

Global Markets Research

Daily Market Highlights

Key Takeaways

- US stocks finished lower on Friday, **extending its fifth running days of losses following softer-than-expected NFP number**. Stocks moved indecisively throughout the day as investors digested a mixed February's job report. Despite a late session's push, key benchmarks still ended in the red – the Dow, S&P500 and NASDAQ each lost 0.09%, 0.21% and 0.18%. Treasuries yields fell slightly – yield on both 2Y and 10Y benchmark notes ticked 1bp lower to 2.46% and 2.63%. Elsewhere, European and Asian markets closed lower on slower growth concerns following Thursday's ECB dovish tilt and weaker than expected China trade data. **Oil futures slumped on announcement that Norwegian sovereign wealth fund (the world's largest) plan to scrap oil and gas stocks** – WTI slipped to \$56.07/barrel (-1.04%) and Brent crude fell to \$65.74/barrel (-0.84%).
- US data were mixed on Friday- **Nonfarm payroll gains came in at a meagre 20k in February following a sizable increase** in January, while unemployment rate went down to 3.8% with steady participation rate, suggesting that job creations may have peaked in the US. Wage growth also continued to strengthen, rising by 3.4% YOY. **Housing data surpassed expectations** as housing starts jumped 18.6% MOM in January, while building permits rose 1.4% MOM. **China data were a huge disappointment** - exports dipped 20.7% YOY in February reflecting Lunar New Year distortion and entrenched weakness in global demand. Imports fell 5.2%. Meanwhile the fall in imports (-5.2%), low CPI (+1.5%) and PPI (+0.1%) reaffirmed weaker than expected domestic demand.
- **USD weakened against 9 G10s** while the DXY fell 0.37% to 97.30, sliding through Asian / European sessions amid risk aversion and fell further after disappointing US labour market data. **We are slightly bullish on USD again** as risk appetite recedes further in the markets, supporting refuge demand. DXY remains on track towards 98 level. Nonetheless, even as DXY pushes higher, we caution on the risk of rejection approaching 97.71 – 98.00. Rejection here could trigger the onset of a sustained reversal lower.
- **MYR dipped 0.07% to 4.0900 against USD** as risk appetite slipped heading into the week's close and ahead of US labour market data releases. MYR managed to advance against 9 G10s. **MYR is slightly bearish against a firm USD** on top of downside pressure from risk aversion in the markets. USDMYR remains bullish and continue to target 4.0965. Beating this, USDMYR is likely headed towards 4.1038.
- **SGD advanced 0.15% to 1.3588 against USD** but slipped against 8 G10s amid risk aversion in the markets. **Expect a slightly bearish SGD against a firm USD**, further pressured by risk-off sentiment in the markets. USDSGD is still nearing completion of a bullish chart pattern, but until then, it is still vulnerable to pullbacks. Losses are likely to hold above 1.3585, while pattern completion is expected to push USDSGD higher to circa 1.3700.

Overnight Economic Data

US	➔
Japan	➔
China	➘

What's Coming Up Next

Major Data

- US Retail Sales Advance
- Japan Machine Tool Orders YOY

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1200	1.1213	1.1226	1.1246	1.1264	➘
GBPUSD	1.2923	1.2954	1.2969	1.2990	1.3000	➘
USDJPY	110.56	110.79	110.93	111.05	111.25	➘
AUDUSD	0.7008	0.7016	0.7030	0.7056	0.7068	➘
EURGBP	0.8602	0.8613	0.8658	0.8666	0.8684	➔
USDMYR	4.0850	4.0860	4.0895	4.0900	4.0920	➔
EURMYR	4.5878	4.5900	4.5917	4.5949	4.5976	➔
JPYMYR	3.6800	3.6846	3.6881	3.6910	3.6953	➔
GBPMYR	5.2985	5.3000	5.3036	5.3076	5.3100	➘
SGDMYR	3.0020	3.0052	3.0079	3.0106	3.0129	➔
AUDMYR	2.8700	2.8725	2.8739	2.8769	2.8800	➔
NZDMYR	2.7755	2.7764	2.7782	2.7804	2.7815	➔
USDSGD	1.3568	1.3586	1.3599	1.3614	1.3620	➔
EURSGD	1.5230	1.5254	1.5264	1.5281	1.5292	➘
GBPSGD	1.7572	1.7591	1.7626	1.7678	1.7700	➘
AUDSGD	0.9500	0.9520	0.9554	0.9563	0.9577	➘

* 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	1,679.90	0.00	-0.63	CRB Index	180.67	-0.11	6.40
Dow Jones Ind.	25,450.24	-0.09	9.10	WTI oil (\$/bbl)	56.07	-1.04	23.48
S&P 500	2,743.07	-0.21	9.42	Brent oil (\$/bbl)	65.74	-0.84	22.47
FTSE 100	7,104.31	-0.74	5.59	Gold (S/oz)	1,298.30	0.99	1.17
Shanghai	2,969.86	-4.40	19.09	CPO (RM/tonne)*	1,932.50	-0.44	-1.02
Hang Seng	28,228.42	-1.91	9.22	Copper (\$/tonne)	6,395.00	-0.44	7.21
STI	3,195.87	-1.04	4.14	Rubber (sen/kg)	461.00	0.22	21.64

