

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks finished slightly higher overnight ahead of Easter holiday on upbeat US economic data and positive trade headlines**, with the industrial sector leading the gains in the broader S&P500 index to become the major winner of the day. US retail sales beat expectations while initial jobless claims fell further to the lowest level in 50 years, soothing growth concerns. **China Commerce Ministry said that progress has been made in the current US-China trade talks** while US trade representative Robert Lighthizer is said to be travelling to Beijing for next round of high level trade talks. The Dow, S&P 500 and NASDAQ rose 0.42% (+110.0pts), 0.16% (4.58pts) and 0.02% (+1.98pts). **US treasuries yield fell across the curve by 2-3bps on weak Eurozone and Japan manufacturing PMIs** - 10Y UST yield slipped 3bps to 2.56%. Oil futures strengthened-WTI picked up 0.38% to \$64.0/barrel, Brent crude settled 0.49% higher at \$71.97/barrel. Stocks ended mostly higher in Europe ahead of Easter, supported by positive corporate earnings, while majority of Asian benchmarks fell.
- **US retail sales staged a major rebound, surging by 1.6% MOM, initial jobless claims fell to 50y low of 192k.** The flash US Markit manufacturing PMI stayed unchanged at 52.4 in April while the services PMI slipped to 52.9. Eurozone flash manufacturing PMI stayed below 50.0 mark while services PMI also slipped to 52.5. **UK retail sales defied expectations to record a whopping 1.1% MOM growth. Japan headline CPI rose 0.5% YOY, the strongest in 4 months, but core CPI saw only a little uptick of 0.8% YOY.** The flash Nikkei manufacturing PMI for Japan also remained below 50.0, as manufacturing activities continued to contract. **Australia job report was upbeat** – a total of 25.7k new jobs were added in March and the labour force expanded.
- **The dollar index closed 0.42% higher at 97.429** driven by better US retail sales and stronger US equities led by better earnings reports as well as missed Eurozone PMIs. **USD bullishness** overnight has slingshot the USD to almost 97.49 target. We maintain USD bullishness although in the shorter term we may see a pullback towards the 97.20 level before continuing higher.
- **MYR closed 0.18% weaker at 4.1420** as investors are still concerned over the potential exclusion of Malaysia in the FTSE-Russell index and over a Moody's credit negative comment on the government's Felda rescue package. **MYR has achieved our bearish target of 4.14** and continues to approach the 4.15 important technical resistance level. Failure to breach this 4.15 level will likely result in consolidation between 4.12-4.15. A close above 4.15 will likely lead to a 4.20 target for now.
- **SGD closed weaker 0.23% at 1.3559 against USD** on broadly stronger USD against both EMs and DMs. **We maintain bearish SGD** as a stronger USD regionally amongst peers may affect overall SGD performance.

Overnight Economic Data

| | |
|-----------|---|
| US | → |
| Eurozone | → |
| UK | ↑ |
| Japan | → |
| Australia | ↑ |

