

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks fell overnight as investors await first quarter earnings reports.** The Dow lost 0.05%, the S&P500 was unchanged while NASDAQ slipped 0.21%. **The dollar index rose, treasuries yield advanced on better-than-expected producer prices index**, a sign of higher inflation. Yield generally picked up by 3-4bps across the curve, with that of the 10s ticking up by 4bps to 2.50%. European key stocks benchmarks all rose with the exception of the 0.05% loss of the FTSE 100. **The UK has been granted a second Brexit delay until 31 October this year.** Oil prices retreated as Brent crude slipped by 1.25% to \$70.83/barrel and WTI lost 1.59% to settle at \$63.58/barrel. The MAS announced no change to its monetary policy this morning as widely expected.
- **US headline PPI for final demand beat expectations to increase 2.2% YOY in March driven mainly by higher food and energy prices.** Core PPI slowed to 2.0% YOY, in line with the weaker core CPI figure. Initial jobless claims fell by 8k to a 49Y low of 196k last week. **China inflation rebounded** as CPI rose 2.3% YOY in March on swine-flu induced rise in food prices. PPI also recovered slightly to increase 0.4% YOY, easing some earlier concerns over dis-inflation risk at Chinese factories. **Singapore advance 1Q19 GDP growth clocked in at a more-than-three-year low of 1.3% YOY** mainly on manufacturing output contraction and slower services sector growth. New Zealand manufacturing PMI weakened in March. Malaysia industrial output lost steam, pulling back to increase a mere 1.7% YOY in February.
- **The Dollar index closed higher by 0.2% to 97.192** led by USDJPY on higher UST yields as USD retraces recent losses against the majors. **We maintain USD bullishness** still as we continue to trade within the upper Bollinger band as majors continue to swing within recent ranges on headlines.
- **MYR closed 0.12% weaker at 4.1130** as EM continues to trade poorly against the USD as trade tensions continue to mount and global growth concerns continue to linger in investors' minds. **We maintain MYR bearishness** as USDMYR has closed and open above the 100 DMA with the pair looking set to continue its journey upwards towards the 200 WMA of 4.1483 before continuing to 4.20 the weekly Bollinger top.
- **SGD closed weaker by 0.33% at 1.3562 against USD** in line with stronger USD against EM as trade tensions and growth concerns take hold. **MAS announced** that it would maintain its slope, width and center of currency band at time of writing. We turn bearish on SGD as slope of appreciation uncertainty has been removed and we can continue to focus on the external factors griping EM markets as a whole.

Overnight Economic Data

Malaysia	↓
US	↑
China	↑
Singapore	↓
New Zealand	↓

What's Coming Up Next

Major Data

- US Import Price Index, Uni of Michigan Consumer Sentiments
- EU Industrial Production
- China Trade Data
- Singapore Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1180	1.1220	1.1275	1.1290	1.1330	↗
GBPUSD	1.2945	1.3000	1.3057	1.3200	1.3250	↗
USDJPY	110.75	111.00	111.69	111.40	111.85	↗
AUDUSD	0.7070	0.7120	0.7127	0.7200	0.7230	→
EURGBP	0.8520	0.8575	0.8640	0.8656	0.8675	→
USDMYR	4.1100	4.1150	4.1240	4.1300	4.1350	↗
EURMYR	4.5850	4.6250	4.6525	4.6750	4.6950	↗
JPYMYR	3.6600	3.6850	3.6935	3.7090	3.7300	↗
GBPMYR	5.3200	5.3550	5.3855	5.4045	5.4400	↗
SGDMYR	3.0300	3.0350	3.0405	3.0450	3.0500	↗
AUDMYR	2.9000	2.9250	2.9400	2.9640	2.9890	↗
NZDMYR	2.7300	2.7580	2.7745	2.7890	2.7980	↗
USDSGD	1.3475	1.3510	1.3568	1.3575	1.3600	↗
EURSGD	1.5100	1.5160	1.5303	1.5311	1.5370	↗
GBPSGD	1.7410	1.7560	1.7715	1.7875	1.7975	↗
AUDSGD	0.9530	0.9630	0.9670	0.9705	0.9750	↗

* 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	1,624.23	-0.93	-3.92	CRB Index	187.33	-1.23	10.32
Dow Jones Ind.	26,143.05	-0.05	12.07	WTI oil (\$/bbl)	63.58	-1.59	40.01
S&P 500	2,888.32	0.00	15.22	Brent oil (\$/bbl)	70.83	-1.25	31.65
FTSE 100	7,417.95	-0.05	10.25	Gold (\$/oz)	1,292.52	-1.18	0.76
Shanghai	3,189.96	-1.60	27.91	CPO (RM/tonne)*	2,045.50	-0.63	4.76
Hang Seng	29,839.45	-0.93	15.45	Copper (\$/tonne)	6,408.00	-0.87	7.43
STI	3,330.82	0.10	8.54	Rubber (sen/kg)	508.50	0.10	34.17

