27 April, 2021

Global Markets Research
Daily Market Highlights

Key Takeaways

- **US stocks broadly rose on Monday, led by tech and consumer discretionary shares as markets anticipated a slew of corporate earnings report and the FOMC meeting due this week.** The NASDAQ outperformed with a 0.9% gain, hitting a new high for the first time since February. The S&P 500 rebounded modestly by 0.2% to a record high as well while the Dow Jones pulled back 0.2%, weighed down by healthcare giants. **Earlier, stocks were modestly up in Europe and recorded mixed performances across Asia** amid cautious sentiment. **Treasury yields picked up a little across the curve** (+0.6 to 1.3bps) as investors held back ahead of FOMC and Friday's core PCE data. The yield on 10Y UST edged up nearly 1bps to 1.57%.

- **Gold futures rose 0.1% to $1779.2/oz amid mixed USD performance. Crude oil prices retreated** ahead of the OPEC+'s meeting this week and amid concerns that deteriorating pandemic situation in India may weigh on demand. Brent crude fell 0.7% to $65.65/barrel while WTI inched down by 0.4% to $61.91/barrel. **The BOJ is expected to maintain its monetary policy today.** Tesla's shares surged in after-market trading after the electric car maker announced upbeat earnings.

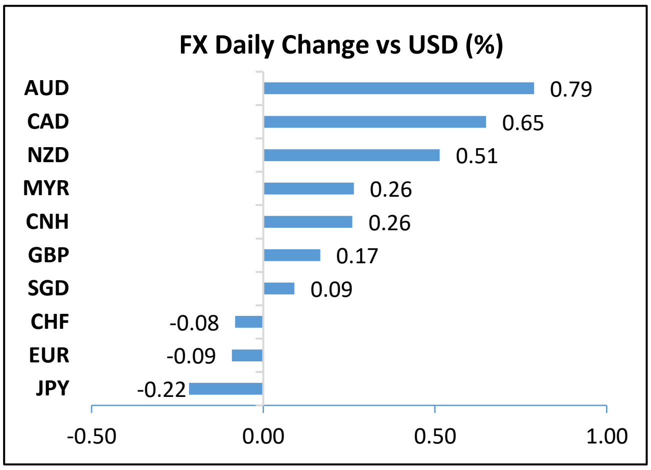
- Data were limited. **The US' durable goods orders rebounded modestly** by 0.5% m/m in March as chip shortages constrained growth. The core capital orders, a sub-category recovered prior losses and gained 0.9% m/m. Meanwhile, **Singapore's industrial production rose 7.6% y/y in March, extending from the robust growth from the previous month.**

- The USD was roughly stable on Monday, as EUR weakness balanced out advances in other currencies. DXY was down by 0.06%, closing at 90.81. Attention is shifting towards FOMC decision and key US data (e.g. GDP and core PCE) that is released later the week. We are **neutral on USD outlook** and eye weekly range of 90.40 to 92.30.

- USD/MYR closed 0.3% lower at 4.0975, breaking 4.10 support as MYR strengthened alongside its Asian counterparts. We expect **USD/MYR to stabilise today** following yesterday's down moves and ahead of the FOMC meeting but weekly outlook has turned slightly bearish after the pair breached 4.10, with support now at 4.07 in the more medium term.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	33,981.57	-0.18	11.03
S&P 500	4,187.62	0.18	11.49
FTSE 100	6,963.12	0.35	7.78
Hang Seng	28,952.83	-0.43	6.32
KLCI	1,623.47	0.94	-0.23
STI	3,204.90	0.34	12.70
Dollar Index	90.81	-0.06	0.97
WTI oil ($/bbl)	61.91	-0.37	27.60
Brent oil ($/bbl)	65.65	-0.70	26.74
Gold (S/oz)	1,779.20	0.12	-6.12
CPO (RM/tonne)	4,433.00	0.66	17.03



