

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US-China trade tensions continued to take center stage, keeping markets in risk-off mode.** As expected, noises surrounding increasing threats of a full blown trade war overshadowed disappointing nonfarm job data and **Fed Chair's Powell's reiteration for further increases in the Fed funds rate**, saying the US job market is close to full employment and inflation is edging towards the Fed's 2% target.
- **Headline nonfarm data disappointed with a 103k job gains in March**, compounded by a net 50k downward revision for the last two months. **The savior lies in the more closely watched wage growth**, which saw quicker gains of 2.7% YOY in March (Feb: +2.6% YOY) while unemployment rate held steady at 4.1% for the 6<sup>th</sup> consecutive month, sustaining hopes of continuous recovery in the US job market, especially when weather-related job losses normalize. **Data elsewhere were largely positive**, with leading index and widening current account surplus signaling a better outlook in the Japanese economy while foreign reserves continued to inch higher in China.
- **USD fell against 7 G10s** while the DXY tumbled after disappointing US labour market data to close 0.39% to 90.10. **We maintain a bullish DXY view** despite recent blip in US data as we expect markets to turn attention to FOMC minutes in search of hawkish clues. Technical landscape has turned more cautious after another rejection at 90.58 last Friday. DXY remains within a minor bullish bias and another test at 90.58 is anticipated.
- **MYR weakened 0.14% to 3.8716 against USD** amid risk aversion in the markets and closed mixed against the G10s. **Expect a bullish MYR against a weakened USD** but gains could be narrowed on prevailing risk aversion in the markets. USDMYR is showing renewed weakness after losing 3.8663 and downside bias is likely to push it lower to circa 3.8560 going forward. A bounce off 3.8533 – 3.8560 is possible.
- **SGD fell against 6 G10s** amid retreating risk appetite but **inched 0.02% to 1.3158 against a soft USD. SGD remains bearish against USD** on pressure from risk-off sentiment in the markets. USDSGD is still tilted towards the upside. We still set sights on a move higher to 1.3192 next.

#### Overnight Economic Data

|           |   |
|-----------|---|
| US        | → |
| Japan     | ↑ |
| China     | ↑ |
| Hong Kong | ↓ |
| Australia | ↑ |

#### What's Coming Up Next

##### Major Data

- UK Halifax house prices
- Japan Eco Watchers current & outlook surveys
- Hong Kong foreign reserves
- Singapore foreign reserves
- Australia foreign reserves

##### Major Events

- Nil

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

|        | S2     | S1     | Indicative | R1     | R2     | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.2213 | 1.2254 | 1.2270     | 1.2300 | 1.2319 | ↘       |
| USDJPY | 106.65 | 106.88 | 106.95     | 107.05 | 107.22 | ↘       |
| GBPUSD | 1.4006 | 1.4053 | 1.4091     | 1.4100 | 1.4128 | ↘       |
| AUDUSD | 0.7643 | 0.7658 | 0.7684     | 0.7700 | 0.7718 | ↗       |
| EURGBP | 0.8671 | 0.8700 | 0.8708     | 0.8718 | 0.8724 | ↘       |
| USDMYR | 3.8580 | 3.8600 | 3.8623     | 3.8640 | 3.8660 | ↘       |
| EURMYR | 4.7320 | 4.7366 | 4.7384     | 4.7406 | 4.7458 | ↗       |
| JPYMYR | 3.6050 | 3.6082 | 3.6118     | 3.6157 | 3.6200 | ↗       |
| GBPMYR | 5.4344 | 5.4400 | 5.4414     | 5.4466 | 5.4535 | ↗       |
| SGDMYR | 2.9300 | 2.9344 | 2.9369     | 2.9408 | 2.9457 | ↗       |
| AUDMYR | 2.9648 | 2.9666 | 2.9678     | 2.9713 | 2.9787 | ↗       |
| NZDMYR | 2.8100 | 2.8116 | 2.8129     | 2.8161 | 2.8186 | ↗       |
| USDSGD | 1.3107 | 1.3135 | 1.3156     | 1.3164 | 1.3189 | ↗       |
| EURSGD | 1.6125 | 1.6139 | 1.6144     | 1.6165 | 1.6173 | ↘       |
| GBPSGD | 1.8500 | 1.8521 | 1.8537     | 1.8555 | 1.8576 | ↗       |
| AUDSGD | 1.0080 | 1.0100 | 1.0108     | 1.0121 | 1.0138 | ↗       |

\* 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           | 1837.01    | 0.0   | 2.2   | CRB Index          | 192.25     | -0.80 | -0.8  |
| Dow Jones Ind. | 23932.76   | -2.3  | -3.2  | WTI oil (\$/bbl)   | 62.06      | -2.33 | 2.7   |
| S&P 500        | 2604.47    | -2.2  | -2.6  | Brent oil (\$/bbl) | 67.11      | -1.79 | 0.5   |
| FTSE 100       | 7183.64    | -0.2  | -6.6  | Gold (\$/oz)       | 1333.03    | 0.49  | 2.2   |
| Shanghai       | 3131.11    | -0.2  | -5.3  | CPO (RM/tonne)     | 2455.50    | 0.64  | 2.7   |
| Hang Seng      | 29844.94   | 1.1   | -0.2  | Copper (\$/tonne)  | 6769.00    | -0.69 | -6.6  |
| STI            | 3442.50    | 1.1   | 1.2   | Rubber (sen/kg)    | 455.00     | 1.90  | -1.6  |