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Change in Nonfarm Payrolls	Feb	20k	311k (revised)	180k
US Unemployment Rate	Feb	3.8%	4.0%	3.9%
US Average Hourly Earnings YOY	Feb	3.4%	3.1% (revised)	3.3%
US Labor Force Participation Rate	Feb	63.2%	63.2%	63.2%
US Housing Starts MOM	Jan	18.6%	-14.0% (revised)	10.9%
US Building Permits MOM	Jan	1.4%	0.3%	-2.9%
JP Eco Watchers Survey Current SA	Feb	47.5	45.6	46.2
JP Eco Watchers Survey Outlook SA	Feb	48.9	49.4	49.8
CN Trade Balance	Feb	\$4.12b	\$39.16b	\$26.20b
CN Exports YOY	Feb	-20.7%	9.1%	-5.0%
CN Imports	Feb	-5.2%	-1.5%	-0.6%
CN Consumer Price Index	Feb	1.5%	1.7%	1.5%
CN Producer Price Index	Feb	0.1%	0.1%	0.2%

Source: Bloomberg

- US softer NFP suggests job creations may have peaked:** Nonfarm payroll rose 20k in February, the lowest since Sep-17 following an outsized increase in the previous month (Jan: 311k revised) as the modest gains in professional and business services were partially offset by the cut in construction sector (-31k) and retail trade (-6.1k). Wage growth strengthened further as the average hourly earnings rose to 3.4% YOY (Jan: +3.1% revised) while unemployment rate ticked lower to 3.8% (Jan: 4.0%) with participation rate unchanged at 63.2%. A soft NFP coupled with falling unemployment rate suggests that job creations may have peaked in previous month in a supremely tight job market. It is worth noting that the meager Feb number came after a sizable record in January, weighing down the 3-month average to a still-decent 186k (previous: 245k). While the economy is poised to slow on waning fiscal stimulus, the job market remains fundamentally strong in our view with a faster wage growth supporting spending in the near to medium term.
- US housing starts jumped, points to potential housing market rebound:** Housing starts jumped by a whopping 18.6% MOM in January (Feb: -14.0% revised) to 1.23mil following a sharp fall in the previous month, building permits meanwhile also beat expectation, rising 1.4% MOM (Jan: +0.3%) pointing to further gains in housing starts in the month ahead. The upturns reflect builders' brighter outlook for sales in response to the Fed's pause in rate hike, suggesting a potential rebound in the housing market.
- China trade slump reflects weaker global growth, lunar new year distortion:** Exports plunged 20.7% YOY in dollar term in February (Jan: +9.1%) following an unexpected surge in the previous month. The weaker exports was by far the sharpest fall since Feb-16 and was way below consensus estimate of a 5% contraction, partially reflecting the distortion caused by the week-long Lunar New Year celebration in early February. More importantly, the unfavorable number highlights the entrenched weakness in global demand, not so much of an effect of current trade dispute. Imports meanwhile also disappointed, falling by 5.2% YOY in February (Jan: -1.5%) offering signs of softer domestic demand, bringing trade deficit to narrow to \$4.12bn (Jan: \$39.1b). Exports to all key trading partners fell – shipments to US accounted for 16.8% of total trade and fell by a whopping 28.6% YOY (Jan: -2.4%), that to the EU also saw a reversal of 13.2% YOY (Jan: +15.3%) following a jump in the previous month.
- China tepid inflation reaffirms softer local demand:** Consumer price index growth eased to 1.5% YOY in February (Jan: +1.7%), the slowest rate since Jan-18 mainly due to the marked slowdown in food prices, reflecting partially the post-lunar new year scale-back in spending of food. Gain in producer price index meanwhile stayed flat at 0.1% YOY (Feb: +0.1%), the lowest level in 28 years, flagging dis-inflation risk at Chinese factories. The latest prices data reaffirmed a slowdown in domestic demand, raising further concerns on Chinese economic health.
- Japan eco watcher survey offers mixed signs on sentiment:** The Eco Watchers survey for current condition index rose to 45.7 in February (Jan: 45.6) while the outlook index fell to 48.9 (Jan: 49.4) suggesting that Japanese were more optimistic over current economic conditions and saw potential slowdown in the country's outlook.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
11/03	US	Retail Sales Advance MoM	Jan	0.0%	-1.2%	--
12/03		NFIB Small Business Optimism	Feb	102.0	101.2	--
		CPI YOY	Feb	1.6%	1.6%	--
		CPI Ex Food and Energy YY	Feb	2.2%	2.2%	--
12/03	UK	Visible Trade Balance GBP/Mn	Jan	-£12,200m	-£12,102m	--
		Industrial Production MOM	Jan	-0.2%	-0.5%	--
		GDP (MOM)	Jan	0.2%	-0.4%	--
11/03	Japan	Machine Tool Orders YOY	Feb P	--	-18.8%	--
12/03	Singapore	Retail Sales YOY	Jan	2.6%	-6.0%	--
12/03	Australia	NAB Business Conditions	Feb	--	7	--
		NAB Business Confidence	Feb	--	4	--
		Home Loans MOM	Jan	-2.0%	-8.2%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1235	0.38	1.1246	1.1185	-2.06
GBPUSD	1.3015	-0.53	1.3109	1.2990	1.87
USDJPY	111.1700	-0.37	111.65	110.79	1.30
AUDUSD	0.7045	0.41	0.7052	0.7003	-0.10
EURGBP	0.8630	0.89	0.8655	0.8548	-3.80
USDMYR	4.0900	0.07	4.0970	4.0870	-1.06
EURMYR	4.5860	-0.78	4.5884	4.5751	-2.99
JPYMYR	3.6843	0.89	3.6883	3.6625	-1.96
GBPMYR	5.3563	-0.51	5.3628	5.3498	1.68
SGDMYR	3.0079	-0.14	3.0113	3.0041	-0.92
AUDMYR	2.8696	-0.34	2.8769	2.8648	-1.83
NZDMYR	2.7699	-0.12	2.7706	2.7634	-0.32
CHFMYR	4.0518	-0.45	4.0551	4.0419	-3.51
CNYMYR	0.6085	-0.16	0.6092	0.6079	0.54
HKDMYR	0.5211	0.06	0.5220	0.5207	-1.34
USDSGD	1.3588	-0.15	1.3614	1.3581	-0.21
EURSGD	1.5265	0.20	1.5279	1.5222	-2.28
GBPSGD	1.7682	-0.72	1.7824	1.7649	1.59
AUDSGD	0.9568	0.21	0.9580	0.9524	-0.38

