

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks snapped five-day losing streak as the tech sector rallied** overnight to offset the plunge in Boeing's shares following the crash of its 737 model in Ethiopia (the second in less than 6 months). Capped by Boeing's fall, the Dow picked up on relatively modest gain of 0.79% while the S&P 500 and NASDAQ each advanced by 1.47% and 2.02%. **Treasuries fell only slightly as concerns over global economic growth remained** - 10Y treasuries yield picked up 1bp to 2.64%. European equity benchmarks finished higher while Asian markets were mixed. **Saudi Arabia stood by OPEC's promise to cut oil production leading oil futures to strengthen** as both WTI and Brent crude rose 1.28% to \$56.79/barrel and \$66.58/barrel.
- Economic data were scanty and mixed- **US retail sales saw a meagre gain of 0.2% MOM in January**. While coming above consensus estimate, the upturn was accompanied by a simultaneous downward revision to December sales (-1.2% to -1.6%), **suggesting US consumers were exercising cautions on spending** amidst softer growth outlook. **Japan machine tools orders dipped by a whopping 29.3% YOY in February** partially on unfavourably higher base but the unusual MOM drop suggests entrenched weakness in domestic and foreign demand.
- **USD weakened against 8 G10s** while the DXY fell 0.19% to 97.02, driven lower by rally in GBP amid improved Brexit optimism even as US data came in firmer. **Continue to hold a slight bullish view on USD**, anticipating risk aversion in the markets ahead of UK parliamentary vote on Brexit strategy. DXY may launch a last-ditch attempt to break above 97.66 as long as it does not close below 96.87 today. In any case, we opine that DXY is near the end of its bullish trend and thus, may not have much upside left even if it breaks above 97.66.
- **MYR eased 0.01% to 4.0905 against USD** and slipped against 8 G10s as risk appetite in the markets receded further. **MYR is slightly bearish against USD** in anticipation of pressure from risk aversion in the markets. Despite signs of a retreat, we maintain that USDMYR remains bullish and continue to target 4.0965. Beating this, USDMYR is likely headed towards 4.1038.
- **SGD inched 0.06% firmer to 1.3580 against a soft USD** but fell against 8 G10s. **Expect a slightly bearish SGD against a firm USD**, anticipating pressure from risk-off sentiment in the markets. Recent bullish trend has been lost and there is room for USDSGD to head lower time being, possibly to circa 1.3560 but we maintain that a bullish chart pattern continues to be formed, and expected to take USDSGD to circa 1.3653 going forward.

Overnight Economic Data

US	↑
Japan	↓

What's Coming Up Next

Major Data

- US NFIB Small Business Optimism, CPI
- UK Visible Trade Balance, Industrial Production, Monthly GDP
- Singapore Retail Sales
- Australia Home Loans, NAB Business Confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1234	1.1250	1.1261	1.1276	1.1298	↘
GBPUSD	1.3160	1.3200	1.3233	1.3250	1.3270	↘
USDJPY	111.10	111.24	111.35	111.40	111.57	↘
AUDUSD	0.7021	0.7052	0.7062	0.7068	0.7084	↘
EURGBP	0.8490	0.8500	0.8511	0.8529	0.8538	↗
USDMYR	4.0780	4.0800	4.0820	4.0830	4.0862	↗
EURMYR	4.5911	4.5949	4.5963	4.5976	4.6000	↘
JPYMYR	3.6554	3.6605	3.6655	3.6666	3.6700	↘
GBPMYR	5.3930	5.3951	5.3997	5.4035	5.4050	↗
SGDMYR	3.0020	3.0050	3.0082	3.0111	3.0126	→
AUDMYR	2.8800	2.8822	2.8838	2.8869	2.8896	↗
NZDMYR	2.7849	2.7875	2.7893	2.7908	2.7928	↗
USDSGD	1.3550	1.3565	1.3572	1.3585	1.3600	↗
EURSGD	1.5250	1.5265	1.5281	1.5288	1.5300	↘
GBPSGD	1.7846	1.7904	1.7950	1.7970	1.8005	↘
AUDSGD	0.9666	0.9681	0.9586	0.9591	0.9605	↘