What's Coming Up Next

Major Data

- US Housing Starts, Building Permits

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

| | S2 | S1 | Indicative | R1 | R2 | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1170 | 1.1200 | 1.1238 | 1.1265 | 1.1300 | ↗ |
| GBPUSD | 1.2930 | 1.2980 | 1.2994 | 1.3100 | 1.3150 | ↗ |
| USDJPY | 111.40 | 111.70 | 111.99 | 112.30 | 112.70 | ↗ |
| AUDUSD | 0.7070 | 0.7120 | 0.7147 | 0.7200 | 0.7230 | → |
| EURGBP | 0.8570 | 0.8600 | 0.8650 | 0.8675 | 0.8700 | → |
| USDMYR | 4.1250 | 4.1300 | 4.1450 | 4.1480 | 4.1530 | ↗ |
| EURMYR | 4.6250 | 4.6550 | 4.6605 | 4.6850 | 4.6950 | ↗ |
| JPYMYR | 3.6620 | 3.6800 | 3.7040 | 3.7100 | 3.7200 | ↗ |
| GBPMYR | 5.3400 | 5.3750 | 5.3900 | 5.4200 | 5.4400 | ↗ |
| SGDMYR | 3.0500 | 3.0550 | 3.0590 | 3.0650 | 3.0700 | ↗ |
| AUDMYR | 2.9300 | 2.9550 | 2.9650 | 2.9890 | 3.0000 | → |
| NZDMYR | 2.7450 | 2.7680 | 2.7740 | 2.7890 | 2.7980 | → |
| USDSGD | 1.3475 | 1.3510 | 1.3560 | 1.3575 | 1.3600 | ↗ |
| EURSGD | 1.5100 | 1.5160 | 1.5237 | 1.5311 | 1.5370 | ↗ |
| GBPSGD | 1.7410 | 1.7560 | 1.7620 | 1.7875 | 1.7975 | ↗ |
| AUDSGD | 0.9600 | 0.9650 | 0.9695 | 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 | 1,619.73 | -0.07 | -4.19 | CRB Index | 187.13 | 0.28 | 10.21 |
| Dow Jones Ind. | 26,559.54 | 0.42 | 13.86 | WTI oil (\$/bbl) | 64.00 | 0.38 | 40.94 |
| S&P 500 | 2,905.03 | 0.16 | 15.88 | Brent oil (\$/bbl) | 71.97 | 0.49 | 33.77 |
| FTSE 100 | 7,459.88 | -0.15 | 10.88 | Gold (\$/oz) | 1,275.82 | 0.14 | -0.52 |
| Shanghai | 3,250.20 | -0.40 | 30.33 | CPO (RM/tonne)* | 2,054.50 | 1.61 | 5.22 |
| Hang Seng | 29,963.26 | -0.54 | 15.93 | Copper (\$/tonne) | 6,476.00 | -1.22 | 8.57 |
| STI | 3,347.58 | -0.03 | 9.09 | Rubber (sen/kg) | 497.00 | -0.60 | 31.13 |

Source: Bloomberg

➤ Macroeconomics

| Economic Data | | | | |
|--------------------------------------|--------|--------|-----------------|--------|
| | For | Actual | Last | Survey |
| US Retail Sales Advance MOM | Mar | 1.6% | -0.2% | 1.0% |
| US Initial Jobless Claims | Apr-13 | 192k | 197k (revised) | 205k |
| US Philadelphia Fed Business Outlook | Apr | 8.5 | 13.7 | 11.0 |
| US Markit Manufacturing PMI | Apr P | 52.4 | 52.4 | 52.8 |
| US Markit Services PMI | Apr P | 52.9 | 55.3 | 55.0 |
| US Leading Index | Mar | 0.4% | 0.1% (revised) | 0.4% |
| EU Markit Eurozone Manufacturing PMI | Apr P | 47.8 | 47.5 | 48.0 |
| EU Markit Eurozone Services PMI | Apr P | 52.5 | 53.3 | 53.1 |
| UK Retail Sales Inc Auto Fuel MOM | Mar | 1.1% | 0.6% (revised) | -0.3% |
| JP Nikkei Japan Manufacturing PMI | Apr P | 49.5 | 49.2 | -- |
| JP Natl CPI YOY | Mar | 0.5% | 0.2% | 0.5% |
| JP Natl CPI Ex Fresh Food YOY | Mar | 0.8% | 0.7% | 0.7% |
| AU Employment Change | Mar | 25.7k | 10.7k (revised) | 15.0k |
| AU Unemployment Rate | Mar | 5.0% | 4.9% | 5.0% |

