Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stock rose overnight as positive data gave more assuring signs of economic recovery. This also helped fuel some selling of US treasuries**, ending the four-day falling streak in yields. **President Biden said he now targets to administer 200 million doses of Covid-19 vaccines by the end of April, twice his initial goal.** Gains were broad-based and led by financial and industrial shares especially after the **Fed announced several relaxations of pandemic rules for banks**. The Dow Jones closed 0.6% higher alongside the 0.5% gain in the S&P 500. NASDAQ gained modestly by 0.1%. Stock performances were mixed across Europe and Asia earlier.

- Treasury yields fell at the shorter end, but were higher at the belly and long end of the curve amid positive jobless claims data and after the Treasury's $62b sales of 7-year notes. 10Y UST yield rose 2.5bps to 1.63%. The dollar index extended gain to 92.85 (+0.4%). **The USD strengthened against all G10 currencies except the GBP**. Gold futures were down (-0.5%) to $1725.1/oz. **Crude oil benchmarks retreated sharply amid concerns of Europe's third Covid-19 waves** that have prompted governments to tighten or extend lockdown. This overshadowed the fact that the massive container ship is still stuck at the Suez Canal and risks the oil supply. WTI was down by more than 4.0% to $58.56/barrel and Brent shed 3.8% to $61.95/barrel.

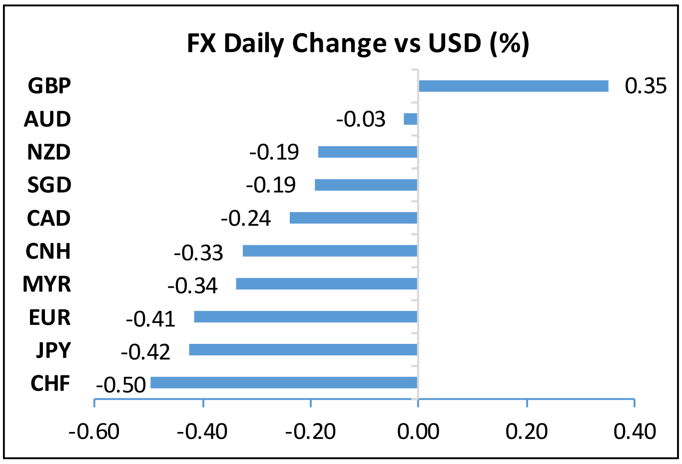
- **In the US, initial jobless claims fell below 700k for the first time since the pandemic shocked the economy a year ago.** Meanwhile the 4Q GDP growth was revised higher to 4.3% q/q. Elsewhere, Hong Kong's exports jumped more than 30% y/y on base effect. **Key data today are the UK's retail sales and the US' personal income and spending report that includes the core PCE inflation reading.**

- The dollar stretched its legs further, up to a high of 92.92 from previous close of 92.53. The 0.35% gain came from relatively broad gains against EUR and JPY. This came as markets turn positive and US data were constructive on a recovery. We turn attention towards the 93.00-93.50 range. Only a pullback to 91.80 may signal at some consolidation, else USD outlook remains **neutral to bullish** in our view.

- USD/MYR gained 0.3% to 4.1460, marking its fourth consecutive daily gain. We are still **neutral to bullish on USD/MYR** as the bullish USD sentiment persists, with the pair now targeting 4.15 today before hitting 4.1650 next.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	32,619.48	0.62	6.58
S&P 500	3,909.52	0.52	4.09
FTSE 100	6,674.83	-0.57	3.32
Hang Seng	27,899.61	-0.07	2.45
KLCI	1,597.73	-0.29	-1.81
STI	3,141.71	0.27	10.48
Dollar Index	92.85	0.35	3.24
WTI oil ($/bbl)	58.56	-4.28	20.55
Brent oil ($/bbl)	61.95	-3.82	19.59
Gold (S/oz)	1,725.10	-0.47	-8.88
CPO (RM/tonne)	4,200.00	-1.27	10.88



