

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Positive US data reaffirmed that the Fed is on track to normalize its monetary policy at a gradual pace.** The much watched PCE core picked up slightly to increase 1.6% YOY in February while the decline in initial jobless claims reaffirmed a tightening labour market. Consumers remained upbeat, as evident in sustained gains in personal income and spending. Consumer sentiments were also optimistic, with the survey by Uni Michigan showing a higher print of 101.4 in March, its highest since March 2004.
- **On the contrary, overnight UK data reaffirmed softer outlook in the UK economy.** 4Q GDP moderated to 0.4% QOQ and 1.4% YOY (3Q: +0.5% QOQ and +1.8% YOY). There were also added signs of continuous weakness in the housing market, with extended decline in house prices and mortgage approvals. Despite a softer macro condition, BOE looks adamant in raising interest rates in the upcoming May MPC meeting, with market pricing in a 72% chance of a hike.
- **USD retreated against 6 G10s** as upsides from recent positive development begin to ebb while positioning likely turned softer ahead of Easter. Nonetheless, the DXY managed to inch 0.1% higher to 90.15 on declines in major components EUR, SEK and GBP. **We are now slightly bearish on USD**, anticipating receding buying interest heading into Easter holiday. DXY remains tilted to the upside but likely to retrace recent gains first before extending further gains amid a minor bullish bias. Expect losses to bounce off 89.85. We still set sights on a potential test at 90.58.
- **MYR slipped 0.12% to 3.8692 against a rebounding USD** but managed to beat 8 G10s as regional sentiment held firm. **We stay slightly bearish on MYR against USD**, anticipating buying interest to ebb going into the weekend. 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 inched 0.07% firmer to 1.3111 against USD** but closed mixed against the G10s. **Stay bearish on SGD against USD**, weighed down by likelihood of softer positioning heading into Easter holiday. USDSGD is likely to extend its recent 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	→
Vietnam	→

#### What's Coming Up Next

##### Major Data

- Japan housing Starts, construction orders

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2273	1.2292	1.2298	1.2315	1.2337	↗
USDJPY	106.00	106.12	106.48	106.64	107.00	↗
GBPUSD	1.4000	1.4013	1.4026	1.4037	1.4057	↗
AUDUSD	0.7650	0.7672	0.7685	0.7696	0.7714	↗
EURGBP	0.8753	0.8762	0.8771	0.8775	0.8790	↗
USDMYR	3.8620	3.8650	3.8655	3.8690	3.8705	↗
EURMYR	4.7500	4.7538	4.7563	4.7606	4.7650	↘
JPYMYR	3.6250	3.6286	3.6327	3.6342	3.6419	↘
GBPMYR	5.4150	5.4200	5.4223	5.4275	5.4300	↘
SGDMYR	2.9450	2.9468	2.9474	2.9500	2.9520	↘
AUDMYR	2.9685	2.9700	2.9713	2.9726	2.9750	↗
NZDMYR	2.7883	2.7926	2.7941	2.7959	2.8000	↗
USDSGD	1.3100	1.3111	1.3116	1.3124	1.3135	↗
EURSGD	1.6104	1.6120	1.6134	1.6139	1.6150	↗
GBPSGD	1.8361	1.8390	1.8398	1.8406	1.8426	↗
AUDSGD	1.0032	1.0056	1.0079	1.0100	1.0115	↗

\* 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	1856.4	-0.1	3.3	CRB Index	195.4	0.55	0.8
Dow Jones Ind.	24103.1	1.1	-2.5	WTI oil (\$/bbl)	64.9	0.87	7.5
S&P 500	2640.9	1.4	-1.2	Brent oil (\$/bbl)	70.3	1.10	3.7
FTSE 100	7056.6	0.2	-8.2	Gold (\$/oz)	1325.5	0.00	1.7
Shanghai	3160.5	1.2	-4.4	CPO (RM/tonne)	2405.0	-0.19	0.6
Hang Seng	30093.4	0.2	0.6	Copper (\$/tonne)	6714.0	0.74	-7.4
STI	3428.0	1.3	0.7	Rubber (sen/kg)	432.5	0.93	-6.5

