

Global Markets Research

Daily Market Highlights

Key Takeaway

- **Continuous sell-offs in UST that pushed 10Y yields to a 4-year high of 3.00%** as a result of concerns over rising inflation and higher borrowing costs as well as upcoming debt supply sent chills to the US markets. **Disappointing corporate earnings also augmented risk-off in the markets, overshadowing the bout of generally positive data flow from the US** that pointed to continuous recovery in the housing market. Conference Board also showed consumer confidence have turned more optimistic on economic outlook.
- Elsewhere, **fiscal position improved in the UK even though economic indicators continued to stay rather subdued. In Japan, leading and coincident indices inched higher** but the decline in supermarket sales signaled weakness in consumer spending and continuous retreat in machine tool orders pointed to pullback in capital spending. **Inflation remained contained in Australia** with the headline CPI holding steady at 1.9% YOY in 1Q while the trimmed mean CPI of 1.9% YOY remained below the RBA's 2-3% target, **reaffirming our view of an RBA pause this year.**
- **USD closed mixed against the G10s** despite slightly firmer US data while the DXY dipped 0.2% to 90.76, likely taking a breather after recent rally. **USD is now slightly bullish**, supported by likelihood of emergence in risk aversion in European majors as well as firmer view of extended US policy tightening. DXY remains technically bullish while above 90.44 and we set sights on the recapturing of 90.88, above which it will carve a firmer path to 91.44. Daily losses cannot be ruled out as a correction to recent rally but we expect that a close above 90.94 before the week is out.
- **MYR slipped 0.19% to 3.9050 against a firmer USD** but closed firmer against 6 G10s that were also on a retreat against the greenback. **Expect a slightly bearish MYR against USD**, weighed down by continued softness in regional market sentiment. Upside bias continues to strengthen in USDMYR. We continue to set sights on a move to circa 3.9120 in the next leg higher, but caution that this level poses strong risk of rejection.
- **SGD advanced against 8 G10s and strengthened 0.25% to 1.3221 against USD. We are now slightly bearish on SGD against USD**, anticipating softer buying interest amid risk-off markets. Upside bias continues to strengthen despite overnight pullback, further tilting USDSGD upwards. We set sights on a climb to 1.3300 in the next leg higher.

Eco Overnight Economic Data

US	↑
UK	→
Japan	↓
Australia	→

What's Coming Up Next

Major Data

- US MBA Mortgage Applications
- Japan All Industry Activity Index

Major Events

Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2205	1.2218	1.2229	1.2235	1.2255	↘
USDJPY	108.54	108.80	108.92	109.21	109.78	↗
GBPUSD	1.3918	1.3951	1.3989	1.4011	1.4031	↘
AUDUSD	0.7550	0.7580	0.7596	0.7621	0.7646	↘
EURGBP	0.8706	0.8725	0.8740	0.8752	0.8767	↗
USDMYR	3.9003	3.9030	3.9070	3.9081	3.9120	↗
EURMYR	4.7726	4.7759	4.7769	4.7817	4.7871	↗
JPYMYR	3.5750	3.5800	3.5859	3.5880	3.5951	↘
GBPMYR	5.4541	5.4630	5.4643	5.4685	5.4748	↘
SGDMYR	2.9446	2.9500	2.9514	2.9541	2.9559	↘
AUDMYR	2.9633	2.9650	2.9673	2.9725	2.9756	↘
NZDMYR	2.7700	2.7720	2.7760	2.7785	2.7822	↘
USDSGD	1.3200	1.3214	1.3235	1.3246	1.3264	↗
EURSGD	1.6158	1.6167	1.6184	1.6187	1.6202	↘
GBPSGD	1.8459	1.8505	1.8515	1.8529	1.8551	↘
AUDSGD	1.0032	1.0046	1.0052	1.0069	1.0084	↘

* 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	1865.34	-0.8	3.8	CRB Index	200.08	-0.32	3.2
Dow Jones Ind.	24024.13	-1.7	-2.8	WTI oil (\$/bbl)	67.70	-1.37	12.0
S&P 500	2634.56	-1.3	-1.5	Brent oil (\$/bbl)	73.86	-1.14	10.5
FTSE 100	7425.40	0.4	-3.4	Gold (\$/oz)	1330.35	0.42	2.2
Shanghai	3128.93	2.0	-5.4	CPO (RM/tonne)	2392.00	-0.08	0.1
Hang Seng	30636.24	1.3	2.4	Copper (\$/tonne)	7013.00	1.00	-3.2
STI	3584.56	0.1	5.3	Rubber (sen/kg)	446.00	-0.67	-3.6

