

## Global Markets Research

### Weekly Market Highlights

#### Markets

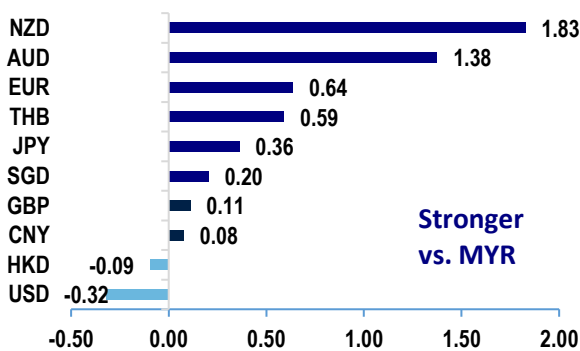
	Last Closing	WOW%	YTD %
Dow Jones Ind.	34,035.99	1.59	11.2
S&P 500	4,170.42	1.79	11.0
FTSE 100	6,983.50	0.59	8.10
Hang Seng	28,793.14	-0.74	5.74
KLCI	1,608.25	0.37	-1.11
STI	3,184.77	-0.05	11.9
Dollar Index	91.67	-0.42	1.93
WTI oil (\$/bbl)	63.46	6.48	30.7
Brent oil (\$/bbl)	66.94	5.92	29.2
Gold (\$/oz)	1,765.40	0.49	-6.84

Source: Bloomberg

- US stocks saw another record setting week, as big US banks reported sky-high first quarter earnings alongside superb March economic data. The Dow Jones and S&P 500 indexes closed out Thursday's session at record high, clinching week-on-week gains of 1.6% and 1.8% respectively. Markets continued to cheer the positive impacts of the federal government's fiscal injections and the speedy vaccines rollout nationwide.
- In the week ahead, the ECB's Governing Council meeting takes place on Thursday and we expect the central bank to maintain its policy. Key data next week include a series of flash April PMIs for the US, UK, Eurozone and Japan. The US' home sales data are in the data docket alongside multiple inflation readings from the UK, Japan, Hong Kong, Singapore and Malaysia. The UK's February employment data and retail sales are also in the focus.

#### Forex

MYR vs. Major Currencies (% w/w)

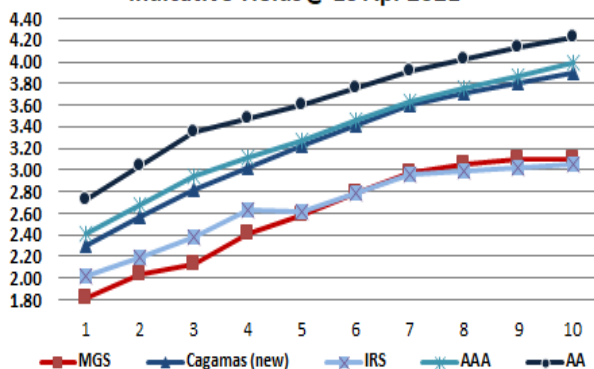


Source: Bloomberg

- MYR:** USD/MYR traded on a largely neutral tone within 4.1230-4.1455 as expected, little changed from prior week's range. The pair was seen holding up steady at the 4.13-4.14 handle before it glided down to 4.1235 as at yesterday close, 0.3% w/w lower. We maintain a **Neutral to Slightly bearish** outlook on USD/MYR in the week ahead, amid expectation of continued slight bearishness in USD outlook. We eye a range of 4.1150-4.1350 in the upcoming week.
- USD:** DXY weakened by 0.42% over the past five sessions. The dollar lost against all G10 and some Asian currencies, as yields came off. We maintain our 1-week **Neutral-to-Bearish** view of the USD, with yields a main determining factor. For the week ahead, data focus is on Markit PMIs for April, after extremely high levels in March (59.1 to 60.4). Markets are continuing to track earnings results.

