

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Overnight preliminary readings from Markit signaled economic activities in the US and EU are expanding at varying speed in April.** Manufacturing activities grew at slower paces in both the US and EU but services expanded at a slightly faster rates, which all confirmed continuous moderate global growth when viewed in totality.
- **Other US indicators were a tad softer**, with Chicago Fed national activity index pulled back more than expected to 0.10 in March while existing home sales reported slower growth of 1.1% MOM following slower sales in single family homes.
- Down in neighbouring **Singapore, inflation remains very benign.** Headline CPI moderated to increase 0.2% YOY in March dampened by softer gains in services prices (+1.4% vs +1.9%), in addition to decline in transport prices. Adding to signs of a soft inflation outlook, core CPI was also a tad lower at 1.5% YOY in March (Feb: +1.7%) even though MAS and MTI expect prices to inch up marginally going forward.
- **USD extended its upsides against all G10s** while the DXY advanced 0.69% to 90.94, supported by improved US data that further add fuel to rising expectations of tighter US monetary policy. **We are slightly bearish on USD** today, anticipating a modest pullback after recent rally. Technically, DXY is still bullish and exposed to further gains going forward. However, we suspect that DXY is overextended after breaking several strong resistances and is prone to a pullback first before resuming upsides.
- **MYR closed unchanged against the USD** after overturning early gains but managed to beat all G10s that also retreated on a firm USD. **Expect a slightly bearish MYR on the back of a stronger overnight USD.** USDMYR has broken both 3.8990 and 3.9048; upside bias is strengthening and is likely to push USDMYR higher to circa 3.9120 in the next leg higher.
- **SGD ended mixed against the G10s** with some support from refuge demand but **weakened 0.69% to 1.3254 against USD.** **We turn slightly bullish on SGD against USD**, anticipating some support from refuge demand amid continued market sell-off. Upside bias continues to strengthen, further tilting USDSGD upwards. But we suspect that there may be a mild pullback first before extending current upsides. Losses are likely stemmed by 1.3214.

#### Overnight Economic Data

US	→
Eurozone	→
Singapore	↓

#### What's Coming Up Next

##### Major Data

- US FHFA House Price Index, S&P CoreLogic CS 20-City, New Homes Sales, Richmond Fed Manufacturing Index, Conf. Board Consumer Confidences
- UK Public Finances (PSNCR), CBI Trends Total Orders
- Japan Supermarket Sales, Leading Index, Coincident Index, Machine Tool Orders
- Australia CPI

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2188	1.2200	1.2204	1.2220	1.2235	↗
USDJPY	108.00	108.48	108.76	108.92	109.00	↗
GBPUSD	1.3902	1.3930	1.3937	1.3966	1.3996	↘
AUDUSD	0.7550	0.7580	0.7601	0.7620	0.7653	↘
EURGBP	0.8725	0.8750	0.8759	0.8768	0.8790	↗
USDMYR	3.9000	3.9040	3.9063	3.9077	3.9100	↗
EURMYR	4.7593	4.7628	4.7680	4.7726	4.7766	↗
JPYMYR	3.5800	3.5862	3.5919	3.5940	3.6000	↘
GBPMYR	5.4311	5.4395	5.4434	5.4483	5.4531	↘
SGDMYR	2.9425	2.9441	2.9456	2.9472	2.9500	↘
AUDMYR	2.9612	2.9658	2.9690	2.9748	2.9800	↘
NZDMYR	2.7822	2.7855	2.7879	2.7951	2.7974	↘
USDSGD	1.3200	1.3224	1.3257	1.3286	1.3300	↘
EURSGD	1.6166	1.6173	1.6185	1.6189	1.6193	↘
GBPSGD	1.8412	1.8435	1.8476	1.8502	1.8526	↘
AUDSGD	1.0046	1.0072	1.0077	1.0090	1.0100	↘

\* 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	1880.36	-0.4	4.6	CRB Index	200.73	-0.59	3.5
Dow Jones Ind.	24448.69	-0.1	-1.1	WTI oil (\$/bbl)	68.64	0.38	13.5
S&P 500	2670.29	0.0	-0.1	Brent oil (\$/bbl)	74.71	0.88	11.7
FTSE 100	7398.87	0.4	-3.8	Gold (S/oz)	1324.83	-0.86	1.7
Shanghai	3068.01	-0.1	-7.2	CPO (RM/tonne)	2394.00	0.10	0.2
Hang Seng	30254.40	-0.5	1.1	Copper (\$/tonne)	6943.50	-0.69	-4.2
STI	3579.54	0.2	5.2	Rubber (sen/kg)	448.00	1.36	-3.1

