

Global Markets Research

Daily Market Highlights

Key Takeaways

- Just this morning, BOJ governor Kuroda said in an interview with CNBC that **Japan monetary policy must remain loose until the central bank's 2% inflation target is achieved**. BOJ will meet this week. At the data front, sales in both department and convenience stores improved in March as foreigners shopped in Japan while flash PMI reading indicates expansion in Japan manufacturing sector.
- Elsewhere, **consumer sentiment was a mixed bag in the Eurozone** as the latest consumer confidence improved according to the latest survey but stood in contrast with the recent ZEW index which dropped substantially. The ECB policy makers will meet this week as well. At home, Malaysia foreign reserves increased to \$110.0b as of 13 April.
- In Japan, **consumption appears firmer** amid gains in sales at departmental and convenience stores. Preliminary reading of the Nikkei manufacturing PMI also suggests a **slightly quicker pace of growth** in the sector.
- **USD extended its rebound to beat all G10s** while the DXY rallied in European and US mornings to close 0.42% higher at 90.31, supported by continued ease in geopolitical and trade tensions, as well as by firmer expectations of tighter US monetary policy. **Continue to expect a bullish USD**, supported by renewed weakness in European majors and expectations on tighter US monetary policy. DXY remains on track to test 90.57. A break above here exposes a move to 90.88 but caution that this is a strong resistance that could end current upside bias.
- **MYR eased 0.17% to 3.8977 against a rallying USD** in European morning but managed to beat all other G10s that also retreated to the greenback's strength. **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** was supported by refuge demand amid risk-off in the markets, beating 8 G10s but **weakened 0.36% to 1.3163 against USD**. **Stay bearish on SGD against a rebounding USD**, further weighed down by retreating risk appetite. Upside bias has strengthened, tilting USDSGD further upward. We continue to set sights on a climb to 1.3175 next, above which a path to 1.3214 will be exposed.

Overnight Economic Data

Malaysia	→
Eurozone	↑
Japan	↑

What's Coming Up Next

Major Data

- US Chicago Fed Nat activity Index, Markit US Manufacturing PMI, Markit US Service, Existing Home Sales
- Eurozone Markit Eurozone Manufacturing PMI, Markit Eurozone Service PMI
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2235	1.2261	1.2275	1.2279	1.2300	↘
USDJPY	107.27	107.48	107.76	107.93	108.05	↗
GBPUSD	1.3985	1.4000	1.4015	1.4023	1.4045	↘
AUDUSD	0.7643	0.7652	0.7667	0.7680	0.7700	↘
EURGBP	0.8725	0.8739	0.8758	0.8768	0.8790	↗
USDMYR	3.8918	3.8940	3.8965	3.8990	3.9005	↗
EURMYR	4.7726	4.7796	4.7831	4.7906	4.7983	↘
JPYMYR	3.6100	3.6113	3.6158	3.6168	3.6198	↘
GBPMYR	5.4500	5.4560	5.4613	5.4645	5.4714	↘
SGDMYR	2.9550	2.9587	2.9605	2.9627	2.9644	↘
AUDMYR	2.9785	2.9815	2.9874	2.9907	2.9982	↘
NZDMYR	2.8011	2.8050	2.8073	2.8116	2.8137	↘
USDSGD	1.3145	1.3158	1.3162	1.6166	1.3174	↗
EURSGD	1.6145	1.6158	1.6163	1.6173	1.6193	↘
GBPSGD	1.8414	1.8433	1.8452	1.8462	1.8502	↘
AUDSGD	1.0046	1.0071	1.0094	1.0100	1.0121	↘

* 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	1887.75	-0.4	5.1	CRB Index	201.92	0.03	4.2
Dow Jones Ind.	24462.94	-0.8	-1.0	WTI oil (\$/bbl)	68.38	0.13	13.2
S&P 500	2670.14	-0.9	-0.1	Brent oil (\$/bbl)	74.06	0.38	10.6
FTSE 100	7368.17	0.5	-4.2	Gold (S/oz)	1336.36	-0.68	2.3
Shanghai	3071.54	-1.5	-7.1	CPO (RM/tonne)	2391.00	0.13	0.0
Hang Seng	30418.33	-0.9	1.7	Copper (\$/tonne)	6992.00	0.11	-3.5
STI	3573.38	-0.7	5.0	Rubber (sen/kg)	442.00	-0.34	-4.4

