

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight data flow was largely negative with services PMI revealing softening momentum in the EU and the UK. Initial jobless claims in the US rose more than expected to 242k** for the week ended 31 March, but tonight's nonfarm and other jobs reports will allow markets a better gauge of the labour markets. Given strong ADP employments, we expect overall labour market conditions to remain firm. **In a separate release, US trade deficit on the other hand climbed more than expected to a 9.5-year high at \$57.6b in February**, amid heightened threats of a trade war between the US and China. Just early this morning, **President Trump ordered the US Trade Representative (USTR) to consider imposing tariff on an additional US\$100bn of Chinese goods, added to signs there are no letup in the matter**, rendering pledges by US officials that the US is not in trade war and that renegotiations are ongoing meaningless.
- **At the local front, exports posted a surprised decline of 2.0% YOY in February, its first negative print since Oct-16, dragged by both manufacturing and commodity exports** as shipment to all major export destinations deteriorated. Seasonal distortion aside, we believe slower global demand and a stronger Ringgit were other factors contributed to the weaker than expected print. We expect exports to bounce back in the months ahead but unlikely to recapture the hefty gain last seen in January. **Given the sharper than expected pullback in February, March exports may continue to see a weak number, possibly still a minor contraction**, as it came off a high base from March last year.
- **USD rebounded against 9 G10s** as buying interest returned, pushing the DXY 0.35% higher to 90.46. **Keep a bullish view on USD** as we anticipate refuge demand from trade war concerns to mildly support buying interest; firmer US data would further boost a bullish case. DXY advanced to 90.58 as expected but was rejected. It is still technically bullish and is likely to re-test 90.58; a break here exposes 90.88, otherwise a drop to 89.88 is likely.
- **MYR closed 0.08% firmer at 3.8663 against USD** after retreating from intraday high and bested 7 G10s as risk appetite improved. With US President Trump threatening to further escalate US-China trade tensions by announcing another \$100b worth of tariff, expect risk sentiment in the markets to take a hit. **MYR will likely be pressured in due process, keeping it softer against USD.** Prevailing price-momentum divergence continues to wedge USDMYR higher. We still set sights on a climb to 3.8847.
- **SGD weakened 0.3% to 1.3162 against USD** and fell against 6 G10s that advanced on firmer risk appetite. **SGD remains bearish against firm USD** and on pressure from rising risk-off sentiment in the markets. USDSGD is still tilted towards the upside. We now set sights on a move higher to 1.3192 next.

Overnight Economic Data

Malaysia	↓
US	↓
Eurozone	→
UK	↓
Australia	↓

What's Coming Up Next

Major Data

- Malaysia foreign reserves
- US Change in Nonfarm Payrolls, unemployment rate
- Japan leading index CI, coincident index
- Hong Kong Nikkei Hong Kong PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2213	1.2220	1.2248	1.2266	1.2290	↘
USDJPY	106.86	107.00	107.11	107.22	107.49	↘
GBPUSD	1.3959	1.4000	1.4010	1.4020	1.4039	↘
AUDUSD	0.7643	0.7659	0.7677	0.7700	0.7727	↘
EURGBP	0.8707	0.8726	0.8745	0.8755	0.8774	↗
USDMYR	3.8620	3.8645	3.8685	3.8713	3.8765	↗
EURMYR	4.7307	4.7352	4.7392	4.7403	4.7473	↘
JPYMYR	3.6050	3.6082	3.6109	3.6159	3.6185	↗
GBPMYR	5.4100	5.4115	5.4192	5.4250	5.4345	↘
SGDMYR	2.9332	2.9360	2.9386	2.9408	2.9427	↘
AUDMYR	2.9604	2.9654	2.9700	2.9767	2.9815	↗
NZDMYR	2.8091	2.8100	2.8118	2.8134	2.8168	↗
USDSGD	1.3134	1.3144	1.3162	1.3178	1.3191	↗
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	1836.13	1.1	2.2	CRB Index	193.81	0.76	0.0
Dow Jones Ind.	24505.22	1.0	-0.9	WTI oil (\$/bbl)	63.54	0.27	5.2
S&P 500	2662.84	0.7	-0.4	Brent oil (\$/bbl)	68.33	0.46	2.2
FTSE 100	7199.50	2.4	-6.4	Gold (S/oz)	1326.57	-0.50	2.2
Shanghai	3131.11	-0.2	-5.3	CPO (RM/tonne)	2435.00	-0.31	1.9
Hang Seng	29518.69	-2.2	-1.3	Copper (\$/tonne)	6816.00	1.37	-5.9
STI	3405.65	2.0	0.1	Rubber (sen/kg)	440.00	1.50	-4.9

