

Global Markets Research

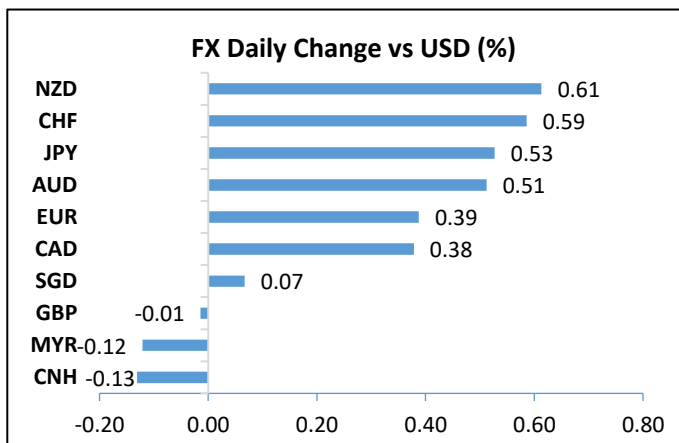
Daily Market Highlights

Key Takeaways

- **US stocks rose on Thursday** although trading volume remained lower than usual, **powered by the rally in tech shares**, leaving the S&P 500 to close at another record high. The Dow Jones picked up a modest 0.2% while NASDAQ outperformed with a 1.0% gain. Stocks were up in Europe and mixed in Asia earlier. **Fed Chair Jerome Powell spoke at an IMF discussion panel and reassured that the US economy is not facing an imminent risk of surging inflation, adding that the economic recovery remained uneven and incomplete. He said that the Fed would react if inflation expectations and prices moved up materially.**
- Treasury yields retreated by 0.4 to 7.2bps along the curve as the Fed continued to downplay inflation risk and partly a reaction to the unexpected rise in first-time jobless claims. The yield on 10Y UST fell nearly 6bps to 1.62%. **The dollar tracked movements in US yields, weakening against nearly all G10 currencies, except the GBP which was flat.** On the commodity front, gold futures rose nearly 1.0% to \$1756.8/oz amid weaker USD. Crude oil prices consolidated from recent gains. Brent crude was little changed at \$63.20/barrel while WTI was down slightly (-0.3%) to \$59.60/barrel.
- **The US' initial jobless claims rose 16k to 744k last week, leaving the 4-week moving average to snap an 8-week declining streak.** Eurozone's producer prices inflation eased to 0.5% m/m in February. Hong Kong's private sector PMI stayed above 50 in March, a positive sign of stabilisation, while Australia's services PMI rose by nearly 3pts further up the expansionary level.
- Dollar weakened on Thursday's session. DXY fell by 0.43%, now just above 92 big figure. This came as the 10-year UST yields came off once again. With elevated dollar at this stage, there is some room for a softening of its current levels. We are **neutral to bearish USD** and see a range of 91.80-93.00 for the upcoming sessions.
- USD/MYR rose to a high of 4.1425 during Thursday's session before pulling back to trade at 4.1345-4.1380 for the most part of the day, in line with our neutral expectation. Pair closed at 0.1% higher at 4.1365. We are **neutral to bullish MYR** today. The retreat in USD overnight risks sending the pair back to 4.12-4.13 levels but we foresee the movements to be capped by pre-weekend caution.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	33,503.57	0.17	9.47
S&P 500	4,097.17	0.42	9.08
FTSE 100	6,942.22	0.83	7.46
Hang Seng	29,008.07	1.16	6.53
KLCI	1,602.40	0.11	-1.52
STI	3,186.40	-0.29	12.05
Dollar Index	92.06	-0.43	2.36
WTI oil (\$/bbl)	59.60	-0.28	22.84
Brent oil (\$/bbl)	63.20	0.06	22.01
Gold (\$/oz)	1,756.80	0.96	-7.30
CPO (RM/tonne)	4,215.00	0.97	11.27