#### Fixed Income

Indicative Yields @ 15 Apr 2021



Source: Bloomberg

- UST:** The week under review saw USTs in a surprise move, found strong support especially extending out from the 2Y tenures whilst rebutting a batch of strong economic data. Overall benchmark yields eased between 2-4bps w/w save for the UST 2Y which edged 1bps up at 0.16%. It is believed that the stronger reason for the decline in yields is potentially due to the scaling back of Fed rate hike expectations. Meanwhile, China's holdings of UST's rose by \$9.0b in February to the highest since mid-2019 at \$1.1 trillion.
- MGS/GII:** Local govies ended mostly mixed with the belly and longer ends slightly pressured especially for GII; as overall benchmark yields closed between -2 to +6bps. Interest was again seen mainly in the off-the-run 21-22's, 28's, 29's and also benchmark 5Y, 10Y, MGS/GII bonds. The weekly secondary market volume however fell by 23% @ RM13.5b. The 15Y MGS auction saw impressive demand on a BTC ratio of 2.545x at 4.01%. IRS levels were recently seen tumbling as news of resurgence in COVID-19 cases caused some concern with IRS receivers stepping up gear. Expect bonds to be well supported next week as concerns remain on the pandemic front.

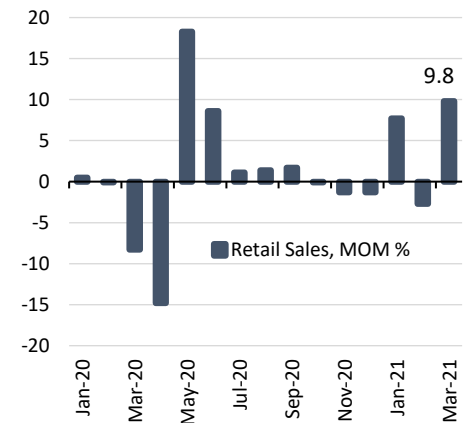
## Macroeconomic Updates

- US stocks saw another record setting week, as big US banks reported sky-high first quarter earnings alongside superb March economic data. The Dow Jones and S&P 500 indexes closed out Thursday's session at record high, clinching week-on-week gains of 1.6% and 1.8% respectively. Markets continued to cheer the positive impacts of the federal government's fiscal injections and the speedy vaccines rollout nationwide.
- Economic data in the US were extremely upbeat – notably, the weekly initial jobless claims fell to a fresh pandemic low of 576k last week, sending a firmer signal that the job market recovery is picking up momentum amid looser restriction, higher vaccination rate as well as the boost in federal government's fiscal injection. Retail sales jumped 9.8% m/m in March as Americans spent the \$1400 pay checks at brick-and-mortar stores. Manufacturing and mining activity also recovered from the February's slumps, pushing the headline industrial production back to positive territory. Unsurprisingly inflationary pressures picked up amid these developments-CPI inflation was slightly higher at 0.6% m/m in March while the 2.6% y/y annual rate was boosted by lower base from last year.
- The UK's monthly GDP recorded a modest 0.4% m/m rebound in March, supported by expansion in manufacturing and services activity. Its goods trade with the EU have also rebounded after the post-transition period. The euro area's retail sales (+3.0% m/m) beat expectation while industrial output (-1.1% m/m) was affected by the strain in the supply chain. China's external trade recorded sharp yearly jumps as expected while Singapore's GDP grew 0.2% y/y in 1Q. The MAS left its policy unchanged. Down under, Australia reported upbeat job data and RBNZ kept its policy intact.