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MY Foreign Reserves	13 Apr	\$110.0b	\$107.8b	--
EU Consumer Confidence	Apr A	0.4	0.1	-0.1
JP Nationwide Department Sales YOY	Mar	0.1%	-0.9%	--
JP Convenience Store Sales YOY	Mar	1.3%	0.3%	--
JP Nikkei Japan PMI Mfg	Apr P	53.3	53.1	--

Source: Bloomberg

➤ Macroeconomics

- Consumer confidence in the Eurozone increase to 0.4 in April (March: 0.1) following two months of flat reading, suggesting that sentiment among consumers improved. The number stood in contrast with the Zew index which dropped substantially in April. Data has been a mix bag for the Eurozone recently with figures missing estimates, leading to concerns that the currency bloc is showing a sign of slowdown. Industrial production fell in March while final reading headline inflation was revised downwardly. The ECB is scheduled to meet this week and markets will be heavily scrutinizing remarks by Mario Draghi at his post-meeting press conference.
- Nationwide department store sales in Japan rebounded to increase 0.1% YOY in March (Feb: -0.9%). Sales in both men and women's clothing rebounded as consumers shopped for spring clothing. Cosmetics and sundries goods advanced as well, attributed to purchases by foreign visitors who visited the country during its cherry blossom season. Meanwhile, sales in convenience store rose 1.3% YOY on same store basis (Feb: +0.3%). Headline CPI which was released earlier on the same day slowed to increase 1.1% YOY (Feb: +1.5%) after two consecutive months of accelerations indicating a still benign inflation in Japan. In a separate release, Japan flash Nikkei Manufacturing PMI inched higher to 53.3 in April (March: 53.1) indicating faster expansion in the manufacturing sector.
- Just this morning, BOJ governor Kuroda said in an interview with CNBC that Japan monetary policy must remain loose until the central bank's 2% inflation target is achieved. He noted that the prices are rising steadily but core inflation excluding fresh food still remained at 1%. Kuroda admitted that there is "still a long way to go" to achieve the target but he remained confident. The BOJ policy meeting is due this week as well on a day after the ECB meets.
- Malaysia foreign reserves increased to \$110.0b as of 13 April (Previous: \$107.8b), sufficient to finance 7.7 months of retained imports and is 1.1 times short term external debt.

