

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets were roiled by Trump's announcement of an imposition of tariff on imported steel and aluminum** that heightened concerns over the negative implications of trade protectionism and potential retaliation from other countries. Meanwhile, **Fed Chair Powell remarks appeared to be more soothing, commenting that the US economy does not appear to be running hot and that he expects the Fed to maintain its "gradual pace of monetary policy tightening"**.
- **Data bag remained mixed. US consumers remained cautious** with spending even as income and job market outlook remained firm. **Inflation remained subdued** showing little signs of uptick. **On the manufacturing front, latest readings pointed to slower expansion by and large in February** that raised concerns of softer traction ahead. PMIs were softer in the US, EU and UK while the Nikkei showed softer traction in Japan and Malaysia. This overshadowed the increase in US ISM manufacturing to a 3-decade high and the slight uptick in China Caixin PMI.
- **USD reversed early gains to close weaker against 8 G10s**, pressured by concerns that Trump's trade tariff could lead to a trade-war, impacting the broader economy. The DXY slumped near closing, losing 0.32% to 90.32. **We keep a slightly bullish view on USD** as the knee-jerk reaction on trade war concerns eases. As cautioned yesterday, DXY was rejected by 90.55; it may re-test this level today but another failure would increase the chances of an extended slide that targets 89.24 in the coming weeks. Successful break at 90.55 exposes a move to 91.33.
- **MYR extended its losses, falling 0.29% to 3.9285 against a firm USD** but held on to beat 6 G10s that also retreated on rising greenback. **Expect a slightly bearish MYR against USD** as we anticipate risk aversion in the markets to overturn early gains into losses. USDMYR is still within a minor bullish trend thus despite today's early losses, we maintain that the pair will continue to target 3.9278. A break here exposes a move to 3.9400.
- **SGD** was also weighed down by rising concerns of a trade-war, sliding against 7 G10s but **managed to beat a weaker USD by 0.14% to close at 1.3230**. **We stay bearish on SGD against USD**, weighed down by retreating equities. A mild bullish bias and minor bullish trend persist, tilting USDSDG upward. We opine that the pair continues to set sights on 1.3303, but caution that this strong resistance could end the rebound.

Overnight Economic Data

Malaysia	↓
US	→
EU	→
UK	↓
Japan	↓
China	↑
Vietnam	↑

What's Coming Up Next

Major Data

- US Uni Michigan consumer sentiments
- EU PPI
- UK PMI construction
- Hong Kong Nikkei PMI
- Singapore PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2220	1.2245	1.2264	1.2283	1.2300	↘
USDJPY	105.55	106.04	106.27	106.40	106.78	↘
GBPUSD	1.3712	1.3744	1.3772	1.3791	1.3832	↘
AUDUSD	0.7733	0.7744	0.7764	0.7770	0.7789	↘
EURGBP	0.8886	0.8900	0.8906	0.8919	0.8928	↗
USDMYR	3.9047	3.9100	3.9123	3.9136	3.9215	↗
EURMYR	4.7977	4.8000	4.8019	4.8044	4.8119	↗
JPYMYR	3.6765	3.6800	3.6855	3.6881	3.6900	↗
GBPMYR	5.3850	5.3900	5.3911	5.4000	5.4068	↘
SGDMYR	2.9525	2.9580	2.9608	2.9630	2.9651	↘
AUDMYR	3.0350	3.0385	3.0391	3.0400	3.0468	↘
NZDMYR	2.8346	2.8379	2.8429	2.8436	2.8472	↗
USDSDG	1.3200	1.3208	1.3222	1.3239	1.3252	↗
EURSGD	1.6200	1.6212	1.6222	1.6257	1.6272	↘
GBPSGD	1.8185	1.8200	1.8211	1.8224	1.8237	↘
AUDSGD	1.0225	1.0250	1.0267	1.0271	1.0281	↘

*at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1860.9	0.3	3.6	CRB Index	193.9	0.00	0.0
Dow Jones Ind.	24609.0	-1.7	-0.4	WTI oil (\$/bbl)	61.0	-1.05	0.9
S&P 500	2677.7	-1.3	0.2	Brent oil (\$/bbl)	63.8	-1.39	-4.5
FTSE 100	7175.6	-0.8	-6.7	Gold (S/oz)	1316.9	-0.10	1.1
Shanghai	3273.8	0.4	-1.0	CPO (RM/tonne)	2535.5	0.08	6.1
Hang Seng	31044.3	0.6	3.8	Copper (\$/tonne)	6931.0	-1.28	-4.4
STI	3513.9	-0.1	3.3	Rubber (sen/kg)	485.0	0.62	4.9

