

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Markets saw a relief rally on signs the US and China are willing to renegotiate trade and tariff issues**, bolstering hopes the two economic giants could avert a full-blown trade war. While this is a positive development, we think it is **premature to conclude the worst is over and market volatility will remain high as we anticipate more noises from the US-China trade talks.**
- **Data flow remains scanty but will see a pick-up for the remaining of the week with final print of 4Q US GDP and PCE core and personal income and spending on the cards.** Regional surveys from Dallas and Chicago Fed confirmed mixed momentum in activities from various districts which still showed expansion. In Japan, softer reading in PPI services confirmed still benign price pressure that would allow BOJ to stay pat for longer, while Singapore saw slower growth in industrial production as a result of the lunar new year seasonal slump.
- **USD tumbled against 9 G10s** while the DXY fell 0.46% to 89.02, sliding on intensifying trade war concerns and failed to regain lost ground even as jitters began to ease thereafter. **USD is slightly bullish** today on easing trade war concerns. Despite still within a minor bearish trend that suggests further losses going forward, we suspect that sharp overnight losses expose DXY to a modest technical rebound first. Gains are likely stemmed by 89.22 – 89.30 before resuming downsides.
- **MYR strengthened 0.59% to 3.8953 against a weakened USD** but slipped against 6 G10s. **Expect a slightly bullish MYR against USD** as buying interest returns on easing trade war concerns but caution that gains may be narrowed going into European trade. USDMYR remains tilted to the downsides but we suspect that losses may be narrowing after recent sharp decline. Risk of a rebound is likely to increase approaching firm supports circa 3.8800 – 3.8825.
- **SGD fell against 7 G10s that rebounded on improving risk appetite but managed to strengthen 0.46% to 1.3090 against a weak USD. Stay bullish on SGD against USD**, supported by improving risk appetite in the markets. Downside bias in USDSGD prevails and looks likely to break below 1.3072 going forward. Caution that this level could potentially bounce USDSGD higher thereafter.

#### Overnight Economic Data

US	→
Japan	↓
Singapore	↓

#### What's Coming Up Next

##### Major Data

- US Conference Board Consumer Confidence, Richmond Fed Manufacturing Index, S&P CoreLogic house prices
- Eurozone Consumer Confidence, Economic Confidence, Business Climate Indicator
- Hong Kong Exports

##### 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	105.07	105.20	105.53	105.60	106.07	↗
GBPUSD	1.4200	1.4219	1.4234	1.4245	1.4263	↗
AUDUSD	0.7717	0.7726	0.7748	0.7758	0.7779	↘
EURGBP	0.8727	0.8741	0.8747	0.8753	0.8763	↗
USDMYR	3.8820	3.8850	3.8865	3.8896	3.8920	↘
EURMYR	4.8342	4.8371	4.8393	4.8427	4.8461	↗
JPYMYR	3.6791	3.6800	3.6831	3.6858	3.6880	↘
GBPMYR	5.5280	5.5300	5.5330	5.5350	5.5380	↘
SGDMYR	2.9678	2.9696	2.9707	2.9739	2.9766	↘
AUDMYR	3.0087	3.0100	3.0122	3.0250	3.0288	↘
NZDMYR	2.8300	2.8347	2.8363	2.8389	2.8400	↗
USDSGD	1.3072	1.3080	1.3086	1.3096	1.3115	↘
EURSGD	1.6258	1.6279	1.6292	1.6302	1.6315	↗
GBPSGD	1.8600	1.8612	1.8626	1.8637	1.8666	↘
AUDSGD	1.0100	1.0120	1.0139	1.0150	1.0158	↘

\* 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	1859.91	-0.3	3.5	CRB Index	195.77	-0.25	1.0
Dow Jones Ind.	24202.60	2.8	-2.1	WTI oil (\$/bbl)	65.55	-0.50	8.5
S&P 500	2658.55	2.7	-0.6	Brent oil (\$/bbl)	70.12	-0.47	4.9
FTSE 100	6888.69	-0.5	-10.4	Gold (\$/oz)	1353.50	0.46	3.9
Shanghai	3133.72	-0.6	-5.2	CPO (RM/tonne)	2419.50	-0.51	1.2
Hang Seng	30548.77	0.8	2.1	Copper (\$/tonne)	6602.00	-0.87	-8.9
STI	3412.46	-0.3	0.3	Rubber (sen/kg)	437.50	-1.02	-5.4

