

Global Markets Research

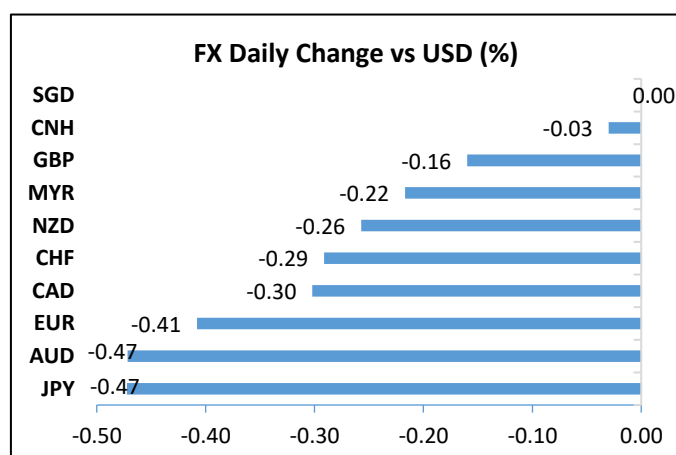
Daily Market Highlights

Key Takeaways

- **US stocks fell overnight as the 10Y UST yield touched its highest level since Jan-20.** The Dow Jones fell over 100 pts or 0.3% while the S&P 500 also lost 0.3%. NASDAQ was down by 0.1%. Tech shares came under pressure, where losses were led by Apple, Microsoft, Cisco and Intel. **Focus also remained on the growing list of banks taking hits from Archegos' forced unwind of positions.** Financial shares however broadly increased. The benchmark 10Y UST yield hit as high as 1.76% before settling at 1.71%. The 30s fell 3.6bps to 2.37%. Yields at the short-to-medium end of the curve were little changed. **The dollar strengthened against all G10 currencies.**
- On the commodity front, **gold futures fell 1.7% to below \$1700/oz.** The reversal in crude oil prices left Brent crude and WTI lower by more than 1.0%. Brent settled at \$64.14/barrel. **Stock futures point to mixed openings in Japan and Hong Kong.** Shares are expected to fall in Japan amid news that the country's biggest bank Mitsubishi UFJ is among the financial institutions having to bear losses from the Archegos' equity fire sale. **Key data releases today are China's official NBS PMIs, the UK's final 4Q GDP estimate and the US' ADP private payrolls, in addition to BNM updates on the annual economic outlook and semi-annual financial stability review.**
- Meanwhile, **US' consumer confidence soared to one-year high** in March, according to Conference Board. The S&P CoreLogic Case-Shiller National **Home Price Index** saw its **largest increase in 15 years** in January. Elsewhere, the Eurozone's economic sentiment rose nearly 8pts; Japan's industrial output retreated by over 2.0% m/m and Hong Kong's retail sales jumped 30.0% y/y, inflated by low base.
- USD strengthened on Tuesday, with DXY breaking the 93 level and touching the high of 93.35. This came as 10-year US yields touched a 14-month high. We are **Neutral-to-Bullish** on the USD for the week ahead, examining a range of 91.80-93.50. We watch ISM and non-farm payrolls data for the week.
- USD/MYR picked up 0.2% to 4.1505. We continue to expect **bearishness in the MYR** supported by a bullish USD outlook, eyeing a range of 4.13-4.18. The pair is still hovering near overbought level suggesting some consolidation remains possible. Meanwhile, positive momentum indicators signal there is still room for the pair to climb higher.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	33,066.96	-0.31	8.04
S&P 500	3,958.55	-0.32	5.39
FTSE 100	6,772.12	0.53	4.82
Hang Seng	28,577.50	0.84	4.94
KLCI	1,609.19	-0.13	-1.11
STI	3,190.89	0.48	12.20
Dollar Index	93.30	0.38	3.74
WTI oil (\$/bbl)	60.55	-1.64	24.79
Brent oil (\$/bbl)	64.14	-1.29	23.82
Gold (\$/oz)	1,683.90	-1.65	-11.24
CPO (RM/tonne)	4,005.50	-0.31	5.74



