

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Anxiety ahead of the two-day FOMC meeting aside, it was all about trade again**, with finance ministers of G20 continued to express concerns over risks of trade protectionism while China Premier Li, in a separate event in China, expressed hopes that a US-China trade war could be averted and that China pledges to open its economy further.
- **There was no data due out of the US again and focus was on UK's inflation reports, which all surprised to the downside.** CPI pulled back more than expected to 2.7% YOY in February, and so were PPI and RPI, reaffirming views that persistently below target inflation will remain a hurdle for BOE to raise rates. In tandem with recent weaknesses seen in Eurozone data, **ZEW sentiments tumbled to a 1.5-year low in March. Japanese data bag also skewed to the softer side. RBA minutes offered little fresh leads**, reiterating prospects of slowing growth and lack of upside in inflation despite steady job growth, **suggesting no compelling reason to raise its policy rate in the foreseeable future.** The central bank also remained cautious against risks of a stronger currency.
- **USD rebounded to beat 9 G10s** while the DXY jumped in European trade and climbed higher thereafter to close 0.68% firmer at 90.37, supported expectations of imminent Fed rate hike and a potentially hawkish policy statement. **DXY remains bullish** in anticipation of a Fed rate hike that may be followed by a hawkish-toned policy statement, failing which sell-off into current strength may occur. DXY is on track to test 90.58 but we continue to caution that this is a strong resistance that could result in a rejection back to 89.88. Firmly breaking above 90.58 puts DXY on track towards 90.88.
- **MYR dipped 0.04% to 3.9185 against USD** after overturning early gains into losses through Asian-European sessions while sliding against 5 G10s on a lack of buying interest heading into FOMC meeting. **MYR remains bearish against USD** amid lack of buying interest ahead of various risk events. Upside bias has improved in USDMYR; we note that a close above 3.9259 will expose a move to 3.9408 next. Caution that USDMYR needs to close above 3.9177 today to sustain the current bullish trend.
- **SGD** was supported by refuge demand in the FX space to climb against 8 G10s but **fell 0.17% to 1.3191 against a firm 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	↓
UK	↓↓
Japan	↓
Hong Kong	↑
Australia	→

#### What's Coming Up Next

##### Major Data

- Malaysia CPI
- US MBA mortgage application, existing home sales
- UK jobless claims change, ILO unemployment rate, public finance (PSNCR), CBI trends total orders

##### Major Events

- FOMC policy meeting

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2202	1.2220	1.2252	1.2257	1.2296	↘
USDJPY	106.07	106.44	106.48	106.81	107.00	↗
GBPUSD	1.3985	1.4000	1.4008	1.4024	1.4050	↘
AUDUSD	0.7650	0.7675	0.7694	0.7700	0.7720	↘
EURGBP	0.8720	0.8740	0.8747	0.8755	0.8771	↘
USDMYR	3.9078	3.9103	3.9232	3.9172	3.9200	↗
EURMYR	4.7950	4.8000	4.8059	4.8100	4.8160	↘
JPYMYR	3.6680	3.6758	3.6846	3.6881	3.6926	↘
GBPMYR	5.4805	5.4868	5.4948	5.5000	5.5071	↗
SGDMYR	2.9694	2.9723	2.9749	2.9766	2.9784	↘
AUDMYR	3.0120	3.0150	3.0185	3.0205	3.0226	↘
NZDMYR	2.8100	2.8113	2.8181	2.8212	2.8278	↘
USDSGD	1.3156	1.3175	1.3186	1.3191	1.3213	↗
EURSGD	1.6120	1.6137	1.6157	1.6173	1.6200	↘
GBPSGD	1.8431	1.8450	1.8472	1.8480	1.8510	↗
AUDSGD	1.0120	1.0133	1.0147	1.0170	1.0201	↘

\*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	1856.39	0.5	3.3	CRB Index	194.15	0.65	0.1
Dow Jones Ind.	24727.27	0.5	0.0	WTI oil (\$/bbl)	63.40	2.16	4.9
S&P 500	2716.94	0.1	1.6	Brent oil (\$/bbl)	67.42	2.07	0.8
FTSE 100	7061.27	0.3	-8.1	Gold (\$/oz)	1311.31	-0.42	0.6
Shanghai	3290.64	0.3	-0.5	CPO (RM/tonne)	2425.00	-0.66	1.5
Hang Seng	31549.93	0.1	5.5	Copper (\$/tonne)	6854.00	-0.49	-5.4
STI	3513.31	0.4	3.2	Rubber (sen/kg)	469.00	0.54	1.4