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY Nikkei PMI	Feb	49.9	50.5	--
US personal income	Jan	0.4%	0.4%	0.3%
US personal spending	Jan	0.2%	0.4%	0.2%
US PCE core YOY	Jan	1.5%	1.5%	1.5%
US initial jobless claims	Feb 24	210k	220k	225k
US Markit PMI manufacturing	Feb F	55.3	55.9	55.9
US ISM manufacturing	Feb	60.8	59.1	58.7
EU PMI manufacturing	Feb F	58.6	58.5	58.5
EU unemployment rate	Jan	8.6%	8.6%	8.6%
UK Nationwide house prices YOY	Feb	2.2%	3.2%	2.6%
UK net consumer credit	Jan	£1.4b	£1.5b	£1.4b
UK mortgage approvals	Jan	67.5k	61.0k	62.0k
UK PMI manufacturing	Feb	55.2	55.3	55.0
JP Nikkei PMI	Feb	54.1	54.8	--
JP consumer confidence	Feb	44.3	44.7	44.8
JP jobless rate	Jan	2.4%	2.8%	2.8%
CH Caixin PMI manufacturing	Feb	51.6	51.5	51.3
VN Nikkei PMI	Feb	53.5	53.4	--

Source: Bloomberg

- US economic data remained a mixed bag. Personal income sustained a 0.4% MOM gain but spending softened to 0.2% MOM in January reaffirming that consumers are cautious with their spending even as income and job market prospects improved. Initial jobless claims unexpectedly fell 10k to 210k in the week ended 24-Feb, its lowest in 48 years adding to signs of a tightening labour market. In addition, PCE core, the Fed preferred inflation gauge, held steady for the 3rd straight month at 1.5% YOY in January, reinforcing absence of upside pressure in inflation.
- On the manufacturing front, latest readings pointed to slower expansion by and large in February that raised concerns of softer traction ahead. US PMI and ISM manufacturing diverged again, with the PMI manufacturing showing a pullback to 55.3 while the official ISM index pushed ahead to a 3-decade high at 60.8, driven by a jump in employment and new export orders which more than offset the decline in production and new orders.
- In the Eurozone, PMI manufacturing reported a final print of 58.6 for February, up from the preliminary reading of 58.5 but still lower than January's 59.6. In the UK, PMI manufacturing also softened, albeit less than expected to 55.2 in February (Jan: 55.3), representing its lowest reading since Jun-17, adding to signs of softening momentum in global manufacturing activities.
- Other data from the UK was mixed. The rate of increase in Nationwide house prices decelerated more than expected to 2.2% YOY in February (Jan: +3.2%), adding to signs of a soft housing market outlook. This contrasted with the faster than expected pick-up in mortgage approvals, that rose to a 6-month high of 67.5k in January. Consumer credit increased at a slower rate of £1.4bn in January, as demand for unsecured loans slowed.
- China Caixin PMI manufacturing unexpectedly improved 0.1ppt to a 6-month high of 51.6 in February, contrasted with the 1.0ppt pullback in the official print as a rise in new orders offset decline in output.
- Nikkei PMIs were mixed. In Malaysia, Nikkei PMI dropped below the 50 threshold again to 49.9 in February suggesting contraction in manufacturing activities dragged by a fall in new orders. The same gauge from Japan also retreated from 54.8 to 54.1 in February, as a result of lower output and new orders. On the contrary, Nikkei PMI showed activities in Vietnam picked up marginally to 53.5 in February, marking its best level since Apr-17 thanks to higher output that offset softer new orders.
- In Japan, consumer turned slightly less confident in February, with the index sliding to a 5-month low at 44.3 as consumers become less upbeat on overall livelihood and employment, translating into lesser willingness to buy durable goods. Jobless rate meanwhile surprised on the upside, improving to 2.4% in January, from 2.8% in December.