Source: Bloomberg

Overnight Economic Data

US	↑	Japan	↓
Eurozone	↑	Hong Kong	↑

Up Next

Date	Events	Prior
31/03	NZ ANZ Business Confidence (Mar F)	0.0
	CH Non-manufacturing PMI (Mar)	51.4
	CH Manufacturing PMI (Mar)	50.6
	UK Nationwide House Px NSA YoY (Mar)	6.9%
	UK GDP QoQ (4Q F)	1.0%
	EC CPI Estimate YoY (Mar)	0.9%
	US ADP Employment Change (Mar)	117k
	US MNI Chicago PMI (Mar)	59.5
	US Pending Home Sales MoM (Feb)	-2.8%
01/04	US UK EU JP CH VN MA Manuf PMIs	
	JP Tankan Survey	
	AU Trade Balance (Feb)	A\$10142m
	AU Retail Sales MoM (Feb F)	-1.1%
	US Initial Jobless Claims (27 Mar)	684k
	US Construction Spending MoM (Feb)	1.70%

Source: Bloomberg

Macroeconomics

US consumer confidence soared; house prices jumped amid limited supply:

- The Conference Board Consumer Confidence Index jumped to one-year high of 109.7 in March, from 90.4 in February. The nearly 20-point increase reflects Americans' increasing optimism surrounding vaccination, loosening of Covid restriction as well as job growth, not to mention the latest round of stimulus injection.
- The S&P CoreLogic Case-Shiller National Home Price Index rose 11.2% y/y in January (Dec: +10.4%), its fastest pace in 15 years amid the pandemic housing boom which saw buyers competing for the limited home supply in the US.
- The separately released FHFA House Price Index rose 1% m/m in January (Dec: +1.2%), marking its eighth consecutive month of 1%-and-above gain.

Eurozone's confidence levels jumped to pre-pandemic level:

- The European Commission's economic sentiment indicator rose substantially to 101.0 in March- a level last seen before the global pandemic, from 93.4 in February, reflecting optimistic consumer and services sentiments as well as a positive upturn in industrial confidence. This suggests that the extended lockdowns announced in certain countries in view of the third Covid wave were outweighed by vaccine optimism as businesses and consumers alike expect the pandemic to gradually ease in 2021.

Japan's industrial production fell in February:

- Industrial production in Japan fell 2.1% m/m in February after the large 4.3% gain in January following the extension of the State of Emergency. The earthquakes also caused some disruptions in supply chain and may have contributed to the decline as well. This translates to a 2.6% y/y decline (Jan: -5.2%)

Hong Kong's retail sales marked first positive reading since early 2019:

- Hong Kong's retail sales jumped 30.0% y/y in February (Jan: -13.7%), inflated by a favourably low base. The reading missed consensus forecast for a 44.0% gain but marked its first positive change since Jan-19, highlighting the long and hard impacts brought about by domestic political uncertainties and the pandemic on the local retail sector. The gain in February was also driven by the Lunar New Year spending spree which saw sharper increase in sales of food, alcohol & tobacco (+8.1% y/y) and clothing (+89.4% y/y). The rise in fuel sales suggest increased mobility while the fourth continuous gain in consumer durable goods offered signs of sustained consumer demand as the economy recovers further.

Forex

MYR (Neutral-to-Bearish)

- USD/MYR picked up 0.2% to 4.1505. We continue to expect bearishness in the MYR supported by a bullish USD outlook, eyeing a range of 4.13-4.18. The pair is still hovering near overbought level suggesting some consolidation remains possible. Meanwhile, positive momentum indicators signal there is still room for the pair to climb higher.

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

- USD strengthened on Tuesday, with DXY breaking the 93 level and touching the high of 93.35. This came as 10-year US yields touched a 14-month high. We are **Neutral-to-Bullish** on the USD for the week ahead, examining a range of 91.80-93.50. We watch ISM and non-farm payrolls data for the week.

EUR (Neutral-to-Bearish)

- EUR/USD continued to move in an offered tone. Pair was down to a close of 1.1717 from the previous close of 1.1765. We see EUR/USD with a bearish bias for the week, within a range of 1.1600-1.1900. Watch CPI data on 31 March.

GBP (Neutral-to-Bearish)

- GBP/USD came off further, to a close of 1.3740 after hitting a low of 1.3706. 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 stances from the BOE compared to the ECB in the near-term.

JPY (Neutral-to-Bearish)

- A significant day for USD/JPY, as it broke the 110 big figure. This was the highest since March 2020. Pair touched a high of 110.43. We stay bearish of the yen, watching 111.00 on USD/JPY as the next resistance, while support at 109.20. Tankan data will be eyed later the week.

AUD (Neutral-to-Bearish)

- Despite some initial bid tone from AUD/USD, pair moved downwards from the intraday high of 0.7664. Pair hit a low of 0.7585 in the process, before last heading northwards of the 0.76 big figure. We still 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 was flat, resilient at a 1.3476 close. Intraday range was at 1.3463-1.3494. 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.

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