

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks rallied on Friday as upbeat job data pointed to a solid labour market**, boosting investors' confidence, leading key benchmarks to reverse most of the losses last week. The Dow, S&P 500 and NASDAQ rose 0.75% (+197.16pts), 0.96% (+28.12pts) and 1.58% (+127.22pts). Treasuries yield fell with 10Y UST yield ending 1bp lower at 2.53%. Crude oil rose slightly after being clobbered in the previous session – Brent crude was up by 0.14% to \$70.85/barrel while WTI rose 0.21% to \$61.94/barrel. **Overnight, President Trump abruptly announced his decision via Twitter to hike the current 10% tariffs on \$200b Chinese goods to 25%**, to be effective on coming Friday and vowed to slap 25% tariffs on an additional \$325b untaxed goods, citing that the current trade talk progressed too slowly. The move came ahead of Chinese Vice Premier Liu He's arrival in Washington this week for another round of negotiations, and would significantly escalate ongoing US-China trade tension and risk rattling the financial markets.
- **US data were mixed and mostly overshadowed by the stronger job numbers.** NFP came in much higher than expected at 263k in April, unemployment rate fell to 3.6% and average hourly earnings were steady at 3.2%. Both the **ISM and Markit PMI services ticked lower signaling softer services sector growth.** Wholesale inventories were flat, retail inventories fell. Goods trade deficit widened as imports growth outpaced that of exports in March. Meanwhile, **Eurozone HICP inflation rate jumped to 1.7% YOY in April and core CPI also strengthened to 1.2% YOY.** UK services sector returned to growth according to latest Markit PMI while Australia services sector remained in contracting mode despite the uptick. Hong Kong retail sales fell again albeit at slower rate as consumer demand lost steam. Singapore PMI weakened further to near stagnation level. **Malaysia exports posted a smaller decline of 0.5% YOY in March.**
- **The Dollar index closed 0.39% lower at 97.447** as the Fed focuses on tepid inflation and commented that it may cut rates if inflation remains slow. **We maintain USD bullishness** as USD continues to trade within the upper bound of the Bollinger band and external factors such as trade talks may continue to drive USD strength amid flight to safety.
- **MYR closed 0.13% lower** against the USD at 4.1435 in lackluster trading as markets awaits NFP numbers. **We remain neutral MYR** as it continues to consolidate between the 4.12-4.15 immediate range with an upwards bias.
- **SGD closed 0.15% stronger at 1.3605 against USD** in line with a weaker USD. **We maintain bearish SGD** as the broader USD continues to register gains on yield differential and expected equity weakness in Asia due to trade tensions are expected to support SGD weakness in the near term.

#### Overnight Economic Data

Malaysia	↑
US	→
Eurozone	→
UK	↑
Hong Kong	↑
Singapore	↓
Australia	→

#### What's Coming Up Next

##### Major Data

- Eurozone Markit Services PMI, Sentix Investor Confidence, Retail Sales
- China Caixin PMI Services
- Singapore Nikkei PMI

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1120	1.1150	1.1186	1.1200	1.1230	↘
GBPUSD	1.3050	1.3100	1.3148	1.3175	1.3200	↘
USDJPY	109.70	110.00	110.35	110.65	111.00	↘
AUDUSD	0.6920	0.6950	0.6970	0.7030	0.7050	↘
EURGBP	0.8450	0.8500	0.8513	0.8550	0.8600	→
USDMYR	4.1350	4.1400	4.1490	4.1500	4.1600	↗
EURMYR	4.6000	4.6200	4.6410	4.6450	4.6650	→
JPYMYR	3.7300	3.7450	3.7605	3.7700	3.7800	→
GBPMYR	5.4200	5.4350	5.4540	5.4650	5.4800	↗
SGDMYR	3.0300	3.0350	3.0390	3.0450	3.0500	→
AUDMYR	2.8800	2.8900	2.8920	2.9000	2.9100	↘
NZDMYR	2.7300	2.7350	2.7415	2.7550	2.7650	↘
USDSGD	1.3600	1.3625	1.3657	1.3675	1.3700	↗
EURSGD	1.5170	1.5225	1.5277	1.5310	1.5350	→
GBPSGD	1.7700	1.7820	1.7955	1.8055	1.8150	→
AUDSGD	0.9450	0.9500	0.9517	0.9550	0.9600	↘

