

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks rose overnight as the improving prospect of a US-China trade deal boosted chipmakers shares, offsetting weaker-than-expected economic data.** Sentiments were lifted by White House economic advisor Larry Kudlow's remarks that talks were progressing well with both parties hoping to get closer to a deal this week. The Dow, S&P500 and NASDAQ rose 0.15%, 0.21% and 0.60% respectively. **Treasuries fell amidst improving risk appetites as the yield on 10Y US government notes resumed a 5bps climb to 2.52%.** Elsewhere, European stocks rallied, supported by trade optimism while Asian benchmarks mostly closed in the greens. Oil futures fell after EIA reported larger-than-expected buildup in crude inventories, easing some recent concerns over tight supply. WTI fell 0.19% to \$62.46/barrel while Brent crude fell 0.09% to \$69.31/barrel.
- **US data were weak.** ISM non-manufacturing clocked in at a disappointing 56.1 in March while Markit services PMI fell to 55.3, renewing concerns over slower services sector growth. ADP payrolls fell to 129k while mortgage applications surged by 18.6% on lower rates. **Services PMI for major economies turned out to be weaker as well in the Eurozone, UK and Japan. China stood in exception-** the increase in Caixin services PMI was in line with last week's better than expected official NBS reading. Singapore PMIs (both official and private) rebounded whereas Hong Kong PMI slipped further. Elsewhere, **Australia international trade weakened** as exports rose a mere 0.2% while imports fell 1.1%. Retail sales however outperformed, as domestic consumption was supported by a solid labour market.
- **MYR closed 0.15% firmer at 4.0790 against the USD** on better risk appetite after a FT report claimed US-China trade talks are very close to completion as most of the sticking points preventing an agreement have been resolved. **We maintain MYR bearishness** so long as USDMYR still trades within the upper Bollinger Band in the short term. A close and open below the 4.0750 mark would then negate short term MYR bearishness and expose USDMYR to the 4.06 area.
- **USD index closed lower by 0.3% to 97.07** on a raft of better than expected European and Chinese service sector figures as well as improved risk appetite from trade talk optimism. **We maintain USD bullishness** still as technical indicators have not fully confirmed that the USD is trending negative as well as we are awaiting NFP data from the US which may again alter the short term direction.
- **SGD closed stronger by 0.10% at 1.3537 against USD** on broad USD weakness amid improved risk appetite. **We maintain bearishness on SGD** as the technical picture still supports our view barring a close and open below the 1.3524 DMA which still holds at time of writing.

#### Overnight Economic Data

US	↓
Eurozone	↓
UK	↓
Japan	↓
China	↑
Hong Kong	↓
Singapore	↑
Australia	→

#### What's Coming Up Next

##### Major Data

- Malaysia Exports
- US Initial Jobless Claims

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1170	1.1200	1.1245	1.1260	1.1280	↗
GBPUSD	1.3050	1.3125	1.3178	1.3200	1.3250	↗
USDJPY	110.75	111.10	111.54	111.85	112.15	↗
AUDUSD	0.7010	0.7080	0.7123	0.7150	0.7200	→
EURGBP	0.8475	0.8525	0.8535	0.8656	0.8675	→
USDMYR	4.0650	4.0750	4.0810	4.0880	4.0950	↗
EURMYR	4.5520	4.5640	4.5900	4.6105	4.6350	→
JPYMYR	3.6400	3.6550	3.6620	3.6715	3.6850	↘
GBPMYR	5.3150	5.3450	5.3795	5.3980	5.3215	↗
SGDMYR	3.0080	3.0130	3.0180	3.0210	3.0250	→
AUDMYR	2.8620	2.8725	2.9070	2.9160	2.9287	↗
NZDMYR	2.7380	2.7535	2.7745	2.7860	2.7980	↗
USDSGD	1.3475	1.3510	1.3527	1.3575	1.3600	↗
EURSGD	1.5100	1.5160	1.5212	1.5311	1.5370	↗
GBPSGD	1.7410	1.7560	1.7829	1.7875	1.7975	↗
AUDSGD	0.9480	0.9530	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	1,643.21	0.64	-2.80	CRB Index	186.85	0.26	10.04
Dow Jones Ind.	26,218.13	0.15	12.39	WTI oil (\$/bbl)	62.46	-0.19	37.55
S&P 500	2,873.40	0.21	14.62	Brent oil (\$/bbl)	69.31	-0.09	28.83
FTSE 100	7,418.28	0.37	10.26	Gold (\$/oz)	1,289.93	-0.20	0.67
Shanghai	3,216.30	1.24	28.97	CPO (RM/tonne)*	1,961.00	2.14	0.44
Hang Seng	29,986.39	1.22	16.02	Copper (\$/tonne)	6,492.00	1.02	8.83
STI	3,311.27	0.96	7.90	Rubber (sen/kg)	492.50	0.72	29.95

