

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Concerns over potential trade war and election uncertainties in Italy kept markets in jittery mode**, overshadowing economic releases, which are mainly second tier and mixed, offering no fresh leads on prospects of moderate global growth and subdued inflation.
- **In the US, final report from University of Michigan confirmed that consumer sentiment improved in Feb**; though the index was downwardly revised to 99.7 from 99.9 in initial estimate, it was still sharply higher than 95.7 recorded in Jan. **Producer prices in the Eurozone slowed more than expected to 1.5% YOY in Jan**, reigniting concerns that recent signs of easier price pressure could extend. In line with softer manufacturing momentum seen in most other economies, **PMI also turned in softer in Singapore**. Meanwhile in Hong Kong, the softer retail sales was believed to be skewed by seasonal factors. **The services industry in Australia continued to show expansion albeit at varying pace**.
- **USD weakened against 8 G10s** while the DXY tumbled 0.46% to 89.93 amid extended sell-off on concerns of a trade war from Trump's trade tariff. **We keep a slightly bullish view on USD**, supported by potential risk-off in European markets amid Italian election concerns; further upsides are likely from firmer US data. DXY remains supported by 89.83 and thus still takes aim at 90.58 meantime. Losing 89.83 will trigger a drop to 89.10 in the next leg lower.
- **MYR rebounded with a 0.64% gain to 3.9035 against a soft USD** and advanced against 6 G10s. **MYR is likely slightly bullish against a soft USD** but caution that risk-off sentiment in the markets could narrow early gains. A minor bearish trend has emerged but its sustainability a suspect unless USDMYR manages to close below 3.8885.
- **SGD advanced 0.23% to 1.3200 against a weak USD** and closed mixed against the G10s. **We turn slightly bullish on SGD against USD**, supported by firmer refuge demand. USDSGD has lost the recent minor bullish trend and slipping below 1.3189 has added further pressure on the pair. USDSGD is likely to target 1.3148 in the next leg lower.

Overnight Economic Data

US	↑
Eurozone	↓
UK	↑
Hong Kong	↓
Singapore	↑
New Zealand	↑

What's Coming Up Next

Major Data

- Malaysia exports
- US PMI & ISM services
- EU, UK, Japan, China PMI services
- Singapore Nikkei PMI
- Australia AiG services & building approvals

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2260	1.2300	1.2323	1.2355	1.2398	↓
USDJPY	105.00	105.25	105.57	106.00	106.15	↓
GBPUSD	1.3735	1.3758	1.3800	1.3825	1.3857	↓
AUDUSD	0.7721	0.7744	0.7759	0.7780	0.7800	↓
EURGBP	0.8900	0.8920	0.8931	0.8936	0.8950	↗
USDMYR	3.8885	3.8900	3.8940	3.8989	3.9000	↗
EURMYR	4.7877	4.7977	4.7986	4.8008	4.8060	↓
JPYMYR	3.6800	3.6850	3.6883	3.6900	3.6986	↗
GBPMYR	5.3650	5.3700	5.3751	5.3862	5.3900	↓
SGDMYR	2.9500	2.9512	2.9533	2.9571	2.9608	↓
AUDMYR	3.0185	3.0200	3.0227	3.0285	3.0306	↓
NZDMYR	2.8150	2.8175	2.8188	2.8225	2.8260	↓
USDSGD	1.3148	1.3160	1.3186	1.3202	1.3216	↓
EURSGD	1.6219	1.6240	1.6255	1.6269	1.6293	↓
GBPSGD	1.8167	1.8180	1.8198	1.8222	1.8237	↓
AUDSGD	1.0200	1.0220	1.0233	1.0238	1.0258	↓

