

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks finished lower for the second session overnight, dragged down by energy shares as oil prices fell and investors turned cautious while digesting Fed's chair Jerome Powell's Thursday comments.** Crude oil plunged on oversupply concerns after EIA data showed a buildup in US crude stockpiles to the highest level since Sep-17, while Saudi Arabia pledged to boost productions as the US ended sanction waiver program for countries importing oil from Iran on Thursday. WTI fell 2.81% to \$61.81/barrel while Brent crude edged lower by 1.98% to \$70.75/barrel. Energy was the worst performing sector erasing 1.71% in one day. The Dow, S&P 500 and NASDAQ lost 0.46% (-122.35pts), 0.21% (-6.21pts) and 0.16% (-12.87pts). **Treasuries yield rose across the curve in response to Powell's remarks.** 10Y UST yield gained 4bps to 2.54%. European stocks closed mostly lower as **the BOE held rate unchanged as widely expected but sent a rather mixed message on policy outlook.** The FTSE 100 lost 0.46%. Asian stocks ended on mixed notes.
- **US factory orders rebounded to increase 1.9% MOM in March,** durable goods orders jumped 2.6% MOM, while core capital orders also surged by 1.4% MOM. Initial jobless claims was flat at 230k last week. **The final reading of Eurozone manufacturing PMI was revised slightly upwards to 47.9 in April, but nonetheless pointing to continuous weakness in the manufacturing sector.** UK Construction PMI rose to 50.5 in April. In Asia, the Nikkei Vietnam Manufacturing PMI edged up to a four-month high of 52.5 while Malaysia Manufacturing PMI rose to 49.4.
- **The Dollar index closed 0.23% higher at 97.827** as markets continue to readjust positioning to a non-committal Fed as well as oil prices closing at multi-month lows on supply glut worries. **We maintain USD bullishness** as market will most likely continue to readjust short term positioning to reflect the Fed's non-commitment to a rate cut.
- **MYR closed 0.08% lower** against the USD at 4.1380 as markets readjusts positioning to the Fed's non-commitment to a rate cut. **We remain neutral MYR** as it continues to consolidate between the 4.12-4.15 immediate range with a slight upside bias thanks to a non-committal Fed as it stands firm on keeping rates unchanged.
- **SGD closed 0.12% weaker at 1.3626 against USD** post FOMC. **We maintain bearish SGD** as the broader USD is likely continuing to register gains on yield differentials and the expected equity weakness in Asia will support SGD weakness in the near term.

Overnight Economic Data

Malaysia	↑
US	↑↑
Eurozone	↑↑↑
UK	↑↑

What's Coming Up Next

Major Data

- Malaysia Trade Report
- US Advanced Goods Trade Balance, Wholesale & Retail Inventories, Job Report, ISM Non-Manufacturing Index, Markit Services PMI
- Eurozone CPI, PPI, UK Markit/CIPS Services PMI
- Singapore PMI, Hong Kong Retail Sales
- Australia AiG Perf. of Services Index, Building Approvals

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1120	1.1150	1.1175	1.1200	1.1230	↘
GBPUSD	1.2950	1.3000	1.3037	1.3100	1.3150	↘
USDJPY	111.00	111.30	111.45	111.75	112.00	→
AUDUSD	0.6920	0.6950	0.6998	0.7030	0.7050	↘
EURGBP	0.8520	0.8550	0.8575	0.8600	0.8650	→
USDMYR	4.1300	4.1380	4.1430	4.1450	4.1500	↗
EURMYR	4.6000	4.6200	4.6310	4.6450	4.6650	→
JPYMYR	3.6900	3.7050	3.7180	3.7200	3.7300	→
GBPMYR	5.3750	5.3900	5.4005	5.4150	5.4400	↗
SGDMYR	3.0325	3.0375	3.0410	3.0450	3.0500	→
AUDMYR	2.8900	2.8950	2.9000	2.9050	2.9100	↘
NZDMYR	2.7300	2.7400	2.7420	2.7650	2.7750	↘
USDSGD	1.3550	1.3600	1.3627	1.3655	1.3700	↗
EURSGD	1.5150	1.5200	1.5233	1.5270	1.5311	→
GBPSGD	1.7500	1.7650	1.7769	1.7875	1.7975	→
AUDSGD	0.9450	0.9500	0.9539	0.9600	0.9650	↘