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MY Industrial Production YOY	Feb	1.7%	3.2%	2.2%
US PPI YOY	Mar	2.2%	1.9%	1.9%
US Initial Jobless Claims	06 Apr	196k	204k (revised)	210k
CH CPI YOY	Mar	2.3%	1.5%	2.3%
CH PPI YOY	Mar	0.4%	0.1%	0.4%
SG Advance GDP	1Q19	1.3%	1.9%	1.4%
NZ BusinessNZ Manufacturing PMI	Mar	51.9	53.4 (revised)	--

Source: Bloomberg

- US factory gate inflation driven by higher energy & food prices; initial jobless claims dropped to 49Y low:** Producer prices index for final demand surged by 2.2% YOY in March (Feb: +1.9%), the fastest pace since December last year, beating consensus estimate of 1.9% YOY. The jump was attributed to higher food and energy prices as core PPI softened to 2.0% YOY (Feb: +2.3%), very much in line with the slower core CPI released this week. Looking at the detail on a monthly basis, PPI jumped by a whopping 0.6% MOM (Feb: +0.1%), driven by the rise in prices of both goods and services of which food prices rebounded (+0.3% vs -0.3%) and energy prices went up considerably higher (+5.6% vs +1.8%). Meanwhile, initial jobless claims fell by 8k to a 49-year low of 196k for the week ended 6 April (previous: 204k revised) pushing the four-week moving average to an even lower 207k (previous: 214k), suggesting that firms continue to face challenges in filling up vacancies amidst the ever tightening labour market.
- China inflation rebounded, soothing concerns on dis-inflation risk:** CPI rose 2.3% YOY in March (Feb: +1.5%), its fastest growth rate in five months, largely on the African swine flu- driven surge in food prices (+4.1% vs +0.7%) and partly on the tiny gain in non-food prices (+1.8% vs +1.7%). Pork prices, Chinese household preferred poultry rose 5.1% YOY which alone pushed up CPI by 0.12 percentage point according to the NBS. PPI advanced by 0.4% YOY in the same month (Feb: +0.1%), the fastest since December last year, suggesting a recovery in factory prices, soothing recent concerns over a dis-inflation at Chinese factories. The overall upturn in prices in China were welcoming signs for the PBOC, suggesting that prices are moving up but still comfortably below its 3% target amidst ample fiscal stimulus and loose monetary conditions.
- MAS announced no change to monetary policy; Singapore advance GDP growth softened in 1Q as manufacturing output fell:** The advance estimate of Singapore 1Q19 GDP growth clocked in at softer rate of 1.3% YOY (4Q:+1.9%). The pace of growth missed consensus forecast of 1.4% and was the slowest in more than three years, dragged mainly by the contraction in manufacturing output (-1.9% vs +7.2%) and the lackluster services output (+2.1% vs +3.0%). Construction sector instead rebounded to increase 1.4% YOY (4Q: -3.4%) following a long period of declines. The fall in manufacturing was in line with the generally weaker industrial production, PMI and electronics NODX in the first two months of 2019 as demand for Singaporean goods especially electronics faltered against a backdrop of slower global demand. Meanwhile, the Monetary Authority of Singapore (MAS) released its bi-annual statement today as well and maintained its monetary policy as widely expected. It announced no change to the current rate of appreciation of the S\$NEER policy band, and no change to its width and the level at which it is centred. MAS acknowledged the slower economy and expect moderate pace (of growth) in coming quarters. The lower-than-expected core inflation has also prompted MAS to trim its 2019 core inflation forecast to 1-2% (from 1.5-2.5%). Against the backdrop of significant uncertainty in the short term, more accommodative policy stances in the US and China as well as easing global financial condition, Singapore GDP growth is expected to come in below the mid-point of 1.5-3.5% in 2019. The policy stance is consistent with a modest and gradual appreciation path of the S\$NEER policy band that will ensure medium-term price stability.

