

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- US stocks ended mostly lower overnight, **weighed down by industrials stocks as disappointing earnings from 3M, UPS and defense contractor Raytheon raised further concerns over global growth, overshadowing Facebook and Microsoft's upbeat earnings.** Shares of manufacturing giant 3M plummeted nearly 13% after it cut earnings forecast and announced plans to lay off 2000 workers, effectively dragging down the Dow. The bond market saw little movements with yield rose by 1-2bps across the curve with 10Y UST yield ending 1bps higher at 2.53%. Elsewhere, European stocks were mostly down on disappointing US earnings, Asian benchmarks were mixed. Oil prices retreated as WTI fell 1.03% to \$65.21/barrel while Brent retraced earlier gains to settle 0.3% lower at \$74.35/barrel. **Earlier, the BOJ maintained its ultra-loose monetary policy** but clarified its intention to leave policy balance rate unchanged at least through spring 2020, **Bank Indonesia kept its seven-day reverse repo rate unchanged at 6.0%.** **Sweden's Riksbank took a dovish shift,** saying it will hold its repo rate steady longer than previously expected and announced an 18-month bond buying program starting in July.
- **Overnight US data were mixed. Durable goods orders jumped more than expected by 2.7% MOM** in March and the core capital orders also gained 1.3% MOM suggesting a pickup in firms' capex. The Kansas City Fed manufacturing index however fell to 5 in April as firms blamed flooding and extreme weather in recent months for slower activities. **Japan industrial production fell more than expected by 4.6% YOY in March, painting a bleak picture of Japan's factories.** Retail sales beat expectations to increase 1.0% YOY, following two months of lacklustre sales. Jobless rate rose to 2.5% in March as demand for workers weakened. **New Zealand exports jumped 18.7% YOY** lifted by shipments to key trading partners. The ANZ Consumer Confidence edged up to a 13-month high of 123.2 in March.
- **The Dollar index closed 0.14% higher at 98.198** led by EUR and GBP weakness. **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.
- **MYR closed 0.21% weaker at 4.1370** against USD on extended USD strength. **MYR continues to consolidate** between the 4.12-4.15 immediate range with a slight upside bias underpinned by broad USD strength. Looking towards US GDP data later tonight to see if it is the catalyst needed to break range or continue consolidating here.
- **SGD closed weaker by 0.09% at 1.3631 against 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 which should drag on SGD with technical also suggesting a weaker SGD going forward.

#### Overnight Economic Data

US	→
Japan	→
New Zealand	↑

#### What's Coming Up Next

##### Major Data

- US 1Q GDP, Uni Michigan Consumer Sentiment
- Japan Housing Starts, Construction Orders
- Singapore Industrial Production

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1100	1.1120	1.1135	1.1200	1.1220	↘
GBPUSD	1.2800	1.2850	1.2898	1.2950	1.3000	↘
USDJPY	111.00	111.40	111.55	111.75	112.00	→
AUDUSD	0.6950	0.7000	0.7015	0.7060	0.7100	→
EURGBP	0.8570	0.8600	0.8637	0.8675	0.8700	↘
USDMYR	4.1250	4.1300	4.1360	4.1400	4.1450	→
EURMYR	4.5800	4.6000	4.6060	4.6280	4.6400	↘
JPYMYR	3.6620	3.6800	3.7085	3.7100	3.7200	↘
GBPMYR	5.2800	5.3100	5.3340	5.3500	5.3700	↘
SGDMYR	3.0275	3.0325	3.0355	3.0400	3.0450	↘
AUDMYR	2.8800	2.8900	2.9015	2.9150	2.9250	→
NZDMYR	2.7200	2.7300	2.7435	2.7500	2.7600	→
USDSGD	1.3550	1.3600	1.3631	1.3655	1.3700	↗
EURSGD	1.5100	1.5160	1.5180	1.5250	1.5311	↘
GBPSGD	1.7410	1.7560	1.7579	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	1,635.68	-0.14	-3.25	CRB Index	185.96	-0.29	9.51
Dow Jones Ind.	26,462.08	-0.51	13.44	WTI oil (\$/bbl)	65.21	-1.03	43.45
S&P 500	2,926.17	-0.04	16.73	Brent oil (\$/bbl)	74.35	-0.30	38.20
FTSE 100	7,434.13	-0.50	10.49	Gold (S/oz)	1,277.17	0.11	-0.29
Shanghai	3,123.83	-2.43	25.26	CPO (RM/tonne)	2,019.50	-0.59	3.43
Hang Seng	29,549.80	-0.86	14.33	Copper (\$/tonne)	6,365.00	-1.29	6.71
STI	3,350.28	-0.36	9.17	Rubber (sen/kg)	488.00	0.00	28.76