* 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	1,632.24	-0.61	-3.45	CRB Index	181.90	-0.96	7.13
Dow Jones Ind.	26,307.79	-0.46	12.78	WTI oil (\$/bbl)	61.81	-2.81	36.12
S&P 500	2,917.52	-0.21	16.38	Brent oil (\$/bbl)	70.75	-1.98	31.51
FTSE 100	7,351.31	-0.46	9.26	Gold (S/oz)	1,270.69	-0.48	-0.92
Shanghai	3,078.34	0.52	23.43	CPO (RM/tonne)	1,984.50	0.43	1.64
Hang Seng	29,944.18	0.83	15.86	Copper (\$/tonne)	6,167.00	-1.09	3.39
STI	3,393.33	-0.20	10.58	Rubber (sen/kg)	486.00	-0.41	28.23

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA Nikkei Malaysia PMI	Apr	49.4	47.2	--
US Initial Jobless Claims	27 Apr	230k	230k	215k
US Factory Orders	Mar	1.9%	-0.3% (revised)	1.5%
US Durable Goods Orders	Mar F	2.6%	-1.3%	--
US Cap Goods Orders Nondef Ex Air	Mar F	1.4%	0.0%	--
EU Markit Eurozone Manufacturing PMI	Apr F	47.9	47.5	47.8
UK Markit/CIPS UK Construction PMI	Apr	50.5	49.7	50.3
UK Bank of England Bank Rate	02 May	0.75%	0.75%	0.75%
VN Nikkei Manufacturing PMI	Apr	52.5	51.9	--

Source: Bloomberg

➤ Macroeconomics

- BOE kept rate steady, lifted growth forecast:** The Bank of England MPC voted unanimously to keep its bank rate unchanged at 0.75% but revised upwards its overall growth outlook. GDP is expected to have grown 0.5% QOQ in 1Q, higher than previously expected in February reflecting the larger than expected boost from companies building stocks ahead of Brexit deadline. The boost is temporary thus is likely leading to a slower 2Q at 0.2%. That said, full year 2019 median GDP growth forecast is revised upward from 1.2% to 1.5%, higher than previous projection but is marginally below potentials reflecting slowdown in global growth and ongoing Brexit uncertainties. Projections over the three year forecast period were generally lifted as the BOE sees global growth stabilizing on easing financial conditions, lessening trade tensions as well as dissipating Brexit concerns. On the price front, CPI is expected to be below the BOE's 2% target during the first half of the forecast period on lower retail energy prices and is projected to be at 1.6% YOY at the end of 2019 (Feb's forecast at 2.0%). The BOE maintained in its statement that the current stance of monetary policy is appropriate and reiterated that the monetary policy response to Brexit could be in either direction. However in a post meeting press conference, BOE governor Mark Carney said that the central bank could raise rate faster than predicted if the UK manages to handle a smooth exit from the EU, but risks of a "no-deal" Brexit remain significant. Overall, the BOE sent rather mixed messages given its upbeat growth forecast but softer inflation outlook, suggesting that it will keep its bank rate unchanged for the remainder of 2019.
- US factory orders rose for the first time in three months; initial jobless claims flat:** US factory orders rebounded to increase 1.9% MOM in March (Feb: -0.3% revised), marking its first rise in three months lifted by orders of capital goods. Excluding transportations, factory orders also rose by an impressive 0.8% MOM (Feb: +0.3%), pointing to strengthening demand conditions. Within factory orders, durable goods jumped 2.6% MOM (Feb: -1.3%), more than reversing previous month's decline. Core capital orders (Nondefense capital orders excluding aircrafts) picked up 1.4% MOM (Feb: +0.0%), its best reading since July last year, suggesting that firms raised business investment. Meanwhile, initial jobless claims was flat at 230k for the week ended 27 Apr (previous: 230k) bringing the four-week moving average to 212.5k (previous: 206k). Nonetheless, the labour market remains tight and markets will be shifting attentions to tonight's NFP number.
- Eurozone manufacturing industry remained weak:** The final reading of Eurozone manufacturing PMI was revised slightly upwards from 47.8 to 47.9 in April (Mar: 47.5), but nonetheless pointing to continuous weakness in the bloc's manufacturing industry as April's print marked the PMI's third running month below the 50.0 neutral threshold. Germany continued to lead the downturn while Greece was reported to experience fastest pace of growth. Orders, new exports orders and production fell last month, painting a generally weak demand conditions both at home and abroad, suggesting that the euro area economy began 2Q on a softer footing.
- UK construction sector expanded for the first time since January:** The IHS Markit/CIPS UK Construction PMI rose to 50.5 in April (Mar: 49.7), its first time above the 50.0 neutral reading since January this year, signaling a modest increase of overall construction output with solid expansion seen in residential work. Commercial construction was weaker while civil engineering activity decreased last month.