Source: Bloomberg

## Economic Data

	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Mar	0.10	0.98 (revised)	0.27
US Markit Manufacturing PMI	Apr P	56.5	55.6	55.2
US Markit Service PMI	Apr P	54.4	54.0	54.1
US Existing Home Sales MOM	Mar	1.1%	3.0%	0.2%
EU Markit Manufacturing PMI	Apr P	56.0	56.6	56.1
EU Markit Service PMI	Apr P	55.0	54.9	54.6
SG CPI YOY	Mar	0.2%	0.5%	0.5%

Source: Bloomberg

## ➤ Macroeconomics

- The manufacturing sector in the US expanded more than expected. Preliminary reading of Markit Manufacturing PMI increased to an all-time high at 56.5 in April (March: 55.6) as manufacturers are ramping up for a solid spring. New orders increased due to strong demand, however cost of input went up as introduction of tariffs led to higher cost in raw materials. That said, job creation softened as businesses focus to improve efficiencies. The services PMI meanwhile inched up to 54.4 (March: 54.0) which brings the composite PMI to 54.8 (March: 54.2).
- In a separate release, the Chicago Fed National Activity Index which gauges the US national economic activity fell to 0.10 in March (Feb: 0.98 revised) signaling a softer growth in March. Existing home sales in the US rose for the second consecutive month, inching up 1.1% MOM to 5.6mil unit in March (Feb: +3.0%) as spring season spurs buying interest. Sales in condos or co-ops rebounded while single family homes eased. Higher cost of borrowing due to rising interest rate might potentially hamper sales moving forward. However, supply remained low in the housing markets and is likely to push up home prices further in the coming months while a firmer labour market with decent wage growth continues to drive demand.
- Eurozone Markit Flash Manufacturing PMI fell to 56.0 in April (March: 56.6) suggesting a slower expansion in the EU manufacturing sector due to a decline in new orders. Services PMI edged up to 55.0 (March: 54.9). Composite PMI remained unchanged at 55.2 (March: 55.2). The flash PMIs are the latest data to be added on top of many recent weak economic readings signaling softer growth momentum for the currency bloc as risks surrounding global trade persist.
- Headline inflation in Singapore pulled back to increase 0.2% YOY in March (Feb: +0.5%), attributed to lower services inflation. Prices in services eased to increase 1.4% YOY (Feb: +1.9%). In additions, private road transport cost fell 0.6% YOY due to lower car prices following a decline in the Certificate of Entitlement (COE). Core inflation which excludes accommodation and private road transport cost rose 1.5% YOY (Feb: +1.7%). The Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry (MTI) said that imported inflation is likely to go up mildly in the coming months as global demand strengthened against a backdrop of ample supply in key commodity markets. Meanwhile at the domestic end, inflation is expected to be driven by faster wage growth and domestic demand.

