

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Heightening threats of a full blown trade war following China's reciprocal retaliation by introducing an additional 106 new products to the list** including soyabeans, airplanes and whisky sent chills to global financial markets. The Dow fell as much as 700 points in intraday trade even though it managed to erase all losses to close 230 points up on the day on speculation that the US will take a softer stance to ease the tension. US treasuries yields also reversed earlier decline to close 3bps higher at 2.80%. Major European equities all closed in the red except the minor gain in the FTSE100. Despite the higher close, the sheer market fear and volatility overnight confirmed our view that **financial markets will come under the hammer way ahead of the macro fundamentals i.e. trade flows and global growth, a risks which should not be taken lightly.**
- **Data bag remained mixed overnight. Services readings came in softer in the US, China, Japan and Singapore. ADP report showed the US labour market remains firm** while factory orders and durable goods orders rebounded, a sign of improving business spending. **Eurozone** data managed to shrug off recent glooms with **improvement in unemployment rate and inflation.** Down under, the decline in building approvals added to signs of a softening housing market but the uptick in services prints and retails sales provided some green shoots.
- **USD retreated against 7 G10s** while the DXY slipped 0.06% to 90.14 but not before recovering from intraday low as US-China trade tension eased. **Keep a bullish view on USD** as trade war concerns recede amid rising hope of a potential negotiation between US and China. DXY continues to hold a mild bullish bias albeit still under threat from another rejection at 90.22. We reiterate that a break at 90.22 exposes 90.58, otherwise, a drop to 89.25 is likely.
- **MYR eased 0.09% to 3.8693 against USD** and slipped against 7 G10s on risk aversion from escalated US-China trade concerns. **Expect a slightly bearish MYR against USD** though losses are likely modest amid return of buying interest on cue from overnight US equities rebound. Downside bias in USDMYR continues to abate, and even though upside strength is still scant, we opine that direction is likely headed higher. USDMYR is likely targeting 3.8847 going forward.
- **SGD slipped 0.05% to 1.3122 against USD** and fell against 7 G10s on early losses in Asian-European session amid US-China trade war concerns. **SGD remains bearish against USD** in anticipation of extended rebound in the greenback. USDSGD is tilted towards the upside. We continue to expect another test at 1.3151 next and breaking this level exposes a move to 1.3178 next.

Overnight Economic Data

US	➔
Eurozone	➔
UK	➔
Japan	➔
China	➔
Singapore	➔
Australia	➔
New Zealand	➔

What's Coming Up Next

Major Data

- Malaysia Export, foreign reserves
- US initial jobless claims, trade balance
- Eurozone Markit Service PMI, PPI, retails sales
- UK Markit Services PMI
- Australia trade balance

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2257	1.2277	1.2286	1.2300	1.2315	➔
USDJPY	106.45	106.75	106.81	107.00	107.33	➔
GBPUSD	1.4021	1.4050	1.4066	1.4081	1.4100	➔
AUDUSD	0.7700	0.7708	0.7713	0.7727	0.7737	➔
EURGBP	0.8707	0.8720	0.8724	0.8726	0.8733	➔
USDMYR	3.8615	3.8650	3.8660	3.8693	3.8708	➔
EURMYR	4.7405	4.7470	4.7503	4.7547	4.7580	➔
JPYMYR	3.6100	3.6159	3.6219	3.6249	3.6277	➔
GBPMYR	5.4344	5.4426	5.4454	5.4489	5.4531	➔
SGDMYR	2.9400	2.9441	2.9453	2.9495	2.9518	➔
AUDMYR	2.9752	2.9800	2.9816	2.9872	2.9904	➔
NZDMYR	2.8215	2.8266	2.8285	2.8305	2.8347	➔
USDSGD	1.3105	1.3120	1.3127	1.3133	1.3151	➔
EURSGD	1.6100	1.6111	1.6128	1.6139	1.6173	➔
GBPSGD	1.8432	1.8467	1.8485	1.8500	1.8513	➔
AUDSGD	1.0087	1.0105	1.0123	1.0150	1.0161	➔

* 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	1815.94	-1.9	1.1	CRB Index	192.34	-0.45	-0.8
Dow Jones Ind.	24264.30	1.0	-1.8	WTI oil (\$/bbl)	63.37	-0.22	4.9
S&P 500	2644.69	1.2	-1.1	Brent oil (\$/bbl)	68.02	-0.15	1.7
FTSE 100	7034.01	0.1	-8.5	Gold (\$/oz)	1333.19	0.03	2.4
Shanghai	3131.11	-0.2	-5.3	CPO (RM/tonne)	2442.50	0.33	2.2
Hang Seng	29518.69	-2.2	-1.3	Copper (\$/tonne)	6724.00	-1.06	-7.2
STI	3339.70	-2.1	-1.9	Rubber (sen/kg)	426.00	-0.81	-7.9

