

Global Markets Research

Daily Market Highlights

Key Takeaways

- We have a barrage of manufacturing readings overnight and the general indication is that **manufacturing activities are expanding at a slower pace globally, signaling softer growth momentum in 1Q18. Both ISM and PMI manufacturing in the US registered softer readings in March** although overall production remained well supported and prices paid for raw materials surged amid concerns over higher tariff.
- **In the Asia space, China Caixin PMI unexpectedly retreated to a reading of 51.0 in March (Feb: 51.6), its lowest in four months**, and contradicted the official PMI figure released over the weekend which showed faster expansion in the manufacturing sector. Surveys by Nikkei also showed **manufacturing activities weakened in Japan, Vietnam and Malaysia**. This contrasted with **pick-ups seen in Singapore and Australia**, where the AiG manufacturing index soared to a record high thanks to higher new orders.
- **USD climbed against 8 G10s** while the DXY advanced in US session to close 0.09% higher at 90.05 amid renewed buying interest as US markets reopened. **Keep a slight bullish view on USD** amid likelihood of extended sell-off in equities, supporting refuge demand. DXY remains tilted to the upside but unless it manages to break above 90.19 going forward, upside bias will likely wane and set a course lower to circa 89.40.
- **MYR ended 0.04% stronger at 3.8620 against USD** after narrowing most early gains but managed to beat 8 G10s. **We stay slightly bearish on MYR against USD** as buying interest is likely to decline further amid prevailing risk aversion in the markets. We suspect that USDMYR downside bias is abating amid price-momentum divergence. USDMYR will be tilted to the upside if it closes above 3.8647 today and likely to target 3.8867 going forward.
- **SGD beat 8 G10s**, supported by refuge demand but **eased 0.07% to 1.3124 against USD. Stay bearish on SGD against USD** on the back of rising risk-off in the markets amid extended weakness in US equities. USDSGD is tilted towards the upside. We continue to expect a test at 1.3151 next and breaking this level exposes a move to 1.3178 next.

Overnight Economic Data

Malaysia	↓
US	↓
Japan	→
China	↓
Australia	↑
Singapore	↑
Vietnam	↓

What's Coming Up Next

Major Data

- Eurozone Markit Eurozone Manufacturing PMI
- UK Markit UK PMI Manufacturing
- Hong Kong retail sales

Major Events

- RBA Cash Rate Target

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2258	1.2286	1.2301	1.2315	1.2333	↘
USDJPY	105.37	105.54	105.78	105.90	106.12	↘
GBPUSD	1.4012	1.4028	1.4052	1.4070	1.4100	↘
AUDUSD	0.7643	0.7650	0.7663	0.7670	0.7696	↘
EURGBP	0.8732	0.8738	0.8754	0.8760	0.8770	↘
USDMYR	3.8600	3.8645	3.8690	3.8700	3.8766	↗
EURMYR	4.7500	4.7550	4.7597	4.7645	4.7685	↘
JPYMYR	3.6419	3.6489	3.6578	3.6624	3.6680	↗
GBPMYR	5.4226	5.4313	5.4368	5.4426	5.4500	↘
SGDMYR	2.9437	2.9464	2.9488	2.9500	2.9511	↘
AUDMYR	2.9612	2.9650	2.9670	2.9700	2.9750	↘
NZDMYR	2.7804	2.7864	2.7898	2.7950	2.7980	↘
USDSGD	1.3107	1.3116	1.3123	1.3136	1.3146	↗
EURSGD	1.6118	1.6137	1.6141	1.6139	1.6150	↘
GBPSGD	1.8407	1.8426	1.8438	1.8454	1.8476	↘
AUDSGD	1.0032	1.0040	1.0057	1.0075	1.0100	↘

* 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	1858.35	-0.3	3.4	CRB Index	193.38	-1.02	-0.3
Dow Jones Ind.	23644.19	-1.9	-4.3	WTI oil (\$/bbl)	63.01	-2.97	4.3
S&P 500	2581.88	-2.2	-3.4	Brent oil (\$/bbl)	67.64	-3.74	1.2
FTSE 100	7056.61	0.2	-8.2	Gold (S/oz)	1341.29	1.19	3.0
Shanghai	3163.18	-0.2	-4.4	CPO (RM/tonne)	2393.50	-0.48	0.2
Hang Seng	30093.38	0.2	0.6	Copper (\$/tonne)	6714.00	0.74	-7.4
STI	3430.76	0.1	0.8	Rubber (sen/kg)	432.00	0.58	-6.6