* 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	1,664.63	-0.91	-1.53	CRB Index	180.50	-0.10	6.30
Dow Jones Ind.	25,650.88	0.79	9.96	WTI oil (\$/bbl)	56.79	1.28	25.06
S&P 500	2,783.30	1.47	11.03	Brent oil (\$/bbl)	66.58	1.28	23.75
FTSE 100	7,130.62	0.37	5.98	Gold (\$/oz)	1,293.35	-0.38	0.83
Shanghai	3,026.99	1.92	21.38	CPO (RM/tonne)*	1,922.50	-0.52	-1.54
Hang Seng	28,503.30	0.97	10.28	Copper (\$/tonne)	6,395.00	-0.44	7.21
STI	3,191.42	-0.14	4.00	Rubber (sen/kg)	465.50	0.98	22.82

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Retail Sales Advance MOM	Jan	0.2%	-1.6% (revised)	0.0%
JP Machine Tool Orders YOY	Feb P	-29.3%	-18.8%	--

Source: Bloomberg

Macroeconomics

- Dull retail sales highlights cautious US consumers:** Headline retail sales rose a mere 0.2% MOM in January, following a sizable downward revision to December number (-1.2% to -1.6%) partially reflecting the larger decrease in sales of vehicles & parts (-2.4% vs +0.3%). The fall in sales of furniture, electronics, clothing and gasoline also put a lid on overall retail sales' gain. Excluding vehicles & parts, sales managed to pick up 0.9% MOM (Dec: -1.8%), the most in eight months offering some relief that demand recovered slightly following late 2018's slump. That said, weakness in retail sales for the three months to January reflects consumers' concerns over near term economic outlook. We expect consumers to continue exercise caution on spending amidst a general weakening of sentiments but a solid job market characterized by rising personal income (as illustrated by the latest job report and personal income and outlay report) should continue support overall domestic consumption.
- Japan machine orders' slump reflects continued weakness in demand:** Japanese machine tool orders dipper further by 29.3% YOY in February (Jan: -18.8%) based on preliminary report. Domestic orders fell 28.4% YOY (Jan: -15.9%) while foreign orders tanked 29.8% YOY (Jan: -20.4%). It is worth nothing that on a monthly basis, orders dropped for the second consecutive month by 12.5% MOM (Jan:-7.5%), an unusual trend given that machines orders historically tend to rebound in February following a seasonal January decline. This suggests that the dismal year-over-year dip was not merely caused by the distortion of the unfavorably high base in 2018, but a result of weakening domestic and foreign demand.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
12/03	US	NFIB Small Business Optimism	Feb	102.5	101.2	--
		CPI YOY	Feb	1.6%	1.6%	--
		CPI Ex Food and Energy YY	Feb	2.2%	2.2%	--
13/03		MBA Mortgage Applications	Mar-08	--	-2.5%	--
		PPI Final Demand YOY	Feb	1.9%	2.0%	--
13/03	Eurozone	Industrial Production SA MoM	Jan	1.0%	-0.9%	--
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%	--
13/03	Japan	PPI YOY	Feb	0.7%	0.6%	--
		Core Machine Orders MOM	Jan	-1.5%	-0.1%	--
12/03	Singapore	Retail Sales YOY	Jan	2.6%	-6.0%	--
12/03	Australia	NAB Business Confidence	Feb	--	7.0	--
		Home Loans MOM	Jan	-2.0%	-8.2%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1245	0.09	1.1258	1.1222	-1.82
GBPUSD	1.3150	1.04	1.3170	1.2949	3.83
USDJPY	111.21	0.04	111.31	110.88	1.50
AUDUSD	0.7070	0.35	0.7077	0.7027	0.33
EURGBP	0.8550	-0.93	0.8676	0.8533	-5.42
USDMYR	4.0905	0.01	4.0945	4.0845	-1.36
EURMYR	4.6026	0.36	4.6051	4.5871	-2.70
JPYMYR	3.6772	-0.19	3.6883	3.6739	-2.35
GBPMYR	5.3168	-0.74	5.3230	5.2991	2.70
SGDMYR	3.0101	0.07	3.0136	3.0045	-0.84
AUDMYR	2.8830	0.47	2.8868	2.8735	-1.35
NZDMYR	2.7863	0.59	2.7902	2.7761	0.49
CHFMYR	4.0585	0.17	4.0622	4.0511	-3.71
CNYMYR	0.6083	-0.04	0.6090	0.6078	0.50
HKDMYR	0.5210	-0.02	0.5212	0.5203	-1.48
USDSGD	1.3580	-0.06	1.3601	1.3578	-0.42
EURSGD	1.5270	0.03	1.5295	1.5252	-2.23
GBPSGD	1.7856	0.38	1.7889	1.7596	3.39
AUDSGD	0.9601	0.34	0.9608	0.9551	-0.08

