

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks rallied overnight lifted by better than expected economic data** as the rebound in China NBS manufacturing PMI and higher US ISM manufacturing index helped eased concerns over slowing global growth. The Dow, S&P500 and NASDAQ rose more than 1.0% to start the second quarter on a firm note. **Treasuries fell across the curve on improving risk appetite as the yield on 10Y treasury notes surged by a whopping 9bps to 2.49%. Worries over shortage of supplies drove up oil prices** as WTI jumped by 2.41% to \$61.59/barrel while Brent crude picked up 0.91% to \$69.01/barrel. Earlier, European stocks finished higher while Asian stocks ended mostly in the greens.
- On the data front, **US ISM manufacturing index rebounded** to 55.3 in March, **retail sales fell 0.2% MOM** while construction spending rose 1.0% MOM. Markit manufacturing PMIs were mixed elsewhere- weaker in the Eurozone and Japan but stronger in the UK and China. **Eurozone HICP inflation rate eased to 1.5% YOY in March** while unemployment rate was unchanged at 7.8% in February. Retail sales in Hong Kong dipped 10.4%, offering worrying signals over deteriorating domestic demand. Australia business confidence weakened in March over slower exports and exports sales.
- **The Dollar index closed higher by 0.13% to 97.317** on better risk appetite led by US equity markets and sharply higher UST yields. USDJPY led the charge with a 60 pip move higher while GBPUSD took a tumble thanks to another no deal voting session. **We maintain USD bullishness** as the technical picture continues to favour USD strength all the way to 97.70, which is the short term objective.
- **MYR closed slightly firmer at 4.0800** on better risk appetite thanks to a more upbeat Chinese PMI that soothed growth slowdown concern. **We maintain MYR bearishness** as technical picture and seasonality factors continue to support our view. We are approaching the Ichimoku cloud bottom at 4.0880 which may provide some resistance in the uptrend.
- **SGD closed 0.10% stronger at 1.3544 against USD** as risk sentiment somewhat returns. **We maintain bearishness on SGD** as the technical picture still supports our view barring a close and open below the 1.3524 DMA.

Overnight Economic Data

Malaysia	↓
US	→
Eurozone	→
UK	↑
Japan	↑
China	↑
Hong Kong	↓
Australia	↓
Vietnam	↑

What's Coming Up Next

Major Data

- US Durable Goods Orders
- Eurozone PPI
- UK Markit/CIPS UK Construction PMI
- Australia Building Approvals

Major Events

- RBA Cash Rate Decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1160	1.1200	1.1205	1.1260	1.1300	→
GBPUSD	1.2880	1.2980	1.3070	1.3150	1.3200	↘
USDJPY	110.30	110.70	111.40	111.50	111.85	↗
AUDUSD	0.7010	0.7060	0.7110	0.7130	0.7150	↗
EURGBP	0.8475	0.8525	0.8575	0.8656	0.8675	↗
USDMYR	4.0650	4.0700	4.0840	4.0850	4.0950	↗
EURMYR	4.5520	4.5640	4.5800	4.5900	4.6105	↗
JPYMYR	3.6550	3.6635	3.6685	3.6805	3.7000	↘
GBPMYR	5.2610	5.2940	5.3420	5.3500	5.3740	↘
SGDMYR	3.0000	3.0075	3.0140	3.0170	3.0210	→
AUDMYR	2.8725	2.8855	2.9060	2.9160	2.9287	↗
NZDMYR	2.7380	2.7535	2.7750	2.7950	2.8100	↗
USDSGD	1.3475	1.3510	1.3555	1.3575	1.3600	↗
EURSGD	1.5100	1.5160	1.5190	1.5311	1.5370	→
GBPSGD	1.7410	1.7560	1.7720	1.7795	1.7875	↘
AUDSGD	0.9530	0.9580	0.9635	0.9673	0.9705	↗