Source: Bloomberg

- US retail sales staged a major rebound; initial jobless claims at 50y low:** Retail sales surged 1.6% MOM in March (Feb: -0.2%) following months of lacklustre reading, offering a major relief that outlook for the consumer spending may not be as bad as initially perceived. Sales rose across majority of the categories with motor vehicles and parts (+3.5% vs -0.1%), furniture, gasoline, food and beverages and electronics playing a substantial role in lifting the overall headline figure. Excluding auto, sales also posted a solid 1.2% MOM growth (Feb: -0.2%). The job market seems to have tightened further as initial jobless claims fell by 5k to 192k for the week ended 13 April (Previous: +197k revised), a 50-year low. The preliminary reading of Markit manufacturing PMI stayed unchanged at 52.4 in April (Mar: 52.4), suggesting that manufacturing activities remained rather slower compared to late 2018. The services PMI slipped to 52.9 (Mar: 55.3), the lowest since Mar-17 signaling that services sector growth eased in April. The Philadelphia Fed General Business Outlook Index slid to 8.5 in April (9Mar: 13.7), pointing to slower activity in the Philadelphia Fed's district. Last but not least, the Conference Board leading index rose to 0.4% MOM in March (Feb: 0.1% revised) on better jobless claims and improved consumer expectations.
- Flash Eurozone PMI readings point to slower Eurozone economy:** The Flash Eurozone manufacturing PMI rose slightly to 47.8 in April (Mar: 47.5), its third month residing below the 50.0 mark, suggesting that Euro area manufacturing activities continued to contract this month. Meanwhile, the flash reading for the services sector fell to 52.5 (Mar: 53.3) indicating a slower pace of expansion of the sector, thus offering signals that the Eurozone economy began the second quarter on a softer note.
- UK retail sales defied expectations:** UK headline retail sales defied expectations to increase a whopping 1.1% MOM in March (Feb: +0.6% revised), marking its third consecutive month of increase. Adding to the upbeat figure was also the concurrent upward revision to February's sales number from 0.4% to 0.6% MOM. Excluding auto fuels, retail sales also ticked up by 1.2% MOM (Feb: +0.4%). The positive data came as a surprise considering the fact that analysts had been expecting retail sales to fall earlier, and was a welcoming sign, suggesting that the higher wage growth is feeding into UK consumer demand despite uncertain political climate.
- Japan CPI fastest in four-month; manufacturing PMI below 50:** Headline CPI rose 0.5% YOY in March (Feb: +0.2%), the strongest since November last year lifted mainly by higher energy prices and the slower pace of decline in fresh food prices. Core CPI, which excludes fresh food, the BOJ's preferred gauge of inflation also ticked up slightly to 0.8% YOY (Feb: +0.7%) but still below the central bank's 2% target, confirming the ongoing lack of price pressure in the Japanese economy. Meanwhile, the preliminary reading of Japan Nikkei Manufacturing PMI rose to 49.5 in April (Mar: 49.2), marking its third running month below the 50.0 neutral threshold, pointing to continuous contraction in Japan's manufacturing activities.
- Australia job market stayed robust despite broader economic slowdown:** Australia added 25.7k jobs in March (Feb: +10.7k), again surpassing consensus estimate. The upbeat reading was also accompanied by a substantial upward revision to February's number from 4.6k to 10.7k. Unemployment rate rose to 5.0% (Feb: 4.9%) as the labour force expanded given that participation rate increased to 65.7% (Feb: 65.6%). Overall job report confirmed the robust state of the Australian job market despite a generally slower broader economy, a prevailing trend across developed countries namely the US, UK, Eurozone and Japan where the labour markets continued to tighten amidst softer growth outlook and inflation.

| Economic Calendar | | | | | | |
|-------------------|-----------|--------------------------------|------------------|-------------|--------------|--------------|
| Date | Country | Events | Reporting Period | Survey | Prior | Revised |
| 22/04 | Malaysia | Foreign Reserves | Apr-15 | -- | \$103.0b | -- |
| 19/04 | US | Housing Starts MOM | Mar | 5.4% | -8.7% | -- |
| | | Building Permits MOM | Mar | 0.7% | -1.6% | -2.0% |
| 22/04 | | Chicago Fed Nat Activity Index | Mar | 2.55 | -0.29 | -- |
| | | Existing Home Sales MOM | Mar | -3.8% | 11.8% | -- |
| 22/04 | Japan | Convenience Store Sales YOY | Mar | -- | -- | 2.00% |

