

Global Markets Research

Daily Market Highlights

Key Takeaways

- Overnight, **risk appetite in the markets improved** after concerns over US-Russia confrontation over Syrian conflict eased. On the data front, initial jobless claims in the US fell to 233k as expected, signaling a strengthening labour market despite fewer jobs created in March. Just this morning, **the Monetary Authority of Singapore announced its first tightening after two years of neutral policy stance** prompting a rally in the SGD. In a separate release, Singapore economic growth quickened in 1Q18 while retail sales rebounded.
- **Eurozone industrial productions dropped due to a broad base decline across all sectors except for energy output which rebounded on the back of higher oil price.** The slowdown is attributed to output fall in Germany and Italy, raising concerns of economic slowdown in the Eurozone. China FDI increased in March, Australian housing market continues to cool thanks to tighter credit standards while New Zealand manufacturing sector expanded at a slower pace.
- **USD rebounded against 7 G10s** while the DXY jumped at the start of European session before paring gains going into US afternoon, closing 0.2% higher at 89.75 on receding US-Russia tension. **We turn bullish on USD** as geopolitical tensions recede further while risk appetite in the markets improve. DXY is likely to extend the overnight bounce off 89.50 and there is room to test 89.88. However, DXY remains within a bearish trend and unless it closes above 89.83, it remains exposed to a drop below 89.56 in the coming days.
- **MYR slipped 0.05% to 3.8765 against USD**, overturning early gains into losses as buying interest remained subdued; MYR managed to beat 6 G10s. **MYR remains slightly bearish against a firmer overnight USD** as we expect buying interest to remain subdued going into the week's close. USDMYR remains tilted to the upside, and there is now room for a test at 3.8834. Breaking above this exposes a move to 3.8911.
- **SGD closed mixed against the G10s** as markets await policy decision from MAS but **weakened 0.31% to 1.3126 against a firmer USD**. **SGD is now slightly bearish against a rebounding USD**; SGD appears to have faded its spike post-MAS policy decision and we expect direction to be focused on USD performance. It appears that USDSGD has bounced off 1.3071, which we reckon could extend higher, potentially testing 1.3155.

Overnight Economic Data

US	→
Eurozone	↓
China	↑
Australia	→
New Zealand	→
Singapore	↑

What's Coming Up Next

Major Data

- US University of Michigan Sentiment Index
- Eurozone Trade Balance
- China Trade Balance, Export

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2306	1.2319	1.2330	1.2345	1.2370	↘
USDJPY	107.00	107.17	107.33	107.43	107.88	↗
GBPUSD	1.4200	1.4223	1.4238	1.4247	1.4258	↗
AUDUSD	0.7743	0.7759	0.7764	0.7780	0.7800	↘
EURGBP	0.8643	0.8650	0.8658	0.8667	0.8683	↘
USDMYR	3.8702	3.8750	3.8788	3.8800	3.8834	↗
EURMYR	4.7656	4.7735	4.7827	4.7856	4.7906	↗
JPYMYR	3.6061	3.6108	3.6133	3.6168	3.6208	↗
GBPMYR	5.5129	5.5200	5.5243	5.5344	5.5380	↗
SGDMYR	2.9511	2.9541	2.9569	2.9579	2.9600	↗
AUDMYR	3.0057	3.0090	3.0105	3.0127	3.0148	↗
NZDMYR	2.8582	2.8600	2.8619	2.8652	2.8671	↗
USDSGD	1.3100	1.3110	1.3123	1.3129	1.3137	↗
EURSGD	1.6148	1.6168	1.6167	1.6175	1.6191	↘
GBPSGD	1.8604	1.8633	1.8680	1.8700	1.8720	↗
AUDSGD	1.0150	1.0163	1.0183	1.0188	1.0206	↗

* 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	1873.62	0.2	4.3	CRB Index	199.30	0.24	2.8
Dow Jones Ind.	24483.05	1.2	-1.0	WTI oil (\$/bbl)	67.07	0.37	11.0
S&P 500	2663.99	0.8	-0.4	Brent oil (\$/bbl)	72.02	-0.06	7.7
FTSE 100	7258.34	0.0	-5.6	Gold (\$/oz)	1334.94	-1.36	2.7
Shanghai	3180.16	-0.9	-3.8	CPO (RM/tonne)	2423.50	-0.98	1.4
Hang Seng	30831.28	-0.2	3.0	Copper (\$/tonne)	6821.00	-1.86	-5.9
STI	3468.61	-0.3	1.9	Rubber (sen/kg)	446.00	-0.56	-3.6

