

# DAILY MARKET REPORT

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## **GLOBAL MARKETS**

- A spiraling Italian political crisis provoked a global stock market sell-off on Tuesday, cut the euro to a 10-month low and spiked borrowing costs for the government in Rome.

## **GLOBAL ECONOMIES**

- Growth in China's vast manufacturing sector is expected to have dipped but only marginally in May, easing concerns of a slowdown in the world's second-biggest economy as fears of a trade war with the United States ebbed.
- Euro zone markets are gyrating like it's 2012, with political crisis in Italy blowing out peripheral yield spreads and triggering the strongest demand for safe-haven German bonds since the depths of the euro crisis six years ago.
- British manufacturers turned up the pressure on the government to abandon one of its post-Brexit customs proposals on Tuesday, slamming the idea of a technology-based plan for border checks as naive and a waste of money.
- The U.S. Federal Reserve will have difficulty raising interest rates significantly beyond the settings of its Japanese and European counterparts, which are still pursuing accommodative policy, St. Louis Fed President James Bullard said on Tuesday.

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

**U.S. & Global Markets** – A spiraling Italian political crisis provoked a global stock market sell-off on Tuesday, cut the euro to a 10-month low and spiked borrowing costs for the government in Rome.

Investors fear that repeat elections - which now seem likely in the euro zone's third-largest economy as soon as July - may become a de-facto referendum on Italian membership of the currency bloc and the country's role in the European Union.

Safe-haven U.S. Treasury bonds and German bunds rallied, as did the Japanese yen, the U.S. dollar and gold by midday in the U.S. trading day. Oil sank further from the near-four-year highs set earlier in the month. That all weighed on already embattled emerging markets.

The Dow Jones Industrial Average fell 391.64 points, or 1.58 percent, to 24,361.45, the S&P 500 lost 31.47 points, or 1.16 percent, to 2,689.86 and the Nasdaq Composite dropped 37.26 points, or 0.5 percent, to 7,396.59.

"As part of the overall narrative of cautionary situations and risks that the market needs to worry about, this could potentially become cause for contagion," said Wasif Latif, head of global multi-assets for USAA Asset Management Co.

"What once seemed like a synchronized global economic recovery is now a waning growth story."

Italy seems likely to repeat elections soon after its prime minister-designate, Carlo Cottarelli, failed to secure support from major political parties for even a stop-gap government, sources told Reuters on Tuesday.

Italy has searched for a new government since inconclusive elections in March, and investors fear voters will choose leaders hoping to break with the continent's austere fiscal policy approach and even the multinational euro currency that replaced the lira in 2002.

"As the slide continues, you ask where is the end," said John Hardy, Saxo Bank's head of foreign-exchange strategy.

"If this continues for another couple of sessions, I think you will have to see some official response. A 'whatever it takes' kind of moment," he said.

Facing a sovereign debt crisis, European Central Bank President Mario Draghi promised in a legendary 2012 speech to "whatever it takes" to keep the single currency intact.

[\(Source Reuters – @her1en\)](#)

**GLOBAL ECONOMIES**

**China** – Growth in China's vast manufacturing sector is expected to have dipped but only marginally in May, easing concerns of a slowdown in the world's second-biggest economy as fears of a trade war with the United States ebbed.

The official manufacturing Purchasing Managers' Index (PMI) is seen slipping to 51.3 in May from 51.4 in April, according to the median forecast of 30 economists in a Reuters poll. The 50-mark divides expansion from contraction on a monthly basis.

That would mark the 22 straight month of expansion for China's manufacturing sector, and reinforce consensus views that the economy will slow only modestly this year, good news for policymakers as they try to navigate debt risks and rocky trade relations with Washington.

Last week, Washington and Beijing both claimed victory as the world's two largest economies stepped back from the brink of a global trade war and agreed to hold further talks to boost U.S. exports to China. U.S. Commerce Secretary Wilbur Ross will visit China this weekend for another round of talks.

Economic data for April had painted a mixed picture for China's economy, with investment growth slowing to a near 20-year low and growth in retail sales sliding.

However, the industrial sector, a key source of jobs, remained healthy with profits growing at their fastest pace in six months, underpinned by continued strength in the steel sector.

China has been tightening controls on riskier investments, the shadow banking business and speculation in the property sector, but does not want to cut off funding to the real economy. It has cut electricity prices for industrial users by about 7 percent so far this year.

Separately, a private survey on China's factory activity is forecast to show a similar easing trend, with some analysts warning that a growing number of credit defaults is pointing to mounting pressure on small and medium-sized firms, which have not benefited as much from a year-long construction boom as their larger, state-owned peers.

The private Caixin/Markit Manufacturing Purchasing Managers' index (PMI) is expected to have fallen slightly to 51.0 in May versus 51.1 in April.

New export orders in the Caixin PMI shrank for the first time in over a year in April as firms remained cautious of uncertain external demand.

The official PMI survey is due out on May 31, along with a similar official survey on services.

The private Caixin manufacturing PMI will be published on June 1, and the Caixin services PMI on June 5.

Despite a better-than-expected first-quarter, economists still expect China's economic growth to slow to 6.5 percent this year from 6.9 percent in 2017, citing rising borrowing costs, tougher limits on industrial pollution and a crackdown on local governments' spending to keep their debt levels in check.

**Euro Zone** – Euro zone markets are gyrating like it's 2012, with political crisis in Italy blowing out peripheral yield spreads and triggering the strongest demand for safe-haven German bonds since the depths of the euro crisis six years ago.

But at the risk of uttering the dreaded words, this time it's different - it's almost impossible to believe that the ECB will stand by and allow domestic political crisis in Italy to descend into an existential crisis for the euro zone.

"Whatever it takes", to quote ECB chief Mario Draghi's famous commitment from 2012, will avert "Quitaly", if push comes to the shove.

Still, the rise in Italian yields and spreads under way now is astonishing. The 10-year Italian/German yield spread rose above 300 basis points on Tuesday, meaning it has more than doubled in just two weeks.

Italy's two-year yield rose above 2 percent on Tuesday, significantly higher than the two-year Greek yield, and well on track for its biggest one-day rise since 1992.

This is causing serious pain for Italian banks, which are among the biggest holders of these bonds. Their balance sheets and ability to raise financing on money and bond markets are getting hammered, which will be ringing alarm bells at the ECB.

The wave of selling on Tuesday also strongly suggests financial markets are now pricing a euro break-up premium into Italian bonds and bank stocks, and even the euro. This is anathema to the European Central Bank and will prompt it to act.

The risk of a euro break-up forced the ECB's hand six years ago. The difference today is not that investors doubt the ECB stands ready to help Italy, but that Italy wants that help at all. Italy itself may choose 'Quitaly', which is a different proposition for the ECB and euro policymakers entirely. If the ECB is forced to act it could expand and tweak its current bond-buying programme, provide emergency funding for Italian banks, or dust off and deploy the Outright Monetary Transactions programme if Italy is forced to take financial support from the euro zone bailout fund.

It could employ a mix of all of the above or come up with entirely new measures.

The 2011-12 debt crisis showed that the ECB is flexible, creative, and willing to bend or suspend its rules. The list of acronyms for its

unconventional policy measures and programmes is lengthy, including: OMT, LTRO, SMP, APP, CSPP and CBPP.

This was a hill on which two high profile German policymakers at the ECB were willing to sacrifice themselves. Successive Bundesbank chiefs Axel Weber and Jurgen Stark both argued in protest at the direction the ECB was headed but ultimately lost those arguments and quit instead.

**UK** – British manufacturers turned up the pressure on the government to abandon one of its post-Brexit customs proposals on Tuesday, slamming the idea of a technology-based plan for border checks as naive and a waste of money.

Prime Minister Theresa May has ruled out Britain staying in a customs union with the EU bloc - to the dismay of many employers groups - and says her government is working on two possible solutions to minimise delays at Britain's ports and airports.

But the EEF manufacturers' body said it was unrealistic and naive to think a technological border solution, known as "max fac," or maximum facilitation, could be implemented by the time a planned Brexit transition period ends in December 2020.

"It may have some long-term benefits, but suggesting max fac is a solution to our immediate problems is a non-starter," EEF Chief Executive Stephen Phipson said in a statement.

Phipson said a max fac-style arrangement at the U.S.-Canada border had not eliminated the need for checks on most goods.

The customs conundrum - which will define commerce between Britain and its biggest trading partner for decades - is a test of May's leadership as she tries to pacify rival factions in her Conservative Party and her cabinet.

She also needs to win agreement from Brussels where officials have dismissed both the options being considered.

The max fac option is favoured by Eurosceptics in May's party who want looser ties with the European Union after Britain leaves the bloc.

But last week Britain's most senior tax official said such a customs arrangement could cost businesses up to 20 billion pounds (\$27 billion) a year.

