

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks dipped more than 7% DOD on Monday, inching nearer to a bear market territory as oil prices crashed and coronavirus fear engrossed markets**, leading investors to flee stocks collectively and piled into safe havens assets. **The VIX Index (+29%), a key volatility gauge shot to an all-time high overnight. Brent crude and WTI had collapsed by more than 24% DOD** to \$34.36 and \$31.13/barrel in reaction to OPEC+'s broken agreement, their lowest levels since the 2016 oil prices crash. **The Dow fell drastically by more than 2000 points**, its largest single-day drop since the global financial crisis in 2008; Notably, **the S&P500 dropped 7% just as the market opened triggering a circuit breaker for the first time since 1997** that halted trading across the stock market for 15minutes. Energy shares led the broad-based losses with the S&P500 Energy Index tumbled by 20%.
- **The sell-off was rampant worldwide with European key markets closing down more than 7% and Asian equities losing 3-7% in deep reds.** The bidding for government bonds depressed yields further - **German bund yields lost 13-20bps DOD while UST yields lost 13-29bps DOD along the curve**; benchmark 10Y UST yield slid to fresh low of 0.54% Gold price added 0.4%; In the currency market, JPY soared nearly 3% to \$102.36, leading the gains against the USD; DKK, EUR and CHF were the top gainers among the G10s.
- Data were limited to **confidence surveys that reported downbeat sentiment among investors and businesses** amid growing Covid-19 concerns. Eurozone Sentix Index dropped to -17.1 in Mar, Japan Economic Survey's Outlook Index plunged to 27.4 in Feb and Australia NAB Business Confidence slipped to -4 in the same month.
- **The USD dollar continued to plummet** on Monday, after hitting a low of 94.895 at close. This comes as the yen, euro and pound strengthened further. It is following US stock markets lower, from some panic selling. DXY is seeing some stabilisation on Tuesday opening with a higher open. **We are bearish-to-neutral on the dollar today.** After moving significantly past two-to-three-weeks, we anticipate some consolidation as markets await further official support.
- **USDMYR strengthened by 1.07% DOD** to close Monday session at 4.2170, marking its sharpest daily gain since 2016 as the crashing oil prices triggered a renewed selloff in MYR amid broad-based risk aversion. **We are still bullish on the pair**, expecting MYR to continue taking the hit alongside oil-related and emerging market currencies, not to mention that USD is on its way towards consolidation. Bulls are targetting an easy and swift break above 4.2200 today before hitting 4.2300 next. A breach above 4.23 would lead to a retest of 4.2500 this week in a super risk-off market.

Overnight Economic Data

Eurozone	↓
Japan	↓
Australia	↓

What's Coming Up Next

Major Data

- US NFIB Small Business Optimism Index
- EU Employment Growth, GDP
- Japan Machine Tool Orders
- China CPI, PPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1134	1.1213	1.1397	1.1543	1.1621	➔
GBPUSD	1.2923	1.3000	1.3072	1.3257	1.3321	➔
USDJPY	100.00	101.19	103.15	104.46	106.00	⬇
AUDUSD	0.6313	0.6500	0.6596	0.6686	0.6723	⬇
EURGBP	0.8358	0.8458	0.8719	0.8879	0.8992	➔
USDSGD	1.3760	1.3800	1.3861	1.3900	1.3942	➔
USDMYR	4.1700	4.1900	4.2283	4.2300	4.2400	↗
EURMYR	4.7462	4.7800	4.8216	4.8327	4.8500	↗
JPYMYR	4.0136	4.0500	4.1082	4.1372	4.1500	↗
GBPMYR	5.4650	5.5000	5.5280	5.5600	5.6000	➔
SGDMYR	3.0350	3.0430	3.0536	3.0565	3.0600	↗
AUDMYR	2.7550	2.7703	2.7861	2.8000	2.8060	↗
NZDMYR	2.6400	2.6600	2.6761	2.6870	2.7000	➔

* 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	1,424.16	-3.97	-10.36	CRB Index	144.81	-7.08	-22.06
Dow Jones Ind.	23,851.02	-7.79	-16.42	WTI oil (\$/bbl)	31.13	-24.59	-49.02
S&P 500	2,746.56	-7.60	-14.99	Brent oil (\$/bbl)	34.36	-24.10	-47.94
FTSE 100	5,965.77	-7.69	-20.90	Gold (\$/oz)	1,680.47	0.40	9.98
Shanghai	2,943.29	-3.01	-3.50	CPO (RM/tonne)	2,491.50	-1.21	-17.65
Hang Seng	25,040.46	-4.23	-11.17	Copper (\$/tonne)	5,607.00	-1.18	-9.18
STI	2,782.37	-6.03	-13.67	Rubber (sen/kg)	438.00	-2.23	-3.20

