit-taking, though bank shares staged a rally on hopes of strong earnings for the sector.

The Nikkei share average ended 0.2 percent lower to 22,818.02 after trading in positive territory in early trade.

Traders said with the Nikkei reaching resistance of 23,000, profit-taking may accelerate especially in the face of geopolitical tensions in the Middle East.

"Japanese companies' earnings were almost over and the market has mostly priced in the results. Investors may take profits from the recent rises in stocks as there are potential selling catalysts globally," said Hikaru Sato, a senior technical analyst at Daiwa Securities.

Tuesday's losers include real estate companies, with Mitsubishi Estate stumbling 5.2 percent and Mitsui Fudosan falling 3.1 percent.

Toshiba Corp was under the spotlight, rising 3.5 percent after it said it expects net income to jump 33 percent this financial year thanks to profits from the planned \$18 billion sale of its memory chip unit. It also said that it would return benefits to shareholders after it sold its chip unit.

The banking sector rose 1.2 percent, with Mitsui Sumitomo Financial Group advancing 2.1 percent after it reported a 3.9 percent rise in annual net profit helped by lower bad loan costs and gains from equity holdings.

It also said it would buy back up to 1.4 percent of its own shares worth 70 bln yen.

**South Korea's KOSPI** stock index weakened on Tuesday following a tepid Wall Street performance overnight. The Korean won fell on the greenback's broad strength, while bond yields rose.

At 06:33 GMT, the KOSPI was down 17.57 points, or 0.71 percent, at 2,458.54. Samsung Electronics declined 1.8 percent, while SK Hynix and LG Electronics fell 0.9 percent and 0.6 percent respectively.

The won was quoted at 1,073.8 per dollar on the onshore settlement platform, 0.54 percent weaker than its previous close at 1,068.

In offshore trading, the won was quoted at 1,072.73 per U.S. dollar, down 0.24 percent from the previous day, while in one-year non-deliverable forwards it was being transacted at 1,057.1 per dollar.

MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.87 percent, after U.S. stocks ended the previous session with mild gains. Japanese stocks weakened 0.21 percent.

The KOSPI is up around 0.3 percent so far this year, and up by 1.63 percent in the previous 30 days.

The current price-to-earnings ratio is 12.10, the dividend yield is 1.28 percent and the market capitalisation is 1,242.04 trillion won.

The trading volume during the session on the KOSPI index was 701,110,000 shares and, of the total traded issues of 885, the number of advancing shares was 333.

In money and debt markets, June futures on three-year treasury bonds fell 0.03 points to 107.44.

The Korean 3-month Certificate of Deposit benchmark rate was quoted at 1.65 percent compared with a previous close of 1.65 percent, while the benchmark 3-year Korean treasury bond yielded 2.313 percent, higher than the previous day's 2.31 percent.

**Hong Kong stocks** snapped a six-day winning streak to end lower on Tuesday, amid renewed fears of a Sino-U.S. trade war and worries about China economy.

The Hang Seng index ended 1.2 percent down at 31,152.03, while the China Enterprises Index closed down 0.8 percent at 12,440.75 points.

The market was not really helped by China's inclusion into MSCI's global indexes, as some fear the entry of mainland A-shares could reduce the attraction of Hong Kong stocks.

The sub-index of the Hang Seng tracking energy shares dipped 0.3 percent, while the IT sector slipped 2.87 percent, the financial sector ended 1.08 percent lower and property sector dipped 0.5 percent.

The top gainer on Hang Seng was Country Garden Holdings Co Ltd, which gained 1.84 percent, while the biggest loser was AAC Technologies Holdings Inc, which closed 4.84 percent down.

China's main Shanghai Composite index closed up 0.58 percent at 3,174.032 points while its blue-chip CSI300 index ended up 0.38 percent.

The yuan was quoted at 6.3543 per U.S. dollar at 08:22 GMT, 0.27 percent weaker than previous close of 6.3369.

As of previous trading session, the Hang Seng index was up 5.42 percent this year, while China's H-share index was up 7.1 percent. As of previous close, the Hang Seng climbed 2.38 percent this month.

**China stocks** ended higher on Tuesday, underpinned by a rally in late trade, as optimism towards MSCI inclusion of 234 Chinese large caps helped overcome worries about China economy and Sino-U.S. trade war.

The blue-chip CSI300 index ended 0.4 percent higher at 3,924.10, while the Shanghai Composite Index closed up 0.6 percent at 3,192.12 points

MSCI, the U.S. index publisher, said on Tuesday 234 Chinese large caps will be partially included in its global and regional indexes on June 1, following a review ahead of China's inclusion in MSCI's widely tracked equity benchmarks.

Positive comments from fund managers helped ease investor concerns after China reported weaker-than-expected investment and retail sales in April, and following comments from U.S. Ambassador to China Terry Branstad that the two countries are still "very far apart" on resolving trade frictions.

The CSI300 financial sector sub-index was lower by 0.19 percent, the consumer staples sector up 0.34 percent, the real estate index up 0.38 percent and healthcare sub-index up 2.66 percent.

The smaller Shenzhen index ended up 0.91 percent and the start-up board ChiNext Composite index was higher by 1.48 percent.

Around the region, MSCI's Asia ex-Japan stock index was weaker by 0.85 percent, while Japan's Nikkei index closed down 0.21 percent.

So far this year, the Shanghai stock index slipped 3.5 percent, the CSI300 dropped 2.6 percent, while China's H-share index listed in Hong Kong is up 6.3 percent. Shanghai stocks climbed 3.58 percent this month.

The Shanghai stock index is above its 50-day moving average and below its 200-day moving average.

