

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Japan producer prices rose 2.5% YOY in Feb-18 as expected**, a slight moderation compared to last month (Jan: 2.7% YOY). Machine tool orders eased to increase at 39.5% YOY in the same month due to a deceleration of in overseas order. Overall the trend of Japanese manufacturers' orders has been on an upward trajectory which implies strong demand in the manufacturing sector. This strengthens the Bank of Japan's recent assessment that the Japanese economy is expanding moderately.
- **Singapore's retail sales fell 8.4% YOY in Jan-18** as motor vehicles sales dropped and in part due to calendar effects. Figures for Jan-18 was revised upwards from 4.6% to 6.3% YOY.
- **Vietnam saw contraction in its domestic vehicle sales by 28.8% YOY in Feb-18** due to high base effect as festivity reigned in the short month. Total unit sold stood at 12,221 and Toyota remained the most demanded vehicles in the country.
- **USD fell against 9 G10s** while the DXY began unraveling early gains going into US session as downside pressure from signs of softening wages continue to weigh, closing 0.22% lower at 89.89. **Stay bullish on USD** supported by lingering risk-off in the markets; upside surprise in US CPI could trigger a rally. 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 advanced 0.18% to 3.9045 against USD** amid firmer regional sentiment but slipped against 6 G10s that were also on the advance against a soft USD. **Continue to expect a slightly bearish MYR against USD**, weighed down by softening market sentiment as well as the absence of catalysts to support buying interest. USDMYR remains fragile amid mixed technical signals. USDMYR downsides appear unconvincing and may not be sustainable; while losses could prevail, we anticipate a bounce higher approaching 3.8986 – 3.9000.
- **SGD ended mixed against the G10s but managed to strengthen 0.28% to 1.3129 against a soft USD. Stay bullish on SGD against a soft USD.** USDSGD remains within a minor bearish trend and still has a couple more down days. Expect losses to be contained by 1.3100, which is a firm support level that could provide a bounce higher going forward.

Overnight Economic Data

Japan	↓
Singapore	↓↓
Vietnam	↓↓↓

What's Coming Up Next

Major Data

- Malaysia industrial production
- US CPI
- Hong Kong industrial production
- Australia home loans

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2300	1.2326	1.2343	1.2355	1.2378	↘
USDJPY	106.09	106.22	106.31	106.46	106.59	↗
GBPUSD	1.3869	1.3900	1.3912	1.3915	1.3928	↗
AUDUSD	0.7860	0.7875	0.7877	0.7889	0.7896	↗
EURGBP	0.8857	0.8868	0.8873	0.8878	0.8890	↘
USDMYR	3.8986	3.9000	3.9028	3.9045	3.9075	↗
EURMYR	4.8120	4.8146	4.8162	4.8182	4.8209	↗
JPYMYR	3.6614	3.6657	3.6706	3.6745	3.6795	↗
GBPMYR	5.4219	5.4267	5.4273	5.4300	5.4372	↗
SGDMYR	2.9700	2.9721	2.9742	2.9764	2.9800	↗
AUDMYR	3.0700	3.0737	3.0747	3.0785	3.0800	↗
NZDMYR	2.8464	2.8506	2.8512	2.8536	2.8548	↗
USDSGD	1.3085	1.3100	1.3122	1.3129	1.3130	↘
EURSGD	1.6160	1.6177	1.6195	1.6198	1.6212	↘
GBPSGD	1.8220	1.8236	1.8252	1.8259	1.8280	↘
AUDSGD	1.0313	1.0327	1.0335	1.0350	1.0379	↗

*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	1861.2	0.9	3.6	CRB Index	194.5	-0.32	0.3
Dow Jones Ind.	25178.6	-0.6	1.9	WTI oil (\$/bbl)	61.4	-1.10	1.6
S&P 500	2783.0	-0.1	4.1	Brent oil (\$/bbl)	65.0	-0.80	-2.9
FTSE 100	7214.8	-0.1	-6.2	Gold (S/oz)	1323.1	-0.10	1.7
Shanghai	3326.7	0.6	0.6	CPO (RM/tonne)	2388.0	-1.71	-0.1
Hang Seng	31594.3	1.9	5.6	Copper (\$/tonne)	6913.0	-0.70	-4.6
STI	3540.2	1.6	4.0	Rubber (sen/kg)	493.0	0.41	6.6

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
JP Machine tool orders YOY	Feb P	39.5%	48.8%	--
JP PPI YOY	Feb	2.5%	2.7%	2.5%
SG retail sales YOY	Jan	-8.4%	6.3%	2.2%
VN domestic vehicle sales YOY	Feb	-28.8%	29.4%	--

Source: Bloomberg

- Japan producer prices rose 2.5% YOY in Feb-18 as expected, a slight moderation compared to the preceding month (Jan: 2.7% YOY). In a separate release, the increase in machine tool orders eased to 39.5% YOY in Feb-18 according to a preliminary report (Jan: +48.8%), due to a deceleration in overseas order at 37.2% compared to the preceding month (Jan: +49.7%). Overall the trend of Japanese manufacturers order has been on an upward trajectory with growth rate staying above 40% since Sep-17 which implies strong demand in the manufacturing sector. This further strengthens the Bank of Japan's (BOJ) assessment late last week that the Japanese economy is expanding moderately.
- Neighbouring Singapore saw its retail sales fell 8.4% YOY in Jan-18 primarily due to a sharp drop in motor vehicle sales by 9.8% YOY. Figures for last month was revised upwards as well from 4.6% to 6.3% YOY according to the Department of Statistic. The fall was also in part due to calendar effects whereby the Chinese New Year fell in February this year compared to January last year.
- Vietnam's domestic vehicle sales contracted by 28.8% YOY in Feb-18, a dramatic plunge compared to the month before (Jan: +29.4%) due to high base effect as festivity reigned in the short month. Total unit sold stood at 12,221 in Feb-18 compared to 17,160 in the same month last year. Toyota remains the most demanded vehicles in the country, contributing about 20% to the total units sold on a monthly basis.

