

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global equity markets rebounded overnight, consolidating from recent selloffs amid a return of risk appetite despite another bout of weakness in US data.** UST pared gains pushing yields back up slightly from 15-month low with the 10s ended 2.5bps higher at 2.42% while the Dollar Index bounced higher to 96.73. **Crude oil advanced on expectations of tightening supply** from Venezuela and declining inventories in the US with the WTI ended 1.9% higher at \$59.94/ barrel while the Brent was 1.1% up at \$67.97/ barrel.
- **On the macro front, overnight US data confirmed a weakening housing market** amid steeper declines in housing starts and building permits. House prices of 20 cities as reported by S&P CoreLogic grew slower for the 10th straight month to register its slowest pace in six years although another gauge by FHFA showed an uptick in house prices. **Richmond manufacturing activities softened in March and so was broad consumer confidence. The decline in Hong Kong exports deepened** as shipments to most major markets fell. On the other hand, **industrial production rebounded in Singapore** driven by the volatile biomedical production which may not sustain.
- **MYR closed slightly weaker at 4.0715** as we near Q1 end and corporate hedging requirements creating a demand for foreign currency. **We maintain MYR bearishness** over the short term however as previously mentioned, the speed would likely be slower around this area as we approach a slew of moving averages acting as short term resistances.
- **USD index closed higher by 0.2% to 96.73** on better risk appetite driven by higher US equities and higher UST yields. **We maintain USD bullishness** over the short term as global economic slowdown fears take center stage in investors mind.
- **SGD closed 0.16% weaker at 1.3523 against USD** in line with other EM currencies as the broad USD strengthened. **We maintain bearishness on SGD** and current daily setup suggests a return to the upper levels of 1.35 if we close and open above the 1.3535 area.

Overnight Economic Data

US	↓
Hong Kong	↓
Singapore	↑

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, Trade Balance
- China Industrial Profits

Major Events

- RBNZ Official Cash Rate Decision
- BNM Annual Report 2018

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1180	1.1210	1.1268	1.1300	1.1360	↘
GBPUSD	1.3050	1.3116	1.3205	1.3240	1.3300	↘
USDJPY	109.70	110.10	110.53	110.70	111.00	↘
AUDUSD	0.7060	0.7108	0.7133	0.7155	0.7200	↗
EURGBP	0.8480	0.8510	0.8533	0.8587	0.8622	↗
USDMYR	4.0550	4.0650	4.0730	4.0770	4.0850	↗
EURMYR	4.5758	4.5860	4.5945	4.6090	4.6205	→
JPYMYR	3.6717	3.6805	3.6895	3.7035	3.7322	↗
GBPMYR	5.3360	5.3540	5.3840	5.3959	5.4124	↘
SGDMYR	3.0000	3.0075	3.0140	3.0170	3.0210	→
AUDMYR	2.8855	2.8940	2.9065	2.9160	2.9287	↗
NZDMYR	2.7880	2.8000	2.8155	2.8241	2.8410	↗
USDSGD	1.3455	1.3480	1.3525	1.3565	1.3600	↗
EURSGD	1.5160	1.5200	1.5240	1.5311	1.5370	→
GBPSGD	1.7683	1.7752	1.7860	1.7911	1.8012	↘
AUDSGD	0.9580	0.9615	0.9650	0.9673	0.9705	↗

* 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	1,649.94	0.05	-2.40	CRB Index	185.23	0.50	9.09
Dow Jones Ind.	25,657.73	0.55	9.99	WTI oil (\$/bbl)	59.94	1.90	32.00
S&P 500	2,818.46	0.72	12.43	Brent oil (\$/bbl)	67.97	1.13	28.17
FTSE 100	7,196.29	0.26	6.96	Gold (\$/oz)	1,315.71	-0.47	2.67
Shanghai	2,997.10	1.51	20.18	CPO (RM/tonne)*	1,885.50	1.15	-3.43
Hang Seng	28,566.91	0.15	10.53	Copper (\$/tonne)	6,340.00	0.44	6.29
STI	3,200.28	0.55	4.29	Rubber (sen/kg)	484.50	-0.31	27.84

