

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Protracted concerns over intensifying trade war continued to unnerve markets, even as US data turned out slightly on the positive side.** Durable goods orders rebounded more than expected to increase 3.1% MOM in February, halting two straight months of decline, somewhat bolstering hopes revival in business spending will help support growth in 1Q. New home sales also contracted at a slower pace but offered little to change expectations of a still soft and fragile housing markets in the US.
- **Headline inflation in Singapore picked up to increase 0.5% YOY in February** (Jan: 0.0%), in part due to the higher costs of housing and utilities. Transportation prices declined at a slower pace as well. Core CPI rebounded to increase 0.5% MOM (Jan: -0.1%) which brings the annual core CPI to a gain of 1.7% YOY (Jan: +1.4%), in line with MAS forecast range of 1.0-2.0%. However, MAS may still shift to a tightening bias in the April monetary policy meeting given the shift in global monetary policy despite moderate growth and benign inflation.
- **USD weakened against 9 G10s** while the DXY fell through US trading to close 0.47% lower at 89.43 on intensifying concerns over rising threat of a trade war. **We turn bearish on USD** on lingering risk-off arising from intensifying trade war concerns. Minor bearish trend coupled with increased downside bias will continue to pressure DXY going forward. Expect a test at 89.10 next.
- **MYR slipped 0.13% to 3.9185 against USD** and retreated against 5 G10s on the back of risk aversion ahead of the week's close. **Expect a bearish MYR against USD** on extended risk-off in the markets weighing down on buying interest. USDMYR's bearish trend remains under threat; closing below 3.9185 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** as risk sentiment retreated in the markets but **advanced 0.16% to 1.3151 against a soft USD.** **We turn bullish on SGD against a soft USD.** USDSGD rebound appears to have failed after rejection at 1.3169. Amid increasing downside bias, expect USDSGD to be inclined towards losses, possibly targeting 1.3100.

Overnight Economic Data

US	↑
Singapore	↑↑
New Zealand	↑↑

What's Coming Up Next

Major Data

- US Chicago Fed activity index, Dallas Fed Manf. Activity
- Singapore industrial production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2327	1.2355	1.2361	1.2375	1.2388	↗
USDJPY	104.20	104.56	104.75	104.90	105.26	↘
GBPUSD	1.4100	1.4128	1.4157	1.4176	1.4200	↗
AUDUSD	0.7687	0.7700	0.7718	0.7744	0.7776	↘
EURGBP	0.8709	0.8726	0.8732	0.8746	0.8766	↘
USDMYR	3.9103	3.9116	3.9152	3.9162	3.9194	↗
EURMYR	4.8366	4.8400	4.8446	4.8461	4.8500	↗
JPYMYR	3.7263	3.7309	3.7326	3.7389	3.7425	↗
GBPMYR	5.5344	5.5385	5.5434	5.5453	5.5480	↗
SGDMYR	2.9766	2.9800	2.9810	2.9864	2.9888	↗
AUDMYR	3.0173	3.0192	3.0228	3.0250	3.0288	↗
NZDMYR	2.8346	2.8365	2.8396	2.8429	2.8449	↗
USDSGD	1.3100	1.3127	1.3134	1.3138	1.3149	↘
EURSGD	1.6208	1.6221	1.6235	1.6258	1.6302	↗
GBPSGD	1.8551	1.8576	1.8595	1.8612	1.8625	↗
AUDSGD	1.0100	1.0120	1.0141	1.0168	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	1865.22	-0.6	3.8	CRB Index	196.26	0.53	1.2
Dow Jones Ind.	23533.20	-1.8	-4.8	WTI oil (\$/bbl)	65.88	2.46	9.0
S&P 500	2588.26	-2.1	-3.2	Brent oil (\$/bbl)	70.45	2.23	6.1
FTSE 100	6921.94	-0.4	-10.0	Gold (\$/oz)	1347.33	1.38	3.5
Shanghai	3152.76	-3.4	-4.7	CPO (RM/tonne)	2432.00	-0.27	1.8
Hang Seng	30309.29	-2.5	1.3	Copper (\$/tonne)	6660.00	-0.52	-8.1
STI	3421.39	-2.0	0.5	Rubber (sen/kg)	442.00	-3.91	-4.4