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US PCE Core YOY	Feb	1.6%	1.5%	1.6%
US Personal Income	Feb	0.4%	0.4%	0.4%
US Personal Spending	Feb	0.2%	0.2%	0.2%
US Initial Jobless Claims	Mar 24	215k	227k	230k
US Chicago PMI	Mar	57.4	61.9	62.0
US U. of Mich Sentiment	Mar F	101.4	99.7	102.0
UK Nationwide House PX MOM	Mar	-0.2%	-0.3%	0.2%
UK GDP QOQ	4Q F	0.4%	0.4%	0.4%
UK Index of Services MOM	Jan	0.2%	0.0%	0.2%
UK Mortgage Approvals	Feb	63.9k	67.5k	66.0k
JP Industrial Production YOY	Feb P	1.4%	2.5%	2.3%
JP Jobless Rate	Feb	2.5%	2.4%	2.6%
VN CPI YOY	Mar	2.66%	3.15%	3.25%
VN Industrial Production YOY	Mar	8.7%	8.0%	--
VN Retail Sales YTD YOY	Mar	9.9%	10.1%	--
VN Exports YTD YOY	Mar	22.0%	22.9%	21.6%

Source: Bloomberg

**➤ Macroeconomics**

- Inflation in the US picked up albeit gradually in February. PCE core, the Fed's critical inflation gauge rose 1.6% YOY in February (Jan: +1.5%), the quickest gain since April 2017. Growth in both personal spending and income remain flattish, maintaining increases of 0.2% and 0.4% YOY respectively (Jan: +0.2% and +0.4%) matching expectations. Meanwhile, the number of Americans claiming for unemployment benefits dropped substantially. The initial jobless claims were recorded at 215k for the week ended 24 March (previous: 227k), the lowest reading since 1973. Sentiment improved tremendously as well as the University of Michigan sentiment index surged to its highest since 2004 at 101.4 in March (Feb: 99.7). Both inflation and labour market conditions are keys to the Federal Reserve's monetary policy decision. Recent data all point to a robust job market in the US. Inflation on the other hand, continues to pick up at a rather benign pace in the first two months of 2017, spending softened as reflected in weaker retail sales due to extreme weather condition. Given the above, the Fed is likely to adhere to a gradual path of rate hike as initially planned. In a separate note, the manufacturing sector expanded at a slower pace in March as Chicago PMI registered a softer reading of 57.4 (Feb: 61.9).

- The final reading UK GDP shows that the UK economy grew by 0.4% QOQ in 4Q17 (3Q: +0.5%) as widely expected. This brings the 4Q growth to 1.4% YOY (3Q: +1.8%). In a separate release, the UK housing markets continued to take a breather as house prices fell for the second month in March. Nationwide house prices dropped by 0.2% MOM in March (Feb: -0.3%). Concurrently mortgage approval dropped to 63.9k (Jan: 67.5k), which raises concerns that consumers remained cautious as evident in a cooling inflation despite a stronger labour market and higher wage growth. The Bank of England has kept its benchmark interest rate unchanged in last week's monetary policy meeting. Despite soft economic condition, BOE continued to signal a hike in interest rate in the coming May meeting. Markets are currently pricing in a 72.4% chance of rate hike.
- Japan Industrial production growth slowed to 1.4% in Feb (Jan: +2.5%). This is in line with other recent readings namely PMI, producer prices, machine tools order and exports which indicate a slowdown in the industrial sector. In a separate release, unemployment rate in Japan inched higher to 2.5% in March after recording the lowest reading in the preceding month (Feb: 2.4%). Plenty of jobs are available as the jobs to applicants ratio stood at 1.58 (Jan: 1.59).
- Data released reflected a mixed picture of the Vietnamese economy. Headline inflation eased to 2.66% YOY in March (Feb: 3.15%) which fell short of expectations while industrial production outperformed to increase 8.7% YOY (Feb: +8.0%). Retail sales softened to a 9.9% YOY increase (Feb: +10.1%). Year-to-date export increase 22.0% YOY (Feb: +22.9%) while imports slowed to increase 13.6% YOY (Feb: +15.3%) which brings the trade balance to USD800m (Feb: USD900m).

