

Global Markets Research

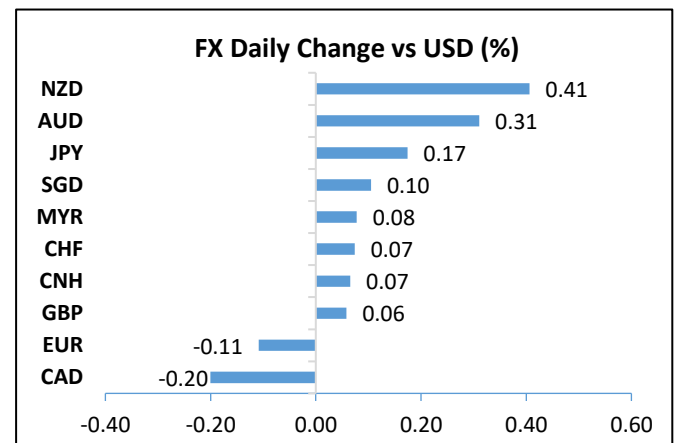
Daily Market Highlights

Key Takeaways

- US stocks rallied on Thursday, lifted by upbeat bank earnings and economic data that further confirm the economy's robust recovery progress.** Citigroup and Bank of America reported better-than-expected 1Q earnings, adding to the excellent results by JP Morgan, Goldman Sachs and Wells Fargo in the previous day. **Retail sales jumped nearly 10% while initial jobless claims fell to fresh pandemic low.** The Dow Jones crossed 34,000 for the first time, closing 0.9% higher while the S&P 500 and NASDAQ gained more than 1.0%. Tech and healthcare shares led the gains with UnitedHealth posting stronger 1Q results. Financials declined amid lower yields. **Yields fell across the board despite the strong economic data as markets have priced in the vigorous rebound.** The renewed demand for bonds pushed the yield on the benchmark 10Y UST down by 5.6bps, to 1.58%, leaving a steeper 2s10s curve.
- Gold prices rallied as the dollar weakened.** Futures rebounded by 1.8% to \$1765.4/oz. **Crude oil prices extended recent gains by around 0.5%** where Brent was seen settling at \$66.94/barrel. Stock futures pointed to higher openings in Asia. **Focus now shifts to China's 1Q GDP report. Markets continued to anticipate the release of the US Treasury Department's Foreign Exchange Report.** The Biden Administration announced a series of tougher sanctions on Russia in a move to punish Russian interference in the US' 2020 elections. The measures include banning US financial institutions from trading in newly issued Russian debts, sparking a selloff in Russian bonds.
- Latest bag of economic indicators weas all positive.** Initial jobless claims in the US fell to a fresh pandemic-era low of 576k last week. Retail sales surged 9.8% m/m and industrial productions recovered by 1.4% m/m in March. Regional manufacturing gauges suggest that the recovery may extend into April. Meanwhile, the NAHB homebuilding sentiment was slightly higher in April. Australia's March job report beat expectation and New Zealand's manufacturing PMI hit record high.
- The USD stayed around previous levels overall on Thursday, recovering after some intraday losses. DXY touched a low of 91.49 but recovered to 91.67 at close. Sentiment was buoyant, while dollar weakness was helped by lower yields. Data was also strong. We maintain the view that the DXY will present a **slightly bearish** bias, within a range of 91.00-92.50.
- USD/MYR ended only slightly lower at 4.1235. We are neutral to bearish on USD/MYR today amid mixed USD performance; though the pair may break 4.12 support amid renewed dollar bearishness. Cautious sentiment ahead of the weekend may cap the pair within 4.11-4.13.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	34,035.99	0.90	11.21
S&P 500	4,170.42	1.11	11.03
FTSE 100	6,983.50	0.63	8.10
Hang Seng	28,793.14	-0.37	5.74
KLCI	1,608.25	0.62	-1.17
STI	3,184.77	0.17	11.99
Dollar Index	91.67	-0.02	1.93
WTI oil (\$/bbl)	63.46	0.49	30.79
Brent oil (\$/bbl)	66.94	0.54	29.23
Gold (\$/oz)	1,765.40	1.76	-6.84
CPO (RM/tonne)	4,155.00	-0.98	9.69



Source: Bloomberg

Overnight Economic Data

US	↑	AU	↑
NZ	↑		

Up Next

Date	Events	Prior
16/04	SI Non-oil Domestic Exports YoY (Mar)	4.2%
	CN GDP YoY (1Q)	6.5%
	CN Fixed Assets Ex Rural YTD YoY (Mar)	35.0%
	CN Retail Sales YoY (Mar)	NA
	CN Industrial Production YoY (Mar)	NA
	EC Trade Balance SA (Feb)	24.2b
	EC CPI YoY (Mar F)	0.9%
	US Building Permits MoM (Mar)	-8.8%
	US Housing Starts MoM (Mar)	-10.3%
	US U. of Mich. Sentiment (Apr P)	84.9
19/04	NZ Performance Services Index (Mar)	49.1
	UK Rightmove House Prices YoY (Apr)	2.7%
	JP Exports YoY (Mar)	-4.5%
	JP Industrial Production MoM (Feb F)	-2.1%