Under the other option, Britain would collect tariffs on imports from outside the bloc on the EU's behalf.

A senior EU official last week dismissed as "fantasy" some of Britain's main demands for Brexit, including on the Northern Ireland border. Chief negotiator Michel Barnier urged Britain to stop playing "hide and seek."

May's spokesman on Tuesday criticised what he called "sound bites and negative anonymous briefings" and called for a more constructive tone to the negotiations.

The EEF has previously urged the government to give businesses clarity on what Brexit will look and has warned of possible damage to complex cross-border supply chains.

Last week another major employers' group, the Confederation of British Industry said remaining in a customs union was currently the only workable option for Britain. Finance minister Philip Hammond rejected that view.

**U.S.** – The U.S. Federal Reserve will have difficulty raising interest rates significantly beyond the settings of its Japanese and European counterparts, which are still pursuing accommodative policy, St. Louis Fed President James Bullard said on Tuesday.

Bullard, who has previously flagged the need for a caution in raising rates, told reporters on the sidelines of a seminar in Tokyo on Tuesday the Fed had enough tools and policy options to respond if the U.S. economy falls into a recession.

He said in a speech earlier in the day that U.S. interest rates may have already hit the "neutral" level that neither encourages nor discourages economic activity.

"It is hard for U.S. rates to get too far out of line with the global rate situation, and obviously both the (Bank of Japan) and the (European Central Bank) are continuing very accommodative policies," Bullard told reporters.

"Is it constraining? It is in the sense that there is a global equilibrium of rates and if you get too far out of line things have to happen, exchange rates have to move, and other things have to happen."

Bullard said he did not want to prejudge the Fed's next meeting in June, but he reiterated his view that the Fed does not need to raise interest rates further because inflation expectations are low.

The Fed held interest rates steady in a target range of between 1.50 percent and 1.75 percent on May 2.

The U.S. central bank is expected to raise rates in June, and continue a gradual series of increases until perhaps the middle of next year.

In prepared remarks, Bullard repeated his views that inflation expectations remain a bit below the Fed's 2 percent inflation target, and that interest rates worldwide are being held down by longer term economic and demographic trends.

There are "a few reasons for caution" in further rate increases, said Bullard, who has argued before that the Fed should halt its rate raising cycle until it is clear that economic growth and inflation have moved into a higher gear.

If the current policy rate is at neutral, "it may not be necessary to change the policy rate" in order to keep the economy close to or at the Fed's goal, Bullard said.

Holding off on further rate increases, he said, would help improve market-based measures of inflation expectations and make the Fed's commitment to meeting its inflation target more credible. It would also lower risks that short term interest rates might rise above long-term ones, an "inversion" of the yield curve that has often preceded a recession.

When asked whether the BOJ should change its 2 percent inflation target, Bullard said he saw no need for a change because 2 percent inflation has become a global standard for price targeting.

He added that a central bank that changed its inflation target from 2 percent effectively commits itself to a significant change in its currency level, due to the consequent shift in interest rate expectations.

*(Source Reuters, Research – @her1en)*

**WEEKLY ECONOMIC CALENDAR**

DATE	WIB	CTY	INDICATORS	PER	ACTUAL	FORECAST	PREV.	REV.	
<b>Mon/28-May-18</b>	06:50	JP	PPI Services YoY	Apr	0.9%	0.5%	0.5%		
	<i>All Day</i>	<i>DE</i>	<i>Bank Holiday/Spring Bank Holiday</i>						
	<i>All Day</i>	<i>GB</i>	<i>Bank Holiday/Spring Bank Holiday</i>						
	<i>All Day</i>	<i>US</i>	<i>Bank Holiday/Memorial Day</i>						
<b>Tue/29-May-18</b>	04:00	KR	Consumer Confidence	May	108.0	106.8	107.1		
	06:30	JP	Jobless Rate	Apr	2.5%	2.5%	2.5%		
	06:30	JP	Job-To-Applicant Ratio	Apr	1.59	1.60	1.59		
	11:40	US	Fed's Bullard Speaks in Tokyo						
	14:45	EZ	ECB's Villeroy to Speak in Paris						
	16:30	EZ	ECB's Mersch Speaks at Frankfurt Finance Summit						
	20:00	US	S&P CoreLogic CS 20-City MoM SA	Mar	0.53%	0.7%	0.83%	0.84%	
	20:00	US	S&P CoreLogic CS 20-City NSA Index	Mar	-	--	206.67		
	20:00	US	S&P CoreLogic CS 20-City YoY NSA	Mar	6.8%	6.5%	6.8%		
	20:00	US	S&P CoreLogic CS US HPI NSA Index	Mar	-	--	197.01		
	20:00	US	S&P CoreLogic CS US HPI YoY NSA	Mar	6.5%	--	6.34%		
	21:00	US	Conf. Board Consumer Confidence	May	128	128.2	128.7	125.6	
	21:00	US	Conf. Board Expectations	May	105.6	--	108.1	104.3	
	21:00	US	Conf. Board Present Situation	May	161.7	--	159.6	157.5	
	21:30	US	Dallas Fed Manf. Activity	May	26.8	23.8	21.8		
	22:30	EZ	ECB's Lautenschlaeger Speaks at Colloquium in Frankfurt						
	23:00	EZ	ECB's Coeure Speaks at Roundtable Discussion in Paris						
	<b>Wed/30-May-18</b>	06:50	JP	Retail Sales MoM	Apr P		--	-0.7%	
		06:50	JP	Retail Trade YoY	Apr		--	1.0%	
		07:00	JP	BOJ Governor Kuroda Speaks at Conference					
08:30		AU	Building Approvals MoM	Apr		-2.9%	2.6%		
08:30		AU	Building Approvals YoY	Apr		--	14.5%		
12:00		JP	Consumer Confidence Index	May		43.9	43.6		
13:00		CN	IMF Press Conference on End of China Article IV Consultation						
14:00		CH	KOF Leading Indicator	May		104.8	105.3		
14:55		DE	Unemployment Change (000's)	May		-10k	-7k		
14:55		DE	Unemployment Claims Rate SA	May		--	5.3%		
15:00		CH	Credit Suisse Survey Expectations	May		--	7.2		
16:00		EZ	Business Climate Indicator	May		--	1.35		
16:00		EZ	Consumer Confidence	May F		--	0.2		
16:00		EZ	Economic Confidence	May		--	112.7		
16:00		EZ	Industrial Confidence	May		--	7.1		
16:00		EZ	OECD Economic Forecasts						
16:00		EZ	Services Confidence	May		--	14.9		
19:00		DE	CPI EU Harmonized MoM	May P		--	-0.1%		
19:00		DE	CPI EU Harmonized YoY	May P		--	1.4%		
19:00		DE	CPI MoM	May P		--	0.0%		
19:00		DE	CPI YoY	May P		--	1.6%		
19:15		US	ADP Employment Change	May		195k	204k		
19:30		US	Advance Goods Trade Balance	Apr		-\$71.0b	-\$68.0b		
19:30		US	Core PCE QoQ	1Q S		--	2.5%		
19:30		US	GDP Annualized QoQ	1Q S		2.3%	2.3%		
19:30		US	GDP Price Index	1Q S		2.0%	2.0%		
19:30		US	Personal Consumption	1Q S		--	1.1%		
19:30	US	Retail Inventories MoM	Apr		--	-0.4%			
19:30	US	Wholesale Inventories MoM	Apr P		--	0.3%			
21:00	CA	Bank of Canada Rate Decision	May-30		1.25%	1.25%			
<b>Thu/31-May-18</b>	01:00	US	U.S. Federal Reserve Releases Beige Book						
			Fed to Hold Board Meeting to Discuss Volcker Rule Changes						
	02:00	US							
	04:00	KR	Business Survey Manufacturing	Jun		--	81		
	04:00	KR	Business Survey Non-Manufacturing	Jun		--	81		
	06:00	KR	Cyclical Leading Index Change	Apr		--	-0.2		
06:00	KR	Industrial Production SA MoM	Apr		--	-2.5%			

