

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- A rather eventful night. While **markets were still uneasy about potential trade wars, and staying sideline ahead of the two-day FOMC meeting**, massive sell-offs in Facebook triggered by a report citing inappropriate access to its user data by a political consultancy on President Trump's election campaign prompted further flight to safety.
- This somewhat overshadowed news on a **breakthrough agreement between the EU and Britain to a 21-month transition period** to avoid any abrupt changes during Brexit next year. This sent the sterling rallying. Meanwhile, news citing **ECB policy makers are shifting towards a rate hike path and deemed mid-2019 as an appropriate time to raise rates** also spurred gains in the EUR. On the data front, it was by and large second tier and mixed with no US data on the deck.
- **USD retreated against 8 G10s** while the DXY tumbled through European-US sessions, weighed down by rallies in European majors and GBP. **Stay bullish on USD** in anticipation of build-up in long positions going into FOMC meeting that is expected to result in an interest rate hike. DXY is now in a fragile position after losing 90.05 overnight. It must hold above 89.70 to retain a minor bullish trend that would push it above 90.23 in the coming days, otherwise, a return to 89.45 is highly likely.
- **MYR slipped 0.25% to 3.9170 against USD** after opening on a weaker footing and sliding further in European trade, but managed to beat 6 G10s. **MYR remains bearish against USD** amid lack of buying interest ahead of various risk events. We maintain that USDMYR is technically bullish and is on track for another test at 3.9259 going forward. A close above this exposes a move to 3.9408 next.
- **SGD fell against 7 G10s** that rallied on improved risk appetite in the markets but **closed 0.06% firmer at 1.3169 against a soft USD**. **Keep a bearish view on SGD on the back of a firmer USD** and extended retreat in risk appetite. USDSGD remains tilted upwards and poised to test 1.3198 soon. Breaking this exposes a move to 1.3259 in the next leg higher.

#### Overnight Economic Data

|             |   |
|-------------|---|
| Eurozone    | ↓ |
| Hong Kong   | → |
| New Zealand | ↑ |

#### What's Coming Up Next

##### Major Data

- Eurozone Zew survey expectations, consumer confidence
- UK CPI, RPI, PPI output
- Japan lending index, coincident index, machine tool orders, convenience store sales
- Hong Kong CPI
- Australia house price index

##### Major Events

- RBA minutes

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

|        | S2     | S1     | Indicative | R1     | R2     | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.2295 | 1.2318 | 1.2339     | 1.2352 | 1.2368 | ↘       |
| USDJPY | 105.52 | 106.00 | 106.07     | 106.23 | 106.44 | ↘       |
| GBPUSD | 1.3980 | 1.4000 | 1.4022     | 1.4050 | 1.4070 | ↗       |
| AUDUSD | 0.7680 | 0.7696 | 0.7706     | 0.7727 | 0.7748 | ↘       |
| EURGBP | 0.8765 | 0.8786 | 0.8798     | 0.8805 | 0.8810 | ↘       |
| USDMYR | 3.9078 | 3.9103 | 3.9135     | 3.9172 | 3.9200 | ↗       |
| EURMYR | 4.8239 | 4.8263 | 4.8305     | 4.8334 | 4.8349 | ↗       |
| JPYMYR | 3.6786 | 3.6824 | 3.6876     | 3.6928 | 3.7030 | ↘       |
| GBPMYR | 5.4805 | 5.4836 | 5.4908     | 5.4937 | 5.4980 | ↗       |
| SGDMYR | 2.9678 | 2.9707 | 2.9736     | 2.9766 | 2.9784 | ↘       |
| AUDMYR | 3.0131 | 3.0150 | 3.0191     | 3.0226 | 3.0250 | ↘       |
| NZDMYR | 2.8282 | 2.8300 | 2.8324     | 2.8352 | 2.8383 | ↗       |
| USDSGD | 1.3140 | 1.3155 | 1.3163     | 1.3176 | 1.3190 | ↗       |
| EURSGD | 1.6212 | 1.6230 | 1.6243     | 1.6262 | 1.6273 | ↘       |
| GBPSGD | 1.8424 | 1.8450 | 1.8461     | 1.8480 | 1.8500 | ↗       |
| AUDSGD | 1.0120 | 1.0137 | 1.0146     | 1.0156 | 1.0179 | ↘       |

