

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Malaysia industrial production picked up softly to increase at 3% YOY in Jan-18 (Dec: 2.9%)** as slower growth momentum in manufacturing offset quicker gains in mining and electricity. The manufacturing sector expanded at a slower pace for the 2nd consecutive month due to slower growth in export oriented sectors. Growth in the mining sector rebounded as well, spurred by rebounds in both natural gas and crude oil. IPI fell 4.5% MOM and contracted for the 2nd month by 1.0% on seasonally adjusted basis, offering tentative signs of softening momentum in production.
- **Overnight, headline US CPI softened to 0.2% in Feb-18 (Jan: 0.5%) while core CPI stabilized at 0.2% MOM.** On an annual basis, CPI rose 2.2% (Jan: 2.1% YOY), matching expectations. Contrary to last month's major surprise which spooked investors into a sell-off in treasuries, the number was a relief to markets. The release was partially overshadowed by a **sudden shuffle in the Trump administration** but overall a decent labor market together with a steady inflation will continue to support Fed's outlook on growth and inflations, further reaffirming that the central bank will gradually hike rates.
- **USD fell against 7 G10s** while the DXY retreated 0.26% to 89.66 on a lack of upside surprise in US inflation as well as rising US political concerns from dismissal of Secretary of State Tillerson. **We turn bearish on USD** on pressure from risk-off amid political; strong US data will spark a rebound but we reckon that gains will likely be modest. A bearish bias has emerged, ending the previous minor bullish trend. DXY sliding below 89.80 asserts further losses, with scope to slide to 89.34.
- **MYR advanced 0.18% to 3.8975 against USD** amid firmer regional sentiment and strengthened against 5 G10s. **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 downsidings appear unconvincing and may not be sustainable until a close below 3.8888 asserts a firmer bearish bias.
- **SGD slipped against 7 G10s** as risk appetite retreated but **closed 0.06% firmer at 1.3121 against a soft USD.** **Stay bullish on SGD against a soft USD** though gains are likely modest given retreating risk appetite in the markets. USDSGD remains within a minor bearish trend and still has a couple more down days. Expect losses to be stemmed by 1.3100, which is a firm support that could provide a bounce higher going forward.

Overnight Economic Data

| | |
|-------------|---|
| Malaysia | ↑ |
| US | ↑ |
| Hong Kong | ↑ |
| Australia | ↓ |
| New Zealand | ↓ |

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, retail sales and PPI
- Eurozone industrial production SA MOM
- China industrial production, retail sales and fixed asset investment

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

| | S2 | S1 | Indicative | R1 | R2 | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.2355 | 1.2365 | 1.2393 | 1.2409 | 1.2446 | ↗ |
| USDJPY | 106.27 | 106.59 | 106.64 | 106.79 | 107.07 | ↗ |
| GBPUSD | 1.3928 | 1.3959 | 1.3972 | 1.3981 | 1.4002 | ↗ |
| AUDUSD | 0.7838 | 0.7851 | 0.7861 | 0.7875 | 0.7888 | ↗ |
| EURGBP | 0.8834 | 0.8850 | 0.8867 | 0.8883 | 0.8900 | ↘ |
| USDMYR | 3.8888 | 3.8920 | 3.8953 | 3.8979 | 3.9000 | ↗ |
| EURMYR | 4.8207 | 4.8253 | 4.8259 | 4.8296 | 4.8349 | ↗ |
| JPYMYR | 3.6419 | 3.6460 | 3.6488 | 3.6614 | 3.6641 | ↘ |
| GBPMYR | 5.4354 | 5.4400 | 5.4420 | 5.4444 | 5.4519 | ↗ |
| SGDMYR | 2.9644 | 2.9670 | 2.9689 | 2.9644 | 2.9717 | ↗ |
| AUDMYR | 3.0562 | 3.0600 | 3.0617 | 3.0664 | 3.0700 | ↗ |
| NZDMYR | 2.8506 | 2.8532 | 2.8549 | 2.8594 | 2.8615 | ↗ |
| USDSGD | 1.3100 | 1.3110 | 1.3118 | 1.3126 | 1.3140 | ↘ |
| EURSGD | 1.6236 | 1.6245 | 1.6253 | 1.6271 | 1.6301 | ↗ |
| GBPSGD | 1.8300 | 1.8312 | 1.8326 | 1.8333 | 1.8350 | ↗ |
| AUDSGD | 1.0279 | 1.0293 | 1.0312 | 1.0320 | 1.0336 | ↘ |

*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 | 1864.0 | 0.2 | 3.7 | CRB Index | 194.3 | -0.13 | 0.2 |
| Dow Jones Ind. | 25007.0 | -0.7 | 1.2 | WTI oil (\$/bbl) | 60.7 | -1.06 | 0.5 |
| S&P 500 | 2765.3 | -0.6 | 3.4 | Brent oil (\$/bbl) | 64.6 | -0.50 | -3.3 |
| FTSE 100 | 7138.8 | -1.1 | -7.1 | Gold (\$/oz) | 1326.5 | 0.30 | 1.7 |
| Shanghai | 3310.2 | -0.5 | 0.1 | CPO (RM/tonne) | 2376.0 | -0.50 | -0.6 |
| Hang Seng | 31601.5 | 0.0 | 5.6 | Copper (\$/tonne) | 6945.0 | 0.46 | -4.2 |
| STI | 3553.7 | 0.4 | 4.4 | Rubber (sen/kg) | 482.5 | -0.92 | 4.3 |