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA Nikkei Malaysia PMI	Mar	49.5	49.9	--
US ISM Manufacturing	Mar	59.3	60.8	60.0
US Markit Manufacturing PMI	Mar F	55.6	55.7	55.7
US Construction Spending	Feb	0.1%	0.0%	0.4%
JP Nikkei Japan PMI Mfg	Mar F	53.1	53.2	--
CN Caixin China PMI Mfg	Mar	51.0	51.6	51.7
SG Purchasing Managers Index	Mar	53.0	52.7	52.8
AU AiG of Mfg Index	Mar	63.1	57.5	--
VN Nikkei Vietnam PMI Mfg	Mar	51.6	53.5	--

Source: Bloomberg

➤ Macroeconomics

- The headline ISM manufacturing PMI cooled to 59.3 in March (Feb: 60.8) dragged down by a broad base decline in key subcomponents, signifying a potentially softer first quarter. Overall operating conditions remain robust supported by decent productions but prices paid for raw materials surged substantially due to concern on the newly imposed tariffs. In a separate release, Markit PMI dropped slightly to 55.6 in the same month (Feb: 55.7) which is in line with pullback in the official reading. Meanwhile, construction spending in the US rose 0.1% MOM (Feb: +0.0%) as non-residential activity rebounded.
- China Caixin PMI came in below expectations to register a reading of 51.0 in March (Feb: 51.6), its lowest in four months. Contrary to the official PMI figure released over the weekend which shows that the manufacturing sector was expanding at a faster rate, latest Caixin PMI indicates only a marginal improvement of overall operational condition, reflecting a mixed picture of the country's manufacturing sector. Sustained growth in new orders continue to drive the sector albeit at a slower pace while a relatively weak foreign demand led to softer growth in export orders. Employment declined as well as some companies embarked on cost cutting route.
- Similarly expansion in manufacturing sector eased as well in neighbouring Japan. The headline Nikkei Japan Manufacturing PMI fell to 53.1 in March (Feb: 54.1) amidst sustained growth in new orders and output while higher capacity pressure led firms to recruit additional staff to clear outstanding backlogs. PMI ties to the lower than expected February industrial production growth of 4.1% MOM which points to slower expansion in the sector. However business sentiments remain positive as the Tankan outlook index came only slightly lower at 24 in the first quarter of 2018 against the revised 26 in 4Q2017.
- Operating conditions in Malaysia's manufacturing sector contracted for the second consecutive month after a brief expansion in January. The Nikkei Malaysia PMI fell to 49.5 in March (Feb: 49.9), a marginal deterioration and in line with its long run average of 49.4. Manufacturing production fell for the first time in eight months albeit marginally as demand weakened. Given the softer IPI reading in January which demonstrated slower growth in export oriented sectors, we expect continuous moderation in the manufacturing sector.
- Singapore PMI rose to 53.0 in March (Feb: 52.7) on the back of stronger new orders and exports following slower reading in February when Chinese New Year was celebrated in the month. The manufacturing sector in Vietnam continues to expand but at a slower pace in March as PMI eased to 51.6 (Feb: 53.5). Australia's PMI on the other hand surged to an all-time high at 63.1 (Feb: 57.5) due to soaring new orders.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	4/4	MBA Mortgage Application	Mar 30	--	4.8%	--
		ADP Employment Change	Mar	205k	235k	--
		Markit US Services PMI	Mar F	54.3	54.1	--
		ISM Non-Manufacturing	Mar	59.0	59.5	--
		Factory Orders	Feb	1.7%	-1.4%	--
		Durable Goods Orders	Feb F	--	3.1%	--
Eurozone	3/4	Markit Eurozone Manufacturing PMI	Mar F	56.6	56.6	--
	4/4	Unemployment Rate	Feb	8.5%	8.6%	--
		CPI Estimate YOY	Mar	1.4%	1.2%	--
UK	3/4	Markit UK PMI Manufacturing	Mar	54.7	55.2	--
	4/4	Markit/CIPS UK Construction PMI	Mar	51.0	51.4	--
Japan	4/4	Nikkei Japan PMI Services	Mar	--	51.7	--
China	4/4	Caixin China PMI Services	Mar	54.5	54.2	--
Hong Kong	3/4	Retail Sales YOY	Feb	--	4.1%	--
Singapore	4/4	Nikkei Singapore PMI	Mar	--	55.3	--
Australia	3/4	RBA Cash Rate Target	Apr 3	1.50%	1.50%	--
	4/4	Building Approvals MOM	Feb	-5.0	17.1%	--
		Retail Sales MOM	Feb	0.3%	0.1%	--
New Zealand	4/4	ANZ Consumer Confidence Index	Mar	--	127.7	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2302	-0.18	1.2345	1.2282	2.4
USDJPY	105.89	-0.37	106.45	105.66	-6.1
GBPUSD	1.4044	0.21	1.4078	1.4019	4.0
AUDUSD	0.7663	-0.21	0.7695	0.7650	-1.9
EURGBP	0.8759	-0.36	0.8786	0.8752	-1.4
USDMYR	3.8620	-0.04	3.8645	3.8533	-4.5
EURMYR	4.7625	0.00	4.7645	4.7470	-1.9
JPYMYR	3.6342	-0.13	3.6350	3.6249	-1.7
GBPMYR	5.4337	0.07	5.4344	5.4115	-0.6
SGDMYR	2.9490	-0.03	2.9497	2.9423	-2.8
AUDMYR	2.9674	-0.27	2.9700	2.9612	-6.3
NZDMYR	2.7947	-0.20	2.7951	2.7860	-3.2