\*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           | 1846.39    | 0.1   | 2.8   | CRB Index          | 194.46     | 0.29  | 0.3   |
| Dow Jones Ind. | 24946.51   | 0.3   | 0.9   | WTI oil (\$/bbl)   | 62.34      | 1.88  | 3.2   |
| S&P 500        | 2752.01    | 0.2   | 2.9   | Brent oil (\$/bbl) | 66.21      | 1.67  | -1.3  |
| FTSE 100       | 7164.14    | 0.3   | -6.8  | Gold (\$/oz)       | 1314.24    | -0.14 | 0.7   |
| Shanghai       | 3269.88    | -0.6  | -1.1  | CPO (RM/tonne)     | 2422.00    | 0.08  | 1.3   |
| Hang Seng      | 31501.97   | -0.1  | 5.3   | Copper (\$/tonne)  | 6888.00    | -0.46 | -5.0  |
| STI            | 3512.14    | -0.2  | 3.2   | Rubber (sen/kg)    | 472.50     | -0.32 | 2.2   |

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

|                                | For | Actual | Last   | Survey |
|--------------------------------|-----|--------|--------|--------|
| EU Trade Balance SA            | Jan | €19.9b | €23.2b | €22.3b |
| EU Construction Output MOM     | Jan | -2.2%  | 0.7%   | --     |
| HK Unemployment Rate           | Feb | 2.9%   | 2.9%   | 2.9%   |
| NZ Westpac Consumer Confidence | 1Q  | 111.2  | 107.4  | --     |

Source: Bloomberg

- Trade surplus in the Eurozone narrowed to €19.9b in Jan-18 (Dec: €23.2b revised). Import grew 1.1% % MOM (Dec: +0.7%) while export dropped 0.7% MOM (Dec: +1.7%) indicating that global demand for European goods softened, possibly on the back of a strong euro. In a separate release, construction output dipped for the first time in 7 months by 2.2% MOM (Dec: +0.7%) which coincides with other recent economic readings in January as industrial production fell more than expected.
- Hong Kong unemployment rates remained at 2.9% for the three months ended Feb-18, an all-time low for the third consecutive months which is in line with estimates.
- New Zealand consumer confidence improved in the first quarter of the year. The Westpac consumer confidence registered a reading of 111.2 (Dec: 107.4) despite a softening economic outlook as growth in 2017 fell short of expectation.

### Economic Calendar Release Date

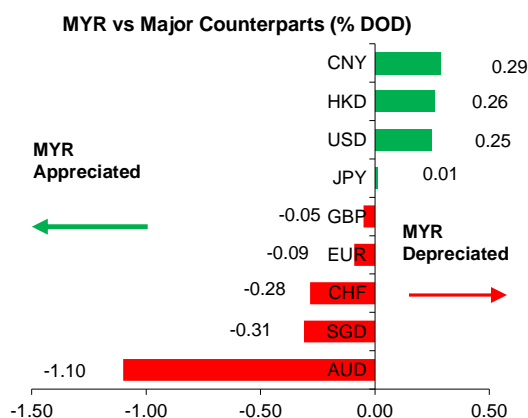
| Country   | Date | Event                       | Reporting Period | Survey | Prior  | Revised |
|-----------|------|-----------------------------|------------------|--------|--------|---------|
| Malaysia  | 21/3 | CPI YOY                     | Feb              | 2.0%   | 2.7%   | --      |
| US        | 21/3 | MBA Mortgage Applications   | Mar 16           | --     | 0.9%   | --      |
|           |      | Existing Home Sales MOM     | Feb              | 0.4%   | -3.2%  | --      |
| Eurozone  | 20/3 | ZEW Survey Expectations     | Mar              | --     | 29.3   | --      |
|           |      | Consumer Confidence         | Mar A            | 0.0    | 0.1    | --      |
| UK        | 20/3 | CPI YOY                     | Feb              | 2.8%   | 3.0%   | --      |
|           |      | RPI YOY                     | Feb              | 3.7%   | 4.0%   | --      |
|           |      | PPI Output NSA YOY          | Feb              | 2.7%   | 2.8%   | --      |
|           | 21/3 | Jobless Claims Change       | Feb              | --     | -7.2k  | --      |
|           |      | ILO Unemployment Rate 3Mths | Jan              | 4.4%   | 4.4%   | --      |
|           |      | Public Finances (PSNCR)     | Feb              | --     | -26.4b | --      |
|           |      | CBI Trends Total Orders     | Mar              | 8      | 10     | --      |
| Japan     | 20/3 | Leading Index CI            | Jan F            | --     | 104.8  | --      |
|           |      | Coincident Index            | Jan F            | --     | 114.0  | --      |
|           |      | Machine Tool Orders YOY     | Feb F            | --     | 39.5%  | --      |
|           |      | Convenience Store Sales YOY | Feb              | --     | 0.1%   | --      |
| Hong Kong | 20/3 | CPI Composite YOY           | Feb              | 2.2%   | 1.7%   | --      |
| Australia | 20/3 | RBA March Meeting Minutes   |                  |        |        |         |
|           |      | House Price Index YOY       | 4Q               | 3.9%   | 8.3%   | --      |
|           | 21/3 | Westpac Leading Index MOM   | Feb              | --     | -0.24% | --      |

