

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks were up on Friday on upbeat US GDP growth with the S&P 500 notching a record close for the second time in one week.** Momentum was also boosted by **upbeat Amazon profit** which came in at late Thursday. The Dow picked up 0.31% (+81.25pts), the broader S&P500 rose 0.47% (+13.71pts) while NASDAQ edged up by 0.34% (+27.72pts). **Treasuries yields fell despite stronger GDP as investors weren't convinced by the strong headline figure.** 10Y UST yield fell 3bps to 2.50%, while yield of the 2s lot 5bps to 2.28%. Elsewhere, European stocks mostly climbed higher while Asian benchmarks finished mixed. **Oil prices crashed as markets expect potentially more OPEC supply under pressure from the Trump Administration.** WTI deep dived by 2.93% to \$63.30/barrel while Brent Crude lost 2.96% to \$72.15/barrel.
- **US GDP growth topped estimates, clocking in at an upbeat 3.2% QOQ in 1Q19, spurred by higher private investment, government spending and a jump in net exports arising from decline in imports.** The University of Michigan Consumer Sentiment Index fell slightly to 97.2 in April but suggesting still-favourable consumer sentiments. **China industrial profits surged by 13.9% YOY in March indicating a stabilization of the economy for now.** Japan housing starts rose by the most in more than two year at 10.0% YOY in March, construction orders were unchanged. **Singapore industrial productions plunged for the first time since late 2017** by 4.8% YOY in March, dragged down by yet another decline in electronics output, making a downward revision to 1Q19 GDP growth (+1.3%) inevitable.
- **The Dollar index closed 0.13% lower at 98.016** on a poor inflation print post the GDP data which revealed underlying weaknesses despite the stronger than expected headline growth number. **We maintain USD bullishness** in the medium term as investors overall are still concerned about the health of the global economy as a whole which may support the USD given the somewhat gloomy outlook out of the US.
- **MYR closed 0.21% weaker** against USD at 4.1370 as USD strength continues to persist. **MYR continues to consolidate** between the 4.12-4.15 immediate range with a slight upside bias thanks to broad USD strength on better than expected US GDP numbers. However, the low inflation print and heavy data calendar later part of the week could cause the pair to consolidate circa 4.13 area.
- **SGD advanced 0.08% to 1.3620 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	➡
Singapore	➡
China	➡

What's Coming Up Next

Major Data

- US Personal Income, Personal Spending, Core PCE YOY, Dallas Fed Manf. Activity
- Eurozone Economic Confidence, Consumer Confidence
- Hong Kong exports
- Vietnam retail sales, industrial production, exports, CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1100	1.1120	1.1150	1.1200	1.1220	➡
GBPUSD	1.2800	1.2850	1.2921	1.2950	1.3000	➡
USDJPY	111.00	111.40	111.62	111.75	112.00	➔
AUDUSD	0.6950	0.7000	0.7047	0.7060	0.7100	➔
EURGBP	0.8570	0.8600	0.8631	0.8675	0.8700	➡
USDMYR	4.1250	4.1300	4.1350	4.1400	4.1450	➔
EURMYR	4.5800	4.6000	4.6095	4.6280	4.6400	➡
JPYMYR	3.6620	3.6800	3.7055	3.7100	3.7200	➡
GBPMYR	5.2800	5.3100	5.3425	5.3500	5.3700	➡
SGDMYR	3.0275	3.0325	3.0365	3.0400	3.0450	➡
AUDMYR	2.9000	2.9100	2.9145	2.9200	2.9250	➔
NZDMYR	2.7300	2.7400	2.7595	2.7650	2.7750	➔
USDSGD	1.3550	1.3600	1.3620	1.3655	1.3700	➔
EURSGD	1.5100	1.5160	1.5183	1.5250	1.5311	➡
GBPSGD	1.7410	1.7560	1.7598	1.7875	1.7975	➔
AUDSGD	0.9450	0.9500	0.9597	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	1,638.38	0.17	-3.09	CRB Index	184.66	-0.70	8.75
Dow Jones Ind.	26,543.33	0.31	13.79	WTI oil (\$/bbl)	63.30	-2.93	39.40
S&P 500	2,939.88	0.47	17.27	Brent oil (\$/bbl)	72.15	-2.96	37.11
FTSE 100	7,428.19	0.08	10.40	Gold (S/oz)	1,286.16	0.70	0.28
Shanghai	3,086.40	1.20	23.76	CPO (RM/tonne)	2,033.00	0.64	4.12
Hang Seng	29,605.01	0.19	14.55	Copper (\$/tonne)	6,400.00	0.55	7.29
STI	3,356.95	0.20	9.39	Rubber (sen/kg)	487.00	-0.41	28.50

