Global Markets Research
Daily Market Highlights

Key Takeaways

- **US stocks snapped a two-day losing streak to end higher on Wednesday as investors shrugged off the recent global pandemic concerns, shifting attention back to domestic economic revival.** Gains were led by higher tech, consumer discretionary, financials and healthcare shares amid a broad-based increase across markets. The communication services shares closed lower, affected by Netflix's slower subscribers' growth which suggests that home streaming may lost its appeal as the economy reopens. The Dow Jones and S&P 500 both gained over 0.9% while NASDAQ outperformed slightly (+1.2%). **Stock benchmarks had also rebounded in Europe earlier but were mostly down in Asia. The US treasuries market stabilised** following the safe havens bidding in the previous session. Yields were flat across the curve, with changes ranging -0.6 to +0.5bps. The yield on 10Y UST closed at 1.56%. **The dollar saw mixed performances against G10 currencies. CAD led the gains as BOC said it would taper its QE program and may begin raising rates earlier.**

- Gold futures extended gains to the second session (+0.8%) to $1792.3/oz. **Oil prices tumbled after the US reported build-up in crude inventory**. Brent crude shed another 1.9% to $65.32/barrel. WTI fell 1.8% to $61.35/barrel. The Bank of Canada maintained its benchmark overnight rate at 0.25% and, expected, announced that it would scale back its asset purchase to CAD$3bil from CAD$4bil, marking its second tapering announcement. It also brought forward the time table to potentially raise rates during the second half of 2022, compared to its previous signal of raising rate in 2023. **Focus shifts to the ECB's meeting today and the US' jobless claim data.**

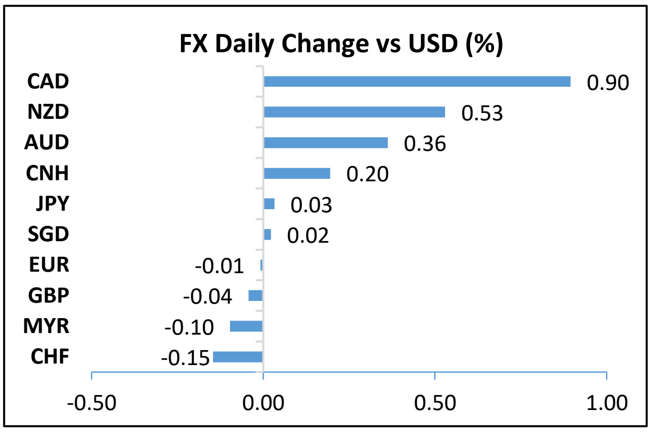
- **Economic data were limited and all came in positive.** The US' mortgage applications rebounded by 8.6% last week after declining for six weeks. CPI inflation in the UK accelerated to 0.3% m/m and 0.7% y/y in March. Australia's retail sales rose 1.4% m/m in March according to a preliminary report.

- USD weakness stayed extended for a 7th straight day, as attempt for a rebound in early US trading session to above the 91.40 level failed to sustain. The Dollar Index gapped down by about 30pips to 91.09 before closing 0.09% d/d lower at 91.16. We maintain our **slightly bearish outlook 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 having broken 90.40, the next support is seen at 90.75-91.00 region.

- MYR weakened slightly by 0.10% to 4.1200 on Wednesday. We remain **neutral on USD/MYR** as the broad USD stabilised following the temporary strength. We continue to eye a range of 4.1150-4.1350.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	34,137.31	0.93	11.54
S&P 500	4,173.42	0.93	11.11
FTSE 100	6,895.29	0.52	6.73
Hang Seng	28,621.92	-1.76	5.11
KLCI	1,596.58	-0.68	-1.88
STI	3,155.06	-1.16	10.94
Dollar Index	91.16	-0.09	1.35
WTI oil ($/bbl)	61.35	-1.75	26.44
Brent oil ($/bbl)	65.32	-1.88	26.10
Gold (S/oz)	1,792.30	0.84	-5.42
CPO (RM/tonne)	4,188.50	0.73	10.57



