

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight, BOE governor Mark Carney said that markets should not bet on a May rate hike in the UK immediately sending the pound tumbling.** Following a three-day gain, US stock markets closed lower dragged down by shares of consumer product companies which slid after reporting weak earnings for 1Q18. At home, the FMKLCI rallied to close at an all-time high of 1,895.18 yesterday driven by surge in oil prices.
- **On the data front, US data point to a continuously solid economic growth** as seen in jobless claims, leading index and the Philly Fed manufacturing index. **UK retail sales disappointed** more than initially expected while **inflation in Japan eased**, in line with median estimates. Labour market in Australia remained rather weak in March with fewer new jobs added but unemployment rate remained the same.
- **USD extended its rebound to beat 9 G10s** while the DXY rallied in US morning to end the day 0.35% higher at 89.94, supported by firmer market view on Fed rate hikes as bond yields trended higher, as well as weakness in GBP. **Stay bullish on USD**, supported by firmer rate hikes expectations and emerging weakness in other majors. Recapturing 89.88 is likely to give DXY a bullish boost, setting a course for 90.57 in due time. Nonetheless, 90.16 and 90.44 pose threats to this attempt to climb higher.
- **MYR ended 0.04% softer at 3.8910 against a firmer USD** but managed to beat 6 G10s that also retreated to the greenback's gains. **Expect a slightly bearish MYR on the back of a rebounding USD**, as well as on diminishing demand going into the week's close. USDMYR remains tilted to the upside; expect a potential test at 3.8990 going forward, above which 3.9048 will be tested.
- **SGD advanced against 8 G10s** that were weaker on retreating risk appetite but **weakened 0.13% to 1.3116 against USD. Stay bearish on SGD against a rebounding USD**, further weighed down by retreating risk appetite. USDSGD has tested 1.3123 as expected and further gains are likely going forward. We set sights on a climb to 1.3175 next.

Overnight Economic Data

US	↑
Eurozone	↓
Japan	→
UK	↓
Hong Kong	→
Australia	↓

What's Coming Up Next

Major Data

- Malaysia Foreign Reserves
- Eurozone Consumer Confidence
- Japan Nationwide Department Sales, Convenience Store Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2300	1.2319	1.2342	1.2345	1.2357	↘
USDJPY	107.20	107.39	107.49	107.61	107.84	↗
GBPUSD	1.4010	1.4042	1.4080	1.4100	1.4134	↘
AUDUSD	0.7700	0.7720	0.7722	0.7728	0.7759	↘
EURGBP	0.8730	0.8751	0.8766	0.8770	0.8790	↗
USDMYR	3.8869	3.8911	3.8923	3.8930	3.8975	↗
EURMYR	4.7970	4.8007	4.8044	4.8070	4.8095	↘
JPYMYR	3.6163	3.6198	3.6212	3.6237	3.6262	↗
GBPMYR	5.4700	5.4762	5.4809	5.4852	5.4887	↘
SGDMYR	2.9600	2.9627	2.9658	2.9667	2.9689	↘
AUDMYR	2.9924	3.0000	3.0068	3.0079	3.0158	↘
NZDMYR	2.8161	2.8200	2.8228	2.8247	2.8276	↘
USDSGD	1.3105	1.3116	1.3125	1.3135	1.3154	↗
EURSGD	1.6186	1.6193	1.6197	1.6226	1.6250	↘
GBPSGD	1.8392	1.8434	1.8479	1.8504	1.8540	↘
AUDSGD	1.0100	1.0125	1.0140	1.0165	1.0174	↘

* 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	1895.18	0.8	5.5	CRB Index	201.86	-0.55	4.1
Dow Jones Ind.	24664.89	-0.3	-0.2	WTI oil (\$/bbl)	68.29	-0.26	13.0
S&P 500	2693.13	-0.6	0.7	Brent oil (\$/bbl)	73.78	0.41	10.3
FTSE 100	7328.92	0.2	-4.7	Gold (S/oz)	1345.53	-0.29	3.2
Shanghai	3117.38	0.8	-5.7	CPO (RM/tonne)	2388.00	0.59	-0.1
Hang Seng	30708.44	1.4	2.6	Copper (\$/tonne)	6984.00	-0.54	-3.6
STI	3598.73	1.1	5.8	Rubber (sen/kg)	447.00	0.45	-3.4

