HongLeong Bank

Global Markets Research
Daily Market Highlights

Key Takeaways

- The US and European stock markets were closed for Good Friday on Friday. **The treasury market remained open and saw yields ticking up by 2.4 to 7.6bps after the superb March job data.** Investors sold bonds in anticipation of a robust economic recovery, taking cue from the surge in hiring last month. The benchmark 10Y UST yield rose 5bps to 1.72%; the 2s10s curve steepened slightly.

- As of writing, **futures point to a modest rise in Japanese equities.** Markets are closed in China, Hong Kong and Australia. Oil benchmarks were down slightly by 0.2% this morning with Brent crude trading at $64.73/barrel. Last week, OPEC+ had decided to boost production gradually in the coming months, in anticipation of further recovery in global demand for oil. Key data today are the US' ISM Non-Manufacturing Index, a key gauge for the US' services sector.

- Data releases were limited to the US' nonfarm job data last Friday**. The US economy added a whopping 916k** jobs in March, beating expectations for a 660k increase. The unemployment rate also fell to 6%. This followed the return of normal weather after a brief period of deep freeze affected businesses and disrupted hiring.

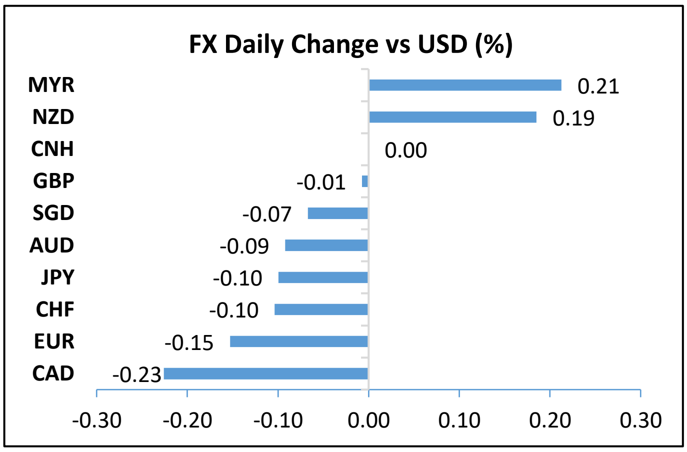
- **USD inched up slightly on Friday during the holiday period**, with DXY up 0.1% d/d. This brought DXY to a close of 93.02. We are slightly bullish on the USD for the week ahead, examining a range of 91.80-93.50. We think that elevated long-term US yields continues to support the dollar outlook. However, momentum indicators are softening, and hint at some consolidation. FOMC minutes, ISM services index and the usual weekly jobless claims data are key focus for the week ahead.

- **USD/MYR fell 0.2% to 4.1395 on Friday**. We expect a neutral MYR next week as the USD outlook, while remaining bullish, will likely turn more muted. Will go with a range of 4.13-4.17 for the week ahead.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.*	33,153.21	0.52	8.32
S&P 500*	4,019.87	1.18	7.02
FTSE 100*	6,737.30	0.35	4.28
Hang Seng*	28,938.74	1.97	6.27
KLCI	1,585.35	0.17	-2.57
STI*	3,181.68	0.52	11.88
Dollar Index	93.02	0.10	3.40
WTI oil ($/bbl)	61.45	0.00	26.65
Brent oil ($/bbl)*	64.86	2.08	25.02
Gold (S/oz)	1,726.50	0.00	-8.81
CPO (RM/tonne)	4,095.00	-0.35	8.10

** Last Price for 01 Apr 2021*



Source: Bloomberg

Overnight Economic Data

US

Up Next

Date	Events	Prior
05/04	JN Jibun Bank Japan PMI Services (Mar F)	46.5
	SI Retail Sales YoY (Feb)	-6.1%
	SI Purchasing Managers Index (Mar)	50.5
	US Markit US Services PMI (Mar F)	60.0
	US ISM Services Index (Mar)	55.3
	US Factory Orders (Feb)	2.6%
06/04	JN Labor Cash Earnings YoY (Feb)	-0.8%
	JN Household Spending YoY (Feb)	-6.1%
	SI Markit Singapore PMI (Mar)	54.9
	CH Caixin China PMI Services (Mar)	51.5
	AU RBA Cash Rate Target (06 Apr)	0.1%
	EC Sentix Investor Confidence (Apr)	5.0
	EC Unemployment Rate (Feb)	8.1%

