

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Overnight equity markets ended mixed as US stocks pared gains in late session amid renewed trade fear** following news China may be pushing back some of US demands. **There was still no concrete solution to Brexit even though an extension to the 29-March deadline seems highly likely.** The EU and PM Theresa May appear to be diverging on the extension timeframe, between a long delay purported by the EU and a three-month delay by May. Meanwhile, **UST yields were little changed after a choppy day** with the 10s at 2.61% amid renewed trade tension and cautiousness ahead of tomorrow's **FOMC announcement where focus will be on the potential shift in the dot plot and balance sheet reduction details.**
- On the data front, **US data** were relatively firm although both factory orders and durable goods orders missed estimates, **reinforcing the case of a weakening manufacturing sector and business spending. Sentiments meanwhile improved to its best level in ten months in the Eurozone** buoyed by expectation of a delayed Brexit. **Job markets continued to charge ahead in the UK**, with unemployment rate dipping to its lowest since 1975, diverging from weaknesses seen in other economic indicators, which is not peculiar only to the UK economy but also in other majors. Meanwhile, **RBA minutes reaffirmed that there is no strong case for a near term adjustment** in its monetary policy.
- **USD fell against 9 G10s** following softer than expected US data as well as risk aversion ahead of FOMC meeting. The DXY fell through Asian-European sessions before steadying in US trade, closing 0.15% lower at 96.38. **Expect a bearish USD** amid risk aversion heading into FOMC policy decision; caution that there may be a modest rebound from closure of short positions. Technical outlook remains bearish for DXY. It has expectedly tested 96.37, which could warrant some bounces higher but as long as it does not close above 96.78 today, bearish trend remains intact and hints at a drop below 96.23 going forward.
- **MYR was 0.04% firmer at 4.0750 against a weaker USD.** MYR advanced against 6 G10s. **We are neutral on MYR against USD** in anticipation of risk aversion in the markets heading into FOMC policy decision to be offset by a soft greenback. A mild bearish bias prevails in USDMYR but downsides are likely limited unless 4.0710 is broken. On the upside, USDMYR needs to break above 4.0880 to overturn current bearish bias.
- **SGD was relatively unchanged against USD at 1.3511** but fell against 9 G10s. **Expect a bearish SGD against USD** amid negative news about US-China trade talks. There is room for USDSGD to bounce higher as part of a correction to recent downward move. But we opine that there will be a break below 1.3512 in the coming days.

#### Overnight Economic Data

US	↓
Eurozone	↑
UK	↑

#### What's Coming Up Next

##### Major Data

- US MBA Mortgage Applications
- UK CPI, PPI
- Japan Machine Tool Orders, Convenience Store Sales

##### Major Events

- FOMC Meeting

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1322	1.1350	1.1354	1.1371	1.1393	↗
GBPUSD	1.3233	1.3250	1.3264	1.3281	1.3300	↘
USDJPY	111.20	111.35	111.51	111.72	112.00	↘
AUDUSD	0.7073	0.7090	0.7097	0.7105	0.7120	↘
EURGBP	0.8533	0.8550	0.8562	0.8566	0.8574	↗
USDMYR	4.0700	4.0710	4.0765	4.0795	4.0840	→
EURMYR	4.6206	4.6234	4.6268	4.6293	4.6319	↗
JPYMYR	3.6500	3.6518	3.6557	3.6585	3.6613	↘
GBPMYR	5.4000	5.4010	5.4058	5.4100	5.4145	↘
SGDMYR	3.0117	3.0134	3.0146	3.0171	3.0194	→
AUDMYR	2.8769	2.8804	2.8819	2.8833	2.8861	↘
NZDMYR	2.7849	2.7861	2.7889	2.7902	2.7932	↘
USDSGD	1.3500	1.3509	1.3521	1.3532	1.3537	↗
EURSGD	1.5327	1.5344	1.5349	1.5364	1.5373	↗
GBPSGD	1.7878	1.7900	1.7931	1.7940	1.7964	↘
AUDSGD	0.9530	0.9550	0.9560	0.9564	0.9572	↘

\* 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	1,687.68	-0.19	-0.17	CRB Index	185.24	0.20	9.09
Dow Jones Ind.	25,887.38	-0.10	10.97	WTI oil (\$/bbl)	59.03	-0.10	29.99
S&P 500	2,832.57	-0.01	12.99	Brent oil (\$/bbl)	67.61	0.10	27.49
FTSE 100	7,324.00	0.34	8.86	Gold (S/oz)	1,306.56	0.22	1.87
Shanghai	3,090.98	-0.18	23.94	CPO (RM/tonne)*	1,831.50	-0.35	-6.20
Hang Seng	29,466.28	0.19	14.01	Copper (\$/tonne)	6,425.00	-0.09	7.71
STI	3,220.92	0.25	4.96	Rubber (sen/kg)	488.50	-0.31	28.89