- Vietnam PMI signals continuous strength in manufacturing:** The Nikkei Vietnam Manufacturing PMI edged up to a four-month high of 52.5 in April (Mar: 51.9), signaling a continuous expansion of the country's manufacturing industry as firms continued to secure new orders leading to increased hiring last month. New orders were also expected to rise further, thus boosting sentiments over production volume in the coming months, offering signs that sector will remain on solid footing in the near term.
- Malaysia manufacturing PMI rose to seven-month high:** The headline Nikkei Malaysia Manufacturing PMI rose to 49.4 in April (Mar: 47.2), its highest level since September last year to signal a slower pace of contraction in Malaysia manufacturing activity. The upturn was reported to be driven by a renewed improvement in foreign demand as new exports orders rose for the first time in five months with higher overseas workloads from Europe, the US and Asian countries such as Japan and Singapore. Optimism also appeared to have improved tremendously as business confidence picked up to its highest level since Oct-13.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
03/05	Malaysia	Exports YOY	Mar	-3.4%	-5.3%	--
		Imports YOY	Mar	-2.5%	-9.4%	--
		Trade Balance MYR	Mar	13.75b	11.06b	--
03/05	US	Advance Goods Trade Balance	Mar	-\$73.0b	--	--
		Wholesale Inventories MOM	Mar P	0.2%	0.2%	--
		Retail Inventories MOM	Mar	0.1%	0.3%	--
		Change in Nonfarm Payrolls	Apr	190k	196k	--
		Unemployment Rate	Apr	3.8%	3.8%	--
		Average Hourly Earnings YOY	Apr	3.3%	3.2%	-
		Markit US Services PMI	Apr F	52.9	55.3	--
		ISM Non-Manufacturing Index	Apr	57.0	56.1	--
		03/05	Eurozone	PPI YOY	Mar	3.0%
CPI Core YOY	Apr A			1.0%	0.8%	--
CPI Estimate YOY	Apr			1.6%	1.4%	--
06/05		Markit Eurozone Services PMI	Apr F	52.5	53.3	--
		Sentix Investor Confidence	May	--	-0.3	--
		Retail Sales MOM	Mar	--	0.4%	--
03/05	UK	Markit/CIPS UK Services PMI	Apr	50.3	48.9	--
06/05	China	Caixin China PMI Services	Apr	54.2	54.4	--
03/05	Hong Kong	Retail Sales Value YOY	Mar	3.2%	-10.1%	--
06/05		Nikkei Hong Kong PMI	Apr	--	48.0	--
03/05	Singapore	Purchasing Managers Index	Apr	51.0	50.8	--
06/05		Nikkei Singapore PMI	Apr	--	51.8	--
03/05	Australia	AiG Perf of Services Index	Apr	--	44.8	--
		Building Approvals MOM	Mar	--	19.1%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1172	-0.21	1.1219	1.1171	-2.55
GBPUSD	1.3032	-0.14	1.3080	1.3018	2.19
USDJPY	111.51	0.12	111.67	111.35	1.67
AUDUSD	0.7000	-0.21	0.7029	0.6995	-0.72
EURGBP	0.8575	-0.05	0.8598	0.8569	-4.61
USDMYR	4.1380	0.08	4.1395	4.1325	0.17
EURMYR	4.6354	0.01	4.6418	4.6288	-1.94
JPYMYR	3.7097	-0.12	3.7126	3.7050	-1.23
GBPMYR	5.4011	0.64	5.4118	5.3938	2.53
SGDMYR	3.0398	-0.02	3.0416	3.0354	0.13
AUDMYR	2.9058	-0.41	2.9083	2.8984	-0.59
NZDMYR	2.7438	-0.63	2.7468	2.7380	-1.25
CHFMYR	4.0612	-0.03	4.0683	4.0591	-3.29
CNYMYR	0.6141	0.01	0.6141	0.6136	1.46
HKDMYR	0.5274	0.02	0.5276	0.5268	-0.15
USDSGD	1.3626	0.12	1.3633	1.3601	0.01
EURSGD	1.5224	-0.09	1.5263	1.5222	-2.55
GBPSGD	1.7755	-0.03	1.7800	1.7735	2.19
AUDSGD	0.9538	-0.13	0.9567	0.9534	-0.72

