

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global financial markets turned risk off again** with major equities ended in the red and bonds rallying again **on renewed global growth concerns**. Meanwhile, there is **still no progress on Brexit deal** despite all the talks. US equities shed between 0.1-0.6% after a shortlived consolidation while US and European bond yields were down to the tune of 7bps with the 10Y UST losing 6bps to 2.37%. **RBNZ stood pat but struck a more dovish than expected tone indicating the next move could be a cut.**
- In a separate event, **growth downgrade by BNM with the growth range skewed to the downside at 4.3-4.8% reaffirmed expectation that a potential OPR cut is on the table.** The midpoint forecast of 4.7% was below MOF's forecast of 4.9% back in November last year but in line with ours 4.7%. The private sector will remain the main growth pillar although it itself is expected to see more moderate expansion in the midst of growing challenges. BNM is also expecting a softer inflation outlook downgrading CPI forecast to 0.7-1.7% for 2019 (2018: +1.0%). On monetary policy, BNM sounded not as dovish as the March policy statement, highlighting there are policy options including micro and macro prudential measures, suggesting OPR is the only tool in its policy priority of ensuring an accommodative monetary policy stance to support growth. The central bank further commented that there is room for policy maneuver and future policy path will be data dependent. We are maintaining our view that a potential OPR cut remains on the table amid looming downside risks to growth.
- **USD index closed 0.2% higher to 96.895** on generally firmer USD due to safe haven demand. **We maintain USD bullishness** over the short term as safe haven demand persisting as RBNZ voices it may be the first G10 central bank to announce a rate cut over slow global economic developments.
- **MYR closed marginally weaker at 4.0730** against the greenback on renewed USD strength due to safe haven demand. **We maintain MYR bearishness** over the short term however as previously mentioned, the speed would likely be slower around current area as we approach a slew of moving averages acting as short term resistances.
- **SGD closed weaker by 0.23% at 1.3554 against USD** in line with broader USD strength on safe haven demand. **We maintain bearishness on SGD** and current daily setup confirms a return to the upper levels of 1.35.

Overnight Economic Data

US	↑
China	↓

What's Coming Up Next

Major Data

- US 4Q GDP, Initial Jobless Claims, Pending Home Sales, Kansas City Fed Manf. Activity
- Eurozone Economic Confidence, Consumer Confidence
- New Zealand ANZ Business Confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1180	1.1210	1.1250	1.1300	1.1360	↘
GBPUSD	1.3050	1.3116	1.3175	1.3240	1.3300	↘
USDJPY	109.50	110.00	110.33	110.70	111.00	↘
AUDUSD	0.7060	0.7108	0.7085	0.7155	0.7200	→
EURGBP	0.8480	0.8510	0.8540	0.8587	0.8622	↗
USDMYR	4.0650	4.0700	4.0780	4.0850	4.0950	↗
EURMYR	4.5758	4.5860	4.5940	4.6090	4.6205	→
JPYMYR	3.6717	3.6805	3.7000	3.7085	3.7322	↗
GBPMYR	5.3360	5.3540	5.3800	5.3959	5.4124	↘
SGDMYR	3.0000	3.0075	3.0120	3.0170	3.0210	→
AUDMYR	2.8725	2.8855	2.8920	2.9160	2.9287	→
NZDMYR	2.7380	2.7535	2.7725	2.7822	2.7950	→
USDSGD	1.3475	1.3510	1.3562	1.3575	1.3600	↗
EURSGD	1.5160	1.5200	1.5260	1.5311	1.5370	→
GBPSGD	1.7683	1.7752	1.7869	1.7911	1.8012	↘
AUDSGD	0.9530	0.9580	0.9606	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	1,642.73	-0.44	-2.83	CRB Index	183.94	-0.69	8.33
Dow Jones Ind.	25,625.59	-0.13	9.85	WTI oil (\$/bbl)	59.41	-0.88	30.83
S&P 500	2,805.37	-0.46	11.91	Brent oil (\$/bbl)	67.83	-0.21	27.91
FTSE 100	7,194.19	-0.03	6.93	Gold (\$/oz)	1,309.55	-0.47	2.12
Shanghai	3,022.72	0.85	21.20	CPO (RM/tonne)*	1,904.00	1.14	-2.48
Hang Seng	28,728.25	0.56	11.15	Copper (\$/tonne)	6,330.00	-0.16	6.12
STI	3,198.39	-0.06	4.22	Rubber (sen/kg)	479.50	-0.42	26.52

