

Global Markets Research

Daily Market Highlights

Key Takeaways

- Global markets sold off overnight as investors dumped stocks, bonds and even gold in favour of cash as pandemic fear engulfed markets.** US main indexes plunged around 4.7-6.3% just one day after a sharp rebound; the Dow Jones lost 1338pts DOD in a nerve-wracking day that marked the blue chip index first closing below 20,000 since Feb-17. Massive sell-off was seen across Asian and European equities as well as other asset classes. **Traditional safe havens suffered the same fate with gold falling below \$1500/ounce and treasuries yields closed higher by 5-28bps;** 10Y UST yield recovered further to 1.12%. Dollar soared across the board and boosted the dollar index above 100 to multi-year high of 101.16. Crude oil prices continued to free fall to their lowest levels since Feb 2016, with Brent settling 13% lower at \$24.88/barrel and WTI collapsing to \$20.37/barrel. The US Senate has passed a bill allowing paid sick leave and free testing of Covid-19. **The ECB announced an emergency QE program worth €750b** coined as the pandemic emergency purchase program (PEPP) that would see the central bank purchase private and public sector securities. This would be added on top of the €120b “envelope” announced just last week after the Governing Council meeting as well as the ongoing €20b monthly purchases (started last October). **Stock futures tied to key Asian markets point to yet another day of selling today.**
- Economic data turned out to be weaker again.** US homebuilding activities slowed in February as housing starts slipped 1.5% while building permits recorded smaller gain ahead of the Covid-19 outbreak. In February, inflation weakened in both Eurozone and Japan on the back of lower global oil prices. New Zealand 4Q GDP growth was softer at 0.5% QOQ; the economy grew 2.3% in 2019, versus 3.2% in 2018. On a bright spot, Australia added 26.7k jobs in February, more than expected and unemployment rate fell to 5.1%.
- The US dollar has hit its highest levels since April 2017, as market flight to safety continued. **DXY closed Wednesday at 101.16, 1.6% higher DOD.** The rise was particularly evident against the AUD, GBP and NZD due to their weak fundamentals. CAD also weakened on plunge in oil prices. Other currencies like the JPY, CHF and EUR were more resilient but unable to stand their ground against the strong USD tide. **Our daily outlook of the USD is bullish,** given current momentum.
- USDMYR continued to climb amid broad-based dollar strength,** finishing 0.51% higher at 4.3735. **Daily outlook remains bullish** for the pair as we expect EMs and generally all currencies to continue weakening against the greenback this week and next as recession risks heightens. Markets are likely to remain volatile in the near term.

Overnight Economic Data

US	↓
EU	↓
Japan	↓
Australia	↑
New Zealand	↓

What's Coming Up Next

Major Data

- US Philadelphia Fed Business Outlook, Initial Jobless Claims, Conference Board Leading Index
- Japan All Industry Activity Index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0778	1.0802	1.0943	1.1000	1.1174	↘
GBPUSD	1.1300	1.1500	1.1618	1.2016	1.2332	↘
USDJPY	104.45	106.07	108.30	110.00	112.19	→
AUDUSD	0.5500	0.5600	0.5780	0.6000	0.6313	↘
EURGBP	0.8740	0.8990	0.9414	0.9565	0.9888	↗
USDSGD	1.4200	1.4300	1.4407	1.4467	1.4600	↗
USDMYR	4.3500	4.3574	4.3740	4.3940	4.4000	↗
EURMYR	4.7665	4.7724	4.7830	4.7960	4.8111	↘
JPYMYR	4.0170	4.0326	4.0408	4.0489	4.0636	↘
GBPMYR	5.0502	5.0629	5.0797	5.2035	5.2321	↘
SGDMYR	3.0238	3.0274	3.0295	3.0386	3.0420	↘
AUDMYR	2.3621	2.4769	2.5259	2.5345	2.5905	↘
NZDMYR	2.4305	2.4488	2.4839	2.5045	2.5604	↘

* 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	1,239.01	-1.40	-22.01	CRB Index	120.34	-7.63	-35.23
Dow Jones Ind.	19,898.92	-6.30	-30.27	WTI oil (\$/bbl)	20.37	-24.42	-66.64
S&P 500	2,398.10	-5.18	-25.77	Brent oil (\$/bbl)	24.88	-13.40	-60.89
FTSE 100	5,080.58	-4.05	-32.64	Gold (\$/oz)	1,486.05	-2.76	-2.10
Shanghai	2,728.76	-1.83	-10.54	CPO (RM/tonne)	2,323.50	1.89	-23.20
Hang Seng	22,291.82	-4.18	-20.92	Copper (\$/tonne)	5,144.00	-2.77	-16.68
STI	2,425.62	-1.18	-24.74	Rubber (sen/kg)	445.00	0.91	-1.66

