

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **The US has released the list of Chinese goods** amounting to about US\$50bn it intends to impose a 25% tariff on, and will be open for public comments in the next 60 days before it gets gazetted and implemented. The US targets largely on high technology goods spanning from the auto, aviation, consumer electronics, household appliances, and healthcare sectors, among others, which are all critical to China's vision of Made in China 2025, a plan to dominate key strategic technologies, and those it deemed have minimal impact on US consumers and its economy. There seems to be no turning back as China pledges to retaliate and has indeed released its list on Monday. **As mentioned before, the direct impact on Malaysia is not significant but we need to be mindful of indirect impact from slower world trade and world growth, as well as longer term implication on free trade, not forgetting impact on the financial markets in the near term.**
- **RBA kept interest rates and policy guidance unchanged as expected, reaffirming our view that RBA will stay pat this year.** On data releases, the final print of **Eurozone PMI manufacturing confirmed a slowdown in growth** in March as production and new orders eased but a similar reading in the **UK surprisingly ticked higher**, boosted by production. Retail sales from Hong Kong and New Zealand consumer confidence were also positive.
- **USD ended mixed against the G10s** as risk appetite returned, dampening refuge demand of the greenback but the DXY climbed 0.16% to 90.20, supported by declines in major components EUR, JPY and CHF. **Stay bullish on USD** on bullish potential from US macro flow. DXY upside bias remains under threat of rejection at 90.23. Beating this exposes a move to 90.58 next, otherwise, expect a decline to 89.47 going forward.
- **MYR ended 0.1% softer at 3.8658 against USD** and fell against 8 G10s on the back of risk-off sentiment in the regional markets. **We stay slightly bearish on MYR against a rebounding USD** though losses are likely modest amid return of buying interest on cue from overnight US equities rebound. We maintain that USDMYR downside bias is abating on prevailing price-momentum divergence. USDMYR is likely targeting 3.8867 going forward.
- **SGD was also lifted by rebound in US equities to beat 5 G10s and inched 0.06% firmer to 1.3116 against USD.** Stay bearish on SGD against USD in anticipation of extended rebound in the greenback. 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

Eurozone	↓
UK	↑
Hong Kong	↑
New Zealand	↑

#### What's Coming Up Next

##### Major Data

- US MBA mortgage application, ADP employment change, Markit Service PMI, ISM non-manufacturing, factory orders, durable goods orders
- Eurozone unemployment rate, CPI estimate
- UK Markit/CIPS Construction PMI
- Japan Nikkei PMI Services
- China Caixin PMI Services
- Singapore Nikkei PMI
- Australia building approvals, retail sales

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2231	1.2260	1.2275	1.2278	1.2300	↘
USDJPY	106.00	106.13	106.45	106.67	106.75	↗
GBPUSD	1.4021	1.4050	1.4066	1.4081	1.4100	↘
AUDUSD	0.7667	0.7679	0.7682	0.7695	0.7700	↘
EURGBP	0.8705	0.8717	0.8726	0.8730	0.8740	↘
USDMYR	3.8608	3.8630	3.8655	3.8690	3.8732	↗
EURMYR	4.7385	4.7400	4.7448	4.7484	4.7500	↘
JPYMYR	3.6220	3.6250	3.6280	3.6300	3.6350	↘
GBPMYR	5.4286	5.4344	5.4362	5.4426	5.4466	↘
SGDMYR	2.9450	2.9466	2.9481	2.9488	2.9500	↘
AUDMYR	2.9650	2.9680	2.9704	2.9718	2.9767	↘
NZDMYR	2.8000	2.8039	2.8061	2.8080	2.8128	↗
USDSGD	1.3100	1.3105	1.3111	1.3135	1.3147	↗
EURSGD	1.6070	1.6084	1.6094	1.6104	1.6136	↘
GBPSGD	1.8400	1.8420	1.8442	1.8456	1.8483	↘
AUDSGD	1.0050	1.0068	1.0076	1.0094	1.0104	↘

