

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets were trading cautiously overnight** ahead of tonight's US jobs report. The dollar was on a downtrend but managed to recover in the US morning session upon the release of the ISM non-manufacturing index which fell to a four-month low but remained on the upside indicating a still robust service sector. **Factory order growth was flat** but remained firm. **Initial jobless claims was steady** while continuing claims fell to an all-time low.
- **Elsewhere, the euro tumbled shortly after headline inflation rose less than expected** while core inflation recorded a lowest increase since Mar-17, pointing to a potential pause on the part of ECB to withdraw its stimulus program. The **UK services sector grew at a faster pace** but remained below its 2017 average. **Australia trade surplus widened**, beating expectations. **Hong Kong retail sales firmed up** more than expected but its private sector faltered. Singapore's private sector expanded at an accelerating rate.
- **USD weakened against all G10s** while the DXY ended 00.11% lower at 92.41, weighed down by the Fed's less hawkish than expected tone that offset overall better than expected US data. **USD remains bearish** from a technical viewpoint; expect losses to be sustained heading into US labour market release tonight, after which if a rally could occur if data is strong. We maintain that DXY uptrend has ended, and an ejection from 92.51 was noted overnight. This could snowball into further losses going forward, possibly testing 91.7 next. A strong break above 92.99 today is needed to revive an uptrend.
- **MYR closed 0.04% firmer at 3.9330 against USD** after advancing in the final hour of trading on the greenback's weakness and but slipped against 7 G10s. **Continue to expect a subdued MYR against USD** on the back of risk aversion ahead of US labour market data tonight and towards the week's close. Upside bias sustains and USDMYR is expected to test 3.9409 again. We suspect this level could trigger a rejection and lead USDMYR lower going forward, possibly testing 3.9075.
- **SGD ended mixed against the G10s but advanced 0.42% to 1.3308 against a soft USD. We are now bearish on SGD against USD**, weighed down by risk aversion in the markets ahead of US data. Minor bullish trend in USDSGD is still intact, and hints at a close above 1.3364 in the next couple of days. This view will be nullified if USDSGD fails to close above 1.3336 on Mon, and if such, a bearish trend could arise.

Overnight Economic Data

US	→
EU	↓
UK	↑
Hong Kong	→
Australia	↑
Singapore	↑

What's Coming Up Next

Major Data

- Malaysia exports
- US Change in nonfarm payroll, unemployment rate, average hourly earnings
- EU Markit Eurozone Services PMI, Retail Sales MOM
- China Caixin PMI Services
- Singapore Foreign Reserves

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1950	1.1960	1.1984	1.2000	1.2055	↗
USDJPY	108.85	109.00	109.19	109.32	109.54	↘
GBPUSD	1.3520	1.3540	1.3573	1.3600	1.3666	↗
AUDUSD	0.7500	0.7525	0.7537	0.7547	0.7591	↗
EURGBP	0.8818	0.8822	0.8829	0.8840	0.8855	↗
USDMYR	3.9320	3.9345	3.9370	3.9400	3.9429	↗
EURMYR	4.7100	4.7120	4.7171	4.7260	4.7311	↗
JPYMYR	3.6000	3.6013	3.6051	3.6066	3.6123	↗
GBPMYR	5.3350	5.3400	5.3431	5.3450	5.3485	↘
SGDMYR	2.9541	2.9555	2.9573	2.9601	2.9612	↗
AUDMYR	2.9609	2.9650	2.9672	2.9707	2.9756	↗
NZDMYR	2.7668	2.7700	2.7711	2.7729	2.7750	↗
USDSGD	1.3340	1.3350	1.3313	1.3336	1.3364	↗
EURSGD	1.5935	1.5947	1.5952	1.5964	1.5985	↗
GBPSGD	1.8016	1.8050	1.8069	1.8080	1.8100	↘
AUDSGD	1.0020	1.0026	1.0035	1.0046	1.0056	↗

* 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	1851.80	0.0	3.1	CRB Index	202.10	0.25	4.2
Dow Jones Ind.	23930.15	0.0	-3.2	WTI oil (\$/bbl)	68.43	0.74	13.3
S&P 500	2629.73	-0.2	-1.6	Brent oil (\$/bbl)	73.62	0.35	10.1
FTSE 100	7502.69	-0.5	-2.4	Gold (S/oz)	1312.06	0.54	0.8
Shanghai	3100.86	0.6	-6.2	CPO (RM/tonne)	2370.50	0.89	-0.8
Hang Seng	30313.37	-1.3	1.3	Copper (\$/tonne)	6827.00	0.10	-5.8
STI	3575.68	-1.1	5.1	Rubber (sen/kg)	465.50	0.65	0.7

