Global Markets Research
Daily Market Highlights

Key Takeaways

- **US stocks extended rally on Friday, propelled by demand for tech shares.** Notably, the S&P 500 (+0.8%) saw another record-setting session, marking its 20th record in 2021. The Dow gained 0.9% while NASDAQ picked up 0.5%. For the week, the Dow rose nearly 2.0%; the S&P 500 gained 2.7% while NASDAQ outperformed at +3.1%. **The White House released the outline of its $1.52 trillion budget request for 2022;** marking President Biden's third effort to seek for huge federal funds as part of his wider "Build Back Better" plan to improve American lives.

- **Investors sold treasuries as stocks rallied, leaving yields 1-4 bps higher.** The yield on the 10Y benchmark UST edged up to 1.66% (+4bps). On the commodity front, gold futures fell 0.8% to $1743.3/oz. The bullion picked up nearly 1.0% w/w in an indecisive week. **Crude oil benchmarks declined on Friday,** bringing the weekly losses to 3.0-3.5% as concerns over future demand arose. Brent crude settled at $62.95/barrel on Friday while WTI at $59.32/barrel. In an interview aired on Sunday, **Fed Chair Jerome Powell said that the US economy was at an 'inflection point" and is poised for stronger growth and hiring. Futures showed that Asian markets look set to open on a stronger start this morning.**

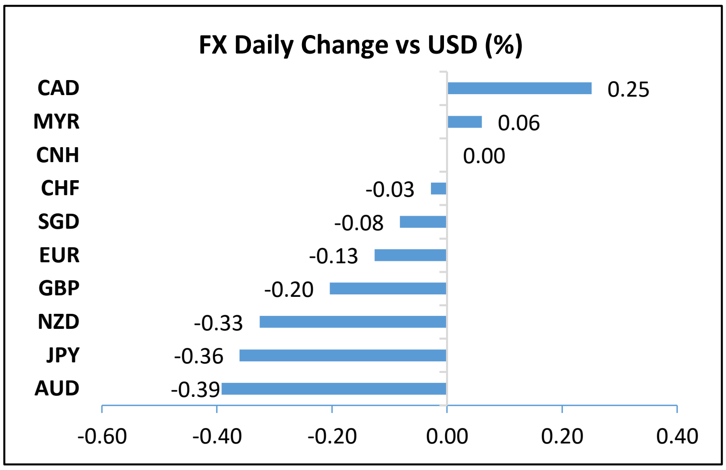
- **US' producer prices inflation jumped** 4.2% y/y in March, partly a result of the low base from last year. The m/m price gain was also higher at +0.5%. **China's consumer inflation rebounded** and rose 0.4% y/y in March while PPI quickened to 4.4% y/y. **Malaysia's industrial Production Index (IPI) registered sustained growth** of 1.5% y/y in February **but wholesale & retail sales contracted** by 0.9% y/y albeit at a smaller pace.

- Dollar strengthened on Friday, with DXY up by 0.11%. DXY reached a close of 92.16 after a 92.41 high. This comes as Powell said that the economy is poised for stronger growth, yet with Covid-19 remaining a threat. We are **neutral-to-bearish on the USD** for the week ahead, examining a range of 91.00-92.50. Data focus is on PPI, CPI, industrial production and retail sales data, among others.

- USD/MYR closed on a flat note on Friday at 4.1340, bringing the week-on-week change to -0.1%, its second consecutive week in the red. We are **neutral to slightly bearish** on USD/MYR this week. The pair looks poised for further down move now that bearishness has picked up, potentially breaking the 4.12 big figure. 4.1180 serves as a major support whilst immediate resistance sits at 4.1400. Risk to our view will be renewed USD strength after recent consolidation, which could cap trading in a 4.12-4.1450 range should it materialize.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	33,800.60	0.89	10.44
S&P 500	4,128.80	0.77	9.92
FTSE 100	6,915.75	-0.38	7.05
Hang Seng	28,698.80	-1.07	5.39
KLCI	1,612.25	0.61	-0.92
STI	3,184.54	-0.06	11.98
Dollar Index	92.16	0.11	2.52
WTI oil ($/bbl)	59.32	-0.47	22.26
Brent oil ($/bbl)	62.95	-0.40	22.07
Gold (S/oz)	1,743.30	-0.77	-8.14
CPO (RM/tonne)	4,245.00	0.57	12.06



Source: Bloomberg

Overnight Economic Data			
US	↑	China	↑
Malaysia	→		

Up Next

Date	Events	Prior
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%
13/04	NZ Card Spending Retail MoM (Mar)	-2.5%
	AU NAB Business Confidence (Mar)	16.0
	EU ZEW Survey Expectations (Apr)	74.0
	US NFIB Small Business Optimism (Mar)	95.8
	US CPI YoY (Mar)	1.7%
	CN Exports YoY (Mar)	18.1%

Source: Bloomberg

Macroeconomics

US producer prices jumped in March on low base:

- Producer prices for final demand surged 1.0% m/m in March (Feb: +0.5%) as prices of goods and services both jumped following the lifting of social distancing restrictions across the country. The annual print also beat expectations, coming in at 4.2% y/y (Feb: +2.8%), its largest increase since Sep-11, partly inflated by low base effect. PPI inflation in the same month last year was at a mere 0.3% y/y before plunging in April when the pandemic first hit the US. Similarly, the core reading jumped 3.1% y/y (Feb: +2.5%).