### The Week Ahead...

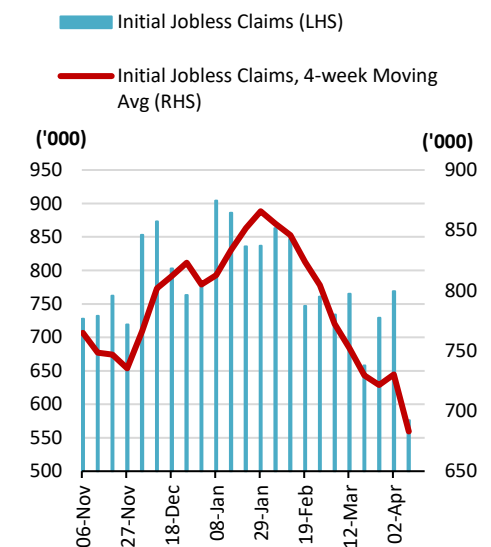
- The European Central Bank meets on 22 April (Thursday). It is expected to keep its monetary policy intact by maintaining all the key interest rates and the PEPP envelope at €1.85 trillion ahead of the full assessment of the asset purchases in June. Focus will be on the ECB's rhetoric as well as its economic assessment as Europe continues to battle the third Covid-19 wave.
- A series of flash Markit PMI readings for the US, Eurozone, UK and Japan are in next week's data docket, offering us an early glimpse of the April's business activity in the developed economies. The US and UK could see stronger prints while the Eurozone and Japan's pictures could be more complicated, with the lockdowns still weighing on Euro area's businesses and Japan facing a fourth wave.
- The US's economic data were limited to housing data (existing and home sales to be released separately next week). Some rebounds are expected after both segments declined by 6.6% m/m and 18.2% m/m respectively in March, taking into account the increase in mortgages applications in most of March.
- The UK's February employment data are expected to remain weak based on the jump in jobless claims (+86.6k) in that month as the country was still put under national lockdown. Material improvements are expected in April as restrictions were loosened. Other key data include the UK's March retail sales and CPI readings, as well as the April's GfK consumer confidence index. The positive BRC like-for-like sales in March suggests an improvement in the retail sector while CPI is expected to be boosted by lower base.
- Other than the UK's CPI, there are also a number of inflation reports in Japan, New Zealand, Hong Kong, Singapore and Malaysia. We also watch out for Japan's exports and industrial production as well as Australia's retail sales and the RBA's meeting minutes next week.