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US Chicago Fed Nat. Activity Index	Feb	0.88	0.02	0.15
US Dallas Fed Manufacturing Activity	Mar	21.4	37.2	33.5
JP PPI Services YOY	Feb	0.6%	0.7%	0.7%
SG Industrial Production YOY	Feb	8.9%	16.9%	4.2%

Source: Bloomberg

**➤ Macroeconomics**

- The Chicago Fed national index shows that the overall US economic activities are expanding at a faster pace as it registered a positive reading of 0.88 in Feb-18 (Jan: 0.02 revised). 63 of the 85 indicators made positive contributions. The figure coincides with other pleasant readings released earlier in the month which indicates strength in industrial activities and a robust labour market. Meanwhile in a separate release, manufacturing outlook in Texas dampened as the Dallas Fed survey indicates that activities are likely to slow down in the manufacturing sector in Mar-18 due to a broad base decline. The survey recorded a softer than expected reading of 21.4 in Mar-18 (Feb: 37.2).
- In Japan, producer prices in the services sector came in slightly below expectation to increase 0.6% YOY in Feb-18 (Jan: +0.7%). This added to signs of still benign inflation in the Japanese system that would reinforce the case for BOJ to stay pat for longer.
- Singapore industrial production slowed to increase 8.9% YOY in Feb-18 (Jan: +16.9% revised) dragged down by broad base decline across the manufacturing sector especially in biomedical and electronics production. The slowdown was attributed to Chinese New Year which was celebrated in February this year which led to fewer working days in the month.

**Economic Calendar Release Date**

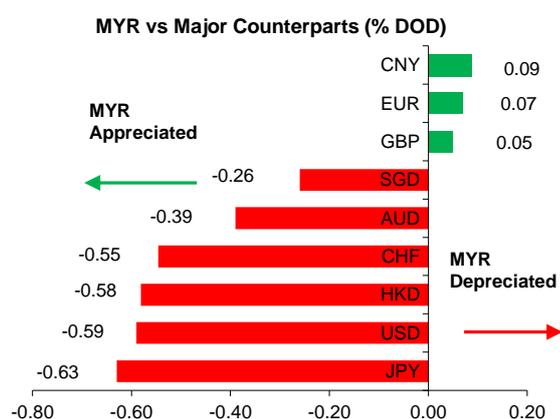
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	27/3	Conf. Board Consumer Confidence	Mar	131.0	130.8	--
		Richmond Fed Manufact. Index	Mar	21	28	--
		S&P CoreLogic CS 20-City YOY	Jan	6.10%	6.30%	--
	28/3	MBA Mortgage Application	Mar 23	--	-1.1%	--
		Wholesale Inventories MoM	Feb P	--	0.8%	--
		GDP Annualized QoQ	4Q T	2.7%	2.5%	--
Eurozone	27/3	Pending Home Sales MoM	4Q T	2.0%	-4.7%	--
		Consumer Confidence	Mar F	0.1	0.1	--
		Economic Confidence	Mar	113.2	114.1	--
UK	28/03-04/03	Business Climate Indicator	Mar	1.41	1.48	--
		Nationwide House PX MOM	Mar	--	-0.3%	--
Hong Kong	28/03	CBI Retailing Reported Sales	Mar	--	8	--
		Exports YOY	Feb	--	18.1%	-3.0%
Japan	27/3	PPI Service YOY	Feb	0.7%	0.7%	--
China	27-28/03	Foreign Direct Investment	Feb	--	0.3%	--
Vietnam	29/3	CPI YOY	Mar	--	3.15%	--
	29/3	Exports YTD YOY	Mar	--	22.9%	--
	29/3	Industrial Production YOY	Mar	--	8.0%	--
	29/3	Retail Sales YTD YOY	Mar	--	10.1%	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2444	0.74	1.2462	1.2335	3.7
USDJPY	105.41	0.64	105.48	104.56	-6.3
GBPUSD	1.4229	0.69	1.4245	1.4128	5.4
AUDUSD	0.7748	0.64	0.775	0.7696	-0.7
EURGBP	0.8746	0.04	0.8763	0.8717	-1.5
USDMYR	3.8953	-0.59	3.9162	3.8940	-3.9
EURMYR	4.8324	0.07	4.8461	4.8229	-0.1
JPYMYR	3.7124	-0.63	3.7389	3.7066	2.5
GBPMYR	5.5302	0.05	5.5453	5.5238	1.3
SGDMYR	2.9720	-0.26	2.9824	2.9711	-1.9
AUDMYR	3.0139	-0.39	3.0253	3.0127	-4.6
NZDMYR	2.8383	-0.10	2.8457	2.8347	-1.4