\* 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	1,637.30	0.31	-3.15	CRB Index	181.77	-0.07	7.05
Dow Jones Ind.	26,504.95	0.75	13.62	WTI oil (\$/bbl)	61.94	0.21	36.40
S&P 500	2,945.64	0.96	17.50	Brent oil (\$/bbl)	70.85	0.14	29.61
FTSE 100	7,380.64	0.40	9.70	Gold (\$/oz)	1,279.11	0.66	0.09
Shanghai	3,078.34	0.52	23.43	CPO (RM/tonne)	1,958.00	-0.13	0.28
Hang Seng	30,081.55	0.46	16.39	Copper (\$/tonne)	6,236.00	1.12	4.54
STI	3,392.29	-0.03	10.54	Rubber (sen/kg)	481.50	-0.52	27.04

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
MA Exports YOY	Mar	-0.5%	-5.3%	-3.4%
MA Imports YOY	Mar	-0.1%	-9.4%	-2.5%
MA Trade Balance MYR	Mar	14.37b	11.06b	13.75b
US Advance Goods Trade Balance	Mar	-\$71.40b	-\$70.9b	-\$73.0b
US Wholesale Inventories MOM	Mar P	0.0%	0.1% (revised)	0.2%
US Retail Inventories MOM	Mar	-0.3%	0.2% (revised)	0.1%
US Change in Nonfarm Payrolls	Apr	263k	189k (revised)	190k
US Unemployment Rate	Apr	3.6%	3.8%	3.8%
US Average Hourly Earnings YOY	Apr	3.2%	3.2%	3.3%
US Markit Services PMI	Apr F	53.0	55.3	52.9
US ISM Non-Manufacturing Index	Apr	55.5	56.1	57.0
EU PPI YOY	Mar	2.9%	3.0%	3.0%
EU CPI Estimate YOY	Apr	1.7%	1.4%	1.6%
EU Core CPI YOY	Apr A	1.2%	0.8%	1.0%
UK Markit/CIPS Services PMI	Apr	50.4	48.9	50.3
HK Retail Sales Value YOY	Mar	-0.2%	-10.1%	3.2%
SG Purchasing Managers Index	Apr	50.3	50.8	51.0
AU AiG Perf of Services Index	Apr	46.5	44.8	--
AU Building Approvals MOM	Mar	-15.5%	19.1%	--

Source: Bloomberg

**Macroeconomics**

- US job report highlights underlying job market strength; services sector growth eased:** Nonfarm payroll came in at 263k in April (Mar: +189k revised), effortlessly surpassing a Bloomberg consensus estimate of 190k. Unemployment rate fell to 3.6% (Mar: 3.8%), the lowest level in 49 years but labour force participation continued to fall from 63% to 62.8%. Growth in average hourly earnings was unchanged at 3.2% YOY (Mar: +3.2%) indicating a steady rise in wages. Overall job report points to solid labour market in the US as demand for workers continued to increase amidst a tight labour market as suggested by PMI readings and regional business surveys, proving that the tiny 56k gain in February was merely a blip. Meanwhile, the ISM non-manufacturing index fell to 55.5 in April (Mar: 56.1) and the Markit Services PMI also ticked lower to 53.0 (Mar: 55.3) as the services sector grew at a slower pace last month. Besides, preliminary reading shows that US goods exports rose at a slower pace of 1.0% MOM in March (Feb: +1.4%) while imports growth quickened to 0.9% MOM (Feb: +0.4%), leaving its goods trade deficit at a higher \$71.40b (Feb: -\$70.9b). Wholesales inventories were flat in March (Feb: +0.1%) while retail inventories fell 0.3% MOM (Feb: +0.2%) as firms hold back on inventories investment to clear out the stocks hoarded in late last year.
- Eurozone inflation accelerated as services prices jumped:** The flash HICP inflation rate clocked in at 1.7% YOY in April (Mar: +1.4%) coming up from the much slower rate in the previous month and was the strongest since November last year. The pickup in prices were driven by the faster gain in prices of energy (+5.4% vs +5.3%), non-energy industrial goods (+0.2% vs +0.1%) and to a larger extent the jump in services inflation (+1.9% vs +1.1%), likely an effect of the recent Easter holiday. Prices of food, alcohol and tobacco grew at modest pace of 1.5% YOY (Mar: +1.8%). Core CPI jumped by 1.2% YOY (Mar: +0.8%), the fastest since October last year. Producer prices however rose at a slower pace of 2.9% YOY in March (Feb: +3.0%), suggesting that factory gate inflation stayed muted, confirming that the rise in April consumer prices were very much services driven.
- UK services sector returned to growth:** The Markit/CIPS Services PMI rose to 50.4 in April (Mar: 48.9) indicating an expansion of the UK services sector albeit at a milder pace. Despite the strengthening of the headline reading, a fall in new business for the fourth straight month suggests that demand remained subdued, while new sales to overseas customers also softened. Employment were said to be rather flat as companies reported that higher wages costs and weaker sales led them to turn more cautious in hiring new staff. Optimism was reported to have rebounded citing favourable projections for sales and marketing initiatives.
- Australia services sector remained weak:** The AiG Performance of Services Index edged up to 46.5 in April (Mar: 44.8), marking the PMI's fourth month of below 50 reading but nonetheless suggesting that the services sector contracted at a slower rate last month. All four business oriented sectors were weak- finance & insurance, business & property services as well as wholesale trade were mildly negative while transport & storage continued to deteriorate. Looking at the activity indexes, sales and new orders declined again but at slower paces whereas employment contracted further. Selling prices extended further decline suggesting that inflation is likely muted while average wages fell, pointing to slower wage growth in the services sector. A separate release meanwhile shows that building approvals fell 15.5% MOM in March (Feb: +19.1%) and 27.3% YOY (Feb: -12.3%), its ninth straight month of decline, in line with the generally softer housing market.

