

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Overnight data flow from the US came in largely positive. Final print of 4Q GDP confirmed a smaller than initially estimated pullback in growth, to 2.9% QOQ** (3Q: +3.2%), higher than the 2.5% in the second estimate. Consumer spending was revised up by 0.2ppt to 4.0% from its previous reading of 3.8%, the highest recorded gain in three years. This brings the full year GDP growth to 2.3% (2016: +1.5%), driven primarily by higher private consumption, nonresidential fixed investment and export.
- **Back home, BNM released its annual report and upgraded 2018 growth forecast on the Malaysian economy. 2018 GDP growth forecast range upgraded to 5.5-6.0%** (previous: 5.0-5.5% and 2017: 5.9%), in line with upbeat assessment in the March MPC statement where BNM judged that the overall risks is balanced amid improving external environment and sustained domestic demand. **Mid-point forecast has been tweaked higher to 5.7%** (from 5.4% as per MOF projection last October) vs. our forecast of 5.0%. **Inflation forecast has been revised lower to 2.0-3.0%** (previous: 2.5-3.5% and 2017: 3.7%), amid smaller contribution from global cost factors, but still more bullish vs our forecast of 2.0%. **Sustained growth outlook, softer inflationary pressure, as well as contained risks of financial imbalances, shall all be supportive of an OPR pause this year.**
- **USD rallied to beat all G10s** while the DXY jumped going into European and US mornings to close 0.77% higher at 90.05, supported by upward revision to US 4Q GDP, abating trade war concerns and receding US-North Korea diplomatic tensions. **Maintain a bullish USD view**, supported by continued recede in jitters in diplomatic relationships and trade; expect upsidеs to accelerate if US data firms up. Minor bearish trend has been overturned by DXY's rally last night that broke through firm resistances. DXY is now tilted to the upside, and likely to target 90.58 in the next leg higher.
- **MYR strengthened 0.31% to 3.8647 against USD** and advanced against all G10s, lifted by continued improvement in regional market sentiment. **We stay slightly bearish on MYR against USD**, anticipating extended rebound in the greenback going into European session. USDMYR remains tilted to the downsides but we caution on a potential rebound after recent sharp losses. Unless current minor bearish trend is overturned, there is room for a drop to 3.8471.
- **SGD slipped 0.15% to 1.3120 against a rebounding USD** but managed to beat all other G10s that tumbled on the greenback's strength. **We now turn bearish on SGD against a firmer USD.** USDSGD managed a strong rebound off 1.3072 and is likely to extend this upward momentum. Expect a test at 1.3151 next and breaking this level exposes a move to 1.3178 next.

#### Overnight Economic Data

US	↕
UK	↕
Japan	↕

#### What's Coming Up Next

##### Major Data

- US PCE core, personal income & spending, initial jobless claims, Chicago PMI, Uni Michigan consumer sentiment
- UK 4Q GDP, Nationwide house prices, index of service, mortgage approvals
- Vietnam CPI, exports YTD, industrial production, retail sales

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2273	1.2292	1.2305	1.2315	1.2337	↘
USDJPY	106.38	106.65	106.87	107.00	107.20	↗
GBPUSD	1.4025	1.4056	1.4071	1.4080	1.4108	↘
AUDUSD	0.7639	0.7650	0.7691	0.7704	0.7738	↘
EURGBP	0.8733	0.8740	0.8750	0.8758	0.8778	↗
USDMYR	3.8620	3.8650	3.8682	3.8716	3.8765	↗
EURMYR	4.7550	4.7600	4.7628	4.7680	4.7700	↘
JPYMYR	3.6102	3.6159	3.6186	3.6233	3.6312	↘
GBPMYR	5.4327	5.4400	5.4402	5.4467	5.4553	↘
SGDMYR	2.9400	2.9427	2.9461	2.9486	2.9500	↘
AUDMYR	2.9550	2.9580	2.9601	2.9647	2.9680	↗
NZDMYR	2.7800	2.7820	2.7841	2.7894	2.7937	↘
USDSGD	1.3100	1.3115	1.3130	1.3147	1.3170	↗
EURSGD	1.6139	1.6150	1.6161	1.6173	1.6207	↘
GBPSGD	1.8431	1.8446	1.8462	1.8483	1.8503	↘
AUDSGD	1.0018	1.0030	1.0047	1.0073	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	1857.87	-0.2	3.4	CRB Index	194.31	-0.65	0.2
Dow Jones Ind.	23848.42	0.0	-3.5	WTI oil (\$/bbl)	64.38	-1.33	6.6
S&P 500	2605.00	-0.3	-2.6	Brent oil (\$/bbl)	69.53	-0.83	4.0
FTSE 100	7044.74	0.6	-8.4	Gold (\$/oz)	1325.01	-1.49	1.8
Shanghai	3122.29	-1.4	-5.6	CPO (RM/tonne)	2409.50	-0.15	0.8
Hang Seng	30022.53	-2.5	0.3	Copper (\$/tonne)	6665.00	0.24	-8.0
STI	3382.78	-1.6	-0.6	Rubber (sen/kg)	434.00	-0.80	-6.2

