

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight US and Europe equity markets saw a relief rally** spurred by positive corporate earnings as well as a correction in US treasuries yields after recent spikes. Focus was on ECB where it maintained its main refinancing rate as widely expected. **ECB acknowledged broad-based moderation in growth momentum in its member countries and reiterated that inflation will remain below the central bank's 2% target this year but offered no fresh leads on future policy guidance.**
- **Data was a mixed bag globally.** US data continued to reaffirm the case of a tightening labour market but business spending remained subdued. Sentiments in the UK remained weak as evident in extended negative prints in GfK consumer confidence and CBI retailing sales. Jobs market in Japan remained steady but growth in retail spending was a tad softer, contrary to quicker increase in industrial production. Hong Kong exports picked up again in March post-seasonal swings while Singapore industrial production reported a slightly slower increase with electronics production being the key support.
- **USD strengthened against 9 G10s** while the DXY recovered from a dip in US morning and rallied to close 0.43% to 91.56, supported by extended weakness in European majors. **Stay slightly bearish on USD** amid risk aversion heading into 1Q US GDP release. DXY remains still technically bullish while above 90.88 and is now set to test 91.70 but before that, we reckon there may be another pullback as part of a corrective move to yesterday's rally.
- **MYR slipped 0.16% to 3.9177 against a firmer USD** but was firmer against 9 G10s, supported by improved regional market sentiment. **Expect a slightly bearish MYR against a stronger overnight USD.** Upside bias continues to strengthen in USDMYR. USDMYR is now exposed to test at 3.9255 but we still caution that risk of rejection is likely getting stronger approaching the 3.9255 – 3.9290 range. A break here pushes USDMYR higher to 3.9430.
- **SGD** was also supported by firmer risk appetite to beat all G10s, including **climbing 0.12% to 1.3274 against USD. We turn bearish on SGD against USD,** weighed down by expected risk aversion in the markets. USDSGD remains tilted to the upsides and is likely to test 1.3300 next. A break here exposes a move to 1.3340 next.

Eco Overnight Economic Data

US	➔
UK	⬇
Japan	➔
Hong Kong	⬆
Singapore	⬇
New Zealand	⬇

What's Coming Up Next

Major Data

- US 1Q GDP, U. of Michigan Sentiment
- Eurozone Economic Confidence, Business Climate Indicator, Consumer Confidence
- UK 1Q GDP, Gfk Consumer Confidence
- Japan Housing Starts, Construction Orders
- Singapore Unemployment rate
- Australia PPI

Major Events

- BOJ monetary policy meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2080	1.2100	1.2106	1.2117	1.2148	➔
USDJPY	108.53	109.00	109.29	109.47	109.78	⬇
GBPUSD	1.3858	1.3902	1.3913	1.3924	1.3932	⬇
AUDUSD	0.7500	0.7538	0.7552	0.7565	0.7590	⬇
EURGBP	0.8680	0.8692	0.8700	0.8706	0.8716	➔
USDMYR	3.9142	3.9200	3.9220	3.9267	3.2990	➔
EURMYR	4.7366	4.7406	4.7478	4.7520	4.7557	⬇
JPYMYR	3.5792	3.5832	3.5908	3.5929	3.5971	➔
GBPMYR	5.4460	5.4509	5.4569	5.4633	5.4722	⬇
SGDMYR	2.9471	2.9500	2.9518	2.9539	2.9559	⬇
AUDMYR	2.9555	2.9600	2.9613	2.9648	2.9700	⬇
NZDMYR	2.7620	2.7650	2.7672	2.7700	2.7729	⬇
USDSGD	1.3244	1.3260	1.3283	1.3290	1.3300	➔
EURSGD	1.6060	1.6070	1.6078	1.6090	1.6104	⬇
GBPSGD	1.8435	1.8443	1.8484	1.8505	1.8538	⬇
AUDSGD	1.0005	1.0020	1.0030	1.0046	1.0060	⬇