Source: Bloomberg

Overnight Economic Data

US	↓	Eurozone	↓
Hong Kong	↑	Australia	↑

Up Next

Date	Events	Prior
09/04	CN CPI YoY (Mar)	-0.2%
	CN PPI YoY (Mar)	1.7%
	MA Industrial Production YoY (Feb)	1.2%
	US PPI Final Demand YoY (Mar)	2.8%
12/04	UK Industrial Production MoM (Feb)	-1.5%
	UK Visible Trade Balance GBP/Mn (Feb)	-£9826m
	UK Monthly GDP (MoM) (Feb)	-2.9%
	JP Machine Tool Orders YoY (Mar P)	36.7%
	EU Retail Sales MoM (Feb)	-5.9%

Source: Bloomberg

Macroeconomics

Unexpected increase in first-time jobless claims:

- Initial jobless claims in the US unexpectedly rose by 16k to 744k for the week ended 3 April (prior: 728k), marking its second week of increase. Analysts had expected first-time claims to be lower at 680k. Uneven opening processes across the US may have impacted the headline reading as New York and California are yet to fully open. The data came as most leading indicators point to a robust growth in the US, spurred by the lifting of restrictions across the country as well as a fresh stimulus boost from the Federal Government. The four-week moving average snapped an 8-week falling trend to increase slightly higher (723k vs 721.25k).

Eurozone's producer prices inflation eased in February:

- The Eurozone's producer prices inflation eased to 0.5% m/m in February, from the steeper 1.7% gain prior. Prices of energy, capital goods and durable consumer goods recorded smaller increases. The annual PPI rate jumped to 1.5% y/y (Jan: +0.4%) thanks to favourably low base.

Hong Kong's PMI stayed above 50:

- Hong Kong's Markit PMI moved higher to 50.5 in March, from 50.2 in February, marking its second consecutive month above 50. IHS Markit said that the expansionary readings indicate that the Hong Kong's private sector will soon be able to break the cycle of downturns that has afflicted companies over the past three years.

Australia's services PMI surged in March:

- Australia's AiG Performance of Services Index jumped to 58.7 in March, from 55.8 in February, joining a series of strong economic indicators that point to robust recovery in Australia amid a successful containment of the pandemic.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR rose to a high of 4.1425 during Thursday's session before pulling back to trade at 4.1345-4.1380 for the most part of the day, in line with our neutral expectation. Pair closed at 0.1% higher at 4.1365. The retreat in USD overnight risks sending the pair back to 4.12-4.13 levels but we foresee the movements to be capped by pre-weekend caution.

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

- Dollar weakened on Thursday's session. DXY fell by 0.43%, now just above 92 big figure. This came as the 10-year UST yields came off once again. With elevated dollar at this stage, there is some room for a softening of its current levels. We see a range of 91.80-93.00 for the upcoming sessions.

EUR (Neutral-to-Bullish)

- EUR/USD rose by 0.39% the previous session to end the day firmly above the 1.1900 big figure, at 1.1914. Focus now turns to 1.2000 psychological big figure for resistance. Gains may be capped by Europe's rising Covid-19 cases and lockdowns.

GBP (Neutral-to-Bearish)

- GBP/USD was firm, closing at 1.3735 after an intraday range of 1.3719-1.3783. A break of 1.3780 support now shifts focus to the 1.3670 low (25 March) as next support. Resistance at 1.3830.

JPY (Neutral-to-Bullish)

- USD/JPY came off further on Thursday, down by 0.53% after hitting a low of 109.00. We now see some room of downsides after prior stretched levels. Support at 108.50 while resistance at 109.90, after moves away from previous ranges. A fresh wave of Covid-19 infections and lockdowns in Japan may limit yen gains.

AUD (Neutral)

- AUD/USD was up by 0.51% in the previous session, closing at 0.7653 in the process. A softer dollar may place some emphasis on 0.77-and-above levels. Support close to 0.7600, while resistance at 0.7730.

SGD (Neutral-to-Bullish)

- USD/SGD was flat on Thursday's session staying around the 1.3400 big figure after an intraday range of 1.3404-1.3419. We see some SGD resilience ahead of MAS meeting on 14 April. With SGD resilience, focus is on support at 1.3370 before attention shifts to the 1.33 big figure. Resistance now firming around 1.3470.

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