

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks lost ground on Friday, following the sell-off in Europe as weaker than expected PMI readings sparked renewed global growth concern.** The Dow, S&P 500 and NASDAQ erased 1.77%, 1.90% and 2.50% respectively to record their worst days in more than two and a half months. Dollar strengthened, treasuries yield tumbled amidst equities rout as yield dipped by more than 9bps across the curve - 10Y treasuries yield lost 9.8bps to 2.44%. **European major stock benchmarks all closed in the red**, losing more than 1.5% in general. Oil futures took a beating as well as the WTI ticked down by 1.57% to \$59.04/barrel while Brent crude fell 1.22% to \$67.03/barrel.
- **The preliminary Markit manufacturing and services PMIs for the US missed expectations while the Eurozone manufacturing PMI slipped further below the 50.0 neutral threshold for the second month, suggesting softer growth in 1Q19.** Japan manufacturing PMI stayed unchanged but remained under 50.0, also pointing to weaker factories activities. Other data include US existing home sales which staged a strong rebound of 11.8% MOM in February. Japan CPI ex fresh food, **BOJ preferred inflation gauge eased to 0.7% YOY reaffirming the lack of price pressure in the economy.** Consumer spending continued to be weak in Japan as supermarket sales fell for the fifth month while department store sales rose only slightly. **Malaysia CPI saw negative print for the second running month, falling by 0.4% YOY in February while BNM international reserves increased \$0.2b to \$102.6b as at 15 March.**
- **USD surged** among the majors to close 0.2% higher at 96.522 on risk aversion as global equities and bond yields fell following disappointing PMI readings. **We turn bullish on USD** over the short term spurred by safety bids but there are aplenty economic data this week and headlines are likely to cause volatility.
- **MYR closed at 4.0645 against the USD** on good foreign currency buying interests as we open below the 4.06 handle. **MYR is bearish** against USD as globally the broad USD is higher on risk aversion due to global growth fears among investors which led to a rush for safe haven assets.
- **SGD closed weaker 0.27% at 1.3526 against USD** in line with broader USD strength. **We turn bearish on SGD** as Friday's move has crossed shorter term resistances and investor momentum currently favours safe haven assets such as USD.

Overnight Economic Data

Malaysia	↓
US	→
Eurozone	↓
Japan	↓

What's Coming Up Next

Major Data

- US Chicago Fed Nat Activity Index, Dallas Fed Manf. Activity
- Japan All Industry Activity Index
- Singapore CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1210	1.1260	1.1295	1.1320	1.1380	↘
GBPUSD	1.3050	1.3116	1.3190	1.3240	1.3300	↘
USDJPY	109.10	109.55	109.96	110.23	110.68	↘
AUDUSD	0.7000	0.7046	0.7075	0.7119	0.7165	↘
EURGBP	0.8480	0.8524	0.8563	0.8587	0.8622	↗
USDMYR	4.0500	4.0550	4.0670	4.0750	4.0850	↗
EURMYR	4.5758	4.5860	4.5980	4.6115	4.6205	→
JPYMYR	3.6717	3.6805	3.7000	3.7035	3.7322	→
GBPMYR	5.3121	5.3375	5.3700	5.3855	5.4035	↘
SGDMYR	3.0000	3.0050	3.0100	3.0150	3.0200	→
AUDMYR	2.8645	2.8722	2.8790	2.8868	2.8935	↗
NZDMYR	2.7805	2.7868	2.8000	2.8066	2.8130	↗
USDSGD	1.3455	1.3490	1.3530	1.3565	1.3595	↗
EURSGD	1.5200	1.5245	1.5280	1.5311	1.5370	↗
GBPSGD	1.7689	1.7765	1.7850	1.7885	1.7943	↘
AUDSGD	0.9500	0.9545	0.9575	0.9605	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	1,666.66	0.13	-1.41	CRB Index	184.15	-0.66	8.45
Dow Jones Ind.	25,502.32	-1.77	9.32	WTI oil (\$/bbl)	59.04	-1.57	29.80
S&P 500	2,800.71	-1.90	11.72	Brent oil (\$/bbl)	67.03	-1.22	24.39
FTSE 100	7,207.59	-2.01	7.13	Gold (S/oz)	1,313.68	0.33	2.32
Shanghai	3,104.15	0.09	24.47	CPO (RM/tonne)*	1,893.00	0.45	-3.05
Hang Seng	29,113.36	0.14	12.64	Copper (\$/tonne)	6,312.00	-1.70	5.82
STI	3,212.10	-0.05	4.67	Rubber (sen/kg)	487.50	0.00	28.63

