

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rose on Friday as sentiments were boosted by renewed optimism in US-China trade negotiations despite weaker than expected US industrial production number.** China state-owned news outlet reported that Washington and Beijing were making substantive progress on current trade talks while Chinese premier Li Ke Qiang expressed optimism that deal between both countries could be achieved. **Bonds rallied amidst weaker data**, pushing the benchmark 10Y treasuries yield sharply lower by 4bps to 2.59%, its 2½-month low. European and Asian stocks both rallied earlier with the Shanghai Composite Index rebounded on trade optimism and Premier Li's reassurance on more stimulus to stimulate the economy. **Oil prices weakened** as the WTI slipped 0.15% to \$58.52/barrel, Brent fell 0.10% to \$67.16/barrel. Earlier, the **BOJ left its key rate unchanged and maintained its ultra-loose monetary policy, but revised down its outlook on exports and acknowledged the weaker inflation in the domestic economy.**
- **Data were mixed in the US** as industrial productions rose a mere 0.1% MOM in February after declining in the previous month while the New York Fed Empire State Manufacturing headline index fell to 3.7 in March. The University of Michigan Sentiment Index rose to 97.8 in the same month. The final reading of the Eurozone February headline HICP inflation was unchanged at 1.5% YOY while core inflation was unrevised at 1.0% YOY. **Japan exports fell more than expected by 1.2% YOY in February, its third month of decline.** **New Zealand Performance of Services Index fell** to 53.8 in February suggesting a slowdown in services sector growth.
- **USD is trading sideways** as the DXY closed up marginally at 96.583, after spending most of the session swinging within 30-40 pips recent range among the majors. Would expect further consolidation around here as we approach FOMC later this week. **Maintain a bearish view on USD** over the medium term as US-China trade talks seems to be yielding some results and with the Fed likely to maintain a dovish bias.
- **MYR closed flat at 4.0905 against a stronger USD** and weighed down by continued corporate hedging demand as we approach Q1 end. **MYR is slightly bearish** against USD as daily technicals suggest that strengthening momentum has somewhat ended and a slow weakening bias is expected in the short term. Immediate range now is 4.07-4.10 where USD bulls remain in control in the absence of MYR positive catalyst.
- **SGD closed stronger by 0.20% at 1.3531 against USD** but ended mixed against G10s. **Maintain SGD bearishness against USD.** Short term volatility in equities and reduced risk appetite adding further weight to SGD. USDSGD still seems to be consolidating at current levels and we look towards FOMC later this week to see if we break out of recent ranges.

Overnight Economic Data

US	➔
Eurozone	➔
Japan	⬇
New Zealand	⬇

What's Coming Up Next

Major Data

- US NAHB Housing Market Index
- Eurozone Trade Balance SA
- UK Rightmove House Prices
- Japan Industrial Production
- Singapore Non-oil Domestic Exports

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1300	1.1320	1.1326	1.1345	1.1365	➔
GBPUSD	1.3155	1.3200	1.3293	1.3370	1.3420	⬇
USDJPY	111.00	111.25	111.55	111.96	112.08	⬇
AUDUSD	0.7030	0.7062	0.7087	0.7100	0.7160	↗
EURGBP	0.8450	0.8500	0.8518	0.8570	0.8600	➔
USDMYR	4.0670	4.0700	4.0870	4.0940	4.1000	➔
EURMYR	4.6030	4.6185	4.6345	4.6400	4.6490	➔
JPYMYR	3.6585	3.6636	3.6692	3.6737	3.6808	↗
GBPMYR	5.4000	5.4190	5.4416	5.4525	5.4630	⬇
SGDMYR	3.0149	3.0174	3.0255	3.0265	3.0300	➔
AUDMYR	2.8900	2.8970	2.9011	2.9035	2.9150	↗
NZDMYR	2.7805	2.7868	2.8033	2.8062	2.8180	↗
USDSGD	1.3500	1.3515	1.3530	1.3559	1.3569	↗
EURSGD	1.5285	1.5300	1.5315	1.5349	1.5376	↗
GBPSGD	1.7826	1.7900	1.7985	1.8030	1.8080	↗
AUDSGD	0.9500	0.9566	0.9590	0.9614	0.9650	↗

