Global Markets Research
Daily Market Highlights

Key Takeaways

- **US stocks extended declines on Tuesday despite a slew of solid corporate earnings.** The Dow Jones pulled back further by 0.8% and the S&P 500 retreated 0.7% from last week's record high levels. NASDAQ shed 0.9%. The selloff was led by tech, financials and consumer discretionary shares as the **upbeat economic optimism lost its lustre amid some renewed concerns for rising Covid-19 cases worldwide and the potential delay in vaccine rollout** as well as the mixed assessments for US companies' growth prospects especially after streaming giant Netflix reported slower subscriber growth. **The European Union had called for Johnson & Johnson to state a warning that its vaccines may lead to rare possible side effects of blood clots. Stocks were sold off in Europe.**

- Treasury yields fell by 0.8 to 4.6bps thanks to safe havens bidding. The yield on 10Y UST fell 4.6bps to 1.56%, down from 1.61% prior. **The dollar snapped a six-day losing streak with a modest upturn, boosted by the renewed demand for safer assets.** Similarly, gold futures gained 0.4% to $1778.4/oz on safe havens demand while crude oil prices faltered. Brent crude closed at $66.57/barrel (-0.7%) and WTI settled much lower at $62.44/barrel (-1.5%). **Bank of Canada's policy decision is due today and it is expected to taper its bond buying but maintain the benchmark policy rate. Stocks in Japan and Hong Kong are expected to track the US' selloff** as futures pointed lower.

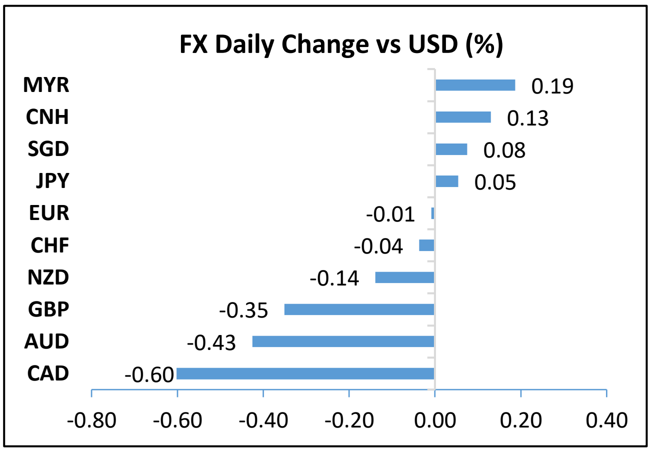
- **Unemployment rate in the UK fell to 4.9%** in the three months of February alongside a smaller decline in the 3M average job changes, suggesting that a stabilising job market. **New Zealand's CPI inflation** (+1.5% y/y) met expectation by **accelerating modestly in 1Q. China maintained its 1Y loan prime rate at 3.85% as expected. Bank Indonesia left its 7D reverse repo at 3.5% as expected** but cut its 2021 growth outlook to 4.1-5.1% (from 4.3-5.3% previously). **RBA's minutes was a non-event as it offered little surprises.**

- The USD broke 6 sessions of weakness, with the DXY up by 0.2% to a 91.24 close. 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 support to eye is 90.40.

- USD/MYR closed 0.2% lower at 4.1160 on Tuesday. We turned **neutral on USD/MYR** amid a shift to risk-off sentiment as the USD rebounded against most major currencies. We continue to eye a range of 4.1150-4.1350.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	33,821.30	-0.75	10.50
S&P 500	4,134.94	-0.68	10.09
FTSE 100	6,859.87	-2.00	6.18
Hang Seng	29,135.73	0.10	6.99
KLCI	1,607.57	0.45	-1.21
STI	3,192.17	-0.55	12.25
Dollar Index	91.24	0.19	1.45
WTI oil ($/bbl)	62.44	-1.48	28.69
Brent oil ($/bbl)	66.57	-0.72	37.40
Gold (S/oz)	1,778.40	0.44	-6.38
CPO (RM/tonne)	4,170.00	-0.47	10.08