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
EU Sentix Investor Confidence	Mar	-17.1	5.2	-11.4
JP Eco Watchers Survey Current SA	Feb	27.4	41.9	35.7
JP Eco Watchers Survey Outlook SA	Feb	24.6	41.8	37.5
AU NAB Business Confidence	Feb	-4	-1	--

Source: Bloomberg

- Virus fear hit hard on Eurozone investor confidence:** Eurozone investor confidence dropped more than expected this month over deepening uncertainties surrounding the Covid-19 outbreak's economic impact on an already weak Eurozone growth outlook. The Sentix Investor Confidence Index plunged to -17.1 in March (Feb: 5.2), versus consensus estimate of -11.4. Sentix said that investors are preparing for a long period of economic weakness.
- Downbeat Japan sentiment:** The Economy Watcher Survey reported that its Outlook Index plunged to 24.6 in February (Jan: 41.8), the month when the Covid-19 outbreak escalated in Japan. The similar index for current condition also slumped to 27.4 (Jan: 41.9), its lowest level in nine years during the March 2011 earthquake and tsunami that had led to a meltdown of the Fukushima Nuclear Plant. The downbeat sentiment is expected to weigh on already poor business and consumer spending, not a good sign for 1Q2020. The Japanese economy had contracted 1.8% QOQ in 4Q19 due to an October typhoon and a consumption tax hike.
- Australia business confidence slipped as outbreak weighed on orders; overseas demand:** The NAB Business Confidence Index slipped to -4 in February (Jan: -1), its lowest level since 2013, highlighting battered sentiment among Australian business owners. The lower print was dragged down by poorer than usual forward orders and exports sales, reflecting the sapping in global demand amid Covid-19 outbreak. NAB said that half of the firms it surveyed still reported no impact from the virus, thus expecting the index to deteriorate further.

Economic Calendar

Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
13/03	12:00	Malaysia	Industrial Production YoY	Jan	0.8%	--	1.3%	--
10/03	18:00	US	NFIB Small Business Optimism	Feb	102.8	--	104.3	--
11/03	19:00		MBA Mortgage Applications	Mar-06	--	--	15.1%	--
	20:30		CPI YoY	Feb	2.2%	--	2.5%	--
12/03	20:30		PPI Final Demand YoY	Feb	1.8%	--	2.1%	--
	20:30		Initial Jobless Claims	Mar-07	220k	--	216k	--
13/03	20:30		Import Price Index YoY	Feb	-1.5%	--	0.3%	--
	22:00		U. of Mich. Sentiment	Mar P	95.0	--	101.0	--
09/03	17:30	Eurozone	Sentix Investor Confidence	Mar	-11.4	-17.1	5.2	--
10/03	18:00		Employment QoQ	4Q F	--	--	0.3%	--
	18:00		GDP SA QoQ	4Q F	0.1%	--	0.1%	--
12/03	18:00		Industrial Production SA MoM	Jan	1.5%	--	-2.1%	--
	20:45		ECB Deposit Facility Rate	Mar-12	-0.5%	--	-0.5%	--
11/03	17:30	UK	Monthly GDP (MoM)	Jan	0.2%	--	0.3%	--
	17:30		Industrial Production MoM	Jan	0.3%	--	0.1%	--
	17:30		Visible Trade Balance GBP/Mn	Jan	£7000m	--	£845m	--
12/03	08:01		RICS House Price Balance	Feb	20%	--	17%	--
09/03	07:50	Japan	GDP SA QoQ	4Q F	-1.7%	-1.8%	+0.1%	--
	13:00		Eco Watchers Survey Outlook SA	Feb	37.5	24.6	41.8	--
10/03	14:00		Machine Tool Orders YoY	Feb P	--	--	-35.6%	--
12/03	07:50		PPI YoY	Feb	1.1%	--	1.7%	--
12/03	07:50		BSI Large Manufacturing QoQ	1Q	--	--	-7.8	--
10/03	09:30	China	PPI YoY	Feb	-0.3%		0.1%	
			CPI YoY	Feb	5.2%		5.4%	
10/03	08:30	Australia	NAB Business Confidence	Feb	--	-4.0	-1.0	--
11/03	07:30		Westpac Consumer Conf Index	Mar	--	--	95.5	--
	08:30		Home Loans Value MoM	Jan	3.0%	--	4.4%	--
13/03	05:30	New Zealand	BusinessNZ Manufacturing PMI	Feb	--	--	49.6	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1450	1.47	1.1495	1.1286	1.91
GBPUSD	1.3117	0.53	1.3200	1.3019	1.27
USDJPY	102.36	-2.88	104.93	101.19	-5.68
AUDUSD	0.6587	-0.74	0.6685	0.6313	-6.02
EURGBP	0.8718	0.82	0.8770	0.8657	3.21
USDSGD	1.3846	0.44	1.3861	1.3760	2.87
USDMYR	4.2170	1.07	4.2170	4.1745	3.08
EURMYR	4.8042	1.94	4.8327	4.7462	4.72
JPYMYR	4.1144	4.22	4.1372	4.0136	9.19
GBPMYR	5.5385	2.26	5.5590	5.4612	3.00
SGDMYR	3.0457	0.73	3.0514	3.0296	0.15
AUDMYR	2.7778	0.20	2.7807	2.6570	-3.13
NZDMYR	2.6641	0.31	2.6662	2.5324	-3.22
CHFMYR	4.5439	2.39	4.5765	4.4901	7.48
CNYMYR	0.6064	0.70	0.6079	0.6056	3.14
HKDMYR	0.5424	0.95	0.5424	0.5371	3.20