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	Mar-29	18.6%	8.9%	--
US ADP Employment Change	Mar	129k	197k (revised)	175k
US Markit Services PMI	Mar F	55.3	56.0	54.8
US ISM Services	Mar	56.1	59.7	58.0
EU Markit Services PMI	Mar F	55.3	56.0	52.7
EU Retail Sales MOM	Feb	0.4%	0.9% (revised)	0.3%
UK Markit/CIPS Services PMI	Mar	48.9	51.3	50.9
JP Nikkei Services PMI	Mar	52.0	52.3	--
CN Caixin Services PMI	Mar	54.4	51.1	52.3
HK Nikkei PMI	Mar	48.0	48.4	--
SG Nikkei PMI	Mar	51.8	49.8	--
SG PMI	Mar	50.8	50.4	50.4
AU Retail Sales MOM	Feb	0.8%	0.1%	0.3%
AU Trade Balance	Feb	A\$4,801m	A\$4,351m (revised)	A\$3,700m

Source: Bloomberg

- US services sector growth lost steam in March, ADP disappointed:** The ISM Non-manufacturing Index clocked in at a disappointing 56.1 in March (Feb: 59.7) following the rebound in the previous month. The slower upturn was a result of slower growth in production (-7.3pts), new orders (-6.2pts) and new exports orders (-2.5pts). Similarly, the Markit US Services PMI fell to 55.3 in the same month (Feb: 56.0), leading to renewed concerns over a slowdown in the US services industry. Meanwhile, the private sector was said to have added 129k new jobs in March (Feb: +197k revised) according to the latest ADP job report, missing consensus estimates of 175k, thus suggesting a potentially modest increase in tomorrow night's NFP number. Mortgage applications jumped by 18.6% in the week ended 29 March (previous: +8.9%), marking its fourth week of increase. The surge of financing demand was driven by the fall in interest rates across the board following lower treasury yield last week- the rate-sensitive refinancing segment in particular surged by a whopping 38.5%. The average rate for a fixed-rate 30Y mortgage loan slipped to 4.36% (previous: 4.45%).
- Eurozone services sector saw quicker growth; retail sales eased:** The final reading of Eurozone Markit Services PMI was revised higher from 52.7 to 53.3 in March (Feb: 51.9) suggesting a faster expansion in the bloc's services sector. The upturn was led by Germany and Spain and was supported by a rise in new business volume indicating that the growth in the services industry is still holding up in contrast with the slower manufacturing sector. Separate release meanwhile shows that retail sales rose 0.4% MOM in February (Jan: +0.9% revised) mainly on slower growth in non-food products and the decline in sales of automotive fuel (-1.7% vs +1.5%). YOY, retail sales grew at a faster pace of 2.8% YOY (Feb: +2.2%).
- UK services sector deteriorated for the first time in 2.5 years:** The Markit/CIPS UK Services PMI slipped to 48.9 in March (Feb: 51.3) marking its first time below the neutral 50.0 threshold since Jul-16, thus indicating a contraction in the services industry. Brexit uncertainties were said to have constrained demand as clients hope for clarity about Brexit outcome before committing to new projects. Subdued international demand was also noted as seen in the marked drop in new work from abroad.
- Japan services sector on solid footing, upcoming tax hike dampened optimism:** Japan Markit Services PMI fell slightly to 52.0 in March (Feb: 52.3) signaling a softer expansion of the services sector but nonetheless suggesting that the sector remains on firm footing supported by sustained rise in new business and job creations. Business confidence however fell to 18-month low largely over the anticipation on the upcoming consumption tax hike in October which could bring adverse impact to prospect of growth leading to falling new order inflows.
- PMI reaffirmed solid growth trajectory for China services sector:** The Caixin China General Services PMI ticked by a larger margin to 54.4 in March (Feb: 51.1), in line with the stronger than expected NBS official reading. The upturn was driven by a solid and accelerated rise in new orders and new exports sales suggesting that the services sector remains on a firm footing.
- Hong Kong PMI fell on weaker demand:** The Nikkei Hong Kong PMI fell to 48.0 in March (Feb: 48.4) to signal the deteriorating condition in the private sector operating condition as soft demand environment particularly weaker sales to China continued to weigh on the economy.

