April 15, 2019

# Global Markets Research

# Daily Market Highlights

## Key Takeaways

- **Wall Street rallied on Friday boosted mainly by JP Morgan's better-than-expected quarterly earnings** which helped ease earlier concerns that slower economic growth could hit the bank's bottom-line and the health of the banking sector as a whole**. JP Morgan shares surged 4.7% while shares of other banks also saw concurrent rise, lifting the overall financial sector to be the day's top gainer.** The Dow, S&P 500 and NASDAQ rose 1.03% (+269.25pts), 0.66% (+19.09pts) and 0.46% (+36.81pts) at the end of the day. **Risk-on sentiments led investors to dump bonds - UST yield rose by 3-7bps across the curve.** 10Y treasuries yield jumped by 7bps to 2.57%. Crude oil strengthened further. WTI rose 0.49% to $63.89/barrel while Brent outpaced the US benchmark, picking up 1.02% to $71.55/barrel.

- Dataflow was largely negative. US import prices index rose at a slower pace of 0.6% MOM. The preliminary reading of University of Michigan Consumer Sentiment Index fell to 96.9 in April. **Eurozone industrial production fell 0.2% MOM, d**riven by a broad-based decline. Output of the bloc's largest economies all fell with the exception of France. **China exports rebounded in March by 14.2% YOY (Feb: -20.8% revised) after Lunar New Year's slide,** in line with the stronger PMI readings but imports contracted 7.6% YOY, its fourth consecutive month of declines. **Singapore retail sales deep-dived by 10.0% YOY in February, mainly a reflection of seasonal swing**. New Zealand Performance of Services PMI fell to 52.9 in March, marking the services sector's slowest pace of growth since Dec-2012.

- **The Dollar index lost 0.2% to 96.969** led by EURUSD on improving risk appetite due to strong bank earnings reports. **We maintain USD bullishness** still as we continue to trade within the upper Bollinger band and trade tensions may add support as stakes are being raised.

- **MYR closed just a tad weaker at 4.1145** as EM continues to trade poorly against the USD. This, however, is a major improvement as MYR strengthened from an intraday low of 4.1230 to close here on improving risk appetite. **We maintain MYR bearishness** over the medium term to target 4.14 area as mentioned previously. However, given the bounce off Ichimoku cloud top resistance, we may see the pair consolidating 4.1000-4.1250 for the time being.

- **SGD closed stronger by 0.24% at 1.3529 against USD** in line with weaker USD in general as risk appetite led by US equities improves. **We maintain bearish SGD** as concurred by MAS's 'significant uncertainty remains over the short term outlook further exacerbated by US-EU and now likely US-JP trade talks/tensions.

| Overnight Economic Data | |
|---|---|
| US | ↓ |
| Eurozone | ↓ |
| China | → |
| Singapore | ↓ |
| New Zealand | ↓ |

## What's Coming Up Next

**Major Data**

- US Empire Manufacturing
- UK Rightmove House Prices

**Major Events**

- Nil

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

| | S2 | S1 | Indicative | R1 | R2 | Outlook |
|---|---|---|---|---|---|---|
| **EURUSD** | 1.1220 | 1.1260 | 1.1304 | 1.1330 | 1.1370 | ↗ |
| **GBPUSD** | 1.2945 | 1.3000 | 1.3087 | 1.3200 | 1.3250 | ↗ |
| **USDJPY** | 111.40 | 111.70 | 112.08 | 112.30 | 112.70 | ↗ |
| **AUDUSD** | 0.7070 | 0.7120 | 0.7171 | 0.7200 | 0.7230 | → |
| **EURGBP** | 0.8520 | 0.8575 | 0.8640 | 0.8656 | 0.8675 | → |
| | | | | | | |
| **USDMYR** | 4.1050 | 4.1100 | 4.1140 | 4.1200 | 4.1250 | ↗ |
| **EURMYR** | 4.5850 | 4.6250 | 4.6525 | 4.6750 | 4.6950 | ↗ |
| **JPYMYR** | 3.6520 | 3.6600 | 3.6725 | 3.6950 | 3.7200 | ↗ |
| **GBPMYR** | 5.3200 | 5.3550 | 5.3855 | 5.4045 | 5.4400 | ↗ |
| **SGDMYR** | 3.0300 | 3.0350 | 3.0410 | 3.0450 | 3.0500 | ↗ |
| **AUDMYR** | 2.9000 | 2.9250 | 2.9510 | 2.9640 | 2.9890 | ↘ |
| **NZDMYR** | 2.7300 | 2.7580 | 2.7855 | 2.7890 | 2.7980 | → |
| | | | | | | |
| **USDSGD** | 1.3475 | 1.3510 | 1.3533 | 1.3575 | 1.3600 | ↗ |
| **EURSGD** | 1.5100 | 1.5160 | 1.5298 | 1.5311 | 1.5370 | ↗ |
| **GBPSGD** | 1.7410 | 1.7560 | 1.7712 | 1.7875 | 1.7975 | ↗ |
| **AUDSGD** | 0.9600 | 0.9650 | 0.9705 | 0.9710 | 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 | 1,630.17 | 0.37 | -3.57 | CRB Index | 188.36 | 0.55 | 10.93 |
| Dow Jones Ind. | 26,412.30 | 1.03 | 13.22 | WTI oil ($/bbl) | 63.89 | 0.49 | 40.70 |
| S&P 500 | 2,907.41 | 0.66 | 15.98 | Brent oil ($/bbl) | 71.55 | 1.02 | 32.66 |
| FTSE 100 | 7,437.06 | 0.26 | 10.54 | Gold (S/oz) | 1,290.43 | -0.16 | 0.65 |
| Shanghai | 3,188.63 | -0.04 | 27.86 | CPO (RM/tonne)* | 2,021.50 | -1.20 | 3.53 |
| Hang Seng | 29,909.76 | 0.24 | 15.72 | Copper ($/tonne) | 6,484.00 | 1.19 | 8.70 |
| STI | 3,331.98 | 0.03 | 8.58 | Rubber (sen/kg) | 504.50 | -0.49 | 33.11 |