Source: Bloomberg

➤ Macroeconomics

Economic Data

| | For | Actual | Last | Survey |
|--|-----|--------|-------|--------|
| MY industrial production YOY | Jan | 3.0% | 2.9% | 6.8% |
| US CPI MOM | Feb | 0.2% | 0.5% | 0.2% |
| HK industrial production YOY | 4Q | 0.6% | 0.3% | -- |
| AU home loans MOM | Jan | -1.1% | -2.3% | -1.0% |
| AU Westpac Consumer Confidence Consumer Sentiment Sa MOM | Mar | 0.2% | -2.3% | -- |
| NZ Reinz House Sales YOY | Feb | 1.2% | 2.7% | -- |

Source: Bloomberg

- Malaysia industrial production picked up at a softer pace to increase at 3% YOY in Jan-18 (Dec: 2.9%) as slower growth momentum in manufacturing offset quicker gains in mining and electricity. The manufacturing sector expanded at a slower pace for the 2nd consecutive month to 4.8% YOY in Jan-18 mainly as result of slower growth in export oriented sectors. Growth in the mining sector rebounded to increase 1.5% YOY spurred by rebounds in both natural gas and crude oil while electricity output registered growth of 4.3% YOY. IPI fell 4.5% MOM and contracted for the 2nd month by 1.0% on seasonally adjusted basis, offering tentative signs of softening momentum in production.
- Overnight, the highly anticipated US consumer price index was released. Headline CPI softened to increase 0.2% in Feb-18 (Jan: 0.5%) while core CPI stabilized at 0.2% MOM. On an annual basis, CPI rose 2.2% (Jan: 2.1% YOY), matching expectations. Contrary to last month's major surprise which spooked investors into a sell-off in treasuries, the number was a relief to markets. The release was partially overshadowed by a sudden shuffle in the Trump administration but overall a decent labor market together with a steady inflation will continue to support Fed's outlook on growth and inflations, further reaffirming that the central bank will gradually hike rates.
- Back in Asia-pacific, the Bank of Japan released its Monetary Policy Meeting Minutes for January's discussion. The BOJ has announced last Friday that the central bank will keep its monetary policy unchanged, the overnight night interest rate to be kept steady at -0.10% while yields on 10-year JGBs capped at 0%. The minutes offer glimpse into the policy making discussion, key highlights include majority of the board members agreed that inflation target is on pace and that the central bank should continue to pursue powerful monetary easing. All members voted unanimously for the monetary policy statement released immediately after the meeting.
- The Australian housing market continues to take a breather as home loan approvals dipped 1.1% MOM to 54,443 (Jan: -2.3%). The figure offers insights into housing demand in Australia at the same time gauging the effectiveness of macro prudential policy designed to curb speculations. Interestingly, value of investment lending however increased 1.1% MOM, mildly higher than the value of owner occupied lending at 0.5% MOM. On a separate release, consumer confidence rebounded to increase 0.2% MOM in Mar-16 (Feb: -2.3%).
- Hong Kong 4Q 2017 industrial production outperformed the 3 preceding quarters improving 0.6% YOY. Producer prices eased slightly to increase 3.5% YOY (3Q: 3.7%) but remained above a healthy level.
- In New Zealand home sales continue to show improvement to increase by 1.2% YOY in Feb'18 (Jan: 2.7%) after tumbling in late 2017. Median house prices are stable, ranging from NZD 525k – 550k for the past 6 months.

