

Global Markets Research

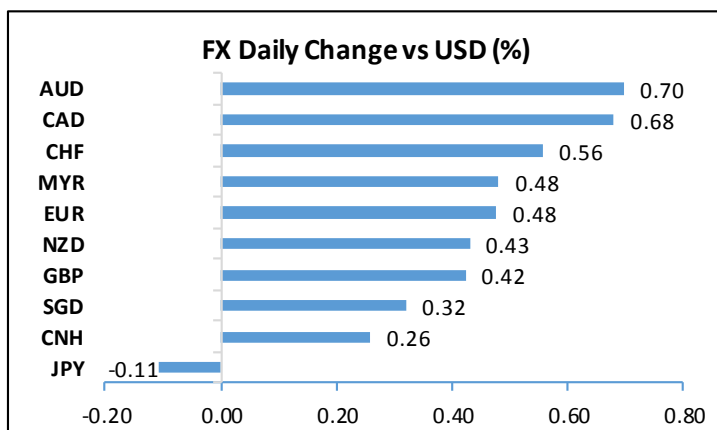
Daily Market Highlights

Key Takeaways

- US stock rallied overnight, boosted by the renewed interests in tech shares following the passage of the Covid-19 stimulus package at Congress and over the positive job data.** This morning, President Biden had signed the \$1.9 trillion bill into law, marking his first legislative victory. The Dow Jones picked up 188pts or 0.6% in another record setting session while the S&P 500 gained over 1% to an all-time high. The tech-heavy NASDAQ index jumped by more than 2.5% after the marginal decline prior.
- The bond market continued to stabilise as the front-end yields fell slightly lower while the longer-dated bond yields picked up following a solid auction of \$24b 30Y treasuries.** The 10Y UST yield was up by 2bps to 1.54%. The greenback weakened for the third session while gold futures were down marginally to \$1719.9/oz. Crude oil rallied by around 2.5% as the market turned risk-on. Brent crude is back above \$69/barrel while WTI settled at \$66.02/barrel.
- The ECB maintained its €1.85 trillion envelope of the pandemic emergency purchase programme (PEPP) but said that it would frontload the bond purchases under the program for the coming months in a bid to stem rising bond yields.** The key ECB interest rates were all left unchanged as expected. The central bank continues to observe weakness in the euro area economy, citing the pandemic and its related containment measures. In the US, initial jobless claims fell by 42k to 712k last week, extending its downtrend. New Zealand's Manufacturing PMI slipped to 53.4 in February, from 58.0 prior, suggesting slower growth.
- DXY registered its third consecutive bearish day to fall below 91.50.** This came as demand for risks assets increased on Thursday, weighing on the US dollar. We still see some possible USD resilience for the week ahead, within a range of 91.00-92.50. We maintain our neutral to bullish stance on the currency, although positive sentiments may weigh on USD to some extent.
- USD/MYR snapped a five-day winning streak, shedding 0.5% to close at 4.1065** amid the broad-based retreat in USD. The benign CPI reading has returned some semblance of calm to markets, with bond yields stabilising across the curve. We are neutral and bearish on USD/MYR today, expecting further down moves in USD/MYR with a range of 4.08-4.13 as the dollar pulled back further overnight; pre-weekend caution may cap on downside.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	32,485.59	0.58	6.14
S&P 500	3,939.34	1.04	4.88
FTSE 100	6,736.96	0.17	4.28
Hang Seng	29,385.61	1.65	7.91
KLCI	1,629.41	-0.64	0.14
STI	3,106.01	0.85	9.22
Dollar Index	91.42	-0.44	1.65
WTI oil (\$/bbl)	66.02	2.45	36.07
Brent oil (\$/bbl)	69.63	2.55	34.42
Gold (\$/oz)	1,722.60	0.05	-9.17
CPO (RM/tonne)	4,025.00	0.04	6.26