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US GDP Annualized QOQ	1Q A	3.2%	2.2%	2.3%
US U. of Mich. Sentiment	Apr F	97.2	98.4	97.0
JP Housing Starts YOY	Mar	10.0%	4.2%	5.2%
JP Construction Orders YOY	Mar	0.0%	-3.4%	--
SG Industrial Production YOY	Mar	-4.8%	2.6% (revised)	-4.6%
CH Industrial Profits YOY	Mar	13.9%	-1.9% (Dec)	--

Source: Bloomberg

➤ Macroeconomics

- US GDP growth topped estimates, but unlikely to steer Fed off course:** US GDP growth beat expectations on Friday, clocking in at an impressive 3.2% QOQ and also 3.2% YOY in the first quarter of 2019 (4Q: +2.2%) according to preliminary estimates released by the Bureau of Economic Analysis, reflecting an upturn in state and local government spending, private inventory investment, exports, and a smaller decrease in residential investment. These were partly offset by the sharply slower gain in personal consumption expenditure (PCE), non-residential fixed investment and a flattish federal government spending. Imports also fell in 1Q, compounding net exports boost. The unexpectedly upbeat growth defied multiple leading indicators which had led analysts to call for a moderate 2.3% growth in what was seen as a likely slowdown of the economy amidst waning stimulus effect and ongoing trade disputes. The data highlighted continued albeit slower expansion in domestic personal spending but we caution that the positive reading was mainly supported by consumption in the services sector as the goods sector recorded a decline as well as the contraction in imports. Durable goods fell by a whopping 5.3% QOQ (4Q: +3.6%) and was a negative contribution to the overall calculation, suggesting that Americans were holding back from spending on big ticket items despite rising income. But for now, the data offered a much-needed respite, soothing widespread growth concerns. Nonetheless we expect the Fed to keep the fed fund rates steady at 2.25%-2.5% as it would not read too much into an advance estimate while the general expectations remained for the economy to slow down this year and inflation to stay muted.
- US consumer sentiments remained favourable:** The University of Michigan Consumer Sentiment Index fell to 97.2 in April (Mar: 98.4) according to the final reading. The monthly variation was within 2pts and thus was considered insignificant as the index remained near historically high, indicating a still-favourable consumer sentiments.
- China industrial profit surged:** China industrial profits picked up 13.9% YOY in March (Dec: -1.9%), driven by the faster growth in productions and sales according to the NBS. Note that it is a norm for the non-availability of Jan-Feb data. The number came after the February Lunar New Year hiatus and in line with the slowly recovering producer prices, offering tentative sign that the Chinese economy has started to stabilize as the effect of government stimulus began to feed into the real sector.
- Japan housing starts rose to more than two year high:** Japan housing starts rebounded to rise 10.0% YOY in March (Feb: +4.2%), its fastest pace since Jan-17, driven by a solid rise in owner occupied units (+8.9% vs +9.9%) as well as the jump in houses for sales (+33% vs +11.4%). Construction orders were unchanged in the same month (Feb: -3.4%).
- Singapore IPI plunged, downward revision to 1Q GDP seems inevitable:** Singapore industrial production fell for the first time since late 2017 by 4.8% YOY in March (Feb: +2.6% revised), dragged down by yet another plunge in electronics productions (-15.3% vs +2.8%), as factories scaled back on producing semiconductors, computer peripherals and data storage products in view of the severe lack of global demand. Output of biomedical manufacturing saw solid increase (+12.9% vs +13.7%) supported by both pharmaceuticals and medical technology. Chemicals fell 2.7% YOY (Feb: +1.5%) on falling petroleum and petrochemicals output. The weaker than expected IPI continued to paint a picture of softer outlook for the Singapore economy, the fall in output also mean that a downward revision to the first quarter GDP growth is inadvertent as the advance estimate of 1.3% YOY was computed based on the data collected in the first two months of 1Q.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
29/04	US	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	10.3	8.3	--
30/04		Employment Cost Index	1Q	0.7%	0.7%	--
		S&P CoreLogic CS 20-City YOY NSA	Feb	3.10%	3.58%	--
		MNI Chicago PMI	Apr	59.0	58.7	--
		Pending Home Sales MOM	Mar	0.9%	-1.0%	--
		Conf. Board Consumer Confidence	Apr	126.5	124.1	--
29/04	Eurozone	Economic Confidence	Apr	105.0	105.5	--
		Consumer Confidence	Apr F	-7.9	-7.2	--
30/04		Unemployment Rate	Mar	7.8%	7.8%	--
		GDP SA QOQ	1Q A	0.3%	0.2%	--
30/04	China	Non-manufacturing PMI	Apr	55.0	54.8	--
		Manufacturing PMI	Apr	50.5	50.5	--
29/04	Hong Kong	Exports YOY	Mar	-2.6%	-6.9%	--
29/04	Vietnam	Industrial production YOY	Apr	--	9.1%	--
		Retail sales YOY YTD	Apr	--	12.0%	--
		CPI YOY	Apr	2.8%	2.7%	--
		Exports YOY	Apr	9.1%	5.4%	--
30/04	New Zealand	ANZ Business Confidence	Apr	--	-38.0	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1151	0.17	1.1174	1.1112	-2.77
GBPUSD	1.2916	0.13	1.2943	1.2876	1.31
USDJPY	111.58	-0.04	112.03	111.43	1.75
AUDUSD	0.7042	0.38	0.7061	0.7007	-0.04
EURGBP	0.8630	0.00	0.8639	0.8622	-4.02
USDMYR	4.1370	0.21	4.1390	4.1287	-0.05
EURMYR	4.6017	-0.08	4.6107	4.5982	-2.56
JPYMYR	3.7020	0.17	3.7116	3.6974	-1.47
GBPMYR	5.3352	0.13	5.3426	5.3256	1.35
SGDMYR	3.0331	0.07	3.0380	3.0313	-0.05
AUDMYR	2.9076	0.24	2.9093	2.8974	-0.40
NZDMYR	2.7497	0.82	2.7520	2.7390	-0.80
CHFMYR	4.0498	-0.08	4.0578	4.0465	-3.51
CNYMYR	0.6136	0.04	0.6145	0.6131	1.39
HKDMYR	0.5268	-0.06	0.5277	0.5264	-0.28
USDSGD	1.3620	-0.08	1.3643	1.3600	-0.10
EURSGD	1.5184	0.07	1.5200	1.5149	-2.87
GBPSGD	1.7592	0.05	1.7609	1.7547	1.21
AUDSGD	0.9589	0.28	0.9604	0.9553	-0.11

