

Global Markets Research

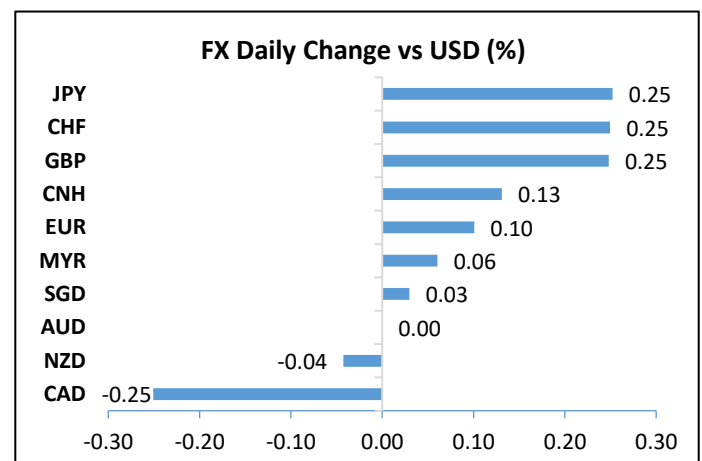
Daily Market Highlights

Key Takeaways

- US stocks retreated** from last week's rally as investors kicked off the week on a cautious note **ahead of the releases of banks' corporate earnings, inflation data as well as government bond auctions.** The Dow Jones fell 0.2% while the S&P 500 was flat (-0.02%); NASDAQ lost 0.4%. **Stocks had fallen in Europe and Asia earlier** as risk-off sentiments took over Monday's trading sessions. Bloomberg reported that the **US Treasury Department will not name China as a currency manipulator** in the semi-annual foreign exchange report due this week. **The US' budget deficit widened to a record high of \$1.7 trillion in the first half of the fiscal year (YTD to March),** compared to just -\$743.4b in the same period last year after the federal government injected a third round of fiscal stimulus into the economy in March.
- UST yields climbed modestly** on Monday by 0.4 to 1.8bps. The yield on the benchmark 10Y UST was little changed (+0.7bps) at 1.67% after the treasury's auction of \$38b 10Y notes attracted a steady demand (BTC at 2.36). **The dollar index closed the session on a flat note** (-0.03%) at 92.14 as the USD strength faded against most G10 currencies. On the commodity front, **gold futures extended decline** to Monday, shedding 0.7% to \$1731.2/oz. **Crude oil prices rebounded** by 0.5-0.6%, from last week's losses. Brent crude settled at \$63.28/barrel. **Stock futures point to muted openings in Asia this morning.** **The US CPI, UK monthly GDP and China's trade report are in focus today.**
- Economic data were all positive.** Eurozone's retail sales recovered and grew 3.0% m/m in February, after the sharper decline in the prior month, reflecting a broad-based rebound across the euro area. Japan's PPI (+0.8% m/m) and machine tools orders (+21.1% m/m) picked up in March. New Zealand's retail card spending posted its first gain (+0.9% m/m) in six months.
- The USD slightly retreated on 12 April's session overall. DXY hit a low of 92.01 from previous closing of 92.16, but recovered to 92.14 at close. This came alongside some market fears as US stocks started the week on a cautious footing. We foresee some **range movements with a slight downside bias**, within a range of 91.00 to 92.50. Data focus on CPI for the day.
- USD/MYR traded on a neutral note on Monday (-0.06%), closing at 4.1315. We expect a similarly **neutral** trend for today's session as investors brace themselves for event risks (US auctions, data and corporate earnings). This should limit the trading range at 4.12-4.1450.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	33,745.40	-0.16	10.26
S&P 500	4,127.99	-0.02	9.90
FTSE 100	6,889.12	-0.39	6.63
Hang Seng	28,453.28	-0.86	4.49
KLCI	1,608.42	-0.24	-1.15
STI	3,173.93	-0.33	11.61
Dollar Index	92.14	-0.03	2.45
WTI oil (\$/bbl)	59.70	0.64	23.04
Brent oil (\$/bbl)	63.28	0.52	22.16
Gold (\$/oz)	1,731.20	-0.69	-8.65
CPO (RM/tonne)	4,250.00	0.15	12.20



Source: Bloomberg

Overnight Economic Data

Eurozone	↑	Japan	↑
NZ	↑		

Up Next

Date	Events	Prior
13/04	UK Industrial Production MoM (Feb)	-1.5%
	UK Visible Trade Balance GBP/Mn (Feb)	£9826m
	UK Monthly GDP (MoM) (Feb)	-2.9%
	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%
14/04	CN Exports YoY (Mar)	18.1%
	JN Core Machine Orders MoM (Feb)	-4.5%
	SI GDP YoY (1Q A)	-2.4%
	NZ RBNZ Official Cash Rate (14 Apr)	0.25%
	EC Industrial Production SA MoM (Feb)	0.8%
	US Import Price Index YoY (Mar)	3.0%