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	Mar-13	-8.4%	55.4%	--
US Housing Starts MoM	Feb	-1.5%	1.4% (revised)	-4.3%
US Building Permits MoM	Feb	5.5%	9.2%	-3.2%
EU Trade Balance SA	Jan	€17.3b	€21.5b (revised)	19.2b
EU CPI YoY	Feb F	1.2%	1.4%	1.2%
EU CPI Core YoY	Feb F	1.2%	1.1%	1.2%
JP Natl CPI Ex Fresh Food YoY	Feb	0.6%	0.8%	0.6%
AU Employment Change	Feb	26.7k	13.5k	6.3k
AU Unemployment Rate	Feb	5.1%	5.3%	5.3%
NZ GDP SA QoQ	4Q	0.5%	0.8% (revised)	0.5%

Source: Bloomberg

- Weaker US housing data:** US housing starts slipped 1.5% MOM to an annual rate of 1.6mil units in February following an upward revised 1.4% growth. Gain in building permits eased to 5.5% MOM (Jan: +9.2%) at 1.5mil unit annual pace, pointing to slower/subdued homebuilding activities ahead of the Covid-19 spread in the US. Mortgage applications slipped 8.4% WOW last week following an enormous 55% jump. Lower interest rates following the Fed's two emergency rate cuts are set to drag down borrowing costs lower that would help buoy the housing market but the coronavirus pandemic that has only worsened in the US in March is likely to disrupt the sector's gradual recovery this month onwards.
- Eurozone inflation eased in Feb prior to Covid-19 escalation:** The HICP inflation rate went down to 1.2% YOY in February (Jan: +1.4%), dragged down by lower energy cost (-0.3% vs +1.9%). Services inflation rose modestly by 1.6% YOY (Jan: +1.5%) and was the largest positive contributor among other components which explains the slightly pick-up in underlying inflation (+1.2% vs +1.1%). Overall inflation remains subdued in the Euro area prior to the escalation Covid-19 outbreak in the region that saw cases surging in Italy, Germany and France within weeks. The resulting fall in demand amid lockdowns and other strict containment measures alongside falling global oil prices are set to weigh on inflation further in the short to medium term.
- Smaller Eurozone trade surplus:** The seasonally adjusted trade surplus narrowed to €17.3b in January (Dec: €21.5b revised), reflecting the 2.5% MOM increase in imports and a nearly unchanged exports (+0.1%) at the start of the year.
- Japan inflation lost momentum:** Japan headline CPI inflation eased tremendously to 0.4% YOY in February (Jan: +0.7%) on the back of lower energy prices. Gain in the core CPI which excludes food prices, a BOJ's preferred measure of inflation also eased to 0.6% YOY (Jan: +0.8%). Excluding food and energy, inflation also fell to 0.7% YOY (Jan: +0.8%), adding to signs that price pressure has lost momentum, despite a recent hike in sales tax. Inflation is expected to trend even lower in the months to come on the back of falling global oil prices and weak domestic demand stemming from Covid-19 pandemic.
- New Zealand economic growth moderated in 4Q:** New Zealand 4Q GDP growth matched expectation at 0.5% QOQ versus the upwardly revised 0.8% for 3Q. The economy expanded 1.8% YOY (3Q: +2.3%), moderating from 3Q, leading the full year 2019 GDP growth at 2.3%, compared to 3.2% in 2018. 4Q print was led by expansion in both the services (+0.6%) and primary (+0.5%) industries while the goods producing sector eked out a minor gain (+0.1%). The economy which also hugely relies on its tourism sector is expected to take the hit from Covid-19 pandemic this quarter and next as the world takes a break from leisure travelling to contain the virus.
- Australia added more jobs prior to Covid-19:** The Australian economy added 26.7k jobs in February (Jan: +13.5k), more than what economists had predicted earlier (+6.3k). Gains came mainly from part-time employments (+20.0k vs -32.7k) while full-time jobs increased by 6.7k following a 46.2k jump in Jan. Unemployment rate also beat expectations at a much lower 5.1% (Jan: 5.3%) thanks to lower participation rate (66% vs 66.1%). The number of job creations is set to tumble this month as Covid-19 outbreak disrupted the services sector and stifled hiring.

