

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks finished higher overnight on positive corporate earnings as Bank of America, Blackrock, Johnson & Johnson reported better than expected quarterly results.** The Dow, S&P 500 and NASDAQ rose 0.26% (+67.89pts), 0.05% (+1.48pts) and 0.30% (+24.22pts). Financials rebounded from previous day's loss to become the best performing sector, adding 1.37%. Healthcare sector was the biggest loser of the day, shedding 2.03% despite UnitedHealth's upbeat earnings as investors shifted focus to the increasingly tough regulatory landscape in the healthcare industry. **Treasuries yield rose across the curve by 2-4bps as stronger earnings improved risk appetites.** Yield on 10Y UST picked up 4bps to 2.59%. Oil futures strengthened as WTI gained 1.03% to \$64.05/barrel while Brent crude settled 0.76% higher at \$71.72/barrel. **European shares edged higher- DAX rose 0.67%, boosted by the rebound in the German ZEW economic index** which suggests a marked improvement in sentiments. Asian markets saw mixed performances - stocks rallied in China and Hong Kong, but finished mixed in Japan and South Korea. Earlier, the RBA released its April meeting minutes, appearing to suggest a potential rate cut.
- **US industrial production fell 0.1% MOM in March**, reversing previous month's gain as manufacturing output stayed flat amidst inventory glut. **Homebuilders sentiment improved** as the NAHB Housing Market Index advanced to 63 in April. The ZEW Economic Sentiment Index for the Eurozone rebounded to 4.5 in April its first positive record since May-18 while the same index for Germany also jumped to 3.1. **The UK job market remained robust** as the economy added 179k jobs in the three months to February while unemployment rate remained at over a four-decade-low of 3.9%. Wage growth also quickened to 3.5% YOY.
- **The Dollar index closed 0.13% higher at 97.051** in a market that continues to struggle to find much conviction either way ahead of Easter. **We maintain USD bullishness** as the index has bounced off recent lows ahead of the Ichimoku cloud top and is now sitting comfortably within the upper bound of the Bollinger band.
- **MYR closed 0.60% weaker at 4.1325** as investor jitters took hold when FTSE announced that it would review Malaysia's market accessibility level in its WGBI index. **We maintain MYR bearishness** to target the 4.14 area as the pair closed and opened strongly above the 4.1230 Ichimoku cloud top which is a bullish signal and may hint towards an extension of the 4.20 top in the coming weeks.
- **SGD closed weaker 0.11% at 1.3545 against USD** amidst broad USD strength. **We maintain bearish SGD** as a stronger USD regionally amongst peers may affect overall SGD performance as well.

Overnight Economic Data

US	➔
Eurozone	⬆️
UK	➔

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, Trade Report, Wholesale Inventories
- Eurozone Trade Balance, CPI
- UK CPI, PPI
- Japan Trade Report, IPI
- China GDP, Fixed Assets Investment, IPI, Retail Sales
- Singapore Non-oil Domestic Exports
- Australia Westpac Leading Index
- New Zealand CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1220	1.1260	1.1287	1.1330	1.1370	↗
GBPUSD	1.2980	1.3000	1.3041	1.3100	1.3150	↗
USDJPY	111.40	111.70	112.12	112.30	112.70	↗
AUDUSD	0.7070	0.7120	0.7165	0.7200	0.7230	➔
EURGBP	0.8570	0.8600	0.8655	0.8675	0.8700	➔
USDMYR	4.1200	4.1250	4.1350	4.1400	4.1500	↗
EURMYR	4.6050	4.6350	4.6675	4.6750	4.6950	↗
JPYMYR	3.6520	3.6600	3.6885	3.6950	3.7200	↗
GBPMYR	5.3200	5.3550	5.3935	5.4045	5.4400	↗
SGDMYR	3.0400	3.0450	3.0520	3.0550	3.0600	↗
AUDMYR	2.9200	2.9450	2.9625	2.9650	2.9890	➔
NZDMYR	2.7450	2.7680	2.7760	2.7890	2.7980	➔
USDSGD	1.3475	1.3510	1.3552	1.3575	1.3600	↗
EURSGD	1.5100	1.5160	1.5293	1.5311	1.5370	↗
GBPSGD	1.7410	1.7560	1.7672	1.7875	1.7975	↗
AUDSGD	0.9600	0.9650	0.9711	0.9750	0.9775	↗

* 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	1,629.46	-0.11	-3.62	CRB Index	187.28	-0.07	10.29
Dow Jones Ind.	26,452.66	0.26	13.40	WTI oil (\$/bbl)	64.05	1.03	41.05
S&P 500	2,907.06	0.05	15.96	Brent oil (\$/bbl)	71.72	0.76	37.34
FTSE 100	7,469.92	0.44	11.03	Gold (S/oz)	1,276.79	-0.87	-0.47
Shanghai	3,253.60	2.39	30.46	CPO (RM/tonne)*	2,022.00	-0.47	3.56
Hang Seng	30,129.87	1.07	16.58	Copper (\$/tonne)	6,495.00	0.23	8.89
STI	3,332.04	0.19	8.58	Rubber (sen/kg)	504.50	-0.10	33.11