Source: Bloomberg

Overnight Economic Data

US  NZ 

Up Next

Date	Events	Prior
12/03	MA Industrial Production YoY (Jan)	1.70%
	UK Industrial Production MoM (Jan)	0.20%
	UK Visible Trade Balance GBP/Mn (Jan)	-£14315m
	UK Monthly GDP (MoM) (Jan)	1.20%
	EC Industrial Production SA MoM (Jan)	-1.60%
	US PPI Final Demand YoY (Feb)	1.70%
15/03	US U. of Mich. Sentiment (Mar P)	76.8
	NZ Performance Services Index (Feb)	47.9
	JN Core Machine Orders MoM (Jan)	5.20%
	CH Industrial Production YTD YoY (Feb)	--
	CH Fixed Assets Ex Rural YTD YoY (Feb)	--
	CH Retail Sales YTD YoY (Feb)	--
	US Empire Manufacturing (Mar)	12.1

Source: Bloomberg

Macroeconomics

- **ECB to front load bond purchases under unchanged bond program:**
 - The ECB monetary policy unchanged- the key ECB interest rates were kept at their respective levels; the same goes to the €1.85 trillion envelope of the pandemic emergency purchase programme (PEPP).
 - However it added yesterday that it would ramp up the bond purchases under the PEPP program where purchases “over the next quarter to be conducted at a significantly higher pace than during the first months of this year”, in a bid to counter rising bond yields.
 - It reiterated that the envelope need not be used in full and said that it can be recalibrated if required.
 - It continues to observe continued economic weakness in the first quarter of 2021 driven by the pandemic and related containment measures and expects real GDP to contract again in the first quarter.
 - “The risks surrounding the euro area growth outlook over the medium term have become more balanced, although downside risks remain in the near term”.
 - The ECB expects headline inflation to increase in the coming months but some volatility is expected.
- **New filings for unemployment benefits at 712k last week:** Initial jobless claims fell by 42k to 712k for the week ended 05 March, its lowest level since early November, from the revised 754k in the previous week. Although still higher than the pre-pandemic levels, the downward trend in new jobless claims in recent weeks suggest that job growth is gathering momentum with fewer businesses laying off workers as the number of new Covid-19 cases fell and vaccination rate quickened.
- **New Zealand’s manufacturing PMI weakened:** New Zealand’s Performance of Manufacturing Index slipped to 53.4 in February, from 58.0 prior, indicating a slower rate of manufacturing growth last month. However the production sub-index remained strong. Notably the employment indicator was down to below 50 level.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR snapped a five-day winning streak, shedding 0.5% to close at 4.1065 amid the broad-based retreat in USD. The benign CPI reading has returned some semblance of calm to markets, with bond yields stabilising across the curve. We are neutral and bearish on USD/MYR today, expecting further down moves in USD/MYR with a range of 4.08-4.13 as the dollar pulled back further overnight; pre-weekend caution may cap on downside.

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

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EUR (Neutral-to-Bearish)

- EUR/USD peaked at 1.1990, its highest for the week, and came down slightly to close the Thursday trading session. We maintain our neutral to bearish stance on the pair. ECB pledged to ramp up bond buying in coming weeks, following their monetary policy meeting on Thursday. A break above 1.2000 is possible with positive sentiments, while support is at 1.1860.

GBP (Neutral)

- GBP/USD rose through the 1.3900s to close just below the 1.4000 level on Thursday amid US dollar weakness. The pair steadily gained 0.4%, outperforming other G10 currencies. Focus may turn to UK fundamentals with the release of key data today including January MoM GDP growth. We see support at 1.3840 and resistance at 1.4070 (should 1.40 big figure be broken).

JPY (Neutral-to-Bearish)

- JPY underperformed amid risk on moves, with USD/JPY closing around 108.50. Focus on today is the country will publish the Q1 BSI Large Manufacturing Conditions Index. Resistance is at 109.20 and support at 108.00.

AUD (Neutral)

- AUD/USD rose to an intraday high of 0.7794 on Thursday to close out the session at the 0.7790 region. The steady vaccination rollout in Australia may boost sentiments, but the downsides can stem from fresh fears from the AstraZeneca shots. The Australian government has shown some readiness to boost the domestic aviation industry. Support level is close to 0.76 big figure, while resistance at 0.7810.

SGD (Neutral)

- USD/SGD traded mostly downwards on Thursday, reaching an intraday low of 1.3391, and closed the session close by. Dollar volatility may remain a factor in USD/SGD movements. After moving below 1.34 big figure, we now see a range of 1.3340-1.3480.

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