*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	1856.1	-0.3	3.3	CRB Index	194.1	0.09	0.1
Dow Jones Ind.	24538.1	-0.3	-0.7	WTI oil (\$/bbl)	61.3	0.43	1.4
S&P 500	2691.3	0.5	0.7	Brent oil (\$/bbl)	64.4	0.80	-1.4
FTSE 100	7069.9	-1.5	-8.0	Gold (\$/oz)	1322.8	0.40	1.5
Shanghai	3254.5	-0.6	-1.6	CPO (RM/tonne)	2555.5	0.79	6.9
Hang Seng	30583.5	-1.5	2.2	Copper (\$/tonne)	6898.0	-0.35	-4.8
STI	3479.2	-1.0	2.2	Rubber (sen/kg)	486.5	-0.31	5.2

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Uni Michigan consumer sentiments	Feb F	99.7	99.9	99.5
EU PPI YOY	Jan	1.5%	2.2%	1.6%
UK PMI construction	Feb	51.4	50.2	50.5
HK retail sales YOY	Jan	4.1%	5.8%	5.2%
SG PMI	Feb	52.7	53.1	53.1
NZ building permits MOM	Jan	0.2%	-9.5%	--
AU AiG services index	Feb	54.0	54.9	--
AU CBA PMI services	Feb	54.2	53.8	--

Source: Bloomberg

- Final report from University of Michigan confirmed that consumer sentiment improved in Feb; though the index was downwardly revised to 99.7 from 99.9 in initial estimate, it was still sharply higher than 95.7 recorded in Jan.
- Factory-gate inflation in Eurozone slowed more than expected in Jan, reigniting concerns that recent signs of easier price pressure could extend. Producer prices rose 1.5% YOY, sliding from 2.2% in Dec as downside pressure came from sharp slowdown in energy prices that rose 0.5% from 2.7% previously.
- Markit's construction PMI of the UK climbed to 51.4 in Feb from 50.2 in Jan but signs of underlying weakness persisted. Though the index bounced from a 4-month low in Jan, new work orders declined for a second month in Feb, while business activity grew only marginally and business sentiment moderated.
- Singapore PMI dipped to 52.7 in Feb from 53.1 previously, indicating that growth in the manufacturing sector moderated. Growth was weighed down by softer expansion in new orders, new export orders and employment. Seasonal factor likely has a strong impact on softer manufacturing sector, thus Mar reading will paint a better picture on the trend.
- Hong Kong retail sales growth slowed to 4.1% YOY in Jan after recording a 5.8% increase in Dec, likely impacted by seasonal factor. Sales were softer due to a decline in spending on food, alcohol & tobacco (Jan: -5.4% vs Dec: +1.1%) and purchases at supermarkets (Jan: -13.3% vs Dec: -2.8%), which offset pick-up in sales of consumer durable goods and jewelry, watches and gifts.
- Australia's services sector performance were mixed according to different gauges. AiG's index slipped lower to 54.0 in Feb from 54.9, indicating slower growth but CBA's PMI climbed to 54.2 in Feb from 53.8, suggesting otherwise. Both gauges indicate firmer expansion in new orders, but diverged on pace of growth in hiring.