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA Export YOY	Feb	-2.0%	17.9%	8.0%
US Initial Jobless Claims	Mar 31	242k	218k	225k
US Trade Balance	Feb	-\$57.6b	-\$56.7b	-\$56.8b
EU Markit Service PMI	Mar F	54.9	56.2	55.0
EU PPI YOY	Feb	1.6%	1.6%	1.5%
EU Retail Sales MOM	Feb	0.1%	-0.3%	0.5%
UK Markit/CIPS UK Service PMI	Mar	51.7	54.5	54.0
AU Trade Balance	Feb	A\$825m	A\$952m	A\$725m

Source: Bloomberg

➤ Macroeconomics

- Initial jobless claims in the US rose more than expected to 242k for the week ended 31 March, while claims for the prior week was revised slightly up from 215k to 218k. Continuing claims which measures the number of Americans filing for unemployment benefits after the first initial aid fell to its lowest since December 1973 at 1,808k. Tonight's jobs reports will allow markets a better gauge of the labour markets and given a strong ADP employment, we expect overall labour market conditions to remain firm. In a separate release, US trade deficit on the other hand climbed more than expected to \$57.6b in February (Jan: -\$56.7b revised), amid heightened threats of a trade war between the US and China. Just early this morning, President Trump ordered the US Trade Representative to consider imposing tariff on an additional US\$100bn of Chinese goods, added to signs there are no letup in the matter despite US officials' effort to calm markets by stating that renegotiations are ongoing.
- Producer prices continued to soften in the Eurozone growing by a mere 0.1% MOM in February (Jan: +0.4%). However, on a YOY basis, the rate of increase in PPI stabilized at 1.6% YOY in February as January's figure was revised upwardly to 1.6%. Cost of intermediate goods are easing while energy prices are gaining. Retail sales on the other hand rebounded but edged up a mere 0.1% MOM in February (Jan: -0.3% revised) which brings the annual growth to 1.8% (Jan: +1.5%). The weak sales number tied to low headline inflation figure in January which raises concerns that consumers remain cautious in spending. Sales in food, drink and tobacco rebounded after declining for two consecutive months whereas demand for textiles, clothing and footwear stayed muted.
- In a separate release, the final reading of Markit Service PMI was revised lower from 55.0 to 54.9 in March which indicates a slowdown in the Eurozone services sector (Feb: 56.2) Manufacturing PMI was 56.6 in March as reported yesterday and this brings the composite index lower to 55.2 (Feb: 57.1).
- Services sector in the UK slowed substantially as indicated by the Markit Services PMI which registered a reading of 51.7 in March (Feb: 54.4) partly due to snow disruption in the country.
- Meanwhile Australia trade surplus narrowed to A\$825m (Jan: A\$952m) as import increased whereas export remains flattish compared to the preceding month.
- Malaysia exports posted a surprised decline of 2.0% YOY in February, its first negative print since Oct-16, dragged by both manufacturing and commodity exports as shipment to all major export destinations deteriorated. Seasonal distortion aside, we believe slower global demand and a stronger Ringgit were other factors contributed to the weaker than expected print. We expect exports to bounce back in the months ahead but unlikely to recapture the hefty gain last seen in January. Given the sharper than expected pullback in February, March exports may continue to see a weak number, possibly still a minor contraction, as it came off a high base from March last year. Overall exports outlook is expected to remain positive albeit more subdued, tracking continued moderate global demand and range bound commodity prices. The US-China trade disputes are not expected to have any substantial direct impact on Malaysia's exports but we caution against the indirect spillover effect through global supply chain as the US targets' on high technology sector could have negative implications on Malaysia, as E&E accounts for close to 40% of total Malaysia exports, not forgetting that China is Malaysia's largest trading partner, accounting for 16% of total trade last year. China's inclusion of soybean into its tariff list of imports from the US, could also potential affect palm oil prices, a close substitute for soya oil.