Source: Bloomberg

Forex

MYR

- **MYR closed 0.21% weaker** against USD at 4.1370 as USD strength continues to persist.
- **MYR continues to consolidate** between the 4.12-4.15 immediate range with a slight upside bias thanks to broad USD strength on better than expected US GDP numbers. However, the low inflation print and heavy data calendar later part of the week could cause the pair to consolidate circa 4.13 area.

USD

- **The Dollar index closed 0.13% lower at 98.016** on a poor inflation print post the GDP data which revealed underlying weaknesses despite the stronger than expected headline growth number.
- **We maintain USD bullishness** in the medium term as investors overall are still concerned about the health of the global economy as a whole which may support the USD given the somewhat gloomy outlook out of the US.

EUR

- **EUR closed 0.17% higher at 1.1151 against USD** as USD strength fades post the US GDP number on poor inflation data and soft underlying details.
- **We remain bearish on EUR** as there looks to be a divergence between Eurozone economies and the US economy which may drag on the EUR as a whole.

GBP

- **GBP closed 0.13% higher at 1.2916** in line with broad USD weakness on a poor US inflation read.
- **GBP remains bearish** in the short term with techs still looking to target 1.2770. GBPUSD range is now relatively muted as there has been a lack of headlines on Brexit which could affect overall performance of GBP.

JPY

- **JPY closed 0.04% stronger at 111.58** on lower UST yields and a lower USD in general.
- **We remain neutral on JPY** as we enter Japanese golden week holidays and we look towards data calendar as a catalyst for short term volatility.

AUD

- **AUD closed higher by 0.38% at 0.7042 against the USD.**
- **We turn mildly bullish on AUD** here as it has continued to register small upside signals over the past 3 sessions in higher highs and higher lows. The pair might seem to be heading back to the 0.71 handle if we can maintain a higher low at today's close.

SGD

- **SGD advanced 0.08% to 1.3620 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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