

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks slipped overnight after benchmarks S&P 500 and NASDAQ closed at record highs in the previous session as investors turned cautious ahead of major firms' earnings from Microsoft, Facebook, Intel and Amazon.** The energy sector was the top loser of the day on falling oil prices. **Global bonds yield fell after the German IFO Business Climax Index slipped for the second month as growth concerns sent investors scampering to government bonds.** 10Y German bund lost 5.3bps. US treasuries yield fell across the curve by 4 to 5bps on solid auctions as well as lower global yields. 10Y UST yield fell 5bps to 2.52%. **Adding insult to injury was Bank of Canada dovish tilt in trimming 2019 growth forecast by 0.5ppt to 1.2%, dropping the case for a rate hike while do not rule out chances of a cut.** Benchmark WTI fell 0.62% to \$65.89/barrel after EIA reported rising crude inventories, Brent crude picked up slightly by 0.08% to \$74.57/barrel. **Markets will be watching out for today's BOJ monetary policy statement.**
- US mortgage applications continue to fall for the third straight week by 7.3% on rising borrowing cost last week. Japan economic indexes offered mixed signs on growth. All Industry Activity Index fell 0.2% MOM in February while in contrast, the leading index rose to 97.1 in the same month. **Australia headline CPI picked up by a mere 1.3% YOY in the first quarter while the RBA trimmed mean CPI also softened to 1.6% YOY leading markets to bring forward expectations of an RBA rate cut to its upcoming 7 May meeting.** The probability of a 25bps cut to the cash rate jumped from pre-data 11.9% to 53.8% as of writing. Malaysia CPI bounced back to positive reading at 0.2% YOY as expected after two months of declines.
- **The Dollar index closed 0.48% higher at 98.057** a new YTD high led by EUR, CAD and AUD on global economy health concerns. **We maintain USD bullishness** as investor focus continues to zoom into world economy health which is starting to slip based on expectations according to recent data weakness.
- **MYR closed flat at 4.1285** against the greenback amidst broad USD strength. **MYR continues to consolidate** between the 4.12-4.15 immediate range with a slight upside bias thanks to broad USD strength. However, since the bulk of USD demand due to hedging has already passed post FTSE-Russell, the move hereon would likely be slow and gradual.
- **SGD closed weaker by 0.36% at 1.3619 against USD** on a broadly stronger USD. **We maintain bearish SGD** as investor focus is now on global economy health which isn't perceived to be doing as well as expected, hence exerting a drag on SGD.

Overnight Economic Data

Malaysia	↑
US	↓
Japan	→
Australia	↓

What's Coming Up Next

Major Data

- US Initial Jobless Claims, Durable Goods Orders, Kansas City Fed Manufacturing Activity

Major Events

- BOJ Monetary Policy Decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1100	1.1120	1.1155	1.1200	1.1220	↘
GBPUSD	1.2800	1.2850	1.2907	1.2950	1.3000	↘
USDJPY	111.40	111.70	112.16	112.30	112.70	↗
AUDUSD	0.6950	0.7000	0.7017	0.7060	0.7100	→
EURGBP	0.8570	0.8600	0.8644	0.8675	0.8700	↘
USDMYR	4.1250	4.1300	4.1380	4.1400	4.1450	→
EURMYR	4.6000	4.6100	4.6160	4.6280	4.6400	↘
JPYMYR	3.6620	3.6800	3.6900	3.7100	3.7200	↘
GBPMYR	5.2800	5.3100	5.3400	5.3700	5.4000	↘
SGDMYR	3.0275	3.0325	3.0375	3.0450	3.0500	↘
AUDMYR	2.8800	2.8900	2.9030	2.9150	2.9250	↘
NZDMYR	2.7100	2.7200	2.7300	2.7400	2.7500	↘
USDSGD	1.3520	1.3560	1.3625	1.3655	1.3700	↗
EURSGD	1.5100	1.5160	1.5200	1.5311	1.5370	↘
GBPSGD	1.7410	1.7560	1.7585	1.7875	1.7975	→
AUDSGD	0.9450	0.9500	0.9560	0.9650	0.9700	↘