* 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	1,680.54	0.36	-0.59	CRB Index	183.87	0.26	8.28
Dow Jones Ind.	25,848.87	0.54	10.81	WTI oil (\$/bbl)	58.52	-0.15	28.87
S&P 500	2,822.48	0.50	12.59	Brent oil (\$/bbl)	67.16	-0.10	24.81
FTSE 100	7,228.28	0.60	7.43	Gold (\$/oz)	1,302.40	0.48	1.49
Shanghai	3,021.75	1.04	21.17	CPO (RM/tonne)*	1,853.00	-1.36	-5.10
Hang Seng	29,012.26	0.56	12.25	Copper (\$/tonne)	6,431.00	0.42	7.81
STI	3,200.18	0.07	4.28	Rubber (sen/kg)	486.50	-0.31	28.36

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Empire Manufacturing	Mar	3.7	8.8	10.0
US Industrial Production MOM	Feb	0.1%	-0.4% (revised)	0.4%
US U. of Mich. Sentiment	Mar P	97.8	93.8	95.7
EU Core CPI YOY	Feb F	1.0%	1.1%	1.0%
EU CPI YOY	Feb F	1.5%	1.4%	1.5%
JP BOJ Policy Balance Rate	Mar-15	-0.1%	-0.1%	-0.1%
JP Trade Balance	Feb	¥339.0b	-¥1415.6 (revised)	¥305.1b
JP Exports YOY	Feb	-1.2%	-8.4%	-0.6%
NZ Performance Services Index	Feb	53.8	56.2 (revised)	--

Source: Bloomberg

- US industrial output missed estimates, highlighting manufacturing weakness:** Industrial productions missed estimate to rise 0.1% MOM in February (Jan: -0.4% revised) as the fall in manufacturing output (-0.4% vs -0.5%) offset the gains in mining and utilities which confirmed a slowdown in US factories activities as suggested by the recent weaker PMI readings. Meanwhile, the New York Fed Empire State Manufacturing Survey indicates that business activities grew only slightly in New York state as the headline general business conditions index fell 5pts to 3.7 in March (Feb: 8.8) due to marginal increase in new orders and modest gains in shipments. On the contrary, University of Michigan Sentiment Index rose to 97.8 in March (Feb: 93.8) on rising income expectations and lower expected inflation in the year ahead.
- Eurozone inflation stayed muted in February:** The final reading of the headline HICP inflation was unchanged at 1.5% YOY for the month of February (Jan: +1.4%), a stronger reading compared to the previous month as prices of food, alcohol and tobacco, energy and non-energy industrial goods ticked higher. The core CPI reading however went down to 1.0% YOY reaffirming a muted underlying inflation in the euro area as growth in prices of services tapered off to 1.4% YOY (Jan: +1.6%).
- BOJ left key rate unchanged, revised down exports outlook:** The Bank of Japan left its policy balance rate unchanged at -0.1% and maintained its ultra-stimulus program. Compared to the December statement, where exports were said to "have been on a rising trend", BOJ now said that exports and productions are "affected by the slowdown in overseas demand" and exports and industrial productions have shown some weakness recently. It acknowledged the slowdown in inflation saying that annual CPI (less fresh food) is in the range of 0.5-1.0%, compared to "around 1.0%" in December statement, but inflation expectations have been more or less unchanged. It maintained its outlook on Japan economy, saying that it is likely to continue its moderate expansion, "despite being affected by the slowdown in overseas economies for the time being". It added that exports are projected to show some weakness for the time being but is expected to be on a moderate increasing trend and continues to expect CPI to trend towards the 2% target. On a separate note, latest trade data released this morning echoed the central bank's weaker outlook on overseas demand as exports fell more than expected by 1.2% YOY in February (Jan: -8.4%), marking its third consecutive month of declines. Imports dipped further by 6.7% YOY (Jan: -0.8%), swinging the trade balance from a deficit to a surplus of ¥339.0b (Jan: -¥1415.6b revised).
- New Zealand services sector growth weakened:** The Performance of Services Index fell to 53.8 in February (Jan: 56.2 revised) indicating a slowdown in the country's services sector. The weaker upturn came amidst the modest recovery in the manufacturing sector as indicated by a similar PMI reading for New Zealand factories last Friday.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
18/03	US	NAHB Housing Market Index	Mar	63.0	62.0	--
19/03		Factory Orders	Jan	0.3%	-0.5%	--
		Durable Goods Orders	Jan F	0.4%	1.3%	--
		Cap Goods Orders Nondef Ex Air	Jan F	--	-0.9%	--
18/03	Eurozone	Trade Balance SA	Jan	15.0b	15.6b	--
19/03		Labour Costs YOY	4Q	--	2.5%	--
		ZEW Survey Expectations	Mar	--	-16.6	--
18/03	UK	Rightmove House Prices MOM	Mar	--	0.7%	--
19/03		Average Weekly Earnings 3M/YOY	Jan	3.2%	3.4%	--
		ILO Unemployment Rate 3Mths	Jan	4.0%	4.0%	--
		Employment Change 3M/3M	Jan	120k	167k	--
18/03	Japan	Industrial Production YOY	Jan F	--	0.0%	--
18/03	Singapore	Non-oil Domestic Exports YOY	Feb	-6.1%	-10.1%	--
19/03	Australia	RBA Minutes of March Policy Meeting				