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US MBA Mortgage Application	Mar 30	-3.3%	4.8%	--
US ADP Employment change	Mar	241k	246k	210k
US Factory Orders	Feb	1.2%	-1.3%	1.7%
US Durable Goods Orders	Feb F	3.0%	-3.6%	--
US ISM Non-Manufacturing	Mar	58.8	59.5	59.0
US Markit US Service PMI	Mar F	54.0	54.1	54.2
EU Unemployment Rate	Feb	8.5%	8.6%	8.5%
EU CPI Estimate YOY	Mar	1.4%	1.1%	1.4%
UK Markit/CIPS Construction PMI	Mar	47.0	51.4	51.4
JP Nikkei Japan PMI Services	Mar	50.9	51.7	--
CN Caixin China PMI Services	Mar	52.3	54.2	54.5
SG Nikkei Singapore PMI	Mar	53.7	55.3	--
AU Building Approvals MOM	Feb	-6.2%	17.2%	--
AU Retails Sales MOM	Feb	0.6%	0.2%	--
AU AiG Perf of Service Index	Mar	56.9	54.0	--
AU CBA PMI Service	Mar	55.6	54.2	--
NZ QV House Prices YOY	Feb	7.3%	6.5%	--

Source: Bloomberg

➤ Macroeconomics

- On the data front, US data was a mixed bag. Services sector eased slightly but remained robust. The ISM non-manufacturing sector PMI pulled back more than expected to 58.8 in March (Feb: 59.5) which is in line the Markit Services PMI which fell slightly to 54.0 (Feb: 54.1). Demand for mortgages in the US took a breather. Mortgage application dropped 3.3% for the week ended 30 Mar (Previous: +4.8%) as new purchases and refinancing decreased due to higher mortgages cost. Meanwhile labour market has proven to be strengthening with the private sector in the US added 241k new jobs in March (Feb: 246k revised), more than expected, as hiring in construction and manufacturing sector increased. At the manufacturing front, factory orders rebounded to increase 1.2% YOY in February (Jan: -1.3% revised) whereas durable goods orders reverted to a gain of 3.0% YOY (Jan: -3.6%).
- Early estimate indicates that inflation picked up in the Eurozone in March. The headline CPI accelerated to increase 1.4% YOY. (Feb: +1.1% revised), matching expectations. Prices of food, alcohol and tobacco inched higher as Easter was celebrated in early April which led to price increases. Underlying inflation is picking up at a steady pace but remained subdued with the core CPI stabilizing at 1.0% YOY (Feb: +1.0%) The labour market is still firm with unemployment rate ticking lower to 8.5% in February (Jan: 8.6%). Headline inflation is well below the ECB target of 2% but is likely to pick up slowly given higher energy cost which may reinforce belief that the ECB is preparing for a withdrawal of its stimulus program.
- UK Construction PMI registered a massive drop to 47.0 in March (Feb: 51.4) as unusually bad weather hindered construction activities. Services sector in Japan rose at a slower pace for the second month. The Nikkei services PMI was recorded at 50.9 in March (Feb: 51.7) while the manufacturing PMI released earlier was 53.1, bringing the composite PMI reading to 51.3 (Feb: 52.2).
- Caixin PMI reading for services sector indicates that services sector in China is easing as well, which is in contrast with the official PMI reading but we believe the overall manufacturing and services sector in China remain resilient underpinned by sustainable demand. Meanwhile contrary to the uptick in official PMI reading, the latest Nikkei PMI from Singapore fell to 53.7 in March (Feb: 55.3).
- Building approval in Australia fell 6.2% MOM in February (Jan: +17.2%) following a surge in the preceding month as number of private building approval fell by 7.2%. Residential property prices have been dropping on a monthly basis while mortgages approval was getting lower as well given macro prudential policies imposed to curb speculations. Retail sales on the other hand increased 0.6% MOM (Jan: +0.2% revised) attributed to a broad base improvement. Department store sales rebounded following a 3-month decline. This morning, reports from AiG and CBA both showed the services sector improved in March. The AiG services index ticked higher to 56.9 in March (Feb: 54.0), in line with the higher reading of CBA PMI at 55.6 (Feb: 54.2). House prices in neighbouring New Zealand quickened to 7.3% in February (Jan: +6.5%) due to surge in prices in smaller cities.