The price-to-earnings ratio of the Shanghai index was 13.68 as of the last full trading day, while the dividend yield was 2.2 percent

[\(Source Reuters, Research: rizal\)](#)

## ASIA AND GLOBAL MARKET SPOT PRICE 2018

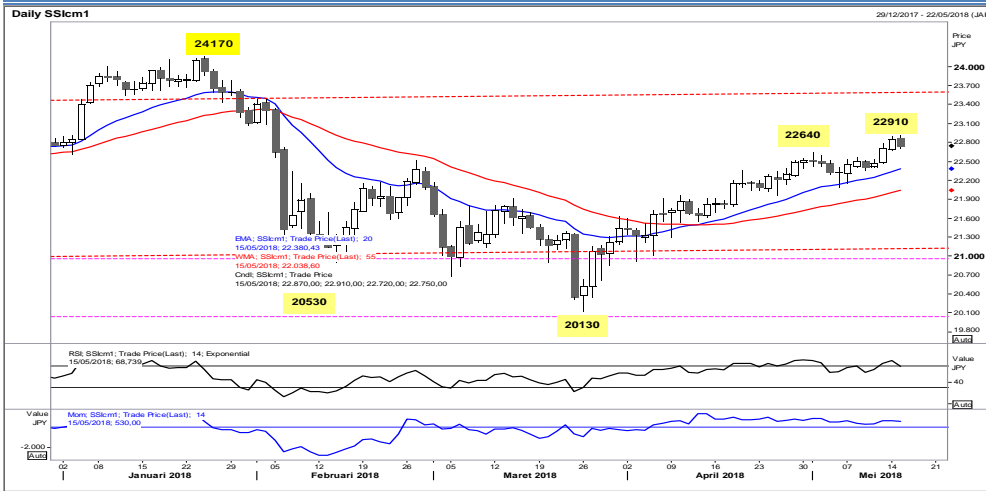
HIGH / LOW	.N225	.KS200	.HSI	.DJI	/.SPX	/.SSEC
<b>RECORD HIGH</b>	38915.87 (29/Dec/89)	339.59 (02/Nov/2017)	33154.12 (26/Jan/2018)	26616.71 (26/Jan/2018)	2872.62 (26/Jan/2018)	6124.04400 (16/Oct./07)
<b>2017 HIGH</b>	23439.15 (13/Nov/2017)	339.59 (02/Nov/2017)	30199.69 (22/Nov/2017)	24876.07 (18/Dec/2017)	2694.97 (18/Dec/2017)	3450.49490 (14/Nov/2017)
<b>2018 HIGH</b>	24129.34 (23/Jan/2018)	338.05 (29/Jan/2018)	33154.12 (26/Jan/2018)	26616.71 (26/Jan/2018)	2872.62 (26/Jan/2018)	3587.50890 (29/Jan/2018)
<b>2018 LOW</b>	20617.86 (23/Mar/2018)	304.58 (05/Mar/2018)	29129.26 (09/Feb/2018)	23360.29 (08/Feb/2018)	2532.69 (08/Feb/2018)	3062.74260 (08/Feb/2018)
<b>2017 LOW</b>	18224.68 (17/Apr/2017)	258.64 (02/Jan/2017)	21883.82 (03/Jan/2017)	19677.94 (19/Jan/2017)	2245.13 (03/Jan/2017)	3016.53050 (11/May/2017)
<b>RECORD LOW</b>	85.25 (06/Jul/50)	31.96 (16/Jun/98)	58.61 (31/Aug/67)	388.20 (17/Jan/55)	132.93 (23/Nov./82)	325.92200 (29/Jul/94)

### Closing Prices – 15 May 2018

	CLOSE	CHANGE		CLOSE	CHANGE
.DJI	24706.41	↓ 193.00/0.78%	.N225	22818.02	↓ 47.84/0.21%
/.SPX	2711.45	↓ 18.69/0.68%	.KS200	314.94	↓ 2.78/0.87%
/.IXIC	7351.627	↓ 58.688/0.81%	.HSI	31152.03	↓ 389.05/1.23%
JPY=	110.34	↑ 0.69/0.63%	/.SSEC	3192.58050	↑ 18.54850/0.58%
KRW=	1080.01	↑ 9.86/0.92%	/CLc1 (Oil)	71.00	↓ 0.17/0.24%



SSlamM8 (Nikkei Jun Futures) – Last Trading Date: 07 Jun 2018



- RSI 14 is near the overbought zone
  - Daily daily corrections
- [\(Research – rizal\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
15 May SSJamM8	22815	22830	22720	110	22755	---	↓ 60	0.26	21446
15 May SSJamM8	22875	22910	22800	110	22815	22815	↓ 40	0.18	32006
14 May SSJamM8	22870	22890	22835	55	22880	---	↑ 25	0.11	9594
14 May SSJamM8	22735	22890	22735	155	22855	22855	↑ 145	0.64	32049
11 May SSJamM8	22700	22725	22670	55	22695	---	↓ 15	0.07	13806
11 May SSJamM8	22530	22780	22510	270	22710	22710	↑ 230	1.02	51173
10 May SSJamM8	22490	22550	22475	75	22515	---	↑ 35	0.16	16034
10 May SSJamM8	22505	22530	22420	110	22480	22480	↑ 75	0.33	37807
09 May SSJamM8	22420	22495	22405	90	22495	---	↑ 90	0.40	16726
09 May SSJamM8	22480	22485	22365	120	22405	22405	↓ 100	0.44	46171

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
22910	22720	22910	22085	22640	20920	24170	20130
(15/May)	(15/May)	(15/May)	(03/May)	(30/Apr)	(02/Apr)	(23/Jan)	(23/Mar)