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Initial Jobless Claims	14 Apr	232k	233k	230k
US Philadelphia Fed Business Outlook	Apr	23.2	22.3	21.0
US Leading Index	Mar	0.3%	0.7% (revised)	0.3%
EU ECB Current Account SA	Feb	35.1b	39.0 (revised)	--
UK Retail Sales Inc. Auto Fuel MOM	Mar	-1.2%	0.8%	-0.6%
JN Natl CPI YOY	Mar	1.1%	1.5%	1.1%
HK Unemployment Rate SA	Mar	2.9%	2.9%	2.9%
AU Employment Change	Mar	4.9k	-6.3k (revised)	20.0k
AU Unemployment Rate	Mar	5.5%	5.5% (revised)	5.5%
AU NAB Business Confidence	1Q	7	7 (revised)	--

Source: Bloomberg

➤ Macroeconomics

- Data from the US all point to continuous economic growth in the world's largest economy. Initial jobless claims in the US fell by 1,000 to 232k for the week ended April (Previous: 233k) further reaffirming a robust job market. It was reported earlier that a total of 103k new jobs were created in March, the slowdown in hiring was widely dismissed by economists as a payback for the enormous job gains in February and partially attributed to cold weather conditions. March unemployment rate was 4.1% and the labour market is considered to be nearing full employment. In a separate release, the Conference Board leading economic index which measures economic and business conditions in the US edged up at a slower pace by 0.3% MOM in March (Feb: +0.7% revised) to register a reading of 109.0 (Feb: 108.7). Meanwhile, the Philly Fed manufacturing index rose to 23.2 in April (March: 22.3) indicating an expansion in the manufacturing sector. Details show that new orders and shipments slipped, but employment increased.
- The Eurozone current account surplus narrowed to €35.1b (Jan: €39.0 revised) as inflows decreased 1.5% MOM while outflow decreased 0.3% MOM.
- Adding on a stack of already disappointing data, retail sales in the UK (inclusive of auto fuel) posted a drop of 1.2% MOM in March (Feb: +0.8%) as heavy snow curbed spending among consumers. Retail sales excluding auto fuel fell 0.5% MOM (Jan: +0.4% revised). In an interview with BBC News on the sideline of the IMF Spring meetings, BOE governor Mark Carney reaffirmed that interest rates may still rise gradually this year but markets should not be betting on a May interest rate hike given softer economic readings. Investors have been pricing in an 85.9% chance of rate hike in BOE upcoming May meeting yesterday, the probability fell meagerly to 85.0% as of today.
- Inflation eased in Japan as expected. Headline CPI increased 1.1% YOY in March (Feb: +1.5%) which is in line with estimates while core CPI (excluding fresh food) inched up 0.9% YOY (Feb: +1.0%). The slowdown is widely expected following an acceleration in February. Annual inflation has been growing on a solid footing since December 2017, supported by a pick-up in domestic demand and a moderate wage growth.
- Hong Kong unemployment rate remained at 2.9% for the three months ended March which is in line with estimates.
- Unemployment rate in Australia held steady in March to remain at 5.5%. February reading was revised from 5.6% to 5.5%. Employment change which measures number of new jobs added fell short of expectations registering a total of 4.9k for March (Feb: -6.3k revised) as number of full time jobs dropped substantially. March participation rate dropped slightly to 65.5% (Feb: 65.6%) as well. The labour market started on a rather weak footing for 1Q18 as the momentum in 2017 dissipated. The RBA is expecting wage growth to firm up further which would exert upward pressure on inflations sooner or later. We expect RBA to hold its interest rate unchanged for the remaining for the year. In a separate release, the NAB business confidence stayed at 7 in 1Q18 (4Q17: 7) indicating no change in the general positive outlook of the economy.