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	5/4	Initial Jobless Claims	Mar 31	225k	215k	--
		Trade Balance	Feb	-\$56.8b	-\$56.6b	--
	6/4	Change in Nonfarm Payrolls	Mar	185k	313k	--
		Unemployment Rate	Mar	4.0%	4.1%	--
Eurozone	5/4	Markit Eurozone Service PMI	Mar F	55.0	55.0	--
		PPI YOY	Feb	1.5%	1.5%	--
		Retail Sales MOM	Feb	0.5%	-0.1%	--
UK	5/4	Markit/CIPS UK Services PMI	Mar	54.0	54.5	--
Japan	6/4	Leading Index CI	Feb P	105.5	105.6	--
		Coincident Index	Feb P	116.1	114.9	--
Hong Kong	6/4	Nikkei Hong Kong PMI	Mar	--	51.7	--
Singapore	6-13/4	GDP YOY	1Q A	--	3.6%	--
Australia	5/4	Trade Balance	Feb	A\$725m	A\$1055m	--
Vietnam	6-13/4	Domestic Vehicle Sales YOY	Mar	--	-28.8%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2278	0.07	1.2315	1.2257	2.3
USDJPY	106.78	0.16	106.85	105.99	-5.2
GBPUSD	1.4079	0.16	1.4097	1.4015	4.2
AUDUSD	0.7716	0.40	0.7722	0.7663	-1.2
EURGBP	0.8721	-0.08	0.8759	0.8715	-1.8
USDMYR	3.8693	0.09	3.8713	3.8615	-4.4
EURMYR	4.7505	-0.16	4.7632	4.7406	-2.0
JPYMYR	3.6418	0.02	3.6493	3.6245	1.3
GBPMYR	5.4441	0.08	5.4489	5.4345	-0.4
SGDMYR	2.9450	-0.16	2.9500	2.9441	-2.8
AUDMYR	2.9693	-0.05	2.9815	2.9654	-6.1
NZDMYR	2.8189	0.65	2.8215	2.8045	-2.1

Source: Bloomberg

Forex

MYR

- **MYR eased 0.09% to 3.8693 against USD** and slipped against 7 G10s on risk aversion from escalated US-China trade concerns.
- **Expect a slightly bearish MYR against USD** though losses are likely modest amid return of buying interest on cue from overnight US equities rebound. Downside bias in USDMYR continues to abate, and even though upside strength is still scant, we opine that direction is likely headed higher. USDMYR is likely targeting 3.8847 going forward.

USD

- **USD retreated against 7 G10s** while the DXY slipped 0.06% to 90.14 but not before recovering from intraday low as US-China trade tension eased.
- **Keep a bullish view on USD** as trade war concerns recede amid rising hope of a potential negotiation between US and China. DXY continues to hold a mild bullish bias albeit still under threat from another rejection at 90.22. We reiterate that a break at 90.22 exposes 90.58, otherwise, a drop to 89.25 is likely.

EUR

- **EUR closed 0.07% higher at 1.2278 against USD** after easing from intraday high but nonetheless retreated against 5 G10s.
- **EUR remains slightly bearish against USD** but would again outperform if Eurozone data firms up. EURUSD remains in a minor bearish trend that will only be ended by a close above 1.2324 today, or 1.2302 tomorrow. Even as there is room for a modest rebound today, EURUSD remains prone to a drop to 1.2230, below which 1.2100 will be targeted.

GBP

- **GBP climbed 0.16% to 1.4079 against USD** and beat 5 G10s, lifted by firm gains in European trade when demand for refuge advanced.
- **We stay bearish GBP against USD** in anticipation of extended greenback rebound and potentially softer UK data. GBPUSD's rebound continues to face resistance. On the back of rising downside momentum, we reckon that gains will be limited before sliding lower, possibly to circa 1.4035.

JPY

- **JPY overturned early gains to close 0.16% weaker against USD at 106.78** and fell against 8 G10s as risk appetite quickly returned in US session.
- **Stay bearish JPY against USD** as risk-off sentiment recedes. USDJPY's upside bias continues to improve, thus we set sights on a test at 107.22 in the next leg higher.

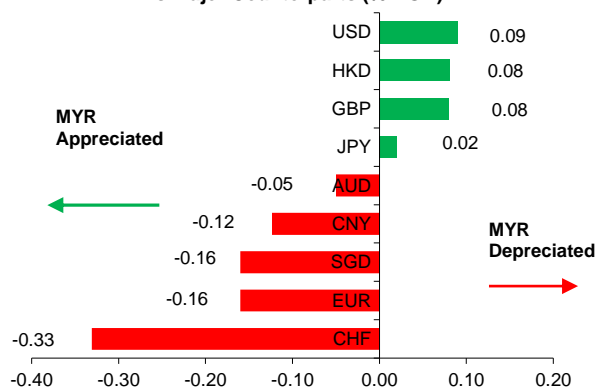
AUD

- **AUD** was lifted by firmer data from Australia as well as by market rebound in US session, beating 8 G10s and **climbing 0.4% to 0.7716 against USD**.
- **We turn bullish on AUD against USD**, supported by overnight rebound in risk appetite that is likely carried into today's sessions, and on firmer Australia data. AUDUSD appears to be extending its rebound; unless AUDUSD overturns current bearish bias, rebound is likely shallow and limited to below 0.7780.

SGD

- **SGD slipped 0.05% to 1.3122 against USD** and fell against 7 G10s on early losses in Asian-European session amid US-China trade war concerns.
- **SGD remains bearish against USD** in anticipation of extended rebound in the greenback. USDSGD is tilted towards the upside. We continue to expect another 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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