

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended mixed overnight** as the lack of fresh data and concrete trade headlines led investors to reassess Monday's rally. **The Dow finished 0.3% lower, mainly weighed down by drugstore chain Walgreens Boots Alliance whose weak quarterly earnings triggered a series of decline in prices of other rival drugstore companies such as CVS.** The S&P500 was unchanged while NASDAQ rose 0.25%. Treasuries rebounded with yield on 10Y treasury notes fell 3bps to 2.47%. Earlier, European stocks closed higher while Asian equities were mixed as Japanese markets slipped lower. Oil prices futures rose on prospects of supply cut led by OPEC. Brent picked up 0.52% to \$69.37/barrel while WTI gained 1.61% to \$62.58/barrel. Earlier, **RBA held cash rate steady at 1.5% as widely expected, maintaining its conservative outlook on the economy.**
- Preliminary reading of US durable goods orders fell for the first time in five months by 1.6% MOM in February mainly due to the large swing in the volatile nondefense aircrafts and parts segment. **Core capital orders fell 0.1% MOM signaling moderating capex. Eurozone factory gate inflation stayed muted as producer prices rose a modest 3.0% YOY** in February. UK construction sector continued to see falling activity amidst Brexit uncertainties as the Markit/CIPS construction PMI stayed below 50.0. Australia services sector operating conditions remained weak as the AiG Performance of Services Index rose slightly to 44.8 in March (still below 50.0). Building approvals meanwhile surged by 19.1% MOM in February.
- **The Dollar index closed higher by 0.1% to 97.361** on sustained USD demand among the majors as markets remained net USD buyers. **We maintain USD bullishness** as the technical picture and seasonality factors continues to favour USD strength.
- **MYR closed 0.12% weaker at 4.0850** on continued USD demand as a dovish RBA spurred speculation of a rate cut. **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 0.04% weaker at 1.3550 against USD,** almost unchanged. **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

US	↓
Eurozone	↑
UK	↑
Australia	↑

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, ADP Employment Change, ISM Non-Manufacturing Index
- Eurozone Retail Sales
- Singapore Purchasing Manager Index
- Australia Retail Sales, Trade Balance
- US, Eurozone, UK, Japan, China Markit Services PMI
- Hong Kong, Singapore Nikkei PMI,

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1140	1.1170	1.1203	1.1230	1.1260	↘
GBPUSD	1.2880	1.2980	1.3132	1.3150	1.3200	↘
USDJPY	110.30	110.70	111.23	111.50	111.85	↗
AUDUSD	0.6970	0.7010	0.7060	0.7100	0.7130	↘
EURGBP	0.8475	0.8525	0.8535	0.8656	0.8675	↗
USDMYR	4.0650	4.0750	4.0825	4.0880	4.0950	↗
EURMYR	4.5520	4.5640	4.5775	4.5900	4.6105	→
JPYMYR	3.6550	3.6635	3.6735	3.6805	3.7000	↘
GBPMYR	5.2950	5.3210	5.3640	5.3740	5.3980	↘
SGDMYR	3.0000	3.0075	3.0140	3.0170	3.0210	→
AUDMYR	2.8620	2.8725	2.8845	2.9160	2.9287	↘
NZDMYR	2.7380	2.7535	2.7580	2.7713	2.7860	↘
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	1.7800	1.7875	1.7975	↘
AUDSGD	0.9480	0.9530	0.9570	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	1,632.83	0.26	-3.42	CRB Index	186.37	0.49	9.76
Dow Jones Ind.	26,179.13	-0.30	12.22	WTI oil (\$/bbl)	62.58	1.61	37.81
S&P 500	2,867.24	0.00	14.38	Brent oil (\$/bbl)	69.37	0.52	28.94
FTSE 100	7,391.12	1.01	9.85	Gold (\$/oz)	1,292.46	0.37	0.75
Shanghai	3,176.82	0.20	27.38	CPO (RM/tonne)*	1,920.00	2.87	-1.66
Hang Seng	29,624.67	0.21	14.62	Copper (\$/tonne)	6,426.50	-0.69	7.74
STI	3,279.78	0.90	6.88	Rubber (sen/kg)	485.00	0.00	27.97

