

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Dow plunged nearly 3000 points as global central bank actions failed to sooth market.** After the Fed's and RBNZ's emergency rate cuts, the **BOJ had followed up with an emergency policy announcement of its new and additional easing measures while the BOK also made a 50 basis point cut** in its benchmark rate. Stocks fell around 8-10% at opening in the US triggering another circuit breaker that halted market-wide trading, its third time for the past two weeks. The Dow Jones tumbled nearly 3000 pts (-13%) at the end of the day, its second worst day in history while the S&P 500 and NASDAQ lost 12%. **Treasuries yields collapsed around 13-25bps alongside higher JPY as the flight to safety intensified;** Gold price however eased further to \$1514.10/barrel. Crude oil prices lost ground, tumbling around 10-11% - Brent crude closed at \$30.05/barrel while WTI closed below \$30/barrel. In the FX market, **the dollar strengthened against most of the majors and the sell-off in EMs continued.**
- **At the local front, the government's Control Order Movements from 18-31 March** in its bid to contain rapid increases in Covid-19 cases recently, is a much needed move even though it would have repercussion on businesses and economic growth. As highlighted before, we foresee downside risks to our 2020 growth forecast of 4.0% and with the still evolving and fast escalating risks and uncertainties lately, we foresee growth to potentially slip below 3.0% this year now that a global slowdown, if not recession looks increasingly probable.
- On the data front, The New York Fed Empire State Manufacturing Index suffered its largest drop in history, adding to early signs that US factories are facing pressured amid Covid-19 outbreak. **China key economic data all registered their worst readings on record** where industrial output, retail sales and fixed investments saw double-digit declines. Singapore NODX rose 3% in Feb, inflated by holiday base effect last year.
- **USD overall weakened on Monday** but painted a mixed picture compared to other majors. It gained against the AUD, NZD and CAD but weakened compared to JPY, EUR and CHF. Markets sought safety in FX assets, preferring safe havens like the yen and the Swiss franc (to a lesser extent the USD). This may remain supportive of the USD, as **we maintain bullish-to-neutral outlook on the USD** for the day ahead.
- **USDMYR extended further gains to finish 0.7% higher at 4.3075** as Fed's off-schedule 100 basis point rate cut further stoked risk aversion, triggering sell-off in EMs. Pair now breached the RSI overbought level but **daily outlook remains bullish** as markets turned increasingly risk-off amid flight to safety. Pair's medium term outlook remains bullish on the back of oil prices volatilities and growing risk aversion that is exposing EM currencies to higher downside risk.

#### Overnight Economic Data

US	↓
China	↓
Singapore	↑

#### What's Coming Up Next

##### Major Data

- US Retail Sales, Industrial Production, NAHB Housing Market Index
- Eurozone Labour Cost, ZEW Survey Expectations
- UK Job Report
- Japan Industrial Production

##### Major Events

- RBA Meeting Minutes

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0924	1.1000	1.1164	1.1300	1.1495	↘
GBPUSD	1.2000	1.2195	1.2261	1.2600	1.2800	↘
USDJPY	104.45	105.00	106.26	108.50	109.50	↘
AUDUSD	0.6007	0.6075	0.6105	0.6313	0.6434	→
EURGBP	0.8534	0.8730	0.9106	0.9266	0.9579	→
USDSGD	1.3942	1.4000	1.4225	1.4300	1.4325	↗
USDMYR	4.2650	4.2815	4.3125	4.3200	4.3300	↗
EURMYR	4.7462	4.7821	4.8132	4.8379	4.8500	→
JPYMYR	4.0160	4.0388	4.0566	4.0950	4.1252	↗
GBPMYR	5.2325	5.2650	5.2808	5.3030	5.3400	↘
SGDMYR	3.0145	3.0215	3.0326	3.0350	3.0400	→
AUDMYR	2.6185	2.6270	2.6356	2.6500	2.6700	↘
NZDMYR	2.5828	2.5950	2.6097	2.6200	2.6330	→

