

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight, markets were little moved with the release of the Fed's March FOMC minutes.** The minutes show that the Fed displayed notable confidence with key highlights include the board believed that the US economic outlook has strengthened and 12-month inflation is rising but that alone would not justify a change in the path of rate hikes. The board agreed that prospect of trade retaliatory actions will pose downside risks to the US economy.
- **Data flow was hefty with focus on US headline inflation released prior to FOMC minutes. Annual inflations both headline and core, edged up as expected.** A slew of data from the UK indicates that UK economic momentum continues to ease as productions and the housing markets eased. China's inflation edged lower as well following spike in prices thanks to the Lunar New Year celebrated in February while Australia consumer confidence weakened. Back home, Malaysia's industrial production pull back to increase at a softer pace in February, growth momentum remained sustainable but expected to normalize moving forward.
- **USD retreated against 6 G10s** while the DXY saw a post-FOMC jump that failed to sustain, closing 0.02% lower at 89.56 as downward pressure from rising US-Russia contention with regards to the Syrian conflict prevails. **Keep a bearish view on USD** on downside pressure from rising US-Russia tension, compounding onto the unabated US-China trade disputes. DXY remains technically bearish and we now set sights on a drop to 89.10. We caution on the risk of a reversal approaching firm supports at 89.10 – 89.20.
- **MYR weakened 0.14% to 3.8745 against USD** after reversing early gains into losses as buying interest remained subdued; MYR slipped against 8 G10s. **MYR remains slightly bearish against USD** as we expect buying interest to remain subdued amid risk aversion in the markets. Yesterday's rally has tilted USDMYR slightly towards the upside. Expect attempts to climb higher, possibly towards 3.8765, above which a path to 3.8846 will be exposed.
- **SGD ended mixed against the G10s but maintained a soft 0.05% gain against USD at 1.3086. Continue to expect a slightly bullish SGD on the back of a soft USD.** USDSGD remains technically bearish; 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	↑
UK	→
China	↓
Australia	↓
Malaysia	↓

What's Coming Up Next

Major Data

- US initial jobless claims
- Eurozone industrial production
- Singapore retail sales
- Australia home loans

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2345	1.2370	1.2376	1.2396	1.2422	↗
USDJPY	106.31	106.57	106.78	107.00	107.17	↘
GBPUSD	1.4127	1.4164	1.4192	1.4200	1.4239	↗
AUDUSD	0.7740	0.7759	0.7763	0.7773	0.7780	↗
EURGBP	0.8710	0.8717	0.8720	0.8727	0.8739	↘
USDMYR	3.8689	3.8700	3.8715	3.8728	3.8748	↗
EURMYR	4.7800	4.7876	4.7908	4.7970	4.8000	↗
JPYMYR	3.6174	3.6200	3.6235	3.6308	3.6350	↗
GBPMYR	5.4880	5.4930	5.4954	5.4981	5.5000	↗
SGDMYR	2.9541	2.9580	2.9590	2.9606	2.9626	↗
AUDMYR	3.0000	3.0041	3.0068	3.0087	3.0100	↗
NZDMYR	2.8500	2.8520	2.8543	2.8582	2.8600	↗
USDSGD	1.3064	1.3072	1.3081	1.3097	1.3116	↘
EURSGD	1.6173	1.6177	1.6190	1.6205	1.6228	↗
GBPSGD	1.8508	1.8540	1.8567	1.8572	1.8590	↗
AUDSGD	1.0122	1.0150	1.0158	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	1871.9	0.1	4.2	CRB Index	198.8	0.87	2.6
Dow Jones Ind.	24189.5	-0.9	-2.1	WTI oil (\$/bbl)	66.8	2.00	10.6
S&P 500	2642.2	-0.6	-1.2	Brent oil (\$/bbl)	72.1	1.40	7.6
FTSE 100	7257.1	-0.1	-5.6	Gold (\$/oz)	1353.4	1.00	3.8
Shanghai	3208.1	0.6	-3.0	CPO (RM/tonne)	2447.5	-0.26	2.4
Hang Seng	30897.7	0.5	3.3	Copper (\$/tonne)	6950.0	0.07	-4.1
STI	3487.2	0.2	2.5	Rubber (sen/kg)	446.5	-0.67	-3.5

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA Industrial Production	Feb	3.0%	5.4% (revised)	3.3%
US CPI MOM	Mar	-0.1%	0.2%	0.0%
US CPI YOY	Mar	2.4%	2.2%	2.4%
US MBA Mortgage Application	6 Apr	-1.9%	-3.3%	--
UK Industrial Production SA MOM	Feb	0.1%	1.3%	0.4%
UK Manufacturing Production MOM	Feb	-0.2%	0.0% (revised)	0.2%
UK Construction Output MOM	Feb	-1.6%	-3.1% (revised)	0.9%
UK Visible Trade Balance	Feb	-£10,203	-£12,228 (revised)	-£11,900
UK NIESR GDP Estimate	Mar	0.2%	0.1% (revised)	0.3%
UK RICS House Price Balance	Mar	0%	0%	2%
CN CPI YOY	Mar	2.1%	2.9%	2.6%
CN PPI YOY	Mar	3.1%	3.7%	3.3%
AU Westpac Consumer Conf. Index	Apr	102.4	103.0	--

