

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets were relatively calm overnight** except for the reemergence of US-Russia geopolitical noises **but this may be shortlived depending on how President Xi's keynote address in a forum turns out today. There is speculation China may resort to devaluing its currency to counter US trade tariffs.**
- **It was also relatively quiet on the data front. UK Halifax house prices picked up** to increase 1.5% MOM and 2.7% YOY in March (Feb: +0.4% MOM and +1.8% YOY). While the overall gains remained subdued amid prevailing softness in the UK housing market, average house price reached a new high at £227,871. Looking ahead, **the housing market might continue to take a breather as the BOE prepared to hike interest rate in May.**
- **Over in Japan, consumer confidence held firm** at 44.3 in March. In a separate release, sentiment of Japan's current economic conditions as of March improved as the **Eco Watchers Survey of Current Conditions inched up** to 48.9 (Feb: 48.6). The accompanying reading on **outlook however fell** to 49.6 (Feb: 51.4), **a sign of a still fragile outlook in the Japanese economy.**
- **USD weakened against all G10s** while the DXY slumped in early US session to close 0.3% lower at 89.83, pressured by speculation that China may retaliate against US trade tariffs via currency depreciation (which partly circumvents the higher costs due to US trade tariffs). **We turn bearish on USD** after the latest salvo from China in response to on-going trade contention. Technical outlook has turned detrimental after losing 89.88. DXY is now tilted to the downside, with scope to slide to 89.24.
- **MYR inched 0.02% firmer to 3.8710 against USD** but saw early gains narrowed going into end of Asian trade; MYR fell against 8 G10s. **Continue to expect a bullish MYR against a weak USD** but we maintain that gains could be narrowed going forward, as witnessed yesterday. Speculation of CNY devaluation (see USD above) would also have detrimental effect on MYR (weaker CNY risks widening Malaysia's trade deficit with China). USDMYR is still showing inclination towards the downside but we note that current downside momentum does not commensurate with price action, hinting at a possible rebound going forward.
- **SGD fell against 5 G10s but strengthened 0.31% to 1.3113 against a weak USD. We now expect a slightly bullish SGD on the back of a weak USD.** A sharp tumble below 1.3133 has allayed recent improvement in momentum. USDSGD is now tilted to the downsides, with scope to re-test 1.3072 in due time.

UK
Japan
Hong Kong
Singapore
Australia



What's Coming Up Next

Major Data

- US NFIB small business optimism, PPI final demand, wholesale inventories
- Japan machine tool orders
- Australia NAB business confidence index, NAB business conditions index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2300	1.2319	1.2325	1.2345	1.2365	↗
USDJPY	106.24	106.57	106.67	106.87	107.00	↘
GBPUSD	1.4105	1.4127	1.4139	1.4164	1.4200	↗
AUDUSD	0.7660	0.7685	0.7700	0.7711	0.7727	↗
EURGBP	0.8700	0.8713	0.8718	0.8728	0.8742	↘
USDMYR	3.8580	3.8600	3.8637	3.8646	3.8680	↘
EURMYR	4.7567	4.7604	4.7622	4.7655	4.7680	↗
JPYMYR	3.6100	3.6166	3.6210	3.6245	3.6277	↗
GBPMYR	5.4535	5.4589	5.4620	5.4682	5.4722	↗
SGDMYR	2.9425	2.9441	2.9461	2.9497	2.9522	↗
AUDMYR	2.9650	2.9713	2.9740	2.9767	2.9792	↗
NZDMYR	2.8186	2.8216	2.8254	2.8266	2.8288	↗
USDSGD	1.3090	1.3104	1.3113	1.3123	1.3133	↘
EURSGD	1.6139	1.6154	1.6163	1.6167	1.6175	↗
GBPSGD	1.8500	1.8520	1.8539	1.8551	1.8562	↗
AUDSGD	1.0062	1.0086	1.0094	1.0100	1.0110	↗

* 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	1849.71	0.7	2.9	CRB Index	194.97	1.41	0.6
Dow Jones Ind.	23979.10	0.2	-3.0	WTI oil (\$/bbl)	63.42	2.19	5.0
S&P 500	2613.16	0.3	-2.3	Brent oil (\$/bbl)	68.65	2.29	2.7
FTSE 100	7194.75	0.2	-6.4	Gold (\$/oz)	1336.35	0.25	2.5
Shanghai	3138.29	0.2	-5.1	CPO (RM/tonne)	2466.50	0.37	3.2
Hang Seng	30229.58	1.3	1.0	Copper (\$/tonne)	6830.00	0.90	-5.8
STI	3449.96	0.2	1.4	Rubber (sen/kg)	452.50	-0.55	-2.2