\* 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	1,280.63	-4.77	-19.39	CRB Index	132.71	-5.77	-28.57
Dow Jones Ind.	20,188.52	-12.93	-29.26	WTI oil (\$/bbl)	28.70	-9.55	-53.00
S&P 500	2,386.13	-11.98	-26.14	Brent oil (\$/bbl)	30.05	-11.23	-54.47
FTSE 100	5,151.08	-4.01	-31.71	Gold (S/oz)	1,514.10	-1.03	-0.18
Shanghai	2,789.25	-3.40	-8.55	CPO (RM/tonne)	2,307.50	-0.80	-23.73
Hang Seng	23,063.57	-4.03	-18.18	Copper (\$/tonne)	5,460.00	0.37	-11.56
STI	2,495.77	-5.25	-22.56	Rubber (sen/kg)	436.50	0.23	-3.54

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
JP BOJ Policy Balance Rate	Mar 16	-0.1%	-0.1%	--
SK BOK 7-Day Repo Rate	Mar 16	0.75%	1.25%	--
US Empire Manufacturing	Mar	-21.5	12.9	3.0
CN Retail Sales YTD YoY	Feb	-20.5%	8.2% (Jan-Feb'19)	-4.0%
CN Industrial Production YTD YoY	Feb	-13.5%	5.3% (Jan-Feb'19)	-3.0%
CN Fixed Assets Ex Rural YTD YoY	Feb	-24.5%	6.1% (Jan-Feb'19)	-2.0%
SG Non-oil Domestic Exports YoY	Feb	3.0%	-3.3%	-6.9%

Source: Bloomberg

- BOJ ramped up stimulus to fight Covid-19:** The Bank of Japan brought forward its meeting to yesterday and announced its highly anticipated policy decision following the Federal Reserve and RBNZ's emergency rate cut on the same day. The BOJ left its benchmark policy balance rate unchanged at -0.1% and maintain its 10Y yield target and at the same time, reaffirmed its current guidance of 80 trillion annual purchase of JGBs. To ramp up stimulus, it introduced (1) a special fund to provide loans to banks at 0% interest rates to facilitate corporate financing, (2) raise the target of corporate bonds and commercial papers holdings to ¥4.2trillion and 3.2trillion (3) Double the purchases of ETF and J-REITs. BOJ joined global central banks to counter the economic impact of Covid-19 that happened much earlier in Japan. Governor Haruhiko Kuroda said in a press conference that the impact of the virus is expected to continue for some time and the central bank would consider additional monetary easing to deal with it. Japan economy had contracted in 4Q19 due to an early October typhoon and a sales tax hike that had curbed consumption. Persistently low inflation is plaguing the economy and earlier signs of labour market weakness are worrying. The postponement/cancellation of the Tokyo Summer Olympic would be a huge blow to the country.
- BOK finally cut rate in first emergency meeting since GFC:** Bank of Korea slashed its seven-day repo rate by 50 basis point to a record low of 0.75% in an emergency move to battle the economic havoc wrought by Covid-19. Korea remains the country with second highest number of infections outside China and the BOK had refrained to cut rate earlier in February. Yesterday's decision was made in the BOK's first off-schedule meeting since the Global Financial Crisis. Governor Lee Ju-yeol defended February's decision, saying that now is the better timing to cut rate.
- Huge slide in New York manufacturing activities:** The New York Fed Empire State Manufacturing Index tumbled to -21.5 in March (Feb: 12.9), way lower than consensus survey of 3.0 and was its largest drop (-34.4pts) in history, offering earlier signs that the US manufacturing sector is suffering from the spread of Covid-19 amid slower demand and supply chain disruption. New orders, shipments and employment all declined.
- Worst China data on record:** China NBS published its key economic indicator yesterday for the period of Jan to Feb 2020. Retail sales (-20.5%), industrial production (-13.5%) and fixed asset investment (-24.5%) all saw its largest drop on record, reflecting disruption of Covid-19 pandemic. Retail sales was dragged by restaurants/catering (-43.1% YOY), automobiles (-37%), household electronics (-30%) while sales of Food still grew 9.7% YOY. Decline in industrial production was broad-based as manufacturing (-15.7% YOY), power (-7.1%), mining (-6.5%) all fell. Services may be even worse impacted compared to manufacturing. Even if March numbers see more "normal" growth, we may see GDP growth at 0% YOY in Q1 (or even negative).
- Better-than-expected NODX growth:** Singapore's non-oil domestic exports (NODX) rose 3% YOY in February, inflated by holiday base effects last year. This was better than consensus estimate of 6.9% contraction and came after a 3.3% contraction in January. Electronics exports increased a small 2.5% YOY. Non-electronics products expanded modestly (3.2%), supported by pharmaceuticals. The outlook ahead is negative given souring global growth in March and beyond, partly by Covid-19 related disruptions.