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA CPI YOY	Feb	-0.4%	-0.7%	-0.3%
MA Foreign Reserves	15 Mar	\$102.6b	\$102.4b	--
US Markit Manufacturing PMI	Mar P	52.5	53.0	53.4
US Markit Services PMI	Mar P	54.8	56.0	55.5
US Existing Home Sales MOM	Feb	11.8%	-1.4% (revised)	3.2%
EU Markit Manufacturing PMI	Mar P	47.6	49.3	49.5
EU Markit Services PMI	Mar P	52.7	52.8	52.7
JP CPI YOY	Feb	0.2%	0.2%	0.3%
JP CPI ex Fresh Food YOY	Feb	0.7%	0.8%	0.8%
JP Nikkei Manufacturing PMI	Mar P	48.9	48.9	--
JP Supermarket Sales YOY	Feb	-2.5%	-3.4%	--
JP Nationwide Department Sales	Feb	0.4%	-2.9%	--
JP Leading Index	Jan F	96.5	97.5	--
JP Coincident Index	Jan F	98.1	100.6	--

Source: Bloomberg

- Preliminary Markit PMI indicates weaker than expected US growth:** The preliminary reading of manufacturing PMI fell to 52.5 in March (Feb: 53.0) weighed down by a softer increase in output, new orders and employment thus suggesting a slowdown in US factories activity. The services PMI also registered a weaker reading of 54.8 (Feb: 56.0) on slower new order, pointing to easing growth rate in 1Q. Meanwhile existing home sales rebounded sharply by 11.8% YOY in February (Jan: -1.4% revised) offering tentative signs that the housing market is slowly recovering from the slowdown in 2H18.
- Eurozone manufacturing PMI deteriorated, services more resilient:** The preliminary manufacturing PMI fell sharply to 47.6 in March (Feb: 49.3), its lowest level in nearly six years as output and new orders fell substantially. The services sector remained more resilient as PMI fell slightly to 52.7 (Feb: 52.8) supported by faster growth in new orders but nonetheless the deterioration in manufacturing PMI suggests that the euro area economy likely end 1Q on a softer than expected note, and the ECB leaving key rates unchanged for the rest of the year.
- Japan price pressure stayed muted, manufacturing sector weakened:** The headline CPI index rose 0.2% YOY in February (Jan: +0.2%), unchanged from January's reading while the CPI ex fresh food, the BOJ's preferred inflation gauge eased to 0.7% in Feb (Jan: +0.8%) reaffirming the lack of price pressure in the Japanese economy. Meanwhile, the preliminary Nikkei Manufacturing PMI stayed unchanged at 48.9 in March (Feb: 48.9) signaling downturn in the manufacturing sector as productions were scaled back on weaker new orders inflow. Consumer spending appeared to be lackluster still as supermarket sales fell for the fifth straight month by 2.5% YOY in February (Jan: -3.4%) while department store sales managed to rebound slightly by 0.4% YOY in the same month. The leading index published by the Economic and Social Research Institutes ticked lower for the fifth running month to 96.5 in January according to the final reading (Dec: 97.5) while the coincident index also dropped for the third month to 98.1 (Dec: 100.6) indicating that softer growth in the near term.
- Malaysia saw narrowing deflation amid smaller decline in transport prices:** Consumer Price Index (CPI) saw negative print for the second straight month, falling by 0.4% YOY in February (Jan: -0.7% YOY), dragged by continuous albeit smaller decline in transport prices (-6.8% vs -7.7% YOY). The smaller deflation in February, coupled with modest price increases in food and other key categories, reaffirmed our view that deflation seen in the last two months is just transitory and should soothe concerns of a full-fledged deflation in the Malaysian economy. Food prices rose steadily by 1.0% YOY in February (Jan: +1.0% YOY) while housing & utilities prices has been sustaining 2.0% YOY increase in the last four months. February's print ties with our projection for a negative CPI reading in 1Q19, before bouncing back to a small positive print in 2Q followed by quicker pick-up in 2H of the year, keeping our full year 2019 CPI forecast of 1.0% intact. On 27-February 2019, the government reduced the ceiling price of RON95 from RM2.20/ liter to RM2.08/ liter, and this should lead to even smaller declines in transport prices going forward, hence pushing headline CPI back into positive territory. Meanwhile, the price hikes in alcoholic beverages are not expected to have a material impact on CPI as beer accounts for a mere 0.4ppt of the CPI basket.
- Malaysia foreign reserves rose in mid-March:** BNM international reserves increased to \$102.6b as at 15 March 2019 (previous: \$102.4b). The reserves position is sufficient to finance 7.4 months of retained imports and is 1.0 time total short-term external debt.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
25/03	US	Chicago Fed Nat Activity Index	Feb	-0.38	-0.43	--
		Dallas Fed Manf. Activity	Mar	9.0	13.1	--
26/03		Housing Starts MOM	Feb	-1.2%	18.6%	--
		Building Permits MOM	Feb	--1.3%	1.4%	-0.7%
		FHFA House Price Index MOM	Jan	0.4%	0.3%	--
		S&P CoreLogic CS 20-City YOY NSA	Jan	3.9%	4.2%	--
		Richmond Fed Manufact. Index	Mar	11.0	16.0	--
		Conf. Board Consumer Confidence	Mar	132,1	131.4	--
25/03	Japan	All Industry Activity Index MOM	Jan	-0.4%	-0.4%	--
26/03	Hong Kong	Exports YOY	Feb	-7.3%	-0.4%	--
		Trade Balance HKD	Feb	-44.3b	-10.3b	--
25/03	Singapore	CPI YOY	Feb	0.5%	0.4%	--
26/03		Industrial Production YOY	Feb	0.2%	-3.1%	--
26/03	New Zealand	Trade Balance NZD	Feb	-200m	-914m	--
		Exports NZD	Feb	4.7b	4.4b	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1302	-0.63	1.1391	1.1273	-1.29
GBPUSD	1.3209	0.78	1.3224	1.3081	3.61
USDJPY	109.92	-0.61	110.90	109.74	0.32
AUDUSD	0.7083	-0.41	0.7119	0.7076	0.41
EURGBP	0.8559	-1.37	0.8684	0.8533	-4.61
USDMYR	4.0645	0.07	4.0670	4.0565	-1.67
EURMYR	4.5949	-0.62	4.6258	4.5878	-2.60
JPYMYR	3.6769	-0.44	3.6772	3.6617	-2.35
GBPMYR	5.3244	-0.43	5.3415	5.3199	1.03
SGDMYR	3.0072	-0.25	3.0147	3.0051	-0.65
AUDMYR	2.8828	-0.60	2.8910	2.8798	-1.38
NZDMYR	2.7926	-0.64	2.8004	2.7912	0.50
CHFMYR	4.0823	-0.23	4.1000	4.0823	-2.78
CNYMYR	0.6071	-0.30	0.6063	0.6050	0.01
HKDMYR	0.5178	0.00	0.5182	0.5170	-1.97
USDSGD	1.3526	0.27	1.3531	1.3483	-0.74
EURSGD	1.5288	-0.36	1.5370	1.5249	-2.23
GBPSGD	1.7866	1.05	1.7880	1.7675	2.84
AUDSGD	0.9579	-0.18	0.9607	0.9573	-0.32