*Source: Bloomberg*

# ➢Macroeconomics

| Economic Data | | | | |
|---|---|---|---|---|
| | For | Actual | Last | Survey |
| US Import Price Index MOM | Mar | 0.6% | 0.6% | 0.4% |
| US Uni Michigan Consumer Sentiments | Apr P | 96.9 | 98.4 | 98.2 |
| EU Industrial Production MOM | Feb | -0.2% | 1.9% | -0.5% |
| CN Exports YOY | Mar | 14.2% | -20.8% (revised) | 6.5% |
| CN Imports YOY | Mar | -7.6% | -5.2% | 0.2% |
| CN Trade Balance | Mar | $32.64b | $4.08b (revised) | $5.7b |
| SG Retail Sales YOY | Feb | -10.0% | 7.6% | 2.5% |
| NZ Performance of Services Index | Mar | 52.9 | 53.6 (revise) | -- |

*Source: Bloomberg*

- ***US import prices eased; consumer sentiment weakened slightly:*** US import prices index rose at a slower pace of 0.6% MOM in March (Feb: +1.0% revised) amid the fall in prices of nonfuel imports (-0.2% vs +0.2%) and slower gain in prices of fuel imports (+6.4% vs +9.7%). The preliminary reading of University of Michigan Consumer Sentiment Index fell to 96.9 in April (Mar: 98.4) as confidence saw "sideways shuffle", posting an "insignificant decline" in April according to the release as the level of sentiment for the last 30 months remained higher than any other time since 1997 to 2000.

- ***Eurozone industrial production fell again in February:*** Industrial production fell 0.2% MOM in February (Jan: +1.9%), reversing some of the gains in the previous month. The decline was broad-based as output of nearly all categories slipped. Energy output fell 3.0% (Feb: +2.7%), intermediate goods slid 0.1% MOM while capital goods and durable consumer goods both dropped by 0.4% MOM. Non-durable rose 0.9% MOM. Output of the bloc's largest economies fell with the exception of France as Germany, Spain and Portugal all reported declines. On a yearly basis, industrial productions fell 0.3% YOY (Feb: -0.7%), its fourth running month of downturn, in line with the weaker PMI readings in the recent months, a reassurance of even bearish growth outlook for the euro area economy.

- ***China exports surged after Lunar New Year, imports fell for 4th month:*** China exports rebounded in March by 14.2% YOY (Feb: -20.8% revised) after Lunar New Year's slide, in line with the stronger PMI readings, offering relief that demand for Chinese goods is holding up for now. In contrast, imports contracted by 7.6% YOY (Feb: -5.2%), its fourth consecutive month of declines, reaffirming the entrenched weakness in domestic demand. Consequently, the divergence in exports and imports left trade surplus to jump substantially to $32.64b (Feb: $4.08b).

- ***Singapore retail sales plummeted on seasonal swing, consumers paused after January's splurge:*** Singapore retail sales deep-dived by 10.0% YOY in February (Jan: +7.6%) to more than offset the one-off surge in January, mainly reflecting the seasonal swing surrounding Chinese New Year celebration as we have earlier suspected. Nearly all categories recorded declines with more pronounced drops observed in sales of food & beverages, wearing apparel & footwear and furniture & household equipment. Sales of motor vehicles resumed a 5% YOY decline after an outsized 20% gain. Taking out motor vehicles, total sales fell 10.7% YOY (Feb: +7.6%).