**Economic Calendar**

Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
20/03	15:00	Malaysia	Foreign Reserves	Mar-13	--	--	\$103.4b	--
16/03	20:30	US	Empire Manufacturing	Mar	3.0	-24.5	12.9	--
<b>17/03</b>	<b>20:30</b>		<b>Retail Sales Advance MoM</b>	<b>Feb</b>	<b>0.2%</b>	--	<b>0.3%</b>	--
	<b>21:15</b>		<b>Industrial Production MoM</b>	<b>Feb</b>	<b>0.4%</b>	--	<b>-0.3%</b>	--
	<b>22:00</b>		<b>NAHB Housing Market Index</b>	<b>Mar</b>	<b>73.0</b>	--	<b>74.0</b>	--
18/03	19:00		MBA Mortgage Applications	Mar-13	--	--	55.4%	--
	20:30		Housing Starts MoM	Feb	-4.3%	--	-3.6%	--
	20:30		Building Permits MoM	Feb	-3.2%	--	9.2%	--
19/03	20:30		Philadelphia Fed Business Outlook	Mar	10.0	--	36.7	--
	20:30		Initial Jobless Claims	Mar-14	220k	--	211k	--
	22:00		Conference Board Leading Index	Feb	0.1%	--	0.8%	--
20/03	22:00		Existing Home Sales MoM	Feb	0.9%	--	-1.3%	--
<b>17/03</b>	<b>18:00</b>	<b>Eurozone</b>	<b>Labour Costs YoY</b>	<b>4Q</b>	--	--	<b>2.6%</b>	--
	<b>18:00</b>		<b>ZEW Survey Expectations</b>	<b>Mar</b>	--	--	<b>10.4</b>	--
18/03	18:00		Trade Balance SA	Jan	19.2b	--	22.2b	--
	18:00		CPI YoY	Feb F	1.2%	--	1.2%	--
	18:00		CPI Core YoY	Feb F	1.2%	--	1.2%	--
16/03	08:01	UK	Rightmove House Prices YoY	Mar	--	3.5%	2.9%	--
<b>17/03</b>	<b>17:30</b>		<b>Average Weekly Earnings 3M/YoY</b>	<b>Jan</b>	<b>3.0%</b>	--	<b>2.9%</b>	--
	<b>17:30</b>		<b>ILO Unemployment Rate 3Mths</b>	<b>Jan</b>	<b>3.8%</b>	--	<b>3.8%</b>	--
	<b>17:30</b>		<b>Employment Change 3M/3M</b>	<b>Jan</b>	<b>140k</b>	--	<b>180k</b>	--
16/03	07:50	Japan	Core Machine Orders MoM	Jan	-1.0%	2.9%	-12.5%	-11.9%
	00:00		BOJ Policy Balance Rate	Mar-16	--	-0.1%	-0.1%	--
<b>17/03</b>	<b>12:30</b>		<b>Industrial Production YoY</b>	<b>Jan F</b>	--	--	<b>-2.5%</b>	--
18/03	07:50		Trade Balance	Feb	¥929.5b	--	¥1312.6b	¥1313.2b
	07:50		Exports YoY	Feb	-4.2%	--	-2.6%	--
19/03	07:30		Natl CPI Ex Fresh Food YoY	Feb	0.6%	--	0.8%	--
	12:30		All Industry Activity Index MoM	Jan	0.3%	--	0.0%	--
16/03	10:00	China	Retail Sales YTD YoY	Feb	-4.0%	-20.5%	--	--
	10:00		Industrial Production YTD YoY	Feb	-3.0%	-13.5%	--	--
	10:00		Fixed Assets Ex Rural YTD YoY	Feb	-2.0%	-24.5%	--	--
20/03	09:30		1-Year Loan Prime Rate	Mar	3.98%	--	4.05%	--
17/03	08:30	Singapore	Non-oil Domestic Exports YoY	Feb	-6.9%	3.0%	-3.3%	--
<b>17/03</b>	<b>08:30</b>	<b>Australia</b>	<b>RBA Minutes of March Policy Meeting</b>					
18/03	07:30		Westpac Leading Index MoM	Feb	--	--	0.05%	--
19/03	08:30		Employment Change	Feb	6.3k	--	13.5k	--
19/03	08:30		Unemployment Rate	Feb	5.3%	--	5.3%	--
16/03	05:30	New Zealand	Performance Services Index	Feb	--	52.0	57.1	57.2
19/03	05:45		GDP SA QoQ	4Q	0.5%	--	0.7%	--
	05:45		GDP YoY	4Q	1.7%	--	2.3%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1183	0.68	1.1237	1.1048	-0.40
GBPUSD	1.2271	-0.06	1.2425	1.2202	-7.46
USDJPY	105.83	-1.66	107.57	105.15	-2.28
AUDUSD	0.6117	-1.39	0.6307	0.6079	-12.88
EURGBP	0.9115	0.90	0.9150	0.8985	7.61
USDSGD	1.4209	0.42	1.4230	1.4053	5.52
USDMYR	4.3075	0.70	4.3075	4.2815	5.29
EURMYR	4.8211	0.95	4.8379	4.7613	5.09
JPYMYR	4.0598	0.19	4.0603	3.9970	7.74
GBPMYR	5.3250	-1.33	5.3295	5.2779	-0.97
SGDMYR	3.0314	-0.40	3.0368	3.0231	-0.32
AUDMYR	2.6606	-1.35	2.6630	2.6185	-7.22
NZDMYR	2.6041	-1.06	2.6091	2.5828	-5.39
CHFMYR	4.5822	0.83	4.5842	4.5090	8.39
CNYMYR	0.6155	0.31	0.6156	0.6132	4.68
HKDMYR	0.5545	0.45	0.5547	0.5509	5.50