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Initial Jobless Claims	7 Apr	233k	242k	230k
EU Industrial Production SA MOM	Feb	-0.8%	-0.6% (revised)	0.1%
CH Foreign Direct Investment CNY YOY	Mar	0.4%	0.8%	--
AU Home Loans MOM	Feb	-0.2%	-1.0% (revised)	-0.4%
NZ BusinessNZ Manufacturing PMI	Mar	52.2	53.3 (revised)	--
SG GDP YOY	1QA	4.3%	3.6%	4.3%
SG Retail Sales YOY	Feb	8.6%	-7.8% (revised)	4.9%

Source: Bloomberg

➤ Macroeconomics

- Initial jobless claims in the US fell by 9k to 233k for the week ended 7th April (Previous: 242k) signaling a tightening labour market despite lower number of jobs created in March. March nonfarm payroll disappointed at 103k but was widely seen as a blip following a hefty job gains of 326k in February. Overall the US labour market remains robust with a decent wage growth advancing 2.7% YOY in March while unemployment rate nearing full employment at 4.1%.
- Industrial output in the Eurozone unexpectedly dropped in February by 0.8% MOM (Jan: -0.6% revised) dragged by a broad base decline in most sectors. Energy output stood in exception which rebounded to increase 6.8% possibly due to higher oil prices. The slowdown was in part due to a fall in output in the bloc's two largest economies - Germany's production fell by 1.5% MOM and has been on a declining trend lately while Italy's productions decreased by 0.5% MOM. Weakness in industrial production added to concerns of an economic slump in the Eurozone amidst ECB assessment of a possible withdrawal of its stimulus program.
- China's foreign direct investment increased by 0.4% YOY in March (Feb: +0.8%). Total March FDI stood at CNY88.1bn (Feb: CNY59.04bn) and amounted to CNY 227.54bn cumulatively from January to March.
- The number of home loans approved in Australia dropped slightly by 0.2% MOM in February (Jan: -1.0%). Breakdown shows that loans to finance construction of new homes decreased considerably whereas loans to finance new purchases rebounded after two consecutive months of decline. Refinancing decreased for the first time in three months. However, value of loans edged up 1.0% MOM (Feb: +0.9%) indicating that house prices paid by borrowers actually went up compared to the preceding months. Investment lending in value term softened while owner occupied lending went up. House prices in Australia has been on a declining trend, softer loan approvals reaffirmed views that the housing market has cooled down thanks to tighter credit standards as part of the authority's macro prudential policy designed to curb speculations. The RBA has recently taken note of the cooling down in Melbourne and Sydney housing market but remained wary of the country's high household balance sheet driven primarily by property debts.
- New Zealand manufacturing sector expanded last month albeit at a softer pace. The Performance of Manufacturing Index fell to 52.2 in March (Feb: 53.3 revised) due to a broad base decline.
- The Monetary Authority of Singapore in its semiannual monetary policy meeting decided to raise the rate of appreciation of SGD from zero percent previously, but maintain its width and the level at which the band is centered. The move allows gradual and modest appreciation of the Singaporean dollar against a basket of trade weighted currencies, and is the central bank's first policy tightening following two years of neutral policy stance.
- In a separate release, Singapore advance 1Q GDP increased 4.3% YOY (4Q17: +3.6%) as growth in manufacturing quickened but the construction sector contracted. Meanwhile, Singapore retail sales rebounded more than expected to increase a whopping 8.6% in February (Jan: -7.8% revised) as sales in foods and beverages, apparels, department stores and supermarkets shot up due to Chinese new year celebration.

