

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Markets turned uneasy again, roiled by ongoing concerns over brewing trade wars and US political development, not forgetting diplomatic tensions between the UK and Russia. Economic releases have also been on the softer side, raising concerns over growth sustainability as early as 1Q of the year.**
- **US retail sales extended its decline for the 3<sup>rd</sup> straight month in February**, adding to signs consumers are erring on the safe side amid cautiousness over growth outlook. **Softer gain in PPI also soothed concerns over runaway inflation** that could potentially prompt the Fed to normalize its policy more rapidly. **Over in the Eurozone, the biggest decline in industrial production in over a year signaled softer activities in line with PMI readings.**
- **The slew of China data also hogged headlines.** Retail sales disappointed but industrial production and fixed asset investment outperformed. **February data shows that the Chinese economy remained resilient** although it is worth noting that the figures are on the upside due to seasonal distortion as Lunar New Year was celebrated week long in Feb-18. Overall the economy is still expected to moderate for the remaining of the year.
- **USD** remained soft on US political concerns and weak data, **sliding against 6 G10s** though the DXY managed to inch 0.04% higher to 89.70 losses amid sustained in EUR and CHF. **Maintain a bearish view on USD** on lingering pressure from political concerns and recent weak data; expect downsides to accelerate if US data worsens. Bearish bias continues to persist in DXY; it remains on track to slide to 89.33.
- **MYR weakened 0.22% to 3.9060 against USD** and fell against 9 G10s as regional sentiment retreated taking cue from overnight US markets. **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. Even though USDMYR is technically bearish, recent downsides appear unconvincing and may not be sustainable until a close below 3.8888 asserts a firmer bearish bias. Until that happens, we expect losses to be mild and potential to rebound higher persists.
- **SGD strengthened 0.21% to 1.3093 against a soft USD** and advanced against 7 G10s. **Stay bullish on SGD against a soft USD** though gains are likely modest given retreating risk appetite in the markets. USDSGD is still technically bearish but caution that it is approaching the end of its minor bearish trend; a break below 1.3076 is required to confirm if further losses are likely.

#### Overnight Economic Data

US	↓
Eurozone	↓
China	→
New Zealand	→

#### What's Coming Up Next

##### Major Data

- US empire manufacturing, initial jobless claims, NAHB housing market index, Philadelphia Fed business outlook
- Australia consumer inflation expectation

##### Major Events

- NIL

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2331	1.2357	1.2376	1.2389	1.2400	↗
USDJPY	105.20	105.54	105.93	106.05	106.32	↘
GBPUSD	1.3928	1.3950	1.3972	1.3979	1.4000	↗
AUDUSD	0.7851	0.7875	0.7877	0.7881	0.7891	↗
EURGBP	0.8824	0.8850	0.8859	0.8866	0.8886	↘
USDMYR	3.9000	3.9045	3.9070	3.9082	3.9100	↗
EURMYR	4.8317	4.8349	4.8355	4.8381	4.8346	↗
JPYMYR	3.6850	3.6881	3.6908	3.6950	3.7000	↗
GBPMYR	5.4444	5.4520	5.4591	5.4675	5.4714	↗
SGDMYR	2.9794	2.9818	2.9844	2.9879	2.9900	↗
AUDMYR	3.0700	3.0737	3.0773	3.0805	3.0858	↗
NZDMYR	2.8533	2.8594	2.8609	2.8617	2.8654	↗
USDSGD	1.3058	1.3076	1.3089	1.3100	1.3120	↘
EURSGD	1.6173	1.6197	1.6208	1.6212	1.6231	↘
GBPSGD	1.8255	1.8266	1.8292	1.8317	1.8351	↗
AUDSGD	1.0280	1.0300	1.0310	1.0316	1.0326	↘

\*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	1857.06	-0.4	3.4	CRB Index	194.49	0.11	0.3
Dow Jones Ind.	24758.12	-1.0	0.2	WTI oil (\$/bbl)	60.96	0.41	0.9
S&P 500	2749.48	-0.6	2.8	Brent oil (\$/bbl)	64.89	0.39	-2.9
FTSE 100	7132.69	-0.1	-7.2	Gold (\$/oz)	1324.85	-0.13	1.8
Shanghai	3291.38	-0.6	-0.5	CPO (RM/tonne)	2394.00	0.76	0.2
Hang Seng	31435.01	-0.5	5.1	Copper (\$/tonne)	6988.50	0.63	-3.6
STI	3539.41	-0.4	4.0	Rubber (sen/kg)	481.00	-0.72	4.0