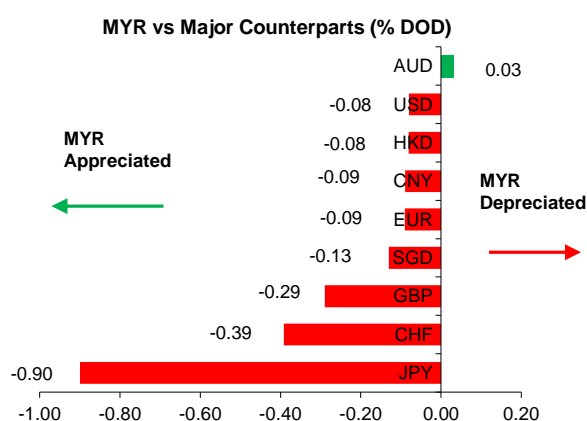
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	6/4	Foreign Reserves	30 Mar	--	\$103.9b	--
US	6/4	Change in Nonfarm Payrolls	Mar	185k	313k	--
		Unemployment Rate	Mar	4.0%	4.1%	--
UK	9/4	Halifax House Prices MOM	Mar	--	0.4%	--
Japan	6/4	Leading Index CI	Feb P	105.5	105.6	--
		Coincident Index	Feb P	116.1	114.9	--
	9/4	BOP Current Account Balance	Feb	¥2196.0b	¥607.4b	--
		Eco Watchers Survey Current SA	Mar	--	48.6	--
		Eco Watchers Survey Outlook SA	Mar	--	51.4	--
China	7/4	Foreign Reserves	Mar	\$3148.50b	\$3134.48	--
	8-18/4	Foreign Direct Investment YOY	Mar	--	0.8%	--
Hong Kong	6/4	Nikkei Hong Kong PMI	Mar	--	51.7	--
	9/4	Foreign Reserves	Mar	--	\$443.5b	--
Singapore	9-13/04	GDP YOY	1Q A	--	3.6%	--
	9/4	Foreign Reserves	Mar	--	\$282.78b	--
Australia	9/4	AiG Perf Construction Index	Mar	--	56.0	--
		Foreign Reserves	Mar	--	A\$70.8b	--
Vietnam	6-13/4	Domestic Vehicle Sales YOY	Mar	--	-28.8%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2240	-0.31	1.229	1.2218	2.0
USDJPY	107.39	0.57	107.49	106.71	-4.9
GBPUSD	1.4003	-0.54	1.4097	1.3966	3.6
AUDUSD	0.7684	-0.41	0.7727	0.7674	-1.8
EURGBP	0.8740	0.22	0.8750	0.8716	-1.5
USDMYR	3.8663	-0.08	3.8705	3.8640	-4.5
EURMYR	4.7464	-0.09	4.7548	4.7366	-2.3
JPYMYR	3.6091	-0.90	3.6237	3.6082	0.4
GBPMYR	5.4284	-0.29	5.4541	5.4259	-0.9
SGDMYR	2.9411	0.13	2.9495	2.9408	-3.0
AUDMYR	2.9703	-0.03	2.9872	2.9703	-6.2
NZDMYR	2.8168	-0.07	2.8312	2.8161	-2.5

Source: Bloomberg



Forex

MYR

- **MYR closed 0.08% firmer at 3.8663 against USD** after retreating from intraday high and bested 7 G10s as risk appetite improved.
- With US President Trump threatening to further escalate US-China trade tensions by announcing another \$100b worth of tariff, expect risk sentiment in the markets to take a hit. **MYR will likely be pressured in due process, keeping it softer against USD.** Prevailing price-momentum divergence continues to wedge USDMYR higher. We still set sights on a climb to 3.8847.

USD

- **USD rebounded against 9 G10s** as buying interest returned, pushing the DXY 0.35% higher to 90.46.
- **Keep a bullish view on USD** as we anticipate refuge demand from trade war concerns to mildly support buying interest; firmer US data would further boost a bullish case. DXY advanced to 90.58 as expected but was rejected. It is still technically bullish and is likely to re-test 90.58; a break here exposes 90.88, otherwise a drop to 89.88 is likely.

EUR

- **EUR fell 0.31% to 1.2240 against USD** and slipped against 5 G10s, partly weighed down by underperforming Eurozone data.
- **Expect a bearish EUR in anticipation of a firmer USD.** EURUSD expectedly fell to 1.2230, and below, overnight. It remains in a minor bearish trend that will only be ended by a close above 1.2302 today. Do not rule out a potential rebound today, but overall, we maintain that EURUSD remains prone to losses.

GBP

- **GBP tumbled 0.54% to 1.4003 against USD** and weakened against 8 G10s as refuge demand sagged on improving risk appetite in Eurozone, as well as weighed down by softer UK data.
- **We stay bearish on GBP in anticipation of a firmer USD.** GBPUSD losing 1.4039 overnight is a bearish sign. Even though there is room for a rebound today, gains are likely limited to 1.4039 and still inclined to losses to circa 1.3945 going forward.

JPY

- **JPY weakened 0.57% to 107.39 against USD** and fell against all G10s as demand retreated to improving risk appetite.
- **We turn bullish on JPY against USD,** anticipating support from rising refuge demand. USDJPY just recently tested 107.44 and we reckon that there may be a slight pullback first before resuming its current minor bullish trend. Holding above 106.86 retains the scope for USDJPY to test 107.84 going forward.

AUD

- **AUD fell 0.41% to 0.7684 against a rallying USD** and retreated against 7 G10s.
- **We are now bearish on AUD against USD,** expecting renewed downside pressure from intensified trade war concerns. AUDUSD is prone to further losses after losing 0.77, suggesting that its recent rebound may be unsustainable. Closing above 0.7663 maintains the scope for a rebound above 0.7716 going forward, otherwise, expect further losses close to 0.7600.

SGD

- **SGD weakened 0.3% to 1.3162 against USD** and fell against 6 G10s that advanced on firmer risk appetite.
- **SGD remains bearish against firm USD** and on pressure from rising risk-off sentiment in the markets. USDSGD is still tilted towards the upside. We now set sights on a move higher to 1.3192 next.

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