

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight markets took another massive hit following the announcement of US\$50bn tariff plans on imports from China by President Trump.** Global equities all ended in the red with the Dow topping the list, down 2.9% on the day. Haven currencies in the like of USD, CHF and JPY were bidded up and so was US treasuries. The VIX index jumped to its highest in over a month, to 23, above the long-run average of 20 again.
- **We expect markets to stay jittery in the near term on an imminent trade war following China's retaliation, starting with tariff imposition on US\$3bn of US imports** including pork, steel, and aluminium. China is also reported to be taking legal action against the US under the WTO framework. **China is largest trading partner of the US, making up 16% or US\$636bn of US total trade, while the US is China's biggest exports market, accounted for 18% or US\$388bn of total China's exports.**
- **BOE paused and offered further clues of a May rate hike**, saying growth is firming up and inflation will remain above 2% but reiterated that the pace of tightening will be gradual and limited. The decision was not unanimous with 2 out of 9 voted for a hike yesterday. **Odds of a BOE rate hike rose to 72% post-BOE announcement.** On the data front, **Markit PMI showed manufacturing and services generally expanded slower in the US and EU. Inflation inched slightly higher in Japan amid mixed signals from other data.**
- **USD rebounded to beat 8 G10s** while the DXY climbed through European-US sessions to close 0.08% firmer at 89.85, overturning early losses as the greenback retraced the sharp decline from a day before. **Stay slightly bullish on USD** as intensifying concerns over rising threats of a trade war supports demand refuge. DXY is still in a minor bearish trend and has to beat 89.76 to end it. Otherwise, expect DXY to fall to 89.42 next.
- **MYR strengthened 0.31% to 3.9135 against USD** but early gains were narrowed in European trade on USD rebound. MYR fell against 7 G10s. **Expect a bearish MYR against USD**, weighed down by risk aversion from rising concerns of a US-China trade war and paring of positions as the week ends. USDMYR's bearish trend is under threat; closing below 3.9170 will end the pair's attempt on 3.9283 and subsequently 3.9402 and potentially trigger a drop to 3.9030 in the next leg lower.
- **SGD fell against 7 G10s and weakened 0.36% to 1.3172 against a rebounding USD. Stay bearish on SGD against USD**, weighed down by extended risk aversion in the markets. USDSGD is likely to extend its recent rebound and test 1.3187, above which there is room for extended gain to circa 1.3214.

Overnight Economic Data

Malaysia	↑
US	→
Eurozone	→
UK	↑
Japan	→
Australia	→

What's Coming Up Next

Major Data

- US durable goods orders, new homes sales
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2327	1.2355	1.2326	1.2337	1.2355	↘
USDJPY	104.20	104.50	104.89	105.00	105.19	↘
GBPUSD	1.4070	1.4100	1.4113	1.4122	1.4141	↘
AUDUSD	0.7663	0.7680	0.7701	0.7723	0.7757	↘
EURGBP	0.8705	0.8730	0.8734	0.8741	0.8758	↘
USDMYR	3.9085	3.9103	3.9145	3.9170	3.9187	↗
EURMYR	4.8224	4.8243	4.8274	4.8296	4.8317	↘
JPYMYR	3.7222	3.7300	3.7326	3.7400	3.7477	↗
GBPMYR	5.5113	5.5181	5.5273	5.5296	5.5406	↘
SGDMYR	2.9728	2.9756	2.9764	2.9788	2.9801	↘
AUDMYR	3.0100	3.0124	3.0171	3.0205	3.0244	↘
NZDMYR	2.8216	2.8250	2.8268	2.8295	2.8346	↘
USDSGD	1.3138	1.3150	1.3154	1.3172	1.3187	↗
EURSGD	1.6173	1.6208	1.6217	1.6224	1.6257	↗
GBPSGD	1.8503	1.8539	1.8565	1.8586	1.8600	↗
AUDSGD	1.0100	1.0110	1.0136	1.0160	1.0180	↘

* 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	1876.87	0.6	4.5	CRB Index	195.23	-0.40	0.7
Dow Jones Ind.	23957.89	-2.9	-3.1	WTI oil (\$/bbl)	64.30	-1.33	6.3
S&P 500	2643.69	-2.5	-1.1	Brent oil (\$/bbl)	68.91	-0.81	3.1
FTSE 100	6952.59	-1.2	-9.6	Gold (\$/oz)	1329.03	-0.24	2.3
Shanghai	3263.48	-0.5	-1.3	CPO (RM/tonne)	2438.50	0.00	2.0
Hang Seng	31071.05	-1.1	3.9	Copper (\$/tonne)	6793.00	0.56	-6.3
STI	3491.37	-0.6	2.6	Rubber (sen/kg)	457.00	-0.65	-1.2