Source: Bloomberg

Overnight Economic Data			
US	↑	UK	↑
AU	↑		

Up Next

Date	Events	Prior
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)	576k
	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
23/04	US, EU, UK, JP Flash Markit PMIs (Apr)	
	JN Natl CPI Ex Fresh Food YoY (Mar)	-0.4%
	MA CPI YoY (Mar)	0.1%
	SI CPI YoY (Mar)	0.7%
	UK Retail Sales Inc Auto Fuel MoM (Mar)	2.1%
	HK CPI Composite YoY (Mar)	0.3%
	US New Home Sales MoM (Mar)	-18.2%

Source: Bloomberg

Macroeconomics

US' mortgage applications snapped six-week declining streak:

- Mortgage applications rebounded by 8.6% in the week ended 16 April (previous: -3.7%) after declining for six successive weeks since early March. Last week's gain was driven by both applications for home purchases (+5.7%) and refinancing (+10.4%). This comes as mortgages rates turned lower after US yields broadly fell for two straight weeks, making mortgages relatively affordable.

UK's inflation gained momentum in March:

- CPI inflation accelerated to 0.3% m/m in March, from 0.1% in February, driven by higher prices of motor fuels and clothing. Prices of garments rebounded by 1.6% m/m as the economy slowly reopened, after months of lockdowns forced retailers to put up their items at discounted prices for a prolonged period of time. The annual rate of CPI picked up to 0.7% y/y (Feb: +0.4%) while the core reading also rose to 1.1% y/y (Feb: +0.9%). CPI is set to increase further in April, partly boosted by the low base from last year when energy prices slumped at the start of the pandemic.

Australia's retail sales edged up in March:

- Retail sales in Australia rose 1.4% m/m in March (Feb: -0.8%) according to a preliminary report while the Westpac Leading also increased 0.38% m/m in the same month (Feb: +0.02%). The Australian economy looks set to be supported by the higher consumer confidence amid recovery in the job market and surging house prices.

Forex

MYR (Neutral)

- MYR weakened slightly by 0.10% to 4.1200 on Wednesday. We remain neutral on USD/MYR as the broad USD stabilised following the temporary strength. We continue to eye a range of 4.1150-4.1350.

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

- USD weakness stayed extended for a 7th straight day, as attempt for a rebound in early US trading session to above the 91.40 level failed to sustain. The Dollar Index gapped down by about 30pips to 91.09 before closing 0.09% d/d lower at 91.16. We maintain our slightly bearish outlook 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 having broken 90.40, the next support is seen at 90.75-91.00 region.

EUR (Neutral-to-Bullish)

- EUR/USD was stable and closed little changed (-0.01%) at 1.2035 ahead of ECB policy meet. The intraday range tightened to 1.1999-1.2044. Recent rally has placed 1.2100 as the next resistance with support at 1.1900. Upside momentum may be limited with the pair currently trading at near overbought level. ECB monetary policy decision on 22 April will be the next key event risk. 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 rebounded from an intraday low of 1.3886 to close slightly lower by 0.04% at 1.3931. The pair rangetraded at 1.3886-1.3950 on Wednesday as the release of CPI which came in largely within expectations, did not fuel any big swing in the sterling. Markets will watch retail sales data next. Sustained strength above 1.3900 would pave the way towards 1.4060 after imminent tests of 1.4000. Support at 1.3860.

JPY (Neutral-to-Bullish)

- USD/JPY also traded in rangebound mode mirroring moves in other majors, closing little changed at 108.08 after an intraday range of 107.88-108.28. Our attention turns to a range of 106.90 to 108.20. Markets will watch inflation data next. We see support at 107.00 after which the pair is expected to test the 106.00 handle.

AUD (Neutral-to-Bullish)

- AUD/USD closed 0.36% higher at 0.7754 following the intraday gap up to 0.7762. With some return of risk sentiments into the market today, we expect continued bullishness in the Aussie. We eye a range of 0.7700 – 0.7830 for the coming days. Focus will shift towards PMI figures.

SGD (Neutral-to-Bullish)

- USD/SGD settled flat at 1.3290 after some volatility between a range of 1.3281-1.3312 through the day. Eyes are on CPI data on Friday. Watch 1.3250 support next, with resistance now lowered to 1.3360.

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