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
EU ZEW Survey Expectations	Mar	13.4	29.3	--
EU Consumer Confidence	Mar A	0.1	0.1	0.0
UK CPI YOY	Feb	2.7%	3.0%	2.8%
UK RPI YOY	Feb	3.6%	4.0%	3.7%
UK PPI Output NSA YOY	Feb	2.6%	2.8%	2.7%
JP Leading Index CI	Jan F	105.6	106.8	--
JP Coincident Index	Jan F	114.9	119.7	--
JP Machine Tool Orders YOY	Feb F	39.5%	48.8%	--
JP Convenience Store Sales YOY	Feb F	0.3%	0.1%	--
HK CPI Composite YOY	Feb	3.1%	1.7%	2.2%
AU House Price Index YOY	4Q	5.0%	8.3%	3.9%
AU Westpac Leading Index MOM	Feb	0.29%	-0.24%	--

Source: Bloomberg

## ➤ Macroeconomics

- In the UK, a flurry of inflation-related data fell short of expectations sending the pound tumbling and further reaffirmed views that the BOE will hold its interest rate steady for the upcoming monetary policy meeting this week. Headline CPI softened more than expected to increase 2.7% YOY in February (Jan: +3.0%) while the gain in producer prices eased to 3.6% YOY (Jan: +4.0%). Producer prices also recorded a slower growth of 2.6% YOY (Jan: +2.8%). Investors are pricing in a 54.2% of rate hike in May. The pound recovered shortly but still closed slightly lower against the dollar.
- Sentiments in the Eurozone tumbled in March, according to the ZEW Survey Expectations registered a reading of 13.4 in March (Feb: 29.3), the lowest recorded reading since Oct-16. In a similar survey, Germany investor confidence was shaken as well as sentiment fell tremendously to 5.1 (Feb: 17.8) in part due to concerns of an impending trade war. The steel sector slid to -23.3 in March (Feb: +21.7). In a separate release, consumer confidence was sustained at 0.1 in the same month (Feb: +0.1).
- Japan's coincident index fell the most in 10 months to 114.9 in January (Dec: 119.7) while its leading index dropped to 105.6 in the same month (Dec: 106.8). In a separate release, machine tool orders for February was confirmed to be growing 39.5% (Jan: +48.8%). Convenience stores sales on the other hand showed a slight pick-up to increase 0.3% YOY (Jan: +0.1%).
- The Reserve Bank of Australia released its March 6th meeting minutes. The central bank has earlier on kept its official cash rate at 1.50%. A change in the governor's tone in the post meeting statement in particular caught attention as the RBA is seen to be sending mixed signals regarding 2018 growth outlook. The minutes shone some light on growth assessment which shows that overall growth is expected to be lower in 2018. In a separate release, house prices in Australia cooled to increase at a slower pace of 5.0% YOY in 4Q17 (3Q: +8.3%). Sydney house prices eased considerably to grow 3.8% (3Q: +9.4%). Similarly, RBA took note that housing markets in both Sydney and Melbourne have softened due to tighter credit standards but remain wary of household balance sheets. Westpac leading index rebounded to increase 0.29% in February (Jan: -0.27%).
- Consumer prices in Hong Kong soared by 3.1% YOY in February (Jan: +1.7%) exceeding expectations. The jump was attributed to higher prices during the lunar new year period which was celebrated in February this year.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	21/3	CPI YOY	Feb	1.9%	2.7%	--
	22/3	Foreign Reserve	Mar 15	--	\$103.7b	--
US	21/3	MBA Mortgage Applications	Mar 16	--	0.9%	--
		Existing Home Sales MOM	Feb	0.4%	-3.2%	--
	22/3	FOMC Rate Decision	Mar 21	1.75%	1.50%	--
		Initial Jobless Claims	Mar 17	225k	226k	--
		Markit US Manufacturing PMI	Mar P	55.5	55.3	--
		FHFA House Price Index MOM	Jan	0.4%	0.3%	--
		Leading Index	Feb	0.5%	1.0%	--
		Markit US Services PMI	Mar P	56.0	55.9	--
		Kansas City Fed Manf. Activity	Mar	17.0	17.0	--
	Eurozone	22/3	Markit Eurozone Manufacturing PMI	Mar P	58.1	58.6
ECB Current Account SA			Jan	--	29.9b	--
		ECB Publishes Economic Bulletin				
UK	21/3	Markit Eurozone Services PMI	Mar P	56.0	56.2	--
		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	--
	22/3	Retail Sales Inc Auto Fuel MOM	Feb	0.4%	0.1%	--
		Bank of England Bank Rate	Mar 22	0.5%	0.5%	--
Japan	22/3	BOE Asset Purchase Target	Mar	435b	435b	--
		Nationwide Dept Sales YOY	Feb	--	-1.2%	--
		Supermarket Sales YOY	Feb	--	0.6%	--
		Nikkei Japan PMI Mfg	Mar P	--	54.1	--
Australia	22/3	All Industry Activity Index MOM	Jan	-1.8%	0.5%	--
		Employment Change	Feb	20.0k	16.0k	--
New Zealand	22/3	Unemployment Rate	Feb	5.5%	5.5%	--
		RBNZ Official Cash Rate	Mar 22	1.75%	1.75%	--