Economic Calendar Release Date

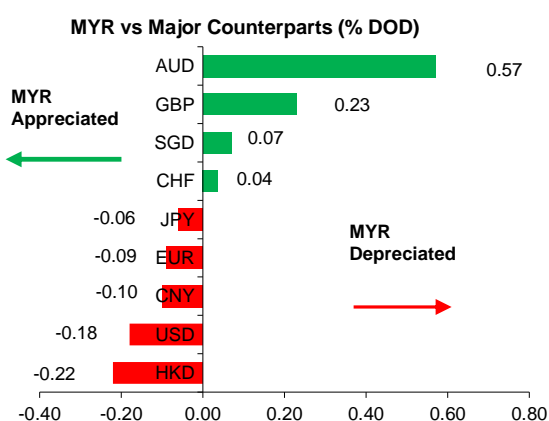
Country	Date	Event	Reporting Period	Survey	Prior	Revised
MY	13/3	Industrial production YOY	Jan	7.9%	2.9%	--
US	13/3	CPI MOM	Feb	0.2%	0.5%	--
	14/3	MBA Mortgage Applications	01/03	--	--	--
Eurozone	14/3	Industrial Production SA MoM	Jan	--	0.4%	--
Japan	13/3	PPI YOY	Feb	2.5%	2.7%	--
China	13-18/3	FDI YOY	Feb	--	0.3%	--
		Industrial Production YTD YOY	Feb	6.2%	6.6%	--
Hong Kong	13/3	Industrial production YOY	4Q	--	0.3%	--
Australia	13/3	Home loans MOM	Jan	-0.2%	-2.3%	--
	14/3	Westpac Consumer Conf Index	Mar	--	102.7	--
New Zealand	14/3	REINZ house sales YOY	Feb	--	2.7%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2334	0.22	1.2345	1.2291	2.8
USDJPY	106.42	-0.37	106.97	106.32	-5.7
GBPUSD	1.3906	0.40	1.3918	1.3841	2.9
AUDUSD	0.7873	0.37	0.788	0.7846	0.8
EURGBP	0.8871	-0.17	0.8899	0.8850	-0.1
USDMYR	3.9045	-0.18	3.9115	3.9023	-3.5
EURMYR	4.8072	-0.09	4.8229	4.8029	-0.7
JPYMYR	3.6642	-0.06	3.6743	3.6481	2.1
GBPMYR	5.4178	0.23	5.4226	5.4064	-0.7
SGDMYR	2.9703	0.07	2.9746	2.9651	-1.8
AUDMYR	3.0711	0.57	3.0797	3.0664	-2.8
NZDMYR	2.8548	0.26	2.8621	2.8479	-1.1

Source: Bloomberg



Forex

MYR

- **MYR advanced 0.18% to 3.9045 against USD** amid firmer regional sentiment but slipped against 6 G10s that were also on the advance against a soft USD.
- **Continue to expect a slightly bearish MYR against USD**, weighed down by softening market sentiment as well as the absence of catalysts to support buying interest. USDMYR remains fragile amid mixed technical signals. USDMYR downsides appear unconvincing and may not be sustainable; while losses could prevail, we anticipate a bounce higher approaching 3.8986 – 3.9000.

USD

- **USD fell against 9 G10s** while the DXY began unraveling early gains going into US session as downside pressure from signs of softening wages continue to weigh, closing 0.22% lower at 89.89.
- **Stay bullish on USD** supported by lingering risk-off in the markets; upside surprise in US CPI could trigger a rally. 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 climbed 0.22% to 1.2334 against a soft USD** but remained lower against 7 G10s as buying interest stayed soft in the absence of positive catalysts.
- **Stay bearish EUR against USD** as buying interest remains subdued on absence of positive catalysts. Minor bearish trend prevails while below 1.2385 and downside momentum continues to pick up. EURUSD continues to take aim at 1.2300 next, below which a drop to 1.2212 is expected.

GBP

- **GBP** was supported by refuge demand amid soft European majors, beating 9 G10s and **strengthening 0.4% to 1.3906 against USD**.
- **GBP is now bullish in our view against USD**, supported by improving sentiment regarding Brexit. Downside momentum has retreated and GBPUSD is now poised to advance further. Caution that a close above 13915 will expose a move to 1.3989.

JPY

- **JPY** advanced against 7 G10s and **strengthened 0.37% to 106.42 against USD** as demand for refuge improved in US session.
- **We turn bullish on JPY against USD** as risk appetite appears to be again on the wane. Overnight rejection by 106.67 is likely to sustain a downward pressure on USDJPY, pushing it lower. But the pair remains in a minor bullish trend, which suggest an upside break at 106.82 is still likely going forward.

AUD

- **AUD climbed 0.37% to 0.7873 against a soft USD** and rose against 5 G10s led by early gains in Asian trade when risk appetite was firmer.
- **AUD is slightly bullish against a soft USD** but gains may be modest given signs of retreating risk appetite in the markets. AUDUSD remains bullish and 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 mixed against the G10s but **managed to strengthen 0.28% to 1.3129 against a soft USD**.
- **Stay bullish on SGD against a soft USD**. USDSGD remains within a minor bearish trend and still has a couple more down days. Expect losses to be contained by 1.3100, which is a firm support level that could provide a bounce higher going forward.

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