Source: Bloomberg

Overnight Economic Data			
US	↑	HK	↑

Up Next

Date	Events	Prior
26/03	SI Industrial Production YoY (Feb)	8.60%
	UK Retail Sales Inc Auto Fuel MoM (Feb)	-8.20%
	US Advance Goods Trade Balance (Feb)	-$83.7b
	US Personal Income (Feb)	10.00%
	US Personal Spending (Feb)	2.40%
	US PCE Core Deflator YoY (Feb)	1.50%
	US U. of Mich. Sentiment (Mar F)	83
29/03	MA Exports YoY (Feb)	6.60%
	US Dallas Fed Manf. Activity (Mar)	17.2
	VN Exports YoY (Mar)	-4.70%
	VN CPI YoY (Mar)	0.70%
	VN Retail Sales YTD YoY (Mar)	5.50%
	VN Industrial Production YoY (Mar)	-7.20%
	VN GDP YoY (1Q)	4.48%

Source: Bloomberg

Macroeconomics

US' initial jobless claims fell to lowest level in a year; 4Q GDP growth revised upwards:

- Initial jobless claims came in much better than expected at 684k for the week ended 20 March (prior: 781k), its first below-700k and thus its best reading since a year ago before the Covid-19 pandemic economic shock. Analysts had been expecting new claims to amount to 730k last week. The four-week moving average continued to fall to 736k (prior: 749k), consistent with a steady down trend, adding to signs of a robust economic recovery in the quarter ahead amid easing pandemic and fast vaccination rate.
- In a separate report, the US' 4Q annualised GDP growth was raised to 4.3% q/q, from the second estimate of 4.1%. For the full year of 2020, the economy contracted 3.5%.
- The Kansas City Fed Manufacturing Index rose to 26 in March (Feb: 24), in line with other regional manufacturing gauges that paint a strong picture of factory activity.

Hong Kong's exports rose in February:

- Hong Kong's exports surprised to the upside with a 30.4% y/y increase in February after the 44% jump in the previous month, partly inflated by the low base effect. This continues to reflect strong demand from China and the US as well as Japan amid an improvement in global demand. Imports also gained 17.6% y/y (Jan: +37.7%), slightly lower than expected though still a solid reading.

Forex

MYR (Neutral-to-Bearish)

- USD/MYR gained 0.3% to 4.1460, marking its fourth consecutive daily gain. We are still neutral to bullish on USD/MYR as the bullish USD sentiment persists, with the pair now targeting 4.15 today before hitting 4.1650 next.

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

- The dollar stretched its legs further, up to a high of 92.92 from previous close of 92.53. The 0.35% gain came from relatively broad gains against EUR and JPY. This came as markets turn positive and US data were constructive on a recovery. We turn attention towards the 93.00-93.50 range. Only a pullback to 91.80 may signal at some consolidation.

EUR (Neutral-to-Bearish)

- EUR/USD was down to a close near the low of 1.1762, after starting above the 1.18 big figure on Thursday. Pair was down by more than 0.4%, weighed down by concerns of the Covid-19 outbreak in Europe. We see downsides ahead, with revised support now at 1.1710 and resistance at 1.1900.

GBP (Neutral-to-Bearish)

- GBP/USD regained slight footing despite dollar strength, up by 0.35% d/d. This brought pair to a close of 1.3734, after a low of 1.3670. We turn our range lower, and now see resistance at 1.3600, and resistance close to 1.3800.

JPY (Neutral-to-Bearish)

- USD/JPY moved decisively higher on Thursday, up by 0.42% to a close of 109.19. The yen underperformed after some prior stabilisation. We now turn attention towards a 108.00-109.36 range. A break higher will see some resistance around 110.

AUD (Neutral-to-Bearish)

- AUD/USD was stabilising over the past session near early February lows, around the 0.76 big figure. This came despite depressed energy prices and dollar strength. We maintain our bearish bias for AUD, and anticipate a support of 0.7530 and resistance of 0.7730.

SGD (Neutral-to-Bearish)

- USD/SGD was on the upside, from dollar strength. Pair touched 1.3495 high but stopped short of 1.35 big figure. Today's IP result is unlikely to benefit SGD, as pair may remain driven by USD. We estimate support and resistance at 1.3400 and 1.3531 respectively.

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