# Global Markets Research

## Daily Market Highlights

### Key Takeaways

- **US stock rallied on Friday amid continuous economic and vaccination optimism.** The main stock benchmarks all clinched more than 1.0% gain where the S&P 500 was seen outperforming (+1.7%) to close at record high. Performances were mixed on a weekly basis as both the Dow and S&P 500 picked up 1.4-1.6% whereas the early sell down in tech shares left the NASDAQ 0.6% w/w lower. Risk-on appetite fuelled the selling of US treasuries, leaving yields higher by 0.2 to 4.3bps. The benchmark UST last yielded 1.68% on Friday. The curves steepened. **The dollar weakened against all G10 currencies except the JPY (-0.4%).** On the commodity front, gold futures regained 0.4% d/d after a choppy week. **Crude oil prices rebounded by more than 4.0% as the Evergreen container ship remained stuck at the Suez Canal and risked supply disruption.**

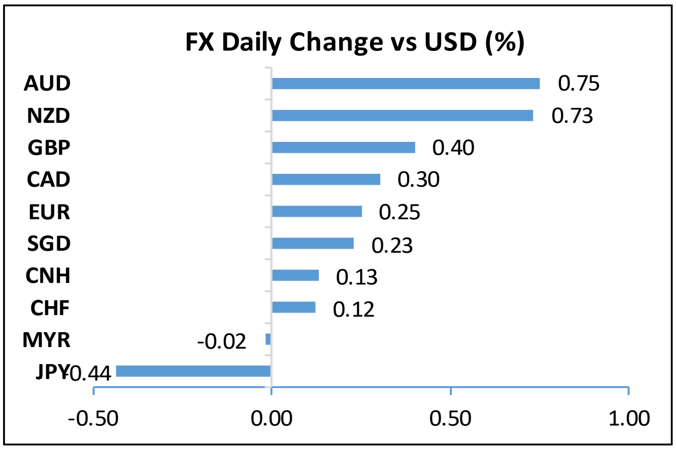
- **Personal income in the US fell 7.1% m/m in February and personal spending fell 1.0% as the effect of the $600 stimulus check waned. The core PCE inflation,** the Fed's key inflation gauge **eased to 1.4% y/y.** The University of Michigan Consumer Sentiment showed that US' consumer sentiment improved in March. Advanced goods trade deficit of the US widened to a record high $86.7b. **The UK's retail sales rebounded** to increase 2.1% m/m in February after the sharp 8.2% fall prior. **Singapore's industrial production picked up** and increased 16.4% y/y in February.

- USD was resilient at recent highs on Friday, with DXY down by a slight 0.09%. We are **Neutral-to-Bullish on the USD** for the week ahead, examining a range of 91.80-93.50. This is despite some improvements in market sentiment from Biden's raised vaccination goal. We watch ISM and non-farm payrolls data for the week.

- USD/MYR traded on a neutral note on Friday, closing at 4.1470. We continue to expect **bearishness in the MYR** in the week ahead supported by a bullish USD outlook, eyeing a range of 4.13-4.18. The pair is currently in an overbought position suggesting some consolidation is on the cards but positive momentum indicators signal there is still room for the pair to climb higher.

### Market Snapshots

| | Last Price | DoD % | YTD % |
|---|---|---|---|
| **Dow Jones Ind.** | 33,072.88 | 1.39 | 8.06 |
| **S&P 500** | 3,974.54 | 1.66 | 5.82 |
| **FTSE 100** | 6,740.59 | 0.99 | 4.34 |
| **Hang Seng** | 28,336.43 | 1.57 | 4.06 |
| **KLCI** | 1,601.42 | 0.23 | -1.58 |
| **STI** | 3,157.95 | 0.52 | 11.05 |
| **Dollar Index** | 92.77 | -0.09 | 3.14 |
| **WTI oil ($/bbl)** | 60.97 | 4.12 | 25.66 |
| **Brent oil ($/bbl)** | 64.57 | 4.23 | 24.42 |
| **Gold (S/oz)** | 1,732.30 | 0.42 | -8.69 |
| **CPO (RM/tonne)** | 4,165.00 | -0.54 | 9.95 |




*Source: Bloomberg*

| Overnight Economic Data | | | |
|---|---|---|---|
| US | → | UK | ↑ |
| SG | ↑ | | |