\* 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	1850.78	-0.4	3.0	CRB Index	193.21	-0.09	-0.3
Dow Jones Ind.	24033.36	1.6	-2.8	WTI oil (\$/bbl)	63.51	0.79	5.1
S&P 500	2614.45	1.3	-2.2	Brent oil (\$/bbl)	68.12	0.71	1.9
FTSE 100	7030.46	-0.4	-8.6	Gold (\$/oz)	1332.74	-0.64	2.3
Shanghai	3136.63	-0.8	-5.2	CPO (RM/tonne)	2434.50	1.71	1.9
Hang Seng	30180.10	0.3	0.9	Copper (\$/tonne)	6796.00	1.22	-6.2
STI	3412.15	-0.5	0.3	Rubber (sen/kg)	431.50	1.05	-6.7

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
EU Markit Manufacturing PMI	Mar F	56.6	56.6	58.6
UK Markit PMI Manufacturing	Mar	55.1	55.0	54.7
HK Retail Sales YOY	Feb	29.8%	4.2%	7.5%
AU RBA Cash Rate Target	Apr 3	1.50%	1.50%	1.50%
NZ ANZ Consumer Confidence Index	Mar	128.0	127.7	--

Source: Bloomberg

**➤ Macroeconomics**

- The Reserve Bank of Australia kept its benchmark interest rate unchanged at 1.5% as widely expected. Policy guidance was also unchanged, reaffirming our view for RBA to keep its cash target rate unchanged this year. The RBA maintained its assessment of the economy and expected faster growth in 2018. The labour market is strengthening with higher participation whereas unemployment rate has been declining and stabilizing. Wage growth however remains slow but is expected to increase over time. Inflation on the other hand remains low, hovering below its 2.0% target and is likely to remain so for a period of time. Inflation is expected to pick up when the economy strengthens with the central CPI forecast at slightly above 2%. The RBA noted that housing markets in Sydney and Melbourne have cooled thanks to tighter credit standards but remain wary of rising household debt levels.
- The final reading of the Eurozone Markit Manufacturing PMI was confirmed to be 56.6 in March, unchanged from the preliminary report (Feb: 58.6). The latest print demonstrated a slowdown in the manufacturing sector as production and new business eased. Capacity constraint is observed as well with shortage of raw materials and delay in supply widely reported. Manufacturing sector in the UK expanded as well. PMI ticked up slightly to 55.1 in March (Feb: 55.0) as output growth picked up but upturns in new orders slowed.
- Retail sales in Hong Kong soared by a whopping 29.8% in February (Jan: +4.2% revised) as the celebration of the Lunar New Year led to a surge in spending in apparels, jewellery, watches, food, alcohol and tobacco.
- Consumer confidence in New Zealand rose for the third month. The ANZ consumer confidence index registered a reading of 128.0 in March (Feb: 127.7).

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	5/4	Export YOY	Feb	8.0%	17.9%	--
		Foreign Reserves	Mar 30	--	\$103.9b	--
US	4/4	MBA Mortgage Application	Mar 30	--	4.8%	--
		ADP Employment Change	Mar	210k	235k	--
		Markit US Services PMI	Mar F	54.2	54.1	--
		ISM Non-Manufacturing	Mar	59.0	59.5	--
		Factory Orders	Feb	1.7%	-1.4%	--
		Durable Goods Orders	Feb F	--	3.1%	--
	5/4	Initial Jobless Claims	Mar 31	225k	215k	--
		Trade Balance	Feb	-\$56.8b	-\$56.6b	--
Eurozone	4/4	Unemployment Rate	Feb	8.5%	8.6%	--
		CPI Estimate YOY	Mar	1.4%	1.2%	--
	5/4	Markit Eurozone Service PMI	Mar F	55.0	55.0	--
		PPI YOY	Feb	1.5%	1.5%	--
		Retail Sales MOM	Feb	0.6%	-0.1%	--
UK	4/4	Markit/CIPS UK Construction PMI	Mar	51.0	51.4	--
	5/4	Markit/CIPS UK Services PMI	Mar	54.0	54.5	--
Japan	4/4	Nikkei Japan PMI Services	Mar	--	51.7	--
China	4/4	Caixin China PMI Services	Mar	54.5	54.2	--
Singapore	4/4	Nikkei Singapore PMI	Mar	--	55.3	--
Australia	4/4	Building Approvals MOM	Feb	-5.0%	17.1%	--
		Retail Sales MOM	Feb	0.3%	0.1%	--
	5/4	AiG Perf of Service Index	Mar	--	54.0	--
		CBA Australia PMI Service	Mar	--	54.2	--
		Trade Balance	Feb	A\$725m	A\$1055m	--
New Zealand	5/4	QV House Price YOY	Mar	--	6.5%	--