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Industrial Production MOM	Mar	-0.1%	0.1% (revised)	0.2%
US NAHB Housing Market Index	Apr	63.0	62.0	63.0
EU ZEW Survey Expectations	Apr	4.5	-2.5	--
UK Average Weekly Earnings 3M/YOY (Inc Bonus)	Feb	3.5%	3.4%	3.5%
UK ILO Unemployment Rate 3Mths	Feb	3.9%	3.9%	3.9%
UK Employment Change 3M/3M	Feb	179k	222k	181k
AU RBA Minutes of April Policy Meeting				

Source: Bloomberg

- Australia meeting minutes opened door for potential rate cut:** The RBA acknowledged slower pace of global economic activity particularly in the manufacturing sector. Global headline inflation has declined since late 2018 because of fall in oil prices. Domestic economy has slowed markedly reflecting another weak quarter of consumption growth and larger-than-expected fall in dwelling investment. The labour market had continued to improve in early 2019 despite slower GDP growth. On global financial markets, markets expectations for the future path of monetary policy in a number of economies had been lowered since the beginning of the year, consistent with the guidance from major central banks that monetary policy would “remain more accommodative than earlier expected, given downward revisions to growth forecasts and little upside risk to inflation despite increasingly tight labour markets”. Trade tensions and political developments in Europe remained sources of uncertainty. In a number of economies, continued strength in labour market data and moderating GDP growth were sending different signals about the momentum in economic activity, and this was also the case in Australia. Inflation was likely to remain low for some time and the likelihood of a rate hike in the near term was low. Notably, members discussed that if inflation did not move any higher and unemployment went up, “a decrease in the cash rate would likely be appropriate” even though the effect of lower interest rate on the economy could be smaller than in the past. A lower interest rate nevertheless could still be expected “to support the economy through a depreciation of the exchange rate and by reducing required interest payments on borrowing, freeing up cash for other expenditure”.
- US industrial production fell again; homebuilders regained confidence:** Industrial productions resumed a decline of 0.1% MOM in March, effectively reversing the newly revised 0.1% gain in the previous month. The modest decrease was a result of a fall in mining output (-0.8% vs 0.0%), a stagnant manufacturing output (0.0% vs -0.3 revised) and a substantial slowdown in utilities (+0.2% vs +3.7%). The flat-lined reading of manufacturing output echoed the recently weaker PMI readings as firms scaled back on productions amidst inventory glut where firms have trouble selling off stocks hoarded in late 2018 due to the lack of consumer demand. Meanwhile, the NAHB Housing Market Index rose to 63 in April (Mar: 62), the highest level since Oct-18 suggesting a recovery in the US housing activities. Homebuilders regained confidence over better sales of single family units and improved prospective buyers’ traffic, thanks in part to the lower mortgage rates which have helped spurred mortgages demand recently.
- Investors sentiments over Eurozone, Germany improved:** The ZEW economic Sentiment Index for the Eurozone rebounded to 4.5 in April (Mar: -2.5), its first positive record since May-18 while the same index for Germany also jumped to 3.1 in the same month (Mar: -3.6). The upbeat readings were in line with the recent surge in the Sentix Investor Confidence Index, reflecting rising optimism from slower than expected moderation in the economy as well as a delay of Brexit deadline, according to ZEW President Achim Wambach. Outlook for the German economy improved but investors continued to remain pessimistic over the car industry, steel and banking. The balance of projection for inflation in Germany and the Eurozone have also turned positive.