Source: Bloomberg

**Economic Data**

|                                | For   | Actual     | Last       | Survey     |
|--------------------------------|-------|------------|------------|------------|
| US Change in Nonfarm Payroll   | Mar   | 103k       | 326k       | 185k       |
| US Unemployment Rate           | Mar   | 4.1%       | 4.1%       | 4.0%       |
| JP Leading Index CI            | Feb P | 105.8      | 105.6      | 105.5      |
| JP Coincident Index            | Feb P | 115.6      | 114.9      | 116.1      |
| JP BOP Current Account Balance | Feb   | ¥2076.0b   | ¥607.4b    | ¥2296.0b   |
| CN Foreign Reserves            | Mar   | \$3142.82b | \$3134.48b | \$3146.00b |
| HK Nikkei Hong Kong PMI        | Mar   | 50.6       | 51.7       | --         |
| AU AiG Construction Index      | Mar   | 57.2       | 56.0       | --         |

Source: Bloomberg

**➤ Macroeconomics**

- Hiring slowed in the US as the total number of new jobs added came out to be less than expected. Nonfarm payroll rose 103k in March, its lowest in six months and paled in comparison with February's number which was revised from 313k to 326k. Adding on to the negative headline nonfarm data was net two months revisions was down 50k collectively for the first two months of the year. Unemployment rate however remained at 4.1% for the sixth consecutive month. Participation rate slipped lower to 62.9% (Feb: 63.0%). The more important wage growth on the other hand rose steadily by 2.7% YOY (Feb: 2.6%), reaffirming expectations of continuous tightening in the labour market.
- Following last month's stronger than expected number, the weak reading is attributed to severe weather condition in March which disrupted hiring particularly in construction, not uncommon given historical precedents. This stood in contrast with ADP employment report released earlier last week which showed that the private sector added 241k jobs in March. Despite a rather disappointing March jobs report, we remain upbeat of the US labour market and expect hiring to improve in April as a warmer weather kicks in at the turn of the season. Despite the disappointment in Friday's job numbers, Fed Chair Powell commented that the US labour market appeared to be close to full employment and that inflation is expected to inch closer to the Fed's 2% target, putting the Fed on track to keep raising rates to keep inflation under control.
- In Japan, preliminary readings of the coincident index and leading index rose to 115.6 and 105.8 respectively in February (Jan: 105.6 and 114.9) indicating that outlook of the Japanese economy improved in the month. In a separate release, current account surplus widened to ¥2076.0b in February (Jan: ¥607.4b).
- Meanwhile private sector in Hong Kong expanded albeit slowly in March. The Nikkei Hong Kong PMI fell to 50.6 in March (Feb: 51.7) amidst softer demand from China. As orders slowed, firms were able to work through their backlogs while emerging sign of spare capacity led to lower hiring.
- Australia's construction sector expanded at a faster pace in March. The AiG Performance of Construction Index rose to 57.2 (Feb: 56.0) due to higher new orders.
- PBOC announced that China foreign reserves boosted slightly to US\$3.143 trillion in March (Feb: US\$ 3.134trn) attributed to a combination of capital control and gains of yuan amidst a broad US dollar weakness.

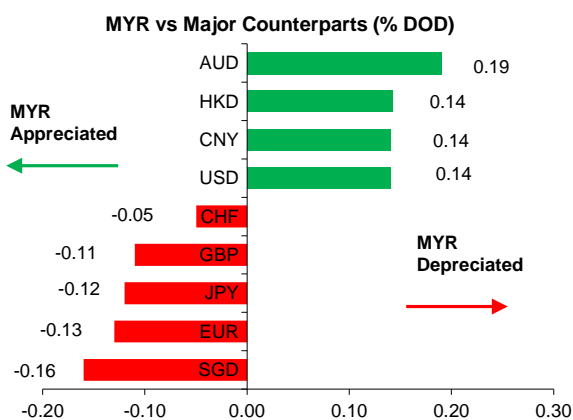
| Economic Calendar Release Date |         |                                |                  |        |           |         |
|--------------------------------|---------|--------------------------------|------------------|--------|-----------|---------|
| Country                        | Date    | Event                          | Reporting Period | Survey | Prior     | Revised |
| US                             | 10/4    | NFIB Small Business Optimism   | Mar              | 107.0  | 107.6     | --      |
|                                |         | PPI Final Demand YOY           | Mar              | 2.9%   | 2.8%      | --      |
|                                |         | Wholesale Inventories MOM      | Feb F            | 0.8%   | -1.1%     | --      |
| UK                             | 9/4     | Halifax House Prices MOM       | Mar              | 0.1%   | 0.4%      | --      |
| Japan                          | 9/4     | Eco Watchers Survey Current SA | Mar              | 48.0   | 48.6      | --      |
|                                |         | Eco Watchers Survey Outlook SA | Mar              | 51.0   | 51.4      | --      |
|                                | 10/4    | Machine Tool Orders YOY        | Mar P            | --     | 39.5%     | --      |
| China                          | 9-18/4  | Foreign Direct Investment YOY  | Mar              | --     | --        | 0.8%    |
| Hong Kong                      | 9/4     | Foreign Reserves               | Mar              | --     | \$443.5b  | --      |
| Singapore                      | 9/4     | Foreign Reserves               | Mar              | --     | \$282.78b | --      |
| Australia                      | 9/4     | Foreign Reserves               | Mar              | --     | A\$70.8b  | --      |
|                                |         | NAB Business Confidence Index  | Mar              | --     | 9         | --      |
|                                |         | NAB Business Conditions        | Mar              | --     | 21        | --      |
| New Zealand                    | 10-13/4 | REINZ House Sales YOY          | Mar              | --     | 1.2%      | --      |
| Vietnam                        | 9-13/4  | Domestic Vehicle Sales YOY     | Mar              | --     | -28.8%    | --      |

