

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stock indexes rebounded to add nearly 5% overnight on renewed stimulus hope** after just suffering its biggest single-day losses since 2008 on Monday; This came after governments worldwide pledged to support Covid-19 battered economies via various stimulus measures that include President Trump's floating the idea of a payroll tax cut. **Japan unveiled its second stimulus package worth ¥430.8b (\$4.1b).** **Australian Prime Minister Scott Morrison revealed key principles of its yet-to-be announced multi-billion dollar package.** Asian shares finished higher; European markets closed down in reds as Italy remained in lockdown. **Investors sold safer assets leading bond yields to recover globally** - US treasuries yields rose 15-29bps DOD; 10Y USY yield picked up to 0.803%. Gold price slipped 1.9% DOD, partially retracing previous sessions' gains. **The USD recouped losses** - JPY, CHF made a reversal alongside recently stronger GBP and EUR. Notably, **crude oils rebounded around 8-10% following Monday's ruthless crash after Russia said it was open to talks with Saudi Arabia.**
- On the data front, **US NFIB Small Business Sentiment Index rose modestly** prior to Covid-19 outbreak that happened much later in the country. **Eurozone final 4Q GDP growth was unrevised at 0.1% QOQ**, its full-year 2019 growth at 1.2%. **China CPI inflation moderated thanks on smaller gain in services costs** reflecting the sector's slowdown amid Covid-19. **Food prices shot up nearly 22% on shortages.** Australia consumer confidence was down this month, the virus was the culprit. Home loans topped estimate, indicating strong housing market momentum.
- The USD has started to rebound after its monthly low at 9 March. It gained against all major peers, notably against the EUR, GBP, JPY and AUD. **DXY ended Tuesday at 96.356, 1.6% higher** on the day. Markets still await the announcement of US stimulus plans. Still, the lack of further bad news has helped reduce some of the prior volatility. **We are neutral on the daily outlook**, expecting some consolidation. We are neutral-to-bullish on a 1-month outlook, after hitting prior lows. USD weakness stems from Covid-19 and oil price collapses. However, 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.
- **USDMYR continued to advance by 0.51% DOD to close Tuesday's session at 4.2385.** The pair briefly hit 4.2500 this morning before being sent down to around 4.2470. Consolidation is in sight soon, expecting the pair to retreat back to 4.2250-4.2400 in the short term on the back of recovering risk sentiment. Markets are likely to take a wait-and-see approach to the development in the oil markets after Russia said that it's open to negotiation.

Overnight Economic Data

US	↑
Eurozone	→
Japan	↓
China	↓
Australia	→

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, CPI
- UK Monthly GDP, Industrial Production, Visible Trade

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1134	1.1213	1.1307	1.1543	1.1621	→
GBPUSD	1.2850	1.2900	1.2901	1.3257	1.3321	→
USDJPY	100.00	101.19	105.01	106.00	107.74	→
AUDUSD	0.6313	0.6450	0.6492	0.6686	0.6723	→
EURGBP	0.8358	0.8458	0.8764	0.8948	0.9044	→
USDSGD	1.3760	1.3800	1.3916	1.3942	1.4000	→
USDMYR	4.2000	4.2200	4.2498	4.2500	4.2600	→
EURMYR	4.7462	4.7800	4.8058	4.8327	4.8500	→
JPYMYR	3.9888	4.0136	4.0486	4.0750	4.1000	→
GBPMYR	5.4350	5.4612	5.4839	5.5014	5.5400	↘
SGDMYR	3.0350	3.0430	3.0532	3.0565	3.0600	↗
AUDMYR	2.7300	2.7425	2.7600	2.7703	2.7880	↘
NZDMYR	2.6400	2.6508	2.6602	2.6730	2.6870	↘