Source: Bloomberg

Macroeconomics

US' first-time jobless claims fell to new pandemic low; retail sales jumped 9.8%:

- Initial jobless claims in the US dropped to a fresh low in the pandemic era. First-time claims for unemployment insurance amounted to 576k for the week ended 10 April after an unexpected increase in the prior week (769k revised). This is way lower than Bloomberg's consensus estimates of 700k and further confirmed that the job market revival is picking up speed.
- Adding to the good news was the 9.8% m/m surge in the US' March retail sales (Feb: -2.7%) as the Federal Government's \$1400 stimulus checks boosted household spending. The loosening of social distancing restrictions also encouraged spending at brick-and-mortar stores with all retail (store) categories posting robust growth. Online sales rebounded as well.

Modest rebound in US' industrial production:

- Industrial productions rose 1.4% m/m in March, partially recovering from the downwardly revised 2.6% decline in February. This was supported by the rebound in manufacturing (+2.7% vs -3.7% prior) as well as mining output (+5.7% vs -5.6% prior). The supply chain constraint and higher input cost may have capped the upside potentials of manufacturing output. Utilities, meanwhile, fell sharply (-11.4% vs +9.2%) following the weather-related jump in February.
- In separate releases, the New York Fed's Empire State Manufacturing Index jumped to 26.3 in April (Mar: 17.4) while the Philadelphia Fed's manufacturing gauge also improved to 50.2 in the same month (Mar: 44.5). Both reading offered reassurance that factory activity growth extended to this month.

Slight improvement in the US' homebuilding sentiment

- The NAHB Housing Market Index was slightly higher at 83 in April (Mar: 82), indicating a small improvement in homebuilder sentiment in the US. Builders continued to expect better single-family sales at present but turned less upbeat over future sales. This suggests that the homebuilding sector may stay resilient in the face of higher construction costs, outweighed by the solid housing demand.

Australia's job report implies a solid labour market:

- The Australian economy added 70.7k jobs in March (Feb: +88.7k), marking its sixth consecutive months of job gains following the successful containment of the pandemic since September. The increase in March's employment was mainly contributed by the rise in part-time jobs (+91.5k) as full-time jobs were down by 20.8k after a five-month gaining streak.
- The unemployment rate fell to 5.6% in the same month (Feb: 5.8%), better than consensus estimate of 5.7%. The participation rate was also higher at 66.3% (Feb: 66.1%) as labour supply expanded.

New Zealand's manufacturing PMI at all-time high:

- The BusinessNZ Manufacturing PMI rose sharply to a record high of 63.6 in March, from 54.2 prior. The steep climb in the factory activity gauge was driven by higher demand alongside more buoyant construction activity as well as movement toward domestic sourcing.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR ended only slightly lower at 4.1235. We are neutral to bearish on USD/MYR today amid mixed USD performance; though the pair may break 4.12 support amid renewed dollar bearishness. Cautious sentiment ahead of the weekend may cap the pair within 4.11-4.13.

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

- The USD stayed around previous levels overall on Thursday, recovering after some intraday losses. DXY touched a low of 91.49 but recovered to 91.67 at close. Sentiment was buoyant, while dollar weakness was helped by lower yields. Data was also strong. We maintain the view that the DXY will present a slightly bearish bias, within a range of 91.00-92.50.

EUR (Neutral-to-Bullish)

- EUR/USD was down by 0.11% on Thursday, after 3 consecutive days of gains. Pair closed at 1.1967 after closing onto a high of 1.1993. We see further tests of the 1.2000 resistance, towards a range of 1.1900-1.2100. Attention shifts to the ECB meeting on 22 April, for updated economic views and policy stances.

GBP (Neutral-to-Bullish)

- GBP/USD crept up on Thursday, closing at 1.3787 after an intraday high of 1.3809. Gains were fairly muted alongside 4 consecutive days of rising levels. This came as attention was focused on recent loosening of Covid-19 restrictions, alongside previous GBP outperformance which may weigh on future performances. A break away of 1.3825 resistance will likely shift attention to 1.3900 big figure. Support hardening around the 1.3710 level.

JPY (Neutral-to-Bullish)

- USD/JPY dipped for the fourth consecutive session. Pair was down to 108.76 from 108.93 previous session. Attention has been on Japan's Covid-19 situation, with virus measures likely to be extended to areas around Tokyo. We see support at 108.40 and resistance at 109.70.

AUD (Neutral-to-Bullish)

- Despite a 0.31% gain in AUD/USD, levels appeared to be stretched late during the session when the pair was stabilising around 0.7750 levels. This came as oil prices stayed elevated around USD 63-67/bbl. The break of prior resistance now shifts focus towards some further upsides, within a range of 0.7650 to 0.7830.

SGD (Neutral-to-Bullish)

- USD/SGD registered modest downsides on Thursday, with pair seeing some attrition around the 1.3350 level. China's data releases may boost Asian currencies (including the SGD), if it shows signs of strength. We watch 1.3300 support, and resistance of 1.3430.

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