

Global Markets Research

Daily Market Highlights

Key Takeaways

- Much to markets delight, and indeed relief, **President Xi's seemingly reconciliatory remarks at the Boao Forum in China did not spark further fear on the recent heat-up in US-China trade tension.** The President reiterated plans on China's open door policy including lowering import tariffs which was later "welcomed" by President Trump in his twitter post, saying "We will make great progress together!". We remain skeptical if this seemingly abating tension will eventually subside as both the US and China did not retrieve its earlier orders/ list, and are unlikely to do so. The US list is still under the 60 days comment/ hearing period and we expect more noises along the way.
- **On the data front, focus was on the quicker than expected uptick in US PPI to 3.0% YOY in March** following a rebound in food prices. The more upbeat reading bolstered expectations of rising inflation in the US economy which would augur well with the Fed policy normalization. **On the contrary, PPI softened to 2.1% YOY in Japan**, underscoring still soft price pressure that will allow BOJ to stay pat in the foreseeable future. Core machine orders and machine tool orders also signaled slower growth in business spending.
- **USD extended its decline against 7 G10s** while the DXY tumbled in early US session to close 0.28% lower at 89.58, likely impacted by paring of positions ahead of FOMC minutes' release. **Stay bearish on USD** as buying interest ebb going into FOMC minutes' release; expect a strong rally if minutes manage to whet markets' expectation on quicker rate hikes. DXY remains technically bearish and we continue to set sights on a drop to 89.24. We caution on the risk of a reversal approaching firm supports at 89.10 – 89.20.
- **MYR ended 0.05% firmer at 3.8690 against USD** after paring early gains from a stronger opening but fell against 9 G10s. **We turn slightly bearish on MYR against USD** as we expect buying interest to remain subdued ahead of FOMC minutes and Malaysia industrial production report. 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 strengthened 0.19% to 1.3092 against a soft USD** but slipped against 7 G10s that rallied on firmer risk appetite in the markets. **Continue to expect a slightly bullish SGD on the back of a soft USD.** USDSGD remains technically bearish, especially after breaking below 1.3100. Expect the pair to gradually slip to 1.3072, possibly even 1.3054, but we suspect this downtrend may not last long and prone to rebounds.

Overnight Economic Data

US	→
Japan	→
Australia	↓

What's Coming Up Next

Major Data

- Malaysia Industrial production
- US CPI, MBA mortgage application
- UK visible trade balance, industrial production, construction output, NIESR GDP estimate
- Japan core machines orders, PPI
- China PPI, CPI
- Australia Westpac Consumer Confidence Index

Major Events

- FOMC minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2327	1.2345	1.2361	1.2366	1.2378	↗
USDJPY	106.57	107.00	107.08	107.20	107.46	↗
GBPUSD	1.4127	1.4154	1.4181	1.4200	1.4233	↗
AUDUSD	0.7708	0.7746	0.7762	0.7780	0.7800	↗
EURGBP	0.8700	0.8712	0.8716	0.8727	0.8740	↘
USDMYR	3.8580	3.8600	3.8665	3.8680	3.8700	↗
EURMYR	4.7705	4.7774	4.7800	4.7820	4.7894	↗
JPYMYR	3.6059	3.6100	3.6130	3.6166	3.6200	↘
GBPMYR	5.4708	5.4762	5.4825	5.4874	5.4900	↗
SGDMYR	2.9495	2.9505	2.9530	2.9551	2.9587	↗
AUDMYR	2.9910	2.9979	3.0002	3.0050	3.0087	↗
NZDMYR	2.8419	2.8436	2.8494	2.8539	2.8582	↗
USDSGD	1.3072	1.3084	1.3093	1.3102	1.3119	↘
EURSGD	1.6163	1.6173	1.6183	1.6191	1.6200	↗
GBPSGD	1.8505	1.8544	1.8565	1.8569	1.8585	↗
AUDSGD	1.0122	1.0150	1.0160	1.0171	1.0188	↗

* 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	1860.98	0.6	3.6	CRB Index	197.11	1.10	1.7
Dow Jones Ind.	24408.00	1.8	-1.3	WTI oil (\$/bbl)	65.51	3.30	8.4
S&P 500	2656.87	1.7	-0.6	Brent oil (\$/bbl)	71.04	3.48	6.2
FTSE 100	7266.75	1.0	-5.5	Gold (S/oz)	1341.22	0.36	3.0
Shanghai	3190.32	1.7	-3.5	CPO (RM/tonne)	2453.50	-0.53	2.7
Hang Seng	30728.74	1.7	2.7	Copper (\$/tonne)	6945.00	1.68	-4.2
STI	3466.38	0.5	1.9	Rubber (sen/kg)	449.00	0.22	-2.9