Source: Bloomberg

MYR

- **MYR dipped 0.07% to 4.0900 against USD** as risk appetite slipped heading into the week's close and ahead of US labour market data releases. MYR managed to advance against 9 G10s.
- **MYR is slightly bearish against a firm USD** on top of downside pressure from risk aversion in the markets. USDMYR remains bullish and continue to target 4.0965. Beating this, USDMYR is likely headed towards 4.1038.

USD

- **USD weakened against 9 G10s** while the DXY fell 0.37% to 97.30, sliding through Asian / European sessions amid risk aversion and fell further after disappointing US labour market data.
- **We are slightly bullish on USD again** as risk appetite recedes further in the markets, supporting refuge demand. DXY remains on track towards 98 level. Nonetheless, even as DXY pushes higher, we caution on the risk of rejection approaching 97.71 – 98.00. Rejection here could trigger the onset of a sustained reversal lower.

EUR

- **EUR climbed 0.38% to 1.1235 against a soft USD** and advanced against 7 G10s, recovering from recent tumble on a dovish tilt to ECB policy.
- **Expect a slightly bearish EUR against USD** as we anticipate some risk aversion ahead of UK parliamentary vote on Brexit strategy, as well as from recent dovish tilt to ECB policy. The mild bounce we noted last Friday has run its course; EURUSD is still inclined to the downside, with room to break below 1.1193 soon.

GBP

- **GBP fell 0.53% to 1.3015 against USD** and tumbled against all G10, pressured by risk aversion heading into UK parliamentary vote on Brexit strategy.
- **GBP is bearish against USD** on risk aversion ahead of UK parliamentary vote on Brexit strategy. Bearish trend prevails and GBPUSD is expected to head lower, more so after breaking below 1.30 in early trade. Expect a test at 1.2914 soon.

JPY

- **JPY strengthened 0.37% to 111.17 against USD** and beat 6 G10s, supported by increased risk aversion in the markets.
- **JPY is still bullish against USD**, supported by extended risk-off in the markets. USDJPY continues to head lower in our view, with room to break below 110.79, below which 110.38 will be targeted.

AUD

- **AUD climbed 0.41% to 0.7045 against a soft USD** and advanced against 8 G10s.
- **Stay slightly bearish on AUD against USD**, pressured by lingering risk-off in the markets and amid news of softer Chinese credit growth. AUDUSD has recently completed a bearish chart pattern therefore we continue to set sights on a drop to circa 0.6910 going forward. In due process, some bounces higher may prevail but likely to stay below 0.7068.

SGD

- **SGD advanced 0.15% to 1.3588 against USD** but slipped against 8 G10s amid risk aversion in the markets.
- **Expect a slightly bearish SGD against a firm USD**, further pressured by risk-off sentiment in the markets. USDSGD is still nearing completion of a bullish chart pattern, but until then, it is still vulnerable to pullbacks. Losses are likely to hold above 1.3585, while pattern completion is expected to push USDSGD higher to circa 1.3700.

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