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA Foreign Reserve	Mar 15	\$103.9b	\$103.7b	--
US Initial Jobless Claims	Mar 17	229k	226k	225k
US Markit Manufacturing PMI	Mar P	55.7	55.3	55.5
US Markit Services PMI	Mar P	54.1	55.9	56.0
US FHFA House Price Index MOM	Jan	0.8%	0.4%	0.4%
US Leading Index	Feb	0.6%	1.0%	0.5%
US Kansas City Fed Manufacturing Activity	Mar	17.0	17.0	17.0
EU Markit Manufacturing PMI	Mar P	56.6	58.6	58.1
EU Markit Services PMI	Mar P	55.0	56.2	56.0
EU ECB Current Account SA	Jan	€37.6b	€31.0b	--
UK Retail Sales Inc Auto Fuel MOM	Feb	0.8%	-0.2%	0.4%
UK Bank of England Bank Rate	Mar 22	0.5%	0.5%	0.5%
UK BOE Asset Purchase Target	Mar	£435b	£435b	£435b
JP Natl CPI YOY	Feb	1.5%	1.4%	1.5%
JP Nationwide Dept Sales YOY	Feb	-0.9%	-1.2%	--
JP Supermarket Sales YOY	Feb	1.3%	0.6%	--
JP Nikkei Japan PMI Mfg	Mar P	53.2	54.1	--
JP All Industry Activity Index MOM	Jan	-1.8%	0.6%	-1.8%
AU Employment Change	Feb	17.5k	12.5k	20.0k
AU Unemployment Rate	Feb	5.6%	5.5%	5.5%

Source: Bloomberg

► Macroeconomics

- The Bank of England held its benchmark interest rates steady at 0.5% as widely expected. The central bank also announced that it will maintain its asset purchase target at £435b as part of its monetary policy. BOE stated that wage growth is firming up in response to a tightening labour market. Inflation is expected to moderate but remain above its 2% target. BOE maintained that tightening will be at a “gradual pace and to a limited extend”. Markets are pricing in a probability of 72% chance of rate hike in coming May meeting. In a separate release, retail sales rebounded to improve 0.8% MOM in February (Jan: -0.2% revised).
- The European Central Bank published its economic bulletin which is consistent with its overall economic assessment in the March meeting earlier, citing that the labour market continues to exhibit strong dynamic and growth momentum in the Eurozone to be robust. Preliminary reports show that both manufacturing and services sectors in the Eurozone are expanding at a softer mode. Manufacturing and services PMI registered readings of 56.6 and 55.0 respectively in March (Feb: 58.6 and 56.2). Current account balance on the other hand stood at €37.6b in January, a significant improvement compared to the last 3 months (Dec: €31.0b).
- In the US, the number of Americans filing for unemployment benefit increased marginally last week. Initial jobless claims went up by 3,000 to 229k for the week ended 16-March (previous: 226k). Both manufacturing and services sectors expanded as well. Manufacturing PMI registered a higher reading of 55.7 in March (Feb: 55.3) while manufacturing activities in Kansas City held steady at 17.0 in March. Services PMI reported a slower reading of 54.1 in March (Feb: 55.9) but remained expansionary nonetheless. Leading index posted a smaller increase of 0.6% in February (Jan: 1.0%) but was slightly better than the expected moderation to +0.5%. Contrary to weaknesses seen in recent housing market indicators, FHFA showed house prices increased at a faster pace of 0.8% MOM in January (Dec: +0.4% revised).
- Inflation crept higher in Japan for the month of February. Headline CPI quickened to 1.5% YOY (Jan: +1.4%) as a jump in food prices in January persisted for the second month. Core CPI inched higher as well to increase 1.0% YOY (Jan: +0.9%) on the back of higher prices in transport and communication. Sales in supermarket recorded its highest growth in 2 years at 1.3% YOY (Jan: +0.6%). However department store sales fell 0.9% YOY in February albeit slowly compared to the previous month's 1.2% decline. Manufacturing activities slowed in March as a preliminary Nikkei report showed PMI registered a reading of 53.2 (Feb: 54.1). Adding on to concerns over softening growth outlook was all industry activities index, that witnessed a 1.8% decline in January (Dec: +0.6% revised), although this was within expectations.
- In Australia, job reports turned out to be a mixed bag. Unemployment rate inched higher to 5.6% in February (Jan: 5.5%) which is above expectations. Total employment added amounted to 17.5k, better than the preceding month (Jan: +12.5k) but fell short of expectations. Participations rates improved marginally to 65.7% (Jan: 65.6%).
- Malaysia foreign reserves improved to \$103.9bn as of 15 Mar-18 (28 Feb: \$103.7bn), sufficient to finance 7.3 months of retained imports and 1.1 times short term external debt.