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US MBA Mortgage Applications	Mar-22	8.9%	1.6%	--
US Trade Balance	Jan	-\$51.1b	-\$59.9b (revised)	-\$57.0b
CN Industrial Profits YOY YTD	Feb	-14.0%	-1.9%	--
NZ RBNZ Official Cash Rate	Mar-27	1.75%	1.75%	1.75%

Source: Bloomberg

➤ Macroeconomics

- RBNZ paused and signaled next move could be down:** RBNZ kept rates unchanged at record low of 1.75% as expected and turned dovish, also as expected. The New Zealand central bank said now it is more likely to cut interest rates in view of the weaker global economic outlook and softer momentum in domestic spending. Inflation has also remained below the RBNZ's target of 2.0%, calling for continued supportive monetary policy. With this, a rate cut seems to be on the horizon later this year.
- BNM trimmed growth and inflation outlook; highlighting policy options:** Back home, in line with its earlier caution on downside risks to growth, BNM has trimmed this year's growth forecasts to 4.3-4.8% (2018: +4.7%). The midpoint forecast of 4.7% was below MOF's forecast of 4.9% back in November last year but in line with ours 4.7%. The private sector will remain the main growth pillar although it itself is expected to see more moderate expansion in the midst of growing challenges. BNM is also expecting a softer inflation outlook downgrading CPI forecast to 0.7-1.7% for 2019 (2018: +1.0%). Current account surplus is expected to narrow to RM28.0bn or 1.5-2.5% of GNI while there is no change to the fiscal deficit target of 3.4% of GDP for this year and 3.0% next. On monetary policy, BNM sounded not as dovish as the March policy statement, highlighting there are policy options including micro and macro prudential measures, implying an OPR cut may be the last resort in its policy priority of ensuring an accommodative monetary policy stance to support growth. The central bank further commented that there is room for policy maneuver and future policy path will be data dependent. We are maintaining our view that a potential OPR cut remains on the table amid looming downside risks to growth.
- Quicker gains in US MBA mortgage applications:** US MBA mortgage applications rose at a faster pace of 8.9% WOW for the week ended 22-March, its best gain since mid-January. This was spurred by higher activities from both new purchases (+6.4% vs +0.3%) and refinancing (+12.4% vs +3.5%), as long term borrowing rates continued moderating.
- US trade deficit narrowed more than expected in January:** Trade deficit narrowed more than expected to \$51.1bn in January (Dec: -\$59.9bn), amid a rebound in exports and renewed decline in imports. Exports rebounded to increase 0.9% MOM in January (Dec: -1.9%) while imports fell 2.6% MOM (Dec: +2.1%). The rebound in exports was driven by gains in both goods and services exports while the contraction in imports was dragged by broad-based declines in goods imports, indicating slower domestic demand in the US economy.
- China industrial profits had its worst fall since GFC:** China industrial profits plunged 14% YOY in the two months to February (Dec: -1.9% YOY), its worst since 2009 dragged by weaker factory prices and slower production, on top of seasonal distortions as factories were closed for the Lunar New Year festival. According to NBS, industrial sector saw a drop in earnings while the consumer-related sectors saw healthy profits in the first two months of 2019.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
28/03	US	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	--
29/03		Personal Income	Feb	0.3%	-0.1%	--
		Personal Spending	Jan	0.3%	-0.5%	--
		PCE Core YoY	Jan	1.9%	1.9%	--
		Chicago Purchasing Manager	Mar	61.0	64.7	--
		U. of Mich. Sentiment	Mar F	97.8	97.8	--
		New Home Sales MoM	Feb	2.1%	-6.9%	--
28/03	Eurozone	Economic Confidence	Mar	105.9	106.1	--
		Consumer Confidence	Mar F	-7.2	-7.2	--
29/03	UK	GfK Consumer Confidence	Mar	-14	-13	--
		GDP QoQ	4Q F	0.2%	0.2%	--
		Nationwide house prices YOY	Mar	0.6%	0.4%	--
		Mortgage Approvals	Feb	65.0k	66.8k	--
28/03		ANZ Business Confidence	Mar	--	-30.9	--