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
UK Halifax House Prices MOM	Mar	1.5%	0.4%	0.1%
JP Consumer Confidence Index	Mar	44.3	44.3	44.5
JP Eco Watchers Current Conditions	Mar	48.9	48.6	48.0
JP Eco Watchers Outlook SA	Mar	49.6	51.4	51.0
HK Foreign Reserves	Mar	\$440.3b	\$443.5b	--
AU Foreign Reserves	Mar	A\$76.6b	A\$70.8b	--
SG Foreign Reserves	Mar	\$286.96b	\$282.78b	--

Source: Bloomberg

➤ Macroeconomics

- House prices in the UK gained 1.5% MOM in March (Feb: +0.4%). On an annual basis, growth in prices picked up but remained subdued, rising 2.7% for the three months ended March (Feb: +1.8%). Average house price however reached a new high at £227,871. The UK housing market has been slowing down recently as mortgage approvals and home sales eased despite affordable mortgages cost. According to Halifax, Mortgage affordability which is measured based on a household's share of mortgage payment against its disposable income has reached a new low despite BOE's rate hike last November. Wage growth still lagged behind inflation, while uncertainties around Brexit continue to dampen economic sentiments, hence holding consumers back from venturing into the housing market. Looking ahead, the housing market might continue to take a breather as the BOE prepared to hike interest rate in May.
- Consumer confidence in Japan remained unchanged in March at 44.3 (Feb: 44.3). Income growth, a subcomponent of the index went down for the first time in six month despite a faster nominal wage growth in February as higher inflation weighed on real earnings. In a separate release, sentiment of Japan's current economic conditions as of March improved as the Eco Watchers Survey of Current Conditions inched up to 48.9 (Feb: 48.6). The accompanying reading on outlook however fell to 49.6 (Feb: 51.4).
- Australia foreign reserves increased from AU\$70.8b in February to AU\$76.6b in March. Singapore foreign reserves edged up as well, from \$282.78b in February to \$286.96b in March. On the contrary, Hong Kong foreign reserves inched lower, from US\$443.5b in February to US\$440.3b in March.

Economic Calendar Release Date

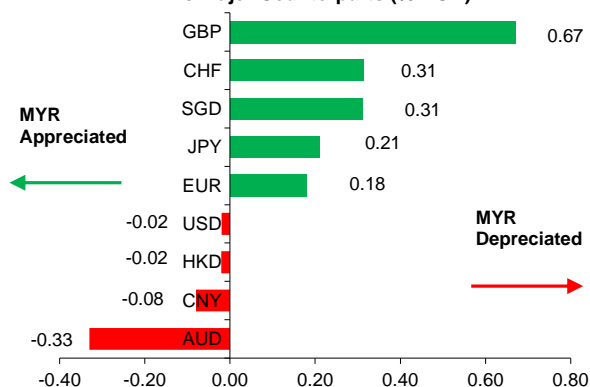
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/4	Industrial Production YOY	Feb	3.1%	3.0%	--
US	10/4	NFIB Small Business Optimism	Mar	107.0	107.6	--
		PPI Final Demand YOY	Mar	2.9%	2.8%	--
		Wholesale Inventories MOM	Feb F	0.8%	1.1%	--
		CPI MOM	Mar	0.0%	0.2%	--
UK	11/4	MBA Mortgage Application	Apr 6	--	-3.3%	--
		Visible Trade balance	Feb	-£11,900	-£12,325	--
		Industrial Production MOM	Feb	0.4%	1.3%	--
		Manufacturing Production MOM	Feb	0.2%	0.1%	--
		Construction Output MOM	Feb	0.7%	-3.4%	--
Japan	10/4	NIESR GDP estimate	Mar	0.3%	0.3%	--
		Machine Tool Orders YOY	Mar P	--	39.5%	--
		Core Machines Orders YOY	Feb	0.0%	2.9%	--
China	11/4	PPI YOY	Mar	2.0%	2.5%	--
		Foreign Direct Investment YOY	Mar	--	0.8%	--
		CPI YOY	Mar	2.6%	2.9%	--
Australia	10/4	NAB Business Confidence Index	Mar	--	9	--
		NAB Business Conditions	Mar	--	21	--
		Westpac Consumer Conf Index	Apr	--	103.0	--
New Zealand	10-13/4	REINZ House Sales YOY	Mar	--	1.2%	--
Vietnam	10-13/4	Domestic Vehicle Sales YOY	Mar	--	-28.8%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2321	0.33	1.233	1.2261	2.7
USDJPY	106.77	-0.15	107.2	106.62	-5.4
GBPUSD	1.4131	0.28	1.4164	1.4077	4.6
AUDUSD	0.7697	0.17	0.7711	0.7652	-1.4
EURGBP	0.8719	0.05	0.8724	0.8698	-1.8
USDMYR	3.8710	-0.02	3.8710	3.8620	-4.5
EURMYR	4.7487	0.18	4.7541	4.7369	-1.8
JPYMYR	3.6125	0.21	3.6166	3.6059	0.8
GBPMYR	5.4590	0.67	5.4605	5.4395	0.0
SGDMYR	2.9455	0.31	2.9462	2.9352	-2.7
AUDMYR	2.9660	-0.33	2.9748	2.9626	-5.9
NZDMYR	2.8217	0.57	2.8230	2.8116	-1.9