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	--
17/03	20:30		Retail Sales Advance MoM	Feb	0.2%	-0.5%	0.3%	0.6%
	21:15		Industrial Production MoM	Feb	0.4%	0.6%	-0.3%	-0.5%
	22:00		NAHB Housing Market Index	Mar	73.0	72	74.0	--
18/03	19:00		MBA Mortgage Applications	Mar-13	--	-8.4%	55.4%	--
	20:30		Housing Starts MoM	Feb	-4.3%	-1.5%	-3.6%	1.4%
	20:30		Building Permits MoM	Feb	-3.2%	-5.5%	9.2%	--
19/03	20:30		Philadelphia Fed Business Outlook	Mar	8.0	--	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%	--
17/03	18:00	Eurozone	Labour Costs YoY	4Q	--	2.4%	2.6%	--
	18:00		ZEW Survey Expectations	Mar	--	-49.5	10.4	--
18/03	18:00		Trade Balance SA	Jan	19.2b	17.3b	22.2b	21.5b
	18:00		CPI YoY	Feb F	1.2%	1.2%	1.2%	--
	18:00		CPI Core YoY	Feb F	1.2%	1.2%	1.2%	--
16/03	08:01	UK	Rightmove House Prices YoY	Mar	--	3.5%	2.9%	--
17/03	17:30		Average Weekly Earnings 3M/YoY	Jan	3.0%	3.1%	2.9%	--
	17:30		ILO Unemployment Rate 3Mths	Jan	3.8%	3.9%	3.8%	--
	17:30		Employment Change 3M/3M	Jan	140k	184k	180k	--
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%	--
17/03	12:30		Industrial Production YoY	Jan F	--	-2.3%	-2.5%	--
18/03	07:50		Trade Balance	Feb	¥929.5b	¥1109.8b	¥1312.6b	¥1313.2b
	07:50		Exports YoY	Feb	-4.2%	-1.0%	-2.6%	--
19/03	07:30		Natl CPI Ex Fresh Food YoY	Feb	0.6%	0.4%	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%	--
17/03	08:30	Australia	RBA Minutes of March Policy Meeting					
18/03	07:30		Westpac Leading Index MoM	Feb	--	-0.43%	0.05%	0.03%
19/03	08:30		Employment Change	Feb	6.3k	26.7k	13.5k	12.9k
19/03	08:30		Unemployment Rate	Feb	5.3%	5.1%	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%	0.5%	0.7%	0.8%
	05:45		GDP YoY	4Q	1.7%	1.8%	2.3%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0915	-0.75	1.1045	1.0802	-2.12
GBPUSD	1.1608	-3.71	1.2130	1.1453	-12.20
USDJPY	108.08	0.35	108.65	106.76	-0.40
AUDUSD	0.5773	-3.78	0.6028	0.5702	-17.46
EURGBP	0.9395	2.98	0.9439	0.9068	11.48
USDSGD	1.4445	1.07	1.4467	1.4266	6.92
USDMYR	4.3737	0.51	4.3515	4.3550	6.91
EURMYR	4.8091	-0.86	4.8179	4.7851	4.83
JPYMYR	4.0630	-0.17	4.0837	4.0489	7.82
GBPMYR	5.2517	-1.07	5.2863	5.2469	-2.33
SGDMYR	3.0445	-0.28	3.0546	3.0405	0.11
AUDMYR	2.5912	-1.75	2.6257	2.5873	-9.64
NZDMYR	2.5607	-2.16	2.6007	2.5570	-6.97
CHFMYR	4.5443	-0.46	4.5558	4.5293	7.49
CNYMYR	0.6221	0.28	0.6221	0.6208	5.80
HKDMYR	0.5626	0.48	0.5627	0.5606	7.04

Source: Bloomberg

Forex

MYR

- **USDMYR continued to climb amid broad-based dollar strength**, finishing 0.51% higher at 4.3735.
- **Daily outlook remains bullish** for the pair as we expect EMs and generally all currencies to continue weakening against the greenback this week and next as recession risks heightens. Markets are likely to remain volatile in the near term. Medium term outlook remains bullish on expected dollar strength as markets turn to crisis mode, while crashing oil prices added extra pressure on MYR and other commodities currencies.

USD

- The US dollar has hit its highest levels since April 2017, as market flight to safety continued. **DXY closed Wednesday at 101.16, 1.6% higher DOD**. The rise was particularly evident against the AUD, GBP and NZD due to their weak fundamentals. CAD also weakened on plunge in oil prices. Other currencies like the JPY, CHF and EUR were more resilient but unable to stand their ground against the strong USD tide. **Our daily outlook of the USD is bullish**, given current momentum.
- We maintain a bullish view on a 1-month outlook, with much volatility expected. USD is likely supported by safe haven positioning during risk volatility and US fundamentals. 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 lost 0.75% against the USD** overnight, as the ECB announced additional measures against market volatility.
- **We are bearish on EUR/USD today** once again from general market aversion to risk. We are bearish over the coming month due to USD positioning.

GBP

- **GBP weakened 3.71% against the USD** overnight, hitting lows last seen in 1984.
- **We are bearish on GBP/USD today**, as markets remain against countries that had taken a relaxed approach against Covid-19. We are bearish on a 1-month basis, from flight to safety.

JPY

- **JPY weakened 0.35% against the USD** on Wednesday, resilient but a lesser force compared to the USD.
- **We remain neutral on USD/JPY today** on consolidation close to 108 levels. We are bearish on a 1-month basis. We see JPY strength in general flight to safety.

AUD

- **AUD weakened again to its lowest since 2003** as RBA is set to announce more measures today. AUD/USD fell 3.78% DOD, and hit 0.5773 at close.
- **We are bearish AUD/USD today** as further RBA easing is expected. 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 a further 1.07% against the USD** on Wednesday, continuing trend of USD strength. This is despite the SGD NEER strengthening against many crosses.
- **We are bullish on USD/SGD today**, as USD positioning remains strong. We are neutral on a 1-month basis, consolidative after previous volatility.

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