### Retail sales boosted by stimulus checks



Source: Bloomberg

### Initial jobless claims fell below 600k last week

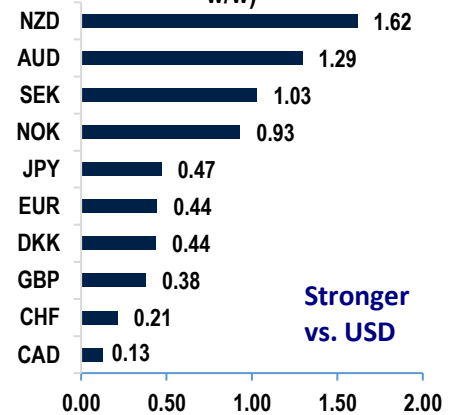


Source: Bloomberg

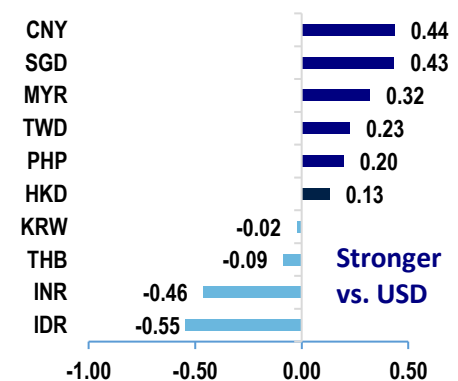
## Foreign Exchange Market

- MYR:** USD/MYR traded on a largely neutral tone within 4.1230-4.1455 as expected, little changed from prior week's range. The pair was seen holding up steady at the 4.13-4.14 handle before it glided down to 4.1235 as at yesterday close, 0.3% w/w lower. We maintain a **Neutral to Slightly Bearish** outlook on USD/MYR in the week ahead, amid expectation of continued slight bearishness in USD outlook. We eye a range of 4.1150-4.1350 in the upcoming week.
- USD:** DXY weakened by 0.42% over the past five sessions. The dollar lost against G10 and some Asian currencies, as yields came off. PPI showed rising input prices pressures, although consumer inflation did not show excessive surges. The US highlighted improvements in economic activity in its latest Beige Book release. Retail sales, industrial production and initial jobless claims are all showing improvements. We maintain our 1-week **Neutral-to-Bearish** view of the USD, with yields a main determining factor. For the week ahead, data focus is on Markit PMIs for April, after extremely high levels in March (59.1 to 60.4). Markets are continuing to track earnings results.
- EUR:** EUR/USD performed in line with G10 FX recovery, with Thursday close of 1.1967. Retail sales grew 3.0% m/m, above expectations. We are **Neutral-to-Bullish** on the EUR. Momentum is limited at overbought technicals. The European Central Bank's monetary policy decision on 22 April may be interesting for market watchers. At the same time, markets will be interested to find out whether Markit Services PMI improves to positive territory, from 49.6 a month ago. Watch resistance at 1.2100 and support at 1.1900.
- GBP:** GBP/USD recovered over the past week, to a close of 1.3787 on 15 April. GDP grew by 0.4% m/m in February, after a 2.2% drop in January. Despite being in oversold territory, momentum stayed muted. We are **Neutral-to-Bullish** on the GBP. CPI and retail sales data will be likely interesting for trend watchers. Watch resistance at 1.3900 and support at 1.3710.
- JPY:** USD/JPY has continued on its slide since the 31 March of 110.97, to a close of 108.76 on 15 April. PPI grew by 0.8% y/y in March after a 0.6% increase a month ago, highlighting rising global producer price pressures. We are **Neutral-to-Bullish** on the JPY. Trade and inflation data the pick of a number of data releases in the coming week. Watch support of 108.40 and resistance of 109.70.
- AUD:** AUD/USD was once of the FX outperformers for the week, as oil prices surged. Pair was up by 1.3% w/w, to c.0.7750 levels. Labour market data was positive for Australia, with a lower unemployment rate. We are **Neutral-to-Bullish** on the AUD. For Australia, RBA releases April minutes on 20 April, followed by retail sales and Markit PMIs later the week. Range of 0.7650 – 0.7830 for the week ahead.
- SGD:** USD/SGD was about 0.43% lower over the past 5 sessions, being an outperformer among Asian currencies. MAS kept its monetary policy stance unchanged, but removed "for some time" from the intention to keep its accommodative position. For the week ahead, we are **Neutral-to-Bullish** on the SGD, as dollar continues to soften. Momentum is on the downside, even as USD/SGD looks slightly oversold. For the week ahead, eyes will likely be on CPI data, after recent increases in numbers. Watch 1.3300 support as a precursor towards 1.3250, while resistance at 1.3460.

USD vs. G10 Currencies (% w/w)



USD vs Asian Currencies (% w/w)



Source: Bloomberg

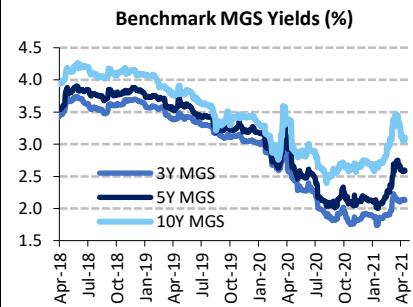
### Forecasts

	Q2-21	Q3-21	Q4-21	Q1-22
DXY	92.50	92.00	91.50	90.75
EUR/USD	1.1850	1.1900	1.2000	1.2100
GBP/USD	1.3850	1.3950	1.4000	1.4100
AUD/USD	0.76	0.77	0.78	0.79
USD/JPY	111	110	109	108
USD/MYR	4.15	4.10	4.08	4.05
USD/SGD	1.36	1.35	1.33	1.32
	Q2-21	Q3-21	Q4-21	Q1-22
EUR/MYR	4.92	4.88	4.90	4.90
GBP/MYR	5.75	5.72	5.71	5.71
AUD/MYR	3.15	3.16	3.18	3.20
SGD/MYR	3.05	3.04	3.07	3.07