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1326	0.19	1.1344	1.1300	-1.29
GBPUSD	1.3290	0.36	1.3300	1.3203	4.25
USDJPY	111.48	-0.20	111.90	111.39	1.68
AUDUSD	0.7085	0.30	0.7097	0.7062	0.47
EURGBP	0.8521	-0.19	0.8575	0.8509	-5.80
USDMYR	4.0905	0.00	4.0940	4.0870	-1.04
EURMYR	4.6311	0.07	4.6356	4.6228	-2.04
JPYMYR	3.6605	0.02	3.6667	3.6568	-2.59
GBPMYR	5.4148	-0.17	5.4254	5.4012	2.79
SGDMYR	3.0200	0.08	3.0224	3.0160	-0.52
AUDMYR	2.8968	0.28	2.9021	2.8909	-0.90
NZDMYR	2.8017	0.25	2.8063	2.7943	0.83
CHFMYR	4.0744	0.09	4.0828	4.0725	-2.97
CNYMYR	0.6091	0.10	0.6093	0.6081	0.64
HKDMYR	0.5208	0.02	0.5215	0.5207	-1.40
USDSGD	1.3531	-0.20	1.3561	1.3522	-0.73
EURSGD	1.5324	-0.01	1.5349	1.5307	-2.01
GBPSGD	1.7982	0.17	1.7995	1.7878	3.49
AUDSGD	0.9585	0.07	0.9606	0.9573	-0.25

Source: Bloomberg

Forex

MYR

- **MYR closed flat at 4.0905 against a stronger USD** and weighed down by continued corporate hedging demand as we approach Q1 end.
- **MYR is slightly bearish** against USD as daily technicals suggest that strengthening momentum has somewhat ended and a slow weakening bias is expected in the short term. Immediate range now is 4.07-4.10 where USD bulls remain in control in the absence of MYR positive catalyst.

USD

- **USD is trading sideways** as the DXY closed up marginally at 96.583, after spending most of the session swinging within 30-40 pips recent range among the majors. Would expect further consolidation around here as we approach FOMC later this week.
- **Maintain a bearish view on USD** over the medium term as US-China trade talks seems to be yielding some results and with the Fed likely to maintain a dovish bias.

EUR

- **EUR gained 0.19% to 1.1326 against USD** amid softer USD sentiment helped by a buoyant GBP.
- **EURUSD is expected to be sideways in the short term** as investors are likely to have pared risk ahead of a key FOMC event later this week.

GBP

- **GBP closed higher by 0.36% to 1.3290** on Brexit developments which may see PM May getting a deal through Parliament with the backing of the DUP.
- **We maintain a bearish view on GBPUSD** on technical reasons. GBPUSD appears to be still hanging around the overbought zone amidst some consolidation that is happening now. A close and open below the 1.3116 mark will confirm the move lower and extend towards the 1.3090 area and below.

JPY

- **JPY strengthened 0.20% to 111.48 on stronger UST prices** and slightly lower yields.
- **We turn mildly bullish on JPY** as equities has started to show sign of US-China talk optimism fatigue. We are also in March or Q1 close whereby it is also Japanese financial year end which usually triggers a bout of JPY buying as Japanese corporates repatriate their foreign currency holdings back home.

AUD

- **AUD closed 0.30% stronger against the USD at 0.7085** and ended mixed among the G10s.
- **AUD seems to be neutral to mildly bullish** in the short term as continued developments seems to support a trade deal between US-China. A more likely dovish Fed is also supporting in the medium term as well which may see the pair trade to 0.7200 target in the medium term.

SGD

- **SGD closed stronger by 0.20% at 1.3531 against USD** but ended mixed against G10s.
- **Maintain SGD bearishness against USD.** Short term volatility in equities and reduced risk appetite adding further weight to SGD. USDSGD still seems to be consolidating at current levels and we look towards FOMC later this week to see if we break out of recent ranges.

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