	06:00	KR	Industrial Production YoY	Apr	--	-4.3%	
	06:01	GB	GfK Consumer Confidence	May	--	-9	
	06:01	GB	Lloyds Business Barometer	May	--	32	
	06:50	JP	Industrial Production MoM	Apr P	--	1.4%	
	06:50	JP	Industrial Production YoY	Apr P	--	2.4%	
	08:00	NZ	ANZ Activity Outlook	May	--	17.8	
	08:00	NZ	ANZ Business Confidence	May	--	-23.4	
	08:00	CN	Composite PMI	May	--	54.1	
	08:00	CN	Manufacturing PMI	May	51.4	51.4	
	08:00	CN	Non-manufacturing PMI	May	54.8	54.8	
	08:30	AU	Private Capital Expenditure	1Q	--	-0.2%	
	08:30	AU	Private Sector Credit MoM	Apr	--	0.5%	
	08:30	AU	Private Sector Credit YoY	Apr	--	5.1%	
	12:45	CH	GDP QoQ	1Q	--	0.6%	
	12:45	CH	GDP YoY	1Q	--	1.9%	
	14:15	CH	Retail Sales Real YoY	Apr	--	-1.8%	
	15:30	HK	Retail Sales Value YoY	Apr	--	11.4%	
	15:30	HK	Retail Sales Volume YoY	Apr	--	10.0%	
	16:00	EZ	CPI Core YoY	May A	--	0.7%	
	16:00	EZ	CPI Estimate YoY	May	--	1.2%	
	16:00	EZ	Unemployment Rate	Apr	--	8.5%	
	17:00	US	Fed's Bullard Takes Part in MNI Roundtable in Tokyo				
	19:30	US	Continuing Claims	May-19	--	1741k	
	19:30	US	Initial Jobless Claims	May-26	--	234k	
	19:30	US	PCE Core MoM	Apr	0.1%	0.2%	
	19:30	US	PCE Core YoY	Apr	--	1.9%	
	19:30	US	PCE Deflator MoM	Apr	0.2%	0.0%	
	19:30	US	PCE Deflator YoY	Apr	--	2.0%	
	19:30	US	Personal Income	Apr	0.3%	0.3%	
	19:30	US	Personal Spending	Apr	0.4%	0.4%	
	19:30	US	Real Personal Spending	Apr	--	0.4%	
31-May - 01-Jun	N/A	CA	CFIB Business Barometer	May	--	56.6	
	19:30	CA	GDP MoM	Mar	--	0.4%	
	19:30	CA	GDP YoY	Mar	--	3.0%	
	19:30	CA	Quarterly GDP Annualized	1Q	--	1.7%	
	20:45	US	Chicago Purchasing Manager	May	58.1	57.6	
	21:00	US	Pending Home Sales MoM	Apr	1.0%	0.4%	
	21:00	US	Pending Home Sales NSA YoY	Apr	--	-4.4%	
	22:00	US	DOE Cushing OK Crude Inventory	May-25	--	-1123k	
	22:00	US	DOE U.S. Crude Oil Inventories	May-25	--	5778k	
	22:00	US	DOE U.S. Distillate Inventory	May-25	--	-951k	
	22:00	US	DOE U.S. Gasoline Inventories	May-25	--	1883k	
	23:30	US	Fed's Bostic Speaks in Moderated Q&A in Orlando				
<b>Fri/01-Jun-18</b>	05:00	NZ	ANZ Consumer Confidence Index	May	--	120.5	
	05:00	NZ	ANZ Consumer Confidence MoM	May	--	-5.9%	
	05:30	AU	AiG Perf of Mfg Index	May	--	58.3	
	06:00	AU	CBA Australia PMI Mfg	May	--	55.5	
	06:00	KR	CPI Core YoY	May	--	1.4%	
	06:00	KR	CPI MoM	May	--	0.1%	
	06:00	KR	CPI YoY	May	--	1.6%	
	06:00	KR	GDP SA QoQ	1Q F	--	1.1%	
	06:00	KR	GDP YoY	1Q F	--	2.8%	
	06:50	JP	Capital Spending Ex Software	1Q	--	4.7%	
	06:50	JP	Capital Spending YoY	1Q	--	4.3%	
	06:50	JP	Company Profits	1Q	--	0.9%	
	06:50	JP	Company Sales	1Q	--	5.9%	
	07:00	AU	CoreLogic House Px MoM	May	--	-0.3%	
	07:00	KR	Exports YoY	May	--	-1.5%	
	07:00	KR	Imports YoY	May	--	14.5%	
	07:00	KR	Trade Balance	May	--	\$6611m	
	07:30	JP	Nikkei Japan PMI Mfg	May F	--	52.5	
	07:30	KR	Nikkei South Korea PMI Mfg	May	--	48.4	
01-Jun - 07-Jun	N/A	JP	Official Reserve Assets	May	--	\$1256.0b	
	08:45	CN	Caixin China PMI Mfg	May	51.2	51.1	
	14:30	CH	PMI Manufacturing	May	--	63.6	
	14:55	DE	Markit/BME Germany Manufacturing PMI	May F	--	56.8	

	15:00	EZ	Markit Eurozone Manufacturing PMI	May F		--	55.5	
	15:30	GB	Markit UK PMI Manufacturing SA	May		--	53.9	
	19:30	US	Average Hourly Earnings MoM	May		0.3%	0.1%	
	19:30	US	Average Hourly Earnings YoY	May		--	2.6%	
	19:30	US	Average Weekly Hours All Employees	May		34.5	34.5	
	19:30	US	Change in Manufacturing Payrolls	May		20k	24k	
	19:30	US	Change in Nonfarm Payrolls	May		195k	164k	
	19:30	US	Change in Private Payrolls	May		183k	168k	
	19:30	US	Labor Force Participation Rate	May		--	62.8%	
	19:30	CA	MLI Leading Indicator MoM	Apr		--	0.1%	
	19:30	US	Two-Month Payroll Net Revision	May		--	30k	
	19:30	US	Underemployment Rate	May		--	7.8%	
	19:30	US	Unemployment Rate	May		3.9%	3.9%	
	20:30	CA	Markit Canada Manufacturing PMI	May		--	55.5	
	20:45	US	Markit US Manufacturing PMI	May F		--	56.6	
	21:00	US	ISM Employment	May		--	54.2	
	21:00	US	ISM Manufacturing	May		58	57.3	
	21:00	US	ISM New Orders	May		--	61.2	
	21:00	US	ISM Prices Paid	May		--	79.3	
<b>Sat/02-Jun-18</b>	00:00	US	Baker Hughes U.S. Rig Count	Jun-01		--	1059	

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

## ASIAN STOCK INDEX

**Japanese shares** fell to one-month lows on Tuesday, with investors selling cyclical shares as concerns over European politics added to the list of reasons to be cautious about the global economic outlook.

The Nikkei average dropped 0.55 percent to 22,358, the lowest close in over a month and falling below its 100-day moving average, which came in at 22,308. The broader Topix fell 0.48 percent to 1,761, also a one-month low.

A sharp rise in Italian debt yields has added to worries about stability in Europe at a time when the region is losing economic momentum and global growth is under pressure from U.S. trade protectionism.

Economic cyclical shares led the decline, with securities brokerages falling 1.4 percent.

Steel companies and shippers -- the sectors that have been pummeled most by worries about U.S. trade policies -- led the losses, falling 1.3 percent and 0.9 percent, respectively.

"Investors are nervous about U.S. economic policies towards the mid-term elections. In addition, they are also wary that, at a certain point, there will be deleveraging as U.S. interest rates keep rising," said Takaaki Yoshino, head of investment technology development at Nissay Asset Management.

Rising U.S. interest rates are likely to gradually squeeze borrowers. Market players think that is already becoming a reality for weak spots in emerging economies, such as Argentine and Turkey.

In addition, the yen has bounced back to around 109 per dollar from its four-month low of 111.395 touched last week, threatening the outlook for Japanese exporters.

"With most earnings announcements out of the way, the market lacks strong catalysts for buying," said Hiroshi Masushima, market analyst at Monex Securities.

Decliners outnumbered gainers by about 3-1.

Nippon Paper Industries tumbled 8.3 percent after it said on Monday it saw a net loss of 18 billion yen (\$165.11 million) in the current financial year, due to impairment loss as paper demand continued to decline on digitalisation.

Among the Tokyo Stock Exchange's 33 sector indexes, the paper and pulp company sub index was the worst performer, falling 2.3 percent.

Struggling display maker Japan Display fell 8.0 percent on worries about revenue losses after South Korea's Electronic Times reported that Apple Inc had decided to use OLED screens for all new iPhone models for next year.

Tokai Carbon rose 9.2 percent, hitting record highs after it raised annual profit guidance by 47 percent.

The firm, which has benefitted from a rise in the prices of graphite electrodes, one of its main products, was among the best performers since last year. Its shares were the second-most active on the main board on Tuesday.

**South Korea's KOSPI stock index** and the Korean won weakened on Tuesday on profit-taking by foreign and institutional investors. Bond yields fell.

At 06:33 GMT, the KOSPI was down 21.71 points, or 0.88 percent, at 2,457.25. Market heavyweight Samsung Electronics declined 1.9 percent, while Kia Motors fell 2 percent. Shares of LG Display, a major OLED supplier, gained 5.2 percent on reports that Apple Inc has decided to use OLED screens in all three new iPhone models planned for next year.

The won was quoted at 1,076.8 per dollar on the onshore settlement platform, 0.24 percent weaker than its previous close at 1,074.2.

In offshore trading, the won was quoted at 1,076.81 per U.S. dollar, down 0.22 percent from the previous day, while in one-year non-deliverable forwards it was being transacted at 1,060 per dollar.