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US NFIB Small Business Optimism	Mar	104.7	107.6	107.0
US PPI Final Demand YOY	Mar	3.0%	2.8%	2.9%
US Wholesale Inventories MOM	Feb F	1.0%	0.9%	0.8%
JP Machine Tool Orders YOY	Mar P	28.1%	39.5%	--
JP Core Machine Orders YOY	Feb	2.4%	2.9%	0.0%
JP PPI YOY	Mar	2.1%	2.6%	2.0%
AU NAB Business Conditions	Mar	14	20	--
AU NAB Business Confidence	Mar	7	9	--

Source: Bloomberg

➤ Macroeconomics

- Producer prices in the US rose more than expected in March. PPI for final demand rose 0.3% MOM (Feb: +0.1%) which brings the annual growth rate to 3.0% YOY (Feb: +2.8%). The acceleration in PPI growth is in line with the higher ISM prices paid in the same month and is attributed to price gains in services which contributed bulk of the weightage in the index. Food prices increased notably as well following a three-month decline. The core PPI which exclude food and energy meanwhile edged up 0.3% MOM (Feb: +0.2%). March PPI figure came ahead of headline CPI set to be released tonight. Higher producer prices often translate into higher consumer prices. Given a decent wage growth in March, we expect CPI to advance but remain benign, most likely gaining momentum in the months ahead as spring kicked in.
- In a separate release, wholesale inventories increased 1.0% MOM (Feb: +0.9% revised) as durable goods piled up slightly higher in the month. Retail sales has been weak and dropping for the past three months amidst softening demand, attributed to weather condition. Meanwhile, sentiments among small business eased as the NFIB small business optimism index fell to 104.7 (Feb: 107.6) after recording all-time high in the preceding month.
- Producer prices in Japan softened to increase 2.1% YOY in March but came slightly above expectations (Feb: +2.6% revised) signaling still subdued inflation in March. A preliminary reading shows that growth in machine tool orders in Japan slowed substantially in March on a yearly basis. Orders rose 28.1% YOY (Feb: +39.5%) but surged 17.8% MOM (Feb: +0.5%). Domestic orders remained strong while foreign orders rebounded MOM following three months of decline. Recent trend indicates that the double digit growth in machine orders are losing its momentum following a peak in October 2017. 2017 has been a year of recovery post 2016 technical recessions. Given that both industrial production and PMI readings have been on a softening bias since the beginning of the year, we expect growth in machine orders to ease but likely to retain its double digit growth in near term. In a separate release, Japan core machine orders eased to increase 2.4% YOY in February (Jan: +2.9%).
- Australia business confidence weakened in March. Business conditions fell by 6 points to 14 (Feb: 20) whereas business confidence fell by 2 points to 7 (Feb: 9).