- Hong Kong retail sales fell again, consumer demand lost steam:** Hong Kong retail sales fell for the second month in a row by 0.2% YOY in March (Feb: -10.1%), as consumer demand continued to lost steam beyond the seasonal swing in February. The rebound in sales of food, alcohol & tobacco were offset by the continuous falls in clothing & footwear, consumer durable goods as well as jewelry, watches & clocks, suggesting that consumers remained cautious in spending.
- Singapore PMI weakened further signaling near-stagnation at factories:** Singapore purchasing manager index fell to 50.3 in April (Mar: 50.8), only a tad above the 50.0 neutral threshold suggesting that growth in the manufacturing sector continued to pull back to a near-stagnation level. The lower reading was a result of slower rise in new orders, new exports orders, output as well as inventories. The electronics sector sub-index also ticked back lower to 49.5 (Mar: 49.8), proving that the subdued global demand for electronics products continued drag down the electronics industry.
- Malaysia exports fell for second month:** Exports continued to pull back albeit at a decelerating pace and fell by 0.5% YOY in March (Feb: -5.3%), marking its second decline since Aug-18, reflecting the impact of slower demand conditions abroad. Shipment of all major products saw mixed performances while exports to all major destinations continued to fall except for China and Thailand. Similarly, imports also declined but by a lesser margin of 0.1% YOY in February (Feb: -9.4%), as imports of intermediate and consumption goods rebounded, offering relief that demand is still holding up in the near term. MOM, exports bounced up by 26.2% (Feb: -22.0%) while imports surged 25.4% (Feb: -24.8%), thus improving the overall trade position, which came in at RM14.37bn surplus in March, higher than RM11.06bn in February. Looking ahead, demand abroad remains slow in our view as the slower pace of decline in exports was largely supported by the rebound in shipment to China. We expect exports to continue contracting in the next few months amidst further moderation in global demand and weak commodity prices. March imports data offered some respite that domestic demand conditions turned out not as bad as expected, leading us to believe that domestic consumptions will continue to act as the key support to overall growth of the Malaysian economy. We maintain our full year 2019 growth projection at 4.7%.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
07/05	Malaysia	BNM Overnight Policy Rate	May-07	3.00%	3.25%	--
		Foreign Reserves	Apr-30	--	\$103.5b	--
<b>06/05</b>	<b>Eurozone</b>	<b>Markit Eurozone Services PMI</b>	<b>Apr F</b>	<b>52.5</b>	<b>53.3</b>	--
		<b>Sentix Investor Confidence</b>	<b>May</b>	<b>1.2</b>	<b>-0.3</b>	--
		<b>Retail Sales MOM</b>	<b>Mar</b>	<b>-0.1%</b>	<b>0.4%</b>	--
07/05	UK	Halifax House Price 3Mths/Year	Apr	4.5%	2.6%	--
07/05	Japan	Nikkei Japan PMI Services	Apr	--	52.0	--
<b>06/05</b>	<b>Hong Kong</b>	<b>Nikkei Hong Kong PMI</b>	<b>Apr</b>	<b>--</b>	<b>48.0</b>	--
<b>06/05</b>	<b>China</b>	<b>Caixin China PMI Services</b>	<b>Apr</b>	<b>54.2</b>	<b>54.4</b>	--
<b>06/05</b>	<b>Singapore</b>	<b>Nikkei Singapore PMI</b>	<b>Apr</b>	<b>--</b>	<b>51.8</b>	--
07/05	Australia	AiG Perf of Construction Index	Apr	--	45.6	--
		Trade Balance	Mar	A\$4490m	A\$4801m	--
		Retail Sales MOM	Mar	0.2%	0.8%	--
		RBA Cash Rate Target	May-07	1.25%	1.5%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1198	0.23	1.1205	1.1135	-2.49
GBPUSD	1.3173	1.08	1.3177	1.2990	3.10
USDJPY	111.10	-0.37	111.69	111.07	0.92
AUDUSD	0.7018	0.26	0.7025	0.6985	-1.05
EURGBP	0.8502	-0.85	0.8587	0.8497	-5.41
USDMYR	4.1435	0.13	4.1440	4.1335	0.24
EURMYR	4.6214	-0.30	4.6295	4.5996	-2.24
JPYMYR	3.7156	0.16	3.7186	3.6931	-1.12
GBPMYR	5.3935	-0.14	5.4026	5.3656	2.39
SGDMYR	3.0384	-0.05	3.0405	3.0195	0.08
AUDMYR	2.8999	-0.20	2.9003	2.8794	-0.79
NZDMYR	2.7424	-0.05	2.7449	2.7242	-1.31
CHFMYR	4.0614	0.00	4.0645	4.0377	-3.26
CNYMYR	0.6141	0.01	0.6141	0.6136	1.46
HKDMYR	0.5281	0.13	0.5283	0.5247	-0.02
USDSGD	1.3605	-0.15	1.3645	1.3600	0.17
EURSGD	1.5237	0.09	1.5244	1.5192	-2.36
GBPSGD	1.7920	0.93	1.7925	1.7717	3.27
AUDSGD	0.9555	0.18	0.9557	0.9526	-0.87

