

Global Markets Research

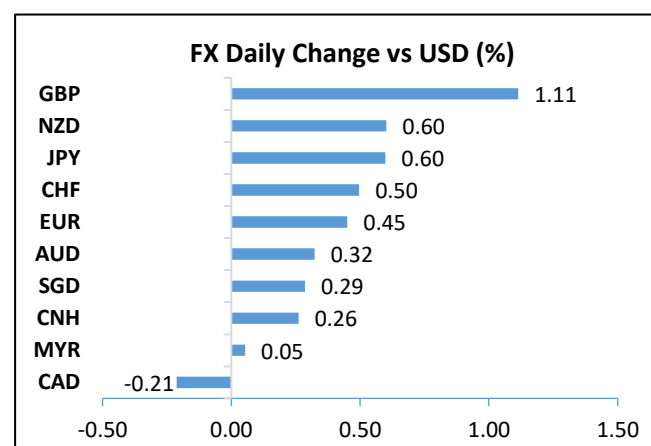
Daily Market Highlights

Key Takeaways

- US stocks retreated** from last Friday's record highs as investors kicked off the week **on a cautious note ahead of multiple corporate earnings reports**. The Dow Jones pulled back by 0.4% and the S&P 500 fell 0.5% on Monday after closing at all-time-highs last week. NASDAQ shed nearly 1.0% as tech shares led the broad-based sell-down across the stock markets. Despite lower equities, the **UST curve bear steepened**. The yield on the benchmark 10Y UST rose 2.5bps to 1.61%. The 30s gained 3.1bps to nearly 2.3%. Yields at the front end were steady.
- Gold futures retreated** 0.5% to \$1770.60/oz amid profit taking even as the dollar weakened. **Crude oil prices rebounded** by around 0.4%. Brent crude settled at \$67.05/barrel, its strongest level since mid-March. WTI closed at \$63.38/barrel. Key earnings reports in the US include those of Johnson & Johnson's, Procter & Gamble's and Lockheed Martin's. Apple's first product unveiling of the year could also be a potential driver in tech shares. In Asia, **futures indicate that stocks are set to open lower in Hong Kong and Japan later this morning**. **Bank Indonesia is expected to keep its benchmark policy rate at 3.5% today**. Other key events include **China's latest decision on its loan-prime rate and Australia's RBA meeting minutes**. The UK's February job report is due this afternoon.
- House prices in the UK surged** over 2.0% m/m to an **all-time high in April**, according to the Rightmove House Price Index. **Japan's March exports racked up an astounding 16.1% y/y increase** partly because of a lower base from last year. Imports rose 5.7% y/y. **Industrial production was still 2.0% lower** in February compared to the same period last year. **New Zealand's services PMI returned to expansionary level** after dwelling below 50 for four months.
- The USD weakened on Monday, as DXY fell by 0.53% to a close of 91.07. This came despite a rebound in US 10-year yields above 1.60%. We still see **slight downside movements for the dollar**, with yields a main determining factor. Data focus is on Markit PMIs for April, after extremely high levels in March (59.1 to 60.4). After crashing past prior support levels of 91.50, next to eye is 90.40.
- USD/MYR saw another flattish session on Monday, closing little changed at 4.1235. 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 this week.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	34,077.63	-0.36	11.34
S&P 500	4,163.26	-0.53	10.84
FTSE 100	7,000.08	-0.28	8.35
Hang Seng	29,106.15	0.47	6.89
KLCI	1,600.29	-0.50	-1.65
STI	3,209.72	0.25	12.87
Dollar Index	91.07	-0.53	1.26
WTI oil (\$/bbl)	63.38	0.40	30.63
Brent oil (\$/bbl)	67.05	0.42	38.39
Gold (\$/oz)	1,770.60	-0.54	-6.80
CPO (RM/tonne)	4,189.50	0.64	10.60



Source: Bloomberg

Overnight Economic Data

UK	JP
NZ	

Up Next

Date	Events	Prior
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%
21/04	UK Employment Change 3M/3M (Feb)	-147k
	NZ CPI YoY (1Q)	1.4%
	AU Westpac Leading Index MoM (Mar)	0.01%
	AU Retail Sales MoM (Mar P)	-0.8%
	UK CPI YoY (Mar)	0.4%
	US MBA Mortgage Applications (16 Apr)	-3.7%

Source: Bloomberg

Macroeconomics

UK's house prices surged in April:

- The Rightmove House Price Index edged up by 2.1% m/m in April (Mar: +0.8%) to a new all-time high of £327,797, following two months of sub-1% gain. Surging demand amid the pandemic alongside a tight supply market boosted house prices in the UK just as the government announced a mortgage guarantee scheme in March's budget. The index recorded a sharper 5.1% y/y increase (Mar: +2.7%), its biggest change in four months.

Japan's exports rebounded in March; industrial production declined in February:

- March's exports racked up an astounding 16.1% y/y increase (Feb: -4.5%), its largest gain in more than three years, reflective of the favourably low base from last year when exports began to plunge at the onset of the global pandemic. Month-on-month, exports increase 4.3%, rebounding from the 4.8% decline prior as global demand gradually picked up.
- Import growth extended in March at 5.7% y/y (Feb: +11.8%). However, on a month-on-month basis, imports snapped a three-month gaining streak at -0.7% m/m (Feb: +5.1%).
- In a separate report, industrial production fell 1.3% m/m in February (Jan: +3.1%), less than the initially estimated decline of 2.1% m/m. Compared to the same month last year, output was still 2.0% y/y lower (Jan: -5.3%), its 17th consecutive negative reading.

New Zealand's services sector returned to expansionary level:

- New Zealand's ANZ Performance of Services PMI returned to expansionary level after registering sub-50 reading for four consecutive months. At 52.4 in March, it was a nearly 3-point increase from 49.7 in February. The recovery was driven by stronger sales/activity and new orders gauges while inventory and deliveries were still contractionary.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR saw another flattish session on Monday, closing little changed at 4.1235. 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 this week.

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

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EUR (Neutral-to-Bullish)

- EUR/USD climbed above the 1.2000 after several attempts the past 3 sessions. Pair closed at 1.2037 after being 0.45% d/d higher. The rally leads us to watch resistance at 1.2100 and support at 1.1900. Momentum may be limited at overbought technicals. ECB 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.

GBP (Neutral-to-Bullish)

- GBP/USD outperformed after post-Easter slump, up by a 1.11% and touched a high of 1.3993. 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. The break of 1.3900 now shifts attention to 1.4080 after imminent tests of 1.4000. Support at 1.3820.

JPY (Neutral-to-Bullish)

- USD/JPY came off further, touching 108.01 low and overall down by 0.60%. The break of 108.70 support now shifts attention towards a range of 106.90 to 108.20. Japan's trade surplus widened in March after a depressed February. Trade and inflation data are the pick of a number of data releases for the coming sessions.

AUD (Neutral-to-Bullish)

- AUD/USD gained on Monday's session, up by 0.32%. This brought the pair towards a close of 0.7759 after a high of 0.7785. After RBA minutes, eyes will be on retail sales and Markit PMIs. Range of 0.7650 – 0.7830 for the coming days.

SGD (Neutral-to-Bullish)

- USD/SGD is now hitting 1.3300 support, touching a low of 1.3299 on Monday. SGD underperformed other currencies rally though, after broad USD weakness on Monday. Eyes are on CPI data on Friday. Watch 1.3250 support next, with resistance now a lower 1.3360.

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