

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Global markets sold off overnight as China retaliated by hiking tariffs on a range of US goods and said that it would not surrender to external pressure**, effectively escalated current trade war into a new level. The tariffs would come in the range of 5-25% on 5,140 US products worth \$60b effective 1 June. **The US also said it would hold a public hearing on plan to impose up to 25% tariffs on the remaining untaxed \$300b Chinese goods**. Yet in the midst of measures and counter measures, President Trump said that he planned to meet President Xi at next month's G20 Summit in Japan. **US stocks tumbled with trade sensitive giants such as Caterpillar, Boeing and Apple all suffering more than 4% falls in a day**. The Dow lost 2.38% (-617.38pts), the S&P 500 fell 2.41% (-69.53pts) with tech sector being the biggest loser, while NASDAQ dropped 3.41% (-269.92pts). **Equity routs sent investors fleeing to safety, leading US treasuries to rally and yield falling across the curve by 5-8bps. 10Y UST yield slipped by 7bps to 2.40%**. European stocks mostly closed around 1-1.5% lower while Asian main benchmarks lost around 1%. Crude oil prices fell on trade tensions- WTI settled 1% lower at \$61.04/barrel while Brent crude was down by 0.55% to \$70.23/barrel.
- **Data are scanty on Monday**. Japan's Economic and Social Research Institute's leading index fell to 96.3 in March while the coincident index also edged lower to 99.6, **pointing to slower growth momentum at the end of the first quarter. Australia home loan approvals resumed decline** in March by 2.8% MOM while loans granted to household for investment purposes also continued to fall for the eighth consecutive months by 2.7% MOM affirming the subdued outlook for housing market this year amidst slower growth backdrop and tighter credit standards.
- **The Dollar index was little changed at 97.319** as markets flocked into safe haven assets. **We continue to maintain USD bullishness** so long as there continues to be safe haven demand as trade tensions continue.
- **MYR closed 0.17% lower** against the USD at 4.1645 as China retaliates against US tariffs and tensions sour. **We remain bearish MYR** as trade tensions continue to escalate along with a rising USD/EM. MYR is on track to target 4.20 so long as risk assets continue to be dumped.
- **SGD closed 0.58% weaker at 1.3705 against USD** in line with broad USD/AXJ. **We maintain bearish SGD** as the escalation of US-China trade spat will continue to dampen risk appetite and support USD/EM in general.

#### Overnight Economic Data

Japan	↓
Australia	↓

#### What's Coming Up Next

##### Major Data

- US NFIB Small Business Optimism, Import Price Index
- Eurozone Industrial Production, ZEW Survey Expectations
- UK Job Report
- Japan Eco Watcher Survey
- Australia NAB Business Confidence Index

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1170	1.1200	1.1234	1.1250	1.1275	↘
GBPUSD	1.2900	1.2950	1.2968	1.3000	1.3050	→
USDJPY	108.75	109.00	109.25	109.50	109.75	↘
AUDUSD	0.6900	0.6945	0.6955	0.6975	0.7000	↘
EURGBP	0.8600	0.8625	0.8665	0.8675	0.8700	→
USDMYR	4.1600	4.1650	4.1720	4.1750	4.1800	↗
EURMYR	4.6450	4.6650	4.6880	4.6900	4.7000	→
JPYMYR	3.7800	3.8000	3.8200	3.8350	3.8500	↗
GBPMYR	5.3800	5.4000	5.4100	5.4250	5.4400	→
SGDMYR	3.0400	3.0450	3.0460	3.0530	3.0550	↗
AUDMYR	2.8800	2.8950	2.9005	2.9100	2.9200	↘
NZDMYR	2.7150	2.7300	2.7460	2.7550	2.7650	↘
USDSGD	1.3650	1.3675	1.3705	1.3725	1.3750	↗
EURSGD	1.5350	1.5370	1.5395	1.5420	1.5450	→
GBPSGD	1.7600	1.7700	1.7768	1.7900	1.8050	→
AUDSGD	0.9450	0.9500	0.9525	0.9550	0.9600	↘

\* 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	1,601.09	-0.57	-5.29	CRB Index	177.64	-0.73	4.62
Dow Jones Ind.	25,324.99	-2.38	8.56	WTI oil (\$/bbl)	61.04	-1.01	34.42
S&P 500	2,811.87	-2.41	12.17	Brent oil (\$/bbl)	70.23	-0.55	30.54
FTSE 100	7,163.68	-0.55	6.47	Gold (\$/oz)	1,299.91	1.08	1.40
Shanghai	2,903.71	-0.21	16.43	CPO (RM/tonne)	1,910.50	-0.39	-2.15
Hang Seng	28,550.24	0.84	10.46	Copper (\$/tonne)	6,011.00	-1.88	0.77
STI	3,234.28	-0.20	5.39	Rubber (sen/kg)	479.50	0.10	26.52

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
JP Leading Index CI	Mar P	96.3	97.1	96.3
JP Coincident Index	Mar P	99.6	100.5 (revised)	99.6
AU Home Loans MOM	Mar	-2.8%	0.5% (revised)	-0.5%

Source: Bloomberg

**➤ Macroeconomics**

- **Japan leading economic index fell in March:** The Economic and Social Research Institute's leading index fell to 96.3 in March (Feb: 97.1) according to a preliminary reading while the coincident index also edged lower to 99.6 (Feb: 100.5), pointing to slower growth momentum at the end of the first quarter.
- **Australia's weak home loan approvals confirmed subdued housing market:** Home loan approvals resumed decline in March by 2.8% MOM (Feb: +0.5% revised) after managing a tiny increase in the previous month. Loans granted to household for investment purposes also continued to fall for the eighth consecutive months by 2.7% MOM (Feb: -0.2%), affirming the subdued outlook for housing market this year amid slower growth backdrop and tighter credit standards.