ANALYSIS & RECOMMENDATION

RESISTANCE	23275	High on 1 Hourly Chart
	23140	High on 1 Hourly Chart
	23065	High on 1 Hourly Chart
	22910	High May 15,2018
SUPPORT	22670	Low May 14,2018
	22570	Low on 1 Hourly Chart
	22405	Low May 10,2018
	22295	Low on 1 Hourly Chart
RECOMMENDATION	BUY	----
	SELL	22785
	STOP LOSS	22935
	TARGET	22585 22485

**KSM8 (Kospi Jun Futures) – Exp. Date: 07 Jun 2018**



- Daily daily corrections
- RSI 14 is near the oversold zone ([Research – riza!](#))

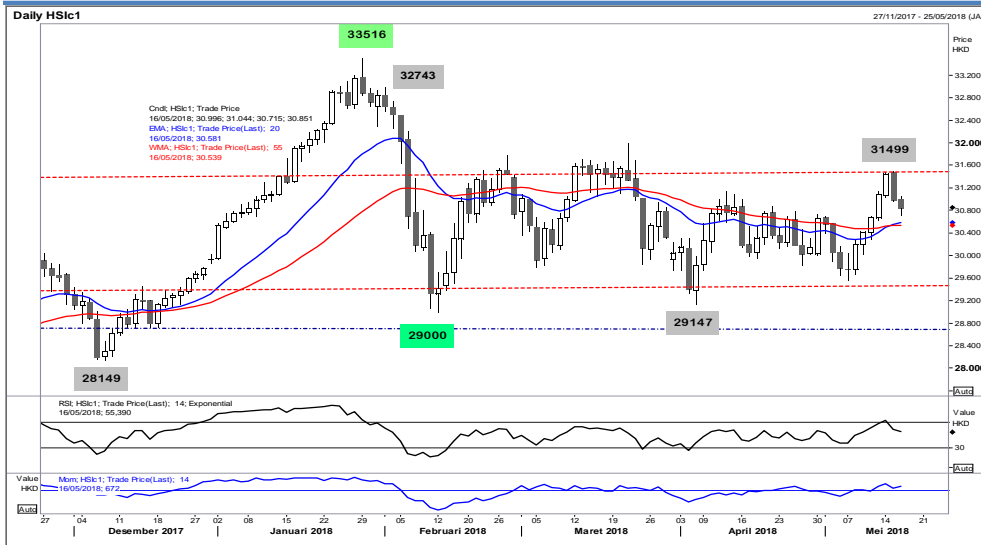
DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
15 May	317.50	318.50	314.70	3.80	314.90	314.90	↓ 3.10	0.97	140499
14 May	319.25	319.75	317.50	2.25	318.00	318.00	↓ 0.80	0.25	117739
11 May	318.50	319.95	318.00	1.95	318.80	318.80	↑ 1.80	0.57	146508
10 May	316.35	317.30	315.45	1.85	317.00	317.00	↑ 1.80	0.57	190338
09 May	315.70	316.25	312.80	3.45	315.20	315.20	Flat	Flat	231314
08 May	318.50	319.30	315.20	4.10	315.20	315.20	↓ 2.40	0.76	174969

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
319.75 (14/May)	314.70 (15/May)	322.80 (02/May)	312.80 (09/May)	323.45 (30/Apr)	308.70 (04/Apr)	340.30 (29/Jan)	302.10 (09/Feb)

**ANALYSIS & RECOMMENDATION**

RESISTANCE	320.15	High May 04,2018
	319.30	High May 08,2018
	317.30	High May 10,2018
	315.90	High on 1 Hourly Chart
SUPPORT	314.75	Low Apr 16,2018
	313.85	Low Apr 13,2018
	312.85	Low Apr 12,2018
	310.30	Low Apr 10,2018
RECOMMENDATION	BUY	----
	SELL	315.40
	STOP LOSS	316.90
	TARGET	313.40 312.40

## HSIK8 (Hang Seng May Futures) – Exp. Date: 30 May 2018



- Correction in daily
- RSI approach oversold area, be alert of trend change
- Potentially open Gap up. [\(Research – rizal\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
15 May	31182	31220	30958	262	30990	30990	↓ 466	1.48	182405
14 May	31455	31470	31310	160	31456	31456	↑ 362	1.16	186051
11 May	30938	31143	30928	215	31094	31094	↑ 414	1.35	210596
10 May	30630	30700	30554	146	30680	30680	↑ 262	0.86	201509
09 May	30194	30420	30255	165	30418	30418	↑ 216	0.72	226974
08 May	30183	30265	30081	184	30202	30202	↑ 445	1.50	209296
07 May	29850	29970	29655	315	29757	29757	↓ 18	0.06	252229

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
31470 (14/May)	30958 (15/May)	31470 (14/May)	29644 (04/May)	31151 (12/Apr)	29343 (04/Apr)	33516 (29/Jan)	29070 (09/Feb)

### ANALYSIS & RECOMMENDATION

<b>RESISTANCE</b>	31704	High Mar 22,2018
	31561	High on 1 Hourly Chart
	31363	High on 1 Hourly Chart
	31084	High on 1 Hourly Chart
<b>SUPPORT</b>	30763	Low on 1 Hourly Chart
	30680	Low on 1 Hourly Chart
	30554	Reactions Low on 1 Hourly Chart
	30410	Low on 1 Hourly Chart
<b>RECOMMENDATION</b>	BUY	----
	SELL	30900
	STOP LOSS	31050
	TARGET	30700 30600

## CURRENCIES – Daily Outlook

### Dollar at 2018 peak as benchmark Treasury yield hits seven-year high - Reuters News



The U.S. dollar rose against a basket of major currencies on Tuesday to its highest since December, as data showing a pickup in U.S. consumer spending exerted fresh selling pressure on U.S. government bonds and sent the yield on the 10-year Treasury note to its highest level since July 2011.

