Global Markets Research
Weekly Market Highlights

Markets

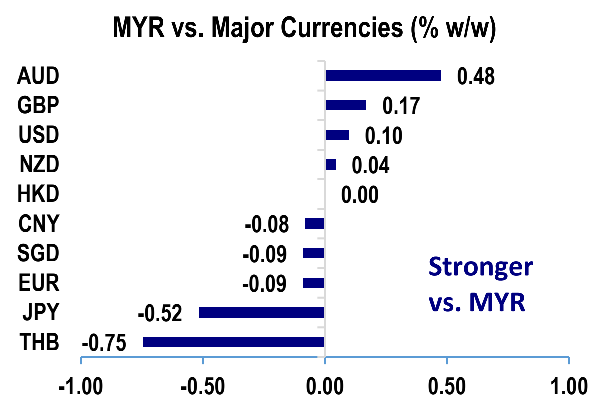
	Last Closing	WOW%	YTD %
Dow Jones Ind.	32,862.30	1.2	7.4
S&P 500	3,915.46	-0.6	4.2
FTSE 100	6,779.68	0.6	4.9
Hang Seng	29,405.72	0.1	8.0
KLCI	1,627.99	-0.1	0.0
STI	3,137.66	1.0	10.3
Dollar Index	91.86	0.5	2.1
WTI oil ($/bbl)	60.00	-9.1	23.7
Brent oil ($/bbl)	63.28	-9.1	22.2
Gold ($/oz)	1,732.50	0.6	-8.6

Source: Bloomberg

- US stock benchmarks saw mixed weekly performances after ending Thursday's session in the reds. The Dow Jones picked up 1.2% w/w as of Thursday after multiple record setting sessions, supporting by demand for cyclical stocks. The S&P 500 still shed 0.6% w/w, despite hitting all-time high mid-week. Crude oil prices crashed on Thursday, as investors reassessed future oil demand.

- The Fed continued to expect rates to be at near zero all the way to 2023, reaffirming its dovish stance. The BOE said policy stance remained appropriate, did not see rising bond yields as huge issues. Both central banks were optimistic over growth outlook although the BOE appeared to be more cautious, wheareas the Fed sharply upgraded its economic projections. Key data for next week include a series of PMI readings for developed economies as well as the US and UK consumption data. UK's job data are also in the docket.

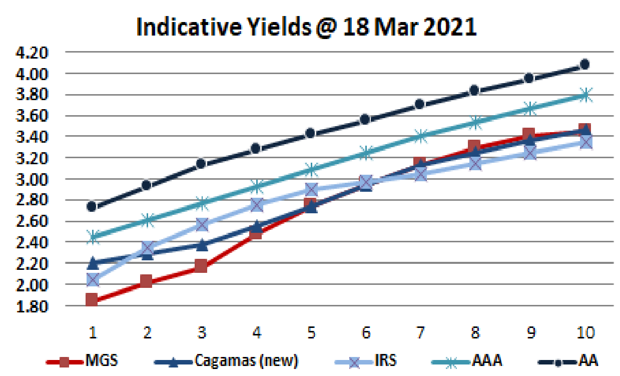
Forex



Source: Bloomberg

- **MYR:** USD/MYR saw massive daily swings within a more muted range of 4.1020-4.1230 over the week as expected. The pair closed 0.1% higher w/w at 4.1165 as the USD managed to maintain its overall strength despite the volatility and sharp plunge post FOMC announcement. For the week ahead, we expect USD/MYR to stay ***Neutral*** potentially eying a range of 4.10-4.14, as the USD will likely remain supported by higher US yields as the selloff in treasuries is expected to extend to next week.
- **USD**: Dollar inched up over the past week. DXY was up 0.48% from Friday to Thursday. Overall range from 10 March remains around 91.30-92.00, struggling to reach the high of 92.50 on 9 March. This came as 10-year UST broke 1.70%. Post-FOMC market pulse is for Fed to stay on the side lines to concentrate on growth, giving inflation some leeway over the coming years. We are ***Neutral-to-Bullish*** on the USD for the week ahead, examining a range of 91.40-92.50. For the week ahead, focus is on Markit PM, personal income and spending, as well as PCE data. Economic outperformance may also support some dollar strength.