* 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	1,430.47	0.44	-9.96	CRB Index	150.66	4.04	-18.91
Dow Jones Ind.	25,018.16	4.89	-12.34	WTI oil (\$/bbl)	34.36	10.38	-43.73
S&P 500	2,882.23	4.94	-10.79	Brent oil (\$/bbl)	37.22	8.32	-43.61
FTSE 100	5,960.23	-0.09	-20.98	Gold (\$/oz)	1,649.40	-1.85	8.82
Shanghai	2,996.76	1.82	-1.75	CPO (RM/tonne)	2,275.50	-8.67	-24.79
Hang Seng	25,392.51	1.41	-9.92	Copper (\$/tonne)	5,535.00	-1.28	-10.35
STI	2,832.54	1.80	-12.11	Rubber (sen/kg)	444.50	0.57	-1.77

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US NFIB Small Business Optimism	Feb	104.5	104.3	102.8
EU Employment QoQ	4Q F	0.3%	0.2%	--
EU GDP SA QoQ	4Q F	0.1%	0.3%	0.1%
JP Machine Tool Orders YoY	Feb P	-30.1%	-35.6%	--
CN PPI YoY	Feb	-0.4%	0.1%	-0.3%
CN CPI YoY	Feb	5.2%	5.4%	5.2%
AU Westpac Consumer Conf Index	Mar	91.9	95.5	--
AU Home Loans Value MoM	Jan	4.6%	4.5% (revised)	3.0%

Source: Bloomberg

- US small business sentiment rose before Covid-19:** The NFIB Small Business Sentiment Index rose modestly to 104.5 in February (Jan: 104.3). However, the data was collected prior to the Covid-19 outbreak which happened much later in the US, thus did not entirely reflect the current state of business sentiment which is likely to have turned weaker in response to rising infection cases.
- Slowest Eurozone growth in nearly seven years:** The final reading of Eurozone 4Q GDP growth was unrevised at 0.1% QOQ (3Q: +0.3%), marking its slowest growth in nearly seven years since late 2013 during the tail end of the sovereign debt crisis. Compared to the same period last year, the single-currency economy expanded by 1.2% YOY (3Q: +1.6%), bringing the full year 2019 growth to 1.2%, a huge slowdown from 2018's 1.9%. Positive contributions came from household final consumption expenditure that rose by 0.1% QOQ (3Q: +0.5%) as well as gross fixed capital formation which recorded a 4.2% QOQ gain (3Q: -3.8%). Net trade contributed negatively to headline GDP despite exports' 0.4% QOQ gain (3Q: +0.6%) mainly because of the stronger showing in imports (+2.2% vs -1.3%) after a 3Q contraction. Compared to the previous quarter, the German economy was stagnant in 4Q (3Q: +0.2%) while its YOY growth was stable at 0.5% (3Q: +0.6%). The bloc's largest economy grew a mere 0.6% in 2019 versus 1.5% prior, reflecting the impact of the car industry's weakness, alongside slower global trade. In the same release, employment growth accelerated slightly to 0.3% QOQ (3Q: +0.2%) in the Eurozone and was stable at 1.1% YOY. While employment appears to be solid, this was however weaker than the 1.4-1.7% peak observed in the period of 2017 to early 2019.
- China consumer inflation slowed amid services disruption; factories slumped back to deflation:** Consumer Price Index (CPI) inflation moderated slightly to 5.2% YOY in February (Jan: +5.4%) reflecting smaller gain in cost of services (+0.6% vs +1.5%) as the Covid-19 outbreak disrupted services activity particularly in retail and tourism sectors. Food prices shot up nearly 22% YOY (+20.6%) of which pork prices skyrocketed by 135% YOY; The NBS attributed the generally higher food prices to the implementation of strict transport rules, manpower shortages that caused logistic issues and hence higher costs. Some regions were said to be short of food supply following lockdowns of cities. Factories slumped back into deflation with PPI contracting by 0.4% YOY after recording 0.1% YOY gain in Jan that had previously suggested stabilization in prices. PPI had been on declining trend since Jul last year and reached a trough in Oct before slowly trending up in recent months. The fall in PPI highlights the pressure faced by the country's manufacturing sector amid widespread manpower shortage and slowing demand.
- Continuous fall in Japan machine tools orders:** Machine tools orders dropped 30.1% YOY in February (Jan: -35.6%), extending its prolonged (more than one year) trend of contraction in the back of weak domestic and foreign demand.
- Australia consumer confidence slid on Covid-19:** The Westpac Consumer Confidence Index fell 3.8% MOM to 91.9 in March (Feb: 95.5), its lowest level in more than five years as consumer sentiment turned markedly poorer in response to the outbreak of Covid-19 worldwide and domestically.
- Home loans beat estimate, indicating strong momentum in Australia housing recovery:** Australia approved home loans value topped estimate to record a rather stable 4.6% MOM growth in January (Dec: +4.5%), reflecting a target gain in loan extended to investors (+3.6% vs +3.0%). Owner-occupier loan value managed to post a consistent and solid increase of 5.0% MOM (Dec: +5.0%), indicating the strong momentum of housing sector's ongoing recovery.

