HongLeong Bank

Global Markets Research
Daily Market Highlights

Key Takeaways

- **US stocks ended mixed on Tuesday** as the S&P 500 and NASDAQ rose following latest CPI data but the Dow was weighed down by falling Boeing shares. S&P 500 and NASDAQ each clinched a modest gain of 0.30% and 0.44% while the Dow fell 0.38%. **Treasuries yield fell across the curve as a muted YOY inflation was a reassurance that the Fed would delay hiking Fed funds rate.** Yield on 10Y treasuries fell 4bps to 2.6% following a solid auction of the 10Y papers. Yield on 2Y notes lost 2bps to 2.45%. **In the U.K., Theresa May's Brexit deal was again rejected by the U.K. Parliament, forcing law makers to choose between a no-deal Brexit or a withdrawal date extension**. The sterling tumbled overnight. Stock markets in Europe were mixed while Asian shares rallied earlier. Oil futures rose as both WTI and Brent Crude strengthened marginally by 0.14% to $56.87/barrel and $66.67/barrel.

- **US headline inflation tapered off to 1.5% YOY** in February on falling energy prices and weakness in the core segments. **UK industrial productions recovered** to increase 0.6% MOM in January **while its goods trade deficit widened. Japan core machinery orders fell 5.4% MOM**, marking its third month of decline as firms scaled back on capex, **producer prices rose a mere 0.8% YOY** as inflation stayed tepid. **Singapore retail sales jumped** 7.6% YOY ahead of Chinese New Year. **Australia home loan approvals fell 1.2% while both business and consumer sentiments weakened.**

- **USD weakened against 8 G10s** while the DXY fell 0.29% to 96.93, weighed down by a softer than expected US CPI that overturned gains from risk-off in GBP. **Continue to hold a bullish view on USD**, anticipating firmer refuge demand in the markets ahead of Brexit-related risk events in the UK, and potential upside surprise in US data. DXY may launch a last-ditch attempt to break above 97.66 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 strengthened 0.17% to 4.0835 against USD** and advanced against 6 G10s, supported by firmer risk sentiment in the markets. **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 advanced 0.15% to 1.3560 against USD** but weakened 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 1.3545. 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	➔
UK	➔
Japan	➔
Singapore	↑
Australia	↓

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, PPI Final Demand, Factory Orders, Core Capital Orders
- Eurozone Industrial Production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1267	1.1276	1.1289	1.1298	1.1315	↘
GBPUSD	1.3050	1.3061	1.3070	1.3093	1.3119	↘
USDJPY	111.12	111.24	111.35	111.40	111.46	↘
AUDUSD	0.7052	0.7058	0.7068	0.7075	0.7089	↘
EURGBP	0.8610	0.8624	0.8636	0.8642	0.8658	↗
USDMYR	4.0785	4.0800	4.0825	4.0830	4.0850	↗
EURMYR	4.6038	4.6061	4.6090	4.6111	4.6135	➔
JPYMYR	3.6605	3.6649	3.6667	3.6697	3.6717	↗
GBPMYR	5.3299	5.3359	5.3381	5.3396	5.3444	↗
SGDMYR	3.0090	3.0100	3.0111	3.0117	3.0125	➔
AUDMYR	2.8800	2.8820	2.8857	2.8868	2.8900	↘
NZDMYR	2.7950	2.7967	2.7987	2.8003	2.8024	↗
USDSGD	1.3545	1.3553	1.3560	1.3565	1.3574	↗
EURSGD	1.5290	1.5300	1.5308	1.5312	1.5322	↘
GBPSGD	1.7672	1.7697	1.7728	1.7735	1.7761	↘
AUDSGD	0.9577	0.9581	0.9585	0.9587	0.9603	↘

* 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	1,671.28	0.40	-1.14	CRB Index	181.31	0.45	6.78
Dow Jones Ind.	25,554.66	-0.38	9.55	WTI oil ($/bbl)	56.87	0.14	25.24
S&P 500	2,791.52	0.30	11.36	Brent oil ($/bbl)	66.67	0.14	23.92
FTSE 100	7,151.15	0.29	6.29	Gold (S/oz)	1,301.58	0.64	1.44
Shanghai	3,060.31	1.10	22.71	CPO (RM/tonne)*	1,906.00	-0.86	-2.38
Hang Seng	28,920.87	1.46	11.90	Copper ($/tonne)	6,407.00	0.19	7.41
STI	3,212.25	0.65	4.68	Rubber (sen/kg)	473.50	1.18	24.93