- **New Zealand manufacturing activities slowed in March:** The BusinessNZ Manufacturing PMI fell to 51.9 in March (Feb: 53.4) pointing to a slower pace of expansion in the manufacturing industry. The slower upturn was driven by a broad-based slowdown in all sub-index with the exception of employment. Production, new orders saw softer increase as demand waned last month. The increase in employment suggests still-solid manufacturing job market.
- **Malaysia industrial production lost steam:** Industrial production reported a weaker than expected growth of 1.7% YOY in February (Jan: +3.2%), marking its 2nd straight month of pullback and its slowest gain in eight months. Softer growth traction was evident across the board encompassing manufacturing (+3.7% vs +4.2%) and electricity (+4.9% vs +7.8%) while mining output continued contracting (-5.0% vs -0.9%) dragged by declines in both crude oil and natural gas indices. Year-to-date economic indicators seem to suggest the Malaysia economy is steering towards a soft start for the year, barring surprises in March which shall offer better clarity on the economic condition post festive distortions. We therefore remain cautious over growth prospects of the Malaysian economy ahead given looming external headwinds that could compound challenges at the domestic front. Sustainability of domestic demand will be paramount in ensuring overall traction of the Malaysian economy amid rising external uncertainties. We are maintaining our full year growth forecast at 4.7% for now.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
12/04	US	Import Price Index MOM	Mar	0.4%	0.6%	--
		Uni Michigan Consumer Sentiments	Apr P	98.2	98.4	--
15/04		Empire Manufacturing	Apr	8.0	3.7	--
12/04	Eurozone	Industrial Production MOM	Feb	-0.5%	1.4%	--
15/04	UK	Rightmove House Prices YOY	Apr	--	-0.8%	--
12/04	China	Exports YOY	Mar	6.5%	-20.7%	-20.8%
		Trade Balance	Mar	\$5.7b	\$4.12b	\$4.08b
		Imports YOY	Mar	0.2%	-5.2%	--
12/04	Singapore	Retail Sales YOY	Feb	2.5%	7.6%	--
15/04	New Zealand	Performance Services Index	Mar	--	53.8	--

Source: Bloomberg

	Last Price	DoD%	High	Low	YTD%
EURUSD	1.1253	-0.19	1.1287	1.1250	-1.84
GBPUSD	1.3058	-0.25	1.3109	1.3051	2.38
USDJPY	111.66	0.59	111.70	110.91	1.76
AUDUSD	0.7124	-0.66	0.7172	0.7117	1.06
EURGBP	0.8621	0.10	0.8635	0.8603	-4.07
USDMYR	4.1130	0.12	4.1220	4.1025	-0.49
EURMYR	4.6389	0.13	4.6473	4.6258	-1.87
JPYMYR	3.7031	0.29	3.7118	3.6955	-1.46
GBPMYR	5.3818	0.36	5.3987	5.3728	2.17
SGDMYR	3.0405	0.25	3.0456	3.0347	0.15
AUDMYR	2.9446	0.41	2.9500	2.9392	0.74
NZDMYR	2.7810	0.33	2.7861	2.7755	0.08
CHFMYR	4.1090	0.23	4.1121	4.0925	-2.15
CNYMYR	0.6126	0.27	0.6137	0.6125	1.22
HKDMYR	0.5246	0.17	0.5255	0.5235	-0.68
USDSGD	1.3562	0.33	1.3563	1.3516	-0.50
EURSGD	1.5261	0.14	1.5277	1.5238	-2.30
GBPSGD	1.7709	0.07	1.7741	1.7678	1.86
AUDSGD	0.9662	-0.34	0.9696	0.9652	0.57

Source: Bloomberg

Forex

MYR

- **MYR closed 0.12% weaker at 4.1130** as EM continues to trade poorly against the USD as trade tensions continue to mount and global growth concerns continue to linger in investors' minds.
- **We maintain MYR bearishness** as USDMYR has closed and open above the 100 DMA with the pair looking set to continue its journey upwards towards the 200 WMA of 4.1483 before continuing to 4.20 the weekly Bollinger top.

USD

- **The Dollar index closed higher by 0.2% to 97.192** led by USDJPY on higher UST yields as USD retraces recent losses against the majors.
- **We maintain USD bullishness** still as we continue to trade within the upper Bollinger band as majors continue to swing within recent ranges on headlines.

EUR

- **EUR closed 0.19% lower at 1.1253 against USD** as the USD fights back to retrace recent losses ahead of the weekend.
- **We maintain EUR bullishness** to the 1.1350 area however, given the recent volatility, it might be a slow grind especially if the US starts to escalate trade tensions with the Eurozone.

GBP

- **GBP closed 0.25% lower to 1.3058** after a Brexit extension given by the EU to 31 October in what is likely a short term profit taking move by investors ahead of the weekend.
- **We maintain bullish GBPUSD** as PM May starts work to win parliamentary approval for a divorce with the Eurozone which could come earlier than the 31 October deadline if she is successful in creating a customs union that is accepted by Parliament.

JPY

- **JPY weakened 0.59% to 111.66** as UST yields recover and USDJPY retracing the previous 3 session's declines.
- **We maintain bearish JPY** as USDJPY is now trading near the Ichimoku cloud top which continues to act as a support to target the 112.20 daily Bollinger top area.

AUD

- **AUD closed 0.66% weaker against the USD at 0.7124** completely retracing the previous session's move.
- **We continue to remain neutral on AUD** as given recent moves, it is confirmed that the pair would likely continue to trade recent ranges and extreme moves beyond the ordinary daily range should be faded.

SGD

- **SGD closed weaker by 0.33% at 1.3562 against USD** in line with stronger USD against EM as trade tensions and growth concerns take hold.
- **MAS announced** that it would maintain its slope, width and center of currency band at time of writing. We turn bearish on SGD as slope of appreciation uncertainty has been removed and we can continue to focus on the external factors griping EM markets as a whole.

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