

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US markets staged a relief rally as report showing softer wage growth soothed concerns that the Fed could be in for more aggressive rate hikes.** The US nonfarm sector added 313k new job in Feb-18, the largest gain since Jul-16. Unemployment remained unchanged at 4.1% for the 5th consecutive month while participation rates improved to 63%. Wage growth slowed to 0.1% MOM and 2.6% YOY in February (Jan: +0.3% MOM and +2.8% YOY), reviving expectation that the Fed will maintain a gradual pace of policy normalization.
- **The Bank of Japan kept its monetary policy unchanged on Friday as widely expected,** holding the overnight interest rate steady at -10% and yields on 10-year JGBs at 0%. The central bank remained upbeat on the Japanese economic outlook, stressing that the economy is expanding moderately. Newly released data shows that consumption improved while the manufacturing sector is normalizing but generally remain positive.
- **China's CPI surprised on the upside, quickening to 2.9% YOY in Feb-18,** nearly doubled from the 1.5% YOY increase a month ago, shored up jumps in the prices of food and transport skewed by seasonal factors. PPI on the other hand moderated more than expected to 3.7% YOY in February, a sign of cooling factory prices.
- **USD retreated against 6 G10s** while the DXY slipped 0.1% to 90.09, weighed down by softer than expected US wage growth data despite signs of further tightening of the labour market. **Stay bullish on USD** on firmer buying interest amid signs of firmer US economy; upsides in US CPI will accelerate the bulls. DXY remains within a minor bullish trend while above 89.63, with scope to re-test 90.58 next. Success here exposes a move to 91.32, otherwise a decline back to 89.10 is on the cards.
- **MYR slipped 0.08% to 3.9115 against USD** but not before narrowing early losses through Asian trade, and fell against 6 G10s as risk appetite retreated. **Continue to expect a slightly bearish MYR against USD;** despite firmer risk appetite in Asian trade, we reckon that gains are likely overturned going into European session as the greenback rebounds. USDMYR remains fragile amid mixed technical signals. We suspect 3.9112 will be tested again soon; failure again will trigger further losses to 3.8895, otherwise, expect a rally to 3.9237.
- **SGD ended lower against 6 G10s that rallied to firmer risk appetite in the markets but inched 0.07% firmer to 1.3166 against USD. Keep a slight bullish view on SGD against USD,** supported by firmer risk appetite in the markets. USDSGD remains within a minor bearish trend and is likely to close below 1.3141 soon. This view will be overturned by a close above 1.3161 today.

Overnight Economic Data

US	↑
UK	→
Japan	→
China	→

What's Coming Up Next

Major Data

- Japan machine tool orders
- Singapore retail sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2266	1.2300	1.2308	1.2321	1.2339	↘
USDJPY	106.39	106.69	106.92	107.05	107.25	↗
GBPUSD	1.3821	1.3838	1.3856	1.3869	1.3900	↘
AUDUSD	0.7828	0.7838	0.7860	0.7875	0.7894	↗
EURGBP	0.8870	0.8873	0.8883	0.8898	0.8912	↘
USDMYR	3.8987	3.9000	3.9025	3.9068	3.9104	↗
EURMYR	4.7977	4.8012	4.8040	4.8075	4.8100	↘
JPYMYR	3.6400	3.6419	3.6504	3.6554	3.6626	↘
GBPMYR	5.3972	5.4000	5.4079	5.4124	5.4163	↗
SGDMYR	2.9622	2.9647	2.9672	2.9700	2.9731	↗
AUDMYR	3.0600	3.0631	3.0682	3.0723	3.0759	↗
NZDMYR	2.8400	2.8449	2.8491	2.8506	2.8534	↗
USDSGD	1.3120	1.3136	1.3152	1.3155	1.3179	↘
EURSGD	1.6120	1.6145	1.6189	1.6203	1.6212	↘
GBPSGD	1.8183	1.8209	1.8224	1.8240	1.8259	↘
AUDSGD	1.0300	1.0330	1.0342	1.0354	1.0367	↗

*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	1843.9	0.2	2.6	CRB Index	195.1	0.77	0.7
Dow Jones Ind.	25335.7	1.8	2.5	WTI oil (\$/bbl)	62.0	3.19	2.7
S&P 500	2786.6	1.7	4.2	Brent oil (\$/bbl)	65.5	3.00	-1.8
FTSE 100	7224.5	0.3	-6.0	Gold (\$/oz)	1323.9	0.10	1.6
Shanghai	3307.2	0.6	0.0	CPO (RM/tonne)	2427.5	-1.24	1.6
Hang Seng	30996.2	1.1	3.6	Copper (\$/tonne)	6962.0	1.89	-3.9
STI	3485.6	0.1	2.4	Rubber (sen/kg)	491.0	-1.41	6.2