Source: Bloomberg

➢Macroeconomics

Economic Data	For	Actual	Last	Survey
US NFIB Small Business Optimism	Feb	101.7	101.2	102.5
US CPI YOY	Feb	1.5%	1.6%	1.6%
US CPI Ex Food and Energy YY	Feb	2.1%	2.2%	2.2%
UK Visible Trade Balance GBP/Mn	Jan	-£13,084m	-£12,686m (revised)	-£12,200m
UK Industrial Production MOM	Jan	0.6%	-0.5%	0.2%
UK GDP (MOM)	Jan	0.5%	-0.4%	0.2%
JP PPI YOY	Feb	0.8%	0.6%	0.7%
JP Core Machinery Orders MOM	Jan	-5.4%	-0.3% (revised)	-1.5%
SG Retail Sales YOY	Jan	7.6%	-5.8% (revised)	2.6%
AU NAB Business Confidence	Feb	2.0	4.0	--
AU Home Loans MOM	Jan	-1.2%	-8.0% (revised)	-2.0%
AU Westpac Consumer Confidence MOM	Mar	-4.8%	4.3%	----

Source: Bloomberg

- ***US softer CPI reaffirms muted inflation environment, small businesses sentiments stayed weak:*** Headline CPI missed estimates, easing further to 1.5% YOY in February (Jan: +1.6%), a level last seen in Sep-16 as declining energy prices (-5.0% vs -4.8%) partially offset the accelerating rise in food prices (+2.0% vs +1.6%). Gain in the core CPI which excludes food and energy also fell to 2.1% YOY (Jan: +2.2%) suggesting a weaker momentum in underlying inflation as the dip in prices of apparels and medical commodities dragged down core CPI. February's softer than expected print was a result of a firmer US dollar and partially reflecting a slower demand in the core goods segment, offering reassurance that the Fed will at best deliver one hike of the Fed Funds Rate this December if not completely delaying the rate hike plan for 2019. Meanwhile, sentiments among US smaller firms stayed weak as the NFIB Small Business Optimism Index rose slightly to 101.7 in February (Jan: 101.2) which paled in comparisons to the 104-108 levels seen in 2018.

- ***UK monthly GDP recovered as IPI, services rebounded:*** The monthly GDP growth released by the ONS recovered to increase 0.5% MOM in January (Sep: -0.4%) thanks mainly to the rebound in industrial production (+0.6% vs -0.5%) as well as services output (+0.3% vs -0.2%). Within industrial production, manufacturing output rose 0.8% (Dec: -0.7%), reversing previous month's decline while construction output also ticked up by 2.8% MOM (Dec: -2.8%). Visible trade deficit meanwhile widened to -£13,084m (Dec: -£12,686m) as exports rose 4.1% MOM (Dec: -3.9%) while imports picked up 3.8% MOM (Dec: -1.8%).

- ***Japan firms scaled back on capex, weak PPI affirms lack of price pressure:*** Core machinery, a barometer for capex fell for the third running month by 5.4% MOM in January (Dec: -0.3% revised) while on a yearly basis, orders ticked down by 2.9% YOY (Dec: +0.9%) as firms scaled back on investments in view of slower Chinese demand a generally softer global conditions. Producer price index rose a mere 0.8% YOY in February (Jan: +0.6%), an acceleration compared to the previous month but was still well below the above 2-3% range in 2018, confirming the lack of price pressure in the domestic economy.

- ***Singapore retail sales recovered ahead of Chinese New Year:*** Retail sales surged 7.6% YOY in January ahead of Chinese New Year, reversing previous two months' declines (Dec: -5.8%) driven by a broad-based rebound in sales across all categories save for the telecommunications & computers segments (-11.5% vs -18.7%). Sales of motor vehicles surged 20.0% YOY (Dec: -20.7%), likely a temporary spike following months of falls as auto vehicles demand remains in the down cycle.

