

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- Overnight, the **Federal Reserve released its Beige Book report, which concluded that overall the US economy is expanding at a modest to moderate pace.** Concerns over trade policy seems to be the report's prevailing theme as references to the word "tariff" was made multiple times in the survey amidst US-China trade tensions.
- **Data flow were mostly sideways,** with disinflation picking up in the UK and New Zealand, both of which would likely dampened expectation on the respective central banks to tighten policy. Conversely, inflation ticked higher in the Eurozone. Housing market appeared firmer in China and the US but on a softer tone in the UK.
- **Malaysia also recorded retreating inflationary pressure in Mar** as a result of slower increase in food prices and continued decline in transport prices. We maintain a softer inflationary outlook this year, weighed down by the higher base effect of last year. Moderating growth and inflation outlook, coupled with the return in real interest rate to positive territory, where real interest rates are expected to stay comfortably positive in 2018, are expected to **allow BNM to keep OPR unchanged for the rest of the year.**
- **USD rebounded to beat 7 G10s** while the DXY rose 0.12% to 89.62 on the back continued ease in geopolitical tensions as well as on relatively positive economic assessment from the Fed's Beige Book. **We are now bullish on USD,** supported by extended retreat in market jitters. DXY has bounced off 89.44 and likely to extend this upward trajectory for a brief period of time, possibly testing 89.88. Failure to break this level is expected to trigger a decline to 89.10, otherwise, further gains towards 90.57 is expected.
- **MYR inched 0.01% firmer to 3.8895 against USD** and advanced against 8 G10s. **Expect a slightly bearish MYR on the back of a rebounding USD.** USDMYR remains tilted to the upside; expect a potential test at 3.8990 going forward, above which 3.9048 will be tested.
- **SGD advanced 0.11% to 1.3099 against USD** and strengthened against 9 G10s on improving risk appetite in the markets. **Stay bearish on SGD against a rebounding USD.** A resistance to extended decline was noted overnight. We expect USDSGD to bounce off 1.3096 to set up a rebound going forward, potentially testing 1.3123.

#### Overnight Economic Data

Malaysia	→
US	↑
Eurozone	→
UK	→
China	↑
New Zealand	→

#### What's Coming Up Next

##### Major Data

- US Initial Jobless Claims, Philadelphia Fed Business Outlook, Leading Index
- Eurozone ECB Current Account
- UK Retail Sales Inc Auto Fuel
- Hong Kong Unemployment Rate
- Australia Employment Change, Unemployment Rate, NAB Business Confidence

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2345	1.2356	1.2374	1.2384	1.2400	↘
USDJPY	107.00	107.20	107.41	107.61	107.84	↗
GBPUSD	1.4144	1.4170	1.4197	1.4227	1.4237	↘
AUDUSD	0.7759	0.7780	0.7790	0.7800	0.7809	↗
EURGBP	0.8680	0.8700	0.8717	0.8721	0.8738	↗
USDMYR	3.8820	3.8855	3.8895	3.8911	3.8930	↗
EURMYR	4.8100	4.8123	4.8134	4.8181	4.8226	↘
JPYMYR	3.6168	3.6198	3.6217	3.6225	3.6249	↘
GBPMYR	5.5077	5.5134	5.5213	5.5294	5.5344	↘
SGDMYR	2.9655	2.9673	2.9685	2.9700	2.9729	↗
AUDMYR	3.0222	3.0273	3.0305	3.0318	3.0350	↗
NZDMYR	2.8406	2.8423	2.8469	2.8503	2.8527	↘
USDSGD	1.3076	1.3096	1.3104	1.3111	1.3123	↗
EURSGD	1.6191	1.6206	1.6218	1.6230	1.6250	↗
GBPSGD	1.8552	1.8585	1.8602	1.8633	1.8658	↘
AUDSGD	1.0177	1.0200	1.0209	1.0215	1.0232	↗

\* 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	1879.32	-0.1	4.6	CRB Index	202.97	1.80	4.7
Dow Jones Ind.	24748.07	-0.2	0.1	WTI oil (\$/bbl)	68.47	2.93	13.3
S&P 500	2708.64	0.1	1.3	Brent oil (\$/bbl)	73.48	2.65	9.9
FTSE 100	7317.34	1.3	-4.8	Gold (S/oz)	1349.41	0.14	3.7
Shanghai	3091.40	0.8	-6.5	CPO (RM/tonne)	2374.00	-0.65	-0.7
Hang Seng	30284.25	0.7	1.2	Copper (\$/tonne)	7022.00	2.11	-3.1
STI	3557.82	1.7	4.6	Rubber (sen/kg)	443.00	0.34	-4.2