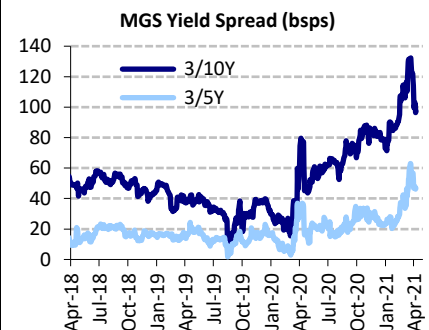
Source: HLBB Global Markets

## Fixed Income

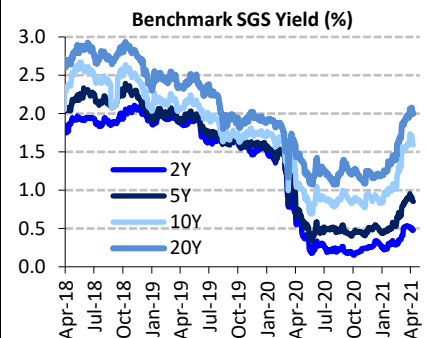
- UST:** The week under review saw USTs in a surprise move, found strong support especially extending out from the 2Y tenures whilst rebutting a batch of strong economic data consisting of March retail sales and industrial production, weaker jobless claims and along with positive regional Fed data. This also conflicted with the March inflation data released earlier as well. Overall benchmark yields eased between 2-4bps w/w save for the UST 2Y. The benchmark UST 2Y; reflective of interest rate predictions edged 1bps up at 0.16% whilst the much-watched 10Y (which traded within a range of 1.57%-1.67%); closed 4bps lower at 1.58%. It is believed that the stronger reason for the decline in yields is potentially due to the scaling back of Fed rate hike expectations. The \$24b of 30Y bonds were sold at a yield of 2.32% on a BTC of 2.47x. These followed Monday's decent offering of both 3Y and 10Y papers totaling \$96b. Meanwhile, China's holdings of UST's rose by \$9.0b in February to the highest since mid-2019 at \$1.1 trillion.
- MGS/GII:** Local govies ended mostly mixed with the belly and longer ends slightly pressured especially for GII; as overall benchmark yields closed between -2 to +6bps. Interest was again seen mainly in the off-the-run 21-22's, 28's, 29's and also across the benchmark 5Y, 10Y, MGS/GII bonds. The benchmark 5Y MGS 9/25 yield edged 1bps lower at 2.57% whilst the 10Y MGS 4/31 yield closed 2bps higher instead at 3.08%. The weekly secondary market volume however fell by 23% @ RM13.5b versus prior week's RM17.6b. The 15Y MGS auction saw impressive demand on a BTC ratio of 2.545x whilst being awarded at an attractive 4.01% yield. IRS levels were recently seen tumbling as news of resurgence in COVID-19 cases caused some concern with IRS receivers stepping up gear. Separately, Malaysia is considering a possible offering of dollar-denominated sustainable sukuk; taking cue from several countries adopting ESG debt sales. Expect bonds to be well supported next week as concerns remain on the pandemic front.
- MYR Corporate Bonds/ Sukuk:** The week under review saw better demand in the secondary market for govt-guaranteed/corporate bonds/sukuk possibly due to attractive yields seen with trades done especially across the GG-AA part of the curve. Overall weekly secondary market volume rose to RM2.50b compared to prior week's RM2.38b. Topping the weekly volume was HLFG perps (1) which rose 10bps at 3.35% compared to previous-done levels, followed by Petroleum Sarawak i.e. PSEP 3/31 (AAA) which moved 3bps higher at 4.07% levels. Third largest volume was seen for PRASARANA 11/28 bonds (GG) bonds which was pressured 45bps higher at 3.33%. Higher frequency of bond trades was seen in PTPTN, PLUS, Infracap Resources, and Alliance Bank bonds whilst odd-lot transactions were noted in Eco World, Eco Capital and Tropicana-related bonds. Meanwhile the prominent issuances for the week consisted of Infracap Resources Sdn Bhd's (AAA) 1-15Y bonds totaling a whopping RM5.75b with coupons ranging between 2.83-4.70% and MKD Kenchana's unrated 10-20Y bonds amounting to RM1.0b with coupons between 3.61-4.53%.
- SGS (govvies)** ended stronger w/w as the curve shifted lower; tracking UST movements. Overall benchmark yields closed between 4-9bps lower with tenures extending out from 5Y benefitting the most. The SGS 2Y yield closed 4bps lower at 0.43% whilst the 10Y (which traded within a similar 11bps range), continued to rally pushing yields down 11bps at 1.51%. Meanwhile MAS kept monetary policy settings unchanged on better-than-expected economic growth. It now expects growth to exceed the upper end of its official forecast range of between 4-6% whilst signaling a slightly less dovish tone on future policy. The Markit iBoxx SGD Corporates Index is slightly higher ~0.37% w/w (prior week: 0.25%), against modest gains of 0.1% (prior week: 0.89%) for the equivalent Singapore Government Bond Index. Expect shifts in SGS to be correlated to movements in the SGD in the coming week.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