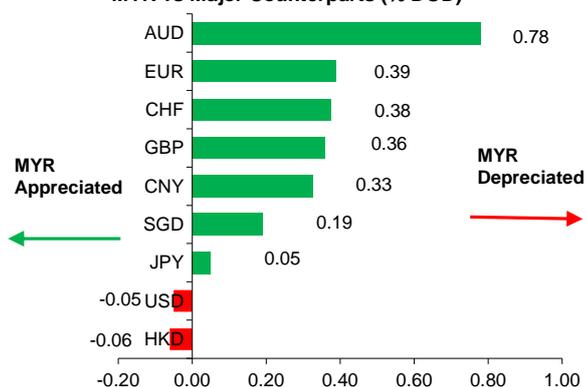
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	11/4	Industrial Production YOY	Feb	3.3%	3.0%	--
US	11/4	CPI MOM	Mar	0.0%	0.2%	--
		MBA Mortgage Application	6 Apr	--	-3.3%	--
	12/4	FOMC Meeting Minutes	21 March	--	--	--
		Initial Jobless Claims	7 Apr	230k	242k	--
Eurozone	12/4	Industrial Production SA MOM	Feb	0.1%	-1.0%	--
UK	11/4	Visible Trade balance	Feb	-£11900	-£12325	--
		Industrial Production MOM	Feb	0.4%	1.3%	--
		Manufacturing Production MOM	Feb	0.2%	0.1%	--
		Construction Output MOM	Feb	0.9%	-3.4%	--
		NIESR GDP estimate	Mar	0.3%	0.3%	--
	12/4	RICS House Price Balance	Mar	2.0%	0.0%	-
China	11-18/4	Foreign Direct Investment YOY	Mar	--	0.8%	--
	11/4	PPI YOY	Mar	3.3%	3.7%	--
		CPI YOY	Mar	2.6%	2.9%	--
Singapore	12/4	Retail Sales YOY	Mar	4.9%	-8.4%	--
Australia	11/4	Westpac Consumer Conf Index	Apr	--	103.0	--
	12/4	Home Loans MOM	Feb	-0.4%	-1.1%	--
New Zealand	11-13/4	REINZ House Sales YOY	Mar	--	1.2%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2356	0.28	1.2378	1.2303	3.0
USDJPY	107.20	0.40	107.4	106.62	-5.0
GBPUSD	1.4176	0.32	1.4188	1.4121	4.9
AUDUSD	0.7761	0.83	0.7768	0.7694	-0.6
EURGBP	0.8716	-0.03	0.8728	0.8692	-1.8
USDMYR	3.8690	-0.05	3.8725	3.8625	-4.5
EURMYR	4.7672	0.39	4.7726	4.7555	-1.4
JPYMYR	3.6142	0.05	3.6276	3.6033	0.4
GBPMYR	5.4786	0.36	5.4852	5.4562	0.3
SGDMYR	2.9511	0.19	2.9551	2.9455	-2.5
AUDMYR	2.9890	0.78	2.9929	2.9725	-5.1
NZDMYR	2.8393	0.62	2.8430	2.8229	-1.1

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR ended 0.05% firmer at 3.8690 against USD** after paring early gains from a stronger opening but fell against 9 G10s.
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USD

- **USD extended its decline against 7 G10s** while the DXY tumbled in early US session to close 0.28% lower at 89.58, likely impacted by paring of positions ahead of FOMC minutes' release.
- **Stay bearish on USD** as buying interest ebb going into FOMC minutes' release; expect a strong rally if minutes manage to whet markets' expectation on quicker rate hikes. DXY remains technically bearish and we continue to set sights on a drop to 89.24. We caution on the risk of a reversal approaching firm supports at 89.10 – 89.20.

EUR

- **EUR climbed 0.28% to 1.2356 against a soft USD** but ended mixed against the G10s.
- **EUR remains bullish against a soft USD** but would quickly slump into losses if the greenback rallies or if Eurozone data disappoints. Technical outlook remains supportive of EURUSD climbing further but at the same time leaves room for a pullback to circa 1.2327 first before extending current upsides.

GBP

- **GBP climbed 0.32% to 1.4176 against a soft USD** and advanced against 5 G10s, partly supported by firmer sentiment from hawkish comments by BOE MPC member Ian McCafferty.
- **Keep a bullish view on GBP against a soft USD**, but caution that emergence of dismal UK reports would pressure GBP into losses. GBPUSD is now exposed to a move to 1.4215 – 1.4244, where another risk of rejection would arise.

JPY

- **JPY tumbled against all G10s and weakened 0.4% to 107.20 against USD** as demand for refuge fell as trade tensions ebbed after President Xi's rather reconciliatory-sounding speech at the Boao Forum yesterday.
- **We now turn bearish on JPY against USD** as risk appetite in the markets improve. Bouncing off 106.57 has helped USDJPY's cause; the pair is now tilted towards the upside, with scope to climb to 107.68 in the next leg higher.

AUD

- **AUD rallied on retreating prospects of CNY devaluation as well as on President Xi's pledge to open up China's economy, beating all G10s and surging 0.83% to 0.7761 against a soft USD.**
- **AUD remains bullish against USD** in our view, supported by continued recovery in market sentiment. Breaking 0.7759 overnight has exposed AUDUSD to further gains, possibly to circa 0.7820 – 0.7831. Caution that rejection could take place even before that since AUDUSD remains deep in bearish territory.

SGD

- **SGD strengthened 0.19% to 1.3092 against a soft USD** but slipped against 7 G10s that rallied on firmer risk appetite in the markets.
- **Continue to expect a slightly bullish SGD on the back of a soft USD.** USDSGD remains technically bearish, especially after breaking below 1.3100. Expect the pair to gradually slip to 1.3072, possibly even 1.3054, but we suspect this downtrend may not last long and prone to rebounds.

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