Source: Bloomberg

### FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2270	-0.26	1.2336	1.2254	2.2
USDJPY	106.61	0.68	106.66	105.70	-5.5
GBPUSD	1.4057	0.09	1.4089	1.4021	4.1
AUDUSD	0.7685	0.29	0.7707	0.7652	-1.6
EURGBP	0.8728	-0.35	0.8764	0.8713	-1.7
USDMYR	3.8658	0.10	3.8702	3.8608	-4.5
EURMYR	4.7582	-0.09	4.7680	4.7473	-2.2
JPYMYR	3.6409	0.18	3.6606	3.6385	-1.0
GBPMYR	5.4400	0.12	5.4466	5.4244	-0.5
SGDMYR	2.9498	0.03	2.9539	2.9412	-2.7
AUDMYR	2.9708	0.11	2.9795	2.9554	-6.1
NZDMYR	2.8008	0.22	2.8080	2.7822	-2.6

Source: Bloomberg

## Forex

### MYR

- **MYR ended 0.1% softer at 3.8658 against USD** and fell against 8 G10s on the back of risk-off sentiment in the regional markets.
- **We stay slightly bearish on MYR against a rebounding USD** though losses are likely modest amid return of buying interest on cue from overnight US equities rebound. We maintain that USDMYR downside bias is abating on prevailing price-momentum divergence. USDMYR is likely targeting 3.8867 going forward.

### USD

- **USD ended mixed against the G10s** as risk appetite returned, dampening refuge demand of the greenback but the DXY climbed 0.16% to 90.20, supported by declines in major components EUR, JPY and CHF.
- **Stay bullish on USD** on bullish potential from US macro flow. DXY upside bias remains under threat of rejection at 90.23. Beating this exposes a move to 90.58 next, otherwise, expect a decline to 89.47 going forward.

### EUR

- **EUR slipped 0.26% to 1.2270 against USD** and fell against 6 G10s following extended weakness in European markets.
- **EUR remains slightly bearish against USD** but would rally if Eurozone data outperforms. EURUSD remains in a minor bearish trend that will only be ended by a close above 1.2300 today. Even as there is room for a modest rebound today, 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, climbing against 5 G10s and **rising 0.09% to 1.4057 against USD**.
- **We stay bearish GBP against USD** in anticipation of extended greenback rebound. GBPUSD's recent rebound is now facing resistance near 1.4081; successful passage leads to 1.4128, otherwise, expect a drop to 1.3979.

### JPY

- **JPY** tumbled against all G10s and **weakened 0.68% to 106.61 against USD** as demand for refuge fell going into US trade as equities rebounded.
- **We turn bearish JPY against USD** as risk-off sentiment recedes. A quick recapture above 106.13 has improved USDJPY's upside bias, thus we set sights on a test at 107.22 in the next leg higher.

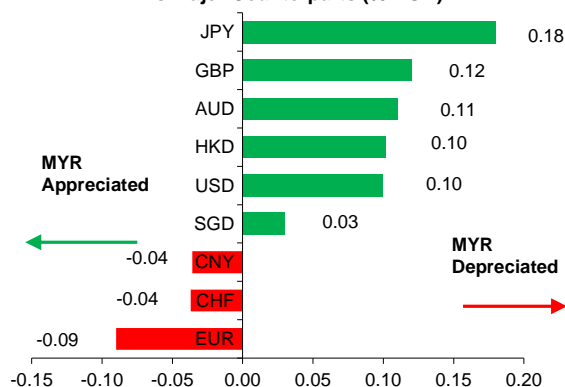
### AUD

- **AUD** was supported by rebound in equities and RBA's reiteration of a firmer growth outlook, beating 6 G10s and **climbing 0.29% to 0.7685 against USD**.
- **Stay bearish on AUD against USD** on likelihood of extended greenback rebound and potentially softer Australia data. AUDUSD is still deep in bearish territory, thus even as a modest rebound may be forming, we reckon that gains will likely be limited to circa 0.7740 before resuming the current downtrend. Caution that losing 0.7643 exposes a drop to 0.7594.

### SGD

- **SGD** was also lifted by rebound in US equities to beat 5 G10s and **inched 0.06% firmer to 1.3116 against USD**.
- **Stay bearish on SGD against USD** in anticipation of extended rebound in the greenback. 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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