

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets seemed calm** and unperturbed by geopolitical risks surrounding missile-attack on Syria. **Fed Dudley in an interview maintained a hawkish stance, saying three or four interest rate hikes this year is possible** to eventually bring the policy rate to 3% but he dismissed odds of five or six hikes in 2018. We maintain our view for two more Fed rate hikes for the remaining of the year.
- **Overnight US data was a mixed bag with upside surprises in retail sales but downside in Empire manufacturing and NAHB housing market index.** Retail sales snapped a 3-month decline and rebounded more than expected to increase 0.6% MOM in March thanks to a 2.0% MOM increase in auto sales. Retail sales excluding auto increased by a decent 0.2% MOM (Feb: +0.2%). **Consumptions in the US is likely to gather pace heading into 2Q18** with consumer sentiments remained relatively high given a firm labour market and rising wages while income tax cut further encourages consumers to spend.
- **USD fell against all G10s** while the DXY fell at the starts of European and US mornings, closing 0.42% lower at 89.42 amid losses from lack of demand as risk appetite improves. **We turn bearish on USD** as improving risk appetite in the markets saps refuge demand in the greenback. DXY failed yet again to test 89.88 and is now tilted to the downside. It is now targeting 89.10, and could dip as low as 88.90 before attempting a rebound.
- **MYR advanced 0.2% to 3.8877 against USD** and slipped against 6 G10s amid tepid buying interest as markets remain wary of renewed geopolitical tensions. **MYR remains slightly bearish against USD;** though risk appetite appears to be improving, we reckon markets are likely to remain wary of renewed geopolitical tensions, thus capping demand for MYR. USDMYR remains tilted to the upside, and there is now room for a test at 3.8911. Breaking above this exposes a move to 3.8988.
- **SGD strengthened 0.14% to 1.3102 against a soft USD** but retreated against 7 G10s, losing out to other majors that advanced on firmer risk appetite. **We turn slightly bullish on SGD against USD,** supported by improving risk appetite in the markets. USDSGD technical outlook has turned negative after losing 1.3100. Further losses are now likely, with scope to test 1.3073, the level that we opine could trigger another rebound.

Eco Overnight Economic Data

US
New Zealand



What's Coming Up Next

Major Data

- US housing starts, building permits, industrial production
- Eurozone ZEW Survey Expectations
- UK jobless claims change, ILO Unemployment Rate
- Japan industrial production
- China GDP, retail sales, industrial production
- Singapore non-oil domestic exports

Major Events

- Australia RBA April Meeting Minutes
- IMF World Economic Outlook

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2345	1.2379	1.2385	1.2395	1.2427	↗
USDJPY	106.48	106.88	107.05	107.24	107.50	↘
GBPUSD	1.4300	1.4333	1.4350	1.4374	1.4400	↗
AUDUSD	0.7731	0.7759	0.7782	0.7800	0.7831	↗
EURGBP	0.8620	0.8628	0.8634	0.8637	0.8643	↘
USDMYR	3.8800	3.8822	3.8870	3.8911	3.8988	↗
EURMYR	4.8064	4.8103	4.8134	4.8149	4.8169	↗
JPYMYR	3.6200	3.6239	3.6304	3.6350	3.6385	↗
GBPMYR	5.5660	5.5700	5.5746	5.5800	5.5845	↗
SGDMYR	2.9650	2.9671	2.9677	2.9693	2.9730	↗
AUDMYR	3.0200	3.0222	3.0247	3.0273	3.0300	↗
NZDMYR	2.8582	2.8600	2.8638	2.8666	2.8728	↗
USDSGD	1.3073	1.3083	1.3096	1.3100	1.3126	↘
EURSGD	1.6191	1.6206	1.6218	1.6227	1.6233	↗
GBPSGD	1.8720	1.8749	1.8783	1.8800	1.8820	↘
AUDSGD	1.0173	1.0188	1.0192	1.0200	1.0222	↗

* 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	1878.76	0.6	4.6	CRB Index	199.55	-0.08	2.9
Dow Jones Ind.	24573.04	0.9	-0.6	WTI oil (\$/bbl)	66.22	-1.74	9.6
S&P 500	2677.84	0.8	0.2	Brent oil (\$/bbl)	71.42	-1.60	6.8
FTSE 100	7198.20	-0.9	-6.4	Gold (\$/oz)	1345.93	-0.02	3.5
Shanghai	3110.65	-1.5	-5.9	CPO (RM/tonne)	2412.50	0.02	0.9
Hang Seng	30315.59	-1.6	1.3	Copper (\$/tonne)	6910.50	1.18	-4.6
STI	3497.19	-0.1	2.8	Rubber (sen/kg)	450.00	0.56	-2.7