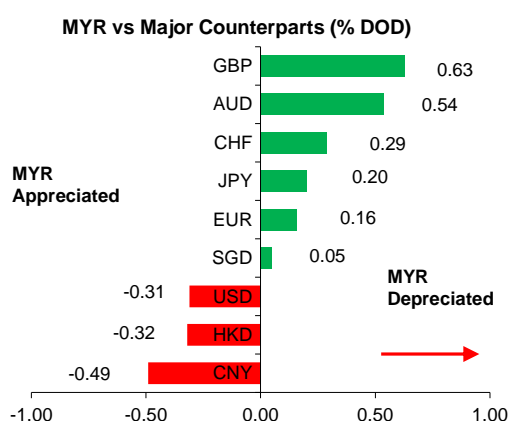
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	23/3	Durable Goods Orders	Feb P	1.6%	-3.6%	--
		New Home Sales MOM	Feb	4.6%	-7.8%	--
	26/3	Chicago Fed Nat Activity Index	Feb	--	0.12	--
		Dallas Fed Manf. Activity	Mar	33.0	37.2	--
Singapore	23/3	CPI YOY	Feb	0.4%	0.0%	--
	26/3	Industrial Production YOY	Feb	1.0%	17.9%	--
New Zealand	26/3	Trade Balance NZD	Feb	--	-566m	--
		Exports NZD	Feb	--	4.31b	--
China	23-28/3	Foreign Direct Investment	Feb	--	0.3%	--
Vietnam	25-31/3	CPI YoY	Mar	--	3.15%	--
	25-31/3	Exports YTD YoY	Mar	--	22.9%	--
	25-31/3	Industrial Production YoY	Mar	--	8.0%	--
	25-31/3	Retail Sales YTD YoY	Mar	--	10.1%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2302	-0.29	1.2388	1.2286	-2.7
USDJPY	105.28	0.73	106.09	105.26	6.9
GBPUSD	1.4096	-0.32	1.4219	1.4076	-4.4
AUDUSD	0.7693	-0.93	0.7785	0.7687	-1.4
EURGBP	0.8727	0.02	0.8742	0.8668	-1.7
USDMYR	3.9135	-0.31	3.9140	3.9018	-3.1
EURMYR	4.8275	0.16	4.8439	4.8169	-0.4
JPYMYR	3.6964	0.20	3.7016	3.6828	3.8
GBPMYR	5.5376	0.63	5.5518	5.5181	1.2
SGDMYR	2.9771	0.05	2.9910	2.9728	-1.8
AUDMYR	3.0316	-0.54	3.0518	3.0250	-4.7
NZDMYR	2.8370	-0.90	2.8393	2.8200	-1.9

Source: Bloomberg



Forex

MYR

- **MYR strengthened 0.31% to 3.9135 against USD** but early gains were narrowed in European trade on USD rebound. MYR fell against 7 G10s.
- **Expect a bearish MYR against USD**, weighed down by risk aversion from rising concerns of a US-China trade war and paring of positions as the week ends. USDMYR's bearish trend is under threat; closing below 3.9170 will end the pair's attempt on 3.9283 and subsequently 3.9402 and potentially trigger a drop to 3.9030 in the next leg lower.

USD

- **USD rebounded to beat 8 G10s** while the DXY climbed through European-US sessions to close 0.08% firmer at 89.85, overturning early losses as the greenback retraced the sharp decline from a day before.
- **Stay slightly bullish on USD** as intensifying concerns over rising threats of a trade war supports demand refuge. DXY is still in a minor bearish trend and has to beat 89.76 to end it. Otherwise, expect DXY to fall to 89.42 next.

EUR

- **EUR fell 0.29% to 1.2302 against USD** and slipped against 5 G10s, partially pressured by a set of underperforming Eurozone data and firmer greenback.
- **EUR remains slightly bearish against USD**, weighed down by risk aversion amid concerns of spillover effects into Eurozone from potential trade war. We reiterate that EURUSD has to close above 1.2400 to sustain further advances, otherwise a return to 1.2263 is likely in the coming days.

GBP

- **GBP fell 0.32% to 1.4096 against a firmer USD** and retreated against 6 G10s on the back of a mixed UK data and lack of action on the policy front by BOE.
- **We keep a bearish view on GBP against USD** on technical reasons. As noted yesterday, GBPUSD was rejected while trending within 1.4145 – 1.4278. We reckon that the pair has lost upside traction and would move gradually lower to below 1.4070.

JPY

- **JPY rallied to beat all G10s and strengthened 0.73% to 105.28 against USD** as sell-off in equities shored up refuge demand.
- **JPY remains bullish in our view against USD**, supported by rising refuge demand as overnight sell-off in equities is likely to spill over into Asian markets. USDJPY bearish bias has increased after breaking below 105. Expect a test at 103.55 next.

AUD

- **AUD tumbled against all G10s and plunged 0.93% to 0.7693 against USD** as sell-off resumed amid rising risk aversion in the markets.
- **Continue to expect a bearish AUD against USD**, weighed down by likelihood of extended sell-off in the markets from trade war concerns. AUDUSD remains within a minor bearish trend and likely to close below 0.7683 going forward. Caution that a close below 0.7663 accelerate its downsides that could see AUDUSD test 0.7600.

SGD

- **SGD fell against 7 G10s and weakened 0.36% to 1.3172 against a rebounding USD.**
- **Stay bearish on SGD against USD**, weighed down by extended risk aversion in the markets. USDSGD is likely to extend its recent rebound and test 1.3187, above which there is room for extended gain to circa 1.3214.

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