- ***New Zealand services sector growth slowed:*** New Zealand Performance of Services PMI fell to 52.9 in March (Feb: 53.6 revised), marking the index' second month of decline and was the slowest pace since Dec-2012. The slower growth was attributed by the slower activity/sales, employment and new orders as well as the fall in inventories, offering more evidences that the New Zealand economy took a softer landing at the end of the first quarter.

| Economic Calendar | | | | | | |
|---|---|---|---|---|---|---|
| **Date** | **Country** | **Events** | **Reporting Period** | **Survey** | **Prior** | **Revised** |
| **15/04** | **US** | **Empire Manufacturing** | **Apr** | **8.0** | **3.7** | **--** |
| 16/04 | | Industrial Production MOM | Mar | 0.2% | 0.1% | 0.0% |
| | | NAHB Housing Market Index | Apr | 63.0 | 62.0 | -- |
| 16/04 | Eurozone | Construction Output MOM | Feb | -- | -1.4% | -- |
| | | ZEW Survey Expectations | Apr | -- | -2.5 | -- |
| **15/04** | **UK** | **Rightmove House Prices YOY** | **Apr** | **--** | **-0.8%** | **--** |
| 16/04 | | Average Weekly Earnings 3M/YOY | Feb | 3.5% | 3.4% | -- |
| | | ILO Unemployment Rate 3Mths | Feb | 3.9% | 3.9% | -- |
| | | Employment Change 3M/3M | Feb | 181k | 222k | -- |
| 16/04 | Australia | RBA Minutes of April Policy Meeting | | | | |

*Source: Bloomberg*

| | Last Price | DoD % | High | Low | YTD % |
|---|---|---|---|---|---|
| EURUSD | 1.1299 | 0.41 | 1.1324 | 1.1253 | -1.41 |
| GBPUSD | 1.3074 | 0.12 | 1.3133 | 1.3051 | 2.56 |
| USDJPY | 112.02 | 0.32 | 112.09 | 111.59 | 2.15 |
| AUDUSD | 0.7173 | 0.69 | 0.7192 | 0.7116 | 1.80 |
| EURGBP | 0.8641 | 0.23 | 0.8657 | 0.8615 | -3.85 |
| | | | | | |
| USDMYR | 4.1145 | 0.04 | 4.1230 | 4.1125 | -0.46 |
| EURMYR | 4.6549 | 0.34 | 4.6578 | 4.6277 | -1.53 |
| JPYMYR | 3.6765 | -0.72 | 3.6923 | 3.6765 | -2.16 |
| GBPMYR | 5.3791 | -0.05 | 5.3908 | 5.3647 | 2.12 |
| SGDMYR | 3.0385 | -0.07 | 3.0396 | 3.0286 | 0.09 |
| AUDMYR | 2.9457 | 0.04 | 2.9468 | 2.9262 | 0.78 |
| NZDMYR | 2.7753 | -0.20 | 2.7773 | 2.7624 | -0.12 |
| CHFMYR | 4.1100 | 0.02 | 4.1139 | 4.0977 | -2.12 |
| CNYMYR | 0.6134 | 0.13 | 0.6138 | 0.6128 | 1.35 |
| HKDMYR | 0.5247 | 0.02 | 0.5257 | 0.5239 | -0.66 |
| | | | | | |
| USDSGD | 1.3529 | -0.24 | 1.3580 | 1.3524 | -0.75 |
| EURSGD | 1.5286 | 0.16 | 1.5328 | 1.5260 | -2.15 |
| GBPSGD | 1.7690 | -0.11 | 1.7765 | 1.7678 | 1.79 |
| AUDSGD | 0.9703 | 0.42 | 0.9728 | 0.9654 | 1.05 |

*Source: Bloomberg*

# ➢Forex

### MYR

- **MYR closed just a tad weaker at 4.1145** as EM continues to trade poorly against the USD. This, however, is a major improvement as MYR strengthened from an intraday low of 4.1230 to close here on improving risk appetite.
- **We maintain MYR bearishness** over the medium term to target 4.14 area as mentioned previously. However, given the bounce off Ichimoku cloud top resistance, we may see the pair consolidating 4.1000-4.1250 for the time being.

### USD

- **The Dollar index lost 0.2% to 96.969** led by EURUSD on improving risk appetite due to strong bank earnings reports.
- **We maintain USD bullishness** still as we continue to trade within the upper Bollinger band and trade tensions may add support as stakes are being raised.

### EUR

- **EUR closed 0.41% higher at 1.1299 against USD** as strong bank earnings gave a boost to risk appetite which in turn lent the USD some weight against the majors.
- **We maintain EUR bullishness** to the 1.1350 area however, we are approaching the Ichimoku cloud bottom area which would likely act as a resistance. Would also pay attention to EU-US trade headlines to gauge short term direction.

### GBP

- **GBP closed 0.12% higher to 1.3133** in what looks likely a consolidating move with a bullish bias as PM May would now need to strive to win parliamentary support for her Brexit deal.
- **We maintain bullish GBPUSD** as PM May begins work to win parliamentary approval for a divorce with the Eurozone as chances of a hard Brexit or no-deal Brexit is greatly reduced.

### JPY

- **JPY weakened 0.32% to 112.02** as UST yields continue to surge amidst recovering risk appetite led by US equities on strong bank earnings reports.
- **We maintain bearish JPY** as the previous slew of moving averages that acted as resistance now turn and act as a support as well as on improving risk appetite which would further support USDJPY.

### AUD

- **AUD closed 0.69% stronger against the USD at 0.7173** completely retracing the previous session's move on better risk appetite.
- **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 stronger by 0.24% at 1.3529 against USD** in line with weaker USD in general as risk appetite led by US equities improves.
- **We maintain bearish SGD** as concurred by MAS's 'significant uncertainty remains over the short term outlook further exacerbated by US-EU and now likely US-JP trade talks/tensions.

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