

Global Markets Research

Daily Market Highlights

Key Takeaways

- Wall Street stocks fell overnight on renewed US-EU trade tension and growth concerns as the IMF cut its 2019 global growth forecast from 3.5% to 3.3%, the lowest level since the financial crisis. President Trump threatened to impose tariffs on \$11b European goods on the ground that the EU's subsidies to aircraft maker Airbus "adversely impacted" the US, putting back the year-long transatlantic trade dispute back in the spot light. Investors' uneasiness over the upcoming quarterly earnings results also weighed on sentiments as a whole. Treasuries rose across the curve with the yield on 10Y US government notes slipping 2bps to 2.5%. Similarly, stocks fell in Europe on growth concerns. The FTSE 100 lost 0.35%. **The EU will grant the UK permission of a flexible delay of Brexit until the end of this year or March 2020.** Asian markets finished mixed earlier and are poised for a fall today taking cue from the slide in US markets overnight. Crude oil weakened - WTI fell 0.65% to \$63.98/barrel while Brent fell 0.69% to \$70.61/barrel.
- Data releases remained scanty. **US Small Business Optimism Index inched up slightly to 101.8 in March suggesting that sentiments** have stabilized among small business owners. Japan producer prices rose 1.3% YOY in March while core machine orders rose 1.8% MOM in February. Australia home financings rose 0.8% MOM in February, its first increase since October last year while loans for investment dwellings also increased for the first time in eight months by 0.9% MOM offering tentative signs that demand has returned to the quiet housing market. The Westpac Consumer Confidence Index rose 1.9% MOM to 100.7 in April on well received Australian budget.
- **The Dollar Index closed lower by 0.1% to 96.997** led by USDJPY and EURUSD as pent up foreign currency demand and liquidation of USD hedges led the EUR move while safe haven demand led advance in the JPY. **We maintain USD bullishness** still as mentioned previously, as a close back below the 21 DMA at 96.87 would only negate the bullish USD index view.
- **MYR closed 0.11% stronger at 4.0935 against the USD** on spillover from a stronger EURUSD and better risk appetite. **We maintain MYR bearishness** as a new slew of worries take hold in the form of lower IMF global growth outlook and US-EU trade tension which will likely affect overall risk sentiment in EM.
- **SGD closed stronger by 0.07% at 1.3536 against USD** in sympathy of a stronger EURUSD but gains remain limited on EM weakness. **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. Renewed IMF concerns on global growth and trade tensions between EU, China and US also likely to support our view in the medium term.

Overnight Economic Data

US	↑
Japan	↑
Australia	↑

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, CPI
- UK Visible Trade Balance, Industrial Production, Monthly GDP
- Japan Machine Tool Orders

Major Events

- ECB Rates Decision, FOMC Meeting Minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1180	1.1220	1.1262	1.1280	1.1300	↗
GBPUSD	1.2945	1.3000	1.3049	1.3200	1.3250	↗
USDJPY	110.75	111.00	111.17	111.40	111.85	↗
AUDUSD	0.7010	0.7080	0.7127	0.7150	0.7200	→
EURGBP	0.8520	0.8575	0.8633	0.8656	0.8675	→
USDMYR	4.0850	4.0900	4.1000	4.1050	4.1145	↗
EURMYR	4.5680	4.5880	4.6180	4.6350	4.6450	↗
JPYMYR	3.6500	3.6650	3.6885	3.6930	3.7000	↗
GBPMYR	5.2950	5.3150	5.3500	5.3820	5.4045	↗
SGDMYR	3.0080	3.0130	3.0290	3.0315	3.0380	↗
AUDMYR	2.8850	2.8995	2.9210	2.9287	2.9350	↗
NZDMYR	2.7300	2.7380	2.7685	2.7860	2.7980	↗
USDSGD	1.3475	1.3510	1.3538	1.3575	1.3600	↗
EURSGD	1.5100	1.5160	1.5249	1.5311	1.5370	↗
GBPSGD	1.7410	1.7560	1.7667	1.7875	1.7975	↗
AUDSGD	0.9480	0.9530	0.9646	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	1,641.94	-0.15	-2.88	CRB Index	188.56	-0.07	11.05
Dow Jones Ind.	26,150.58	-0.72	12.10	WTI oil (\$/bbl)	63.98	-0.65	40.89
S&P 500	2,878.20	-0.61	14.81	Brent oil (\$/bbl)	70.61	-0.69	35.22
FTSE 100	7,425.57	-0.35	10.37	Gold (\$/oz)	1,304.10	0.51	1.72
Shanghai	3,239.66	-0.16	29.90	CPO (RM/tonne)*	2,037.00	-0.20	4.33
Hang Seng	30,157.49	-0.27	16.68	Copper (\$/tonne)	6,487.00	0.19	8.75
STI	3,325.60	-0.31	8.37	Rubber (sen/kg)	510.50	-0.39	34.70

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US NFIB Small Biz Optimism	Mar	101.8	101.7	102.0
JP PPI YOY	Mar	1.3%	0.9% (revised)	1.0%
JP Core Machine Orders MOM	Feb	1.8%	-5.4%	2.8%
AU Home Loans MOM	Feb	0.8%	-0.8% (revised)	0.5%
AU Westpac Consumer Confidence MOM	Apr	1.9%	-4.8%	--