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Factory Orders	Jan	0.1%	0.1%	0.3%
US Durable Goods Orders	Jan F	0.3%	0.4%	0.4%
US Cap Goods Orders	Jan F	0.8%	0.8%	0.8%
Nondef Ex Air	Jan F	0.8%	0.8%	0.8%
EU ZEW Survey	Mar	-2.5	-16.6	--
Expectations				
UK Average Weekly	Jan	3.4%	3.5%	3.2%
Earnings 3M/YOY			(revised)	
UK ILO Unemployment	Jan	3.9%	4.0%	4.0%
Rate 3Mths				
UK Employment Change	Jan	222k	167k	120k
3M/3M				

Source: Bloomberg

- US factory orders saw sustained gain while durable goods orders grew slightly slower:** Factory orders sustained a 0.1% MOM increase in January (Dec: +0.1%), weaker than consensus estimate for a 0.3% increase. Orders ex-transport extended its decline for a 3<sup>rd</sup> straight month albeit at a slower pace of 0.2% MOM in Jan (Dec: -0.5%), pointing to continued soft demand and a weakening manufacturing sector. In line with this, durable goods orders also moderated, rising at a weaker than initially expected pace of 0.3% MOM in January final print (initial estimate of +0.4%), marking a sharp pullback from the 1.3% MOM gain in December. Orders ex-transportation fell 0.2% MOM, reaffirming the case of weak capital spending.
- EU ZEW expectations improved markedly:** ZEW survey showed growth expectations in the Eurozone improved markedly to its best level since May-18, at -2.5 in March vs -16.6 a month ago. Sentiments improved across all the three major EU economies i.e. Germany, France, and Italy reportedly buoyed by a delayed Brexit. We remain skeptical if the current uptick in sentiments will eventually translate into solid growth given looming global headwinds and geopolitical risks within the region.
- UK job reports turned in relatively positive signaling a healthy job market:** ILO jobless rate surprisingly improved to 3.9% in January (Dec: 4.0%), its lowest since 1975, while employment change unexpectedly jumped to 222k in the three months to January (Dec: 167k). Average weekly earnings recorded a 3.4% YOY increase in January, moderated slightly from an upwardly revised 3.5% YOY gain in December but beating expectation for a moderation to +3.2% YOY. Today's job reports suggest the UK labour market continued to flourish even as other indicators for the UK economy remain gloomy.
- RBA saw no strong case for cash rate adjustment:** The RBA acknowledged that the global economy has slowed in 2H18 and recent data had been consistent with a continuation of slower global growth in 4Q18 and 1Q19 particularly in the euro area and parts of Asia. Labour market have been tight in major advanced economies with ongoing signs of higher wage growth but this is not translated into higher inflation. Trade tensions had remained a continued source of uncertainty for the global outlook. On the domestic front, labour market conditions continued to improve, despite a slowing momentum of output growth in 2H18. In the non-mining sector, survey and forward-looking indicators pointed to modest growth in investment over 2018/19. Consumer sentiment had been broadly stable, supported by ongoing strength in the labour market, but the momentum in consumption growth had remained a key source of uncertainty. While the labour market had continued to strengthen, less progress had been made on inflation. The central forecast scenario for GDP growth was still around 3% over 2019 and a further decline in the unemployment rate to 4.75% over the next couple of years. Significant uncertainties around the forecasts remained, with "scenarios where an increase in the cash rate would be appropriate at some point and other scenarios where a decrease in the cash rate would be appropriate". The probabilities around these scenarios were more evenly balanced now hence there was no strong case for a near-term adjustment in monetary policy. Holding the stance of monetary policy unchanged at this meeting would enable RBA to be a source of stability and confidence.

**Economic Calendar**

Date	Country	Events	Reporting Period	Survey	Prior	Revised
<b>20/03</b>	<b>US</b>	<b>MBA Mortgage Applications</b>	<b>Mar-15</b>	--	<b>2.3%</b>	--
21/03		FOMC Rate Decision	Mar-20	2.25-2.5%	2.25-2.5%	--
		Philadelphia Fed Business Outlook	Mar	4.8	-4.1	--
		Initial Jobless Claims	Mar-16	225k	229k	--
		Leading Index	Feb	0.1%	-0.1%	0.0%
21/03	EU	Consumer Confidence	Mar A	-7.1	-7.4	--
<b>20/03</b>	<b>UK</b>	<b>CPI YOY</b>	<b>Feb</b>	<b>1.8%</b>	<b>1.8%</b>	--
		<b>PPI Output NSA YOY</b>	<b>Feb</b>	<b>2.2%</b>	<b>2.1%</b>	--
21/03		Retail Sales Inc Auto Fuel MOM	Feb	-0.4%	1.0%	--
		Bank of England Bank Rate	Mar-21	0.75%	0.75%	--
<b>20/03</b>	<b>Japan</b>	<b>Machine Tool Orders YOY</b>	<b>Feb F</b>	--	<b>-29.3%</b>	--
		<b>Convenience Store Sales YOY</b>	<b>Feb</b>	--	<b>0.8%</b>	--
21/03	Hong Kong	CPI Composite YOY	Feb	2.1%	2.4%	--
21/03	Australia	Employment Change	Feb	15.0k	39.1k	--
		Unemployment Rate	Feb	5.0%	5.0%	--
21/03	NZ	GDP SA QOQ	4Q	0.6%	0.3%	--