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	104.5	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%	0.2%	--
	18:00		GDP SA QoQ	4Q F	0.1%	0.1%	0.3%	--
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	--	-30.1%	-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%	-0.4%	0.1%	--
			CPI YoY	Feb	5.2%	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	--	91.9	95.5	--
	08:30		Home Loans Value MoM	Jan	3.0%	4.6%	4.4%	4.5%
13/03	05:30	New Zealand	BusinessNZ Manufacturing PMI	Feb	--	--	49.6	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1281	-1.48	1.1460	1.1275	0.81
GBPUSD	1.2911	-1.57	1.3130	1.2882	-2.62
USDJPY	105.64	3.20	105.92	102.02	-3.27
AUDUSD	0.6505	-1.24	0.6613	0.6463	-7.42
EURGBP	0.8740	0.25	0.8781	0.8681	3.51
USDSGD	1.3915	0.50	1.3919	1.3831	3.35
USDMYR	4.2385	0.51	4.2385	4.2230	3.61
EURMYR	4.8113	0.15	4.8328	4.7871	4.88
JPYMYR	4.0561	-1.42	4.1158	4.0260	7.64
GBPMYR	5.5307	0.14	5.5404	5.5014	2.85
SGDMYR	3.0500	0.14	3.0586	3.0425	0.29
AUDMYR	2.7831	0.19	2.7940	2.7649	-2.95
NZDMYR	2.6753	0.42	2.6825	2.6551	-2.81
CHFMYR	4.5440	0.00	4.5617	4.5065	7.48
CNYMYR	0.6096	0.52	0.6099	0.6088	3.68
HKDMYR	0.5451	0.50	0.5451	0.5427	3.71

Source: Bloomberg

Forex

MYR

- **USDMYR continued to advance by 0.51% DOD to close Tuesday's session at 4.2385.** The pair briefly hit 4.2500 this morning before being sent down to around 4.2470. Consolidation is in sight soon, expecting the pair to retreat back to 4.2250-4.2400 in the short term on the back of recovering risk sentiment.
- Markets are likely to take a wait-and-see approach to the development in the oil markets after Russia said that it's open to negotiation. 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 has started to rebound after its monthly low at 9 March. It gained against all major peers, notably against the EUR, GBP, JPY and AUD. **DXI ended Tuesday at 96.356, 1.6% higher** on the day. Markets still await the announcement of US stimulus plans. Still, the lack of further bad news has helped reduce some of the prior volatility.
- **We are neutral on the daily outlook**, expecting some consolidation. We are neutral-to-bullish on a 1-month outlook, after hitting prior lows. USD weakness stems from Covid-19 and oil price collapses. However, 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 weakened 1.48% overnight against the USD**, reversing Monday's gains.
- **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 1.57% against the USD overnight**, as USD regained some vitality.
- **We are neutral on GBP/USD today**, in view of USD reversal trends. We are neutral on a 1-month basis at current levels, given Brexit and BoE neutral outlook.

JPY

- **JPY weakened by 3.20% compared to USD** on Tuesday, last at 105.64, close to our previous range of 106-110.
- **We remain neutral on USD/JPY today** on consolidation. 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 1.24% on Tuesday** against the greenback, partially from weak fundamentals.
- **We are neutral AUD/USD today** from stretched low levels. 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 0.50% against the USD** on Tuesday as the USD rebounded.
- **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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