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Durable Goods Orders	Feb P	3.1%	-3.5%	1.6%
US New Home Sales MOM	Feb	-0.6%	-4.7%	4.6%
SG CPI YOY	Feb	0.5%	0.0%	0.4%
NZ Trade Balance NZD	Feb	217m	-655m	-100m
NZ Export NZD	Feb	4.46b	4.29b	4.56b

Source: Bloomberg

➤ Macroeconomics

- In the US, preliminary reading shows strength in the industrial sector as durable goods order rebounded to increase 3.1 % MOM in Feb-18 (Jan: -3.5% revised). The higher than expected figure coincides with February industrial production which rose 1.1% MOM as reported earlier in the month. The rebound is attributed to a broad based improvement across sectors except for communications, computer electronics and products. Meanwhile the contraction in home sales slowed substantially but still registered a decrease of 0.6% MOM following a 4.7% decline in the preceding month due to seasonal factors as buyers rushed to purchase houses in the fourth quarter of 2017.
- Headline inflation in Singapore picked up to increase 0.5% YOY in Feb-18 following a flat line reading in the month before (Jan: 0.0%). This is in part due to the recovery of costs in housing and utilities. Drop in transportation prices slowed on a monthly basis as well. Core CPI rebounded to increase 0.5% MOM (Jan: -0.1%) which brings the annual core CPI to a gain of 1.7% YOY (Jan: 1.4%), in line with MAS forecast range of 1.0-2.0%. However, MAS may still shift to a tightening bias in the April monetary policy meeting given the shift in global monetary policy.
- New Zealand recorded a trade surplus for the month of February at NZD 217m following a deficit in the previous month (Jan: -NZD655m revised) as demand for imported goods fell 14.1% MOM (Jan: +0.9%). Total export amounted to NZD 4.46b (Jan: NZD4.29b revised). Export of dairy products rebounded to increase 1.2% MOM (Jan:-4.9%) as production are slowly picking up following a curb in production last year due to dry weather. Export of fruit, fish and wines rebounded as well.

Economic Calendar Release Date

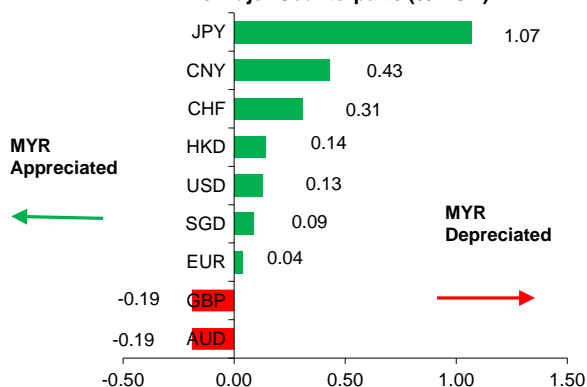
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	26/3	Chicago Fed Nat Activity Index	Feb	--	0.12	--
		Dallas Fed Manf. Activity	Mar	33.0	37.2	--
	27/3	Conf. Board Consumer Confidence	Mar	131.0	130.8	--
		Richmond Fed Manufact. Index	Mar	21	28	--
		S&P CoreLogic CS 20-City YOY	Jan	6.10%	6.30%	--
Eurozone	27/3	Consumer Confidence	Mar F	0.1	0.1	--
		Economic Confidence	Mar	113.2	114.1	--
		Business Climate Indicator	Mar	1.41	1.48	--
Hong Kong	27/3	Exports YOY	Feb	--	18.1%	-3.0%
Japan	27/3	PPI Service YOY	Feb	0.7%	0.7%	--
Singapore	26/3	Industrial Production YOY	Feb	1.0%	17.9%	--
China	26-28/03	Foreign Direct Investment	Feb	--	0.3%	--
Vietnam	25/03-31/03	CPI YOY	Mar	--	3.15%	--
	25/03-31/03	Exports YTD YOY	Mar	--	22.9%	--
	25/03-31/03	Industrial Production YOY	Mar	--	8.0%	--
	25/03-31/03	Retail Sales YTD YOY	Mar	--	10.1%	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2353	0.41	1.2373	1.2301	3.0
USDJPY	104.74	-0.51	105.37	104.64	-7.0
GBPUSD	1.4132	0.26	1.4172	1.4085	4.7
AUDUSD	0.7699	0.08	0.7744	0.7687	-1.2
EURGBP	0.8742	0.17	0.8754	0.8710	-1.7
USDMYR	3.9185	0.13	3.9200	3.9115	-3.3
EURMYR	4.8292	0.04	4.8375	4.8215	-0.2
JPYMYR	3.7360	1.07	3.7425	3.7263	3.9
GBPMYR	5.5272	-0.19	5.5344	5.5201	1.4
SGDMYR	2.9798	0.09	2.9818	2.9726	-1.7
AUDMYR	3.0257	-0.19	3.0288	3.0117	-4.5
NZDMYR	2.8356	-0.05	2.8391	2.8238	-1.5