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
MA CPI YOY	Mar	1.3%	1.4%	1.6%
US MBA Mortgage Applications	13 Apr	4.9%	-1.9%	--
EU Construction Output YOY	Feb	0.4%	6.9% (revised)	--
EU CPI YOY	Mar F	1.3%	1.1% (revised)	1.4%
UK CPI YOY	Mar	2.5%	2.7%	2.7%
UK RPI YOY	Mar	3.3%	3.6%	3.5%
UK PPI Output NSA YOY	Mar	2.4%	2.6%	2.3%
UK House Price Index YOY	Feb	4.4%	4.7% (revised)	4.7%
CN New Home Prices MOM	Mar	0.42%	0.25%	--
NZ CPI YOY	1Q	1.1%	1.6%	1.1%

Source: Bloomberg

## ➤ Macroeconomics

- Overnight, the Federal Reserve released its Beige Book, a survey of current economic conditions across its 12 districts. The report concludes that overall the US economy is expanding at a modest to moderate pace but concerns over trade policy seems to be the report's prevailing theme as references to the word "tariff" was made multiple times in the survey amidst US-China trade tensions. Meanwhile, demand for mortgages in the US rebounded to increase 4.9% for the week ended 13 April (Previous: -1.9%). Housing markets in the US are robust as reported yesterday with decent housing starts and building permits numbers whereas house prices continue to rise.
- Final reading of headline CPI confirmed that inflation in the Eurozone rose 1.3% YOY (Feb: +1.1%) in March compared to its preliminary reading of 1.4% YOY. Prices rose in the category of food, alcohol and tobacco while energy prices continue to ease for the fourth consecutive month. Core inflation meanwhile pick up at a steady pace of 1.0% YOY for the third consecutive month (Feb: +1.0%). Construction output slowed as well to increase 0.4% YOY in February (Jan: +6.9% revised) following a whopping jump in January as output in civil engineering declined. Data coming out from the Eurozone has been weak recently raising concerns of an economic slump in the Eurozone and whether the ECB would meet its inflation target of close to but below 2 percent inflation. The ECB's next meeting is scheduled on 26 April and the central bank has been in the midst of accessing a withdrawal of its stimulus program.
- UK's price reports for March suggest that the buildup of inflationary pressure is retreating after peaking at the end of 2017. Slower pick-up in consumer prices, which rose 2.5% YOY (Feb: +2.7%) is a reflection of a softening wage growth despite a continually declining unemployment rate (unemployment rate decreased to 4.2% in February). Retail prices eased as well to increase 3.3% YOY (Feb: +3.6%). Both headline CPI and RPI figures were driven down by easier price pressures in housing, household items, clothing & footwear, alcohol & tobacco. Meanwhile, factory-gate inflation slowed to increase 2.4% in March (Feb: +2.6%) which came above market estimates but nonetheless remaining on a downward trend. In a separate release, UK house prices grew 4.4% YOY in February (Jan: +4.7% revised) reaffirming a slowing housing market in the UK due to weak demand. A slew of weak data from the UK might lead the BOE to hold back from hiking interest rate in its upcoming May MPC meeting. Markets are currently anticipating an 87.8% probability of a May rate hike.
- New home prices across 70 cities in China increased at a faster pace in March to record a growth of 0.42% MOM (Feb: +0.25%). House prices are on a declining trend in China as authority implemented restrictions on house purchases and increased minimum down payments for mortgages in order to curb speculations.

- Inflation remained subdued in New Zealand as the headline CPI eased to increase 1.1% YOY for the first quarter of 2018 as expected (Q417: +1.6%), dropping towards the bottom of RBNZ inflation target band of 1-3% reaffirming view that the central bank will stay pat on its monetary policy.
- Malaysia's CPI grew at a slower pace for the 3rd straight month, by 1.3% YOY in March, its slowest in 20 months, as a result of slower increase in food prices and back-to-back decline in transport prices. We maintain our view of softer inflationary outlook this year, as last year's higher base effect will be the key factor weighing down this year's CPI prints, in the absence of substantial cost-push or demand-pull inflation. No change to our full year 2018 CPI forecast at 2.0%, decelerating from the 3.7% increase in 2017. Moderating growth and inflation outlook, coupled with the return in real interest rate to positive territory, where real interest rates are expected to stay comfortably positive in 2018, are expected to allow BNM to keep OPR unchanged for the rest of the year.