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Initial Jobless Claims	28 Apr	211k	209k	225k
US Trade Balance	27 Apr	-\$49.0b	-\$57.6b	-\$50.0b
US Markit US Services PMI	Apr	54.6	54.4	54.5
US ISM Non-Manf Composite PMI	2 May	56.8	58.8	58.0
US Durable Goods Orders	Apr F	2.6%	3.6%	--
US Factory Orders	Mar	1.6%	1.6% (revised)	1.4%
EU PPI YOY	1Q A	2.1%	1.6%	2.1%
EU CPI estimate YOY	Apr	1.2%	1.4%	1.3%
UK Markit/CIPS UK Services PMI	Apr	52.8	51.7	53.5
HK Retail Sales Value YOY	Mar	11.4%	29.9% (revised)	10.9%
HK Nikkei Hong Kong PMI	Apr	49.1	50.6	--
AU Trade Balance	Mar	A\$ 1,527m	A\$ 1,349m (revised)	A\$ 865m
AU Building Approvals MOM	Mar	2.6%	-4.2%	1.0%
SG Nikkei Singapore PMI	Apr	55.6	53.7	--

Source: Bloomberg

➤ Macroeconomics

- Initial jobless claims in the US rose 2,000 to a seasonally adjusted 211k for the week ended 28 April (previous: 209k) with the four-week average stood at 222k. Continuous claims which measures the number of claims after the initial week of aids meanwhile dropped to 1,756k (Previous: 1,833k) for the week ended 20 April, an all-time low. Both figures reaffirmed view of a tightening labour market ahead of tonight's jobs report. In a separate release, non-manufacturing/service sector in the US expanded a slower pace in April as indicated by the ISM non-manufacturing index which registered a reading of 56.8 (Mar: 58.8). The slowdown was attributed to concerns over rising cost and trade tensions which led to contracted purchases of steels. The Markit services PMI meanwhile edged up to 54.6 in the same month (Mar: 54.4).
- US trade deficit narrowed to US\$49b in March (Feb: -\$57.7b) as imports dropped 1.8% MOM (Feb: +1.7%) while exports edged up 2.0% MOM (Feb: +1.7%). Growth in factory order was flat, rising 1.6% MOM in March (Feb: +1.6% revised). Final reading confirmed that durable goods orders increased 2.6% in March (Feb: +3.6%).
- Headline inflation in the Eurozone slowed more than expected to increase 1.2% YOY in April (Mar: +1.4%). Core inflation, which exclude energy and food prices, rose 0.7% YOY (Mar: +1.0%), lowest since Mar-17. April print reflects the timing of Easter and further reaffirm Draghi's remark last week that underlying inflation remained subdued and yet to show convincing sign of upward movement. The weak data is seen as a setback for the ECB currently in the midst of assessing the timing of the withdrawal of its stimulus program. The euro tumbled shortly after the release of the data. Producer prices meanwhile increased 2.1% YOY in April (March: +1.6%) due to rising energy prices which inched up 3.9% YOY (Feb: +2.0%) as a result of higher commodity prices.
- The UK services sector grew at a faster pace in April compared to the preceding month but remained below its 2017 average. The Markit/CIPS UK Services PMI inched higher to 52.8 (March: 51.7), but missed estimates.
- Hong Kong retail sales rose beat estimates to increase 11.4% YOY in March (Feb: +29.9% revised) due to a broad base improvement. Sales in jewellery, watches and clocks rose even further a by a whopping 23.1% YOY (Feb: +21.2%) even after a surge in February when the lunar new year was being celebrated. Nikkei PMI released this morning fell to 49.1 in April (Mar: 50.6) indicating a contraction in the private sector amidst softer demand and rising costs.
- Australia trade surplus defied expectations, widened to A\$1.53b in March (Feb: A\$1.25b) as exports quickened 1.4% MOM while import rose 0.9% MOM. Meanwhile, building approvals rebounded to increase 2.6% MOM in March (Feb: -4.2% revised) as approval to build private houses rebounded following a drop in Feb.
- The private sector in Singapore meanwhile regained momentum, expanding at a faster pace in April. The Nikkei Singapore PMI inched upwards to 55.6 (Mar: 53.7) due to expansions in output and new orders which in turn led to more hiring, purchasing and inventories build-up.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	04/05	Exports YOY	Mar	2.0%	-2.0%	--
US	04/05	Change in Nonfarm Payrolls	Apr	192k	103k	--
		Unemployment Rate	Apr	4.0%	4.1%	--
		Average Hourly Earnings YOY	Apr	2.7%	2.7%	--
EU	04/05	Markit Eurozone Services PMI	Apr F	55.0	55.0	--
		Retail Sales MOM	Mar	0.5%	0.1%	--
China	04/05	Caixin China PMI Services	Apr	52.3	52.3	--
		BoP Current Account Balance	1Q P	--	\$62.3b	--
	07/05	Foreign Reserves	Apr	\$3,131.00b	\$3,142.82b	--
Hong Kong	07/05	Foreign Reserves	Apr		\$440.3b	
Singapore	04/05	Foreign Reserves	Apr	--	\$286.96b	
Australia	04/05	RBA Statement on Monetary policy				
	07/05	AiG Perf of Constrction Index	Apr	--	57.2	--
		NAB Business Conditions	Apr	--	14	--
		NAB Business Confidence	Apr	--	7	--
		Foreign Reserves	Apr	--	A\$76.6b	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1988	0.31	1.2009	1.1948	-0.1
USDJPY	109.19	0.59	109.92	108.93	-3.2
GBPUSD	1.3575	0.01	1.363	1.3538	0.4
AUDUSD	0.7532	0.52	0.7543	0.7486	-3.6
EURGBP	0.8832	0.32	0.8840	0.8802	-0.8
USDMYR	3.9330	0.04	3.9235	3.9142	-2.7
EURMYR	4.7161	0.12	4.7597	4.7444	-2.7
JPYMYR	3.5935	0.42	3.5951	3.5877	0.3
GBPMYR	5.3536	0.11	5.4060	5.3843	-2.2
SGDMYR	2.9576	0.50	2.9629	2.9574	-2.4
AUDMYR	2.9644	0.39	2.9707	2.9580	-6.3
NZDMYR	2.7659	0.21	2.7769	2.7653	-3.8