Source: Bloomberg

**FX Table**

| Name   | Last Price | DoD % | High   | Low    | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.2335     | 0.37  | 1.2359 | 1.2258 | 2.8   |
| USDJPY | 106.10     | 0.08  | 106.31 | 105.68 | -5.9  |
| GBPUSD | 1.4024     | 0.59  | 1.4088 | 1.3913 | 3.8   |
| AUDUSD | 0.7718     | 0.06  | 0.7727 | 0.7687 | -1.4  |
| EURGBP | 0.8796     | -0.24 | 0.8830 | 0.8745 | -0.9  |
| USDMYR | 3.9170     | 0.25  | 3.9183 | 3.9049 | -3.3  |
| EURMYR | 4.8110     | -0.09 | 4.8136 | 4.7936 | -0.4  |
| JPYMYR | 3.6983     | 0.01  | 3.7055 | 3.6804 | 2.7   |
| GBPMYR | 5.4625     | -0.05 | 5.4646 | 5.4426 | 0.5   |
| SGDMYR | 2.9715     | -0.31 | 2.9728 | 2.9615 | -1.9  |
| AUDMYR | 3.0153     | -1.10 | 3.0226 | 3.0087 | -4.7  |
| NZDMYR | 2.8218     | -0.53 | 2.8282 | 2.8172 | -1.7  |

Source: Bloomberg



## Forex

### MYR

- **MYR slipped 0.25% to 3.9170 against USD** after opening on a weaker footing and sliding further in European trade, but managed to beat 6 G10s.
- **MYR remains bearish against USD** amid lack of buying interest ahead of various risk events. We maintain that USDMYR is technically bullish and is on track for another test at 3.9259 going forward. A close above this exposes a move to 3.9408 next.

### USD

- **USD retreated against 8 G10s** while the DXY tumbled through European-US sessions, weighed down by rallies in European majors and GBP.
- **Stay bullish on USD** in anticipation of build-up in long positions going into FOMC meeting that is expected to result in an interest rate hike. DXY is now in a fragile position after losing 90.05 overnight. It must hold above 89.70 to retain a minor bullish trend that would push it above 90.23 in the coming days, otherwise, a return to 89.45 is highly likely.

### EUR

- **EUR climbed 0.37% to 1.2335 against USD** and beat 7 G10s on improved sentiment after reports of a Brexit transition agreement has been reached.
- **Stay bearish on EUR against USD** in anticipation of continued buying interest in the greenback. EURUSD remains in a minor bearish trend unless it closes above 1.2368. Until that happens, the pair is still poised to close below 1.2290 in the coming days and extend losses to possibly 1.2215.

### GBP

- **GBP jumped 0.59% to 1.4024 against USD** and climbed to the top of the G10 list amid reports of a Brexit transition agreement has been reached.
- **Expect a slightly bullish GBP against USD**, supported by recent improvement in Brexit sentiment. However, we caution that downside surprises in UK price reports today could be an excuse to sell into GBP strength. GBPUSD is technically bullish but upside bias is fragile as it approaches firm resistances at 1.4055 and 1.4070. Caution that both could trigger strong rejection and lead GBPUSD to below 1.3962.

### JPY

- **JPY slipped 0.08% to 106.10 against USD** and tumbled against 8 G10s as refuge demand retreated in the markets.
- **Keep a bullish view on JPY against USD** in anticipation of rising risk aversion in the markets. USDJPY remains tilted to the downside; expect the pair to test 105.54 next, below which a drop to 105 is likely.

### AUD

- **AUD inched 0.06% higher to 0.7718 against USD** but fell against 7 G10s as it stayed the weakest risk-sensitive majors despite firmer risk appetite overnight.
- **AUD remains bearish against USD** in our view, weighed down by lingering risk aversion in the markets heading into major risk events. AUDUSD remains tilted to the downside after recent sharp downward move. Minor bearish trend appears to be extending; expect AUDUSD dipping towards 0.7650 next.

### SGD

- **SGD fell against 7 G10s that rallied on improved risk appetite in the markets but closed 0.06% firmer at 1.3169 against a soft USD.**
- **Keep a bearish view on SGD on the back of a firmer USD** and extended retreat in risk appetite. USDSGD remains tilted upwards and poised to test 1.3198 soon. Breaking this exposes a move to 1.3259 in the next leg higher.

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