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Retails Sales Advance MOM	Mar	0.6%	-0.1%	0.4%
US Empire Manufacturing	Apr	15.8	22.5	18.4
US NAHB Housing Market Index	Apr	69	70	70
NZ REINZ House Sales YOY	Mar	-9.9%	1.2%	--

Source: Bloomberg

➤ Macroeconomics

- New York Fed President Bill Dudley reaffirmed that more than four rate hikes in the US is unlikely in 2018 as that would signal an aggressive move by the Fed deviating from the gradual path of interest rate hikes. Dudley said that the Fed remains on track to raise interest rates three or four times in 2018. The Fed has raised interest rate once this year and is scheduled for two more hikes in 2018, according to the latest Fed dot plot.
- Retail sales in the US rebounded more than expected to increase 0.6% MOM in March (Feb: -0.1%) following a 3-month decline since December 2017. The rise is attributed to higher auto sales which edged up substantially by 2.0% MOM. Retail sales excluding auto increased by a decent 0.2% MOM (Feb: +0.2%). Retails sales have been weak in recent months as consumers curbed spending following heavy expenses during winter last year. The pullback in spending was also due to a delay in federal tax refund. Looking ahead, consumptions in the US is likely to gather pace heading into 2Q18 with consumer sentiments remained relatively high given a firm labour market and rising wages while income tax cut further encourages consumers to spend.
- In a separate release, the New York Fed Empire State Manufacturing index fell to 15.8 in April (March: 22.5) due to significant drops in new orders and shipments indicating a weakening of economic sentiments among manufacture. Nonetheless, the setback in April reading should not be considered as worrying as it is slightly lower than the first quarter average of 17.8.
- Homebuilder sentiments in the US weakened in April for the fourth consecutive month as the NAHB Housing Market Index fell to 69 in April (March: 70) due to higher interest rates as well as higher lumber prices which eat into construction cost. Despite that, the US housing market is still intact in our view as demand is getting stronger with still limited supply as evident in rising house prices.
- New Zealand house sales dropped tremendously by 9.9% in March (Feb: +1.2%) attributed to a 12% drop in sales in Auckland. The median house price stood at NZD 560k.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	18/4	CPI YOY	Mar	1.6%	1.4%	--
US	17/4	Housing Starts MOM	Mar	2.5%	-7.0%	--
		Building Permits MOM	Mar	0.0%	-5.7%	-4.1%
		Industrial Production MOM	Mar	0.3%	1.1%	0.9%
	18/4	MBA Mortgage Applications	13 Apr	--	-1.9%	--
Eurozone	17/4	ZEW Survey Expectations	Apr	--	13.4	--
	18/4	Construction Output MOM	Mar	--	-2.2%	--
		CPI YOY	Mar F	1.4%	1.4%	1.1%
UK	17/4	Jobless Claims Change	Mar	--	9.2k	--
		ILO Unemployment Rate 3mths	Feb	4.3%	4.3%	--
	18/4	CPI YOY	Mar	2.7%	2.7%	--
		RPI YOY	Mar	3.5%	3.6%	--
		PPI Output NSA YOY	Mar	2.3%	2.6%	--
		House Price Index YOY	Feb	4.7%	4.9%	--
Japan	17/4	Industrial Production YOY	Feb F	--	1.4%	--
	18/4	Trade Balance	Mar	¥499.2b	¥3.4b	¥2.6b
		Export YOY	Mar	5.2%	1.8%	--
China	17/4	GDP YOY	1Q	6.8%	6.8%	--
		Retail Sales YOY	Mar	9.7%	9.4%	--
		Industrial Production YOY	Mar	6.3%	6.2%	--
	18/4	New Home Prices MOM	Mar	--	0.25%	--
Singapore	17/4	Non-oil Domestic Exports YOY	Mar	1.2%	-5.9%	--
Australia	17/4	RBA April Meeting Minutes	Mar			
	18/4	Westpac Leading Index MOM	Mar	--	0.29%	--