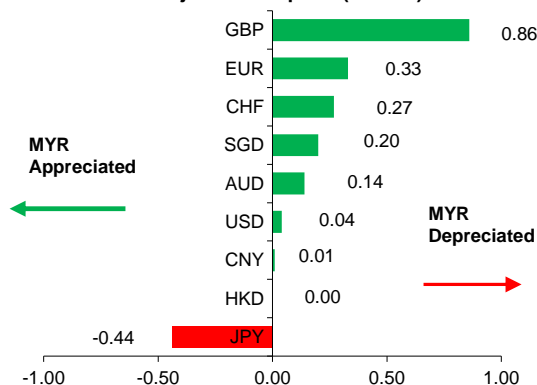
Source: Bloomberg

### FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2242	-0.75	1.2355	1.2240	2.0
USDJPY	106.53	0.41	106.61	105.93	-5.5
GBPUSD	1.3998	-0.19	1.4067	1.3983	3.6
AUDUSD	0.7683	-0.45	0.7721	0.7679	-1.5
EURGBP	0.8746	-0.57	0.8799	0.8745	-1.5
USDMYR	3.9185	0.04	3.9185	3.9115	-3.2
EURMYR	4.8270	0.33	4.8398	4.8266	-1.0
JPYMYR	3.6821	-0.44	3.6942	3.6749	2.4
GBPMYR	5.5097	0.86	5.5100	5.4874	0.4
SGDMYR	2.9773	0.20	2.9794	2.9718	-1.9
AUDMYR	3.0195	0.14	3.0205	3.0132	-4.7
NZDMYR	2.8289	0.25	2.8375	2.8255	-2.4

Source: Bloomberg

### MYR vs Major Counterparts (% DOD)



## Forex

### MYR

- **MYR dipped 0.04% to 3.9185 against USD** after overturning early gains into losses through Asian-European sessions while sliding against 5 G10s on a lack of buying interest heading into FOMC meeting.
- **MYR remains bearish against USD** amid lack of buying interest ahead of various risk events. Upside bias has improved in USDMYR; we note that a close above 3.9259 will expose a move to 3.9408 next. Caution that USDMYR needs to close above 3.9177 today to sustain the current bullish trend.

### USD

- **USD rebounded to beat 9 G10s** while the DXY jumped in European trade and climbed higher thereafter to close 0.68% firmer at 90.37, supported expectations of imminent Fed rate hike and a potentially hawkish policy statement.
- **DXY remains bullish** in anticipation of a Fed rate hike that may be followed by a hawkish-toned policy statement, failing which sell-off into current strength may occur. DXY is on track to test 90.58 but we continue to caution that this is a strong resistance that could result in a rejection back to 89.88. Firmly breaking above 90.58 puts DXY on track towards 90.88.

### EUR

- **EUR tumbled 0.75% to 1.2242 against a firm USD** and fell against 7 G10s, weighed down by softer than expected Eurozone data.
- **Stay bearish on EUR against USD** in the absence of buying interest ahead of FOMC policy decision. EURUSD remains in a minor bearish trend unless it closes above 1.2305. While at it, EURUSD is poised to test 1.2215 next, below which would trigger an extended decline to 1.2127 in the coming weeks.

### GBP

- **GBP fell 0.19% to 1.3998 against USD**, pressured by softer than expected UK price reports but advanced against 8 G10s on firm Brexit sentiment.
- **We turn slightly bearish on GBP against USD**; downside surprises in UK data will trigger further sell-off after recent disappointment in UK price reports. 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** remained supported by refuge demand as it climbed against 6 G10s but **weakened 0.41% to 106.53 against a firmer USD**.
- **We turn bearish on JPY against a firm USD**. Overnight rally that broke through several firm resistances has turned USDJPY towards the upside. Expect a test at 106.81 next. But we remain doubtful over USDJPY's ability to advance further approaching 107.17.

### AUD

- **AUD fell 0.45% to 0.7683 against USD** amid risk-off in the markets but managed to beat 5 G10s.
- **AUD remains bearish against USD** in our view, weighed down by lingering risk aversion in the markets. AUDUSD remains weighed down by rising negative momentum. Minor bearish trend appears to be extending; expect AUDUSD dipping towards 0.7650 next.

### SGD

- **SGD** was supported by refuge demand in the FX space to climb against 8 G10s but **fell 0.17% to 1.3191 against a firm 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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