Source: Bloomberg

- US small business optimism stabilized in March:** The NFIB Small Business Optimism Index rose slightly to 101.8 in March (Feb: 101.7) suggesting that sentiments have stabilized among US small business owners after falling in the period of Sep-19 to Jan-20. Details show that firms are still facing challenges to hire in the tight labour market with 39% of firms reporting inability to fill vacant positions. The buildup in inventory as a result of slower sales in previous months was also reflected with the “plan to increase inventory” sub-index went down to -1.0%.
- Japan producer prices index beat expectations, capex rebounded:** Producer prices index rose at a faster than expected pace of 1.3% YOY in March (Feb: +0.9% revised), indicating a stronger buildup of price pressure last month. The upturn however was still way below the 2.0-3.1% growth rate observed in most of 2018, reaffirming a still tepid inflation in the Japanese economy, reaffirming that the BOJ still has a long way to go to achieve its 2.0% CPI target. Core machine orders, a much-watched gauge of Japanese firms’ capex rebounded to increase 1.8% MOM in February (Jan: -5.4%) as firms increased capex after scaling back on investments for three running months.
- Australia home financings rose in February, consumer confidence recovered:** Lending to finance owner-occupied dwellings rose 0.8% MOM in February (Jan: -0.8% revised), its first increase since October last year. Loans for investment dwellings also increased for the first time in eight months by 0.9% MOM (Jan: -3.85), offering tentative signs that demand has returned to the quiet housing market, nonetheless it is still too early to draw any conclusion that the market is on course for an immediate recovery. Meanwhile, the Westpac Consumer Confidence Index rose by 1.9% in April (Mar: -4.8%) MOM to 100.7 from 98.8 on well received new government budget.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
11/04	Malaysia	Industrial Production YOY	Feb	2.0%	3.2%	--
10/04	US	MBA Mortgage Applications	05 Apr	--	18.6%	--
		CPI YOY	Mar	1.8%	1.5%	--
11/04		FOMC Meeting Minutes	20 Mar	--	--	--
		PPI YOY	Mar	1.9%	1.9%	--
		Initial Jobless Claims	06 Apr	210k	202k	--
10/04	Eurozone	ECB Main Refinancing Rate	10 Apr	0.0%	0.0%	--
10/04	UK	Visible Trade Balance GBPM	Feb	-£12,876m	-£13,084m	--
		Industrial Production MOM	Feb	0.1%	0.6%	--
		GDP MOM	Feb	0.0%	0.5%	--
11/04		RICS House Price Balance	Mar	-28.0%	-28.0%	--
10/04	Japan	Machine Tool Orders YOY	Mar p	--	-29.3%	--
11/04	China	CPI YOY	Mar	2.3%	1.5%	--
		PPI YOY	Mar	0.4%	0.1%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1263	0.00	1.1284	1.1255	-1.75
GBPUSD	1.3052	0.07	1.3122	1.3031	2.38
USDJPY	111.14	-0.30	111.58	110.98	1.32
AUDUSD	0.7124	0.04	0.7152	0.7119	1.08
EURGBP	0.8629	0.07	0.8652	0.8594	-4.02
USDMYR	4.0935	-0.11	4.1005	4.0930	-0.97
EURMYR	4.6150	-0.20	4.6188	4.6084	-2.38
JPYMYR	3.6778	0.06	3.6825	3.6718	-2.13
GBPMYR	5.3672	0.34	5.3736	5.3472	1.89
SGDMYR	3.0265	0.17	3.0272	3.0233	-0.31
AUDMYR	2.9274	0.57	2.9283	2.9170	0.15
NZDMYR	2.7659	0.25	2.7678	2.7604	-0.45
CHFMYR	4.1010	0.10	4.1047	4.0975	-2.34
CNYMYR	0.6102	0.09	0.6103	0.6095	0.83
HKDMYR	0.5220	-0.02	0.5224	0.5218	-1.17
USDSGD	1.3536	-0.07	1.3549	1.3523	-0.68
EURSGD	1.5245	-0.07	1.5266	1.5241	-2.43
GBPSGD	1.7668	-0.11	1.7752	1.7639	1.67
AUDSGD	0.9642	-0.11	0.9677	0.9641	0.42

Source: Bloomberg

Forex

MYR

- **MYR closed 0.11% stronger at 4.0935 against the USD** on spillover from a stronger EURUSD and better risk appetite.
- **We maintain MYR bearishness** as a new slew of worries take hold in the form of lower IMF global growth outlook and US-EU trade tension which will likely affect overall risk sentiment in EM.

USD

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- **We maintain USD bullishness** still as mentioned previously, as a close back below the 21 DMA at 96.87 would only negate the bullish USD index view.

EUR

- **EUR closed unchanged at 1.1263 against USD** on decent two way interests as we approach ECB interest rate decision.
- **We maintain EUR bullishness** as technical still favour a move higher towards the next level target of 1.1350 area.

GBP

- **GBP closed marginally lower by 0.07% to 1.3052** from an intraday high of 1.3125.
- **We maintain bullish GBPUSD** over the medium term as lawmakers have passed PM May's Brexit extension to 30 June and the EU would likely extend the no-deal date further to a minimum of 3 months in their EU Summit tomorrow.

JPY

- **JPY strengthened 0.30% to 111.14** as US equities closed lower on global growth worries and trade tensions among EU, China and the US.
- **We maintain bearish JPY** as USDJPY has bounced nicely off the 100 DMA support of 110.94. The range is likely to be confined to 110.90-111.30 in between the 100 and 200 DMA, barring another huge move in equities.

AUD

- **AUD closed 0.04% marginally weaker against the USD at 0.7124** as risk appetite in general is lower on trade and global growth concerns.
- **We remain neutral on AUD** as levels still remain trapped within recent ranges with short term momentum indicators still neutral.

SGD

- **SGD closed stronger by 0.07% at 1.3536 against USD** in sympathy of a stronger EURUSD but gains remain limited on EM weakness.
- **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. Renewed IMF concerns on global growth and trade tensions between EU, China and US also likely to support our view in the medium term.

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