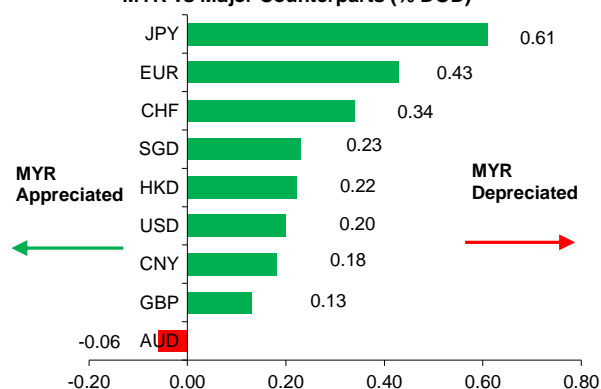
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2380	0.40	1.2395	1.2322	3.2
USDJPY	107.12	-0.21	107.61	107.04	-5.0
GBPUSD	1.4339	0.71	1.4344	1.4232	6.1
AUDUSD	0.7781	0.22	0.7783	0.7752	-0.4
EURGBP	0.8634	-0.31	0.8669	0.8627	-2.8
USDMYR	3.8877	0.20	3.8905	3.8783	-4.0
EURMYR	4.8069	0.43	4.8106	4.7832	-0.8
JPYMYR	3.6273	0.61	3.6291	3.6086	0.9
GBPMYR	5.5491	0.13	5.5518	5.5252	1.9
SGDMYR	2.9647	0.23	2.9655	2.9556	-2.1
AUDMYR	3.0222	-0.06	3.0243	3.0129	-4.5
NZDMYR	2.8580	-0.31	2.8623	2.8502	-0.7

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR advanced 0.20% to 3.8877 against USD** and slipped against 6 G10s amid tepid buying interest as markets remain wary of renewed geopolitical tensions.
- **MYR remains slightly bearish against USD**; though risk appetite appears to be improving, we reckon markets are likely to remain wary of renewed geopolitical tensions, thus capping demand for MYR. USDMYR remains tilted to the upside, and there is now room for a test at 3.8911. Breaking above this exposes a move to 3.8988.

USD

- **USD fell against all G10s** while the DXY fell at the starts of European and US mornings, closing 0.42% lower at 89.42 amid losses from lack of demand as risk appetite improves.
- **We turn bearish on USD** as improving risk appetite in the markets saps refuge demand in the greenback. DXY failed yet again to test 89.88 and is now tilted to the downside. It is now targeting 89.10, and could dip as low as 88.90 before attempting a rebound.

EUR

- **EUR strengthened 0.40% to 1.2380 against USD** and advanced against 7 G10s on continued recede in geopolitical concerns.
- **Expect a bullish EUR on the back of a soft USD.** Closing above 1.2356 yesterday has reinstated EURUSD's bullish trend, opening a path to as high as 1.2427 next. Nonetheless, we continue to caution potential for upside failure going forward, especially as EURUSD approaches 1.2462 – 1.2476.

GBP

- **GBP surged 0.71% to 1.4339 against a soft USD** and bested all G10s, boosted by markets eyeing firmer UK wage growth data today.
- **Stay slightly bullish on GBP against a soft USD** but caution that disappointing UK data could trigger sharp losses. After recent sharp gains, do not rule out losses as part of a technical pullback even if UK data outperforms. Despite a bullish trend, we continue to caution that current uptrend is near its final leg. We note potential risk of rejection approaching 1.4374 – 1.4400.

JPY

- **JPY slipped against 6 G10s** as demand for refuge eased but **advanced 0.21% to 107.12 against a soft USD.**
- **Expect a bullish JPY on the back of a soft USD.** Bullish USDJPY trend has ended after failing to beat 107.20 yesterday. It is now tilted to the downside, with bears likely to accelerate on close below 106.88.

AUD

- **AUD climbed 0.22% to 0.7781 against a soft USD** but fell against 6 G10s.
- **Expect a slightly bullish AUD against USD**, supported by firmer risk appetite in the markets but caution that losses will quickly catch up if the set of Chinese data disappoints. Despite improving upside bias, we continue to caution that AUDUSD is near the end of its bullish trend. While gains could still prevail until the next rejection, which could be near 0.7800, we opine that upsides may be modest.

SGD

- **SGD strengthened 0.14% to 1.3102 against a soft USD** but retreated against 7 G10s, losing out to other majors that advanced on firmer risk appetite.
- **We turn slightly bullish on SGD against USD**, supported by improving risk appetite in the markets. USDSGD technical outlook has turned negative after losing 1.3100. Further losses are now likely, with scope to test 1.3073, the level that we opine could trigger another rebound.

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