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Housing Starts MOM	Feb	-8.7%	11.7% (revised)	-1.6%
US Building Permits MOM	Feb	-1.6%	-0.7% (revised)	-0.9%
US FHFA House Price Index MOM	Jan	0.6%	0.3%	0.4%
US S&P CoreLogic CS 20-City YOY NSA	Jan	3.58%	4.14% (revised)	3.80%
US Richmond Fed Manufact. Index	Mar	10.0	16.0	10.0
US Conf. Board Consumer Confidence	Mar	124.1	131.4	132.5
HK Exports YOY	Feb	-6.9%	-0.4%	-2.4%
HK Trade Balance HKD	Feb	-48.8b	-10.3b	-40.5b
SG Industrial Production YOY	Feb	0.7%	-0.4% (revised)	-0.4%

Source: Bloomberg

➤ Macroeconomics

- US housing starts and building permits fell:** US housing starts fell more than expected by 8.7% MOM to 1162k units in February while January gain was revised substantially lower to 11.7% (from +18.6%), dragged by a massive 17.0% decline in single-family home sales, which offset an equally robust 17.8% MOM increase in multifamily sales. Adding to the gloomy housing market outlook was the steeper 1.6% MOM contraction in building permits (Jan: -0.7% revised from +1.4% MOM), which signaled slower housing activities ahead.
- US house prices showed different trend:** Two separate reports on house prices by FHFA and S&P CoreLogic offered two different stories. The FHFA house prices showed an uptick to 0.6% MOM in January (Dec: +0.3%) but the S&P CoreLogic house prices of 20-city grew at a slower pace of 0.11% MOM in January (Dec: +0.17% revised). YOY, house prices moderated for the 10th straight month and by more than expected to increase 3.58% (Dec: +4.14% revised), its slowest in over six years, reflecting continuous weakening bias in the housing market.
- Lower manufacturing activities in Richmond:** Manufacturing activities in the Richmond district pulled back in March as expected as the index printed a lower reading of 10.0 in March (Feb: 16.0). This was due to a huge pullback in shipment, new order, and capacity utilization even though the employment and wages subindices improved.
- US consumers turned less upbeat on present situation and outlook:** Consumer confidence unexpectedly turned softer with the Conference Board index lower at 124.1 in March (Feb: 131.4), as consumers turned less upbeat about both present situation and outlook. This however contrasted with the uptick seen in the University of Michigan survey, and with the levels still staying near decade-high, consumer spending is expected to remain a key growth pillar of the US economy in the near term.
- Bigger than expected decline in Hong Kong exports:** The contraction in Hong Kong exports deepened more than expected to 6.9% YOY in February, widening from January's 0.4% YOY decline while the imports fell at a slower pace by 3.8% YOY (Jan: -6.0% YOY). Trade deficit widened to HKD48.8bn in February as a result (Jan: -HKD10.3bn). Despite festive distortion, this marked its fourth straight month of decline in exports, and the first longest losing streak since Jul-16, flagging risks to the Hong Kong economy which has huge dependence on the slowing China and US economies. Exports to China fell 5.3% YOY (Jan: -3.9%) while shipment to the US plunged 20.5% YOY (Jan: -5.8%). Exports to all other major destinations also fell except Singapore and Vietnam.
- Singapore industrial production rebounded in February:** Industrial production surprisingly rebounded in February (+0.7% YOY) while January's decline was revised lower to 0.4% YOY (from -3.1% YOY). The positive gain was supported by continuous increases in biomedical manufacturing and chemicals, which offset extended declines in electronics production (-1.1% vs -4.0% YOY) and precision engineering. Meanwhile, transport engineering and general manufacturing activities continued to expand albeit at slower rates. Excluding volatile biomedical manufacturing, production fell 1.6% YOY in February (Jan: -2.8%). This, coupled with weaknesses in the electronics sector, suggest production with remain subdued going forward in line with slower global demand.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
27/03	US	MBA Mortgage Applications	Mar-22	--	1.6%	--
		Trade Balance	Jan	-\$57.0b	-\$59.8b	--
28/03		GDP Annualized QOQ	4Q T	2.3%	2.6%	--
		Initial Jobless Claims	Mar-23	220k	221k	--
		Pending Home Sales MOM	Feb	-0.5%	4.6%	--
		Kansas City Fed Manf. Activity	Mar	0.0	1.0	--
28/03	Eurozone	Economic Confidence	Mar	105.9	106.1	--
		Consumer Confidence	Mar F	-7.2	-7.2	--
27/03	China New	Industrial Profits YOY	Feb	--	-1.9%	--
27/03	Zealand	RBNZ Official Cash Rate	Mar-27	1.75%	1.75%	--
28/03		ANZ Business Confidence	Mar	--	-30.9	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1266	-0.41	1.1326	1.1263	-1.68
GBPUSD	1.3212	0.13	1.3262	1.3158	3.56
USDJPY	110.64	0.61	110.69	109.94	0.79
AUDUSD	0.7135	0.32	0.7148	0.7108	1.23
EURGBP	0.8532	-0.50	0.8596	0.8519	-5.05
USDMYR	4.0715	0.06	4.0730	4.0585	-1.63
EURMYR	4.6079	0.03	4.6088	4.5900	-2.63
JPYMYR	3.6937	-0.05	3.6986	3.6876	-2.03
GBPMYR	5.3653	-0.20	5.3786	5.3595	2.06
SGDMYR	3.0129	0.04	3.0176	3.0117	-0.64
AUDMYR	2.8990	0.50	2.9011	2.8930	-0.64
NZDMYR	2.8071	0.28	2.8170	2.8054	1.18
CHFMYR	4.0965	0.05	4.1042	4.0933	-2.48
CNYMYR	0.6071	-0.06	0.6073	0.6058	0.12
HKDMYR	0.5184	-0.02	0.5189	0.5178	-1.84
USDSGD	1.3523	0.16	1.3524	1.3490	-0.79
EURSGD	1.5234	-0.25	1.5290	1.5232	-2.47
GBPSGD	1.7863	0.30	1.7909	1.7778	2.73
AUDSGD	0.9649	0.49	0.9661	0.9595	0.46