* 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	1,628.66	-0.91	-3.66	CRB Index	185.46	0.93	9.22
Dow Jones Ind.	26,258.42	1.27	12.56	WTI oil (\$/bbl)	61.59	2.41	35.63
S&P 500	2,867.19	1.16	14.37	Brent oil (\$/bbl)	69.01	0.91	28.27
FTSE 100	7,317.38	0.52	8.76	Gold (\$/oz)	1,287.72	-0.36	0.43
Shanghai	3,170.36	2.58	27.12	CPO (RM/tonne)*	1,866.50	-1.11	-4.40
Hang Seng	29,562.02	1.76	14.38	Copper (\$/tonne)	6,471.00	-0.18	8.48
STI	3,250.51	1.17	5.92	Rubber (sen/kg)	480.00	0.21	26.65

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MY Nikkei PMI	Mar	47.2	47.6	--
US Retail Sales Advance MOM	Feb	-0.2%	0.7% (revised)	0.3%
US Markit Manufacturing PMI	Mar F	52.4	53.0	52.5
US ISM Manufacturing	Mar	55.3	54.2	54.5
US Construction Spending MOM	Feb	1.0%	2.5% (revised)	-0.2%
EU Markit Manufacturing PMI	Mar F	47.5	49.3	47.6
EU Unemployment Rate	Feb	7.8%	7.8%	7.8%
EU CPI YOY	Mar	1.4%	1.5%	1.5%
UK Markit Manufacturing PMI	Mar	55.1	52.1 (revised)	51.2
JP Nikkei Manufacturing PMI	Mar F	49.2	48.9	--
CH Caixin Manufacturing PMI	Mar	50.8	49.9	50.0
HK Retail Sales Value YOY	Feb	-10.1%	7.0% (revised)	2.8%
AU NAB Business Confidence	Mar	0.0	2.0	--
VN Nikkei PMI Mfg	Mar	51.9	51.2	--

Source: Bloomberg

- US ISM manufacturing PMI beat expectations, overshadowing weaker retail sales:** The ISM Manufacturing Index surpassed estimations to stage a rebound to 55.3 in March (Feb: 52.5) on higher new orders (+1.9pts), productions (+1.0pts) and most notably surging employment (+5.2pts) and prices paid (+4.9pts), easing concerns over a faster than expected slowdown in domestic factories activity. The separate Markit manufacturing PMI however recorded a lower reading of 52.4 in the same month (Feb: 53.0) but the reading was largely cast aside by investors. Retail sales fell 0.2% MOM in February (Jan: +0.7% revised) accompanied by an upbeat revision to January growth from 0.2% to 0.7% but nonetheless pointing to weaker consumer spending in the first quarter considering the acute 1.6% decline in December last year. Last but not least, construction spending rose 1.0% MOM in February (Jan: +2.5% revised) driven mainly by stronger uptick in the public construction sector. The slowdown in spending on private residential constructions (+0.7% vs +1.8%) offered mixed signals over a housing market recovery.
- Eurozone manufacturing weakened:** The final reading of Eurozone Markit Manufacturing PMI was revised lower from 47.6 to 47.5 in March (Feb: 49.3), its second month coming below the 50.0 neutral threshold, confirming a deterioration in the euro area manufacturing conditions. The downturn was largely due to the weakening demand with weakness centred on the intermediate and investment goods sectors. The region's three largest economies recorded sub-50 readings led mainly by Germany where PMI fell to the weakest in more than 6.5 years.
- Eurozone inflation softened in March, labour market stayed firm:** The flash HICP inflation rate clocked in at 1.4%YOY in March (Feb: +1.5%) as the faster increase in prices of energy (+5.3% vs +3.6%) was offset by the slower pace of growth in prices of foods, alcohol & tobacco(+1.8% vs +2.3%) and services (+1.1% vs +1.4%). Underlying inflation which excludes food, alcohol & tobacco and energy weakened further to 0.8% YOY (Feb: +1.0%) reaffirming the continuous lack of price pressure in the Euro area economy. Unemployment rate meanwhile stayed unchanged at 7.8% in February as the labour market stayed intact.
- UK manufacturing PMI at 13-month high as stockpiling continued:** The Markit Manufacturing PMI rose sharply to 55.1 in March (Feb: 52.1 revised) as manufacturers' efforts to build up safety inventories continued amidst Brexit uncertainties. Output and employment strengthened on improved inflows of new work from both domestic and international markets. Prevailing concerns over Brexit weighed down on business sentiments but optimism were reported to have improved over higher output forecast and new demand.
- Slowdown continued in Japan's manufacturing industry:** The headline Nikkei Japan Manufacturing rose to 49.2 in March (Feb: 48.9), marking its second month below the 50.0 no-growth threshold, suggesting that the manufacturing industry ended the first quarter in poor shape. Output fell at the fastest rate in three years while new orders from both domestic and foreign clients were reported to have fallen further pointing to a dismal outlook for the overall goods-producing industry.
- Official and private PMI confirmed rebound in China manufacturing growth:** Echoing the rebound in the official NBS PMI, the Caixin Manufacturing PMI rose to 50.8 in March (Feb: 49.9), marking its first upturn in four months to signal an improvement in the health of the manufacturing sector. The positive reading reflects mainly the quicker increase in production and total new work offering signs of renewed demand for Chinese goods post lunar new year celebration in February.