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Durable Goods Orders	Feb P	-1.6%	0.1% (revised)	-1.8%
US Non-Defense Capital Orders Ex. Aircrafts	Feb P	-0.1%	0.9% (revised)	0.1%
EU PPI YOY	Feb	3.0%	2.9%	3.1%
UK Markit/CIPS Construction PMI	Mar	49.7	49.5	49.8
AU Building Approvals MOM	Feb	19.1%	2.4% (revised)	-1.8%
AU RBA Cash Rate Target	Apr-02	1.5%	1.5%	1.5%
AU AiG Services Index	Mar	44.8	44.5	--

Source: Bloomberg

➤ Macroeconomics

- RBA held cash rate steady:** The RBA left cash rate unchanged at 1.5% as widely expected and maintained its conservative tone on growth outlook, acknowledging the slowdown in international trade and investment intentions as well as the easing of global financial conditions. On the domestic front, it reaffirmed that the strong Australian labour market with unemployment rate at 4.9% (down from 5.0%) is expected to bring about further lift in wage growth over time. GDP data painted a softer picture of the economy (+0.2% QOQ in 4Q18) as growth in household consumption is being affected by the protracted period of weakness in real household disposable income and the adjustment in the housing market. Spending in public infrastructure and private investment are supporting growth outlook. Inflation remains low and stable. Underlying inflation is expected to pick up gradually over the next couple of year although this has been taking a little longer than expected. In the near term, headline inflation is expected to decline on lower petrol prices earlier in the year while underlying inflation is expected to remain broadly stable.
- US core capital orders fell, signaling moderating capex:** Preliminary reading indicates that durable goods orders fell 1.6% MOM in February (Jan: +0.1% revised), its first decline in five months, driven by a fall in the transportations orders particularly in the large swing of the volatile nondefense aircrafts and parts segment (-31.1% vs +9.2%). Excluding transportations, orders rose 0.1% MOM while core capital orders (short for nondefense capital orders excluding aircrafts), a highly watched barometer for business capex resumed a decline of 0.1% MOM (Jan: +0.9%) suggesting moderating business investment.
- Eurozone factory gate inflation stayed subdued:** The Eurozone producer prices index rose 3.0% YOY in February (Jan: +2.9%), a tad stronger than previous month's reading but nonetheless remained well below the above 4% growth seen in the middle of last year, confirming the lack of inflationary pressure in the domestic economy. Prices of energy rose 8.0% YOY (Feb: +7.4%) reflecting the recent increase in global crude oil prices while capital goods and durable consumer goods increased by 1.5% YOY (Jan: +1.4%) and 1.4% YOY (Jan: +1.3%) respectively. Prices of intermediate goods bucked the trend, gaining only 1.3% YOY (Jan: +1.7%).
- Soft patch in UK construction sector continued amidst Brexit:** The Markit/CIPS UK Construction Total Activity Index rose slightly to 49.7 in March (Feb: 49.5) pointing to continuous soft patch in UK construction output. Commercial construction was the worst performing area while civil engineering activity also fell last month with the exception of residential building which experienced a modest upturn. Brexit uncertainty and concerns over domestic economic outlook were said to lead to widespread risk aversion among clients.
- Australia services sector activity contracted for third month; building approvals jumped:** The AiG Performance of Services Index rose slightly to 44.8 in March (Feb: 44.5), marking its third running month below the 50.0 neutral threshold thus suggesting that the services sector continued to come under pressure amidst slower economic backdrop. The mild improvement was driven by an increase in the new orders sub-index and the faster rise in employment, pointing to still solid labour market. Separate release meanwhile reported that building approvals surged by 19.1% MOM in February (Jan: +2.4% revised), likely a one-off jump following months of declines in late 2018 and a modest uptick in January as the property sector in Australia continues to ease on more stringent credit standards.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
04/04	Malaysia	Exports YOY	Feb	2.7%	3.1%	--
03/04	US	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	--
04/04		Initial Jobless Claims	Ma-30	215k	211k	--
03/04	Eurozone	Markit Eurozone Services PMI	Mar F	52.7	52.7	--
		Retail Sales YOY	Feb	2.3%	2.2%	--
03/04	UK	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	--	49.8	--
		Purchasing Managers Index	Mar	50.4	50.4	--
03/04	Australia	Retail Sales MOM	Feb	0.3%	0.1%	--
		Trade Balance	Feb	A\$3,700m	A\$4,549m	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1204	-0.08%	1.1216	1.1184	-2.2%
GBPUSD	1.3128	0.19%	1.3149	1.3014	2.9%
USDJPY	111.32	-0.03%	111.46	111.25	1.4%
AUDUSD	0.7071	-0.58%	0.7129	0.7053	0.1%
EURGBP	0.8532	-0.31%	0.8608	0.8519	-5.0%
USDMYR	4.0850	0.12%	4.0875	4.0780	-1.1%
EURMYR	4.5768	-0.18%	4.5799	4.5713	-3.1%
JPYMYR	3.6665	-0.25%	3.6716	3.6608	-2.4%
GBPMYR	5.3267	-0.26%	5.3432	5.3206	1.1%
SGDMYR	3.0115	-0.09%	3.0152	3.0099	-0.8%
AUDMYR	2.8870	-0.73%	2.9099	2.8859	-1.2%
NZDMYR	2.7636	-0.84%	2.7748	2.7629	-0.5%
CHFMYR	4.0848	-0.50%	4.0905	4.0820	-2.7%
CNYMYR	0.6071	-0.12%	0.6083	0.6074	0.3%
HKDMYR	0.5203	0.08%	0.5208	0.5197	-1.5%
USDSGD	1.3550	0.04%	1.3571	1.3544	-0.5%
EURSGD	1.5182	-0.04%	1.5204	1.5171	-2.8%
GBPSGD	1.7790	0.24%	1.7823	1.7639	2.3%
AUDSGD	0.9581	-0.53%	0.9657	0.9569	-0.3%

