

## Global Markets Research

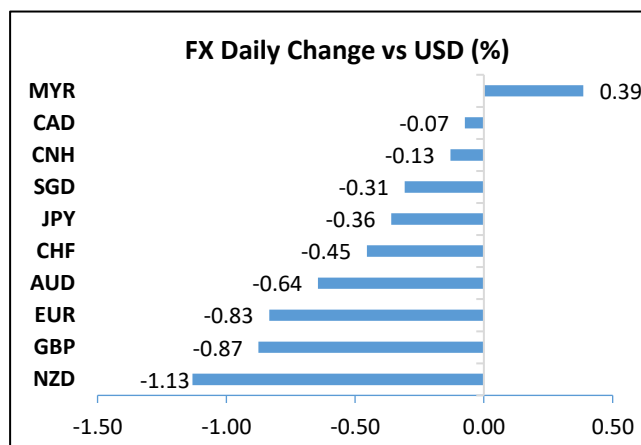
### Daily Market Highlights

#### Key Takeaways

- US stocks pulled back on Friday after recent gains.** The Dow, S&P 500 and NASDAQ recorded losses of 0.5-0.9% but managed to post monthly gains of 2-4%. Stocks had rallied this month in anticipation for further economic revival in the US as vaccination rate continued to pick up. **U.S. treasuries yields fell** on Friday as global equity markets slipped at the end of the trading week. The 10-year treasury note yield fell 0.7bp to 1.63% on Friday and posted a monthly decline of nearly 12bps. In the commodity sector, **gold futures were flat** at \$1767.7/oz. **Crude oil benchmarks fell** around 2.0% amid bullish sentiment with WTI and Brent settling at \$63.58/barrel and \$67.25/barrel.
- Futures showed that stocks are set for muted opening in Asia where markets are closed in Japan and China. Focus this week shifts to a slew of PMI data. Australia's RBA is also set to announce its rate decision tomorrow. The US Treasury will publish its quarterly refunding report.**
- US data were positive.** Personal spending jumped by 4.1% m/m in March supported by the 21.1% m/m surge in income as individuals received the \$1400 stimulus checks from the federal government. **The core PCE price index, the Fed's key inflation gauge recorded a 0.4% m/m and 1.8% y/y gain.** Meanwhile, consumer confidence continued to improve in April according to the University of Michigan Consumer Sentiment Index. **Eurozone's GDP shrank 0.6% q/q in 1Q21 as it slumped into a technical recession.** The headline CPI surged 1.6% y/y but core CPI eased to 0.8% y/y. **China's official PMIs pulled back in April.**
- The USD broadly strengthened on Friday, with DXY up by 0.73%, as risk aversion took hold. This was partly from high core PCE inflation. This brought DXY to a close of 91.28 for April. Higher inflation the immediate concern for now. We see slight **downsides in the USD** ahead for the week as sentiments gradually recovers. A major risk stems from the fresh global wave of Covid-19 outbreak. Immediate resistance at 91.70 and support at 90.60.
- USD/MYR closed 0.4% lower at 4.0880 on Friday. We maintain a **neutral to slightly bullish view on the MYR**, anticipating slight downside in the USD while a neutral BNM rhetoric at next week's MPC meeting will likely be supportive of the MYR. We maintain a range of 4.09-4.12 in the week ahead.

#### Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	33,874.85	-0.54	10.68
S&P 500	4,181.17	-0.72	11.32
FTSE 100	6,969.81	0.12	7.88
Hang Seng	28,724.88	-1.97	5.49
KLCI	1,601.65	-0.43	-1.57
STI	3,218.27	-0.10	13.17
Dollar Index	91.28	0.73	1.45
WTI oil (\$/bbl)	63.58	-2.20	31.04
Brent oil (\$/bbl)	67.25	-1.91	29.19
Gold (\$/oz)	1,767.70	-0.03	-6.71
CPO (RM/tonne)	4,400.00	-0.08	16.16



Source: Bloomberg

#### Overnight Economic Data

US  EU   
 CN 

#### Up Next

Date	Events	Prior
03/05	MA Markit Malaysia PMI Mfg (Apr)	49.9
	EC Markit Eurozone Manufacturing PMI	63.3
	HK GDP YoY (1Q A)	-3.0%
	SI Purchasing Managers Index (Apr)	50.8
	US Markit US Manufacturing PMI (Apr F)	60.6
	US Construction Spending MoM (Mar)	-0.8%
04/05	US ISM Manufacturing (Apr)	64.7
	VN Markit Vietnam PMI Mfg (Apr)	53.6
	AU Exports MoM (Mar)	-1.0%
	AU RBA Cash Rate Target (04 May)	0.1%
	HK Retail Sales Value YoY (Mar)	30.0%
	UK Markit UK PMI Manufacturing SA (Apr)	60.7
	US Trade Balance (Mar)	-\$71.1b
	US Factory Orders (Mar)	-0.8%