* 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	1,638.01	0.65	-3.11	CRB Index	186.49	-0.58	9.83
Dow Jones Ind.	26,597.05	-0.22	14.02	WTI oil (\$/bbl)	65.89	-0.62	44.99
S&P 500	2,927.25	-0.22	16.77	Brent oil (\$/bbl)	74.57	0.08	38.61
FTSE 100	7,471.75	-0.68	11.05	Gold (S/oz)	1,275.76	0.26	-0.61
Shanghai	3,201.61	0.09	28.38	CPO (RM/tonne)	2,031.50	-1.31	4.05
Hang Seng	29,805.83	-0.53	15.32	Copper (\$/tonne)	6,448.00	0.64	8.10
STI	3,362.43	0.27	9.57	Rubber (sen/kg)	488.00	-0.31	28.76

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA CPI YOY	Mar	0.2%	-0.4%	0.3%
US MBA Mortgage Applications	Apr-19	-7.3%	-3.5%	--
JP All Industry Activity Index MOM	Feb	-0.2%	0.0%	-0.2%
JP Leading Index CI	Feb F	97.1	96.3	--
JP Coincident Index	Feb F	100.4	99.6	--
AU CPI YOY	1Q	1.3%	1.8%	1.5%

Source: Bloomberg

➤ Macroeconomics

- US mortgages demand fell as borrowing cost increased:** Mortgage applications continue to fall for the third straight week by 7.3% for the week ended 19 April (previous: -3.5%) following the outsized gain in late March, largely on rising borrowing cost across the board. For instance, the average rate of a fixed-rate 30Y loan rose to 4.46% (previous: 4.44%) compared to 4.36% in late March. The refinancing segment which is particularly sensitive to interest rates plunged 11.0% (previous -8.2%) while applications to purchase a new home also slipped 4.1% (previous: +0.9%).
- Japan economic indexes offered mixed signs on growth:** The All Industry Activity Index fell 0.2% MOM in February (Jan: 0.0%) as the rebound in industrial production was offset by the fall in tertiary industry activity and the slower growth pace of the construction sector. YOY, the index slowed to increase 0.4% (Jan: +1.1%), suggesting slower growth in general. In contrast, the separately released leading index rose to 97.1 in the same month (Jan: 96.3) while the coincident index also ticked up to 100.4 (Jan: 99.6), pointing to a pickup in Japanese growth in February.
- Australia CPI disappointed, markets now expect RBA to cut rate in May:** Headline CPI picked up by a mere 1.3% YOY in the first quarter (4Q: +1.8%) driven by a broad-based slowdown across all price categories while the RBA trimmed mean CPI, a measure of core inflation also softened to 1.6% YOY (4Q: +1.8%), reaffirming the severe lack of price pressure in an already slower economic backdrop. The Aussie dollar plunged immediately after the data release and markets shifted forward expectations of an RBA rate cut to its upcoming 7 May meeting within a span of hours (the probability of a 25bps cut to the cash rate jumped from pre-data 11.9% to 53.8% as of writing).
- Malaysia CPI back to positive reading as expected:** Consumer Price Index (CPI) bounced back to positive reading as expected after two months of declines, albeit increasing at a softer than expected pace of 0.2% YOY in March (Feb: -0.4% YOY). The rebound was mainly driven by smaller contraction in transport prices (-3.0% vs -6.8% YOY) as well as slightly quicker gain in food prices (+1.1% vs +1.0% YOY). This, coupled with steady price gains in other major categories, should completely brush off deflation chatters although there are certainly no signs of runaway inflation. Excluding most volatile items of fresh food and administered prices of goods and services, core CPI picked up for the 2nd consecutive month, to 0.5% YOY in March (Feb: +0.3% YOY). This marked its fastest increase in four months but it remained way below its historical norm of 2.0-3.0%. Based on the softer than expected spike in March CPI, we foresee downside risks to our full year CPI forecast of 1.0% YOY for 2019 although this could be mitigated should global oil prices continue to improve. That said, the biggest wild card lies in the government's plan to introduce the new petrol subsidy system to the targeted B40 group, and if the ceiling prices on RON95 and diesel will remain. Movement in global crude oil prices would also play a key role as the base effect could significantly swing CPI readings on a YOY basis.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
25/04	US	Initial Jobless Claims	Apr-20	200k	192k	--
		Durable Goods Orders	Mar P	0.8%	-1.6%	--
		Cap Goods Orders Nondef Ex Air	Mar P	0.2%	-0.1%	--
		Kansas City Fed Manf. Activity	Apr	8.0	10.0	--
26/04		GDP Annualized QOQ	1Q A	2.2%	2.2%	--
		U. of Mich. Sentiment	Apr F	97.0	96.9	--
26/04	UK	CBI Trends Total Orders	Apr	2.0	1.0	--
25/04	Japan	BOJ Policy Balance Rate	Apr-25	-0.1%	-0.1%	--
26/04		Jobless Rate	Mar	2.4%	2.3%	--
		Job-To-Applicant Ratio	Mar	1.63	1.63	--
		Industrial Production YOY	Mar P	-3.8%	-1.1%	--
		Retail Sales YOY	Mar P	0.8%	0.4%	0.6%
		Housing Starts YOY	Mar	5.2%	4.2%	--
		Construction Orders YOY	Mar	--	-3.4%	--
26/04	Singapore	Industrial Production YOY	Mar	-4.6%	0.7%	--
26/04	New Zealand	ANZ Consumer Confidence Index	Apr	--	121.8	--
		Trade Balance NZD	Mar	131m	12m	--
		Exports NZD	Mar	5.30b	4.82b	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1155	-0.64	1.1228	1.1141	-2.72
GBPUSD	1.2902	-0.28	1.2963	1.2888	1.18
USDJPY	112.19	0.30	112.40	111.68	2.22
AUDUSD	0.7015	-1.23	0.7103	0.7004	-0.51
EURGBP	0.8644	-0.89	0.8681	0.8631	-3.84
USDMYR	4.1285	0.01	4.1345	4.1265	-0.12
EURMYR	4.6302	-0.35	4.6370	4.6254	-2.05
JPYMYR	3.6925	0.06	3.6983	3.6885	-1.74
GBPMYR	5.3405	-0.42	5.3485	5.3359	1.38
SGDMYR	3.0394	-0.08	3.0461	3.0380	0.12
AUDMYR	2.9103	-0.92	2.9330	2.9052	-0.43
NZDMYR	2.7369	-0.51	2.7499	2.7338	-1.50
CHFMYR	4.0568	0.09	4.0588	4.0452	-3.39
CNYMYR	0.6148	0.07	0.6151	0.6142	1.58
HKDMYR	0.5266	0.08	0.5273	0.5263	-0.30
USDSGD	1.3619	0.36	1.3630	1.3566	-0.04
EURSGD	1.5193	-0.28	1.5250	1.5183	-2.76
GBPSGD	1.7571	0.09	1.7630	1.7550	1.13
AUDSGD	0.9554	-0.86	0.9643	0.9546	-0.54