Source: Bloomberg

| | Last Price | DoD % | High | Low | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.1230 | -0.48 | 1.1304 | 1.1226 | -2.01 |
| GBPUSD | 1.2991 | -0.40 | 1.3053 | 1.2979 | 1.86 |
| USDJPY | 111.97 | -0.08 | 112.07 | 111.77 | 2.09 |
| AUDUSD | 0.7151 | -0.39 | 0.7199 | 0.7137 | 1.43 |
| EURGBP | 0.8647 | -0.48 | 0.8668 | 0.8635 | -3.77 |
| USDMYR | 4.1420 | 0.18 | 4.1495 | 4.1350 | 0.21 |
| EURMYR | 4.6606 | -0.33 | 4.6862 | 4.6586 | -1.41 |
| JPYMYR | 3.7071 | 0.39 | 3.7122 | 3.6892 | -1.35 |
| GBPMYR | 5.4012 | 0.18 | 5.4107 | 5.3891 | 2.54 |
| SGDMYR | 3.0615 | 0.10 | 3.0644 | 3.0557 | 0.84 |
| AUDMYR | 2.9716 | -0.23 | 2.9816 | 2.9652 | 1.66 |
| NZDMYR | 2.7822 | -0.19 | 2.7879 | 2.7796 | 0.18 |
| CHFMYR | 4.1034 | -0.05 | 4.1076 | 4.0900 | -2.28 |
| CNYMYR | 0.6186 | 0.02 | 0.6198 | 0.6185 | 2.21 |
| HKDMYR | 0.5288 | 0.28 | 0.5290 | 0.5269 | 0.11 |
| USDSGD | 1.3559 | 0.23 | 1.3565 | 1.3523 | -0.52 |
| EURSGD | 1.5227 | -0.35 | 1.5297 | 1.5226 | -2.52 |
| GBPSGD | 1.7615 | -0.16 | 1.7664 | 1.7605 | 1.32 |
| AUDSGD | 0.9696 | -0.14 | 0.9736 | 0.9681 | 0.91 |

Source: Bloomberg

Forex

MYR

- **MYR closed 0.18% weaker at 4.1420** as investors are still concerned over the potential exclusion of Malaysia in the FTSE-Russell index and over a Moody's credit negative comment on the government's Felda rescue package.
- **MYR has achieved our bearish target of 4.14** and continues to approach the 4.15 important technical resistance level. Failure to breach this 4.15 level will likely result in consolidation between 4.12-4.15. A close above 4.15 will likely lead to a 4.20 target for now.

USD

- **The Dollar index closed 0.42% higher at 97.429** driven by better US retail sales and stronger US equities led by better earnings reports as well as missed Eurozone PMIs.
- **USD bullishness** overnight has slingshot the USD to almost 97.49 target. We maintain USD bullishness although in the shorter term we may see a pullback towards the 97.20 level before continuing higher.

EUR

- **EUR closed 0.58% lower at 1.1230 against USD** as Eurozone PMIs missed estimates as well as a broadly stronger USD against the majors.
- **We continue to maintain EUR bullishness** as EUR closing lower has likely washed out short term weak longs and positioning is likely cleaner from here which will result in a cleaner move higher for EUR once risk appetite returns.

GBP

- **GBP closed 0.40% lower to 1.2991** against the USD as the USD gained against peers on better retail sales data and poorer risk sentiment in the Eurozone.
- **We continue to maintain bullish GBPUSD** over the medium term on Brexit developments but short term direction may be influenced by headlines from external events.

JPY

- **JPY strengthened 0.08% to 111.97** as it grapples with a higher US equity market vs overall poorer risk sentiment in EMs and in the Eurozone.
- **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 0.39% weaker against the USD at 0.7151** on broader USD gain and the effect of upbeat Chinese GDP fading.
- **We continue to remain neutral on AUD** as price action suggests further consolidation in between 0.71-0.72.

SGD

- **SGD closed weaker 0.23% at 1.3559 against USD** on broadly stronger USD against both EMs and DMs.
- **We maintain bearish SGD** as a stronger USD regionally amongst peers may affect overall SGD performance.

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