Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stock benchmarks ended on a mixed note on Monday as investors continued to rotate out of technology shares and piled into cyclical stocks spurred by a bullish recovery outlook** after the Senate passed the $1.9 trillion stimulus bill. The Dow rose by as much as 652pts to a new intraday record before pulling back to close 306pts or nearly 1.0% higher d/d. The broader S&P 500 lost 0.5%, dragged down by the tech sectors. NASDAQ fell 2.4% to correction territory. **The selloff in treasury resumed after some stabilisation last Friday.** Yields rose modestly across the curve by 1.9 to 5.5bps. 10Y UST yield last traded 2.5bps higher at 1.59%, its highest level since February last year.

- **The greenback strengthened across the board; losses were led by CHF and EUR.** The gain in the dollar index (+0.4%) extended into the fourth consecutive session. **Gold prices faltered amid stronger USD.** Futures plunged 1.2% to $1678/oz, marking its fourth day of down moves**.** **Crude oil prices retreated from recent highs** as the dollar went up, reversing some prior gains. Brent crude went as high as $71.38/barrel on Saudi's crude facility attack before settling at $68.24/barrel (-1.6%). Similarly, WTI settled 1.6% lower at $65/05/barrel. **Treasury Secretary Janet Yellen said that the $1.9 trillion stimulus bill, now being sent back to the House for approval is unlikely to cause an inflation problem, adding that there are "tools to deal with that" if it turns out to be inflationary.**

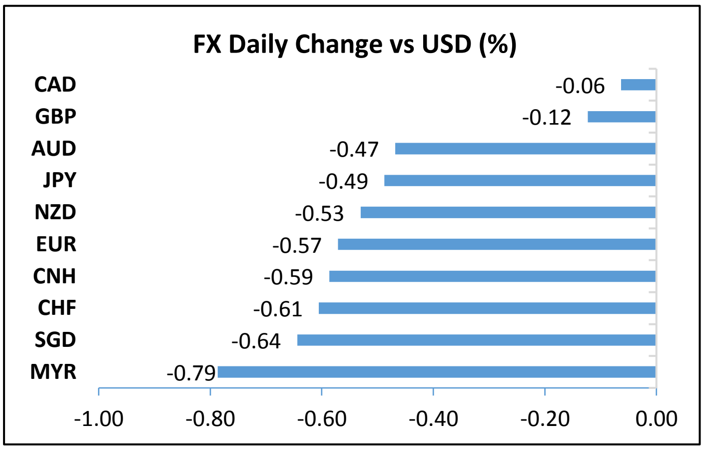
- **Dataflow was light.** Eurozone's Sentix Investor Confidence turned around to the positive reading of 5.0 in March. Japan's wages and household spending both fell amid the State of Emergency. The final GDP growth for 4Q was revised lower to 2.8% q/q.

- USD strengthened again on Monday, with DXY up by 0.37%. This brought DXY to a close of 92.31. Without Powell's reassurance the previous week, dollar should stay firm ahead of next upcoming FOMC meeting on 17 March. We have a firm **Neutral-to-Bullish view on the USD** for the week ahead, within a range of 91.00-92.50. Focus is now on CPI, PPI for clues of inflationary pressures.

- USD/MYR rallied by 0.8% to close at 4.1070 on Monday, its strongest level since mid-November last year amid broad-based USD strength. USD/MYR has breached our weekly expected range of 4.05-4.09 and the **bullish** sentiment is expected to extend into today's session after the broad USD continued to trade higher overnight. Immediate resistance at 4.12, before targeting 4.1350.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	31,802.44	0.97	3.91
S&P 500	3,821.35	-0.54	1.74
FTSE 100	6,719.13	1.34	4.00
Hang Seng	28,540.83	-1.92	4.81
KLCI	1,611.81	0.73	-0.95
STI	3,071.16	1.90	7.99
Dollar Index	92.31	0.37	2.64
WTI oil ($/bbl)	65.05	-1.57	34.07
Brent oil ($/bbl)	68.24	-1.61	31.74
Gold (S/oz)	1,678.00	-1.21	-11.27
CPO (RM/tonne)	3,922.50	0.42	3.55