Source: Bloomberg

Forex

MYR

- **MYR closed 0.12% weaker at 4.0850** on continued USD demand as a dovish RBA spurred speculation of a rate cut.
- **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 0.1% to 97.361** on sustained USD demand among the majors as markets remained net USD buyers.
- **We maintain USD bullishness** as the technical picture and seasonality factors continues to favour USD strength.

EUR

- **EUR slipped 0.08% to 1.1204 against USD** on sustained USD strength against majors.
- **EURUSD is expected to be bearish** as the pair managed to trade to a low of 1.1185, breaking the 1.1200 support before bouncing back higher to 1.1204 in sympathy of a stronger GBP due to Brexit headlines.

GBP

- **GBP closed higher by 0.19% at 1.3128** against the greenback after the pair was bought towards the close as PM May said that she is open to cross-party talks to work on an extension of Article 50 deadline.
- **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 strengthened marginally by 0.03% to 111.32** as US equities ended mixed and UST yields retrace some gains.
- **We maintain bearish JPY** as USDJPY technical picture has not changed and there are a slew of short term DMAs acting as a support for the pair.

AUD

- **AUD closed 0.58% weaker against the USD at 0.7071** as RBA turned more downbeat on growth outlook spurring expectations of a May rate cut.
- **We turn bearish AUD** due to RBA turning dovish on growth concerns and the close yesterday has shifted the short term technical picture into a bearish one.

SGD

- **SGD closed weaker by 0.04% at 1.3550 against USD**, almost unchanged.
- **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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