Source: Bloomberg

## Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1352	0.13	1.1362	1.1334	-0.87
GBPUSD	1.3268	0.10	1.3311	1.3241	4.01
USDJPY	111.39	-0.04	111.48	111.16	1.63
AUDUSD	0.7088	-0.23	0.7111	0.7085	0.51
EURGBP	0.8556	0.02	0.8570	0.8534	-4.77
USDMYR	4.0750	-0.04	4.0837	4.0725	-1.87
EURMYR	4.6263	-0.02	4.6314	4.6196	-2.06
JPYMYR	3.6613	0.18	3.6676	3.6585	-2.68
GBPMYR	5.4032	-0.05	5.4165	5.4003	2.67
SGDMYR	3.0159	0.02	3.0203	3.0134	-0.63
AUDMYR	2.8917	-0.18	2.9029	2.8885	-1.37
NZDMYR	2.7938	-0.14	2.7994	2.7898	0.55
CHFMYR	4.0742	0.07	4.0763	4.0697	-2.81
CNYMYR	0.6071	-0.08	0.6077	0.6061	0.24
HKDMYR	0.5189	-0.06	0.5197	0.5186	-1.69
USDSGD	1.3511	-0.01	1.3519	1.3504	-0.84
EURSGD	1.5339	0.12	1.5349	1.5314	-1.80
GBPSGD	1.7927	0.09	1.7977	1.7894	3.13
AUDSGD	0.9577	-0.23	0.9605	0.9575	-0.82

Source: Bloomberg

### MYR

- **MYR was 0.04% firmer at 4.0750 against a weaker USD..** MYR advanced against 6 G10s.
- **We are neutral on MYR against USD** in anticipation of risk aversion in the markets heading into FOMC policy decision to be offset by a soft greenback. A mild bearish bias prevails in USDMYR but downsides are likely limited unless 4.0710 is broken. On the upside, USDMYR needs to break above 4.0880 to overturn current bearish bias.

### USD

- **USD fell against 9 G10s** following softer than expected US data as well as risk aversion ahead of FOMC meeting. The DXY fell through Asian-European sessions before steadying in US trade, closing 0.15% lower at 96.38.
- **Expect a bearish USD** amid risk aversion heading into FOMC policy decision; caution that there may be a modest rebound from closure of short positions. Technical outlook remains bearish for DXY. It has expectedly tested 96.37, which could warrant some bounces higher but as long as it does not close above 96.78 today, bearish trend remains intact and hints at a drop below 96.23 going forward.

### EUR

- **EUR climbed 0.13% to 1.1352 against USD** and advanced against 5 G10s, supported by firmer risk appetite in Eurozone.
- **Stay bullish on EUR against a soft USD.** EURUSD upside is also supported by a lingering bullish trend and is likely headed towards 1.1368. Breaking this will allow passage to 1.1400. Caution that a close below 1.1326 today puts the current bullish trend at risk of being overturned.

### GBP

- **GBP inched 0.10% higher to 1.3268 against a soft USD** but remains pressured by Brexit uncertainties as it retreated against 6 G10s.
- **GBP is slightly bearish against USD** amid rising Brexit uncertainties; caution that softer UK data will accelerate GBP to the downsides. Technical outlook suggests that GBPUSD is likely to continue unravelling its price-momentum divergence. We set sights on a drop to 1.3168 soon, below which 1.3077 – 1.3080 will be targeted.

### JPY

- **JPY inched 0.04% firmer to 111.39 against a soft USD** but fell against 7 G10s, sustaining losses from risk-on sentiment through Asian-European session before finding support in US trade.
- **We maintain a bullish JPY view against USD**, supported by risk-off in the markets. USDJPY remains tilted to the downside after recent rejection near 112.00 and is likely to extend losses. We set sights on a drop to 111.05, below which a passage to 110.38 will be exposed.

### AUD

- **AUD fell 0.23% to 0.7088 against USD** and weakened against all G10s, weighed down by market rumours of regressive development in US-China trade talks.
- **We turn bearish on AUD against USD**, pressured by recent negative news about US-China trade talks and risk aversion ahead of FOMC policy decision. Unless AUDUSD closes below 0.7064 today, we maintain the view that a bullish trend still prevails and supports further gains going forward, possibly to circa 0.7131 – 0.7144. Otherwise, a return to 0.7011 is highly likely.

### SGD

- **SGD was relatively unchanged against USD at 1.3511** but fell against 9 G10s.
- **Expect a bearish SGD against USD** amid negative news about US-China trade talks. There is room for USDSGD to bounce higher as part of a correction to recent downward move. But we opine that there will be a break below 1.3512 in the coming days.

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