Source: Bloomberg

### FX Table

| Name   | Last Price | DoD % | High   | Low    | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.2281     | 0.33  | 1.2291 | 1.2215 | 2.2   |
| USDJPY | 106.93     | -0.43 | 107.46 | 106.78 | -5.0  |
| GBPUSD | 1.4092     | 0.64  | 1.4105 | 1.3983 | 4.3   |
| AUDUSD | 0.7684     | 0.00  | 0.77   | 0.7658 | -1.6  |
| EURGBP | 0.8714     | -0.29 | 0.8750 | 0.8701 | -1.9  |
| USDMYR | 3.8716     | 0.14  | 3.8728 | 3.8680 | -4.3  |
| EURMYR | 4.7400     | -0.13 | 4.7458 | 4.7292 | -2.0  |
| JPYMYR | 3.6049     | -0.12 | 3.6156 | 3.6010 | 0.3   |
| GBPMYR | 5.4227     | -0.11 | 5.4268 | 5.4135 | -0.1  |
| SGDMYR | 2.9363     | -0.16 | 2.9425 | 2.9344 | -2.9  |
| AUDMYR | 2.9758     | 0.19  | 2.9787 | 2.9648 | -5.9  |
| NZDMYR | 2.8056     | -0.40 | 2.8142 | 2.8053 | -2.2  |

Source: Bloomberg



## Forex

### MYR

- **MYR weakened 0.14% to 3.8716 against USD** amid risk aversion in the markets and closed mixed against the G10s.
- **Expect a bullish MYR against a weakened USD** but gains could be narrowed on prevailing risk aversion in the markets. USDMYR is showing renewed weakness after losing 3.8663 and downside bias is likely to push it lower to circa 3.8560 going forward. A bounce off 3.8533 – 3.8560 is possible.

### USD

- **USD fell against 7 G10s** while the DXY tumbled after disappointing US labour market data to close 0.39% to 90.10.
- **We maintain a bullish DXY view** despite recent blip in US data as we expect markets to turn attention to FOMC minutes in search of hawkish clues. Technical landscape has turned more cautious after another rejection at 90.58 last Friday. DXY remains within a minor bullish bias and another test at 90.58 is anticipated.

### EUR

- **EUR climbed 0.33% to 1.2281 against a weak USD** and advanced against 5 G10s.
- **Stay bearish on EUR against USD** on extended risk-off in the markets. EURUSD remains in a minor bearish trend that dictates a couple more days of losses. But downsides appear to be abating and this potentially sets up a rebound going forward.

### GBP

- **GBP** was supported by risk aversion in European markets to beat all G10s and **jumped 0.64% to 1.4092 against a weak USD**.
- **We stay bearish on GBP in anticipation of a USD rebound**. GBPUSD is liable to a pullback after last Friday's rally. However, we reckon that GBPUSD has turned bullish and could be charting higher levels in the coming days unless getting rejected by 1.4128 – 1.4145.

### JPY

- **JPY** was similarly supported by risk aversion in the markets amid renewed trade tensions, beating 7 G10s and **strengthening 0.43% to 106.93 against USD**.
- **Expect JPY to stay bullish against USD** on prevailing risk-off in the markets. USDJPY could extend its downsides from rejection off 107.46 last Friday. Losing 106.88 exposes a move to 106.02 in the next leg lower.

### AUD

- **AUD ended unchanged against USD at 0.7684** after erasing gains in US session as risk appetite eased while sliding against 6 G10s.
- **We turn bullish on AUD against USD**, supported by firmer Australia data though gains may be modest amid prevailing risk-off in the markets. A minor bullish trend prevails; unless AUDUSD closes below 0.7685 today, there is room for a rally to above 0.7716 soon.

### SGD

- **SGD** fell against 6 G10s amid retreating risk appetite but **inched 0.02% to 1.3158 against a soft USD**.
- **SGD remains bearish against USD** on pressure from risk-off sentiment in the markets. USDSGD is still tilted towards the upside. We still set sights on a move higher to 1.3192 next.

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