Source: Bloomberg

MYR

- **MYR eased 0.01% to 4.0905 against USD** and slipped against 8 G10s as risk appetite in the markets receded further.
- **MYR is slightly bearish against USD** in anticipation of pressure from risk aversion in the markets. Despite signs of a retreat, we maintain that USDMYR remains bullish and continue to target 4.0965. Beating this, USDMYR is likely headed towards 4.1038.

USD

- **USD weakened against 8 G10s** while the DXY fell 0.19% to 97.02, driven lower by rally in GBP amid improved Brexit optimism even as US data came in firmer.
- **Continue to hold a slight bullish view on USD**, anticipating risk aversion in the markets ahead of UK parliamentary vote on Brexit strategy. DXY may launch a last-ditch attempt to break above 97.66 as long as it does not close below 96.87 today. In any case, we opine that DXY is near the end of its bullish trend and thus, may not have much upside left even if it breaks above 97.66.

EUR

- **EUR** remains weighed down by ECB's dovish tilt and ahead of UK parliamentary vote on Brexit strategy, sliding against 7 G10s but **managed to inch 0.09% higher to 1.1245 against a soft USD**.
- **Stay slightly bearish EUR against USD** as we anticipate some risk aversion ahead of UK parliamentary vote on Brexit strategy. A bearish trend still prevails, thus we are skeptical that recent bounce higher could sustain. EURUSD is still exposed to a break below 1.1193 going forward, but thereafter, we opine that losses will likely be limited.

GBP

- **GBP** rallied to beat 8 G10s and **surged 1.04% to 1.3150 against USD**, lifted by speculation that a last-minute talk between UK PM May and EU Commission President Juncker would yield a favourable deal.
- **Expect a slightly bearish GBP against USD** on risk aversion ahead of UK parliamentary vote on Brexit strategy. Even though bearish trend was nullified overnight, we doubt that current upside bias is sustainable. Risk of rejection is likely to increase approaching 1.3255 – 1.3270 range; rejection from here is expected to push GBPUSD back to 1.3017 in the coming weeks.

JPY

- **JPY dipped 0.04% to 111.21 against USD** and fell against 8 G10s, pressured by return of risk appetite to the markets.
- **JPY is still bullish against USD** as we anticipate risk-off sentiment to return to the markets. Despite overnight gains and early rally, we maintain that USDJPY is likely to continue heading lower, with room to break below 110.79, below which 110.38 will be targeted.

AUD

- **AUD climbed 0.35% to 0.7070 against a soft USD** and advanced against 5 G10s, supported by rebound in market sentiment.
- **Stay slightly bearish on AUD against USD**, pressured by lingering risk-off in the markets. 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 0.7090.

SGD

- **SGD inched 0.06% firmer to 1.3580 against a soft USD** but fell against 8 G10s.
- **Expect a slightly bearish SGD against a firm USD**, anticipating pressure from risk-off sentiment in the markets. Recent bullish trend has been lost and there is room for USDSGD to head lower time being, possibly to circa 1.3560. But we maintain that a bullish chart pattern continues to be formed, and expected to take USDSGD to circa 1.3653 going forward.

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