Source: Bloomberg

## Forex

### MYR

- **MYR closed 0.13% lower** against the USD at 4.1435 in lackluster trading as markets awaits NFP numbers.
- **We remain neutral MYR** as it continues to consolidate between the 4.12-4.15 immediate range with an upwards bias.

### USD

- **The Dollar index closed 0.39% lower at 97.447** as the Fed focuses on tepid inflation and commented that it may cut rates if inflation remains slow.
- **We maintain USD bullishness** as USD continues to trade within the upper bound of the Bollinger band and external factors such as trade talks may continue to drive USD strength amid flight to safety.

### EUR

- **EUR closed 0.23% stronger at 1.1198 against USD** as the USD lost ground on a stellar jobs report and worries of tepid and slow inflation.
- **We remain bearish on EUR** as there looks to be a divergence between Eurozone economies and the US economy which may drag on the EUR as a whole as well as recent trade war developments.

### GBP

- **GBP closed 1.08% higher at 1.3173** in line with broad USD weakness post a stellar US jobs report.
- **GBP turns bullish** after regaining the 1.30 handle and powering through the 1.31 handle post a stellar US jobs report.

### JPY

- **JPY closed 0.37% stronger at 111.10** in line with weaker USD in general.
- **We turn bullish JPY** as we have broken through 111.00 short term support and Ichimoku cloud top as US-China trade talks turn sour.

### AUD

- **AUD closed 0.26% higher at 0.7018 against the USD** amidst broad USD weakness.
- **We remain bearish on AUD** here as it has failed to generate any upside momentum even after a stellar jobs report. Also, watch out for US-China trade talk outcomes.

### SGD

- **SGD closed 0.15% stronger at 1.3605 against USD** in line with a weaker USD.
- **We maintain bearish SGD** as the broader USD continues to register gains on yield differential and expected equity weakness in Asia due to trade tensions are expected to support SGD weakness in the near term.

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