Source: Bloomberg

Forex
MYR

- **MYR ended 0.04% stronger at 3.8620 against USD** after narrowing most early gains but managed to beat 8 G10s.
- **We stay slightly bearish on MYR against USD** as buying interest is likely to decline further amid prevailing risk aversion in the markets. We suspect that USDMYR downside bias is abating amid price-momentum divergence. USDMYR will be tilted to the upside if it closes above 3.8647 today and likely to target 3.8867 going forward.

USD

- **USD climbed against 8 G10s** while the DXY advanced in US session to close 0.09% higher at 90.05 amid renewed buying interest as US markets reopened.
- **Keep a slight bullish view on USD** amid likelihood of extended sell-off in equities, supporting refuge demand. DXY remains tilted to the upside but unless it manages to break above 90.19 going forward, upside bias will likely wane and set a course lower to circa 89.40.

EUR

- **EUR fell 0.18% 1.2302 against a rebounding USD** and slipped against 5 G10s on the back of softer risk appetite in the markets.
- **EUR remains slightly bearish against USD** in our view amid rising risk aversion in the markets. EURUSD remains in a minor bearish trend that will only be ended by a close above 1.2308 today, or above 1.2300 tomorrow. We continue to set sights on a decline to circa 1.2242, which if broken would trigger further losses to 1.2100.

GBP

- **GBP** was supported by refuge demand in European markets to advance against 8 G10s and **climbed 0.21% to 1.4044 against USD**.
- **Expect a bearish GBP against USD** on technical reasons. Minor bearish trend suggests a close below 1.4015 soon and GBPUSD is thus unlikely to advance further. However, caution that this bearish trend will be allayed by a close above 1.4077 today, otherwise, expect losses going forward.

JPY

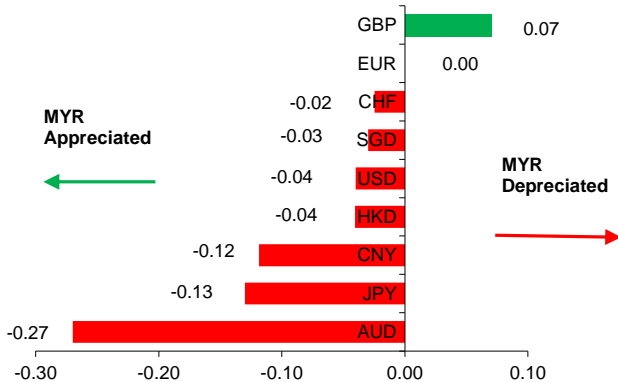
- **JPY** strengthened against all G10s and **advanced 0.37% to 105.89 against USD**, supported by renewed refuge demand in the markets.
- **We turn bullish on JPY against USD** on renewed risk aversion in the markets amid sell-off in US equities. USDJPY losing 106 overnight is likely to spark further declines; we set sights on a potential test at 105 going forward.

AUD

- **AUD** remains weighed down by weakness in equities, falling against 6 G10s and **sliding 0.21% to 0.7663 against USD**.
- **We are bearish on AUD against USD** in anticipation of extended risk aversion in the markets, more so ahead of RBA policy decision. AUDUSD is still deep in bearish territory and inclined to downsides. A minor bearish trend prevails and we set sights on a potential test at 0.7617 next.

SGD

- **SGD** beat 8 G10s, supported by refuge demand but **eased 0.07% to 1.3124 against USD**.
- **Stay bearish on SGD against USD** on the back of rising risk-off in the markets amid extended weakness in US equities. USDSGD is tilted towards the upside. We continue to expect a test at 1.3151 next and breaking this level exposes a move to 1.3178 next.

MYR vs Major Counterparts (% DOD)


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