Source: Bloomberg

Overnight Economic Data			
Eurozone	↑	Japan	↓

Up Next

Date	Events	Prior
09/03	AU NAB Business Confidence Index (Feb)	10.0
	JN Machine Tool Orders YoY (Feb P)	9.7%
	EC GDP SA QoQ (4Q F)	-0.6%
	US NFIB Small Business Optimism (Feb)	95.0
10/03	NZ Card Spending Retail MoM (Feb)	-0.40%
	AU Westpac Consumer Conf Index (Mar)	109.1
	CH CPI YoY (Feb)	-0.30%
	CH PPI YoY (Feb)	0.30%
	US MBA Mortgage Applications (05 Mar)	0.50%
	US CPI YoY (Feb)	1.40%

Source: Bloomberg

Macroeconomics

- ***Eurozone's investor sentiment saw sharp improvement:*** The Sentix Investor Confidence Index turned around to the positive reading of 5.0 in March, from -0.2 prior. This is better than analysts' estimate of 1.4. The upturn was driven by investors' less negative assessment of the Eurozone's current economic situation and more positive expectations. Investors expected to see further loosening of social distancing rules across the bloc as vaccination drives pick up.

- ***Japan's wages and household spending fell in January; 4Q GDP growth at 2.8%:***
  - Labour cash earnings fell 0.8% y/y in January (Dec: -3.2%), less than consensus estimate for a 1.7% decline as the fall in overtime as well as (due to the State of Emergency) bonus payment more than offset the gain in base pay.
  - A separate report showed that household spending fell more than expected by 6.1% y/y in the same month (Dec: -1.7%) as the lockdown sought to keep people at home, curtailing spending in the process.
  - Japan's 4Q GDP growth was revised lower to 2.8% q/q, from the initial estimate of 3.0%. For the full year of 2020, the economy tanked 4.8% after the meagre 0.3% growth in 2019.

Forex

MYR (Bearish)

- USD/MYR rallied by 0.8% to close at 4.1070 on Monday, its strongest level since mid-November last year amid broad-based USD strength. USD/MYR has breached our weekly expected range of 4.05-4.09 and the bullish sentiment is expected to extend into today's session after the broad USD continued to trade higher overnight. Immediate resistance at 4.12, before targeting 4.1350.

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

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EUR (Neutral-to-Bearish)

- EUR/USD closed 0.57% lower on Monday, down to a close of 1.1847 after the previous' 1.1915. EUR is likely to be adversely affected by any risk off moves. EUR should stay vulnerable for the week ahead, with next support at 1.1800 and resistance at 1.1910. Attention is on ECB meeting on 11 March and January industrial production figures.

GBP (Neutral-to-Bearish)

- GBP/USD was slightly down by 0.12% for the previous session, hitting a 1.3800 low before closing at 1.3824. This comes as BOE Governor Andrew Bailey said that risks stayed tilted on the downside, lowering expectations that BOE intents to focus on containing inflation. Momentum is biased on the downside. We see support at 1.3740 and resistance at 1.3990 for the week ahead.

JPY (Bearish)

- USD/JPY was up for the fourth consecutive session. In the process, pair hit a high of 108.94 and closed nearby. We see some scope for the yen to weaken further, after recent weaknesses to CHF. After breaching prior resistance, resistance is at 110.00 and support at 108.10 for the week ahead.

AUD (Neutral-to-Bearish)

- AUD/USD dipped for the fourth consecutive session, hitting a low of 0.7636 in the process. Risk sentiments and dollar strength stay as headwinds for the AUD near-term, after briefly hitting 0.8007 on 25 February. Support level is close to 0.76 big figure, while resistance at 0.7810.

SGD (Neutral-to-Bearish)

- USD/SGD broke the 1.35 big figure on Monday, hitting a high of 1.3515 in the process before closing at 1.3508. Momentum is biased on the upside, from dollar strength and rising yield concerns. A swift break of prior resistance levels now turns attention to the next 1.3550 resistance. Immediate support (not firm) at 1.3420.

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