Source: Bloomberg

## Macroeconomics

### US' personal income and spending surged in March:

- Personal spending in the US jumped by 4.1% m/m in March (Feb: -1%), supported by the 21.1% m/m surge in income (Feb: -7%) as the US federal government handed out the \$1400 stimulus checks to households as part of President Biden's Covid stimulus package.
- The core PCE inflation index rose 0.4% m/m (Feb: +0.1%), leaving the annual rate much higher at 1.8% y/y (Feb: +1.4%) as price pressure began to build up amid a robust economic recovery.
- The Chicago Purchasing Manager Index edged up to 72.1 in April (Mar: 66.3), joining a series of super upbeat regional factory gauges.
- The University of Michigan Consumer Sentiment Index also came in higher at 88.3 in April (Mar: 84.9), reflecting continued gains in consumer confidence amid a growing sense that the upward momentum in jobs and incomes will persist.

### Eurozone economy slipped to another technical recession:

- The Eurozone economy shrank 0.6% q/q in the first quarter of 2021, according to a preliminary estimate as the continent still grappled with the third Covid wave. This marked its second consecutive negative reading, following the 0.7% q/q decline in the previous quarter, hence a technical recession. Nonetheless, this is better than the expectation of -0.8%.
- The headline HICP inflation rate came in at 1.6% y/y in April (Mar: +1.3%), reflecting higher energy prices. The core CPI inflation eased to 0.8% y/y (Mar: +0.9%), indicating the lack of underlying price pressure.
- The unemployment rate went down to 8.1% in March, from 8.2% February, as the labour market remained supported by governments' employment schemes.

### China's PMIs disappointed in April:

- China's PMIs pulled back in April compared to March. The composite PMI was down to 53.8 from 55.3 a month ago. The result may be weighed down by base effects, as previous progress was higher from lower hanging fruits. This means that there are little further upsides to the economy at present, with things similar to conditions a month ago.
- The manufacturing PMI came off to 51.1 from 51.9. The retreat appeared to be broad based. Employment is now contracting. New export orders and imports also retreated. Prices dipped for both inputs and output. The non-manufacturing PMI also retreated to 54.9 from 56.3 as new orders looked to have taken a big dip.

## Forex

### MYR (Neutral to Bullish)

- USD/MYR closed 0.4% lower at 4.0880 on Friday. We maintain a neutral to slightly bullish view on the MYR, anticipating slight downside in the USD while a neutral BNM rhetoric at next week's MPC meeting will likely be supportive of the MYR. We maintain a range of 4.09-4.12 in the week ahead.

### USD (Neutral-to-Bearish Outlook over 1 Week Horizon)

- The USD broadly strengthened on Friday, with DXY up by 0.73%, as risk aversion took hold. This was partly from high core PCE inflation. This brought DXY to a close of 91.28 for April. Higher inflation the immediate concern for now. We see slight downsides ahead for the week as sentiments gradually recovers. A major risk stems from the fresh global wave of Covid-19 outbreak. Immediate resistance at 91.70 and support at 90.60.

### EUR (Neutral-to-Bullish)

- EUR/USD pulled back by 0.83% d/d to close April at 1.2020. This came after GDP data confirmed a technical recession in the Eurozone in 1Q. Attention is on ECB Economic Bulletin and retail sales figures on 6 May. Immediate resistance at 1.2120 and support at 1.1960.

### GBP (Neutral-to-Bullish)

- GBP/USD was down by 0.87% on Friday, as the dollar rebounded. This brought the pair to a low of 1.3803 before recovery to 1.3822. We anticipate some slight rebounds as the week progresses and sentiments recovers again. 1.4000 remains a critical resistance level, while we peg downside support at 1.3750. Focus for the week ahead is on Bank of England's policy announcement on 6 May, where rhetoric may move the pair.

### JPY (Neutral-to-Bearish)

- USD/JPY rose the second consecutive session to an April close of 109.31 on Friday. We see slight upsides for the pair for the week ahead. Technicals are showing rebounds after being stretched at low levels. We watch resistance of 109.80 and support of 108.40.

### AUD (Neutral-to-Bullish)

- AUD/USD was down by 0.64% on Friday, bringing pair to a month close of 0.7716. AUD/USD started May on a slight bid tone. When sentiment recovers, momentum is slightly biased on the upside even as it is looking stretched. For the week ahead, watch RBA's policy announcement on 4 May, and trade numbers. We eye resistance of 0.7820, and support of 0.7560 if there is some risk aversion pullback.

### SGD (Neutral-to-Bullish)

- USD/SGD was up by 0.31% towards a close of 1.3308 in April. Monday open sees slight pullback downwards. At this stage, we see a relatively firm support of 1.3220. Further upmove can test 1.3350 first before resistance of 1.3380. Singapore's PMI and retail sales will be released, and we expect stable trends compared to a month ago.

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