The dollar index, which measures the greenback against a basket of six other currencies, was up 0.63 percent at 93.173, after rising as high as 93.457. Against the yen, the dollar was up 0.58 percent at 110.29 yen, its

strongest since early February.

"The resurgent tone for the U.S. dollar is largely due to, number one, the move higher in Treasury bond yields across the curve and number two, the relatively solid data we saw on retail sales," said Omer Esiner, chief market analyst at Commonwealth Foreign Exchange Inc in Washington D.C.

The benchmark government yield reached a high of 3.095 percent, blowing through the key psychological level of 3 percent it hit in late April.

"The rise in the benchmark 10-year Treasury bond yield back above 3 percent this morning once again added to the dollar's relative yield appeal, particularly against higher risk and higher yielding rivals," said Esiner.

Softer-than-expected economic news from the euro zone and Britain also helped the dollar against the euro and sterling, he said.

"All that plays into the narrative, which is largely behind the dollar's rally since mid-April, that the U.S. economy is outpacing growth in most of the rest of the industrialized world and that the Fed will likely far outpace most of the major central banks in policy normalization," he said.

Data on Tuesday showed U.S. retail sales increased marginally in April as rising gasoline prices cut into discretionary spending, but consumer spending appeared on track to accelerate after slowing sharply in the first quarter.

"After a nerve-jangling reversal, consumer sentiment seems to be on the mend - suggesting that economic growth will improve in the second quarter, while providing the impetus for gradual rate hikes from the Federal Reserve," Karl Schamotta, director of global product and market strategy at Cambridge Global Payments, said in a note.

The euro fell to a fresh 2018 low of \$1.1821, after weaker-than-expected economic growth in Germany.

The Turkish lira fell to a fresh record low against the dollar, bringing its losses this year to more than 13 percent after President Tayyip Erdogan said he plans to take greater control of the economy.

Argentina's peso plunged to a new record low despite hefty central bank interventions in the past few days.

Sterling, which has been hurt in recent weeks by weak economic data and a decision by the Bank of England to hold interest rates, slipped to a new 2018 low of \$1.3452 before paring losses to trade down 0.3 percent at \$1.3513. [\(Source Reuters, Research – @her1en\)](#)

## EUR/USD

Interest Rate: 0.00% (EU)/1.25%-1.50% (US)



- With the support area at 1.1658
  - Important resistance around 1.2209
- [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	1.19252	1.19372	1.18191	118,1	1.18377	↓ 86,7	1.19244
May 14	1.19462	1.19949	1.19247	70,2	1.19244	↓ 19,4	1.19438
May 11	1.19152	1.19667	1.18900	76,7	1.19438	↑ 30,7	1.19131
May 10	1.18505	1.19454	1.18418	103,6	1.19131	↑ 64,8	1.18483
May 09	1.18607	1.18957	1.18215	74,2	1.18483	↓ 13,5	1.18618

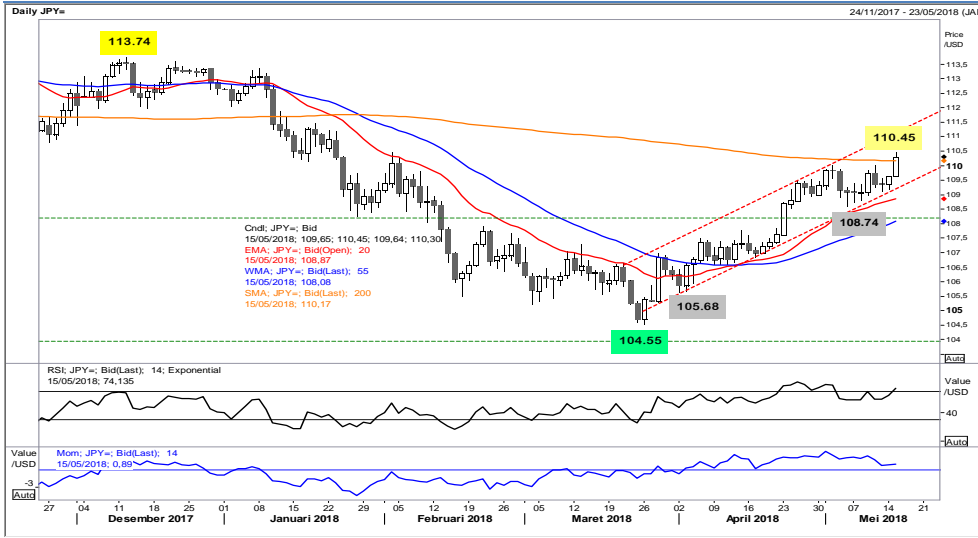
WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.19949	1.18191	1.20829	1.18191	1.24125	1.20542	1.25542	1.18191
(14/May)	(15/May)	(01/May)	(15/May)	(17/Apr)	(27/Apr)	(16/Feb)	(15/May)

### ANALYSIS & RECOMMENDATION

RESISTANCE	1.2245	High Apr 24
	1.2209	High Apr 26
	1.2139	High Apr 30
	1.2032	High May 02
SUPPORT	1.1889	Low May 11
	1.1736	Low Dec 18, 2017
	1.1658	Low Nov 14, 2017
	1.1552	Low Nov 07, 2017
RECOMMENDATION	BUY	-----
	SELL	1.1850
	STOP LOSS	1.1925
	TARGET	1.1775 1.1740

**USD/JPY**

Interest Rate: 1.50%-1.75% (US)/-0.1% (JP)