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US GDP Annualized QOQ	4Q T	2.9%	3.2%	2.7%
US Wholesale Inventories MOM	Feb P	1.1%	1.0%	0.5%
US MBA Mortgage Application	Mar 23	4.8%	-1.1%	--
US Pending Home Sales MOM	4Q T	3.1%	-5.0%	2.0%
UK CBI Reported Sales	Mar	-8	8	7
UK Gfk Consumer Confidence	Mar	-7	-10	-10
JP Retail Sales MOM	Feb	0.4%	-1.6%	0.6%
JP Retail Trade YOY	Feb	1.6%	1.5%	1.7%

Source: Bloomberg

**► Macroeconomics**

- Final print of US 4Q GDP confirmed a smaller than initially estimated moderation in growth. Real GDP growth was revised higher from the second reading of 2.5% to 2.9% YOY in 4Q (3Q: +3.2%) on the back of higher consumer spending. Consumer spending was revised up by 0.2ppt to 4.0% from its previous reading of 3.8%, the highest recorded gain in three years. This brings the full year GDP growth to 2.3% (2016: +1.5%), driven primarily by higher private consumption, nonresidential fixed investment and export but were partly offset by decrease in inventory. In a separate release, wholesale inventories increased at a faster pace of 1.1% MOM in February (Jan: +1.0% revised), an indication that consumption is slowing.
- Meanwhile demand for mortgages rebounded to increase 4.8% for the week ended 23 March after dropping 1.1% in the previous week. Pending home sales surprised on the upside as well, rebounding more than expected to increase 3.1% MOM in February (Jan: -5.0% revised). The US housing markets continue to display strength as demands are firming up while properties available for sales are rather limited. House prices are rising across 20 cities in the US. Mortgages costs are getting less affordable, share of refinancing against overall mortgages in particular is dropping on the back of rising interest rate.
- UK retail sales took a beating in March as the CBI retail sales volume plunged to -8 (Feb: 8) whereas consumer confidence improved slightly albeit still on the negative end at -7 (Feb: -10).
- Retail sales in Japan rebounded as widely expected but came below expectation to increase 0.4% MOM in February (Jan: -1.6% revised) This brings the annual growth to 1.6% YOY (Jan: +1.5%) Figures reported are line with recent improvement in supermarket and department store sales as well as higher headline inflation for the month.
- Back home, BNM released its annual report and upgraded 2018 growth forecast on the Malaysian economy. 2018 GDP growth forecast range upgraded to 5.5-6.0% (previous 5.0-5.5% and 2017 5.9%), in line with upbeat assessment in the March MPC statement where BNM judged that the overall risks is balanced amid improving external environment and sustained domestic demand. Mid-point forecast has been tweaked higher to 5.7% (from 5.4% as per MOF projection last October) vs. our forecast of 5.0%.
- Growth will be driven by sustained domestic demand (+5.7%) and a revival in net exports (+5.5% vs -1.1% a year ago). The private sector will remain in the driver seat, contributing 5.4ppt to overall growth vis-à-vis the public sector (-0.2ppt) and net exports (+0.4ppt). Inflation forecast revised lower to 2.0-3.0% (previous 2.5-3.5% and 2017 3.7%), amid smaller contribution from global cost factors, but still more bullish vs our forecast of 2.0%.
- Monetary policy tone remains neutral in line with March MPC statement, hence no change to our OPR pause view this year unless growth continues to surprise on the upside. Sustained growth outlook, softer inflationary pressure, as well as contained risks of financial imbalances, shall all be supportive of an OPR pause.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	29/3	PCE Core YOY	Feb	1.6%	1.5%	--
		Personal Income	Feb	0.4%	0.4%	--
		Personal Spending	Feb	0.2%	0.2%	--
		Initial Jobless Claims	Mar 24	230k	229k	--
		Chicago Purchasing Manager	Mar	62.0	61.9	--
		U. of Mich Sentiment	Mar F	102.0	102.0	--
UK	29/3	Nationwide House PX MOM	Mar	0.2%	-0.3%	--
		GDP QOQ	4Q F	0.4%	0.4%	--
		Index of Services MOM	Jan	0.2%	0.0%	--
		Mortgage Approvals	Feb	66.0k	67.5k	--
Japan	30/3	Industrial Production YOY	Feb P	2.3%	2.5%	--
		Jobless Rate	Feb	2.6%	2.4%	--
		Housing Starts YOY	Feb	-4.2%	-13.2%	--
		Construction Orders YOY	Feb	--	0.9%	--
New Zealand	29/3	Building Permits MOM	Feb	--	0.2%	--
Vietnam	29/3	CPI YOY	Mar	3.25%	3.15%	--
	29/3	Exports YTD YOY	Mar	21.6%	22.9%	--
	29/3	Industrial Production YOY	Mar	--	8.0%	--
	29/3	Retail Sales YTD YOY	Mar	--	10.1%	--