Source: Bloomberg

Forex

MYR

- **MYR closed slightly weaker at 4.0715** as we near Q1 end and corporate hedging requirements creating a demand for foreign currency.
- **We maintain MYR bearishness** over the short term however as previously mentioned, the speed would likely be slower around this area as we approach a slew of moving averages acting as short term resistances.

USD

- **USD index closed higher by 0.2% to 96.73** on better risk appetite driven by higher US equities and higher UST yields.
- **We maintain USD bullishness** over the short term as global economic slowdown fears take center stage in investors mind.

EUR

- **EUR lost 0.41% to 1.1266 against USD** amid broad USD strength as US equities and UST yields recovered.
- **EURUSD is expected to be sideways to slightly bearish** as the previous close has triggered short term bearish signals where 1.1300 now acts as a resistance.

GBP

- **GBP closed slightly higher by 0.13% to 1.3212** after spending the session swinging on Brexit headlines.
- **We maintain bearish view on GBPUSD** on technical reasons over the medium term. Over the shorter term, the 1.3150 area and below still beckons as we see little development on Brexit issues.

JPY

- **JPY weakened 0.61% to 110.64** in the broad USD move as US equities and yields recover.
- **We maintain mildly bullish view on JPY** as seasonality factors continue to support JPY strength.

AUD

- **AUD closed 0.32% stronger against the USD at 0.7135** continuing its upwards move. We are now very near the short term objective of 0.7155 where the 100 DMA now sits.
- **We maintain AUD bullishness here** as the buying momentum is maintained on recovering crude prices and better equity sentiment.

SGD

- **SGD closed 0.16% weaker at 1.3523 against USD** in line with other EM currencies as the broad USD strengthened.
- **We maintain bearishness on SGD** and current daily setup suggests a return to the upper levels of 1.35 if we close and open above the 1.3535 area.

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