Source: Bloomberg

Forex

MYR

- **USDMYR strengthened by 1.07% DOD** to close Monday session at 4.2170, marking its sharpest daily gain since 2016 as the crashing oil prices triggered a renewed selloff in MYR amid broad-based risk aversion.
- **We are still bullish on the pair**, expecting MYR to continue taking the hit alongside oil-related and emerging market currencies, not to mention that USD is on its way towards consolidation. Bulls are targeting an easy and swift break above 4.2200 today before hitting 4.2300 next. A breach above 4.23 would lead to a retest of 4.2500 this week in a super risk-off market. No change to our medium term bullish outlook, as EM currencies are still vulnerable amid growing risk aversion not to mention the renewed volatilities of oil prices. That said, downside risk to the pair remains as the Fed's emergency rate cut last week is paving way for a further 25bps cut next week. Fed funds futures show that markets are pricing in at least a 25bps cut.

USD

- **The USD dollar continued to plummet** on Monday, after hitting a low of 94.895 at close. This comes as the yen, euro and pound strengthened further. It is following US stock markets lower, from some panic selling. DXY is seeing some stabilisation on Tuesday opening with a higher open.
- **We are bearish-to-neutral on the dollar today**. After moving significantly past two-to-three-weeks, we anticipate some consolidation as markets await further official support. We maintain a neutral 1-month outlook, after USD weakness from Covid-19 and oil price collapses. Global government and central bank support is likely to help allay some market concerns. Resilient US fundamentals will also likely support against sustained dollar weaknesses. Still, it will likely be a volatile month ahead.

EUR

- **EUR gained 1.47% overnight against the USD at 1.1450.**
- **We stay neutral to bullish on EUR/USD today** as pair looks to consolidate after rallying to stretched levels recently. We are bearish over the coming month after stretched positioning in long EUR/USD.

GBP

- **GBP strengthened 0.53% against the USD overnight at 1.3117.**
- **We are neutral to bullish on GBP/USD today**, in view of potential consolidation in the USD. Monthly GDP due Wednesday could however pose some downside risks should the number disappoint. We are bearish on a 1-month basis from Brexit negotiations and from stretched positions.

JPY

- **JPY gained 2.88% against the greenback**, last at 102.36 with 100 in sight.
- **We remain bearish on USD/JPY today** from continued risk aversion. However, pair must surely consolidate at some point after moving 11-12 big figures since 20 February. We are also bearish-to-neutral on a 1-month basis. BOJ is likely to disappoint sky-high expectations but JPY strength is already at multi-year highs.

AUD

- **AUD weakened 0.74% on Monday** against the greenback, as concerns on falling commodity prices mounted.
- **We are bearish AUD/USD today** from continued fears of the Australia economy hitting crisis point. We are bearish on a 1-month basis as the AUD remains weighed down by the impact of oil price drops, domestic bushfires and on RBA easing expectations.

SGD

- **SGD weakened 0.44% against the USD** on Monday from oil price impact.
- **We are neutral on USD/SGD today**, as pair looks to consolidate. We are neutral on a 1-month basis, consolidative after previous volatility.

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