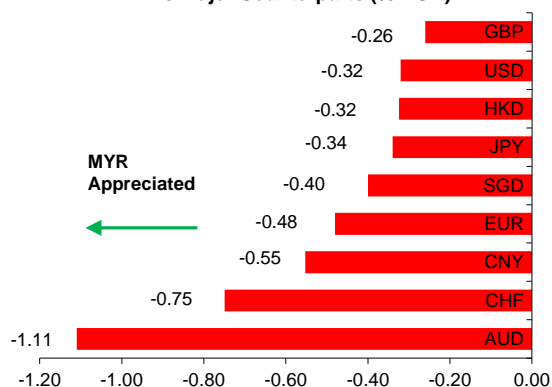
Source: Bloomberg

### FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2308	-0.77	1.2422	1.2300	2.5
USDJPY	106.85	1.43	107.01	105.33	-5.2
GBPUSD	1.4077	-0.57	1.42	1.4071	4.2
AUDUSD	0.7662	-0.22	0.7702	0.7654	-2.0
EURGBP	0.8744	-0.19	0.8768	0.8734	-1.6
USDMYR	3.8647	-0.32	3.8765	3.8563	-4.5
EURMYR	4.7899	-0.48	4.8117	4.7774	-1.9
JPYMYR	3.6597	-0.34	3.6758	3.6499	0.7
GBPMYR	5.4713	-0.26	5.4981	5.4551	-0.4
SGDMYR	2.9517	-0.40	2.9606	2.9464	-2.8
AUDMYR	2.9597	-1.11	2.9810	2.9569	-6.4
NZDMYR	2.8012	-0.75	2.8186	2.7979	-3.3

Source: Bloomberg

### MYR vs Major Counterparts (% DOD)



## Forex

### MYR

- **MYR strengthened 0.31% to 3.8647 against USD** and advanced against all G10s, lifted by continued improvement in regional market sentiment.
- **We stay slightly bearish on MYR against USD**, anticipating extended rebound in the greenback going into European session. USDMYR remains tilted to the downsides but we caution on a potential rebound after recent sharp losses. Unless current minor bearish trend is overturned, there is room for a drop to 3.8471.

### USD

- **USD rallied to beat all G10s** while the DXY jumped going into European and US mornings to close 0.77% higher at 90.05, supported by upward revision to US 4Q GDP, abating trade war concerns and receding US-North Korea diplomatic tensions.
- **Maintain a bullish USD view**, supported by continued recede in jitters in diplomatic relationships and trade; expect upsides to accelerate if US data firms up. Minor bearish trend has been overturned by DXY's rally last night that broke through firm resistances. DXY is now tilted to the upside, and likely to target 90.58 in the next leg higher.

### EUR

- **EUR tumbled 0.77% to 1.2308 against a rebounding USD** but managed to advance against 6 G10s.
- **EUR is still slightly bearish amid potential for further USD rebound.** EURUSD is no longer in a bullish trend after losing 1.2370. EURUSD is now inclined to losses and likely headed for a drop to 1.2244 in the next leg lower.

### GBP

- **GBP fell 0.57% to 1.4077 against a rebounding USD** but remained supported as it beat 7 G10s that retreated to the greenback's rally.
- **Stay slightly bearish on GBP amid potential for further USD rebound;** expect losses to accelerate if UK data underperforms. Downside momentum has increased and likely to push GBPUSD lower going forward. Expect a test at 1.4013 next, below which would trigger a drop to 1.3865 in the coming weeks.

### JPY

- **JPY weakened against 7 G10s and slumped 1.43% to 106.85 against USD** as demand fell sharply on easing US-North Korea diplomatic tensions.
- **Maintain a bearish JPY view amid likelihood of extended USD rebound,** as well as signs of improvement in regional diplomatic ties. There is some room for further gains, but we reckon that USDJPY likely has reached the top of its rebound, with risk of rejection rising approaching 107.20.

### AUD

- **AUD slipped 0.22% to 0.7662 against a rebounding USD** but managed to advance against 9 G10s.
- **AUD is slightly bearish in our view against a firm USD,** with weakness in commodities likely to still apply downside pressure. AUDUSD is still deep in bearish territory and likely inclined to downsides. A minor bearish trend prevails and we set sights on a potential test at 0.7600 next.

### SGD

- **SGD slipped 0.15% to 1.3120 against a rebounding USD** but managed to beat all other G10s that tumbled on the greenback's strength.
- **We now turn bearish on SGD against a firmer USD.** USDSGD managed a strong rebound off 1.3072 and is likely to extend this upward momentum. Expect a test at 1.3151 next and breaking this level exposes a move to 1.3178 next.

**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.