Source: Bloomberg

Forex

MYR

- **MYR closed 0.08% lower** against the USD at 4.1380 as markets readjusts positioning to the Fed's non-commitment to a rate cut.
- **We remain neutral MYR** as it continues to consolidate between the 4.12-4.15 immediate range with a slight upside bias thanks to a non-committal Fed as it stands firm on keeping rates unchanged.

USD

- **The Dollar index closed 0.23% higher at 97.827** as markets continue to readjust positioning to a non-committal Fed as well as oil prices closing at multi-month lows on supply glut worries.
- **We maintain USD bullishness** as market will most likely continue to readjust short term positioning to reflect the Fed's non-commitment to a rate cut.

EUR

- **EUR closed 0.21% lower at 1.1172 against USD** as USD strength continues to dominate post-FOMC amidst weaker risk sentiments and position readjustments.
- **We remain bearish on EUR** as there looks to be a growth divergence between the Eurozone economies and the US economy still which may drag on the EUR as a whole. A clearer picture may appear post-NFP tonight to confirm a solid US economy. A stellar NFP print will confirm this scenario.

GBP

- **GBP closed 0.14% lower at 1.3032** in line with broad USD strength post-BOE MPC which turned out to be a non-event.
- **GBP turns neutral** after its failure to regain the 1.31 handle post-BOE MPC and may even turn bearish below 1.30 as market readjusts to a stronger USD in general.

JPY

- **JPY closed 0.12% weaker at 111.51** in line with stronger USD in general and higher UST yields.
- **We continue to remain neutral on JPY** as we are still in the midst of Japanese golden week holidays and we look towards data as catalysts for any short term volatilities.

AUD

- **AUD closed lower 0.21% at 0.7000 against the USD** as USD strength continues to dominate.
- **We turn bearish on AUD** as it has failed to maintain the upside momentum needed to break higher towards the 0.71 area post-FOMC and is now flirting around the important support zone of 0.7000.

SGD

- **SGD closed 0.12% weaker at 1.3626 against USD** post FOMC.
- **We maintain bearish SGD** as the broader USD is likely continuing to register gains on yield differentials and the expected equity weakness in Asia will support SGD weakness in the near term.

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