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Change in nonfarm payroll	Feb	313k	239k	205k
US Unemployment rate	Feb	4.1%	4.1%	4.0%
UK Visible trade balance	Jan	-12,325m	-13,576m	-11,900m
UK Industrial production MOM	Jan	1.3%	-1.3%	1.5%
UK NIESR GDP estimate	Feb	0.3%	0.5%	0.4%
JP Overall household spending	Jan	2.0%	-0.1%	-1.0%
JP BOJ policy balance rate	Mar 9	-0.10%	-0.10%	-0.10%
JP BSI large all industry QOQ	1Q	3.3	6.2	--
JP BSI large manufacturing QOQ	1Q	2.9	9.7	--
CH PPI YOY	Feb	3.7%	4.3%	3.8%
CH CPI YOY	Feb	2.9%	1.5%	2.5%

Source: Bloomberg

➤ Macroeconomics

- The Bank of Japan (BOJ) kept its monetary policy unchanged on Friday as widely expected. Its overnight interest rates were hold steady at -0.10% and yields on its 10-year Japanese government bonds (JGBs) at 0%. Aside from purchasing 10-year JGBs at its current pace, the central bank announced that it will continue to purchase ETFs, J-REITs and corporate bonds as part of its monetary policy. Overall the BOJ remained upbeat on the economic outlook, reiterating that the Japanese economy is “expanding moderately” against a backdrop of improved employment and business sentiment as well as an accommodative financial condition. It did mention however that US economic policies and their impact on global financial markets among others could be risk to the outlook. BOJ’s assessment on outlook was evident in Japanese consumption as the newly released overall household spending shows that Japanese spending rebounded to increase by 2.0% YOY. The manufacturing sector is normalizing with the BSI Large Manufacturing Conditions Index recorded at 2.9 in Q1 (Q4 2017: 9.7). The index measures business sentiment in the manufacturing sector and has been positive generally.
- In the US, focus was on the labour market on Friday as nonfarm payroll employment increased by 313k in Feb’18, the largest recorded gain since Jul-16 which has surpassed a median estimate of 205k in a survey of economists. Job gains came primarily from constructions, retail trade and professional and business services. Unemployment rate remained unchanged at 4.1% in Feb’18 for the 5th consecutive month, well below the Fed median estimates of the longer run normal rate of unemployment of 4.6%, while participation rate improved to 63.0% in February (Jan: 62.7%). Pleasant surprises in job gains, steady unemployment rate and higher participation rate will continue to drive growth. Contrary to last month’s quicker wage gain, wages rose at a slower pace of 0.1% MOM and 2.6% YOY in February (Jan: +0.3% MOM and +2.8% YOY), reviving expectations that the central bank will adhere to the planned gradual pace of rate hikes.
- In the UK, the industrial sector rebounded but at a slower than expected pace of 1.3% MOM in January (Feb: -1.3% MOM). Mining and quarrying activities made the largest upward contribution of 23.5% mainly due to the reopening of the Forties oil pipeline which was shut down in Dec’17. This coincides with the NIESR GDP estimate of 0.3% growth in Feb’18 which highlighted that activities have eased due to extreme weather condition and is likely to slow further in Mar’18. Manufacturing and services sectors continue to drive economic growth but construction output still lags. On the other hand, visible trade deficit narrowed albeit less than expected to -£12.31b in Jan’18 as import of physical goods surpassed that of export (+3.5% vs +3.1% MOM).
- China’s Consumer Price Index, a main gauge of inflation rose to 2.9% YOY in Feb’18, quickening from the 1.5% YOY increase in the preceding month, beating economists’ forecast of 2.5%. The rise is due to a base effect caused by the lunar calendar as the lunar new year fell in February this year and January last year. Producers prices which measures factory gate costs for goods eased to 3.7% YOY, a 15-month low compared to the precedent month of 4.3% YOY signaling a slowing growth momentum due to lower domestic demand.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
MY	13/3	Industrial production YOY	Jan	7.9%	2.9%	--
US	13/3	CPI MOM	Feb	0.2%	0.5%	--
Japan	12/3	Machine tool orders YOY	Feb P	--	48.8%	--
	13/3	PPI YOY	Feb	2.5%	2.7%	--
China	9 – 18/3	FDI YOY	Feb	--	0.3%	--
		Industrial Production YTD YOY	Feb	6.2%	6.6%	--
Hong Kong	13/3	Industrial production YOY	4Q	--	0.3%	--
Singapore	12/3	Retail sales YOY	Jan	3.5%	4.6%	--
Australia	13/3	Home loans MOM	Jan	-0.2%	-2.3%	--
New Zealand	14/3	REINZ house sales YOY	Feb	--	2.7%	--
Vietnam	12 – 13/3	Domestic vehicle sales YOY	Feb	--	29.4%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2307	-0.04	1.2334	1.2273	2.5
USDJPY	106.82	0.56	107.05	106.17	5.2
GBPUSD	1.3850	0.28	1.3889	1.3788	2.5
AUDUSD	0.7844	0.71	0.7854	0.7777	0.7
EURGBP	0.8886	-0.33	0.8926	0.8875	0.0
USDMYR	3.9115	0.08	3.9195	3.9090	3.4
EURMYR	4.8117	-0.58	4.8239	4.8103	0.7
JPYMYR	3.6663	-0.48	3.6795	3.6627	1.8
GBPMYR	5.4056	-0.38	5.4124	5.3947	0.8
SGDMYR	2.9681	-0.08	2.9733	2.9666	1.9
AUDMYR	3.0537	0.09	3.0556	3.0445	2.7
NZDMYR	2.8475	0.21	2.8502	2.8365	0.7