* at time of writing

➔ = above 0/1% gain; ⬇ = above 0.1% loss; ➔ = less than 0.1% gain /

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1852.3	0.0	3.1	CRB Index	201.2	0.26	3.8
Dow Jones Ind.	24322.3	1.0	-1.6	WTI oil (\$/bbl)	68.2	0.21	12.9
S&P 500	2666.9	1.0	-0.2	Brent oil (\$/bbl)	74.7	1.00	11.6
FTSE 100	7421.4	0.6	-3.5	Gold (S/oz)	1316.8	-0.05	1.1
Shanghai	3075.0	-1.4	-7.0	CPO (RM/tonne)	2388.0	0.06	-0.1
Hang Seng	30007.7	-1.1	0.3	Copper (\$/tonne)	6965.0	-0.61	-3.9
STI	3570.0	0.1	4.9	Rubber (sen/kg)	446.5	0.22	-3.5

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Initial Jobless Claims	21 Apr	209k	233k (revised)	230k
US Wholesales Inventories MOM	Mar P	0.5%	1.0%	0.7%
US Durable Goods Orders MOM	Mar P	2.6%	3.5% (revised)	1.6%
US Kansas City Fed Manf. Activity	Apr	26	17	17
EU ECB Main Refinancing Rate	26 Apr	0.000%	0.000%	0.000%
UK CBI Retailing Reported Sales	Apr	-2	-8	-3
UK Gfk Consumer Confidence	Apr	-9	-7	-7
JP Jobless Rate	Mar	2.5%	2.5%	2.5%
JP Retail Trade (Sales) YOY	Mar	1.0%	1.7% (revised)	1.5%
JP Industrial Production YOY	Mar P	2.2%	1.6%	2.0%
HK Export YOY	Mar	8.0%	1.7%	3.1%
HK Trade Balance HKD	Mar	-55.5b	-42.7b	-50.0b
SG Industrial Production YOY	Mar	5.9%	6.7% (revised)	5.7%
NZ ANZ Consumer Confidence	April	120.5	128.0	--
NZ Trade Balance NZ\$	Mar	-86m	172m (revised)	275m
NZ Export NZ\$	Mar	4.85b	4.43b (revised)	4.91b

Source: Bloomberg

Macroeconomics

- The ECB left its key interest rates unchanged as widely expected and signaled no change of monetary policy stance from the previous meeting. The central bank acknowledged the moderation of the Eurozone economy in the first few months of 2018 with President Draghi stressing that some normalization was expected following a few quarters of strong growth in 2017. The loss of momentum was broad based across countries and all sectors. Policy outlook was not discussed in the meeting as it is premature to decide whether factors contributing to the slowdown were permanent or temporary such as cold weather, strike and timing of Easter. Draghi said that a moderate rise in February inflation was due to the rise in food prices but even after factoring in recent increase in oil prices, inflation is set to remain below the ECB target of close to but below 2% for the remainder of the year. Underlying inflation remained subdued and is yet to show convincing sign of sustainable trend. At the external front, risk surrounding global factors such as threats of rising protectionism have become more prominent but did not translate into any substantial impact so far but could potentially affect confidence. Draghi cited that overall growth assessment was "one of caution and tempered by unchanged confidence" that inflation will converge to the ECB target in the medium term and growth is expected to be solid and broad based. The euro spiked after the rates decision but plunged after Draghi's press conference.
- Initial jobless claims in the US fell by 24k to a seasonally adjusted 209k (Previous: 233k revised) for the week ended 21 April, its lowest level since Dec-1969, reaffirming that the disappointing March nonfarm payroll was merely a payback following large job gains in February. To recap, a total of 326k jobs were added in February whereas hiring slowed in March with only 103k new jobs added, raising concerns of easing of jobs markets, economists widely dismissed the drop as a blip. Lower jobless claims signaled a still firm labour market which will in turn push up wage growth and then inflations.
- Durable goods orders in the US slowed to increase 2.6% MOM in March (Feb: +3.5% revised) driven by a 7.6% monthly surge in transportation equipment. Excluding transportations, total orders were unchanged, recording a 0% growth. Orders on aircrafts increased a whopping 44.5% w0/5%hich managed to offset weakness in other categories. Nondefense capital goods excluding aircrafts, a key gauge of investment spending slipped 0.1% MOM (Feb: +0.9% revised), down for three out of the first four months, signaling a softer growth momentum for 1Q18. In a separate release, wholesale inventories eased after accelerating for four months to gain 0.5% MOM in March (Feb: +1.0%). Retail inventories dropped 0.4% (Feb: +0.4%) which coincides with the surging retail sales in March as Americans started to shop for spring time. Meanwhile the Kansas City Fed Manufacturing Activity Index jumped to an all-time high to 26.0 in April (Mar: 17.0) signaling tremendous improvement in manufacturing sentiments in the district.
- Sentiment remained weak in the UK. The Gfk Consumer Confidence Index weakened to -9 in April (Mar: -7) while the CBI Retailing Reported Sales maintained a negative reading of -2 in April (March: -8).
- Preliminary reading shows that Japan industrial production rose 2.2% YOY in March (Feb: +1.6%). Retail sales eased to increase 1.0% YOY in the same month (Feb: +1.7% revised) dragged by declines in general merchandise and motor vehicles while sales in apparels and accessories increased. Unemployment rate steadied at 2.5% for the second consecutive month in March as expected (Feb: 2.5%) while job-to-applicant ratio rose to 1.59 (Feb: 1.58).
- Hong Kong trade deficit widened to HK\$ 55.5b as imports rebounded to increase 10.7% YOY (Feb: -3.2%) whereas exports jumped by 8.0% YOY (Feb: +1.7%) following a slowdown in February when Chinese new year was celebrated.
- Industrial production in Singapore rose slightly more than expected in March. Output rose 5.9% YOY (Feb: +6.7%) due to the increase in electronics productions. This is in line with the advance 1Q GDP which increased 4.3% YOY (4Q17: +3.6%) as growth in manufacturing quickened but construction sector contracted.
- New Zealand's trade balance swung from a revised surplus of NZ\$172m to a deficit of NZ\$86m. Exports rose 14% YOY while import soared by 88%. Meanwhile the ANZ consumer confidence index fell to 120.5 in April (March: 128.0).