- The main resistance at 110.47, support 105.68
  - RSI 14 daily rises
- [\(Research – rizal\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	109.680	110.442	109.648	79,4	110.272	↑ 63,5	109.637
May 14	109.348	109.659	109.196	46,3	109.637	↑ 34,3	109.294
May 11	109.407	109.556	109.141	41,5	109.294	↓ 7,9	109.373
May 10	109.720	110.007	109.304	70,3	109.373	↓ 32,4	109.697
May 09	109.049	109.820	108.983	83,7	109.697	↑ 58,6	109.111

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
110.442	109.196	110.442	108.635	109.525	105.646	113.376	104.623
(15/May)	(14/May)	(15/May)	(04/May)	(27/Apr)	(02/Apr)	(08/Jan)	(23/Mar)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	112.77	High Jan 12,2018
	111.87	High Jan 11,2018
	111.17	High Jan 23,2018
	110.47	High Feb 02, 2018
<b>SUPPORT</b>	108.78	Low Apr 25, 2018
	107.62	Low Apr 23, 2018
	106.68	Low Apr 12, 2018
	105.68	Low Apr 03, 2018
<b>RECOMMENDATION</b>	BUY	110.15
	SELL	----
	STOP LOSS	109.35
	TARGET	111.05
		111.35

**GBP/USD**

Interest Rate: 0.50% (GB)/1.50%-1.75% (US)



- Corrections occur daily
  - RSI 14 is in oversold area
  - Be aware of trend changes
- (Research -rizal)*

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	1.35562	1.35707	1.34501	120,6	1.35029	↓ 51,3	1.35542
May 14	1.35453	1.36071	1.35416	65,5	1.35542	↑ 12,5	1.35417
May 11	1.35152	1.35945	1.35009	93,6	1.35417	↑ 30,4	1.35113
May 10	1.35454	1.36165	1.34588	157,7	1.35113	↓ 31,2	1.35425
May 09	1.35450	1.36058	1.34979	107,9	1.35425	↑ 1,1	1.35414

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.36071 (14/May)	1.34501 (15/May)	1.37717 (01/May)	1.34501 (15/May)	1.43754 (17/Apr)	1.37113 (30/Apr)	1.43754 (17/Apr)	1.34501 (15/May)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	1.3996	High Apr 25,2018
	1.3891	High on 1 Hourly Chart
	1.3773	High May 01,2018
	1.3666	High May 02,2018
<b>SUPPORT</b>	1.3455	Low Jan 11,2018
	1.3345	Low Dec 26, 2017
	1.3219	Low Nov 28, 2017
	1.3133	Low Nov 16, 2017
<b>RECOMMENDATION</b>	BUY	1.3485
	SELL	----
	STOP LOSS	1.3395
	TARGET	1.3585 1.3625

USD/CHF

Interest Rate: 1.50%-1.75% (US)/-1.25 to -0.25% (CH)



- Daily RSI approach overbought area
  - Main resistance 1.0170, support 0.9784
- [\(Research – rizal\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	1.00007	1.00406	0.99822	58,4	1.00093	↑ 5,9	1.00034
May 14	1.00022	1.00043	0.99565	47,8	1.00034	↓ 3,4	1.00068
May 11	1.00248	1.00387	0.99754	63,3	1.00068	↓ 15,6	1.00224
May 10	1.00468	1.00552	0.99930	62,2	1.00224	↓ 26,1	1.00485
May 09	1.00134	1.00549	1.00027	52,2	1.00485	↑ 33,7	1.00148

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.00406	0.99565	1.00553	0.99034	0.99199	0.95258	1.00553	0.91863
(15/May)	(14/May)	(07/May)	(01/May)	(30/Apr)	(02/Apr)	(07/May)	(16/Feb)

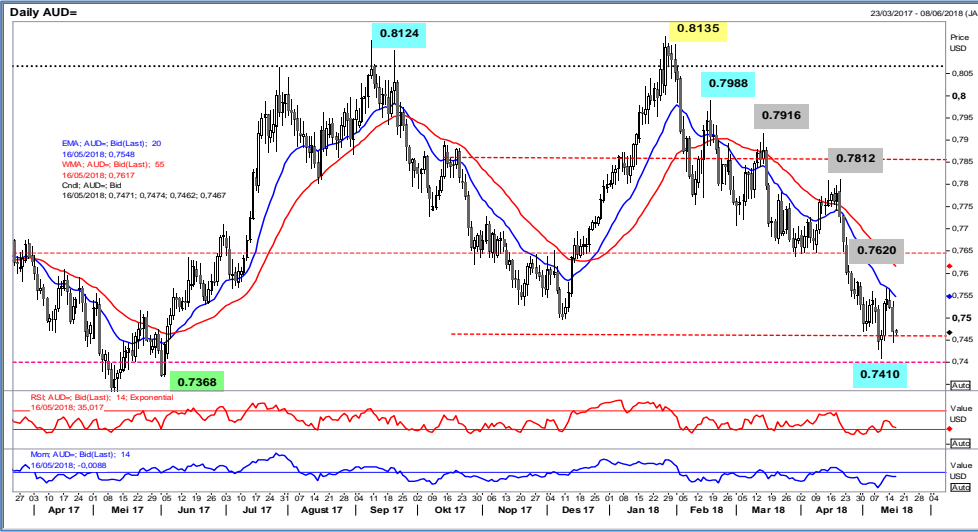
ANALYSIS & RECOMMENDATION

RESISTANCE	1.0248	High Jan 11, 2017
	1.0170	High Mar 07,2017
	1.0107	High Apr 10,2017
	1.0056	High May 07,2018
SUPPORT	0.9953	Reactions Low May 03,2018
	0.9869	Low Apr 30,2018
	0.9815	Low Apr 26,2018
	0.9766	Low Apr 24,2018
RECOMMENDATION	BUY	---
	SELL	1.0025
	STOP LOSS	1.0105
	TARGET	0.9935
		0.9905