Source: Bloomberg

	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1244	-0.20	1.1286	1.1242	-1.89
GBPUSD	1.3189	-0.17	1.3269	1.3167	3.09
USDJPY	110.51	-0.12	110.71	110.24	0.68
AUDUSD	0.7084	-0.71	0.7142	0.7069	0.48
EURGBP	0.8526	-0.07	0.8551	0.8484	-4.82
USDMYR	4.0730	0.03	4.0805	4.0650	-1.47
EURMYR	4.5941	-0.30	4.5977	4.5870	-2.82
JPYMYR	3.6870	-0.18	3.6937	3.6795	-1.88
GBPMYR	5.3781	0.24	5.3870	5.3700	2.19
SGDMYR	3.0106	-0.08	3.0157	3.0093	-0.83
AUDMYR	2.8954	-0.12	2.9092	2.8923	-0.94
NZDMYR	2.7759	-1.11	2.8190	2.7701	-0.10
CHFMYR	4.1008	0.10	4.1028	4.0922	-2.34
CNYMYR	0.6071	0.08	0.6078	0.6064	0.29
HKDMYR	0.5193	0.17	0.5197	0.5184	-1.69
USDSGD	1.3554	0.23	1.3567	1.3517	-0.51
EURSGD	1.5240	0.04	1.5278	1.5229	-2.40
GBPSGD	1.7876	0.07	1.7983	1.7831	2.55
AUDSGD	0.9603	-0.48	0.9656	0.9588	-0.02

Source: Bloomberg

Forex

MYR

- **MYR closed marginally weaker at 4.0730** against the greenback on renewed USD strength due to safe haven demand.
- **We maintain MYR bearishness** over the short term however as previously mentioned, the speed would likely be slower around current area as we approach a slew of moving averages acting as short term resistances.

USD

- **USD index closed 0.2% higher to 96.895** on generally firmer USD due to safe haven demand.
- **We maintain USD bullishness** over the short term as safe haven demand persisting as RBNZ voices it may be the first G10 central bank to announce a rate cut over slow global economic developments.

EUR

- **EUR lost 0.20% to 1.1244 against USD** amid broad USD strength as safe haven demand over a dovish RBNZ and an indecisive UK parliament over Brexit not helping to better sentiment either.
- **EURUSD is expected to be sideways to slightly bearish** as we may see a technical rebound to the 1.1265 area before resuming the downtrend.

GBP

- **GBP closed lower by 0.17% to 1.3189** after spending the session swinging on Brexit headlines again as Parliament votes on alternative plans.
- **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 strengthened 0.12% to 110.51** on safe haven demand as US equities and UST yields took a dive.
- **We maintain mildly bullish view on JPY** as seasonality factors and poor risk sentiment continue to support JPY strength.

AUD

- **AUD closed 0.71% weaker against the USD at 0.7084** dragged by a dovish RBNZ and poor risk sentiment.
- **We turn neutral on AUD** as yesterday's down move has AUDUSD sitting around the mid of the daily Bollinger and it looks to be either consolidating or continuing its move downwards.

SGD

- **SGD closed weaker by 0.23% at 1.3554 against USD** in line with broader USD strength on safe haven demand.
- **We maintain bearishness on SGD** and current daily setup confirms a return to the upper levels of 1.35.

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