Source: Bloomberg

➤ Macroeconomics

- Overnight, the Fed March FOMC meeting minutes were released. Notable confidence was noted in the minutes with key highlights include all board members agreed that the US economic outlook has strengthened and annual inflation is rising but the expected increase would not justify change in the projected path of rate hikes. The board members noted that trade retaliations might pose downside risk to the US economy.
- US headline inflation was released earlier. Headline CPI rose 2.4% YOY (Feb: +2.2%) as expected whereas the core CPI rose 2.1% YOY (Feb: +1.8%). On monthly terms, CPI dropped 0.1% MOM (Feb: +0.2%) but core CPI firmed up, rising 0.2% MOM (Feb: +0.2%). The figure coincides with the higher PPI released yesterday as expected and in line with the Fed's FOMC assessments. Looking ahead, we will be closely watching the retail sales data next week which are expected to improve in March and months ahead given a decent wage growth in March and a warmer weather in spring will encourage spending. Overall, inflation in the US is rising and the labour market conditions tightening despite a blip in the most recent nonfarm payroll numbers. At this juncture, we remain firm that the Fed is adhering to its plan of three rate hikes for 2018. In a separate release, mortgage applications fell 1.9% for the week ended 6th April (previous: -3.3%).
- UK industrial sector slowed down on a monthly basis, industrial production rose a mere 0.1% MOM (Jan: +1.3%) but edged up 2.2% YOY (Jan: +1.2%). The yearly growth is attributed to higher manufacturing output and a rebound in electricity production. Manufacturing production slipped lower by 0.2% MOM (Jan: 0.0% revised) but grew 2.5% YOY (Jan: +2.2%). Meanwhile, construction output decreased by 1.6% MOM (Jan: -3.1% revised) and 3.0% YOY (Jan: -2.1%). In a separate release, UK visible trade deficit was narrowed to -£10,203 in February (Jan: -£12,228). The RICS house price balance which tracks residential property prices show that growth in prices continue to stay flat at 0% (Feb: 0%), reaffirming views that housing market in the UK continues to slow down. Meanwhile, the NIESR GDP estimate for March is reported to be 0.2% QOQ (Feb: +0.1% revised).
- Following a spike in prices in a festive February (the Lunar New Year was celebrated week long), inflation in China slowed more than expected in March. CPI increased 2.1% YOY (Feb: +2.9%) but remained relatively high compared to the previous months. Producer prices on the other hand eased for the fifth consecutive month inching 3.1% upwards (Feb: +3.7%). The easing of factory gate inflation points to a receding growth in the industrial sector, further reaffirming views that the Chinese economy is poised to slow down in 2018.
- Consumer confidence in Australia weakened in April. The Westpac Consumer Confidence index fell from 103.0 in March to 102.4 in April. Sentiments toward family finances in a year ahead, a subcomponent of the index, slipped considerably even as momentum of wage growth is gathering in recent months, this could be partially tied to the high household debt in Australia, driven partly by property debts. The RBA is closely monitoring household debt and remain wary of household balance sheet despite the recent cooling of the property sector.

- Industrial production in Malaysia pulled back to increase at a slower pace of 3.0% in February (Jan: +5.4% YOY revised) as a result of slower growth momentum in manufacturing and electricity output that offset a decline in mining. Year-to-date, IPI grew at a commendable rate of 4.2% YOY in the first two months of the year (4Q: +3.5%), pointing to a sustained growth momentum in 1Q18 although we expect growth momentum to normalize going forward as the seasonal anomalies dissipate. In addition, the base year of the industrial production index has been revised from 2010 to 2015, prompting revision to historical numbers. We are maintaining our real GDP growth forecast to 5.0% for 2018 as we foresee potentially more headwinds on the global economy going forward as the US-China trade stand-off prevails.