Source: Bloomberg

Forex

MYR

- **MYR closed 0.04% firmer at 3.9330 against USD** after advancing in the final hour of trading on the greenback's weakness and but slipped against 7 G10s.
- **Continue to expect a subdued MYR against USD** on the back of risk aversion ahead of US labour market data tonight and towards the week's close. Upside bias sustains and USDMYR is expected to test 3.9409 again. We suspect this level could trigger a rejection and lead USDMYR lower going forward, possibly testing 3.9075.

USD

- **USD weakened against all G10s** while the DXY ended 00.11% lower at 92.41, weighed down by the Fed's less hawkish than expected tone that offset overall better than expected US data.
- **USD remains bearish** from a technical viewpoint; expect losses to be sustained heading into US labour market release tonight, after which if a rally could occur if data is strong. We maintain that DXY uptrend has ended, and an ejection from 92.51 was noted overnight. This could snowball into further losses going forward, possibly testing 91.7 next. A strong break above 92.99 today is needed to revive an uptrend.

EUR

- **EUR climbed 0.31% to 1.1988 against a soft USD** but fell against 6 G10s as Eurozone data remained subdued.
- **Maintain a bullish view on EUR in expectation of a softer USD**, which will be overturned only if US data surprises to the upside. We continue to eye an extended technical rebound in EURUSD. Gains will likely be limited by 1.2055, otherwise a more sustained rebound will form.

GBP

- **GBP fell against all G10s and dipped 0.01% to 1.3575 against USD** on extended retreat in bets on the BOE to hike interest rates in the near term.
- **We continue to expect a slightly firmer GBP against a soft USD**. Downside momentum has receded and we suspect a modest rebound may be in the works. Gains are likely limited by 1.3666 before resuming current downtrend, otherwise, a recovery to 1.3782 is possible.

JPY

- **JPY** was supported by risk aversion in the markets ahead of US labour market data, rising against 6 G10s and **strengthening 0.59% to 109.19 against USD**.
- **Continue to expect a slightly bullish on JPY against USD** that is likely dampened risk aversion ahead of US data. Upside momentum continues to weaken, adding further weight on USDJPY. A test at 108.85 is likely next.

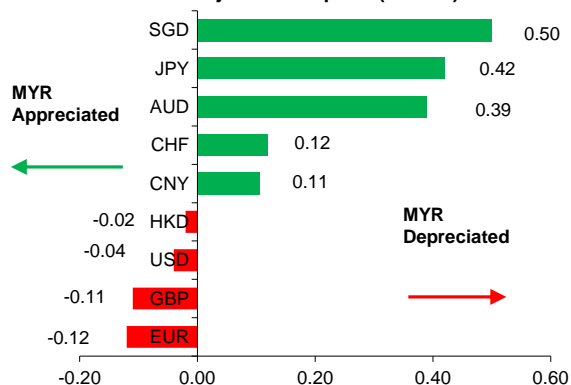
AUD

- **AUD jumped 0.52% to 0.7532** and advanced against 5 G10s, supported by firmer risk appetite in the FX space.
- **Keep a bullish view on AUD as USD is likely on a softer tone** after of US data. AUDUSD is likely to extend its recent rebound, with scope to test 0.7553. A break here exposes a move to 0.7603.

SGD

- **SGD** ended mixed against the G10s but **advanced 0.42% to 1.3308 against a soft USD**.
- **We are now bearish on SGD against USD**, weighed down by risk aversion in the markets ahead of US data. Minor bullish trend in USDSGD is still intact, and hints at a close above 1.3364 in the next couple of days. This view will be nullified if USDSGD fails to close above 1.3336 on Mon, and if such, a bearish trend could arise.

MYR vs Major Counterparts (% DOD)



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