- **Hong Kong retail sales dipped on deteriorating demand:** Hong Kong retail sales plunged 10.4% YOY in February (Jan: +6.9%), reversing January's pre-Lunar New Year's gain, suggesting an entrenched weakness in Hong Kong domestic consumption. The downturn was retail sales' first drop in two years with all categories recorded declines in sales. Notably, the sales of food, alcohol & tobacco dropped a whopping 17.8% YOY (Jan: +8.7%), clothing & footwear fell 9.4% (Jan: +5.2%) while consumer durable goods declined by 16.8% YOY (Jan: -2.7%).
- **Australia business confidence weakened in March:** The NAB Business Confidence Index fell to 0 in March (Feb: 2.0) despite an improving business conditions (+7.0 vs +4.0), trading (12.0 vs 8.0), profitability (5.0 vs 1.0) and employment (7.0 vs 5.0). The fall in optimism reflects still weak forward orders, exports and exports sales as well as firms' plan to scale back on capex.
- **Vietnam manufacturing sector posted further growth:** Vietnam manufacturing PMI increased to 51.9 in March (Feb: 51.2) on solid growth in output and new orders, suggesting that the manufacturing sector continued to grow at a healthy pace.
- **Malaysia manufacturers reported further deterioration but brighter outlook:** The Nikkei Malaysia Manufacturing PMI fell to 47.2 in March (Feb: 47.6) indicating a deteriorating manufacturing condition in Malaysia as output and new orders were reported to have fallen. The survey however points to rising optimism among firms over forecasts of improved sales, new projects and successful new contract tenders.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
02/04	US	Durable Goods Orders	Feb P	-1.8%	0.3%	--
03/04		MBA Mortgage Applications	Mar-29	--	8.9%	--
		ADP Employment Change	Mar	175k	183k	--
		Markit US Services PMI	Mar F	54.8	56.0	--
		ISM Non-Manufacturing Index	Mar	58.0	59.7	--
02/04	Eurozone	PPI YOY	Feb	3.1%	3.0%	--
03/04		Markit Eurozone Services PMI	Mar F	52.7	52.7	--
		Retail Sales YOY	Feb	2.3%	2.2%	--
02/04	UK	Markit/CIPS UK Construction PMI	Mar	49.8	49.5	--
03/04		Markit/CIPS UK Services PMI	Mar	50.9	51.3	--
03/04	Japan	Nikkei Japan Services PMI	Mar	--	52.3	--
03/04	China	Caixin China Services PMI	Mar	52.3	51.1	--
03/04	Hong Kong	Nikkei Hong Kong PMI	Mar	--	48.4	--
03/04	Singapore	Nikkei Singapore PMI	Mar	50.5	49.8	--
		Purchasing Managers Index	Mar	--	50.4	--
02/04	Australia	Building Approvals MOM	Feb	-1.8%	2.5%	--
		RBA Cash Rate Target	Apr-02	1.5%	1.5%	--
03/04		AiG Perf of Services Index	Mar	--	44.5	--
		Retail Sales MOM	Feb	0.3%	0.1%	--
		Trade Balance	Feb	A\$3,700m	A\$4,549m	--