Source: Bloomberg

Macroeconomics

Hiring surged by 916k in the US:

- The US economy added 916k jobs in March, beating a consensus estimate of 660k. Job gains in the previous two months were also revised higher by a total 156k. This was driven by the surge in hiring in the private services sector (+597k) where employment within the leisure and hospitality segment rose by 280k as pandemic-related restrictions eased in many parts of the country.
- The construction sector also recorded a surge in jobs (+110k) after the weather-related losses in the previous month. Meanwhile, the manufacturing sector continued to add 53k jobs as factory activity picked up across the country.
- The unemployment rate went down to 6.0% (Feb: 6.2%), a substantial fall from its recent high in April 2020 (14.8%), but is still 2.5 percentage points higher than its pre-pandemic level in Feb-20. The labour force also expanded slightly as the participation rate rose to 61.5%, from 61.4%).
- The average hourly earnings were down by 0.1% m/m in March (Feb: +0.3%) and translating to a yearly 4.2% increase (Feb: +5.2%); the data remained distorted as the losses in lower wage jobs since the pandemic started to push the average wages higher.

Forex

MYR (Neutral)

- USD/MYR fell 0.2% to 4.1395 on Friday. We expect a neutral MYR next week as the USD outlook, while remaining bullish, will likely turn more muted. Will go with a range of 4.13-4.17 for the week ahead.

USD (Neutral-to-Bullish Outlook over 1 Week Horizon)

- USD inched up slightly on Friday during the holiday period, with DXY up 0.1% d/d. This brought DXY to a close of 93.02. We are slightly bullish on the USD for the week ahead, examining a range of 91.80-93.50. We think that elevated long-term US yields continues to support the dollar outlook. However, momentum indicators are softening, and hint at some consolidation. FOMC minutes, ISM services index and the usual weekly jobless claims data are key focus for the week ahead.

EUR (Neutral-to-Bearish)

- EUR/USD was down by 0.15% on Friday, as news of the fresh wave Covid-19 infections in Europe continue to linger and weigh on the Euro (close of 1.1759). With lockdowns in Europe, we see the macro divergence weighing on EUR/USD for the week ahead, within a range of 1.1600-1.1900.

GBP (Neutral)

- GBP/USD was slightly stable on Friday due to quiet holiday period. Pair closed at 1.3832. We watch a range of 1.3600-1.3800 for the week ahead. GBP may stay more resilient in dollar strength, due to less accommodative stances from the BOE compared to the ECB in the near-term.

JPY (Neutral)

- USD/JPY moved slightly higher on Friday, up to a close of 110.69. We stay bearish of the yen, although with a relatively solid 111.00 on USD/JPY as the next resistance. Support at 109.20. A fresh wave of Covid-19 infections and lockdowns in Japan is also likely to dampen the yen.

AUD (Neutral-to-Bearish)

- AUD/USD came off slightly to a close of 0.7610 on Friday's close. We still anticipate some downsides for AUD. Support close to 0.7420, while resistance at 0.7730. This is weighed down by falling commodity prices from peaks, alongside rising yields and dollar strength. However, we believe that the AUD may be somewhat oversold, possibly pointing to less downside risks ahead.

SGD (Neutral-to-Bearish)

- The SGD was relatively stable on Friday. USD/SGD closed at 1.3461 after a relatively narrow range of 1.3432-1.3465. Resistance of 1.3531 looks solid for now. Support is at 1.3400 should there be some reversal. Still, the SGD should perform better than other currencies.

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