Source: Bloomberg

MYR vs Major Counterparts (% DOD)

Forex
MYR

- **MYR slipped 0.13% to 3.9185 against USD** and retreated against 5 G10s on the back of risk aversion ahead of the week's close.
- **Expect a bearish MYR against USD** on extended risk-off in the markets weighing down on buying interest. USDMYR's bearish trend remains under threat; closing below 3.9185 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 weakened against 9 G10s** while the DXY fell through US trading to close 0.47% lower at 89.43 on intensifying concerns over rising threat of a trade war.
- **We turn bearish on USD** on lingering risk-off arising from intensifying trade war concerns. Minor bearish trend coupled with increased downside bias will continue to pressure DXY going forward. Expect a test at 89.10 next.

EUR

- **EUR climbed 0.41% to 1.2353 against USD** and advanced against 7 G10s, supported by optimism over Eurozone's exemption of US trade tariff.
- **EUR is now bullish in our view**, supported by likelihood of extended retreat in USD. Upside bias has emerged, further supporting EURUSD's advance. Expect a test at 1.2388 next, above which 1.2430 will be targeted.

GBP

- **GBP ended lower against 5 G10s but rose 0.26% to 1.4132 against USD.**
- **We turn bullish on GBP on likelihood if extended retreat in USD.** Firmer upside bias is likely to sustain an extended advance for GBPUSD, but we still caution on risk of rejection approaching 1.4200 – 1.4219.

JPY

- **JPY advanced against all G10s and strengthened 0.51% to 104.74 against USD** on the back of rising refuge demand from concerns over a trade war.
- **JPY remains bullish in our view against USD**, supported by rising refuge demand on intensifying trade war concerns. USDJPY remains under pressure while below 105. There is room for a decline to circa 103.55.

AUD

- **AUD remained weighed down by market sell-off, sliding against 8 G10s but inched 0.08% higher to 0.7699 against a soft USD.**
- **Continue to expect a bearish AUD against USD**, weighed down by extended sell-off in the markets from trade war concerns. AUDUSD is still deep in bearish territory and thus we are skeptical if current attempt at a rebound can sustain. Gains could prevail but likely stemmed near 0.7744 – 0.7750.

SGD

- **SGD fell against 7 G10s as risk sentiment retreated in the markets but advanced 0.16% to 1.3151 against a soft USD.**
- **We turn bullish on SGD against a soft USD.** USDSGD rebound appears to have failed after rejection at 1.3169. Amid increasing downside bias, expect USDSGD to be inclined towards losses, possibly targeting 1.3100.

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