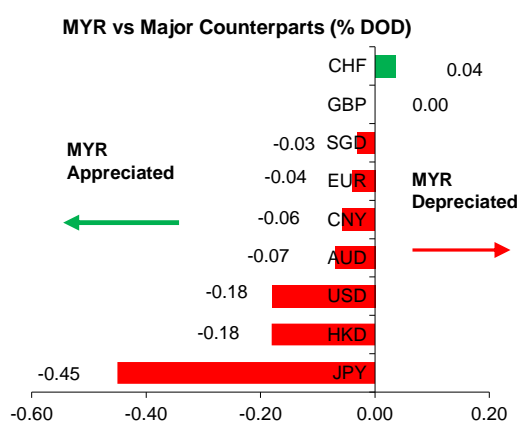
| Economic Calendar Release Date | | | | | | |
|--------------------------------|---------|-----------------------------------|------------------|--------|-------|---------|
| Country | Date | Event | Reporting Period | Survey | Prior | Revised |
| US | 14/3 | MBA Mortgage Applications | Mar 9 | -- | 0.3% | -- |
| | | Retail sales advance MOM | Feb | 0.3% | -0.3% | -- |
| | | PPI Final Demand YOY | Feb | 0.1% | 0.4% | -- |
| | 15/3 | Empire Manufacturing | Mar | 15.0 | 13.1 | -- |
| | | Initial Jobless Claims | 01/03 | -- | -- | -- |
| | | Philadelphia Fed Business Outlook | Mar | 23.0 | 25.8 | -- |
| | | NAHB Housing Market Index | Mar | 72.0 | 72.0 | -- |
| Eurozone | 14/3 | Industrial Production SA MoM | Jan | -0.5% | 0.4% | -- |
| China | 14-18/3 | FDI YOY | Feb | -- | 0.3% | -- |
| | 14/3 | Industrial Production YTD YOY | Feb | 6.2% | 6.6% | -- |
| | | Retail Sales YTD YoY | Feb | 9.8% | 10.2% | -- |
| | | Fixed Assets Ex Rural YTD YoY | Feb | 7.0% | 7.2% | -- |
| Australia | 14/3 | Westpac Consumer Conf Index | Mar | -- | 102.7 | -- |
| | 15/3 | Consumer Inflation Expectation | Mar | -- | 3.6% | -- |
| New Zealand | 15/3 | GDP SA QoQ | 4Q | -0.8% | 0.6% | -- |
| | | GDP YoY | 4Q | 3.1% | 2.7% | -- |

Source: Bloomberg

FX Table

| Name | Last Price | DoD % | High | Low | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.2390 | 0.45 | 1.2407 | 1.2315 | 3.2 |
| USDJPY | 106.58 | 0.15 | 107.29 | 106.26 | -5.4 |
| GBPUSD | 1.3962 | 0.40 | 1.3994 | 1.3875 | 3.4 |
| AUDUSD | 0.7860 | -0.17 | 0.7898 | 0.7846 | 0.6 |
| EURGBP | 0.8874 | 0.04 | 0.8886 | 0.8851 | -0.1 |
| USDMYR | 3.8975 | -0.18 | 3.9077 | 3.8975 | -3.7 |
| EURMYR | 4.8053 | -0.04 | 4.8203 | 4.8039 | -0.4 |
| JPYMYR | 3.6477 | -0.45 | 3.6732 | 3.6475 | 1.6 |
| GBPMYR | 5.4177 | 0.00 | 5.4327 | 5.4174 | -0.4 |
| SGDMYR | 2.9694 | -0.03 | 2.9766 | 2.9694 | -2.0 |
| AUDMYR | 3.0689 | -0.07 | 3.0789 | 3.0689 | -3.2 |
| NZDMYR | 2.8598 | 0.18 | 2.8618 | 2.8464 | -0.9 |

Source: Bloomberg



Forex

MYR

- **MYR advanced 0.18% to 3.8975 against USD** amid firmer regional sentiment and strengthened against 5 G10s.
- **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 until a close below 3.8888 asserts a firmer bearish bias.

USD

- **USD fell against 7 G10s** while the DXY retreated 0.26% to 89.66 on a lack of upside surprise in US inflation as well as rising US political concerns from dismissal of Secretary of State Tillerson.
- **We turn bearish on USD** on pressure from risk-off amid political; strong US data will spark a rebound but we reckon that gains will likely be modest. A bearish bias has emerged, ending the previous minor bullish trend. DXY sliding below 89.80 adds more impetus to further losses, with scope to slide to 89.34.

EUR

- **EUR jumped 0.45% to 1.2390 against a weak USD** and climbed to the top of the G10s list.
- **EUR is now bullish against USD** in our view, with room to accelerate to the upside if Eurozone data outperforms. EURUSD has recaptured 1.2355 and overturning the previous bearish trend into a bullish one. EURUSD now takes aim at 1.2478 but we caution on risk of rejection approaching 1.2478 – 1.2522.

GBP

- **GBP was also lifted by a weak USD, rising 0.4% to 1.3962** and climbed against 7 G10s.
- **GBP remains bullish in our view against a weak USD.** A mild bullish bias has emerged, tilting GBPUSD to the upside. GBPUSD is aiming for a break above 1.4002, which could spark further gains to 1.4089.

JPY

- **JPY tumbled against 7 G10s and slipped 0.15% to 106.58 against USD** as buying interest retreated ahead of BOJ minutes.
- **Stay bullish on JPY against USD** on likelihood of an extended risk-off markets supporting refuge demand. Despite a modest overnight rebound, USDJPY has yet to close above the crucial level of 106.59, thus we keep a bearish view, with potential to slide to 106.27.

AUD

- **AUD weakened 0.17% to 0.7860 against USD** and fell against 8 G10s, weighed down by renewed risk-off in the markets emanating from US events.
- **AUD is slightly bullish against a soft USD** but gains may be modest given risk-off 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 slipped against 7 G10s** as risk appetite retreated but **closed 0.06% firmer at 1.3121 against a soft USD.**
- **Stay bullish on SGD against a soft USD** though gains are likely modest given retreating risk appetite in the markets. 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.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Menara Hong Leong
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hbb.hongleong.com.my

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