**Economic Calendar**

Date	Country	Events	Reporting Period	Survey	Prior	Revised
<b>14/05</b>	<b>US</b>	<b>NFIB Small Business Optimism</b>	<b>Apr</b>	<b>102.0</b>	<b>101.8</b>	--
		<b>Import Price Index MOM</b>	<b>Apr</b>	<b>0.7%</b>	<b>0.6%</b>	--
15/05		MBA Mortgage Applications	10 May	--	2.7%	--
		Retail Sales Advance MOM	Apr	0.2%	1.6%	--
		Empire Manufacturing	May	8.0	10.1	--
		Industrial Production MOM	Apr	0.0%	-0.1%	--
		NAHB Housing Market Index	May	64.0	63.0	--
<b>14/05</b>	<b>Eurozone</b>	<b>Industrial Production SA MOM</b>	<b>Mar</b>	<b>-0.3%</b>	<b>-0.2%</b>	--
		<b>ZEW Survey Expectations</b>	<b>May</b>	--	<b>4.5</b>	--
15/05		GDP SA QOQ	1Q P	0.4%	0.2%	--
<b>14/05</b>	<b>UK</b>	<b>Average Weekly Earnings 3M/YOY</b>	<b>Mar</b>	<b>3.4%</b>	<b>3.5%</b>	--
		<b>ILO Unemployment Rate 3Mths</b>	<b>Mar</b>	<b>3.9%</b>	<b>3.9%</b>	--
		<b>Employment Change 3M/3M</b>	<b>Mar</b>	<b>140k</b>	<b>179k</b>	--
<b>14/05</b>	<b>Japan</b>	<b>Eco Watchers Survey Current SA</b>	<b>Apr</b>	<b>45.5</b>	<b>44.8</b>	--
		<b>Eco Watchers Survey Outlook SA</b>	<b>Apr</b>	<b>48.0</b>	<b>48.6</b>	--
15/05		Machine Tool Orders YOY	Apr P	--	-28.5%	--
15/05	China	Fixed Assets Ex Rural YTD YOY	Apr	6.4%	6.3%	--
		Industrial Production YOY	Apr	6.5%	8.5%	--
		Retail Sales YOY	Apr	8.6%	8.7%	--
<b>14/05</b>	<b>Australia</b>	<b>NAB Business Conditions</b>	<b>Apr</b>	--	<b>7.0</b>	--
		<b>NAB Business Confidence</b>	<b>Apr</b>	--	<b>0.0</b>	--
15/05		Westpac Consumer Confidence Index	May	--	100.7	
		Wage Price Index YOY	1Q	2.3%	2.3%	

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1222	-0.10	1.1263	1.1222	-2.06
GBPUSD	1.2958	-0.31	1.3041	1.2941	1.57
USDJPY	109.30	-0.59	109.83	109.02	-0.40
AUDUSD	0.6944	-0.83	0.7006	0.6941	-1.48
EURGBP	0.8660	0.24	0.8681	0.8623	-3.56
USDMYR	4.1645	0.17	4.1680	4.1545	0.75
EURMYR	4.6803	0.22	4.6818	4.6676	-0.99
JPYMYR	3.7999	0.40	3.8018	3.7885	1.72
GBPMYR	5.4204	0.25	5.4227	5.4042	2.90
SGDMYR	3.0451	-0.19	3.0513	3.0436	0.30
AUDMYR	2.9065	-0.89	2.9077	2.8997	-0.56
NZDMYR	2.7424	0.00	2.7427	2.7364	-1.31
CHFMYR	4.1265	0.62	4.1287	4.1111	-1.73
CNYMYR	0.6058	-0.88	0.6080	0.6057	0.09
HKDMYR	0.5309	0.25	0.5310	0.5293	0.51
USDSGD	1.3705	0.58	1.3707	1.3625	0.55
EURSGD	1.5380	0.50	1.5421	1.5304	-1.52
GBPSGD	1.7758	0.28	1.7869	1.7422	2.72
AUDSGD	0.9516	-0.24	0.9550	0.9513	-0.93

Source: Bloomberg

## Forex

### MYR

- **MYR closed 0.17% lower** against the USD at 4.1645 as China retaliates against US tariffs and tensions sour.
- **We remain bearish MYR** as trade tensions continue to escalate along with a rising USD/EM. MYR is on track to target 4.20 so long as risk assets continue to be dumped.

### USD

- **The Dollar index closed was little changed at 97.319** as markets flocked into safe haven assets.
- **We continue to maintain USD bullishness** so long as there continues to be safe haven demand as trade tensions continue.

### EUR

- **EUR closed 0.10% weaker at 1.1222** against USD in line with an overall stronger USD.
- **We remain bearish on EUR** on the divergence between Eurozone and the US economies while trade tensions may continue to provide some drag to EUR.

### GBP

- **GBP closed 0.31% lower at 1.2958** as selling pressure continued on trade tensions.
- **GBP turns neutral** as the pair has dipped into negative territory below the mid of the Bollinger.

### JPY

- **JPY closed 0.59% stronger at 109.30** as risk appetite took a plunge on Chinese retaliation.
- **We remain bullish JPY** as ongoing trade tensions are likely to continue and investors continue to seek safe haven.

### AUD

- **AUD closed 0.83% weaker at 0.6944** against the USD on plunging risk appetite.
- **We remain bearish on AUD** and would continue to monitor trade headlines due to AUD's sensitivity to China.

### SGD

- **SGD closed 0.58% weaker at 1.3705** against USD in line with broad USD/AXJ.
- **We maintain bearish SGD** as the escalation of US-China trade spat will continue to dampen risk appetite and support USD/EM in general.

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