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	27/4	GDP Annualized QOQ	1Q A	2.0%	2.9%	--
		U. of Michigan Sentiment	Apr F	98.0	97.8	--
	30/4	Personal Income	Mar	0.4%	0.4%	--
		Personal Spending	Mar	0.4%	0.2%	--
		PCE Core YOY	Mar	2.0%	1.6%	--
		Chicago Purchasing Manager	Apr	58.0	57.4	--
		Pending Home Sales MOM	Mar	0.5%	3.1%	--
		Dallas Fed Manf. Activity	Apr	25.0	21.4	--
		Eurozone	27/4	Economic Confidence	Apr	112.0
	Business Climate Indicator	Apr		1.28	1.34	--
	Consumer Confidence	Apr F		-0.1	0.4	--
UK	27/4	GDP QOQ	1Q A	0.3%	0.4%	--
Japan	27/4	Housing Starts YOY	Mar	-4.8%	-2.6%	--
		Construction Orders YOY	Mar	--	19.2%	--
China	30/4	BOJ Policy Balance Rate	27 Apr	-0.100%	-0.100%	--
		Non-Manufacturing PMI	Apr	54.5	54.6	--
		Manufacturing PMI	Apr	51.3	51.5	--
Singapore	27/4	Unemployment rate SA	1Q	2.1%	2.1%	--
Australia	27/4	PPI YOY	1Q	--	1.7%	--
New Zealand	30/4	ANZ Activity Outlook	Apr	--	21.8	--
		ANZ Business Confidence	Apr	--	-20.0	--