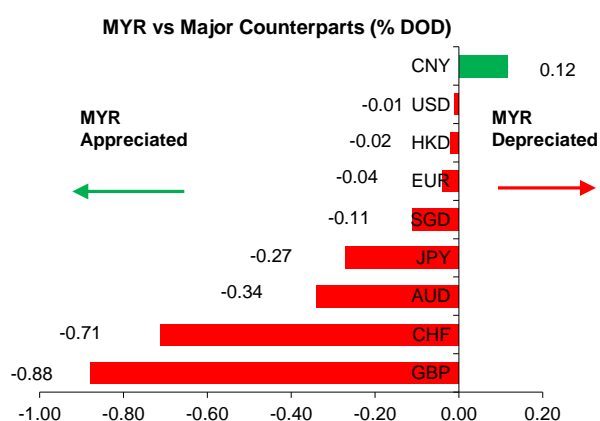
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	20/4	Foreign Reserves	13 Apr	--	\$107.8b	--
US	19/4	Initial Jobless Claims	14 Apr	230k	233k	--
		Philadelphia Fed Business Outlook	Apr	21.0	22.3	--
		Leading Index	Mar	0.3%	0.6%	--
Eurozone	19/4	ECB Current Account SA	Feb	--	37.6b	--
	20/4	Consumer Confidence	Apr A	-0.1	-0.1	--
UK	19/4	Retail Sales Inc Auto Fuel MOM	Mar	-0.6%	0.8%	--
Japan	20/4	Natl CPI YOY	Mar	1.1%	1.5%	--
		Convenience Store Sales YOY	Mar	--	0.3%	--
Hong Kong	19/4	Unemployment Rate SA	Mar	2.9%	2.9%	--
Australia	19/4	Employment Change	Mar	20.0k	17.5k	--
		Unemployment Rate	Mar	5.5%	5.6%	--
		NAB Business Confidence	1Q	--	6	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2374	0.03	1.2397	1.2342	3.1
USDJPY	107.23	0.22	107.39	107.00	-4.7
GBPUSD	1.4203	-0.59	1.4315	1.4174	5.1
AUDUSD	0.7784	0.23	0.7798	0.7744	-0.2
EURGBP	0.8712	0.62	u	0.8644	-1.9
USDMYR	3.8895	-0.01	3.8930	3.8855	-3.9
EURMYR	4.8110	-0.04	4.8181	4.8007	-0.7
JPYMYR	3.6265	0.27	3.6357	3.6213	0.7
GBPMYR	5.5218	-0.88	5.5690	5.5137	1.0
SGDMYR	2.9658	0.11	2.9689	2.9621	-2.0
AUDMYR	3.0145	-0.34	3.0239	3.0103	-4.2
NZDMYR	2.8429	-0.50	2.8565	2.8393	-1.2

Source: Bloomberg



## Forex

### MYR

- **MYR inched 0.01% firmer to 3.8895 against USD** and advanced against 8 G10s.
- **Expect a slightly bearish MYR on the back of a rebounding USD.** USDMYR remains tilted to the upside; expect a potential test at 3.8990 going forward, above which 3.9048 will be tested.

### USD

- **USD rebounded to beat 7 G10s** while the DXY rose 0.12% to 89.62 on the back continued ease in geopolitical tensions as well as on relatively positive economic assessment from the Fed's Beige Book.
- **We are now bullish on USD,** supported by extended retreat in market jitters. DXY has bounced off 89.44 and likely to extend this upward trajectory for a brief period of time, possibly testing 89.88. Failure to break this level is expected to trigger a decline to 89.10, otherwise, further gains towards 90.57 is expected.

### EUR

- **EUR reversed early losses** from softer than expected Eurozone data to **inch 0.03% higher to 1.2374 against USD** and advanced against 8 G10s.
- **We turn bearish on EUR against USD** as buying interest is likely capped by a lack of positive catalyst. Slowing upside momentum is dragging on EURUSD, limiting gains. We reckon that EURUSD is near the end of its bullish trend and is likely to reverse going forward. A decline to 1.2319 is likely.

### GBP

- **GBP fell against 8 G10s and tumbled 0.59% to 1.4203 against USD** on the back of disinflation in the UK that dampened market expectations for increased BOE policy tightening.
- **Stay bearish on GBP against USD,** weighed down by decreasing bets on BOE to raise interest rates further this year after yesterday's inflation data. GBPUSD is likely to remain on a downward trajectory and head for 1.4144. Breaking below this exposes a move to 1.4051.

### JPY

- **JPY weakened 0.22% to 107.23 against USD** and retreated against 5 G10s as refuge demand receded further.
- **JPY is now bearish against USD** on the back of firmer risk appetite in the markets that dampens refuge demand. Breaking above 107.20 has increased USDJPY's upside bias. The pair is likely targeting a move to 108.00 in the next leg higher.

### AUD

- **AUD rallied on firmer risk appetite** as well as on positioning ahead of Australia labour market data that is expected to be positive, climbing against all G10s and rising 0.23% to 0.7784 against USD.
- **Continue to hold a bearish view on AUD against USD,** weighed down by anticipated USD rebound as well as potential downsides from weakness in Australia data. Despite overnight bounce off 0.7759, we maintain that recent bullish trend has ended. Continued failure to break above 0.7809 will be seen as emergence of bearish bias that would push AUDUSD below 0.7759.

### SGD

- **SGD advanced 0.11% to 1.3099 against USD** and strengthened against 9 G10s on improving risk appetite in the markets.
- **Stay bearish on SGD against a rebounding USD.** A resistance to extended decline was noted overnight. We expect USDSGD to bounce off 1.3096 to set up a rebound going forward, potentially testing 1.3123.

**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](mailto:HLMarkets@hbb.hongleong.com.my)

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