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	2/4	Nikkei Malaysia PMI	Mar	--	49.9	--
US	2/4	Markit US Manufacturing PMI	Mar F	55.7	55.7	--
		Construction Spending MOM	Feb	0.3%	0.0%	--
		ISM Manufacturing	Mar	60.0	60.8	--
Japan	30/3	Housing Starts YOY	Feb	-4.2%	-13.2%	--
		Construction Orders YOY	Feb	--	0.9%	--
	2/4	Nikkei Japan PMI Mfg	Mar F	--	53.2	--
China	31/3	Manufacturing PMI	Mar	50.6	50.3	--
		Non-manufacturing PMI	Mar	54.8	54.4	--
	2/4	Caixin China PMI Mfg	Mar	51.7	51.6	--
Singapore	2/4	Purchasing Managers Index	Mar	--	52.7	--
Vietnam	2/4	Nikkei Vietnam PMI Mfg	Mar	--	53.5	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2300	-0.07	1.2335	1.2284	2.5
USDJPY	106.43	-0.39	106.93	106.27	-5.5
GBPUSD	1.4018	-0.42	1.4096	1.4011	3.8
AUDUSD	0.7678	0.21	0.769	0.7643	-1.6
EURGBP	0.8774	0.35	0.8775	0.8741	-1.2
USDMYR	3.8692	0.12	3.8700	3.8653	-4.4
EURMYR	4.7648	-0.52	4.7729	4.7561	-1.7
JPYMYR	3.6292	-0.83	3.6342	3.6159	-0.9
GBPMYR	5.4315	-0.73	5.4531	5.4313	-0.6
SGDMYR	2.9482	-0.12	2.9511	2.9427	-2.7
AUDMYR	2.9682	0.29	2.9718	2.9571	-6.1
NZDMYR	2.7852	-0.57	2.7896	2.7799	-3.3

Source: Bloomberg

**Forex**
**MYR**

- **MYR slipped 0.12% to 3.8692 against a rebounding USD** but managed to beat 8 G10s as regional sentiment held firm.
- **We stay slightly bearish on MYR against USD**, anticipating buying interest to ebb going into the weekend. 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 retreated against 6 G10s** as upsides from recent positive development begin to ebb while positioning likely turned softer ahead of Easter. Nonetheless, the DXY managed to inch 0.1% higher to 90.15 on declines in major components EUR, SEK and GBP.
- **We are now slightly bearish on USD**, anticipating receding buying interest heading into Easter holiday. DXY remains tilted to the upside but likely to retrace recent gains first before extending further gains amid a minor bullish bias. Expect losses to bounce off 89.85. We still set sights on a potential test at 90.58.

**EUR**

- **EUR slipped 0.07% 1.2300 against USD** and fell against 6 G10s on subdued buying interest in the absence of positive catalysts.
- **Expect a slightly bullish EUR today in anticipation of a softer USD.** EURUSD remains in a minor bearish trend and gains today, if any, will likely be limited to 1.2340. We set sights on a decline thereafter to circa 1.2242, which if broken would trigger further losses to 1.2100.

**GBP**

- **GBP weakened 0.42% to 1.4018 against USD** and fell against all G10s, weighed down by signs of a slowing UK economy and absence of positive catalyst to drive further gains.
- **We turn slightly bullish on GBP on potential pullback in USD.** GBPUSD could see some rebound, possibly to circa 1.4060, before resuming its downtrend. Caution that a close below 1.4013 will expose a move to 1.3865.

**JPY**

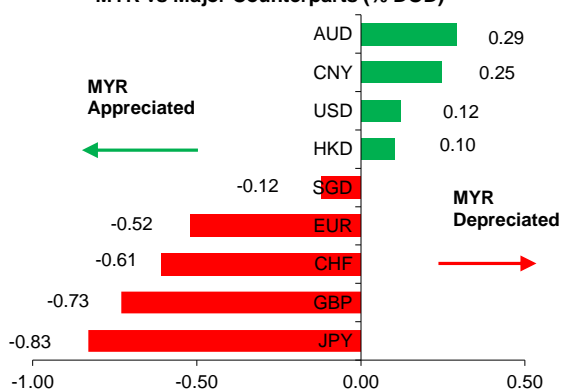
- **JPY** was supported by declines in European majors and beat all G10s and **strengthened 0.39% to 106.43 against USD.**
- **Maintain a bearish JPY view against USD** as market calm is likely to deter demand for refuge. USDJPY remains inclined to the upsides but expect gains to soften approaching 107.17.

**AUD**

- **AUD** advanced against 5 G10s and **strengthened 0.21% to 0.7678 against USD**, supported by rebound in major commodities and improved risk appetite.
- **AUD is now slightly bullish against a potential pullback in USD.** Despite a potential rebound today, we expect gains to be limited by 0.7714. AUDUSD is still deep in bearish territory and inclined to downsides. A minor bearish trend prevails and we set sights on a potential test at 0.7617 next.

**SGD**

- **SGD inched 0.07% firmer to 1.3111 against USD** but closed mixed against the G10s.
- **Stay bearish on SGD against USD**, weighed down by likelihood of softer positioning heading into Easter holiday. USDSGD is likely to extend its recent upward momentum. Expect a test at 1.3151 next and breaking this level exposes a move to 1.3178 next.

**MYR vs Major Counterparts (% DOD)**


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