Source: Bloomberg

## Forex

### MYR

- **USDMYR extended further gains to finish 0.7% higher at 4.3075** as Fed's off-schedule 100 basis point rate cut further stoked risk aversion, triggering sell-off in EMs. Pair now breached the RSI overbought level but **daily outlook remains bullish** as markets turned increasingly risk-off amid flight to safety.
- Pair's medium term outlook remains bullish on the back of oil prices volatilities and growing risk aversion that is exposing EM currencies to higher downside risk.

### USD

- **USD overall weakened on Monday** but painted a mixed picture compared to other majors. It gained against the AUD, NZD and CAD but weakened compared to JPY, EUR and CHF. Markets sought safety in FX assets, preferring safe havens like the yen and the Swiss franc (to a lesser extent the USD). This may remain supportive of the USD, as **we maintain bullish-to-neutral outlook on the USD** for the day ahead.
- We are bullish on a 1-month outlook, after hitting prior lows. USD is likely supported by safe haven positioning during risk volatility and US fundamentals. Still, it will likely be a volatile month ahead. The Covid-19 outbreak has caused quite a fair bit of disruption worldwide and this will likely impact on the US and the USD.

### EUR

- **EUR gained 0.68% against the USD** overnight, as both Europe and US markets remained spooked by Covid-19.
- **We are bearish on EUR/USD today** from general market panic. We are bearish over the coming month after stretched positioning in long EUR/USD.

### GBP

- **GBP weakened by a slight 0.06%** against the USD overnight.
- **We are bearish on GBP/USD today**, in view of USD reversal trends. We are neutral on a 1-month basis at current levels, due to the currency already at low levels.

### JPY

- **JPY strengthened 1.66% against the USD** on Monday. Pair moved towards 105, after BOJ easing. But USD/JPY soon stabilised, closing at 105.83.
- **We remain bearish on USD/JPY today** on market risk aversion. We are also bearish 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 further by 1.39%** on Monday compared to the USD. Pair is heading towards 0.60, last at 0.6117.
- **We are neutral AUD/USD today** from stretched low levels. Focus turning to RBA minutes for additional clues on policy, after RNBZ cut. 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 0.42 % against the USD** on Monday, continuing a trend of USD rebound.
- **We are bullish on USD/SGD today**, after Fed's latest announcement and rate cut. We are neutral on a 1-month basis, consolidative after previous volatility.

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