

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- RBA policy decision took center stage amid a day of light economic releases. **No change to RBA cash target rate at 1.50% as expected but we sensed that the central bank's assessment on growth outlook has turned a little milder.** Governor Philip Lowe commented that low rates remain supportive of the economy and advised patience with regards to lowering unemployment and raising inflation target, saying that "progress is likely to be gradual". RBA also repeated its caution that a stronger AUD risks pushing growth and inflation forecasts lower, on top of reiterating its assessment that debt levels remained high while wage growth remains low, even as employment growth picked up last year. **The cautious assessment suggests RBA has no plans to raise rates in the foreseeable future.**
- On the data front, those from the US disappointed while Australian data turned out well.** Factory orders and durable goods orders in the US both declined in January raising concerns over business spending. On the contrary, retail sales and construction picked up in Australia, signaling the Australian economy is still chugging along.
- USD tumbled against 9 G10s** while the DXY closed 0.51% lower at 89.61, pressured by softer US data, news of potential denuclearization of North Korea that reduced demand for refuge as well as increasing likelihood that the US is adamant on imposing trade tariff amid the resignation of Trump's economic adviser. **We turn bearish on USD** from potential sell-off on intensifying expectations of trade wars by the US, and from retreating buying interest ahead of crucial US data. DXY has lost 89.83 overnight and is now technically bearish in our view. Expect a slide to 89.10 in the next leg lower, below which a test at 88.81 is likely.
- MYR** narrowed strong early gains but **nonetheless closed 0.08% firmer at 3.9035 against USD** though slipping against 7 G10s. **Expect a slightly bullish MYR against USD**, supported by recovery in overnight risk appetite that is likely to spill over into Asian trade. A minor bearish trend continues to prevail but its sustainability remains doubtful unless USDMYR manages to close below 3.8885.
- SGD** weakened against 8 G10s that rallied on firmer risk appetite but **advanced 0.17% to 1.3161 against a soft USD. We stay slightly bullish on SGD on the back of a weak USD.** Bearish bias prevails in USDSGD; the pair is likely to target 1.3147 in the next leg lower, below which further losses to 1.3092 is expected.

#### Overnight Economic Data

US	↓
AU	↑

#### What's Coming Up Next

##### Major Data

- Malaysia foreign reserves
- US MBA mortgage applications, ADP employment change, trade balance
- EU 4Q GDP
- Japan leading & coincident indexes

##### Major Events

- BNM OPR

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2364	1.2400	1.2420	1.2454	1.2488	↗
USDJPY	105.10	105.35	105.64	106.04	106.46	↘
GBPUSD	1.3857	1.3891	1.3899	1.3914	1.3930	↗
AUDUSD	0.7756	0.7770	0.7778	0.7803	0.7813	↗
EURGBP	0.8900	0.8920	0.8933	0.8944	0.8950	↗
USDMYR	3.8895	3.8940	3.8983	3.8992	3.9047	↘
EURMYR	4.8213	4.8317	4.8416	4.8479	4.8571	↗
JPYMYR	3.6800	3.6831	3.6886	3.6900	3.6963	↗
GBPMYR	5.4068	5.4140	5.4182	5.4200	5.4250	↗
SGDMYR	2.9513	2.9550	2.9574	2.9606	2.9630	↘
AUDMYR	3.0300	3.0320	3.0344	3.0400	3.0434	↘
NZDMYR	2.8320	2.8350	2.8397	2.8404	2.8450	↗
USDSGD	1.3147	1.3167	1.3182	1.3185	1.3202	↘
EURSGD	1.6332	1.6350	1.6373	1.6389	1.6400	↗
GBPSGD	1.8279	1.8300	1.8327	1.8336	1.8364	↗
AUDSGD	1.0226	1.0250	1.0259	1.0283	1.0296	↘

\*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	1848.4	0.3	2.9	CRB Index	196.8	0.05	1.5
Dow Jones Ind.	24884.1	0.0	0.7	WTI oil (\$/bbl)	62.6	0.05	3.6
S&P 500	2728.1	0.3	2.0	Brent oil (\$/bbl)	65.8	0.38	0.2
FTSE 100	7146.8	0.4	-7.0	Gold (S/oz)	1334.6	1.10	2.7
Shanghai	3289.6	1.0	-0.5	CPO (RM/tonne)	2460.5	-1.44	3.0
Hang Seng	30510.7	2.1	2.0	Copper (\$/tonne)	6910.0	0.17	-4.7
STI	3491.9	1.6	2.6	Rubber (sen/kg)	494.5	1.02	6.9