Source: Bloomberg

Forex

MYR

- **MYR closed at 4.0645 against the USD** on good foreign currency buying interests as we open below the 4.06 handle.
- **MYR is bearish** against USD as globally the broad USD is higher on risk aversion due to global growth fears among investors which led to a rush for safe haven assets.

USD

- **USD surged** among the majors to close 0.2% higher at 96.522 on risk aversion as global equities and bond yields fell following disappointing PMI readings.
- **We turn bullish on USD** over the short term spurred by safety bids but there are plenty economic data this week and headlines are likely to cause volatility.

EUR

- **EUR lost 0.63% to 1.1302 against USD** amid risk aversion led by dismal manufacturing PMIs in the euro region including the three biggest economies Germany, France and Italy.
- **EURUSD is expected to be sideways to slightly bearish** as market digests what has happened over the weekend.

GBP

- **GBP closed higher by 0.78% to 1.3209** on Brexit optimism or at least the hope that a no-deal Brexit isn't coming. It showed once again that it's a very low bar for the pair to rally.
- **We maintain bearish view on GBPUSD** on technical reasons over the medium term. Over the shorter term, given the stronger USD overnight, we may see the pair retrace back to the 1.3150 area.

JPY

- **JPY strengthened 0.81% to 109.92** on a sliding equity market and strong risk aversion.
- **We maintain mildly bullish view on JPY** as seasonality factors continue to support JPY strength. As mentioned previously, even strong US equity showing could not bring USDJPY back to pre-FOMC levels, giving confidence to the repatriation view.

AUD

- **AUD closed 0.41% weaker against the USD at 0.7083** in line with the stronger USD on risk aversion.
- **We are neutral on AUD here** as Friday's move has the pair opening near the shorter term support of the trend channel. Continued move downwards may negate the short term bullish action of AUD.

SGD

- **SGD closed weaker by 0.27% at 1.3526 against USD** in line with broader USD strength.
- **We turn bearish on SGD** as Friday's move has crossed shorter term resistances and investor momentum currently favours safe haven assets such as USD.

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