The KOSPI is up around 0.5 percent so far this year, and down by 1.42 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 561,144,000 shares and, of the total traded issues of 887, the number of advancing shares was 255.

Foreigners were net sellers of 212,079 million won worth of shares.

The Korean 3-month Certificate of Deposit benchmark rate was quoted at 1.65 percent, compared with the previous close of 1.65 percent, while the benchmark 3-year Korean treasury bond yielded 2.191 percent, lower than the previous day's 2.21 percent.

**Hong Kong stocks** ended lower on Tuesday, led by financials, as risk appetite was curbed by market volatility in Europe, where fresh elections in Italy stirred fears of euro zone break-up.

The Hang Seng index ended 1 percent lower at 30,484.58, while the China Enterprises Index closed 1.3 percent lower at 11,959.08 points.

The sub-index of the Hang Seng tracking energy shares dipped 1 percent, while the IT sector slipped 0.72 percent, the financial sector was 1.32 percent lower and property sector lost 0.72 percent.

The top gainer on Hang Seng was Want Want China Holdings Ltd up 4.71 percent, while the biggest loser was Country Garden Holdings Co Ltd, which ended down 2.76 percent.

The yuan was quoted at 6.4186 per U.S. dollar at 0823 GMT, 0.34 percent weaker than the previous close of 6.3969.

As of previous trading session, the Hang Seng index was up 2.92 percent this year, while China's H-share index was up 3.5 percent. As of previous close, the Hang Seng slipped 0.05 percent this month.

The top gainers among H-shares were China Gas Holdings Ltd, which ended up 1.93 percent, followed by Huaneng Power International Inc, which closed 1.71 percent higher and China Shenhua Energy Co Ltd, which ended 1.26 percent higher.

The three biggest H-shares percentage decliners were CSPC Pharmaceutical Group Ltd, which closed down 4.99 percent, Postal Savings Bank of China Co Ltd, which ended 3.3 percent lower and Anhui Conch Cement Co Ltd, which ended 3.1 percent lower.

About 1.71 billion Hang Seng index shares were traded, roughly 104.3 percent of the market's 30-day moving average of 1.64 billion shares a day. The volume traded in the previous trading session was 1.79 billion.

**Shanghai stocks** posted a fifth straight session of losses on Tuesday, as investors became concerned about credit risks amid more bond defaults, while Beijing vowed financial stability ahead of shares being included in MSCI's global benchmark indexes.

The blue-chip CSI300 index fell 0.8 percent to 3,804.01 points, while the Shanghai Composite Index closed down 0.5 percent at 3,120.46 points.

China Energy Reserve & Chemicals Group Co (CERCG) said it failed to repay a \$350 million bond that matured earlier this month due to a "tightening in credit conditions", the latest Chinese company to default amid a crackdown on financial risk.

It is the latest in a wave of corporate debt defaults amid a broad government-led campaign to crack down on risky financing, and follows a reminder from China's securities regulator that exchanges should monitor default risks.

"Before any changes in (Beijing's) policies, credit risks will continue to spread and more companies will face bond insurance failure or bond defaults, which in turn will continue to dampen risk appetite," Xu Biao, chief analyst, TF Securities, wrote in a note.

For the moment, the core concern for China's market is the liquidity problem that could be triggered by credit risks, Xu added.

A senior Chinese securities regulator vowed to maintain financial stability and prevent asset price bubbles as the country accelerates the opening-up of its financial markets to foreign investors.

The inclusion of Chinese stocks in closely tracked MSCI share indexes is widely expected to draw tens of billions of dollars into the mainland market next month, but active fund managers' conservative positions could mean inflows are much smaller.

Most sectors lost ground on Tuesday, led by a slump in pharmaceutical firms, as investors booked profits after a strong run-up in the past months.

[\(SourceReuters,Research:@her1en\)](#)

## ASIA AND GLOBAL MARKET SPOT PRICE 2018

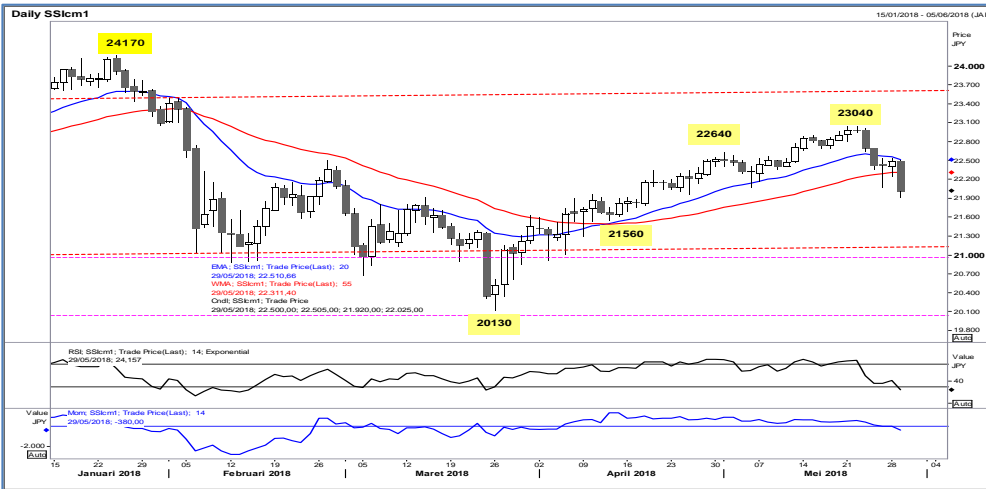
HIGH / LOW	.N225	.KS200	.HSI	.DJI	/.SPX	/.SSEC
<b>RECORD HIGH</b>	38915.87 (29/Dec/89)	339.59 (02/Nov/2017)	33154.12 (26/Jan/2018)	26616.71 (26/Jan/2018)	2872.62 (26/Jan/2018)	6124.04400 (16/Oct./07)
<b>2017 HIGH</b>	23439.15 (13/Nov/2017)	339.59 (02/Nov/2017)	30199.69 (22/Nov/2017)	24876.07 (18/Dec/2017)	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 – 29 May 2018

	CLOSE	CHANGE		CLOSE	CHANGE
.DJI	24361.45	↓ 391.64/1.58%	.N225	22358.43	↓ 122.66/0.55%
/.SPX	2689.86	↓ 31.47/1.15%	.KS200	316.20	↓ 2.79/0.87%
/.IXIC	7396.594	↓ 37.260/0.50%	.HSI	30484.58	↓ 307.68/1.00%
JPY=	108.75	↓ 0.66/0.60%	/.SSEC	3120.47190	↓ 14.61020/0.47%
KRW=	1083.37	↑ 8.96/0.83%	/CLc1 (Oil)	66.87	↓ 1.01/1.49%



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



- RSI 14 is near the oversold zone
  - Daily daily corrections
  - The opening potential occurs gap down
- [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
29 May SSipmM8	22235	22250	21920	330	22025	---	↓ 225	1.01	50504
29 May SSlamM8	22440	22450	22225	225	22250	22250	↓ 240	1.07	46975
28 May SSipmM8	22500	22505	22350	155	22430	---	↓ 60	0.27	10674
28 May SSlamM8	22485	22545	22405	140	22490	22490	↑ 55	0.25	31499
25 May SSipmM8	22410	22480	22260	220	22360	---	↓ 75	0.33	24833
25 May SSlamM8	22325	22515	22300	215	22435	22435	↑ 10	0.04	49953
24 May SSipmM8	22455	22540	22075	465	22310	---	↓ 115	0.51	42988
24 May SSlamM8	22635	22640	22360	280	22425	22425	↓ 275	1.21	55610
23 May SSipmM8	22695	22695	22475	220	22610	---	↓ 90	0.40	32970
23 May SSlamM8	22925	22950	22645	305	22700	22700	↓ 285	1.24	67655

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
22545	21920	23050	21920	22640	20920	24170	20130
(28/May)	(29/May)	(21/May)	(29/May)	(30/Apr)	(02/Apr)	(23/Jan)	(23/Mar)

ANALYSIS & RECOMMENDATION

RESISTANCE	22925	High on 1 Hourly Chart
	22730	High on 1 Hourly Chart
	22475	High on 1 Hourly Chart
	22580	High on 1 Hourly Chart
SUPPORT	22365	Low on 1 Hourly Chart
	22265	Low Apr 27,2018
	22140	Low Apr 26,2018
RECOMMENDATION	21965	Low Apr 25,2018
	BUY	----
	SELL	21900
	STOP LOSS	22100
RECOMMENDATION	TARGET	21700
	TARGET	21600