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US FHFA House Price Index MOM	Feb	0.6%	0.9% (revised)	0.6%
US S&P CoreLogic house prices YOY NSA	Feb	6.80%	6.43% (revised)	6.35%
US New Home Sales MOM	Mar	4.0%	3.6% (revised)	1.9%
US Richmond Fed Manufacturing Index	Apr	-3	15	16
US Conf. Board Consumer Confidence	Apr	128.7	127.0 (revised)	126.0
UK Public Finances (PSNCR)	Mar	£473m	£19.1b (revised)	--
UK CBI Trends Total Orders	Apr	4	4	4
JN Supermarket Sales YOY	Mar	-0.1%	1.3%	--
JN Leading Index CI	Feb F	106.0	105.8	--
JN Coincident Index	Feb F	116.1	115.6	--
JN Machine Tool Orders YOY	Mar F	28.1%	39.5%	--
AU CPI YOY	1Q	1.9%	1.9%	2.0%

Source: Bloomberg

➤ Macroeconomics

- New home sales in the US surged 4.0% MOM in March (Feb: +3.6% revised) to 694k units, a reaffirmation of continuous recovery in the US housing markets as spring begun. Home prices, supported by high demand, continued to climb. House prices in the 20 cities covered by the S&P CoreLogic Index rose at a faster pace of 6.80% YOY in February (Jan: +6.43% revised) while the FHFA House Price Index edged up 0.6% MOM (Jan: +0.9% revised). Increasing employment coupled with decent wage growth continue to support the housing markets as millennials are looking to make their first home purchases. Inventories remain limited as builders struggled to cater for the surging demand due to factors such as higher input cost and limited land supply. A persistent supply and demand mismatch will continue to drive pricing power, potentially pushing prices up further in the coming months.
- Sentiments in the US improved as well as indicated by the New York based Conference Board Consumer Confidence Index which rose to 128.7 in April (Mar: 127.0 revised) as consumers are upbeat about current conditions and economic outlook. In a separate release, business activities in the mid-Atlantic took a breather as the Richmond Fed Manufacturing Index dropped to -3 in April (March: 15) due to a fall in shipments and capacity utilization. Employment improved as seen in the increase of number of employees as well as wages.
- The UK fiscal position improved tremendously in March as the public sector net cash requirement stood at £473m in March (Feb: £19.1b revised). Meanwhile the CBI Trends Total Orders reported that manufacturing orders in the UK remained unchanged at 4 in April (March: 4) as both export orders and finished stocks eased signaling a slowdown in the industry.
- Japan supermarket sales dropped 0.1% YOY in March (Feb: +1.3%). Sales in food which made up bulk of total sales slowed considerably while sales in household goods declined. The number is in contrast with the improvement in department and convenience store sales reported earlier this week which benefited as consumers shopped for spring. In a final reading, growth in machine tool orders remained unchanged from its preliminary reading at 28.1% YOY in March (Feb: 39.5%). Orders have been on declining trend as the double digit growth is losing momentum following a peak in October 2017. We expect machine tools to continue soften and normalize in near term. In a separate release, Japan's leading index was revised from 105.8 to 106.0 in February (Jan: 105.9) while the coincident index from 115.6 to 116.1 (Jan: 114.8).
- Inflation remained steady in Australia for the first quarter of 2018. Headline CPI rose 1.9% YOY in 1Q2018 (Q42017: +1.9%) which is below consensus estimate of 2.0%. The RBA trimmed mean CPI, the key core measure grew 1.9% YOY (Q42017: +1.8%). The latest CPI print remains below RBA target of 2-3% indicating that prices remained subdued but are gradually picking up amid firmer demand. The hiring momentum in 2017 has dissipated judging from the recent stabilization in unemployment rate (March unemployment rate at 5.5%) but wages are expected to pick up further which will contribute to higher inflation. That said, household debt among the highest in the world might constrain consumer spending. We remain firm that the RBA will hold interest rate unchanged for the rest of the year.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	25/4	MBA Mortgage Applications	20 Apr	--	4.9%	--
	26/4	Initial Jobless Claims	21 Apr	230k	232k	--
		Wholesale Inventories MOM	Mar P	0.7%	1.0%	--
		Durable Goods Orders	Mar P	1.6%	3.0%	--
		Kansas City Fed Manf. Activity	Apr	17	17	--
Eurozone	26/4	ECB Main Refinancing Rate	26 Apr	0.000%	0.000%	--
UK	26/4	CBI Retailing Reported Sales	Apr	-3	-8	--
Japan	25/4	All Industry Activity Index MOM	Feb	0.5%	-1.8%	--
Hong Kong	26/4	Export YOY	Mar	3.1%	1.7%	--
		Trade Balance HKD	Mar	-50.0b	-42.7b	--
Singapore	26/4	Industrial Production YOY	Mar	5.7%	8.9%	--