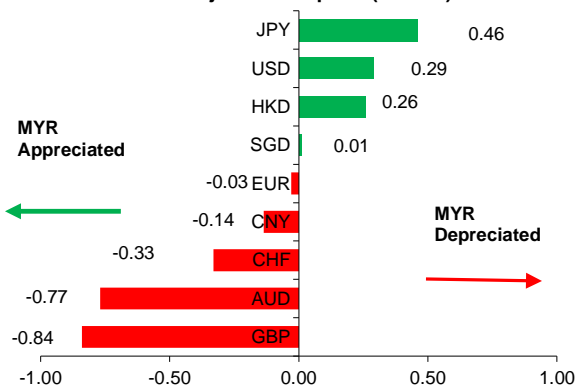
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	5/3	Exports	Jan	--	4.7%	--
US	2/3	Uni Michigan consumer sentiments	Feb F	99.5	99.9	--
	5/3	PMI services	Feb F	--	55.9	--
		ISM services	Feb	58.7	59.9	--
Eurozone	2/3	PPI YOY	Jan	1.6%	2.2%	--
	5/3	PMI services	Feb F	--	56.7	--
		Sentix investor confidence	Mar	--	31.9	--
		Retail sales MOM	Jan	--	-1.1%	--
UK	2/3	PMI construction	Feb	50.5	50.2	--
	5/3	PMI services	Feb	53.2	53.0	--
Japan	5/3	Nikkei PMI services	Feb	--	51.9	--
China	5/3	Caixin PMI services	Feb	54.3	54.7	--
Hong Kong	2/3	Nikkei PMI	Feb	--	51.1	--
Singapore	2/3	PMI	Feb	53.1	53.1	--
	5/3	Nikkei PMI	Feb	--	53.6	--
Australia	5/3	AIG services	Feb	--	54.9	--
		Building approvals MOM	Jan	3.0%	-20.0%	--
New Zealand	2/3	Building permits MOM	Jan	--	-9.6%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2267	0.60	1.2273	1.2155	2.2
USDJPY	106.24	-0.41	107.2	106.16	-5.7
GBPUSD	1.3776	0.12	1.3785	1.3712	1.9
AUDUSD	0.7756	-0.08	0.777	0.7713	-0.6
EURGBP	0.8905	0.49	0.8909	0.8837	0.3
USDMYR	3.9285	0.29	3.9313	3.9150	-2.9
EURMYR	4.7853	-0.03	4.7977	4.7751	-0.6
JPYMYR	3.6755	0.46	3.6862	3.6726	2.9
GBPMYR	5.4031	-0.84	5.4114	5.3869	-1.0
SGDMYR	2.9609	0.01	2.9678	2.9555	-1.9
AUDMYR	3.0374	-0.77	3.0468	3.0318	-3.6
NZDMYR	2.8331	-0.12	2.8346	2.8212	-1.0

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR extended its losses, falling 0.29% to 3.9285 against a firm USD** but held on to beat 6 G10s that also retreated on rising greenback.
- **Expect a slightly bearish MYR against USD** as we anticipate risk aversion in the markets to overturn early gains into losses. USDMYR is still within a minor bullish trend thus despite today's early losses, we maintain that the pair will continue to target 3.9278. A break here exposes a move to 3.9400.

USD

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- **We keep a slightly bullish view on USD** as the knee-jerk reaction on trade war concerns eases. As cautioned yesterday, DXY was rejected by 90.55; it may re-test this level today but another failure would increase the chances of an extended slide that targets 89.24 in the coming weeks. Successful break at 90.55 exposes a move to 91.33.

EUR

- **EUR jumped 0.6% to 1.2267 against a tumbling USD** and advanced against 8 G10s.
- **Stay bearish on EUR against USD** as we anticipate a modest retracement from yesterday's rebound. Bearish bias still prevails, thus EURUSD remains tilted to the downsides. We expect EURUSD to attempt another downside break at 1.2200, but caution that a close above 1.2263 today will likely be the onset of an extended climb to 1.2412 in the coming weeks.

GBP

- **GBP remains weighed down by Brexit concerns, falling against 7 G10s but climbed 0.12% to 1.3776 against a weak USD.**
- **Continue to expect a bearish GBP against USD**, pressured by lack of positive Brexit developments. Bearish bias has increased, further pressuring GBPUSD going forward. A close below 1.3740 will accelerate the bears, sparking a potential drop to 1.3571 in the coming weeks.

JPY

- **JPY** was supported by the rise in refuge demand to **strengthen 0.41% to 106.24 against USD** but ended lower against 5 G10s.
- **Stay slightly bullish on JPY against USD** as rising risk-off sentiment in the markets continues to support refuge demand. USDJPY remains inclined to the downsides, with scope to test 105.55 in the next leg lower.

AUD

- **AUD** tumbled against all G10s and **slipped 0.08% to 0.7756 against USD** as risk-off sentiment intensified across markets.
- **Continue to expect a bearish AUD against USD**, weighed down by extended weakness in equities and commodities. Further losses in AUDUSD is expected going forward. Caution that a close below 0.7744 would likely ignite a drop to 0.7652 next.

SGD

- **SGD** was also weighed down by rising concerns of a trade-war, sliding against 7 G10s but **managed to beat weaker USD by 0.14% to close at 1.3230.**
- **We stay bearish on SGD against USD**, weighed down by retreating equities. A mild bullish bias and minor bullish trend persist, tilting USDSGD upward. We opine that the pair continues to set sights on 1.3303, but caution that this strong resistance could end the rebound.

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