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US factory orders	Jan	-1.4%	1.8%	-1.4%
US durable goods orders	Jan F	-3.6%	-3.7%	-3.6%
AU retail sales MOM	Jan	0.1%	-0.5%	0.4%
AU construction index	Feb	56.0	54.3	--
RBA cash target rate	6 Mar	1.50%	1.50%	1.50%

Source: Bloomberg

- The RBA expectedly kept the cash target rate at 1.50% yesterday, with Governor Philip Lowe stating that low rates remain supportive of the economy and advised patience with regards to lowering unemployment and raising inflation target, saying that “progress is likely to be gradual”. RBA also repeated its caution that a stronger AUD risks pushing growth and inflation forecasts lower, on top of reiterating its assessment that debt levels remained high while wage growth remains low, even as employment growth picked up last year.
- There were limited data, from the US and Australia overnight. Factory orders in the US fell 1.4% MOM after rising 1.8% in Dec, weighed down by relatively sharp decline in durable goods orders, which fell 3.6% after rising 2.7% in Dec. Discounting generally volatile impact of orders of transportation, factory orders growth eased to 0.4% in Jan from 0.9% in Dec.
- In Australia, retail sales rebounded on a monthly basis, though rising just 0.1% MOM in Jan from a 0.5% decline previously, missing the 0.4% growth markets were looking for. Annually, retail sales growth eased to 2.2% YOY from 3.9% in Dec, led by softer expansion in spending on food, household goods and expenditure at café & restaurants. Meanwhile, the construction sector grew at a quicker pace in Feb, as suggested by an increase on the AiG performance of construction index to 56.0 from 54.3 in Jan. Growth in the sector was driven by increased activity, slightly firmer new construction orders and hiring, but even so, wages grew at a softer pace.

### Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	7/3	BNM OPR	7 Mar	3.25%	3.25%	--
		Foreign reserves	28 Feb	--	\$103.6b	--
US	7/3	MBA mortgage applications	2 Mar	--	2.7%	--
		ADP employment change	Feb	200k	234k	--
		Trade balance	Jan	-\$55.0b	-\$53.1b	--
	8/3	Fed Beige Book				--
		Consumer credit	Jan	\$17.65b	\$18.44b	--
		Initial jobless claims	Mar 3	220k	210k	--
Eurozone	7/3	GDP SA QOQ	4Q	0.6%	0.6%	--
	8/3	ECB main refinancing rate	Mar 8	0.00%	0.00%	--
UK	7/3	Halifax house prices YOY	Feb	1.6%	2.2%	--
	8/3	RICS house prices balance	Feb	7%	8%	--
Japan	7/3	Leading index	Jan P	106.5	107.4	--
		Coincident index	Jan P	115.3	120.2	--
	8/3	BOP current account balance	Jan	¥437.4b	¥797.2b	--
		GDP SA QOQ	4Q F	0.2%	0.1%	--
		Eco Watcher current	Feb	50.5	49.9	--
		Eco Watcher outlook	Feb	51.7	52.4	--
China	8/3	Exports YOY	Feb	11.0%	11.1%	--
	8 – 18/3	FDI YOY	Feb	--	0.3%	--
Australia	7/3	GDP SA QOQ	4Q	0.5%	0.6%	--
	8/3	Trade balance	Jan	A\$160m	-A\$1358m	--
Vietnam	7 – 13/3	Domestic vehicle sales YOY	Feb	--	29.4%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2404	0.55	1.242	1.2328	3.4
USDJPY	106.13	-0.07	106.46	105.85	6.3
GBPUSD	1.3888	0.28	1.393	1.3817	2.9
AUDUSD	0.7829	0.82	0.7842	0.7757	0.2
EURGBP	0.8932	0.28	0.8944	0.8906	0.6
USDMYR	3.9035	-0.08	3.9067	3.8940	3.5
EURMYR	4.8187	0.10	4.8254	4.8075	0.6
JPYMYR	3.6810	-0.55	3.6830	3.6614	2.4
GBPMYR	5.3972	0.07	5.4101	5.3926	1.2
SGDMYR	2.9581	-0.09	2.9647	2.9562	2.3
AUDMYR	3.0295	0.12	3.0422	3.0257	4.2
NZDMYR	2.8265	0.28	2.8295	2.8148	1.9

