Global Markets Research

Daily Market Highlights

Key Takeaways

- **The Dow Jones and the S&P 500 hit fresh records** while the tech-heavy NASDAQ edged up 0.1%. Consumer discretionary, healthcare and financials led Friday's gains. Week-on-week, all three benchmarks rose more than 1.0% as **the strong start to the 1Q's earnings season coupled with upbeat economic data spurred demand for US equities** last week. **Data fresh out of China also showed that the world's second largest economy is on track for a strong year,** affirming views of a synchronised 2021 global recovery. The bond market stabilised on Friday after the recent fall in yields. Yields were little changed across the curve with the 10s seen edging up less than 0.5bps to 1.58% on Friday but clinched a week-on-week decline of 8bps. The USD largely weakened against its G10 counterparts.

- **Gold prices continued to benefit from the dollar weakness**. Futures rose 0.8% on Friday to $1780/oz. It also saw its strongest weekly gain (+2.1%) since mid-December last year. **Crude oil prices consolidated gains** at the end of the week, Brent crude closed 0.3% lower at $66.77/barrel after four straight daily increases. The benchmark was 6.1% higher compared to the previous week. **Stock futures pointed to higher openings in Japan and Hong Kong this morning. Focus shifts to the release of more corporate earnings in the US.**

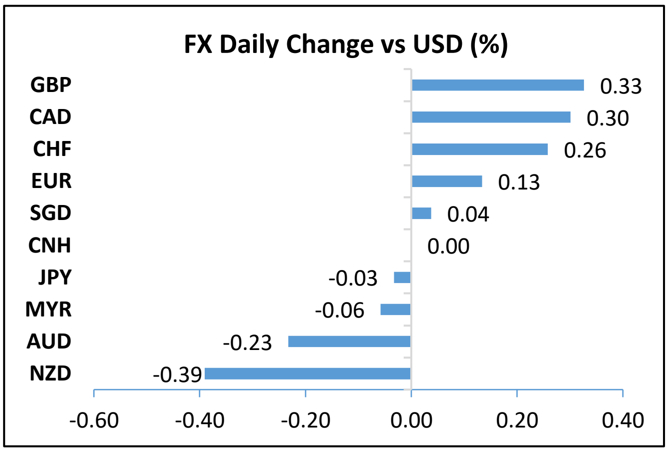
- **In the US,** constructions resumed in March leading the **housing starts and building permits to record stronger than expected gains** of 19.4% m/m and 2.7% m/m respectively. **The Eurozone's annual HICP inflation accelerated** to 1.3% y/y in March. Its international trade surplus shrank to €18.4b. **China's first quarter GDP growth came in generally within expectations of 18.3% y/y** and the rest of its key indicators were also inflated by low base effect.

- The USD was down for the fifth consecutive session on Friday. DXY came off to close at 91.56 at the end of the week, after an intraday range of 91.49-91.81. We still see **slight downside** movements for the dollar, with yields a main determining factor. For the week ahead, data focus is on Markit PMIs for April, after extremely high levels in March (59.1 to 60.4). Markets are continuing to track earnings results.

- USD/MYR ended on a flat note on Friday at 4.1255 and clinched its third successive week-on-week loss of 0.2% after a mixed trading week. We maintain a **neutral to slightly bearish outlook on USD/MYR,** amid expectation of continued slight bearishness in USD outlook. We eye a range of 4.1150-4.1350 in the week ahead.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	34,200.67	0.48	11.74
S&P 500	4,185.47	0.36	11.43
FTSE 100	7,019.53	0.52	8.65
Hang Seng	28,969.71	0.61	6.38
KLCI	1,608.38	0.01	-1.16
STI	3,201.76	0.53	12.59
Dollar Index	91.56	-0.13	1.84
WTI oil ($/bbl)	63.13	-0.52	30.11
Brent oil ($/bbl)	66.77	-0.25	37.28
Gold (S/oz)	1,780.20	0.76	-6.42
CPO (RM/tonne)	4,163.00	0.04	9.90



Source: Bloomberg

Overnight Economic Data			
US	↑	EU	↑
CN	↑		

Up Next

Date	Events	Prior
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%
20/04	CN 1-Year Loan Prime Rate (20 Apr)	3.85%
	AU RBA Minutes of April Policy Meeting ()	
	UK Jobless Claims Change (Mar)	86.6k
	UK ILO Unemployment Rate 3Mths (Feb)	5.0%
	UK Employment Change 3M/3M (Feb)	-147k

Source: Bloomberg

Macroeconomics

US' homebuilding rebounded in March; consumer sentiment turned stronger:

- Housing starts in the US staged a strong rebound of 19.4% m/m in March following the 11.3% decline in February. The reading was better than the consensus estimate of 13.5% gain. Building permits, a gauge for future housing starts, also beat expectations to increase 2.7% m/m (Feb: -8.8%). Constructions resumed in March after the adverse weather conditions in certain parts of the US had disrupted homebuilding activities.
- In a preliminary report, the University of Michigan Consumer Sentiment Index improved to its best reading in a year at 86.5 in early April (Mar: 84.9) as consumers reported "reported surging economic growth and strong job gains due to record stimulus spending, low interest rates, and the positive impact of vaccinations".