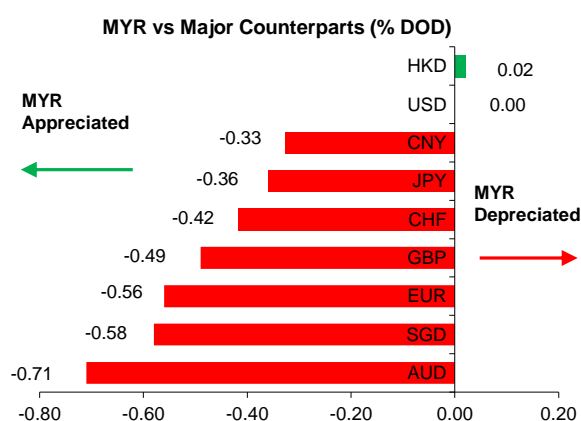
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	24/4	FHFA House Price Index MOM	Feb	0.6%	0.8%	--
		S&P CoreLogic CS 20-City YOY NSA	Feb	6.35%	6.40%	--
		New Home Sales MOM	Mar	1.9%	-0.6%	--
		Richmond Fed Manufacturing Index	Apr	16	15	--
		Conf. Board Consumer Confidence	Apr	126.0	127.7	--
	25/4	MBA Mortgage Applications	20 Apr	--	4.9%	--
UK	24/4	Public Finances (PSNCR)	Mar	--	18.6b	--
		CBI Trends Total Orders	Apr	4	4	--
Japan	24/4	Supermarket Sales YOY	Mar	--	1.3%	--
		Leading Index CI	Feb F	--	105.8	--
		Coincident Index	Feb F	--	115.6	--
		Machine Tool Orders YOY	Mar F	--	28.1%	--
	25/4	All Industry Activity Index MOM	Feb	0.5%	-1.8%	--
Australia	24/4	CPI YOY	1Q	2.0%	1.9%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2209	-0.64	1.2293	1.2198	1.7
USDJPY	108.71	0.98	108.75	107.63	3.5
GBPUSD	1.3940	-0.43	1.4031	1.3926	3.1
AUDUSD	0.7605	-0.87	0.7683	0.7600	2.7
EURGBP	0.8758	-0.20	0.8778	0.8743	1.4
USDMYR	3.8977	0.00	3.8997	3.8952	3.6
EURMYR	4.7679	-0.56	4.7892	4.7628	1.8
JPYMYR	3.6068	-0.36	3.6192	3.6068	0.2
GBPMYR	5.4504	-0.49	5.4685	5.4496	0.5
SGDMYR	2.9472	-0.58	2.9622	2.9471	2.8
AUDMYR	2.9788	-0.71	2.9948	2.9788	6.2
NZDMYR	2.8008	-0.50	2.8119	2.7998	3.2

Source: Bloomberg



## Forex

### MYR

- **MYR closed unchanged against the USD** after overturning early gains but managed to beat all G10s that also retreated on a firm USD.
- **Expect a slightly bearish MYR on the back of a stronger overnight USD.** USDMYR has broken both 3.8990 and 3.9048; upside bias is strengthening and is likely to push USDMYR higher to circa 3.9120 in the next leg higher.

### USD

- **USD extended its upsides against all G10s** while the DXY advanced 0.69% to 90.94, supported by improved US data that further add fuel to rising expectations of tighter US monetary policy.
- **We are slightly bearish on USD** today, anticipating a modest pullback after recent rally. Technically, DXY is still bullish and exposed to further gains going forward. However, we suspect that DXY is overextended after breaking several strong resistances and is prone to a pullback first before resuming upsides.

### EUR

- **EUR tumbled 0.64% to 1.2209 against USD**, weighed down by slightly softer Eurozone data but managed to beat 7 G10s that was sliding on firmer USD.
- **EUR is slightly bullish against USD** today, rebounding on sharp recent losses. EURUSD has broken below 1.2235 and is now exposed a drop to circa 1.2155. But before that, we reckon that there may be a soft technical rebound.

### GBP

- **GBP** was supported by softer risk appetite in the markets to beat 8 G10s but fell 0.43% to 1.3940 against a firmer USD.
- **GBP is slightly bearish against USD** on receding bets on BOE rate hikes; expect downsides to accelerate if UK data disappoints. Downside momentum continues to advance. GBPUSD must now hold above 1.3932, otherwise a drop to 1.3886 is likely.

### JPY

- **JPY weakened 0.98% to 108.71 against USD** and fell against all G10s on suggestions that BOJ is likely to extend its easy monetary policy despite major central banks being closer to policy tightening.
- **Continue to expect a bearish JPY against a firmer USD**, still weighed down by recent dovish comments from BOJ governor as markets head into BOJ meeting. USDJPY is now targeting a move to 108.97. Above this USDJPY has room to climb to 110.00

### AUD

- **AUD tumbled 0.87% to 0.7605 against USD** and fell against 8 G10s on extended risk-off in the markets.
- **Continue to hold a bearish view on AUD against USD** on extended weakness in risk appetite. With rising downside momentum, AUDUSD is prone to further losses. Holding above 0.7600 is crucial to stave off the bears, otherwise a decline to 0.7532 is highly likely.

### SGD

- **SGD** ended mixed against the G10s with some support from refuge demand but weakened 0.69% to 1.3254 against USD.
- **We turn slightly bullish on SGD against USD**, anticipating some support from refuge demand amid continued market sell-off. Upside bias continues to strengthen, further tilting USDSGD upwards. But we suspect that there may be a mild pullback first before extending current upsides. Losses are likely stemmed by 1.3214.

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