## Rating Actions

Issuer	PDS Description	Rating/ Outlook	Action
Celcom Networks Sdn Bhd (CNSB)	RM5.0 billion Sukuk Murabahah Programme	AA+IS /Stable	Last reaffirmed on 16 <sup>th</sup> Dec 2020. No impact expected following proposed merger between its parent Celcom Axiata Bhd and Digi.com Bhd
Exsim Ventures Berhad	RM68 mil Tranche 1 IMTN under Exsim Ventures Berhad's (the Issuer) RM2 bil Sukuk Musharakah Programme (IMTN Programme)	AA3/Stable	Assigned
Sabah Development Bank Berhad	Proposed RM3 bil Commercial Papers (CP)/Medium-Term Notes (MTN) Programme	AA1/Stable/P1	Assigned
Infracap Resources Sdn Bhd	RM15 bil Sukuk Murabahah Programme (2021/2041)	AAA(s)/Stable	Assigned
Sasaran Etika Sdn Bhd	RM220 mil Fixed-Rate Serial Bonds (2012/2027)	AA1/Stable	Affirmed

**Source: MARC/RAM**

## Economic Calendar

Date	Time	Country	Event	Period	Prior
19/04	06:30	NZ	Performance Services Index	Mar	49.1
	07:01	UK	Rightmove House Prices YoY	Apr	2.7%
	07:50	JN	Exports YoY	Mar	-4.5%
	12:30	JN	Industrial Production MoM	Feb F	-2.1%
20/04	09:30	CH	1-Year Loan Prime Rate	20 Apr	3.85%
	09:30	AU	RBA Minutes of April Policy Meeting		
	14:00	UK	Jobless Claims Change	Mar	86.6k
	14:00	UK	ILO Unemployment Rate 3Mths	Feb	5.0%
	14:00	UK	Employment Change 3M/3M	Feb	-147k
21/04	06:45	NZ	CPI YoY	1Q	1.4%
	08:30	AU	Westpac Leading Index MoM	Mar	0.01%
	09:30	AU	Retail Sales MoM	Mar P	-0.8%
	14:00	UK	CPI YoY	Mar	0.4%
22/04	19:00	US	MBA Mortgage Applications	16 Apr	-3.7%
	15:00	MA	Foreign Reserves	15 Apr	\$108.6b
	16:30	HK	Unemployment Rate SA	Mar	7.2%
	19:45	EC	ECB Deposit Facility Rate	22 Apr	-0.5%
	20:30	US	Chicago Fed Nat Activity Index	Mar	-1.09
	20:30	US	Initial Jobless Claims	17 Apr	--
	22:00	US	Leading Index	Mar	0.2%
	22:00	EC	Consumer Confidence	Apr A	-10.8
	22:00	US	Existing Home Sales MoM	Mar	-6.6%
	23:00	US	Kansas City Fed Manf. Activity	Apr	26.0
	23/04	07:01	UK	GfK Consumer Confidence	Apr
07:30		JN	Natl CPI Ex Fresh Food YoY	Mar	-0.4%
08:30		JN	Jibun Bank Japan PMI Mfg	Apr P	52.7
08:30		JN	Jibun Bank Japan PMI Services	Apr P	48.3
12:00		MA	CPI YoY	Mar	0.1%
13:00		SI	CPI YoY	Mar	0.7%
14:00		UK	Retail Sales Inc Auto Fuel MoM	Mar	2.1%
16:00		EC	Markit Eurozone Manufacturing PMI	Apr P	62.5
16:00		EC	Markit Eurozone Services PMI	Apr P	49.6
16:30		HK	CPI Composite YoY	Mar	0.3%
16:30		UK	Markit UK PMI Manufacturing SA	Apr P	58.9
16:30		UK	Markit/CIPS UK Services PMI	Apr P	56.3
21:45		US	Markit US Manufacturing PMI	Apr P	59.1
21:45		US	Markit US Services PMI	Apr P	60.4
22:00		US	New Home Sales MoM	Mar	-18.2%

Source: Bloomberg

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