Source: Bloomberg

Forex

MYR

- **MYR closed flat at 4.1285** against the greenback amidst broad USD strength.
- **MYR continues to consolidate** between the 4.12-4.15 immediate range with a slight upside bias thanks to broad USD strength. However, since the bulk of USD demand due to hedging has already passed post FTSE-Russell, the move hereon would likely be slow and gradual.

USD

- **The Dollar index closed 0.48% higher at 98.057** a new YTD high led by EUR, CAD and AUD on global economy health concerns.
- **We maintain USD bullishness** as investor focus continues to zoom into world economy health which is starting to slip based on expectations according to recent data weakness.

EUR

- **EUR closed 0.64% lower at 1.1155 against USD** on broad USD strength led by strong US equities and a poorer German IFO business climate reading.
- **We turn bearish on EUR** as we have broken through YTD support levels and the overall climate continues to support USD strength which isn't likely to change anytime soon based on recent economic data.

GBP

- **GBP closed 0.28% lower at 1.2902** in line with broad USD strength.
- **We maintain bullish GBP** over the medium term due to Brexit, but in the shorter term, signals now point towards 1.28 as we have achieved the 1.29 target.

JPY

- **JPY closed 0.30% weaker at 112.19** on a broadly stronger USD.
- **We maintain bearish JPY** as the move higher in line with stronger USD may have some more room to play out given the stretch of inactivity from the pair.

AUD

- **AUD closed 1.23% lower against the USD at 0.7015** led by missed CPI numbers.
- **We continue to remain neutral on AUD.** The huge price action in AUD is the likely result of position clearing by investors based on RBA interest rate expectations. YTD low of 0.7000 is the level to watch for further cues if the pair heads lower or go back up.

SGD

- **SGD closed weaker by 0.36% at 1.3619 against USD** on a broadly stronger USD.
- **We maintain bearish SGD** as investor focus is now on global economy health which isn't perceived to be doing as well as expected, hence exerting a drag on SGD.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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