Source: Bloomberg

**Economic Data**

	For	Actual	Last	Survey
US Initial Jobless Claims	Apr-20	230k	193k (revised)	200k
US Durable Goods Orders	Mar P	2.7%	-1.1% (revised)	0.8%
US Cap Goods Orders Nondef Ex Air	Mar P	1.3%	-0.1%	0.2%
US Kansas City Fed Manf. Activity	Apr	5.0	10.0	8.0
JP BOJ Policy Balance Rate	Apr-25	-0.1%	-0.1%	-0.1%
JP Jobless Rate	Mar	2.5%	2.3%	2.4%
JP Job-To-Applicant Ratio	Mar	1.63	1.63	1.63
JP Industrial Production YOY	Mar P	-4.6%	-1.1%	-3.8%
JP Retail Sales YOY	Mar P	1.0%	0.4%	0.8%
NZ ANZ Consumer Confidence Index	Apr	123.2	121.8	--
NZ Trade Balance NZD	Mar	922m	-68m (revised)	131m
NZ Exports NZD	Mar	5.70b	4.71b (revised)	5.30b

Source: Bloomberg

**➤ Macroeconomics**

- US durable goods orders beat expectations, initial jobless claims rose to 230k:** US durable goods orders jumped more than expected by 2.7% MOM in March (Feb: -1.1% revised), the strongest since Aug-18 according to a preliminary reading on higher transportations, computer & electronics and machinery orders. Transportations orders bounced back up by 7.0% MOM (Feb: -2.9%), lifted by a lift in vehicles & parts as well as a huge upward swing in nondefense aircrafts. Excluding transportations, orders rose 0.4% MOM (Feb: -0.2%) while core capital orders (non-defense capital goods excluding aircrafts) also gained 1.3% MOM (Feb: +0.1%), the fastest pace since Jul-18, suggesting a pickup in firms' capex. The Kansas City Fed manufacturing index pulled back to 5 in April (Mar: 10) as manufacturing activities slowed this month. Firms put the blames on flooding and extreme weather in recent months. Meanwhile, initial jobless claims rose by a whopping 37k, to 230k for the week ended 20 April (previous: +193k revised), snapping five running weeks of declines, leading the four-week moving average higher to 206k (previous: 201.5k), still a historically low number.
- The BOJ clarified on forward guidance, trimmed forecasts:** The BOJ left its ultra-loose monetary unchanged as widely expected but added that it will keep the ultra-low interest rate "at least through around spring 2020" taking into account uncertainties regarding economic activity and prices and the effects of the scheduled consumption tax hike in October. The central bank also slashed its median growth forecast from 0.9% to 0.8% YOY for fiscal year 2019, and from 1.0% to 0.9% YOY for fiscal 2020. Projection for 2019 core CPI (excluding fresh food) was unchanged at 1.1%, but was cut from 1.5% to 1.4% for 2020. BOJ said that Japanese economy is likely to continue on a moderate expanding trend, despite being affected by the slowdown in overseas economies for the time being. The bank continued to expect core CPI to increase gradually towards its 2% target but it is still likely to take time to achieve price stability target.
- Japan industrial production slumped; jobless rate rose amidst bleak outlook:** Japan industrial production fell more than expected by 4.6% YOY in March (Feb: -1.1%) according to a preliminary reading, marking its third decline within a four-month period, painting a bleak picture of Japan's factories and were in line with the below 50 PMI readings. The preliminary retail sales meanwhile beat expectations to increase 1.0% YOY in March (Feb: +0.4%) following two months of lacklustre sales. Jobless rate rose to 2.5% in March (Feb: 2.3%) as demand for workers weakened amidst slower manufacturing activities and retail sales. Nonetheless, the labour market remained tight with the job-to-applicant ratio remaining unchanged at 1.63.
- New Zealand Consumer Confidence improved to more than one-year high; exports rose:** The ANZ Consumer Confidence edged up to a 13-month high of 123.2 in March (Feb: 121.8) lifted by gauge of current conditions, offering great signal for consumer spending in the immediate months to come. Meanwhile, foreign demand for New Zealand rose substantially in March as exports jumped 18.7% YOY (Feb: +5.9%) lifted by shipments to key trading partners such as China, Australia, Japan and the US. Imports however deviated, falling 3.5% YOY in the same month (Feb: 12.2%). MOM, exports rose 21.0% (Feb: +8.3%) and imports fell 0.1% (Feb: -9.5%), leaving the trade balance to swing to a surplus of NZ\$922m (Feb: -\$68m)