Source: Bloomberg



## Forex

### MYR

- **MYR strengthened 0.59% to 3.8953 against a weakened USD** amid escalation of trade war concerns but slipped against 6 G10s.
- **Expect a slightly bullish MYR against USD** as buying interest returns on easing trade war concerns but caution that gains may be narrowed going into European trade. USDMYR remains tilted to the downsides but we suspect that losses may be narrowing after recent sharp decline. Risk of a rebound is likely to increase approaching firm supports circa 3.8800 – 3.8825.

### USD

- **USD tumbled against 9 G10s** while the DXY fell 0.46% to 89.02, sliding on intensifying trade war concerns and failed to rebound even as jitters began to ease thereafter.
- **USD is slightly bullish** today on easing trade war concerns. Despite still within a minor bearish trend that suggests further losses going forward, we suspect that sharp overnight losses expose DXY to a modest technical rebound first. Gains are likely stemmed by 89.22 – 89.30 before resuming downsides.

### EUR

- **EUR jumped 0.74% to 1.2444 against USD** and climbed against 6 G10s, buoyed by a weak greenback and easing fears that Eurozone will be caught up in US-China trade war crossfire.
- **We turn slightly bearish on EUR today in anticipation of a possible USD rebound.** Despite prevailing bullish trend, we caution that strong rally such as the one seen overnight generally triggers a modest pullback first before resuming further upsides. Losses, if any, are likely to bounce off 1.2388 otherwise current bullish trend will come under threat.

### GBP

- **GBP ended mixed against the G10s but jumped 0.69% to 1.4229 against a weak USD.**
- **We turn slightly bearish on GBP today on possible USD rebound.** We caution on potential pullback in GBPUSD after overnight rally. GBPUSD is approaching crucial resistances that could still trigger strong rejections and end the current bullish bias.

### JPY

- **JPY tumbled 0.64% to 104.51 against USD** and slumped against all G10s as market risk appetite improved on gradual retreat in trade war jitters.
- **Expect a softer JPY against USD today** as refuge demand is likely to retreat in line with easing trade war concerns. USDJPY has some room to rebound, possibly to circa 105.80, but as long as current bearish trend still prevails, expect a close below 104.74 in the coming days.

### AUD

- **AUD remained weighed down by early market jitters, sliding against 6 G10s but jumped 0.64% to 0.7748 against a weak USD.**
- **AUD is slightly bearish in our view in anticipation of a rebound in USD.** AUDUSD is still deep in bearish territory and thus we are still skeptical if current attempt at a rebound can sustain. Gains overnight were stemmed circa 0.7750 and this could result in further rejection that leads AUDUSD lower to 0.7700.

### SGD

- **SGD fell against 7 G10s that rebounded on improving risk appetite but managed to strengthen 0.46% to 1.3090 against a weak USD.**
- **Stay bullish on SGD against USD,** supported by improving risk appetite in the markets. Downside bias in USDSGD prevails and looks likely to break below 1.3072 going forward. Caution that this level could potentially bounce USDSGD higher thereafter.

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Menara Hong Leong  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: [HLMarkets@hbb.hongleong.com.my](mailto:HLMarkets@hbb.hongleong.com.my)

**DISCLAIMER**

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.