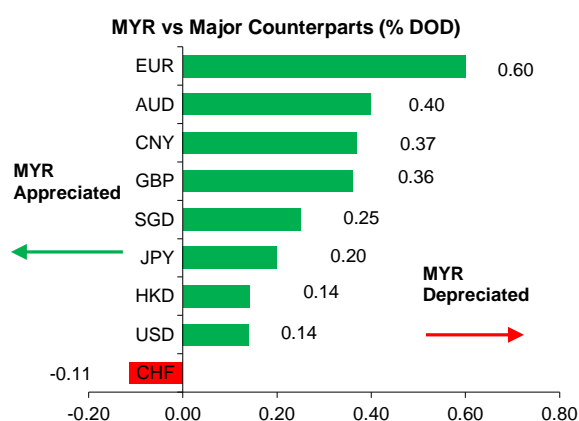
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	12/4	Initial Jobless Claims	7 Apr	230k	242k	--
	13/4	U. of Mich Sentiment	Apr P	100.5	101.4	--
Eurozone	12/4	Industrial Production SA MOM	Feb	0.1%	-1.0%	--
	13/4	Trade Balance SA	Feb	20.2b	19.9b	--
China	12/4	Foreign Direct Investment YOY	Mar	--	0.8%	--
	13/4	Trade Balance	Mar	\$27.50b	\$33.74b	\$33.75b
		Export YOY	Mar	11.8%	44.5%	--
Singapore	12/4	Retail Sales YOY	Mar	4.9%	-8.4%	--
	13/4	GDP YOY	1Q A	4.3%	3.6%	--
Australia	12/4	Home Loans MOM	Feb	-0.4%	-1.1%	--
New Zealand	13/4	BusinessNZ Manufacturing PMI	Mar	--	53.4	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2367	0.09	1.2396	1.2347	3.1
USDJPY	106.79	-0.38	107.26	106.65	-5.3
GBPUSD	1.4177	0.01	1.4223	1.4161	5.0
AUDUSD	0.7755	-0.08	0.7773	0.7740	-0.6
EURGBP	0.8724	0.09	0.8740	0.8701	-1.8
USDMYR	3.8745	0.14	3.8748	3.8620	-4.3
EURMYR	4.7958	0.60	4.7970	4.7735	-1.1
JPYMYR	3.6214	0.20	3.6228	3.6061	0.9
GBPMYR	5.4982	0.36	5.5077	5.4756	0.6
SGDMYR	2.9586	0.25	2.9601	2.9496	-2.3
AUDMYR	3.0010	0.40	3.0041	2.9964	-4.9
NZDMYR	2.8523	0.46	2.8524	2.8432	-0.9

Source: Bloomberg



Forex

MYR

- **MYR weakened 0.14% to 3.8745 against USD** after reversing early gains into losses as buying interest remained subdued; MYR slipped against 8 G10s.
- **MYR remains slightly bearish against USD** as we expect buying interest to remain subdued amid risk aversion in the markets. Yesterday's rally has tilted USDMYR slightly towards the upside. Expect attempts to climb higher, possibly towards 3.8765, above which a path to 3.8846 will be exposed.

USD

- **USD retreated against 6 G10s** while the DXY saw a post-FOMC jump that failed to sustain, closing 0.02% lower at 89.56 as downward pressure from rising US-Russia contention with regards to the Syrian conflict prevails.
- **Keep a bearish view on USD** on downside pressure from rising US-Russia tension, compounding onto the unabated US-China trade disputes. DXY remains technically bearish and we now set sights on a drop to 89.10. We caution on the risk of a reversal approaching firm supports at 89.10 – 89.20.

EUR

- **EUR ended 0.09% firmer at 1.2367 against USD** after paring most early gains and closed higher against 5 G10s.
- **EUR remains bullish against a soft USD** but would quickly slump into losses if Eurozone data disappoints. Technical outlook remains supportive of EURUSD climbing further but do not rule out on potential pullback after recent rally. Caution rising risk of rejection approaching 1.2423 – 1.2446.

GBP

- **GBP** was weighed down by relatively firmer European majors, sliding against 5 G10s but managed to **inch 0.01% higher to 1.4177 against USD**.
- **Keep a bullish view on GBP against a soft USD** and on likelihood of risk aversion in European markets amid heightened US-Russia tension. GBPUSD remains exposed to a move to 1.4215 – 1.4244, where another risk of rejection would arise.

JPY

- **JPY** rallied to beat all G10s on rising US-Russia geopolitical tensions and **strengthened 0.38% to 106.79 against USD**.
- **We turn bullish on JPY against USD** on prevailing risk-off amid US-Russia geopolitical tension. USDJPY appears to have been rejected by 107.16 and could extend this downside momentum to circa 106.31. Losing this exposes a move to 105.63.

AUD

- **AUD** was pressured by renewed risk-off in the markets as US waded into a war of words with Russia over the Syrian conflict, falling against 7 G10s and **slipping 0.08% to 0.7755 against USD**.
- **Expect AUD to keep a slight bullish bias against a soft USD** though soft market sentiment would keep gains modest. AUDUSD remains exposed to further gains after recent break at 0.7759. We reckon that there is room to test 0.7800 – 0.7820.

SGD

- **SGD** ended mixed against the G10s but **maintained a soft 0.05% gain against USD at 1.3086**.
- **Continue to expect a slightly bullish SGD on the back of a soft USD**. USDSGD remains technically bearish; 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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