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
26/04	US	GDP Annualized QOQ	1Q A	2.3%	2.2%	--
		U. of Mich. Sentiment	Apr F	97.0	96.9	--
29/04		Personal Income	Mar	0.4%	0.2%	--
		Personal Spending	Mar	0.7%	0.1%	--
		Core PCE YOY	Mar	1.7%	1.8%	--
		Dallas Fed Manf. Activity	Apr	--	8.3	--
29/04	Eurozone	Economic Confidence	Apr	105.1	105.5	--
		Consumer Confidence	Apr F	-7.9	-7.2	--
26/04	Japan	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%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1132	-0.21	1.1162	1.1118	-2.87
GBPUSD	1.2899	-0.02	1.2920	1.2866	1.13
USDJPY	111.63	-0.50	112.24	111.38	1.70
AUDUSD	0.7015	0.00	0.7023	0.6988	-0.40
EURGBP	0.8631	-0.16	0.8655	0.8627	-3.94
USDMYR	4.1370	0.21	4.1390	4.1325	0.08
EURMYR	4.6056	-0.53	4.6174	4.6041	-2.57
JPYMYR	3.6958	0.09	3.7017	3.6825	-1.65
GBPMYR	5.3285	-0.22	5.3428	5.3273	1.16
SGDMYR	3.0311	-0.27	3.0368	3.0306	-0.16
AUDMYR	2.9006	-0.33	2.9040	2.8923	-0.77
NZDMYR	2.7274	-0.35	2.7303	2.7218	-1.85
CHFMYR	4.0532	-0.09	4.0544	4.0470	-3.48
CNYMYR	0.6134	-0.23	0.6147	0.6132	1.35
HKDMYR	0.5271	0.09	0.5276	0.5268	-0.21
USDSGD	1.3631	0.09	1.3658	1.3616	-0.03
EURSGD	1.5174	-0.13	1.5211	1.5169	-2.90
GBPSGD	1.7583	0.07	1.7600	1.7562	1.09
AUDSGD	0.9562	0.08	0.9570	0.9542	-0.41

Source: Bloomberg

## Forex

### MYR

- **MYR closed 0.21%% weaker at 4.1370** against USD on extended USD strength.
- **MYR continues to consolidate** between the 4.12-4.15 immediate range with a slight upside bias underpinned by broad USD strength. Looking towards US GDP data later tonight to see if it is the catalyst needed to break range or continue consolidating here.

### USD

- **The Dollar index closed 0.14% higher at 98.198** led by EUR and GBP weakness.
- **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.

### EUR

- **EUR closed 0.21% lower at 1.1132 against USD** as USD strength continues to persist.
- **We remain bearish on EUR** as we have broken through multiple support levels to hit multi month lows. Looking towards US 1Q GDP to see if it is the catalyst needed to continue the move or trade back higher.

### GBP

- **GBP closed 0.02% lower at 1.2899** in line with broad USD strength.
- **GBP remains bearish** in the short term with technicals looking to target 1.2770. We remain bullish GBP however in the longer term as a customs union formation on Brexit would be beneficial to GBP in the long run.

### JPY

- **JPY closed 0.50% stronger at 111.63 against the USD** on receding risk appetite as the global growth outlook once again dominating headlines.
- **We turn neutral on JPY** as there are a number of conflicting signals currently. A dovish BOJ is bearish for JPY whereas poor global risk appetite is bullish for JPY. These 2 themes will likely dominate JPY trading for the time being likely resulting in see saw movement.

### AUD

- **AUD closed unchanged at 0.7015 against the USD.**
- **We continue to remain neutral on AUD** as we await US GDP to see if we get the catalyst needed for it to trade lower or head back higher.

### SGD

- **SGD closed weaker by 0.09% at 1.3631 against 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 which should drag on SGD with technical also suggesting a weaker SGD going forward.

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