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



- Daily corrections
- RSI 14 is near the oversold zone  
*(Research – @her1en)*

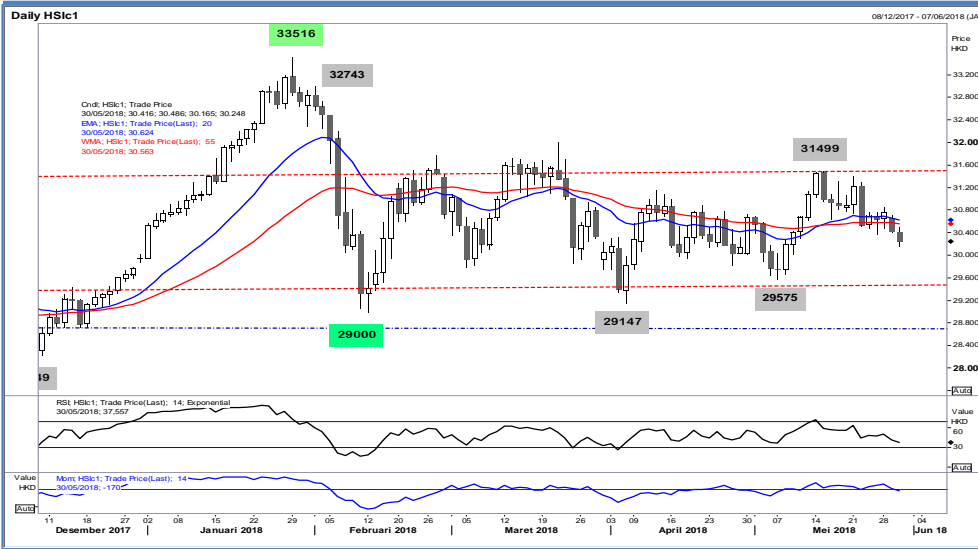
DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
29 May	318.75	319.30	316.05	3.25	316.05	316.05	↓ 3.20	1.00	153806
28 May	319.20	319.80	318.50	1.30	319.25	319.25	↑ 0.80	0.25	119111
25 May	315.95	318.75	315.75	3.00	318.45	318.45	↑ 0.75	0.24	144518
24 May	319.00	319.30	316.55	2.75	317.70	317.70	↓ 0.60	0.19	147441
23 May	316.20	318.75	315.85	2.90	318.30	318.30	↑ 2.05	0.65	146188
22 May	--	H	O	L	I	D	A	Y	--

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
319.80 (28/May)	316.05 (29/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

<b>RESISTANCE</b>	<b>325.50</b>	High Mar 22,2018
	<b>323.45</b>	High Apr 30,2018
	<b>322.80</b>	High May 02,2018
	<b>320.15</b>	High May 04,2018
<b>SUPPORT</b>	<b>318.50</b>	Low May 28,2018
	<b>317.60</b>	Low on 1 Hourly Chart
	<b>315.85</b>	Low May 23,2018
	<b>314.90</b>	Low Apr 24,2018
<b>RECOMMENDATION</b>	<b>BUY</b>	----
	<b>SELL</b>	<b>315.00</b>
	<b>STOP LOSS</b>	<b>317.00</b>
	<b>TARGET</b>	<b>313.00</b>
		<b>312.50</b>

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



- The series goes down on daily
- RSI approach oversold area, be alert of trend change
- The opening potential occurs gap down

[\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
29 May (HSIM8)	30530	30604	30308	296	30312	30312	↓ 343	1.11	106406
28 May (HSIM8)	30634	30750	30409	341	30655	30655	↑ 125	0.41	68906
28 May (HSIK8)	30742	30858	30688	170	30760	30760	↑ 107	0.35	205584
25 May	30673	30734	30494	240	30653	30653	↓ 46	0.15	242836
24 May	30570	30768	30548	220	30699	30699	↑ 154	0.50	210120
23 May	30928	30929	30522	407	30545	30545	↓ 681	2.18	205106
22 May	--	H	O	L	I	D	A	Y	--

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
30858	30308	31470	29644	31151	29343	33516	29070
(28/May)	(29/May)	(14/May)	(04/May)	(12/Apr)	(04/Apr)	(29/Jan)	(09/Feb)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	31363	High on 1 Hourly Chart
	31140	High on 1 Hourly Chart
	30950	High on 1 Hourly Chart
	30865	High on 1 Hourly Chart
<b>SUPPORT</b>	30485	Low May 24,2018
	30296	Low May 10,2018
	30022	Low May 09,2018
	29901	Low May 03,2018
<b>RECOMMENDATION</b>	BUY	----
	SELL	30050
	STOP LOSS	30350
	TARGET	29800
		29700

## CURRENCIES – Daily Outlook

**Dollar, yen gain as investors seek safety from Italy turmoil - Reuters News**

Investors piled into safe-haven bets on Tuesday as political turmoil in Italy sparked fears of another euro crisis, driving up the Japanese yen and pushing the U.S. dollar to a 10-month high against the euro.

A deepening political crisis in Italy, the euro zone's third-biggest economy, provoked selling of Italian assets and the euro that was reminiscent of the euro zone debt crisis of 2010-2012.

The dollar rose on Tuesday to its highest against the euro since July 2017 at 1.1506, after a sell-off in Italy's debt market drove investors to dump the single

currency.

The greenback strengthened across currencies, not just against the euro, in a flight to safety. The risk-off trade also benefited the Japanese currency, with the dollar dropping about 1.2 percent on Tuesday to a five-week low of 108.10 yen.

The euro on Tuesday weakened significantly against the safe-haven Swiss franc and the Japanese yen. The single currency hit a nine-month low of 1.1367 against the franc and a 10-month low of 124.61 yen. The euro recorded its biggest monthly drop in more than three years, down more than 5 basis points.

The dollar index, which measures the greenback against a basket of six major currencies, was up half a percent on the day at a high of 95.025, hitting a 6-1/2 month top.

Italy's president has set the country on a path to fresh elections by appointing a former International Monetary Fund official as interim prime minister, with the task of planning for snap polls and passing the next budget.

Some investors believe the election will deliver an even stronger mandate for anti-establishment, euroskeptic politicians, casting doubt on Italy's future in the euro zone. But many are wary the Italian government would reach the broad-based support in all chambers of government needed to get to the point of constitutional change.

"We are still very skeptical of 'Quitaly,'" said Mark McCormick, North American head of FX strategy at TD Securities in Toronto.

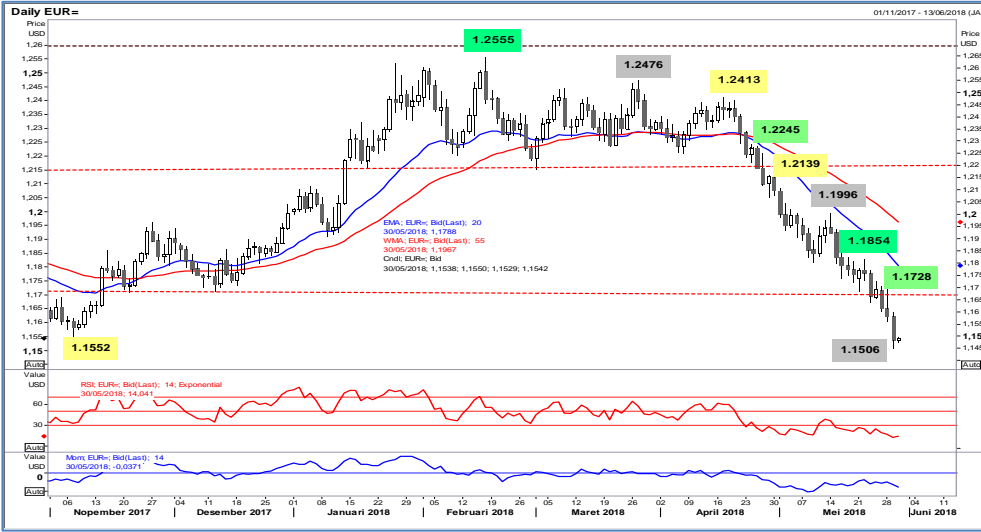
"But markets are looking for a momentum trade – it's selling European rates, it's selling European equities and it's selling the euro. I don't see anything that is going to arrest that anytime soon," he added.

The rush to safe havens also saw investors selling equities in favor of U.S. government bonds, with the yield on the benchmark 10-year note falling to its lowest level since mid-April at 2.84 percent. U.S. stock indexes slumped on Tuesday led by bank stocks, with the S&P 500 last down 0.9 percent from market open, the Dow Jones Industrial Average down 1.3 percent.