Source: Bloomberg

Macroeconomics

Eurozone's retail sales rebounded in February:

- Retail sales in the Eurozone beat expectations to increase 3.0% m/m in February, recovering partially from the 5.2% m/m decline in January. This reflects the broad-based rebound in retail sales across the euro area as a number of governments eased the Covid-19 restrictions, although France and Portugal continued to see further decline in sales.
- Sales were mainly lifted by automotive fuel (+3.7% m/m) when prices of energy jumped in February, as well as non-food products (+6.8%). On a yearly basis, retail sales were 2.9% y/y lower (Jan: -5.2%) compared to the same month last year before most of the continent was put into lockdowns.

Japan's PPI, machine tool orders picked up in March, positive signs for economic recovery:

- Japan's producer prices index accelerated by 0.8% m/m in March (Feb: +0.6%), a sign that prices pressure is picking up in the goods producing sector. On a yearly basis, PPI jumped by 1.0% y/y, doubled the consensus estimate (Feb: -0.6%), inflated by last year's low base. Prices had started to fall in March 2020 and collapsed in April onwards when the government declared a National Emergency. We expect the annual PPI rate to be further boosted this month but are wary of a full transmission to the consumers' end.
- Meanwhile, machine tools orders recorded a double-digit growth for the second month by 21.1% m/m in March (Feb: +19.1%), supported by strong domestic and foreign orders. Y/y, orders posted a phenomenal 65% gain (Feb: +36.7%), also a result of low base effect.

New Zealand's retail card spending posted first gain in six months:

- New Zealand's retail card spending rebounded by 0.9% m/m in March, after the 2.5% decline prior. This marks its first gain in six months since September last year. This highlights the cautious spending behaviour among New Zealanders despite the country's success in containing the pandemic.
- The tourism sector remained closed to international foreigners, thus affecting the overall services sector's businesses and employees, which explains the weak spending trend. On a yearly basis, retail card spending rose 2.0% y/y (Feb: -3.2%).

Forex

MYR (Neutral)

- USD/MYR traded on a neutral note on Monday (-0.06%), closing at 4.1315. We expect a similar trend for today's session as investors brace themselves for event risks (auctions, data and corporate earnings). This should limit the trading range at 4.12-4.1450.

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

- The USD slightly retreated on 12 April's session overall. DXY hit a low of 92.01 from previous closing of 92.16, but recovered to 92.14 at close. This came alongside some market fears as US stocks started the week on a cautious footing. We foresee some range movements with a slight downside bias, within a range of 91.00 to 92.50. Data focus on CPI for the day.

EUR (Neutral-to-Bullish)

- EUR/USD took back some previous losses on Monday's session, up by a slight 0.1%. Pair closed above 1.19 big figure, at 1.1911 in the process. This comes as retail sales staged a relatively stronger than expected rebound for February. We anticipate only slight upsides for the pair, within a range of 1.1790 to 1.2000.

GBP (Neutral-to-Bullish)

- GBP/USD touched an intraday high of 1.3777 but came off thereafter to close at 1.3741. This still meant a small 0.25% gain after previous session's loss. The break of prior resistance sees us turning slightly biased on the upside, within a range. We see range trading between 1.3670-1.3825 for the week ahead.

JPY (Neutral-to-Bullish)

- USD/JPY was moving on an offered tone on Monday. Pair hit a low of 109.25 in the process. However, Tuesday open sees a bid tone to about 109.50 at last look. This comes as PPI was stronger than expected in March. We see slight downsides for the pair within a range, in the absence of momentum. Watch 109.00 support and 109.96 resistance.

AUD (Neutral)

- AUD/USD stayed relatively range bound on Monday's session within a range of 0.7595 to 0.7636. Pair was slightly dipping on Tuesday open. We stay neutral given lack of any strong movements on commodity prices. At the same time, pair is vulnerable to market concerns. Watch a range of 0.7588-0.7660.

SGD (Neutral-to-Bullish)

- USD/SGD touched a high of 1.3433 on Monday, but came off to close at 1.3411 (near 1.3401 low). With MAS decision looming, expect range movements for now before onus to test some downsides. A bullish MAS stance on Wednesday may trigger more downsides for USD/SGD. Hence, support at 1.3370 may be tested before 1.3300. Some profit taking may see pair test resistance of 1.3460.

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