## AUD/USD

Interest Rate: 1.5% (AU)/1.25%-1.50% (US)



- RSI RSI 14 is flat
- The main resistance at 0.7731, support 0.7266  
[\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	0.75252	0.75364	0.74467	89,7	0.74670	↓ 54,4	0.75214
May 14	0.75446	0.75638	0.75214	42,4	0.75214	↓ 24,3	0.75457
May 11	0.75316	0.75657	0.75214	44,3	0.75457	↑ 14,7	0.75310
May 10	0.74599	0.75386	0.74536	85,0	0.75310	↑ 81,4	0.74496
May 09	0.74510	0.74715	0.74112	60,3	0.74496	↓ 6	0.74502

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
0.75638	0.74467	0.75657	0.74112	0.78117	0.75241	0.81346	0.74112
(14/May)	(15/May)	(11/May)	(09/May)	(19/Apr)	(30/Apr)	(26/Jan)	(09/May)

### ANALYSIS & RECOMMENDATION

<b>RESISTANCE</b>	0.7812	High Apr 19
	0.7731	High Apr 20
	0.7682	High Apr 23
	0.7620	High Apr 24
<b>SUPPORT</b>	0.7410	Low June 05, 2017
	0.7326	Low May 09, 2017
	0.7266	Low Jan 05, 2017
	0.7152	Low Dec 26, 2016
<b>RECOMMENDATION</b>	BUY	-----
	SELL	0.7490
	STOP LOSS	0.7565
	TARGET	0.7415
		0.7380

**NZD/USD**

Interest Rate: 1.75% (NZ)/1.25%-1.50% (US)



- The Correction in daily movement
- RSI 14 down  
[\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	0.69153	0.69235	0.68528	70,7	0.68592	↓ 52,1	0.69113
May 14	0.69608	0.69734	0.69100	63,4	0.69113	↓ 57,7	0.69690
May 11	0.69638	0.69859	0.69530	32,9	0.69690	↑ 8,3	0.69607
May 10	0.69401	0.69696	0.69014	68,2	0.69607	↑ 6,8	0.69539
May 09	0.69692	0.69957	0.69478	47,9	0.69539	↓ 11,5	0.69654

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
0.69734 (14/May)	0.68528 (15/May)	0.70516 (04/May)	0.68528 (15/May)	0.73943 (13/Apr)	0.70321 (30/Apr)	0.74359 (16/Feb)	0.68528 (15/May)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	0.7221	High Apr 23
	0.7121	High Apr 25
	0.7040	High May 01
	0.6924	High May 15
<b>SUPPORT</b>	0.6815	Low Dec 01, 2017
	0.6779	Low Nov 17, 2017
	0.6674	Low May 30, 2016
	0.6574	Low Mar 16, 2016
<b>RECOMMENDATION</b>	BUY	-----
	SELL	0.6880
	STOP LOSS	0.6955
	TARGET	0.6805 0.6770

EUR/JPY

Interest Rate: 0.00% (EU)/-0.1% (JP)



- RSI 14 is up
  - Important resistance at 134.16, support at 129.59
- [\(Research – riza\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	130.807	131.119	130.422	69,7	130.560	↓ 19,1	130.751
May 14	130.639	131.359	130.581	77,8	130.751	↑ 20,3	130.548
May 11	130.373	130.668	129.982	68,6	130.548	↑ 23,5	130.313
May 10	130.034	130.746	129.992	75,4	130.313	↑ 31,9	129.994
May 09	129.353	130.470	129.336	113,4	129.994	↑ 54,7	129.447

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
131.359	130.422	132.117	129.215	133.466	129.962	137.486	128.931
(14/May)	(15/May)	(01/May)	(08/May)	(24/Apr)	(02/Apr)	(02/Feb)	(23/Mar)

ANALYSIS & RECOMMENDATION

RESISTANCE	134.16	High Feb 09,2018
	133.24	High Apr 26,2018
	132.54	High Apr 30,2018
	131.65	High May 03,2018
SUPPORT	129.97	Low May 11,2018
	129.22	Low May 08,2018
	128.51	Low Aug 24,2017
	127.82	Low Aug 21,2017
RECOMMENDATION	BUY	130.40
	SELL	----
	STOP LOSS	129.55
	TARGET	131.40
		131.75

**USD/CAD**

Interest Rate: 1.50%-1.75% (US)/1.25% (CA)



- RSI 14 • RSI 14 daily rises
  - Beware of daily corrections
  - Main Resistance 1.3127, Support 1.2445
- [\(Research – rizal\)](#)

<b>WEEKLY OPEN</b>	<b>CURRENT PRICE</b>
<b>1.2788</b>	<b>1.2871</b>

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.2924 (15/May)	1.2746 (14/May)	1.2997 (08/May)	1.2725 (11/May)	1.2943 (02/Apr)	1.2522 (17/Apr)	1.3124 (19/Mar)	1.2246 (31/Jan)

ANALYSIS & RECOMMENDATION		
<b>RESISTANCE</b>	1.3197	High Jun 28,2017
	1.3127	High Mar 19,2018
	1.3079	High Mar 21,2018
	1.2974	High May 09,2018
<b>SUPPORT</b>	1.2745	Low Apr 23,2018
	1.2628	Low Apr 20,2018
	1.2543	Low Apr 18,2018
	1.2445	Low Feb 16,2018
<b>RECOMMENDATION</b>	BUY	1.2850
	SELL	----
	STOP LOSS	1.2760
	TARGET	1.2950 – 1.2990

## Precious Metal – *Daily Outlook*

### Gold hits fresh 2018 low as rising yields lift dollar - Reuters News



Gold slid more than 1 percent on Tuesday, falling for a third day to hit its lowest this year as a rise in U.S. borrowing costs pushed up the dollar and overshadowed the impact of strife in Gaza.