Source: Bloomberg

Overnight Economic Data			
US	→	SG	↑

Up Next

Date	Events	Prior
27/04	CN Industrial Profits YoY (Mar)	20.1%
	JP BOJ Policy Balance Rate	-0.1%
	HK Exports YoY (Mar)	30.4%
	US FHFA House Price Index MoM (Feb)	1.0%
	US S&P CoreLogic CS US HPI YoY NSA (Feb)	11.2%
	US Conf. Board Consumer Confidence	109.7
	US Richmond Fed Manufact. Index (Apr)	17.0
28/04	JN Retail Sales MoM (Mar)	3.10%
	AU CPI YoY (1Q)	0.90%
	MA Exports YoY (Mar)	17.60%
	US MBA Mortgage Applications (45017)	8.60%
	US Advance Goods Trade Balance (Mar)	-$86.7b

Source: Bloomberg

Macroeconomics

US' durable goods orders fell short of expectations:

- According to a preliminary report, durable goods orders in the US saw only a modest rebound of 0.5% m/m in March (Feb: -0.9%) following the weather-related decline in February. This fell short of analysts' expectation of a robust 2.3% growth as the global shortage in semiconductor chips constrained the overall sector. Core capital orders managed to recover 0.9% m/m (Feb: -0.8%) albeit still lower than expected.
- In a separate note, the Dallas Fed Manufacturing Index surged to 37.3 in April, from 28.9 in March, joining a series of regional manufacturing gauges that collectively painted a robust picture of the US' factory conditions.

Singapore industrial production remains strong on electronics demand:

- Singapore's industrial production grew 7.6% y/y in March after a 16.5% expansion a month ago. This came despite high base effects, partly from the biomedical manufacturing cluster.
- Performance stayed supported by electronics, due to the current shortages (mainly positives from semiconductors and computer peripherals & data storage). Precision engineering was also a beneficiary of strong capital investment in the global semiconductor industry. Chemicals were up by 9.5% y/y, a strong result, with petrochemicals saw a buoyant 21.7% y/y increase.

Forex

MYR (Neutral to Bullish)

- USD/MYR closed 0.3% lower at 4.0975, breaking 4.10 support as MYR strengthened alongside its Asian counterparts. We expect USD/MYR to stabilise today following yesterday's down moves and ahead of the FOMC meeting but weekly outlook has turned slightly bearish after the pair breached 4.10, with support now at 4.07 in the more medium term.

USD (Neutral Outlook over 1 Week Horizon)

- The USD was roughly stable on Monday, as EUR weakness balanced out advances in other currencies. DXY was down by 0.06%, closing at 90.81. Attention is shifting towards FOMC decision and key US data (e.g. GDP and core PCE) that is released later the week. We eye weekly range of 90.40 to 92.30.

EUR (Neutral)

- EUR/USD consolidated after prior outperformance, slightly down by 0.09% to a close of 1.2086. This came after a high of 1.2117. The Eurozone's economic recovery leads us to a slightly positive view of EUR, eyeing a range of 1.2010 to 1.2150. Momentum is on the upside but rally looks stretched. EUR may be vulnerable to a return of risk aversion.

GBP (Neutral-to-Bullish)

- GBP/USD gained a second consecutive session, with pair closing near 1.39 big figure after 1.3929 high. Technicals indicate GBP may still have some room to strengthen if USD weaken further. Still, GBP may be a casualty after prior performance, if risk aversion returns again. Support at 1.3850, with resistance at 1.4000.

JPY (Neutral-to-Bearish)

- USD/JPY underperformed among G10 currencies on Monday, up by 0.22% to a close of 108.08. JPY strength is looking stretched, even though momentum indicators are still high. Attention will be on Bank of Japan's policy decision on 27 April. Retail sales, industrial production and labour market numbers are also released on 28 April. We now turn less optimistic on the JPY, eyeing a range of 107.50 to 109.10.

AUD (Neutral-to-Bullish)

- AUD/USD gained by 0.79% on Monday, buoyed by market sentiments. This brought pair to a close of 0.7800. We see a range of 0.7700 to 0.7930 for the week ahead, after prior upward momentum. Australia's 1Q CPI is released on 28 April, and will provide information on recent inflationary pressures.

SGD (Neutral)

- USD/SGD came off slightly to close at 1.3257 for Monday. This came as industrial production expanded in March. We are anticipating a range of 1.3220 to 1.3340. Momentum is still biased on SGD strength, despite being at elevated levels. The main downside risk for SGD is if the Covid-19 escalates further, threatening lockdowns.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.hongleong.com.my