Source: Bloomberg

## Forex

### MYR

- **MYR** narrowed strong early gains but **nonetheless closed 0.08% firmer at 3.9035 against USD** though slipping against 7 G10s.
- **Expect a slightly bullish MYR against USD**, supported by recovery in overnight risk appetite that is likely to spill over into Asian trade. A minor bearish trend continues to prevail but its sustainability remains doubtful unless USDMYR manages to close below 3.8885.

### USD

- **USD tumbled against 9 G10s** while the DXY closed 0.51% lower at 89.61, pressured by softer US data, news of potential denuclearization of North Korea that reduced demand for refuge as well as increasing likelihood that the US is adamant on imposing trade tariff amid the resignation of Trump's economic adviser.
- **We turn bearish on USD** from potential sell-off on intensifying expectations of trade wars by the US, and from retreating buying interest ahead of crucial US data. DXY has lost 89.83 overnight and is now technically bearish in our view. Expect a slide to 89.10 in the next leg lower, below which a test at 88.81 is likely.

### EUR

- **EUR jumped 0.55% to 1.2404 against a sliding USD** and advanced against 5 G10s as impact of Italian election outcome waned further.
- **EUR is now bullish on the back of a weak USD**; expect gains to accelerate if Eurozone GDP improves. A close above 1.2396 resistance has tilted EURUSD towards the upside. There is now scope for a test at 1.2488 but we remain skeptical, cautioning a potential reversal before 1.2555.

### GBP

- **GBP** also faced sell-off on stronger risk appetite in Europe, sliding against 7 G10s but **managed to beat a weaker USD by 0.28% to close at 1.3888**.
- **We now turn slightly bullish on GBP against a soft USD**. Bearish bias has retreated and GBPUSD is poised to test 1.3914. A break here exposes a move to 1.3974.

### JPY

- **JPY** tumbled against 8 G10s as refuge demand retreated but **inched 0.07% firmer to 106.13 against a soft USD**.
- **Stay slightly bullish on JPY on the back of a soft USD**. USDJPY remains inclined to the downsides and likely to stay below 105.75 in the coming days. A test at 105.10 is expected, and a break here puts 100 level at risk.

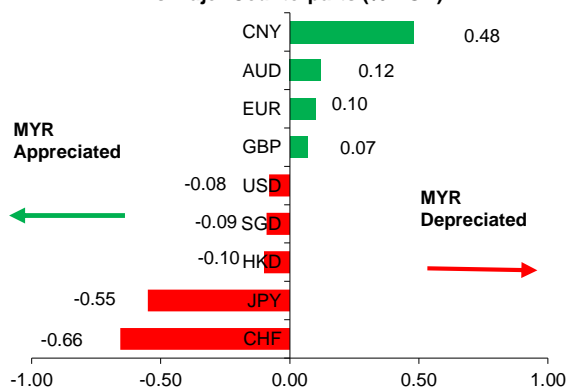
### AUD

- **AUD** rallied on improved risk appetite to beat 8 G10s and **surged 0.82% to 0.7829 against a soft USD**.
- **Expect a softer AUD against USD**, weighed down by a lower than expected Australia GDP growth in 4Q. Despite closing above 0.7819 overnight, an early tumble below the crucial level suggests bulls still fail to take control. AUDUSD's outlook remains fragile and a close below 0.7819 would tilt the pair lower towards 0.7719.

### SGD

- **SGD** weakened against 8 G10s that rallied on firmer risk appetite but **advanced 0.17% to 1.3161 against a soft USD**.
- **We stay slightly bullish on SGD on the back of a weak USD**. Bearish bias prevails in USDSGD; the pair is likely to target 1.3147 in the next leg lower, below which further losses to 1.3092 is expected.

MYR vs Major Counterparts (% DOD)



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