- Singapore PMIs rebounded:** The Singapore Institute of Purchasing and Materials Management PMI rebounded to 50.8 in March (Feb: 50.4) on improving new orders and output as well as exports. The Electronics Sector PMI also saw minor increase to 49.8 (Feb: 49.5) but nonetheless remained below the 50.0 threshold. Meanwhile, the Nikkei Singapore PMI also rose to a three-month high of 51.8 in March (Feb: 49.8) suggesting a modest improvement in Singapore private sector health on higher output, new business and stronger confidence over better sales prospect.
- Australia international trade weakened; retail sales surged:** Australia international trade weakened in February as exports rose a mere 0.2% MOM (Jan: +4.8%) while imports slipped 1.1% MOM (Jan: +3.9%), bringing the trade surplus to widen to A\$4.8b (Feb: A\$4.35b). The growth in merchandise exports to China (+10.7% MOM) was partly offset by the decline in exports to Japan (-13.6%) and Korea (-9.1%), pointing to a generally weaker demand from overseas. On the domestic front, retail sales outperformed to increase 0.8% MOM in February (Jan: +0.1%), its strongest growth in more than a year, offering relief that domestic consumption is supported by a solid labour market.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
04/04	Malaysia	Exports YOY	Feb	2.3%	3.1%	--
05/04		Foreign Reserves	Mar-29	--	\$102.6b	--
04/04	US	Initial Jobless Claims	Ma-30	215k	211k	--
05/04		Change in Nonfarm Payrolls	Mar	180k	20k	--
		Unemployment Rate	Mar	3.8%	3.8%	--
		Average Hourly Earnings YOY	Mar	3.4%	3.4%	--
05/09	UK	Halifax House Prices 3M YOY	Mar	2.1%	2.8%	--
05/04	Japan	Household Spending YOY	Feb	1.9%	2.0%	--
		Labour Cash Earnings YOY	Feb	0.9%	1.2%	--
05/04		Leading Index CI	Feb P	97.2	96.5	--
		Coincident Index	Feb P	98.9	98.1	--
05/04	Australia	AiG Performance of Construction Index	Mar	--	43.8	--

Source: Bloomberg

	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1233	0.26	1.1255	1.1201	-1.34
GBPUSD	1.3158	0.23	1.3196	1.3122	3.30
USDJPY	111.49	0.15	111.58	111.21	1.56
AUDUSD	0.7113	0.59	0.7130	0.7055	1.00
EURGBP	0.8535	0.04	0.8558	0.8503	-5.05
USDMYR	4.0790	-0.15	4.0840	4.0750	-1.32
EURMYR	4.5883	0.25	4.6039	4.5665	-2.94
JPYMYR	3.6585	-0.22	3.6831	3.6558	-2.64
GBPMYR	5.3735	0.88	5.3886	5.3501	2.00
SGDMYR	3.0164	0.16	3.0312	3.0066	-0.64
AUDMYR	2.9042	0.60	2.9118	2.8758	-0.64
NZDMYR	2.7698	0.22	2.7766	2.7498	-0.32
CHFMYR	4.0940	0.23	4.1129	4.0832	-2.51
CNYMYR	0.6071	0.13	0.6085	0.6076	0.49
HKDMYR	0.5197	-0.12	0.5230	0.5193	-1.61
USDSGD	1.3537	-0.10	1.3558	1.3522	-0.73
EURSGD	1.5205	0.15	1.5221	1.5175	-2.65
GBPSGD	1.7814	0.13	1.7851	1.7761	2.55
AUDSGD	0.9628	0.49	0.9646	0.9564	0.28

Source: Bloomberg

## Forex

### MYR

- **MYR closed 0.15% firmer at 4.0790 against the USD** on better risk appetite after a FT report claimed US-China trade talks are very close to completion as most of the sticking points preventing an agreement have been resolved.
- **We maintain MYR bearishness** so long as USDMYR still trades within the upper Bollinger Band in the short term. A close and open below the 4.0750 mark would then negate short term MYR bearishness and expose USDMYR to the 4.06 area.

### USD

- **USD index closed lower by 0.3% to 97.07** on a raft of better than expected European and Chinese service sector figures as well as improved risk appetite from trade talk optimism.
- **We maintain USD bullishness** still as technical indicators have not fully confirmed that the USD is trending negative as well as we are awaiting NFP data from the US which may again alter the short term direction.

### EUR

- **EUR gained 0.26% to 1.1233 against USD** on broad USD weakness due to improved risk appetite.
- **EURUSD is expected to be bullish** in the short term as the pair managed to close and open above 1.1225 the short term resistance DMA and intraday momentum seems to indicate EUR strength towards 1.1275.

### GBP

- **GBP closed higher by 0.23% to 1.3158** as Parliament has managed to pass a bill allowing PM May to start cross-party talks and hence blocking a no-deal Brexit.
- **We turn bullish on GBPUSD** over the short term as we are now trading firmly above 1.3162 and 1.3169 MA resistance and Bollinger mid. A sustained close above these levels will be bullish for the pair towards 1.33 area.

### JPY

- **JPY weakened 0.15% to 111.49** as US equities and UST yields registers gains on improved risk appetite.
- **We maintain bearish JPY** as USDJPY as technical picture has not changed and there are a slew of short term DMAs continue to act as a support for the pair.

### AUD

- **AUD closed 0.59% stronger against the USD at 0.7113** completely retracing the RBA move previously on improved risk appetite and overall USD weakness.
- **We turn neutral on AUD** due to short term technicals flip flopping between negative and positive on headlines while we await NFP data to gauge further direction.

### SGD

- **SGD closed stronger by 0.10% at 1.3537 against USD** on broad USD weakness amid improved risk appetite.
- **We maintain bearishness on SGD** as the technical picture still supports our view barring a close and open below the 1.3524 DMA which still holds at time of writing.

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