Source: Bloomberg

Overnight Economic Data

UK	↑	NZ	↑

Up Next

Date	Events	Prior
21/04	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%
22/04	MA Foreign Reserves (15 Apr)	$108.6b
	HK Unemployment Rate SA (Mar)	7.2%
	EC ECB Deposit Facility Rate (22 Apr)	-0.5%
	US Chicago Fed Nat Activity Index (Mar)	-1.09
	US Initial Jobless Claims (17 Apr)	--
	US Leading Index (Mar)	0.2%
	EC Consumer Confidence (Apr A)	-10.8
	US Existing Home Sales MoM (Mar)	-6.6%
	US Kansas City Fed Manf. Activity (Apr)	26.0

Source: Bloomberg

Macroeconomics

UK's labour market stabilised in February in anticipation for further recovery:

- The UK's unemployment rate fell to 4.9% in the three months to February, from 5.0% prior despite ongoing national lockdown during that period, an early signal that the labour market is stabilising, although it remained well supported by the furlough scheme.
- The average three-month job losses also fell to 73k, from -147k in the previous period as some firms started to hire again.
- The number of vacancies increased by 17k to 607k in the Jan-Mar period (data are one month in advance than employment related readings), although still 22.7% lower compared to the same period last year before the pandemic.

New Zealand's inflation rose modestly in 1Q:

- CPI inflation accelerated to 0.8% q/q in the first quarter of 2021 (4Q: +0.5%), matching the consensus estimate. This reflects the rise in transport (+3.9%), rentals (+1%), homeownership (+1.2%), food (+0.6%) as well as alcoholic beverages & tobacco (+1.6). The annual CPI rate also came within expectation at 1.5% y/y (4Q: +1.4%). The modest increase in prices reduces the pressure for the RBNZ to cut rates further. It has expected inflation to trend upwards to the top of its 1-3% target range this year.

RBA's meeting minutes offered no surprise:

- In the latest meeting minutes, RBA officials observed that the rollout of Covid-19 vaccines was supporting global economic recovery although they noted that the path ahead remained uneven, "there were better prospects for a sustained recovery".
- The economic recovery in Australia was well under way and had been stronger than previously expected. Despite that, "wage and price pressures had remained subdued and were expected to remain so for several years". It said it would monitor the trends in housing borrowing and the maintenance of lending standards carefully.
- It reaffirmed its accommodative policy and commitment to the cash rate and 3-year government bond yield target at 0.1%. It continues to signal that it won't raise rates until 2024 at the earliest.

Forex

MYR (Neutral)

- USD/MYR closed 0.2% lower at 4.1160 on Tuesday. We turned neutral on USD/MYR amid a shift to risk-off sentiment as the USD rebounded against most major currencies. We continue to eye a range of 4.1150-4.1350.

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

- The USD broke 6 sessions of weakness, with the DXY up by 0.2% to a 91.24 close. 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 support to eye is 90.40.

EUR (Neutral-to-Bullish)

- EUR/USD was stable closing at 1.2036, after intraday range of 1.2023-1.2080. 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 pulled back to close 1.3937 after reaching a 1.4009 intraday high on Tuesday. Some gains are possible after being at oversold territory, although momentum is limited. CPI and retail sales data will likely be interesting for trend watchers. The break of 1.3900 now shifts attention to 1.4080 after imminent tests of 1.4000. Support at 1.3710.

JPY (Neutral-to-Bullish)

- USD/JPY was relatively range bound, closing at 108.11 after an intraday range of 107.97-108.55. Our attention is towards a range of 106.90 to 108.20. Japan's trade surplus widened in March after a depressed February. Trade and inflation data the pick of a number of data releases for the coming sessions.

AUD (Neutral-to-Bullish)

- AUD/USD gave back prior session's gains, down to a close of 0.7726. This comes as RBA maintained its policy stance in its April minutes. We eye a range of 0.7650 – 0.7830 for the coming days. Focus will shift towards PMI figures.

SGD (Neutral-to-Bullish)

- USD/SGD hit a low of 1.3260 on Tuesday, but subsequently rebounded to close at 1.3293. This was only slightly lower from around 1.33 big figure the prior session. Eyes are on CPI data on Friday. Watch 1.3250 support next, with resistance now a lower 1.3360.

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