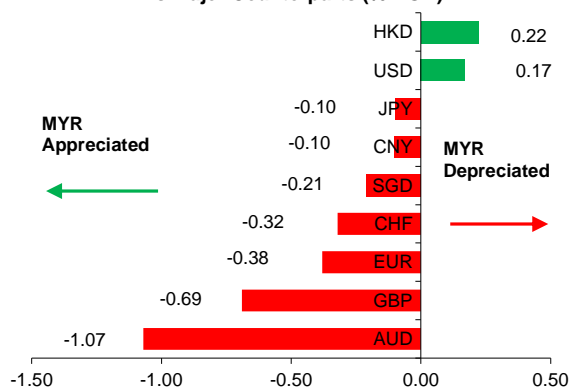
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	23/4	Chicago Fed Nat activity Index	Mar	0.27	0.88	--
		Markit US Manufacturing PMI	Apr P	55.2	55.6	--
		Markit US Service MOM	Apr P	54.1	54.0	--
	24/4	Existing Home Sales MOM	Mar	0.2%	3.0%	--
		FHFA House Price Index MOM	Feb	0.6%	0.8%	--
		S&P CoreLogic CS 20-City YOY NSA	Feb	6.35%	6.40%	--
		New Home Sales MOM	Mar	1.9%	-0.6%	--
		Richmond Fed Manufacturing Index	Apr	16	15	--
		Conf. Board Consumer Confidence	Apr	126.0	127.7	--
		Markit Eurozone Manufacturing PMI	Apr P	56.1	56.6	--
Eurozone	23/4	Markit Eurozone Service PMI	Apr P	54.6	54.9	--
		Public Finances (PSNCR)	Mar	--	18.6b	--
UK	24/4	CBI Trends Total Orders	Apr	4	4	--
		Supermarket Sales YOY	Mar	--	1.3%	--
Japan	24/4	Leading Index CI	Feb F	--	105.8	--
		Coincident Index	Feb F	--	115.6	--
		Machine Tool Orders YOY	Mar F	--	28.1%	--
		Singapore	23/4	CPI YOY	Mar	0.5%
Australia	24/4	CPI YOY	1Q	2.0%	1.9%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2288	-0.46	1.2353	1.2250	2.2
USDJPY	107.66	0.27	107.86	107.36	-4.3
GBPUSD	1.4000	-0.62	1.4091	1.3997	3.6
AUDUSD	0.7672	-0.75	0.7732	0.7655	-1.9
EURGBP	0.8776	0.15	0.8792	0.8735	-1.3
USDMYR	3.8977	0.17	3.8977	3.8872	-3.7
EURMYR	4.7949	-0.38	4.8082	4.7895	-1.3
JPYMYR	3.6198	-0.10	3.6237	3.6123	0.7
GBPMYR	5.4771	-0.69	5.4830	5.4641	-0.1
SGDMYR	2.9645	-0.21	2.9681	2.9634	-2.3
AUDMYR	3.0002	-1.07	3.0073	2.9976	-5.6
NZDMYR	2.8148	-1.04	2.8236	2.8137	-2.3

Source: Bloomberg

MYR vs Major Counterparts (% DOD)


Forex

MYR

- **MYR eased 0.17% to 3.8977 against a rallying USD** in European morning but managed to beat all other G10s that also retreated to the greenback's strength.
- **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 extended its rebound to beat all G10s** while the DXY rallied in European and US mornings to close 0.42% higher at 90.31, supported by continued ease in geopolitical and trade tensions, as well as by firmer expectations of tighter US monetary policy.
- **Continue to expect a bullish USD**, supported by renewed weakness in European majors and expectations on tighter US monetary policy. DXY remains on track to test 90.57. A break above here exposes a move to 90.88 but caution that this is a strong resistance that could end current upside bias.

EUR

- **EUR tumbled 0.46% to 1.2288 against USD** but ended firmer against 5 G10s, supported by better than expected Eurozone data.
- **Keep a bearish view on EUR against USD**, with scope to accelerate to the downside if Eurozone data disappoints. EURUSD is now exposed to a test at 1.2261 and 1.2235 will be under threat next. Breaking below 1.2235 exposes a drop to circa 1.2155.

GBP

- **GBP weakened against 6 G10s and slumped 0.62% to 1.4000 against USD** as it stayed under pressure from receding BOE rate hike bets.
- **Stay bearish on GBP against USD**, weighed down by decreasing bets on BOE to raise interest rates further this year. Downside bias in GBPUUSD continues to build and we suspect it may not hold above 1.40 for long. A break lower exposes a move to 1.3925.

JPY

- **JPY** was supported by declines in equities, climbing against 9 G10s but **weakened 0.27% to 107.66 against a firmer USD.**
- **Continue to expect a bearish JPY against a firmer USD**, more so after BOJ Governor Kuroda's comments that Japan needs to extend strong accommodative policy for some time to achieve inflation target. USDJPY remains tilted to the upside. Breaking above 107.93 completes a rounding pattern that would target 108.97.

AUD

- **AUD** fell against 8 G10s and **slumped 0.75% to 0.7672 against USD**, pressured by receding risk appetite in the markets.
- **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** was supported by refuge demand amid risk-off in the markets, beating 8 G10s but **weakened 0.36% to 1.3163 against USD.**
- **Stay bearish on SGD against a rebounding USD**, further weighed down by retreating risk appetite. Upside bias has strengthened, tilting USDSGD further upward. We continue to set sights on a climb to 1.3175 next, above which a path to 1.3214 will be exposed.

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