Economic Calendar Release Date

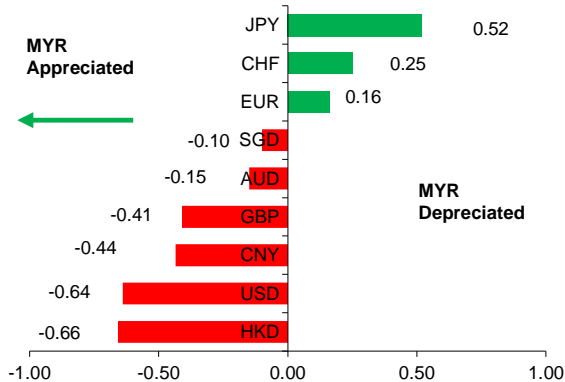
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	5/3	Exports	Jan	15.2%	4.7%	--
US	5/3	PMI services	Feb F	55.9	55.9	--
		ISM services	Feb	59.0	59.9	--
	6/3	Factory orders	Jan	-1.3%	1.7%	--
Eurozone	5/3	Durable goods orders	Jan F	-3.5%	-3.7%	--
		PMI services	Feb F	56.7	56.7	--
			Sentix investor confidence	Mar	30.9	31.9
UK	5/3	Retail sales MOM	Jan	-0.1%	-1.1%	--
		PMI services	Feb	53.3	53.0	--
Japan	5/3	Nikkei PMI services	Feb	--	51.9	--
China	5/3	Caixin PMI services	Feb	54.3	54.7	--
Singapore	5/3	Nikkei PMI	Feb	--	53.6	--
Hong Kong	5/3	Nikkei PMI	Feb	--	51.1	--
Australia	5/3	Building approvals MOM	Jan	3.0%	-20.0%	--
	6/3	Retail sales MOM	Jan	--	-0.5%	--
		RBA cash target rate	Mar 6	1.50%	1.50%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2317	0.41	1.2336	1.2252	2.5
USDJPY	105.75	-0.46	106.29	105.25	-6.4
GBPUSD	1.3802	0.19	1.3817	1.3756	2.0
AUDUSD	0.7760	0.05	0.7774	0.7738	-0.7
EURGBP	0.8927	0.25	0.8952	0.8896	0.5
USDMYR	3.9035	-0.64	3.9225	3.9032	-3.5
EURMYR	4.7928	0.16	4.8208	4.7880	-1.1
JPYMYR	3.6947	0.52	3.7031	3.6803	2.8
GBPMYR	5.3809	-0.41	5.4117	5.3774	-1.5
SGDMYR	2.9578	0.10	2.9710	2.9577	-2.4
AUDMYR	3.0329	-0.15	3.0503	3.0329	-4.1
NZDMYR	2.8400	0.24	2.8529	2.8400	-1.4

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

> Forex
MYR

- **MYR rebounded with a 0.64% gain to 3.9035 against a soft USD** and advanced against 6 G10s.
- **MYR is likely slightly bullish against a soft USD** but caution that risk-off sentiment in the markets could narrow early gains. A minor bearish trend has emerged but its sustainability is debatable unless USDMYR manages to close below 3.8885.

USD

- **USD weakened against 8 G10s** while the DXY tumbled 0.46% to 89.93 amid extended sell-off on concerns of a trade war from Trump's trade tariff.
- **We keep a slightly bullish view on USD**, supported by potential risk-off in European markets amid Italian election concerns; further upsides are likely from firmer US data. DXY remains supported by 89.83 and thus still takes aim at 90.58 meantime. Losing 89.83 will trigger a drop to 89.10 in the next leg lower.

EUR

- **EUR jumped 0.41% to 1.2317 against a weak USD** and climbed against 5 G10s.
- **EUR is likely to be pressured against USD** until a clearer picture on the outcome of Italian elections emerges; as at time of writing, projections indicate a hung Parliament as the likely scenario. EURUSD is technically neutral as it attempts to navigate pass 1.2323. As net momentum remains negative, there is a chance that EURUSD may be rejected and slip lower to 1.2263.

GBP

- **GBP fell against 5 G10s** as upsides remain hampered by Brexit jitters but managed to climb 0.19% to 1.3802 against a weak USD.
- **Continue to expect a bearish GBP against USD** on Brexit jitters. Bearish bias continues to prevail despite recent rebound. GBPUSD needs a close above 1.3825 to allay the bears and continued failure to do so will gradually push the pair lower to 1.3735.

JPY

- **JPY strengthened 0.46% to 105.75 against a weak USD** and beat 7 G10s, supported by extended retreat in market risk appetite on trade war concerns.
- **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 inched 0.05% higher to 0.7760 against a weak USD** but retreated against 7 G10s on continued risk-off in the markets.
- **Continue to expect a bearish AUD against USD**, weighed down by extended weakness in equities and commodities. With bearish bias still prevailing, 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 advanced 0.23% to 1.3200 against a weak USD** and closed mixed against the G10s.
- **We turn slightly bullish on SGD against USD**, supported by firmer refuge demand. USDSGD has lost the recent minor bullish trend and slipping below 1.3189 has added further pressure on the pair. USDSGD is likely to target 1.3148 in the next leg lower.

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