*(Source Reuters, Research – @her1en)*

EUR/USD

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



- With the support area at 1.1369
- Important resistance around 1.1854
- Be alert of the RSI area of 14 entering the oversold area [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 29	1.16253	1.16383	1.15089	129,4	1.15337	↓ 93,9	1.16276
May 28	1.17064	1.17272	1.16063	120,9	1.16276	↓ 31,9	1.16595
May 25	1.17209	1.17323	1.16453	87,0	1.16595	↓ 59,7	1.17192
May 24	1.17012	1.17490	1.16896	59,4	1.17192	↑ 24,7	1.16945
May 23	1.17771	1.17884	1.16747	113,7	1.16945	↓ 84,4	1.17789

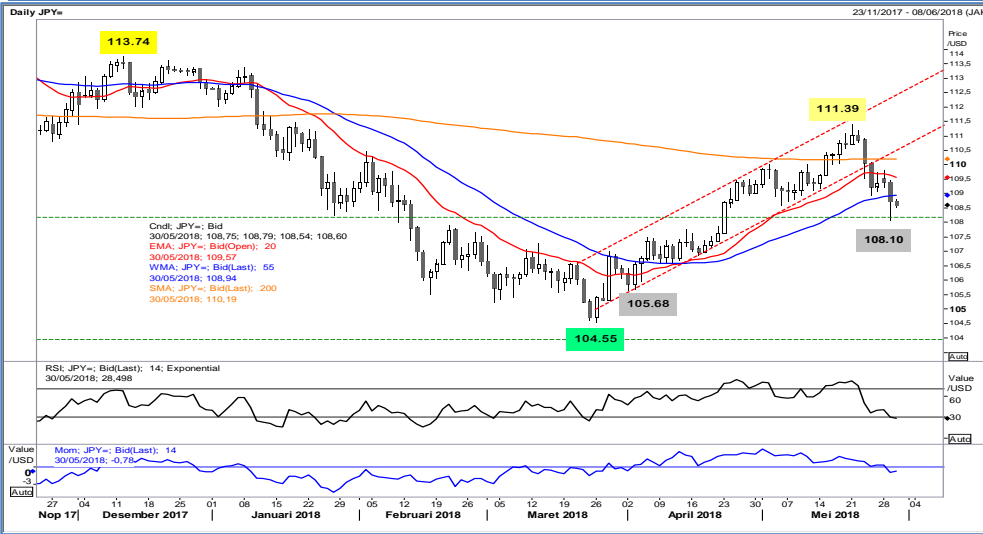
WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.17272 (28/May)	1.15089 (29/May)	1.20829 (01/May)	1.15089 (29/May)	1.24125 (17/Apr)	1.20542 (27/Apr)	1.25542 (16/Feb)	1.15089 (29/May)

ANALYSIS & RECOMMENDATION

RESISTANCE	1.1938	High May 15
	1.1854	High May 16
	1.1750	High May 24
	1.1728	High May 28
SUPPORT	1.1477	Low July 20, 2017
	1.1369	Low July 13, 2017
	1.1290	Low June 28 2017
	1.1176	Low June 27 2017
RECOMMENDATION	BUY	-----
	SELL	1.1565
	STOP LOSS	1.1640
	TARGET	1.1490 1.1455

**USD/JPY**

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



- The main resistance at 111.87, support 106.85
- RSI 14 daily is down [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 29	109.438	109.447	108.101	134,6	108.788	↓ 61,9	109.407
May 28	109.375	109.601	109.221	38,0	109.407	↓ 4,4	109.451
May 25	109.189	109.731	109.112	61,9	109.451	↑ 21,9	109.232
May 24	109.937	110.031	108.942	108,9	109.232	↓ 82,0	110.052
May 23	110.894	110.907	109.545	136,2	110.052	↓ 82,3	110.875

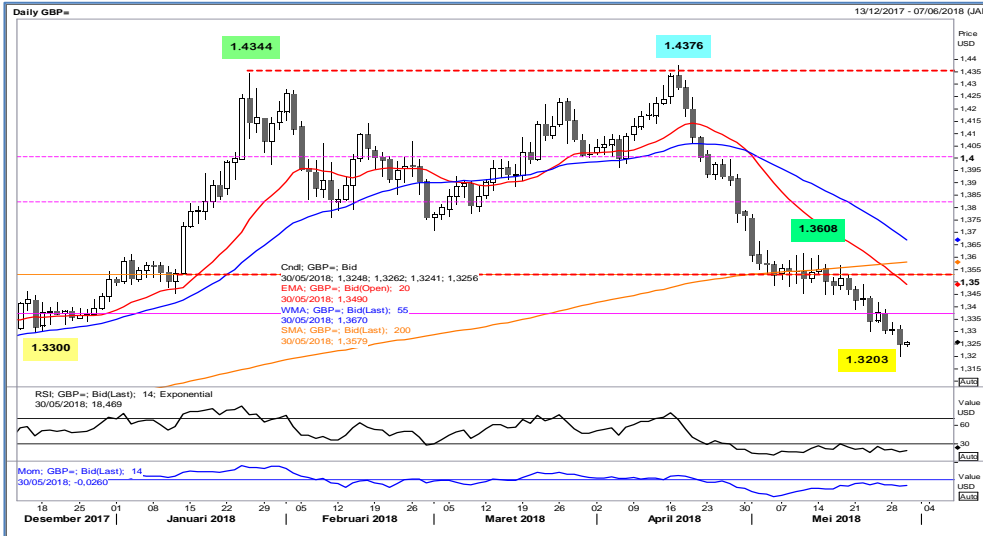
WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
109.601 (28/May)	108.101 (29/May)	111.384 (21/May)	108.101 (29/May)	109.525 (27/Apr)	105.646 (02/Apr)	113.376 (08/Jan)	104.623 (23/Mar)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	112.77	High Jan 10,2018
	111.87	High Jan 11,2018
	110.92	High May 23,2018
	110.10	High May 24,2018
<b>SUPPORT</b>	107.62	Low Apr 23, 2018
	106.85	Low Apr 17, 2018
	105.97	Low Apr 04, 2018
	104.55	Low Mar 26
<b>RECOMMENDATION</b>	BUY	----
	SELL	108.85
	STOP LOSS	109.60
	TARGET	108.10 107.75

**GBP/USD**

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



- The series drop in daily high
  - RSI 14 is in oversold area
  - Be aware of trend changes
- [\(Research -@her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 29	1.33097	1.33238	1.32034	120,4	1.32431	↓ 68,0	1.33111
May 28	1.33188	1.33398	1.32951	44,7	1.33111	↓ 2,4	1.33135
May 25	1.33825	1.33865	1.33040	82,5	1.33135	↓ 62,4	1.33759
May 24	1.33513	1.34203	1.33487	71,6	1.33759	↑ 39,1	1.33368
May 23	1.34318	1.34412	1.33042	137,0	1.33368	↓ 93,6	1.34304

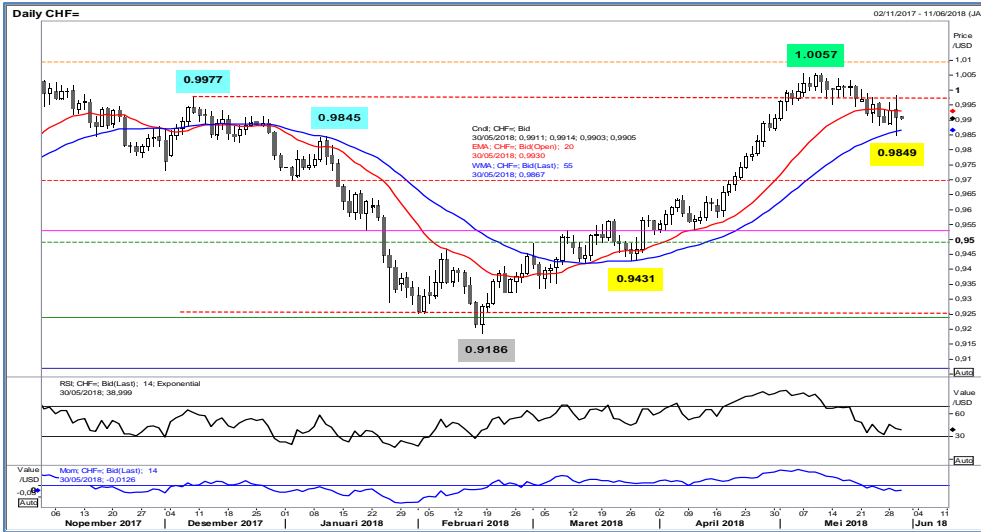
WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.33398	1.32034	1.37717	1.32034	1.43754	1.37113	1.43754	1.32034
(28/May)	(29/May)	(01/May)	(29/May)	(17/Apr)	(30/Apr)	(17/Apr)	(29/May)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	1.3666	High May 02,2018
	1.3595	High May 11,2018
	1.3483	High May 21,2018
	1.3391	High May 25,2018
<b>SUPPORT</b>	1.3203	Low May 29
	1.3133	Low Nov 16, 2017
	1.3060	Reactions Low Nov 13, 2017
	1.2907	Low Sept 05,2017
<b>RECOMMENDATION</b>	BUY	----
	SELL	1.3275
	STOP LOSS	1.3350
	TARGET	1.3200
		1.3165