Fixed Income



Source: Bloomberg

- **UST:** The week under review saw UST's under pressure as markets digested the FOMC's message in the recent meeting on Wednesday, as an apparent willingness to let inflation accelerate slightly above target. Overall benchmark yields rose between 2-17bps across, causing the curve to steepen. The benchmark 2Y edged 2bps higher at 0.16% whilst the much-watched 10Y jumped 17bps at 1.71%. Overall foreign holdings of UST's rose by $48.8b to $7.12 trillion. Expect the uncertainty over the pace of economic progress to unsettle financial markets, especially bonds next week.
- **MGS/GII:** Local govvies too ended weaker on volatile movements w/w taking cue from the performance of UST's as the overall curve shifted higher. Overall benchmark MGS yields closed higher between 1-26bps for MGS and 0-24bps for GII. Interest was seen mainly in the off-the-run 21-22's, and also benchmark 5Y, 10Y MGS/GII bonds. The weekly secondary market volume nosedived 37% @ RM14.1b versus prior week's solid RM22.5b. Sentiment was slightly dented by the further possibility of sovereign debt issuances to fund a 6th economic stimulus program of RM20b. Expect yields to range sideways-to-higher as market digests the above along with emerging values following the recent sell-off.

Macroeconomic Updates

- US stock benchmarks saw mixed weekly performances after ending Thursday's session in the reds. The Dow Jones picked up 1.2% w/w as of Thursday after multiple record setting sessions, supporting by demand for cyclical stocks. The S&P 500 still shed 0.6% w/w, despite hitting all-time high mid-week. Crude oil prices crashed on Thursday, bringing the weekly losses to over 9% w/w as investors reassessed future oil demand.

- Central banks are in the limelight this week. The Federal Reserve elimited confusion at least in the short-to-medium term by maintaining its dovish policy stance despite having upgraded its growth, inflation and labour market outlook. This was reaffirmed by the latest dot plot where the Fed's median projection for the fed funds rate stood at 0.1% all the way through 2023. Powell also repeated his previous remarks that the financial conditions lacked the persistent and worrying trend of tightening that warrants intervention. This matched our base case scenario that the Fed would continue to keep rates at near zero and maintained the monthly QE pace of $120b.

- The Bank of England kept the bank rate at record low of 0.1% and its QE target unchanged at £895b. It expressed cautious optimism for the UK's outlook and shrugged off rising bond yields, maintaining that financial conditions were broadly unchanged. In Asia, Bank Indonesia left the 7-day reverse repo rate unchanged at 3.5%.

- The number of new jobless claims were higher at 770k in the US last week but the 4-week moving average remained in a downtrend. Retail sales and industrial production recorded 3.0% and 2.2% in February, disrupted by the unusually cold weather and the temporary energy crisis in mid-Feb. Homebuilding activity were also affected but was partly due to the higher construction costs. Eurozone's trade surplus shrank in January, notably the two-way trade with the UK declined substantially as the transition period ended. Japan's CPI ex fresh food inflation registered its seventh negative rate in a row. Elsewhere, New Zealand's 4Q20 GDP unexpectedly contracted by 1.0% q/q, calling into question the resilience of the economy as the tourism sector remained shuttered. Meanwhile, Australia reported an excellent set of job data -0.5 ppts decrease in jobless rate and 89k increase in full-time jobs.

The Week Ahead...

- US existing home sales are expected to have fallen in February, as predicted based on the fall in signed but not-yet-closed contracts in the prior month. The impact of weather disruption in mid-February as well as the higher mortgages rates is expected to have dented sales. A survey by Bloomberg shows that sales are projected to have decreased by over 2% m/m after the small 0.6% growth in January.

- The UK's latest set of labour data are due Tuesday and we expect the readings to worsen compared to December as the government announced a national lockdown in early January. In any case, the real impact of the pandemic on the labour market is still masked by the furlough scheme which has been extended to Sep-21.

- On Wednesday, Markit released a series of preliminary PMIs for the US, Eurozone, UK and Japan. Besides, UK and Malaysia's CPI inflation data as well as the US' durable goods orders are also scheduled for a same-day release.

- On Thursday, we have the usual weekly jobless claims reports as well as the third estimate of the US' 4Q GDP growth, now at +4.1% q/q annualised rate.