- ***Australia soft home loans, weaker confidence levels offered mixed signals on cash rate trajectory:*** Australia home loans approvals extended its third consecutive month of decline by 1.2% MOM in January (Dec: -8.0% revised), pointing to a continuous slowdown in the housing market. Meanwhile, business and consumer confidence weakened as the NAB Business Confidence Index fell to 2.0 in February (Jan: 4.0) on falling forward orders, exports and exports sales while the Westpac Consumer Confidence Index dipped by 4.8% to 98.8 in March (Feb: 103.8). Softer Australia data raise further uncertainties over the cash rate move by the RBA which has titled to a slightly dovish tone in its latest monetary policy statement but offer no hints on the next rate adjustment. While consumption is expected to be supported by a strengthening labour market, outlook for the economy skewed to the downside as China scaled back imports from Australia amidst slower demand.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
14/03	Malaysia	Industrial Production YOY	Jan	2.3%	3.4%	--
13/03	**US**	**MBA Mortgage Applications**	**Mar-08**	**--**	**-2.5%**	**--**
		Durable Goods Orders	**Jan P**	**-0.4%**	**1.2%**	**--**
		Caps Goods Orders Nondef Ex Air	**Jan P**	**0.2%**	**-1.0%**	**--**
		PPI Final Demand YOY	**Feb**	**1.9%**	**2.0%**	**--**
14/03		Import Price Index MOM	Feb	0.3%	-0.5%	--
		New Home Sales MOM	Jan	0.2%	3.7%	--
		Initial Jobless Claims	Mar-09	225k	223k	--
13/03	**Eurozone**	**Industrial Production SA MOM**	**Jan**	**1.0%**	**-0.9%**	**--**
14/03	UK	RICS House Price Balance	Feb	-24%	-22%	--
14/03	China	Fixed Assets Ex Rural YTD YOY	Feb	6.1%	5.9%	--
		Industrial Production YTD YOY	Feb	5.6%	6.2%	--
		Retail Sales YTD YOY	Feb	8.2%	9.0%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1288	0.38	1.1305	1.1245	-1.57
GBPUSD	1.3075	-0.57	1.3289	1.3005	2.47
USDJPY	111.36	0.13	111.47	111.11	1.45
AUDUSD	0.7082	0.17	0.7092	0.7058	0.16
EURGBP	0.8633	0.97	0.8655	0.8476	-3.93
USDMYR	4.0835	-0.17	4.0875	4.0790	-1.20
EURMYR	4.6036	0.02	4.6087	4.5924	-2.62
JPYMYR	3.6663	-0.30	3.6720	3.6611	-2.43
GBPMYR	5.4008	1.58	5.4180	5.3882	2.53
SGDMYR	3.0118	0.06	3.0136	3.0062	-0.79
AUDMYR	2.8895	0.23	2.8924	2.8816	-1.15
NZDMYR	2.7957	0.34	2.7965	2.7871	0.61
CHFMYR	4.0519	-0.16	4.0519	4.0376	-3.51
CNYMYR	0.6086	0.06	0.6088	0.6073	0.56
HKDMYR	0.5203	-0.13	0.5210	0.5196	-1.50
USDSGD	1.3560	-0.15	1.3580	1.3551	-0.47
EURSGD	1.5305	0.23	1.5322	1.5257	-2.04
GBPSGD	1.7728	-0.72	1.8043	1.7655	1.98
AUDSGD	0.9602	0.01	0.9613	0.9580	-0.30

Source: Bloomberg

➢Forex

MYR

- **MYR strengthened 0.17% to 4.0835 against USD** and advanced against 6 G10s, supported by firmer risk sentiment in the markets.
- **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 0.29% to 96.93, weighed down by a softer than expected US CPI that overturned gains from risk-off in GBP.
- **Continue to hold a bullish view on USD**, anticipating firmer refuge demand in the markets ahead of Brexit-related risk events in the UK, and potential upside surprise in US data. DXY may launch a last-ditch attempt to break above 97.66 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 climbed 0.38% to 1.1288 against USD** and rose against 6 G10s, supported by relatively firmer sentiment in Eurozone on top of buying interest amid GBP weakness.
- **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, which exposes EURUSD to a potential break below 1.1193 today. Failure to do so will encourage the bulls to take EURUSD higher to 1.1315, above which 1.1364 – 1.1373 will be targeted.

GBP

- **GBP fell 0.57% to 1.3075 against USD** and tumbled against all G10s, pressured by UK parliament rejection of PM May's Brexit strategy.
- **GBP is bearish against USD** on risk aversion ahead of UK parliamentary votes on Wed and Thur, respectively on no-deal Brexit and postponement of Brexit deadline. GBPUSD is back in a bearish trend, which suggests a break below 1.3015 soon. Below 1.3015, 1.2914 – 1.2950 will be under threat.

JPY

- **JPY weakened 0.13% to 111.36 against USD** and fell against 8 G10s as risk sentiment returned.
- **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 0.17% to 0.7082 against a soft USD** but retreated against 7 G10s, weighed down by recent downsides in Australian data.
- **Stay slightly bearish on AUD against USD**, pressured by lingering risk-off in the markets. Despite recent bounces higher, we maintain that AUDUSD is still vulnerable to losses while below 0.7104. Losing 0.7068 will put AUDUSD under more pressure, potentially pushing it lower to circa 0.7000 – 0.7012.

SGD

- **SGD advanced 0.15% to 1.3560 against USD** but weakened 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 1.3545. 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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