Eurozone's headline CPI accelerated in March:

- The Eurozone's HICP inflation accelerated to 0.9% m/m in March (Feb: +0.2%). The annual rate of inflation was also much higher at 1.3% y/y in March (Feb: +0.9%) driven by higher energy and services inflation. However, the core reading was down to 0.9% y/y (Feb: +1.1%) because of the weaker gain in non-energy industrial goods.
- The international trade surplus shrank to €18.4b in February (Jan: €28.7b), reflecting the 2.5% m/m decrease in exports and the 3.4% m/m gain in imports. According to the Eurostat, the recovery in imports from the UK following the end of the Brexit transition period was more pronounced with an increase of nearly 60% compared to the partial recovery of 13% in exports to the UK.

China's first quarter GDP growth came in within expectation ranges:

- China's 1Q GDP and March data indicators were buoyed by base effects. GDP expanded by 18.3% y/y in 1Q, from 6.5% in 4Q-2020. However, growth compared to the previous quarter was more modest, at 0.6% q/q.
- Retail sales surprised (34.2% y/y in March) on the upside. In contrast, industrial production fell below expectations (14.1% y/y). Fixed asset investments grew by 25.6% y/y in 1Q (from 35% in January-February), which translates to a 6.8% y/y increase in March. In our view, China is exhibiting strong consumer spending in March. Improving labour market fundamentals are also supportive of this in the coming months.

Forex

MYR (Neutral-to-Bullish)

- Meanwhile, USD/MYR ended on a flat note on Friday at 4.1255 and clinched its third successive week-on-week loss of 0.2% after a mixed trading week. We maintain a neutral to slightly bearish outlook on USD/MYR, amid expectation of continued slight bearishness in USD outlook. We eye a range of 4.1150-4.1350 in the week ahead.

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

- The USD was down for the fifth consecutive session on Friday. DXY came off to close at 91.56 at the end of the week, after an intraday range of 91.49-91.81. We still see slight downside movements for the dollar, with yields a main determining factor. For the week ahead, data focus is on Markit PMIs for April, after extremely high levels in March (59.1 to 60.4). Markets are continuing to track earnings results.

EUR (Neutral-to-Bullish)

- EUR/USD was up by 0.13% on Friday, to a close of 1.1983. Focus is now on surpassing the 1.2000 big figure after several days of close brushes. Momentum is limited at overbought technicals. The European Central Bank's monetary policy decision on 22 April may be interesting for market watchers. At the same time, markets will be interested to find out whether Markit Services PMI improves to positive territory, from 49.6 a month ago. Watch resistance at 1.2100 and support at 1.1900.

GBP (Neutral-to-Bullish)

- GBP/USD recovered by 0.33% on the previous session, closing at 1.3832. Some gains are possible after being at oversold territory, although momentum is limited. CPI and retail sales data will be likely interesting for trend watchers. Watch resistance at 1.3900 and support at 1.3710.

JPY (Neutral-to-Bullish)

- USD/JPY was up by 0.03% on Friday to close 108.80, with the yen underperforming other G10 currencies' rise against the dollar. Trade and inflation data the pick of a number of data releases for the coming sessions. Watch support of 108.40 and resistance of 109.70.

AUD (Neutral-to-Bullish)

- AUD/USD was down by 0.23%, closing at 0.7734 after a 0.7724 low. This meant that AUD underperformed other currencies' rally against the softer dollar. Some consolidation or gains against the dollar is possible for the coming week. For Australia, RBA releases April minutes on 20 April, followed by retail sales and Markit PMIs later the week. Range of 0.7650 – 0.7830 for the week ahead.

SGD (Neutral-to-Bullish)

- USD/SGD was relatively stable for the previous session, with pair closing at 1.3341 for the week. Momentum is on the downside, even as USD/SGD looks slightly oversold. For the week ahead, eyes will likely be on CPI data, after recent increases in numbers. Watch 1.3300 support as a precursor towards 1.3250, while resistance at 1.3460.

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