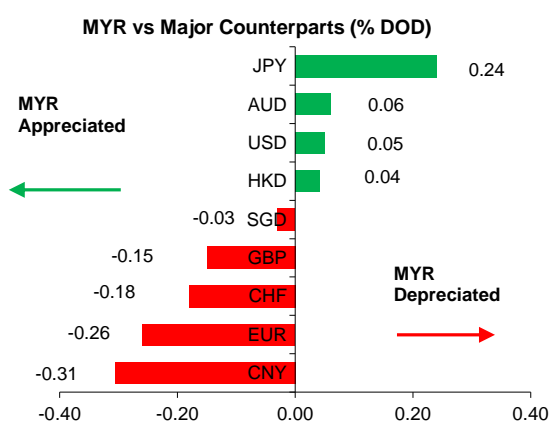
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	13/4	U. of Mich Sentiment	Apr P	100.5	101.4	--
	16/4	Retail Sales Advance MOM	Mar	0.3%	-0.1%	--
		Empire Manufacturing	Apr	19.6	22.5	--
		NAHB Housing Market Index	Apr	70	70	--
Eurozone	13/4	Trade Balance SA	Feb	--	19.9b	--
China	13-18/4	Foreign Direct Investment YOY	Mar	--	0.8%	--
	13/4	Trade Balance	Mar	\$25.00b	\$33.74b	\$33.75b
		Export YOY	Mar	11.8%	44.5%	--
New Zealand	16/4	Performance Service Index	Mar	--	55.0	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2327	-0.32	1.238	1.2300	2.7
USDJPY	107.33	0.51	107.43	106.70	-4.8
GBPUSD	1.4228	0.36	1.4247	1.4146	5.3
AUDUSD	0.7754	-0.01	0.7772	0.7738	-0.7
EURGBP	0.8663	-0.69	0.8728	0.8643	-2.5
USDMYR	3.8765	0.05	3.8788	3.8712	-4.2
EURMYR	4.7835	-0.26	4.7975	4.7817	-1.3
JPYMYR	3.6300	0.24	3.6300	3.6208	1.0
GBPMYR	5.4900	-0.15	5.5027	5.4887	0.5
SGDMYR	2.9576	-0.03	2.9630	2.9573	-2.4
AUDMYR	3.0027	0.06	3.0092	3.0022	-5.0
NZDMYR	2.8620	0.34	2.8653	2.8512	-0.6

Source: Bloomberg



Forex

MYR

- **MYR slipped 0.05% to 3.8765 against USD**, overturning early gains into losses as buying interest remained subdued; MYR managed to beat 6 G10s.
- **MYR remains slightly bearish against a firmer overnight USD** as we expect buying interest to remain subdued going into the week's close. USDMYR remains tilted to the upside, and there is now room for a test at 3.8834. Breaking above this exposes a move to 3.8911.

USD

- **USD rebounded against 7 G10s** while the DXY jumped at the start of European session before paring gains going into US afternoon, closing 0.2% higher at 89.75 on receding US-Russia tension.
- **We turn bullish on USD** as geopolitical tensions recede further while risk appetite in the markets improve. DXY is likely to extend the overnight bounce off 89.50 and there is room to test 89.88. However, DXY remains within a bearish trend and unless it closes above 89.83, it remains exposed to a drop below 89.56 in the coming days.

EUR

- **EUR fell 0.32% to 1.2327 against a rebounding USD** and fell against 5 G10s, weighed down by softer than expected Eurozone data.
- **Expect a bearish EUR on likelihood of extended USD rebound.** We reckon that EURUSD may have exhausted its recent upside strength after failure to break 1.2400. We caution EURUSD may be on the verge of a bearish trend. Minor bullish trend of EURUSD is under threat; closing below 1.2321 today charts a bearish path to circa 1.2273.

GBP

- **GBP rallied to beat all G10s and climbed 0.36% to 1.4228 against USD** amid renewed weakness in European majors.
- **Expect a slightly bullish GBP against USD**, supported by refuge demand amid renewed weakness in European majors. GBPUUSD remains exposed to gains but we caution that upsides may be near the final leg as price-momentum divergence emerges. This could pull GBPUUSD lower to circa 1.4107.

JPY

- **JPY fell against 8 G10s and weakened 0.51% to 107.33 against USD** as demand for refuge retreated.
- **We now turn bearish on JPY against USD**, weighed down by greenback rebound and receding refuge demand in the markets. Breaking above 107.17 overnight has improved USDJPY's upside strength. Expect further gains while above this level, with scope to test 107.88 going forward.

AUD

- **AUD was also lifted by improving risk appetite, beating 6 G10s but was capped by a firmer USD, dipping 0.01% to 0.7754.**
- Despite improved market risk appetite, we **expect a slightly bearish AUD on the back of a firmer USD** and softer positioning going into the week's close. AUDUSD is near the end of its bullish trend and rejections have been clearly observed near 0.7780, putting further gains in doubt. Another rejection would push AUDUSD lower to 0.7713, or even lower.

SGD

- **SGD closed mixed against the G10s as markets await policy decision from MAS but weakened 0.31% to 1.3126 against a firmer USD.**
- **SGD is now slightly bearish against a rebounding USD**; SGD appears to have faded its spike post-MAS policy decision and we expect direction to be focused on USD performance. It appears that USDSGD has bounced off 1.3071, which we reckon could extend higher, potentially testing 1.3155.

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