Economic Calendar Release Date

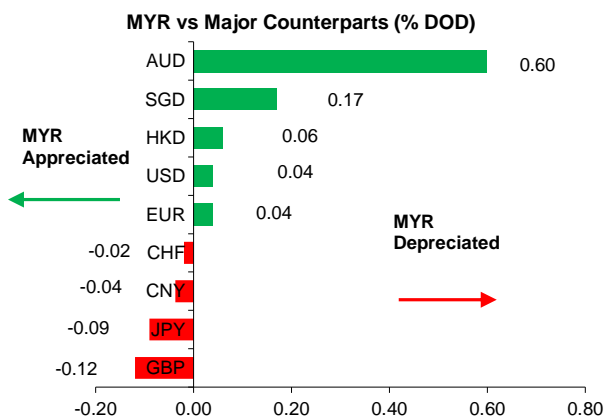
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	20/4	Foreign Reserves	13 Apr	--	\$107.8b	--
US	23/4	Chicago Fed Nat activity Index	Mar	0.25	0.88	--
		Markit US Manufacturing PMI	Apr P	55.0	55.6	--
		Markit US Service PMI	Apr P	54.0	54.0	--
		Existing Home Sales MOM	Mar	0.2%	3.0%	--
Eurozone	20/4	Consumer Confidence	Apr A	-0.1	0.1	--
	23/4	Markit Eurozone Manufacturing PMI	Apr P	56.0	56.6	--
		Markit Eurozone Service PMI	Apr P	54.8	54.9	--
Japan	20/4	Nationwide Department Sales YOY	Mar	--	-0.9%	--
		Convenience Store Sales YOY	Mar	--	0.3%	--
		Nikkei Japan PMI Mfg	Apr P	--	53.1	--
Singapore	23/4	CPI YOY	Mar	--	0.5%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2345	-0.23	1.24	1.2329	2.8
USDJPY	107.37	0.13	107.52	107.18	-4.7
GBPUSD	1.4087	-0.82	1.4246	1.4069	4.2
AUDUSD	0.7730	-0.69	0.7813	0.7719	-1.1
EURGBP	0.8763	0.58	0.8771	0.8689	-1.3
USDMYR	3.8910	0.04	3.8917	3.8850	-3.8
EURMYR	4.8130	0.04	4.8230	4.8070	-0.9
JPYMYR	3.6233	0.09	3.6262	3.6163	0.8
GBPMYR	5.5150	0.12	5.5314	5.5104	0.3
SGDMYR	2.9707	0.17	2.9720	2.9656	-2.1
AUDMYR	3.0326	0.60	3.0387	3.0194	-5.0
NZDMYR	2.8443	0.05	2.8516	2.8433	-2.0

Source: Bloomberg



Forex

MYR

- **MYR ended 0.04% softer at 3.8910 against a firmer USD** but managed to beat 6 G10s that also retreated to the greenback's gains.
- **Expect a slightly bearish MYR on the back of a rebounding USD**, as well as on diminishing demand going into the week's close. USDMYR remains tilted to the upside; expect a potential test at 3.8990 going forward, above which 3.9048 will be tested.

USD

- **USD extended its rebound to beat 9 G10s** while the DXY rallied in US morning to end the day 0.35% higher at 89.94, supported by firmer market view on Fed rate hikes as bond yields trended higher, as well as weakness in GBP.
- **Stay bullish on USD**, supported by firmer rate hikes expectations and emerging weakness in other majors. Recapturing 89.88 is likely to give DXY a bullish boost, setting a course for 90.57 in due time. Nonetheless, 90.16 and 90.44 pose threats to this attempt to climb higher.

EUR

- **EUR fell 0.23% to 1.2345 against a firmer USD** but remained higher against 6 G10s, likely on in flow from weakness in GBP.
- **Stay bearish on EUR against a rebounding USD**, on top of the absence of positive catalysts to drive demand. We maintain that a drop to 1.2319 is likely. Below this, there is room for EURUSD to slide further, possibly testing 1.2261 in the next leg lower.

GBP

- **GBP slumped against all G10s and tumbled 0.82% to 1.4087 against USD** after remarks by BOE Governor Carney in an interview hinted that a much awaited rate hike in May is not necessarily a foregone conclusion, compounding on an already soft set of UK data this week.
- **Stay bearish on GBP against USD**, weighed down by decreasing bets on BOE to raise interest rates further this year after yesterday's remarks by BOE Carney. GBPUSD is now exposed to a move to 1.4046, below which a test at 1.3948 is expected in the coming weeks.

JPY

- **JPY advanced against 8 G10s** as demand for refuge improved with declines in equities, but **weakened 0.13% to 107.37 against a firmer USD**.
- **Continue to expect a bearish JPY against USD**; despite likelihood of extended risk-off in the markets, we reckon that support for the greenback is returning, keeping it firmer against JPY. USDJPY remains tilted to the upside. Breaking above 107.93 completes a rounding pattern that would target 108.97.

AUD

- **AUD weakened 0.69% to 0.7730 against USD** and retreated against 8 G10s, weighed down by weakness in equities, commodities and Australian data
- **Continue to hold a bearish view on AUD against USD**, weighed down by extended greenback rebound and extended weakness in risk appetite. Losing 0.7759 overnight is a bearish sign. Further losses are expected if AUDUSD does not hold above 0.7720, possibly testing 0.7652 going forward.

SGD

- **SGD advanced against 8 G10s** that were weaker on retreating risk appetite but **weakened 0.13% to 1.3116 against USD**.
- **Stay bearish on SGD against a rebounding USD**, further weighed down by retreating risk appetite. USDSGD has tested 1.3123 as expected and further gains are likely going forward. We set sights on a climb to 1.3175 next.

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