## USD/CHF

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



- Daily RSI approach oversold area
  - Main resistance 1.0170, support 0.9665
- [\(Research - @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 29	0.99342	0.99821	0.98494	132,7	0.99114	↓ 21,5	0.99329
May 28	0.99142	0.99568	0.99094	47,4	0.99329	↑ 24,0	0.99089
May 25	0.99040	0.99359	0.99018	34,1	0.99089	↑ 7,3	0.99016
May 24	0.99419	0.99469	0.98845	62,4	0.99016	↓ 52,5	0.99541
May 23	0.99247	0.99771	0.98929	84,2	0.99541	↑ 29,1	0.99250

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
0.99821 (29/May)	0.98494 (29/May)	1.00553 (07/May)	0.98494 (29/May)	0.99199 (30/Apr)	0.95258 (02/Apr)	1.00553 (07/May)	0.91863 (16/Feb)

### ANALYSIS & RECOMMENDATION

<b>RESISTANCE</b>	1.0170	High Mar 07,2017
	1.0107	High Apr 10,2017
	1.0056	High May 07,2018
	0.9990	High May 22,2018
<b>SUPPORT</b>	0.9766	Low Apr 24,2018
	0.9665	Low Apr 19,2018
	0.9576	Low Apr 16
	0.9431	Low Mar 26
<b>RECOMMENDATION</b>	BUY	---
	SELL	0.9935
	STOP LOSS	1.0010
	TARGET	0.9860 0.9825



**AUD/USD**

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



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

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 29	0.75450	0.75516	0.74968	54,8	0.75037	↓ 39,2	0.75429
May 28	0.75674	0.75798	0.75419	37,9	0.75429	↓ 2,3	0.75452
May 25	0.75762	0.75890	0.75414	47,6	0.75452	↓ 29,1	0.75743
May 24	0.75638	0.75815	0.75409	40,6	0.75743	↑ 18,2	0.75561
May 23	0.75740	0.75815	0.75215	60,0	0.75561	↓ 18,2	0.75743

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
0.75798	0.74968	0.76041	0.74112	0.78117	0.75241	0.81346	0.74112
(28/May)	(29/May)	(22/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	0.7530
	STOP LOSS	0.7605
	TARGET	0.7455
		0.7420

**NZD/USD**

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



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

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 29	0.69379	0.69481	0.68885	59,6	0.68962	↓ 40,7	0.69369
May 28	0.69455	0.69585	0.69367	21,8	0.69369	↓ 23,1	0.69138
May 25	0.69300	0.69370	0.69045	32,5	0.69138	↓ 3,7	0.69175
May 24	0.69251	0.69363	0.69051	31,2	0.69175	↑ 1,7	0.69158
May 23	0.69368	0.69437	0.68832	60,5	0.69158	↓ 13,2	0.69290

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
0.69585 (28/May)	0.68885 (29/May)	0.70516 (04/May)	0.68500 (16/May)	0.73943 (13/Apr)	0.70321 (30/Apr)	0.74359 (16/Feb)	0.68500 (16/May)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	0.7221	High Apr 23
	0.7121	High Apr 25
	0.7040	High May 01
	0.6974	High May 14
<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	0.6920
	STOP LOSS	0.6995
	TARGET	0.6845 0.6810

**EUR/JPY**

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



- RSI 14 is down
  - Important resistance at 127.27, support at 122.89
- [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 29	127.235	127.261	124.602	265,9	125.419	↓ 180,3	127.222
May 28	128.049	128.518	126.841	167,7	127.222	↓ 40,2	127.624
May 25	127.984	128.510	127.134	137,6	127.624	↓ 39,5	128.019
May 24	128.652	128.857	127.702	115,5	128.019	↓ 69,8	128.717
May 23	130.614	130.633	128.215	241,8	128.717	↓ 189,0	130.607

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
128.518	124.602	132.117	124.602	133.466	129.962	137.486	124.602
(28/May)	(29/May)	(01/May)	(29/May)	(24/Apr)	(02/Apr)	(02/Feb)	(29/May)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	130.66	High May 23,2018
	129.78	High on 1 Hourly Chart
	128.52	High May 25,2018
	127.27	High May 29
<b>SUPPORT</b>	124.72	Low Jun 27,2017
	123.99	Low Jun 23,2017
	122.89	Low Jun 06,2017
	121.86	Low May 02, 2017
<b>RECOMMENDATION</b>	BUY	----
	SELL	125.55
	STOP LOSS	126.30
	TARGET	124.80
		124.45

**USD/CAD**

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



- RSI 14 daily rises
  - Beware of daily corrections
  - Main Resistance 1.3127, Support 1.2445
- [\(Research – @her1en\)](#)

<b>WEEKLY OPEN</b>	<b>CURRENT PRICE</b>
<b>1.2969</b>	<b>1.3012</b>

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.3047 (29/May)	1.2958 (28/May)	1.3047 (29/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>	1.3260	High Jun 27,2017
	1.3197	High Jun 28,2017
	1.3127	High Mar 19,2018
	1.3079	High Mar 21,2018
<b>SUPPORT</b>	1.2871	Low May 25,2018
	1.2807	Low May 23,2018
	1.2745	Low Apr 23,2018
	1.2628	Low Apr 20,2018
<b>RECOMMENDATION</b>	BUY	1.2990
	SELL	----
	STOP LOSS	1.2915
	TARGET	1.3065 – 1.3100

## Precious Metal – *Daily Outlook*

### Gold rises as Italy turmoil rocks financial markets - Reuters News



Gold prices rose on Tuesday, but gains were limited as traders weighed a buoyant dollar against a deepening political crisis in Italy that provoked a second day of heavy selling on European financial markets.

Italy's president set the country on a path to early elections on Monday, appointing a former International Monetary Fund official as interim prime minister with the task of planning for snap polls and passing the next budget.

Investors fear repeat elections - which could take place as soon as August - might serve as a quasi-referendum on

Italy's role in the European Union and euro zone and strengthen the country's euroskeptic parties even further.

Gold, seen as a safe haven, often gains from political turmoil.

But keeping the metal's upside in check, the events in Italy pushed the dollar to a 10-month high versus the euro, making dollar-priced gold costlier for non-U.S. investors.

Spot gold gained 0.18 percent at \$1,300.01 per ounce by 1:36 p.m. EDT (1736 GMT), earlier hitting a five-day low of \$1,293.40, while U.S. gold futures for June delivery settled down \$4.70, or 0.4 percent, at \$1,299 per ounce.

Markets are approaching a massive risk-off event, said Shree Kargutkar, vice president and portfolio manager at Sprott Asset Management.

"Traders have begun buying the U.S. dollar versus the euro, sterling, as well as (emerging market) currencies, which explains why the U.S. dollar has been rising," he said. "Gold has been behaving exceptionally well when measured across various major currencies and it continues to maintain an uptrend against the U.S. dollar as well."

Short-dated Italian bond yields, a gauge of political risk, soared to their highest since late 2013 in their biggest move in 26 years, weighing on gold.

Adding to uncertainty in Europe, Spanish Prime Minister Mariano Rajoy will face a vote of confidence on Friday.

Elsewhere, markets are awaiting U.S. inflation data due this week that could provide clues to future interest rate increases ahead of the June Federal Reserve policy meeting.

Higher U.S. interest rates make non-yielding gold less attractive to investors.

"Beyond politics, we still see the U.S. rate cycle and U.S. dollar in the driving seat for gold. This should keep a lid on prices for now and supports our short-term neutral view," Julius Baer analyst Carsten Menke said in a note.

Spot silver lost 0.5 percent at \$16.38 an ounce, earlier hitting \$16.28, an eight-day low.

Platinum gained 0.4 percent at \$904.90 an ounce and palladium declined 1.1 percent at \$975.75.