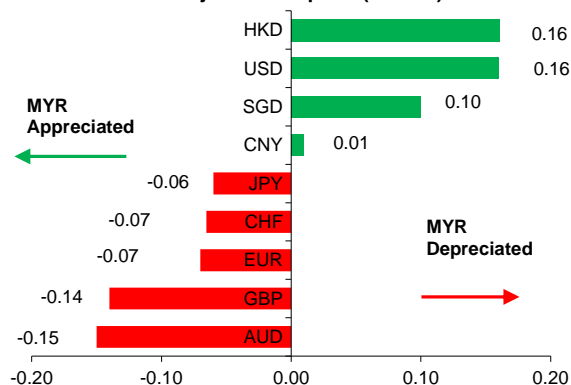
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2103	-0.48	1.221	1.2096	0.8
USDJPY	109.30	-0.12	109.47	109.07	3.0
GBPUSD	1.3919	-0.09	1.3998	1.3895	3.0
AUDUSD	0.7554	-0.15	0.7589	0.7547	3.3
EURGBP	0.8695	-0.40	0.8751	0.8681	2.1
USDMYR	3.9177	0.16	3.9213	3.9158	3.2
EURMYR	4.7710	-0.07	4.7777	4.7599	2.2
JPYMYR	3.5829	-0.06	3.5889	3.5767	0.3
GBPMYR	5.4514	-0.14	5.4699	5.4460	0.3
SGDMYR	2.9517	0.10	2.9559	2.9451	2.7
AUDMYR	2.9628	-0.03	2.9725	2.9598	6.5
NZDMYR	2.7669	-0.22	2.7729	2.7656	4.0

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR slipped 0.16% to 3.9177 against a firmer USD** but was firmer against 9 G10s, supported by improved regional market sentiment.
- **Expect a slightly bearish MYR against a stronger overnight USD.** Upside bias continues to strengthen in USDMYR. USDMYR is now exposed to test at 3.9255 but we still caution that risk of rejection is likely getting stronger approaching the 3.9255 – 3.9290 range. A break here pushes USDMYR higher to 3.9430.

USD

- **USD strengthened against 9 G10s** while the DXY recovered from a dip in US morning and rallied to close 0.43% to 91.56, supported by extended weakness in European majors.
- **Stay slightly bearish on USD** amid risk aversion heading into 1Q US GDP release; a softer than expected figure, read alongside rising yields, is likely to pressure the greenback further. DXY remains technically bullish while above 90.88 and is now set to test 91.70 but before that, we reckon there may be another pullback as part of a corrective move to yesterday's rally. Breaking above 91.70 exposes a move to 92.51.

EUR

- **EUR fell 0.48% to 1.2103 against USD** and retreated against 6 G10s, pressured by ECB's lack of clues to policy outlook and likely, the acknowledgment that inflation would remain below target this year.
- **Stay slightly bullish on EUR against USD** in line with our view of a softer USD though gains are likely soft. EURUSD remains technically bearish but we still expect a rebound to come first before extending further downsides. Gains are likely restricted by 1.2209, otherwise the rebound will sustain further upsides.

GBP

- **GBP** was supported by weakness in European majors to beat 8 G10s but **fell 0.09% to 1.3919 against USD.**
- **Expect GBP to remain bearish against USD,** weighed down by risk aversion ahead of UK GDP release; a softer than expected figure, along with recent dial back in BOE rate hike expectations, will pressure GBP. GBPUSD remains inclined to the downsides. A break below 1.3902 exposes a move to 1.3842.

JPY

- **JPY** rallied to beat all G10s and **strengthened 0.12% to 109.30 against USD,** supported by weakness in European majors.
- **Continue to expect a slightly bullish on JPY against USD** today, in anticipation of the greenback's pullback and likelihood of rising risk aversion heading into US GDP report. There is still room for additional gains in USDJPY, possibly beating 109.43 before mid-next week but first, a pullback is likely.

AUD

- **AUD slipped 0.15% to 0.7554 against a firmer USD** but advanced against 6 G10s as risk appetite improved in the markets.
- **We turn bearish on AUD against USD** as risk appetite is likely to retreat ahead of US, UK GDP reports and going into the week's close. AUDUSD's rebound failed to sustain. Early break below 0.7550 will further encourage the bears, tilting AUDUSD lower and possibly testing 0.7500 next.

SGD

- **SGD** was also supported by firmer risk appetite to beat all G10s, including **climbing 0.12% to 1.3274 against USD.**
- **We turn bearish on SGD against USD,** weighed down by expected risk aversion in the markets. USDSGD remains tilted to the upsides and is likely to test 1.3300 next. A break here exposes a move to 1.3340 next.

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