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
US MBA mortgage applications	Mar 9	0.9%	0.3%	--
US Retail sales advance MOM	Feb	-0.1%	-0.1%	0.3%
US PPI final demand MOM	Feb	0.2%	0.4%	0.1%
US PPI final demand YOY	Feb	2.8%	2.7%	2.8%
EU industrial production SA MOM	Jan	-1.0%	0.4%	-0.5%
CH industrial production YTD YOY	Feb	7.2%	6.6%	6.2%
CH retail sales YTD YOY	Feb	9.7%	10.2%	9.8%
CH fixed assets ex rural YTD YOY	Feb	7.9%	7.2%	7.0%
NZ GDP SA QOQ	4Q	0.6%	0.6%	0.8%
NZ GDP YOY	4Q	2.9%	2.7%	3.1%

Source: Bloomberg

## ➤ Macroeconomics

- In the US, the unexpected 0.1% MOM decline in retail sales in February (Jan: -0.1% revised), dragged by a broad based decline in most sectors including auto and gasoline raises concerns that US consumers are turning more cautious with their spending. Retail sales have been declining in the last three months. Producer prices eased to 0.2% MOM in Feb-18 (Jan: +0.4%), which brings PPI growth to 2.8% YOY (Jan: +2.7%) matching expectations. This is consistent with a tepid wage growth and headline inflation in Feb-18, signifying that inflation remained contained without major acceleration as worried by investors previously. Mortgage applications sustained a 0.9% WOW increase in the week ended 9-Mar, compared to the 0.3% gain in the preceding week.
- Across the Atlantic, the Eurozone industrial production fell 1.0% MOM in January (Dec: +0.4%), the biggest fall in more than a year. Markets have been expecting a milder drop of -0.5%. Energy production dwindled by 6.6% MOM whereas both durable consumer goods and intermediate goods abated as well. Annual production growth was also lower at 2.7% YOY (Dec: +5.3%).
- In China, retail sales increased at a slower pace of 9.7% YOY for the first two months of 2018 (Dec: +10.2%) Industrial production in China outperformed expectations for the first two months of 2018 to increase 7.2% YOY (Dec: +6.6%), amidst vigorous demand. In addition, the period saw expansion in fixed assets investment as well. Fixed assets investments (excluding rural) quickened with a 7.9% YOY increase in the first two months of 2018 (Dec: +7.2%). February data shows that the Chinese economy remained resilient although it is worth noting that the figures are on the upside due to seasonal distortion as Lunar New Year was celebrated week long in Feb-18. Overall the economy is still expected to moderate for the remaining of the year.
- New Zealand economy grew albeit less than forecast, GDP grew 0.6% QOQ in 4Q17 (3Q: +0.6%). On an annual basis, GDP increased 2.9% YOY (Q3: +2.7%) which brings the full year 2017 GDP growth to 2.9% YOY, a deterioration compared to the 4.2% growth in 2016. The slowdown was in part due to a 3.2% decline in agricultural output from the previous quarter as a result of dry weather which curbed milk production. The services industries were seen doing well in 4Q growing at 1.1% (Q3: +0.6%) driven by wholesale trade and professional services.