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR inched 0.02% firmer to 3.8710 against USD** but saw early gains narrowed going into end of Asian trade; MYR fell against 8 G10s.
- **Continue to expect a bullish MYR against a weak USD** but we maintain that gains could be narrowed going forward, as witnessed yesterday. Speculation of CNY devaluation (see USD below) would also have detrimental effect on MYR (weaker CNY risks widening Malaysia's trade deficit with China). USDMYR is still showing inclination towards the downside but we note that current downside momentum does not commensurate with price action, hinting at a possible rebound going forward.

USD

- **USD weakened against all G10s** while the DXY slumped in early US session to close 0.3% lower at 89.83, pressured by speculation that China may retaliate against US trade tariffs via currency depreciation (which partly circumvents the higher costs due to US trade tariffs).
- **We turn bearish on USD** after the latest salvo from China in response to on-going trade contention. Technical outlook has turned detrimental after losing 89.88. DXY is now tilted to the downside, with scope to slide to 89.24.

EUR

- **EUR advanced another 0.33% to 1.2321 against a soft USD** and advanced against 5 G10s, supported by the return of risk sentiment in European markets despite softer Eurozone data.
- **Expect a bullish EUR on the back of a weak USD.** Technical outlook for EURUSD has improved after breaking above 1.2319. The pair is now on course for a test at 1.2365, above which 1.2413 may be targeted. Failure at 1.2365 risks a drop to below 1.2319.

GBP

- **GBP demand ebbed amid rising European majors, closing lower against 6 G10s** but managed to **climb 0.28% to 1.4131 against a soft USD**.
- **We now turn bullish on GBP in anticipation of extended weakness in USD.** GBPUSD remains prone to rejection trending within 1.4128 – 1.4145 range. A break higher would expose a move to 1.4215 – 1.4244, where another risk of rejection would arise.

JPY

- **JPY advanced 0.15% to 106.77 against a soft USD** but fell against 8 G10s on receding demand for refuge in the markets as well as weighed down by BOJ comments that policy easing will be continued.
- **Expect JPY to stay bullish against USD** in anticipation of further greenback weakness from on-going US-China trade tensions. USDJPY is now exposed to a move to 106.02 in the next leg lower.

AUD

- **AUD** was also pressured by speculation that China may devalue its currency (which could lower demand for Australian goods), sliding against 8 G10s but **managed to climbed 0.17% to 0.7697 against a soft USD**.
- **Expect AUD to remain slightly bullish against a soft USD**, but gains may be limited on prevailing concerns of CNY devaluation. Upside bias has improved; AUDUSD remains exposed to a climb above 0.7716 but we caution on risk of rejection approaching 0.7727 – 0.7738 that could end this rebound attempt.

SGD

- **SGD** fell against 5 G10s but **strengthened 0.31% to 1.3113 against a weak USD**.
- **We now expect a slightly bullish SGD on the back of a weak USD.** A sharp tumble below 1.3133 has allayed recent improvement in momentum. USDSGD is now tilted to the downsides, with scope to re-test 1.3072 in due time.

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