- Consumption data are in focus on Friday they include the UK's retail sales figures as well as the US's personal outlay report. The UK's retail sales are likely to bear the brunt of the lockdown. US' personal spending has likely fallen in February, tracking the decline in retail sales. Same goes to personal income which is expected to have declined following the $600 stimulus check payment in January.

- (*Please refer to appendix for next week's economic calendar*).

Fed upgraded outlook to be more positive

Median Projections			
	2021	**2022**	**2023**
Change in real GDP, %	6.5 (4.2)	3.3 (3.2)	2.2 (2.4)
Unemployment rate, %	4.5 (5.0)	3.9 (4.2)	3.5 (3.7)
Core PCE inflation, %	2.2 (1.8)	2.0 (1.9)	2.1 (2.0)
Federal funds rate, %	0.1 (0.1)	0.1 (0.1)	0.1 (0.1)

Figures in parentheses are December's projections.

Source: FOMC Summary of Economic Projections

Foreign Exchange Market

- **MYR:** USD/MYR saw massive daily swings within a more muted range of 4.1020-4.1230 over the week as expected. The pair closed 0.1% higher w/w at 4.1165 as the USD managed to maintain its overall strength despite the volatility and sharp plunge post FOMC announcement. For the week ahead, we expect USD/MYR to stay ***Neutral*** potentially eying a range of 4.10-4.14, as the USD will likely remain supported by higher US yields as the selloff in treasuries is expected to extend to next week.

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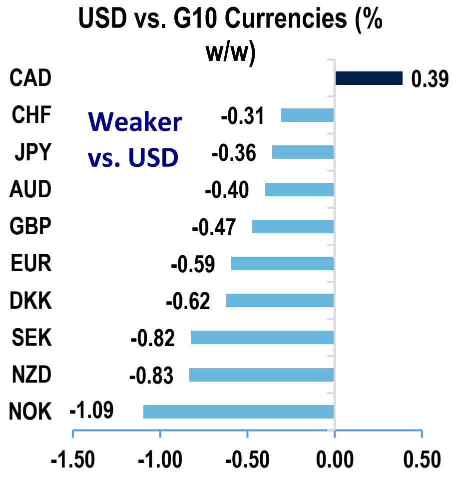
- **EUR**: EUR/USD tried to recapture the 1.2000 big figure post-FOMC meeting but failed. Rising yields and equity correction moved pair down close to 1.19 big figure. This came amid steady inflation and trade balance data. We are ***Neutral-to-Bearish*** on the EUR for the week ahead, within a range of 1.1850-1.1980. Better-than-expected Markit PMI readings (markets expect deterioration) may support some EUR resilience during dollar strength. ECB publishes economic bulletin on 25 March.

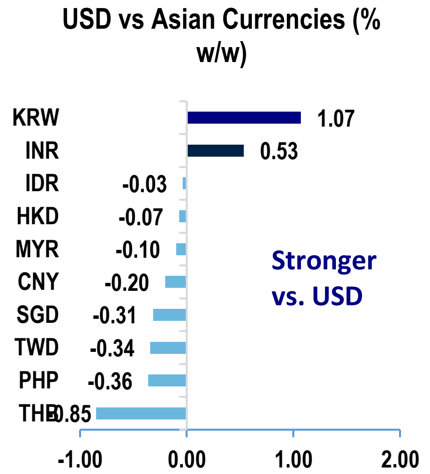
- **GBP**: GBP/USD was relatively range-bound over the past week, even as it was almost 0.5% down from Friday 12 March. Bank of England kept a neutral stance in its policy decision, noting higher growth and inflation outlook. We are ***Neutral*** on the GBP, seeing a range of 1.3800-1.4000 for the week 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**: USD/JPY looked toppish just above the 109 big figure, peaking on 15 March's 109.36. Trade surplus faded in February compared to January, while inflation came in roughly stable in line with trend. Bank of Japan announced more flexibility with its yield curve target (band of 0.25% from 0.2%). It has ditched the ETF target of JPY 6trn per annum, and specified the 10-year yield range for the first time. BOJ also introduced a new program to promote lending, alongside measures to offset the policy hit to bank profits. We are ***Neutral-to-Bearish*** on the JPY for the coming week. USD/JPY moved little post-announcement, despite some offered tones on first reaction. We see some scope for the yen to weaken further, with first resistance at 109.50 (before 110) and support at 108.50 for the week ahead.