Downward momentum in gold picked up after the metal broke below support at its 200-day moving average at \$1,306 an ounce. That firmly underpinned prices earlier this month.

Spot gold lost 1.6 percent at \$1,290.91 an ounce by 1:35 p.m. EDT (1735 GMT), earlier hitting its

lowest since late December at \$1,289.40. U.S. gold futures for June delivery settled down \$27.90, or 2.12 percent, at \$1,290.30 per ounce.

Israeli troops shot dead dozens of Palestinian protesters on the Gaza border Monday when the high-profile opening of the U.S. embassy to Israel in Jerusalem by the Trump administration raised tension to a boiling point.

But gold investors were fixated on the U.S. dollar, which rose versus a currency basket as 10-year U.S. bond yields shot above 3 percent, sending borrowing costs higher in a number of other countries.

"It's a risk-off play across the board. The downward slide in pretty much all commodities and equities, you can refer that to a stronger dollar and higher yields," said David Meger, director of metals trading at High Ridge Futures.

A Federal Reserve official backed the case for further U.S. interest rate hikes, saying inflation had not yet reached the U.S. central bank's 2 percent goal in a sustained way.

Higher U.S. interest rates tend to boost the dollar and bond yields, making greenback-denominated gold more expensive for holders of other currencies and denting the appeal of non-yielding assets such as bullion.

"The market's been waiting for the next rate hike by the Fed ... and I think gold prices are going to remain under pressure till we get through that hike," ANZ analyst Daniel Hynes said in a note.

However if yields were to ease, bullion could recover lost ground over the coming days, Forex.com market analyst Fawad Razaqzada said. "Otherwise the only hope for dollar-denominated gold is a potential correction in the greenback now."

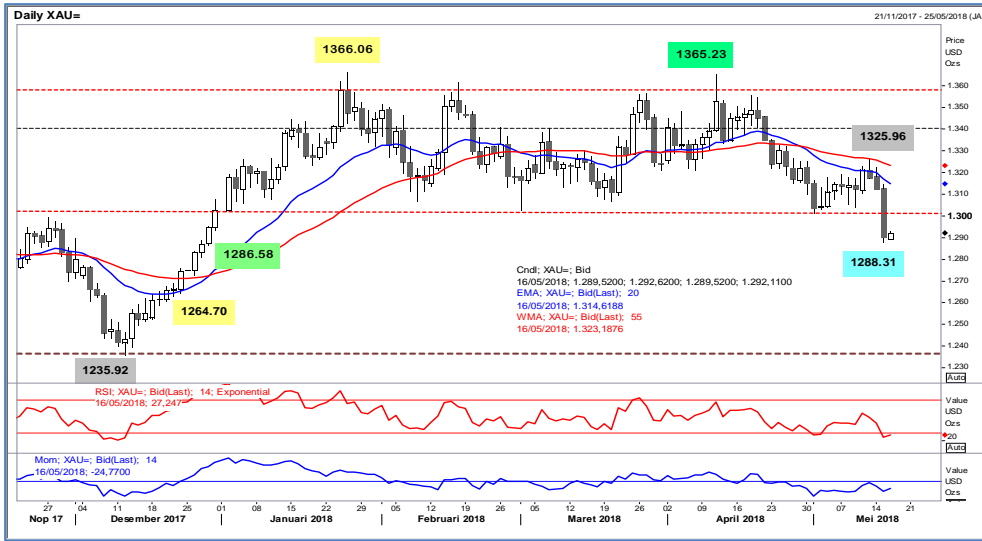
Silver declined 1.5 percent at \$16.26 an ounce, earlier hitting its lowest in nearly two weeks at \$16.18 an ounce.

Platinum lost 1.2 percent at \$893.99 per ounce, falling to a 1-1/2-week low of \$892.24 per ounce.

Palladium dropped 1 percent at \$986 an ounce, earlier dipping to a one-week low of \$964. It broke support at its 200-day moving average at \$988 an ounce.

*(Source Reuters, Research – @her1en)*

## GOLD (XAU/USD)



- Important resistance around 1365
  - Important support area around 1264
- [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS	AM FIX	PM FIX
May 15	1313.480	1314.770	1288.750	26.02	1290.620	↓ 22.65	1313.270	--	--
May 14	1319.300	1322.200	1312.870	9.33	1313.270	↓ 5.72	1318.990	--	--
May 11	1321.280	1325.830	1318.110	7.72	1318.990	↓ 2.21	1321.200	--	--
May 10	1312.390	1322.730	1310.660	12.07	1321.200	↑ 8.59	1312.610	--	--
May 09	1314.420	1317.290	1304.200	13.09	1312.610	↓ 1.66	1314.270	--	--

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1322.200 (14/May)	1288.750 (15/May)	1325.830 (11/May)	1288.750 (15/May)	1364.980 (11/Apr)	1310.240 (30/Apr)	1365.910 (25/Jan)	1288.750 (15/May)

### ANALYSIS & RECOMMENDATION

<b>RESISTANCE</b>	1374.91	High Jul 06,2016
	1365.23	High Apr 11
	1355.74	High Apr 18
	1335.38	High Apr 23
<b>SUPPORT</b>	1310.51	Low May 10
	1304.17	Low May 09
	1293.49	Low Dec 29,2017
	1286.58	Low Dec 28,2017
<b>RECOMMENDATION</b>	BUY	-----
	SELL	1294.00
	STOP LOSS	1304.00
	TARGET	1284.00 1279.00