*(Source Reuters, Research – @her1en)*

**GOLD (XAU/USD)**



- Important resistance around 1355
  - Important support area around 1249
- [\(Research – @her1en\)](#)

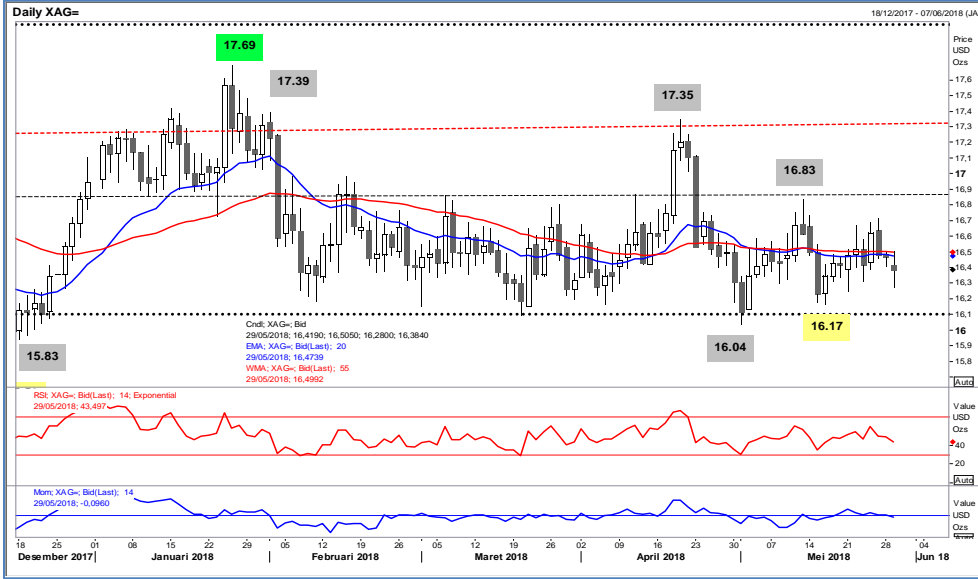
DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS	AM FIX	PM FIX
May 29	1297.560	1306.480	1292.870	13.61	1298.680	↑ 0.73	1297.950	-	-
May 28	1298.340	1300.220	1295.390	4.83	1297.950	↓ 2.66	1300.610	-	-
May 25	1304.190	1307.630	1300.230	7.40	1300.610	↓ 4.21	1304.820	--	--
May 24	1293.970	1306.670	1292.810	13.86	1304.820	↑ 11.38	1293.440	--	--
May 23	1291.150	1298.490	1287.970	10.52	1293.440	↑ 2.07	1291.370	--	--

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1306.480	1292.870	1325.830	1282.150	1364.980	1310.240	1365.910	1282.150
(29/May)	(29/May)	(11/May)	(21/May)	(11/Apr)	(30/Apr)	(25/Jan)	(21/May)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	1365.23	High Apr 11
	1355.74	High Apr 18
	1335.38	High Apr 23
	1314.84	High May 15
<b>SUPPORT</b>	1292.51	Low May 24
	1281.06	Low Dec 27, 2017
	1264.70	Low Dec 22, 2017
	1249.85	Low Dec 14, 2017
<b>RECOMMENDATION</b>	BUY	-----
	SELL	1299.00
	STOP LOSS	1309.00
	TARGET	1289.00 1284.00

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 29	16.459	16.489	16.299	0.19	16.379	↓ 0.07	16.454
May 28	16.461	16.482	16.413	0.07	16.454	↓ 0.03	16.484
May 25	16.648	16.698	16.474	0.22	16.484	↓ 0.17	16.651
May 24	16.446	16.675	16.390	0.29	16.651	↑ 0.22	16.436
May 23	16.525	16.567	16.303	0.26	16.436	↓ 0.09	16.526

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
16.489	16.299	16.815	16.149	17.336	16.169	17.682	16.105
(29/May)	(29/May)	(11/May)	(02/May)	(19/Apr)	(05/Apr)	(25/Jan)	(20/Mar)

ANALYSIS & RECOMMENDATION

RESISTANCE	17.48	High Jan 29
	17.35	High Apr 19
	17.11	High Apr 23
	16.73	High May 14
SUPPORT	16.25	Low May 21
	15.97	Low Dec 19, 2017
	15.74	Low Dec 14, 2017
	15.59	Low Dec 13, 2017
RECOMMENDATION	BUY	-----
	SELL	16.40
	STOP LOSS	16.75
	TARGET	16.05 15.80

## OIL – Daily Outlook

## WTI falls on threat of OPEC boost, funds quit crude - Reuters News



U.S. crude futures fell more than \$1 on Tuesday on worries that Saudi Arabia and Russia will pump more crude to boost supplies after more than a year of reducing worldwide inventories.

U.S. West Texas Intermediate (WTI) crude futures fell \$1.15 to settle at \$66.73 a barrel, a 1.7 percent loss. Brent crude futures settled up 9 cents to \$75.39 a barrel.

Saudi Arabia and Russia have discussed raising OPEC and non-OPEC oil production by 1 million barrels per day (bpd) to counter potential supply shortfalls from Venezuela and Iran.

Ahead of the Organization of the Petroleum Exporting Countries' meeting on June 22, concerns that Saudi Arabia and Russia could increase output have exerted downward pressure on oil prices.

"Market participants remain unsure how quickly an exit strategy can be implemented and whether it will go beyond just balancing the output drop from Venezuela," said Abhishek Kumar, senior energy analyst at Interfax Energy's Global Gas Analytics in London.

Credit Suisse analysts on Tuesday said even if Russia and OPEC producers raise output, they would likely only add an additional 500,000 bpd, which would leave inventories in the most developed countries short of the five-year average by the end of 2018.

Brent has fallen about 6 percent since hitting \$80.50 on May 17, its highest since 2014.

Falling stocks and a stronger U.S. dollar index also weighed on prices. U.S. stock markets sank more than 1 percent, while the dollar gained about 0.7 percent. A stronger dollar makes greenback-denominated commodities more expensive for holders of other currencies.

"There is a risk-off trade today where we have seen people going back into dollar assets and less so in the stock market," said Brian Kessens, portfolio manager and managing director at Tortoise in Leawood, Kansas.

Hedge funds and other money managers reduced their net long position in Brent and WTI by 169 million barrels over the five weeks to May 22, suggesting unease about the rally's strength.

Brent now commands its largest premium over U.S. futures in more than three years, meaning U.S. exports are rapidly becoming far more competitive globally than those from northern Europe, Russia or parts of the Middle East.

The spread between Brent and U.S. crude hit \$9.38 on Monday in thin holiday volumes, widest since March 2015.

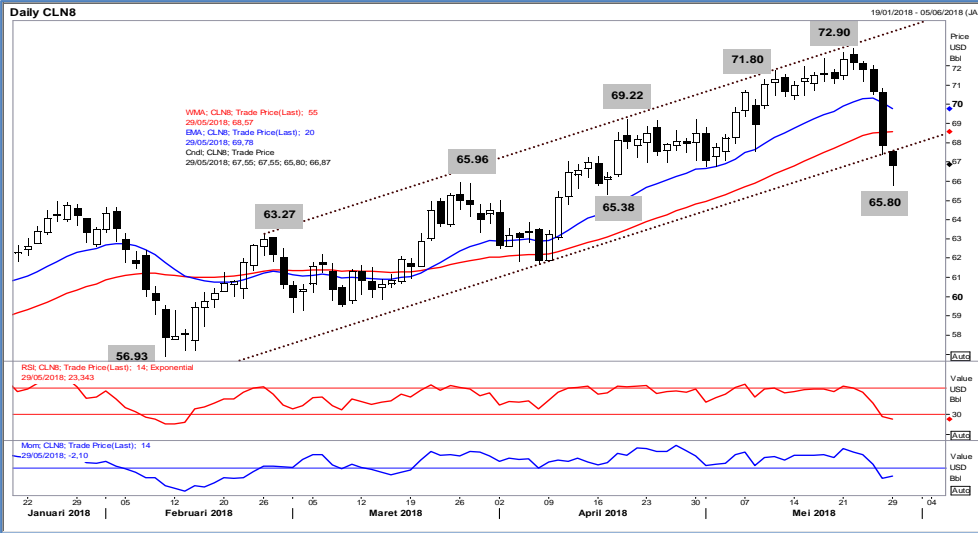
U.S. oil production has surged by more than 20 percent in the past two years to 10.7 million bpd. Record crude oil volumes from the United States are expected to head to Asia in the coming months.

*(Source Reuters, Research – @her1en)*



**CLN8/USD (OIL)**

(Exp.: 20 June 2018 - Reuters)



- Important resistance at 70.80, support at 65.35
- RSI 14 is down  
[\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 29	66.47	67.32	65.91	1.41	66.85	↑ 0.37	66.48
May 28	66.15	67.01	65.99	1.02	66.48	↓ 0.97	67.45
May 25	70.63	70.78	67.41	3.37	67.45	↓ 3.21	70.66
May 24	71.81	71.94	70.53	1.41	70.66	↓ 1.16	71.82
May 23	72.09	72.24	71.18	1.06	71.82	↓ 0.28	72.10

WEEKLY		MAY		APRIL		2018	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
67.32	65.91	72.88	65.91	69.53	61.80	72.88	58.06
(29/May)	(29/May)	(22/May)	(29/May)	(19/Apr)	(06/Apr)	(22/May)	(09/Feb)

**ANALYSIS & RECOMMENDATION**

RESISTANCE	73.56	High Nov 28, 2014
	72.00	High May 24
	70.80	High May 25
	67.55	High May 29
SUPPORT	65.38	Low Apr 17
	62.99	Low Apr 10
	61.73	Low Apr 06
	59.84	Low Mar 14
RECOMMENDATION	BUY	-----
	SELL	67.10
	STOP LOSS	68.30
	TARGET	65.70
		65.20