

18 April 2022

Global Markets Research

Daily Market Highlights

18-Apr: Dollar rose ahead of Easter weekend

DXY rose to 100.50 amid broad-based strength against major currencies

US industrial production growth came in stronger than expected

China's PBOC cut RRR but left MLF unchanged; 1Q22 GDP growth in focus today

- US and European markets were closed for Good Friday. US stocks had last fallen on Thursday ahead of the holiday as big banks reported sharp drop in profits last week while treasury yields surged over 10bps. On Friday, Asian benchmarks generally ended lower; the Nikkei 225 fell 0.6% while the Shanghai Composite Index slipped 0.5%. Hong Kong and Singapore markets were closed as well.
- The dollar index rose further to 100.50 (+0.2%), marking its strongest level since May 2020 and scored a weekly gain of 0.7% w/w. While all G10 currencies ended lower against the USD, the further climb in DXI was mainly driven by the weakness in the SEK, JPY and EUR as CAD, GBP and CHF fell less than 0.1% d/d. Commodity currencies weakened as well amid cautious sentiment ahead of a US long weekend.
- USD/MYR rose 0.1% to 4.2355 on Friday, in line with our expectations of a stronger USD ahead of the weekend. For the week, USD/MYR picked up 0.3% w/w, marking its fourth consecutive weekly gain. We are Neutral-to-Slightly Bullish on USD/MYR next week with a weekly forecast range of 4.21-4.25 as the hawkish Fed expectations may reinforce the prevailing bullish USD sentiments. Having said that, the rebound in oil prices and the extended optimism for domestic economic rebound may still offer some support to the local unit, possibly still anchoring the pair near 4.2300 in the short term.
- China's PBOC cut the reserve requirement ratio for most banks by 25bps, versus the expectations of a 50bp cut. However, it did adjust the RRR for small banks lower by 50bps. Friday's RRR cut was the PBOC's first such move this year, releasing 530b yuan in liquidity as the central bank aims to combat the slowing economy weighed by Covid restrictions. Meanwhile, on the same day, the 1Y Medium-term Lending Facilities rate was left unchanged for the third straight time at 2.85%, when analysts had been expecting a 10bp cut.
- China's National Bureau of Statistics will report the first quarter GDP growth today, as well as the usual monthly indicators. Bloomberg consensus is predicting a 4.2% y/y growth (4Q21: +4.0%). The solid upturn in the Jan-Feb period may be partially erased by a series of localised lockdowns including the one imposed on Shanghai in mid-March.

US industrial production growth beat expectations:

- The US industrial production rose 0.9% m/m in March, outperforming the consensus forecast of 0.4%. February's output was also revised higher to show a larger increase of 0.9% m/m (from +0.5% in first estimates). March's positive reading reflects the broad-based climb in output across the manufacturing (+0.9% m/m), mining (+1.7% m/m) and utilities (+0.4%) sectors. The output of

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones*	34,451.23	-0.33
S&P 500*	4,392.59	-1.21
NASDAQ*	13,351.08	-2.14
Stoxx 600*	459.82	0.67
FTSE 100*	7,616.38	0.47
Nikkei 225	27,093.19	-0.29
Hang Seng*	21,518.08	0.67
Straits Times*	3,335.85	-0.19
KLCI 30	1,589.01	-0.42
FX		
Dollar Index	100.50	0.18
EUR/USD	1.0810	-0.17
GBP/USD	1.3060	-0.08
USD/JPY	126.46	0.46
AUD/USD	0.7395	-0.32
USD/CNH	6.3815	-0.13
USD/MYR	4.2355	0.12
USD/SGD	1.3570	0.01
Commodities		
WTI (\$/bbl)*	106.95	2.59
Brent (\$/bbl)*	111.70	2.68
Gold (\$/oz)*	1,970.90	-0.51

*Closing for 14 April 2022

Source: Bloomberg, HLBB Global Markets Research

motor vehicles jumped 7.8% m/m, pointing to some relief in the supply chain bottlenecks faced by the auto-vehicle sector.

- The New York Fed Empire State Manufacturing Index rebounded to 24.6 in April, from -11.8 previously. The sharp improvement in business conditions were driven by the recovery and rise in new orders and shipment alongside the continued increase in prices paid to record high levels.

House View and Forecasts

FX	This Week	2Q-22	3Q-22	4Q-22	1Q-21
DXY	98-101.50	98.5	99.0	98.0	97.5
EUR/USD	1.07-1.09	1.10	1.09	1.10	1.12
GBP/USD	1.30-1.32	1.29	1.28	1.3	1.31
AUD/USD	0.73-0.75	0.76	0.77	0.76	0.76
USD/JPY	125-126	121	120	120	120
USD/MYR	4.21-4.25	4.20	4.18	4.16	4.16
USD/SGD	1.35-1.3650	1.36	1.35	1.34	1.33

Rates, %	Current	2Q-22	3Q-22	4Q-22	1Q-21
Fed	0.25-0.50	1.25-1.50	1.75-2.00	2.00-2.25	2.00-2.25
ECB	-0.50	-0.50	-0.50	-0.25	-0.25
BOE	0.75	1.25	1.25	1.25	1.25
RBA	0.10	0.10	0.75	1.00	1.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	1.75	1.75	2.00	2.00	2.25

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
18/04	SG Non-oil Domestic Exports YoY (Mar)	9.5%
	CN Industrial Production YoY (Mar)	4.3%
	CN GDP YoY (1Q)	4.0%
	CN Retail Sales YoY (Mar)	1.7%
	CN Fixed Assets Ex Rural YTD YoY (Mar)	12.2%
	CN Residential Property Sales YTD YoY (Mar)	-22.1%
	MA Exports YoY (Mar)	16.8%
19/04	US NAHB Housing Market Index (Apr)	79.0
	NZ Performance Services Index (Mar)	48.6
	JP Industrial Production MoM (Feb F)	0.1%
	US Building Permits MoM (Mar)	-1.6%
	US Housing Starts MoM (Mar)	6.8%

Source: Bloomberg

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