**SILVER (XAG/USD)**



- With With strong resistance at 17.35
  - While the crucial support area is around 15.74
- [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	16.509	16.536	16.186	0.35	16.250	↓ 0.25	16.497
May 14	16.671	16.718	16.483	0.23	16.497	↓ 0.16	16.656
May 11	16.708	16.815	16.643	0.17	16.656	↓ 0.04	16.697
May 10	16.471	16.738	16.458	0.28	16.697	↑ 0.22	16.474
May 09	16.463	16.602	16.335	0.27	16.474	↑ 0.01	16.460

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
16.718	16.186	16.815	16.149	17.336	16.169	17.682	16.105
(14/May)	(15/May)	(11/May)	(02/May)	(19/Apr)	(05/Apr)	(25/Jan)	(20/Mar)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	17.48	High Jan 29
	17.35	High Apr 19
	17.11	High Apr 23
	16.55	High May 15
<b>SUPPORT</b>	16.13	Low May 02,2018
	15.97	Low Dec 19, 2017
	15.74	Low Dec 14, 2017
	15.59	Low Dec 13, 2017
<b>RECOMMENDATION</b>	BUY	-----
	SELL	16.30
	STOP LOSS	16.65
	TARGET	15.95
		15.75

## OIL – Daily Outlook

### Oil eases in late trading on U.S. stockpile concerns - Reuters News



Oil prices settled a shade firmer after retreating from multi-year highs hit early in the day on Tuesday, supported by concerns that U.S. sanctions on Iran are likely to restrict crude exports from one of the biggest producers in the Middle East.

Brent crude oil settled at \$78.43 a barrel, up 20 cents, or 0.3 percent, after reaching an intraday

peak of \$79.47 a barrel, up \$1.24 and its highest since November 2014.

U.S. light crude closed 35 cents, or 0.5 percent, higher at \$71.31 a barrel, also not far off the day's peak at \$71.92, its highest since November 2014.

Prices pulled back in post-settlement trade after an industry organization said U.S. crude stockpiles built unexpectedly last week. U.S. crude dropped 6 cents to \$70.90 a barrel, while Brent fell 22 cents to \$78.01.

Trade group the American Petroleum Institute said crude stockpiles rose nearly 5 million barrels, compared with analysts' expectations for a 763,000-barrel draw. Official data from the U.S. Energy Information Administration is due Wednesday at 10:30 a.m. EDT [1430 GMT].

The difference between the two benchmarks briefly widened to more than \$8 a barrel, the widest gap since April 2015, reflecting surging U.S. crude supplies and a greater geopolitical risk to Brent-based crudes.

"U.S. oil prices have flip-flopped on a strong dollar," said Phil Flynn, analyst at Price Futures Group in Chicago. "Brent is pricing in the idea that all the risk to supplies is overseas - there's a concern that all the supplies that are tight in Europe are only going to get tighter."

World oil prices have surged more than 70 percent over the last year as demand has risen sharply while production has been restricted by the Organization of the Petroleum Exporting Countries, led by Saudi Arabia, and other producers, including Russia.

The United States has announced it will impose sanctions on Iran over its nuclear program, raising fears that markets will face shortages later this year when trade restrictions take effect.

Iran will restart its uranium enrichment if it cannot find a way to save the 2015 nuclear deal with the European Union after the United States pulled out last week, Tehran's government spokesman said.

The tightening market has all but eliminated a global supply overhang that depressed crude prices between late 2014 and early 2017.

Surging prices were capped after China reported weaker-than-expected investment and retail sales in April and a drop in home sales, clouding its economic outlook even as policymakers try to navigate debt risks and defuse a heated trade dispute with the United States.

The data poses worries that near-record high refinery runs may be short-lived. China's refinery runs rose nearly 12 percent in April from a year earlier, to around 12.1 million barrels per day, marking the second-highest level on record on a daily basis, data showed.

Additionally, the market retreated as the U.S. dollar strengthened against other currencies to the highest since December. As the dollar strengthens, investors can retreat from dollar-denominated commodities like oil.

Despite these downward forces, the market retains support from OPEC and other producers' production cuts and U.S. sanctions on Iran.

OPEC figures published on Monday showed oil inventories in OECD industrialized nations in March fell to 9 million barrels above the five-year average, from 340 million barrels above the average in January 2017.

U.S. crude is trading at a hefty discount to Brent, the international marker, thanks to sharp rises in U.S. production to 10.7 million bpd, which has left the American domestic oil market well supplied.

U.S. shale oil production is expected to rise by about 145,000 bpd to a record 7.18 million bpd in June, the U.S. Energy Information Administration said on Monday. [\(Source Reuters, Research – @her1en\)](#)



**CLM8/USD (OIL)**

(Exp.: 22 May 2018 - Reuters)



- Important resistance at 73.56, support at 69.85
- RSI 14 is flat

[\(Research - @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 15	71.13	71.89	70.42	1.47	70.98	↓ 0.16	71.14
May 14	70.65	71.21	70.26	0.95	71.14	↑ 0.64	70.50
May 11	71.43	71.61	70.44	1.17	70.50	↓ 0.88	71.38
May 10	71.21	71.86	70.55	1.31	71.38	↑ 0.14	71.24
May 09	70.04	71.34	69.84	1.50	71.24	↑ 1.21	70.03

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
71.89	70.26	71.89	66.92	69.53	61.80	71.89	58.06
(15/May)	(14/May)	(15/May)	(02/May)	(19/Apr)	(06/Apr)	(15/May)	(09/Feb)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	76.58	High Nov 25, 2014
	74.48	High Nov 26, 2014
	73.56	High Nov 28, 2014
	71.92	High May 15
<b>SUPPORT</b>	70.42	Low May 15
	69.85	Low May 09
	67.63	Low May 08
	66.56	Low Apr 18
<b>RECOMMENDATION</b>	BUY	70.70
	SELL	-----
	STOP LOSS	69.50
	TARGET	72.10
		72.60