Source: Bloomberg

Forex

MYR

- **MYR slipped 0.08% to 3.9115 against USD** but not before narrowing early losses through Asian trade, and fell against 6 G10s as risk appetite retreated.
- **Continue to expect a slightly bearish MYR against USD**; despite firmer risk appetite in Asian trade, we reckon that gains are likely overturned going into European session as the greenback rebounds. USDMYR remains fragile amid mixed technical signals. We suspect 3.9112 will be tested again soon; failure again will trigger further losses to 3.8895, otherwise, expect a rally to 3.9237.

USD

- **USD retreated against 6 G10s** while the DXY slipped 0.1% to 90.09, weighed down softer than expected US wage growth data despite signs of further tightening of the labour market.
- **Stay bullish on USD** on firmer buying interest amid signs of firmer US economy; upsides in US CPI will accelerate the bulls. DXY remains within a minor bullish trend while above 89.63, with scope to re-test 90.58 next. Success here exposes a move to 91.32, otherwise a decline back to 89.10 is on the cards.

EUR

- **EUR bounced higher in US session** but failed to overturn early losses, **closing 0.04% lower at 1.2307 against USD** while sliding against 7 G10s.
- **Continue to expect a bearish EUR against USD** as buying interest remains subdued on absence of positive catalysts. Minor bearish trend prevails while downside momentum is picking up. EURUSD continues to take aim at 1.2300 next, below which a drop to 1.2212 is expected.

GBP

- **GBP advanced against 5 G10s and climbed 0.28% to 1.3850 against USD**, supported by improved UK data and lingering softness in EUR.
- **Keep a bearish view on GBP against USD** in the absence of positive catalysts to drive further gains, on top of linger Brexit jitters. Despite overnight bounce, we opine that GBPUSD is likely to remain weak from recent rejection by 1.3910 and will soon extend its downsides to test 1.3783.

JPY

- **JPY tumbled against all G10s and weakened 0.56% to 106.82 against USD** as demand for refuge tumbled on improved US labour market data.
- **JPY remains slightly bearish against USD** on likelihood of extended improvement in market risk appetite. USDJPY has beaten 106.76, and there is now scope for further gains, possibly to 107.87.

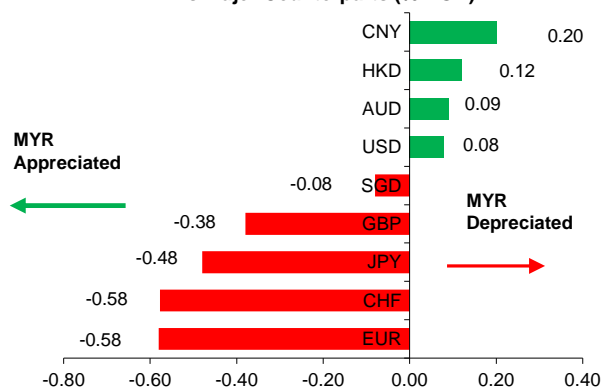
AUD

- **AUD rallied against 8 G10s and surged 0.71% to 0.7844 against USD**, supported by stronger risk appetite amid rallies in equities and commodities.
- **We remain bullish on AUD against USD**, supported by renewed risk appetite in the markets. AUDUSD is now technically bullish after closing above 0.7838. Expect bullish bias to firm up once 0.7875 is broken, which will set a course for 0.7910 – 0.7925 going forward.

SGD

- **SGD ended lower against 6 G10s that rallied to firmer risk appetite in the markets but inched 0.07% firmer to 1.3166 against USD**.
- **Keep a slight bullish view on SGD against USD**, supported by firmer risk appetite in the markets. USDSGD remains within a minor bearish trend and is likely to close below 1.3141 soon. This view will be overturned by a close above 1.3161 today.

MYR vs Major Counterparts (% DOD)



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