### Up Next

| Date | Events | Prior |
|---|---|---|
| 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% |
| 30/03 | JN Job-To-Applicant Ratio (Feb) | 1.1 |
| | JN Jobless Rate (Feb) | 2.90% |
| | JN Retail Sales MoM (Feb) | -1.70% |
| | HK Retail Sales Value YoY (Feb) | -13.60% |
| | EC Consumer Confidence (Mar F) | -10.8 |
| | EC Economic Confidence (Mar) | 93.4 |
| | US FHFA House Price Index MoM (Jan) | 1.10% |
| | US Conf. Board Consumer Confidence | 91.3 |

*Source: Bloomberg*

# Macroeconomics

**US' personal income, spending plunged in February after $600 stimulus effect wore out:**

- Personal income fell 7.1% m/m in February (Jan: +10.1%), correcting from the boost in income in January when individuals received the $600 stimulus checks from the government. Personal spending fell 1.0% m/m (Jan: +3.4%) as the effect of the stimulus check waned. Meanwhile, the core PCE inflation, the Fed's key inflation gauge eased to 1.4% y/y in February, from 1.5% prior.
- The University of Michigan Consumer Sentiment rose to 84.9 in March, from 76.8 in February as consumer sentiment continued to rise in March on the back of vaccination optimism and the receival of the $1400 stimulus check.
- In a separate report, advanced goods trade deficit of the US widened to a record high $86.7b in February (Jan: -$84.6b) thanks to sharper drop in exports (-3.8% m/m) compared to the decrease in imports (-1.4%).

**UK's retail sales recorded minor recovery:**

- The UK's retail sales rose 2.1% m/m in February after the sharp 8.2% decline in January during which a new lockdown was declared by the government. This was driven by sales of household goods and in part the items for home improvements and gardening in anticipation for a warmer weather. Online sales declined 1.6% m/m (Jan: +3.8%) after two monthly increases.

**Singapore industrial production growth stays positive in February**

- Industrial production increased by 16.4% y/y in February, up from an upwardly revised 9.2% y/y in January. This is better than the consensus forecast of 15.8% (HL Bank: 20.5%). Broad supports were noted from biomedical, electronics and precision engineering. Chemicals also saw modest growth. Transport engineering was the main drag although there is a slight drop in general manufacturing as well.

# Forex

**MYR (Neutral-to-Bearish)**

- USD/MYR traded on a neutral note on Friday, closing at 4.1470. We continue to expect bearishness in the MYR in the week ahead supported by a bullish USD outlook, eyeing a range of 4.13-4.18. The pair is currently in an overbought position suggesting some consolidation is on the cards but positive momentum indicators signal there is still room for the pair to climb higher.

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

- USD was resilient at recent highs on Friday, with DXY down by a slight 0.09%. We are ***Neutral-to-Bullish*** on the USD for the week ahead, examining a range of 91.80-93.50. This is despite some improvements in market sentiment from Biden's raised vaccination goal. We watch ISM and non-farm payrolls data for the week.

**EUR (Neutral-to-Bearish)**

- EUR/USD rebounded a little on Friday after a recent low of 1.1762, closing at 1.1794. We see EUR/USD with a bearish bias for the week, within a range of 1.1600-1.1900 Watch confidence indices on 30 March and CPI data on 31 March.

**GBP (Neutral-to-Bearish)**

- GBP/USD somewhat recovered by 0.4% on Friday, closing at 1.3789. We watch a range of 1.3600-1.3800 for the week ahead. GBP may stay more resilient in dollar strength, due to less accommodative moves from the BOE compared to the ECB in the near-term.

**JPY (Neutral-to-Bearish)**

- Yen underperformed on Friday compared to other G10 currencies. USD/JPY touched a high of 109.85, closing at 109.64. We see some scope for the yen to weaken further, with resistance at 110.00 and support at 108.50 for the week ahead. Watch Tankan data for the week.

**AUD (Neutral-to-Bearish)**

- The Aussie outperformed on Friday, with AUD/USD up by 0.75% to a close of 0.7637. We anticipate some downsides for AUD. Support close to 0.7420, while resistance at 0.7730. This is weighed down by falling commodity prices from peaks, alongside rising yields and dollar strength.

**SGD (Neutral-to-Bearish)**

- USD/SGD came off prior highs, down to a Friday close of 1.3456. Pair started the week in a bid tone. We see pair testing 1.3531 over the coming week, towards psychological resistance of 1.3600. Support is at 1.3400 should there be some reversal. Still, the SGD should perform better than other currencies.

**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