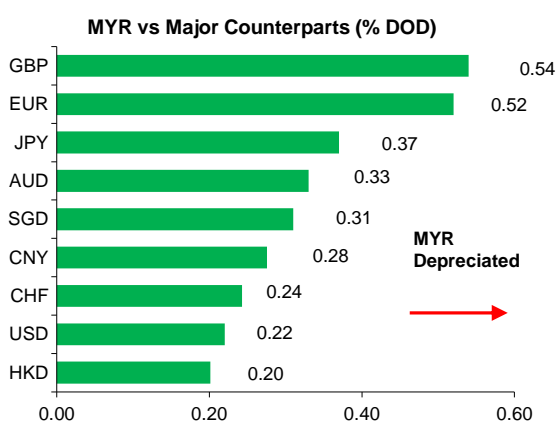
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	15/3	Empire Manufacturing	Mar	15.0	13.1	--
		Initial Jobless Claims	01/03	--	--	--
		Philadelphia Fed Business Outlook	Mar	23.0	25.8	--
	16/3	NAHB Housing Market Index	Mar	72.0	72.0	--
		Housing Starts MoM	Feb	-3.3%	9.7%	--
		Industrial Production MoM	Feb	0.4%	-0.1%	--
		U. of Mich. Sentiment	Mar P	99.2	99.7	--
Eurozone	16/3	CPI MoM	Feb	--	-0.9%	-0.9%
Japan	16/3	Industrial Production MoM	Jan F	--	-6.6%	--
		Industrial Production YoY	Jan F	--	2.7%	--
China	15-18/3	FDI YOY	Feb	--	0.3%	--
Australia	15/3	Consumer Inflation Expectation	Mar	--	3.6%	--
	16/3	House Price Index YoY	4Q	--	8.3%	--
			Unemployment Rate	Feb	--	5.5%
New Zealand	16/3	BusinessNZ Manufacturing PMI	Feb	--	55.6	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2368	-0.18	1.2413	1.2347	-3.1
USDJPY	106.32	-0.24	106.75	106.07	-5.8
GBPUSD	1.3962	0.00	1.3996	1.3926	-3.4
AUDUSD	0.7877	0.22	0.7917	0.7852	0.9
EURGBP	0.8858	-0.17	0.8880	0.8845	-0.3
USDMYR	3.9060	0.22	3.9060	3.8917	-3.6
EURMYR	4.8303	0.52	4.8391	4.8242	-0.4
JPYMYR	3.6611	0.37	3.6638	3.6483	-2.3
GBPMYR	5.4472	0.54	5.4531	5.4404	-0.2
SGDMYR	2.9785	0.31	2.9801	2.9678	-1.6
AUDMYR	3.0791	0.33	3.0800	3.0594	-2.7
NZDMYR	2.8603	0.02	2.8631	2.8539	-0.8

Source: Bloomberg



## Forex

### MYR

- **MYR weakened 0.22% to 3.9060 against USD** and fell against 9 G10s as regional sentiment retreated taking cue from overnight US markets.
- **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. Even though USDMYR is technically bearish, recent downsides appear unconvincing and may not be sustainable until a close below 3.8888 asserts a firmer bearish bias. Until that happens, we expect losses to be mild and potential to rebound higher persists.

### USD

- **USD** remained soft on US political concerns and weak data, **sliding against 6 G10s** though the DXY managed to inch 0.04% higher to 89.70 amid losses sustained in EUR and CHF.
- **Maintain a bearish view on USD** on lingering pressure from political concerns and recent weak data; expect downsides to accelerate if US data worsens. Bearish bias continues to persist in DXY; it remains on track to slide to 89.33.

### EUR

- **EUR fell 0.18% to 1.2368 against USD** and tumbled against 8 G10s, pressured by unexpectedly softer Eurozone data that further dampened recent dip in policy tightening expectations.
- **Stay bullish on EUR against a soft USD.** EURUSD remains technically bullish while above 1.2355 but risk of rejection still lurks approaching 1.2478 – 1.2522. We are skeptical on the sustainability of EURUSD's upside bias.

### GBP

- **GBP** was weighed down by brewing diplomatic concerns between the UK and Russia, sliding against 6 G10s but **closed unchanged against USD at 1.3962**.
- **Expect a slightly bullish GBP against a soft USD** but gains are likely modest amid concerns that diplomatic rift between the UK and Russia could escalate. Bullish bias prevails, tilting GBPUSD to the upside. GBPUSD is aiming for a break above 1.4002, which could spark further gains to 1.4089.

### JPY

- **JPY strengthened 0.24% to 106.32 against USD** and advanced against 8 G10s, supported by refuge demand as markets remained in risk-off.
- **Stay bullish on JPY against USD** on likelihood of an extended risk-off markets supporting refuge demand. USDJPY sliding below 106.05 adds further bearish bias; expect the pair to test 105.54 next, below which a drop to 105 is likely.

### AUD

- **AUD climbed 0.22% to 0.7877 against a soft USD** and advanced against 7 G10s, supported by firmer risk appetite in early European trade and firm data from China in Asian trade.
- **AUD is slightly bullish against a soft USD** but gains may be modest given risk-off in the markets. AUDUSD remains bullish but appears to be struggling to beat 0.7875, which raises doubt over its sustainability to climb higher. Gains going forward may be soft and risk of rejection is likely to increase approaching 0.7910 – 0.7925.

### SGD

- **SGD strengthened 0.21% to 1.3093 against a soft USD** and advanced against 7 G10s.
- **Stay bullish on SGD against a soft USD** though gains are likely modest given retreating risk appetite in the markets. USDSGD is still technically bearish but caution that it is approaching the end of its minor bearish trend; a break below 1.3076 is required to confirm if further losses are likely.

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