China's inflationary pressures picked up in March:

- China's CPI inflation rose 0.4% y/y in March, above expectations of 0.3% and from previous month's -0.2%. Transport and communications were the main driver (2.7% y/y from -1.9%), thanks to higher energy prices. Non-food inflation is now 0.7% from -0.2% prior, as food inflation fell further (-0.7% vs. -0.2%)
- Meanwhile, PPI climbed to 4.4% y/y in March from 1.7% prior, highlighting recently elevated input prices
- This marked its highest print in more than two years and was reflective of higher oil, copper and agricultural prices. This is expected to support the manufacturing sector and industrial profits. Outlook is for more near-term increases before some stabilisation in 2H 2021. The result may be supportive of steeper yield curves, in line with recent market concerns.

Moderate output gains vs lower retail sales in Malaysia:

- Industrial Production Index (IPI) registered sustained growth of 1.5% y/y in February (Jan: +1.2% y/y), below ours as well as consensus estimate. Production fell 6.4% m/m due to the festive season as well as a shorter working month in February. The slightly quicker growth was solely underpinned by the manufacturing sector (+4.5% vs +3.5% y/y) which has been expanding for the 9th consecutive month, thanks to quicker growth in export-oriented sectors.
- Overall wholesale & retail sales contracted for the 5th straight month in February, albeit at a smaller pace of 0.9% y/y in February (Jan: -2.6% y/y), as festive spending as well as gradual relaxation that allows the opening of more business sectors provided some support.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR closed on a flat note on Friday at 4.1340, bringing the week-on-week change to -0.1%, its second consecutive week in the red. We are neutral to slightly bearish on USD/MYR this week. The pair looks poised for further down move now that bearishness has picked up, potentially breaking the 4.12 big figure. 4.1180 serves as a major support whilst immediate resistance sits at 4.1400. Risk to our view will be renewed USD strength after recent consolidation, which could cap trading in a 4.12-4.1450 range should it materialise.

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

- Dollar strengthened on Friday, with DXY up by 0.11%. DXY reached a close of 92.16 after a 92.41 high. This comes as Powell said that the economy is poised for stronger growth, yet with Covid-19 remaining a threat. We are ***Neutral-to-Bearish*** on the USD for the week ahead, examining a range of 91.00-92.50. Data focus is on PPI, CPI, industrial production and retail sales data, among others.

EUR (Neutral-to-Bullish)

- EUR/UD was slightly down by 0.13% on Friday, to a close of 1.1899. This came as the dollar strengthened. We see slight upsides for the EUR, within a range of 1.1790-1.2000. Watch retail sales, industrial production and CPI for the week ahead.

GBP (Neutral)

- GBP/USD continued to come off, down by 0.2% on Friday to close the week at 1.3707. We see some range trading with a projected range of 1.3600-1.3770 for the week ahead. This is likely on some possible stabilisation after some zealous selling.

JPY (Neutral-to-Bullish)

- USD/JPY rebounded and gave back prior losses. Pair reached a high of 109.96, closing at 109.67. Still, we maintain view for some pullbacks. After USD/JPY moved higher by around 7-8 big figures in 1Q, there is some room for near-term partial retreats. Watch 108.40 support, with resistance at 109.70. Data focus is on Japan's March PPI on the 12th.

AUD (Neutral)

- AUD/UD gave back prior gains, down by 0.39% on Friday. This brought pair down to a close of 0.7623 after prior session's 0.7653. For the week ahead, we see the pair within a range of 0.7550-0.7670. Stabilising commodity prices may dampen any possible AUD/USD rally even if the dollar softens further. The focus for the week ahead is on consumer inflation expectations and employment data, both out of the 15th.

SGD (Neutral-to-Bullish)

- USD/SGD was flat again on Friday's session, with a narrow 1.3391-1.3427 intraday range. For the week ahead, we are slightly Bullish for the SGD. Main swing factor is the MAS policy decision and 1Q GDP on 14 April, which markets and ourselves expect no changes to policy stance. A bullish MAS stance in the statement, may trigger more upsides for the SGD. We watch support of 1.3370 before focusing on 1.3300. Resistance at 1.3460.

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