Source: Bloomberg

Forex

	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1213	-0.04	1.1250	1.1204	-2.29
GBPUSD	1.3103	0.52	1.3150	1.3010	2.53
USDJPY	111.35	0.44	111.44	110.80	1.57
AUDUSD	0.7112	0.23	0.7132	0.7104	0.88
EURGBP	0.8558	-0.56	0.8629	0.8525	-4.67
USDMYR	4.0800	-0.05	4.0835	4.0740	-1.29
EURMYR	4.5849	0.18	4.5904	4.5733	-3.02
JPYMYR	3.6758	-0.29	3.6779	3.6659	-2.18
GBPMYR	5.3408	0.43	5.3428	5.3042	1.39
SGDMYR	3.0142	0.04	3.0157	3.0089	-0.72
AUDMYR	2.9081	0.49	2.9103	2.8987	-0.51
NZDMYR	2.7870	0.44	2.7878	2.7790	0.30
CHFMYR	4.1052	0.04	4.1059	4.0889	-2.24
CNYMYR	0.6071	0.05	0.6085	0.6074	0.48
HKDMYR	0.5199	-0.04	0.5201	0.5190	-1.57
USDSGD	1.3544	-0.10	1.3552	1.3531	-0.57
EURSGD	1.5188	-0.14	1.5249	1.5181	-2.82
GBPSGD	1.7747	0.44	1.7812	1.7618	1.96
AUDSGD	0.9632	0.11	0.9655	0.9625	0.33

Source: Bloomberg

MYR

- **MYR closed slightly firmer at 4.0800** on better risk appetite thanks to a more upbeat Chinese PMI that soothed growth slowdown concern.
- **We maintain MYR bearishness** as technical picture and seasonality factors continue to support our view. We are approaching the Ichimoku cloud bottom at 4.0880 which may provide some resistance in the uptrend.

USD

- **The Dollar index closed higher by 0.13% to 97.317** on better risk appetite led by US equity markets and sharply higher UST yields. USDJPY led the charge with a 60 pip move higher while GBPUSD took a tumble thanks to another no deal voting session.
- **We maintain USD bullishness** as the technical picture continues to favour USD strength all the way to 97.70, which is the short term objective.

EUR

- **EUR pared 0.04% to 1.1213 against USD** on sustained USD strength against majors.
- **EURUSD is expected to be neutral** as is the case in the past few sessions. The lack of a bounce even in risk on environment is likely a sign that there is EURUSD selling pressure which may trigger another leg lower past the 1.12 support soon.

GBP

- **GBP closed higher by 0.52% to 1.3103** after the pair swung as lawmakers once again could not agree on an alternative Brexit plan and confirming the 12 April withdrawal date.
- **We maintain bearish view on GBPUSD** on technical and fundamental reasons over the medium term so long as lawmakers cannot come to an agreement on a deal.

JPY

- **JPY weakened 0.44% to 111.35** against the greenback as US equities and UST yields surged amid better risk sentiment.
- **We turn bearish on JPY** as USDJPY has nicely bounced off the Ichimoku cloud top on the daily and closed above a few short term DMAs.

AUD

- **AUD closed 0.23% stronger against the USD at 0.7112** on better risk appetite thanks to PMI data.
- **We maintain bullish on AUD** as AUDUSD has cleared the mid of the daily Bollinger on stronger Chinese PMI although the 100 DMA and Bollinger top may act as resistance on the way higher.

SGD

- **SGD closed 0.10% stronger at 1.3544 against USD** as risk sentiment somewhat returns.
- **We maintain bearishness on SGD** as the technical picture still supports our view barring a close and open below the 1.3524 DMA.

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