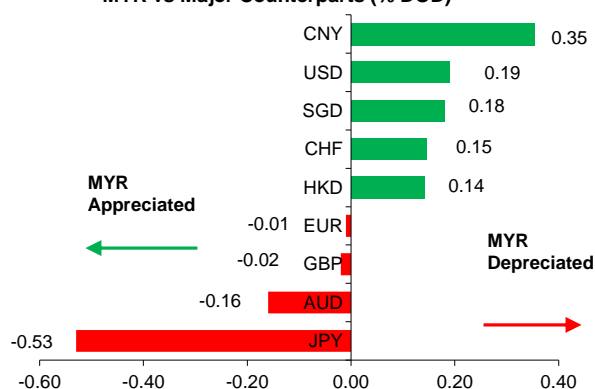
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2233	0.20	1.2245	1.2182	1.9
USDJPY	108.82	0.10	109.2	108.54	-3.4
GBPUSD	1.3978	0.27	1.3987	1.3918	3.5
AUDUSD	0.7604	-0.01	0.7621	0.7580	-2.7
EURGBP	0.8751	-0.07	0.8767	0.8741	-1.5
USDMYR	3.9050	0.19	3.9085	3.8967	-3.5
EURMYR	4.7674	-0.01	4.7753	4.7557	-1.5
JPYMYR	3.5878	-0.53	3.5951	3.5832	0.2
GBPMYR	5.4495	-0.02	5.4511	5.4314	0.1
SGDMYR	2.9524	0.18	2.9546	2.9399	-2.6
AUDMYR	2.9739	-0.16	2.9756	2.9602	-6.2
NZDMYR	2.7821	-0.67	2.7904	2.7759	-3.6

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR slipped 0.19% to 3.9050 against a firmer USD** but closed firmer against 6 G10s that were also on a retreat against the greenback.
- **Expect a slightly bearish MYR against USD**, weighed down by continued softness in regional market sentiment. Upside bias continues to strengthen in USDMYR. We continue to set sights on a move to circa 3.9120 in the next leg higher, but caution that this level poses strong risk of rejection.

USD

- **USD closed mixed against the G10s** despite slightly firmer US data while the DXY dipped 0.2% to 90.76, likely taking a breather after recent rally.
- **USD is now slightly bullish**, supported by likelihood of emergence in risk aversion in European majors as well as firmer view of extended US policy tightening. DXY remains technically bullish while above 90.44 and we set sights on the recapturing of 90.88, above which it will carve a firmer path to 91.44. Daily losses cannot be ruled out as a correction to recent rally but we expect that a close above 90.94 before the week is out.

EUR

- **EUR climbed 0.20% to 1.2233 against USD**, rebounding on sharp recent losses and advanced against 8 G10s.
- **EUR is likely to return to a bearish tone against USD** as we anticipate retreat in positioning ahead of ECB policy decision. EURUSD remains bearish while below 1.2261 and we set sights on a close below 1.2209 before the week is out. Losses going forward could potentially test 1.2155.

GBP

- **GBP** was supported by softer risk appetite in European markets to beat all G10s and **climbed 0.27% to 1.3978 against USD**.
- **Stay slightly bearish on GBP against USD** in the absence of positive catalysts to drive gains; refuge demand amid returning weakness in European majors would limit losses. Downside momentum continues to pick up. GBPUSD remains trapped in a minor bearish bias that suggests a drop below 1.3940 soon, unless it manages to close above 1.4087 today, or 1.4000 tomorrow.

JPY

- **JPY slipped 0.10% to 108.82 against USD** and fell against 7 G10s, likely weighed down by softer positioning ahead of BOJ policy announcement.
- **Continue to expect a bearish JPY against a firmer USD**, still weighed down by risk aversion as markets head into BOJ meeting. USDJPY is now eyeing a move to 109.21, having already broken 108.97 yesterday. Above 109.21, USDJPY has room to test 110.00

AUD

- **AUD dipped 0.01% to 0.7604 against USD** and fell against 5 G10s on the back of softer risk appetite in the markets.
- **Continue to hold a bearish view on AUD against USD** on extended weakness in risk appetite. AUDUSD remains prone to further losses amid the build-up in downside bias. We set sights on a drop to 0.7550 in the next leg lower; caution that failure to breach this level is a sign of an impending rebound.

SGD

- **SGD** advanced against 8 G10s and **strengthened 0.25% to 1.3221 against USD**.
- **We are now slightly bearish on SGD against USD**, anticipating softer buying interest amid risk-off markets. Upside bias continues to strengthen despite overnight pullback, further tilting USDSGD upwards. We set sights on a climb to 1.3300 in the next leg higher.

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