- U.K. job market stays robust despite Brexit uncertainties:** The U.K. added 179k jobs in the three months to February (Jan: +222k) while unemployment rate remained at over a four-decade-low of 3.9% (Jan: 3.9%), a reassurance that the UK job market remained robust despite Brexit uncertainties already taking a toll on the health of the broader UK economy. Tighter labour market boosted wage growth as the average hourly earnings including bonus rose 3.5% YOY (Jan: +3.4%). Excluding bonus, earnings rose steadily by 3.4% YOY, offering some comfort that a solid wage growth could still help support consumption in the near term.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
17/04	US	MBA Mortgage Applications	Apr-12	--	-5.6%	--
		Trade Balance	Feb	-\$53.4b	-\$51.1b	--
		Wholesale Inventories MOM	Feb	0.3%	1.2%	--
		Wholesale Trade Sales MOM	Feb	0.3%	0.5%	--
18/04		U.S. Federal Reserve Releases Beige Book				
		Retail Sales Advance MOM	Mar	1.0%	-0.2%	--
		Initial Jobless Claims	Apr-13	205k	196k	--
		Philadelphia Fed Business Outlook	Apr	11.0	13.7	--
		Markit US Manufacturing PMI	Apr P	52.8	52.4	--
		Markit US Services PMI	Apr P	55.0	55.3	--
		Leading Index	Mar	0.4%	0.2%	--
17/04	Eurozone	Trade Balance SA	Feb	--	17.0b	--
		Core CPI YOY	Mar F	0.8%	1.0%	--
		CPI YOY	Mar F	1.4%	1.5%	1.5%
17/04	UK	CPI YOY	Mar	2.0%	1.9%	--
		PPI Output NSA YOY	Mar	2.1%	2.2%	--
18/04		Retail Sales Inc Auto Fuel MOM	Mar	-0.3%	0.4%	--
17/04	Japan	Trade Balance	Mar	¥363.2b	¥339.0b	¥334.9b
		Exports YOY	Mar	-2.6%	-1.2%	--
		Industrial Production YOY	Feb F	--	-1.0%	--
17/04	China	Fixed Assets Ex Rural YTD YOY	Mar	6.3%	6.1%	--
		Industrial Production YOY	Mar	5.9%	5.7%	--
		Retail Sales YOY	Mar	8.4%	8.2%	--
		GDP YOY	1Q	6.3%	6.4%	6.4%
17/04	Singapore	Non-oil Domestic Exports YOY	Mar	-2.2%	4.9%	--
17/04	Australia	Westpac Leading Index MOM	Mar	--	0.0%	--
		NAB Business Confidence	1Q	--	1	--
		Employment Change	Mar	15.0k	4.6k	--
18/04		Unemployment Rate	Mar	5.0%	4.9%	--
17/04	New Zealand	CPI YOY	1Q	1.7%	1.9%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1281	-0.20	1.1314	1.1280	-1.61
GBPUSD	1.3048	-0.40	1.3106	1.3043	2.28
USDJPY	112.00	-0.04	112.05	111.85	2.11
AUDUSD	0.7175	0.03	0.7179	0.7140	1.63
EURGBP	0.8645	0.18	0.8660	0.8626	-3.79
USDMYR	4.1325	0.60	4.1330	4.1095	-0.02
EURMYR	4.6658	0.38	4.6732	4.6435	-1.30
JPYMYR	3.6891	0.53	3.6926	3.6689	-1.63
GBPMYR	5.4051	0.43	5.4074	5.3805	2.61
SGDMYR	3.0495	0.37	3.0526	3.0368	0.45
AUDMYR	2.9524	0.24	2.9537	2.9383	1.01
NZDMYR	2.7892	0.35	2.7916	2.7745	0.38
CHFMYR	4.1087	0.23	4.1170	4.0922	-2.16
CNYMYR	0.6156	0.47	0.6160	0.6129	1.71
HKDMYR	0.5266	0.50	0.5270	0.5240	-0.30
USDSGD	1.3545	0.11	1.3550	1.3523	-0.59
EURSGD	1.5279	-0.10	1.5319	1.5277	-2.20
GBPSGD	1.7674	-0.27	1.7735	1.7659	1.67
AUDSGD	0.9719	0.14	0.9720	0.9663	1.04

Source: Bloomberg

Forex

MYR

- **MYR closed 0.60% weaker at 4.1325** as investor jitters took hold when FTSE announced that it would review Malaysia's market accessibility level in its WGBI index.
- **We maintain MYR bearishness** to target the 4.14 area as the pair closed and opened strongly above the 4.1230 Ichimoku cloud top which is a bullish signal and may hint towards extension towards the 4.20 top in the coming weeks.

USD

- **The Dollar index closed 0.13% higher at 97.051** in a market that continues to struggle to find much conviction either way ahead of Easter.
- **We maintain USD bullishness** as the index has bounced off recent lows ahead of the Ichimoku cloud top and is now sitting comfortably within the upper bound of the Bollinger band.

EUR

- **EUR closed 0.20% lower at 1.1281 against USD** as the general USD was trading bid in another uninspiring session ahead of Easter.
- **We maintain EUR bullishness** to the 1.1350 area however, as mentioned previously we currently lack the push/pull factor to push ahead of the Ichimoku cloud bottom which is providing some resistance now.

GBP

- **GBP closed 0.40% lower to 1.3048** against the USD as a Guardian news story reported that negotiations on a customs union had stalled.
- **We maintain bullish GBPUSD** as PM May begins work to win parliamentary approval although as mentioned previously, the pair is likely to be subjected to volatility according to headlines.

JPY

- **JPY strengthened 0.04% to 112.00** in mixed trading as equities ended higher in concurrence with slightly higher UST yield as well as stronger USD.
- **We maintain bearish JPY** although it seems as though momentum has somewhat waned as we lack push/pull factors ahead of Easter.

AUD

- **AUD closed marginally stronger against the USD at 0.7175** as markets struggled to find direction on a lack of headlines and economic data.
- **We continue to remain neutral on AUD** as price action suggests further consolidation in between 0.71-0.72.

SGD

- **SGD closed weaker 0.11% at 1.3545 against USD** amidst broad USD strength.
- **We maintain bearish SGD** as a stronger USD regionally amongst peers may affect overall SGD performance as well.

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