- **AUD**: AUD/USD hit a 5-day high of 0.7849 on 18 March post-FOMC. However, it was generally in a downward trend outweighed by dollar strength. This came despite better-than-expected labour market data. Retail sales however was poorer than expected, falling 1.1% m/m in February. We are ***Neutral-to-Bearish*** on the AUD for the week ahead. Support close to 0.77 big figure, while resistance at 0.79 big figure. This is weighed down by falling commodity prices from peaks, alongside rising yields and dollar strength.

- **SGD**: USD/SGD has been mostly stuck in a range of 1.3400-1.3530 since the previous upward movement on 4 March. Over the past 5 sessions, the pair was mostly grinding up, with the exception of the post-FOMC reaction which saw the pair plummet by around 1+ big figure. We are ***Neutral*** on SGD for the week ahead. Singapore's February CPI in focus for the following week. We estimate resistance and support at 1.3531 and 1.3400 respectively





Source: Bloomberg

Forecasts

	Q1-21	Q2-21	Q3-21	Q4-21
DXY	92.00	92.50	92.00	91.50
EUR/USD	1.1900	1.1850	1.1900	1.2000
GBP/USD	1.3900	1.3850	1.3950	1.4000
AUD/USD	0.7700	0.7600	0.7700	0.7800
USD/JPY	109.50	110.00	109.50	108.50
USD/MYR	4.1300	4.1500	4.1200	4.1000
USD/SGD	1.3500	1.3600	1.3500	1.3400

	Q1-21	Q2-21	Q3-21	Q4-21
EUR/MYR	4.91	4.92	4.90	4.92
GBP/MYR	5.74	5.75	5.75	5.74
AUD/MYR	3.18	3.15	3.17	3.20
SGD/MYR	3.06	3.05	3.05	3.06

Source: HLBB Global Markets

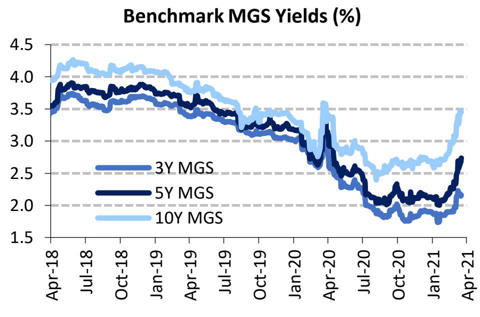
Fixed Income

- **UST:** The week under review saw UST's under pressure as investors and traders digested the FOMC's message in the recent meeting on Wednesday, as an apparent willingness to let inflation accelerate slightly above target. Overall benchmark yields rose between 2-17bps across, causing the curve to steepen. The benchmark UST 2Y; reflective of interest rate predictions edged 2bps higher at 0.16% whilst the much-watched 10Y (which traded within a widest range seen this year @ 1.54%-1.71%); jumped 17bps at 1.71%. The Treasury's $13b 10Y TIPS reopening was however well-bid due to inflationary fears following the strong 20Y bond auction earlier in the week that drew 2.29% and awarded at a BTC ratio of 2.51x. Meanwhile China's holdings of UST's rose in January by $2.2b to ~$1.09 trillion; its highest since October 2019. Japan's too rose by $25.4b to $1.28 trillion; surpassing that of China's. Overall foreign holdings of UST's rose by $48.8b to $7.12 trillion. Expect the uncertainty over the pace of economic progress to unsettle financial markets, especially bonds next week.

- **MGS/GII:** Local govvies too ended weaker on volatile movements w/w taking cue from the performance of UST's as the overall curve shifted higher. Overall benchmark MGS yields closed higher between 1-26bps for MGS and 0-24bps for GII. Interest was seen mainly in the off-the-run 21-22's, and also benchmark 5Y, 10Y MGS/GII bonds. The benchmark 5Y MGS 9/25 yield rose another 20bps again at 2.76% whilst the 10Y MGS 4/31 yield spiked 26bps at 3.42% levels. The weekly secondary market volume nosedived 37% @ RM14.1b versus prior week's solid RM22.5b. Sentiment was slightly dented by the further possibility of sovereign debt issuances to fund a 6th economic stimulus program of RM20b by the government to combat the ill-effects of the pandemic and boost economic growth. Expect yields to range sideways-to-higher as market digests the above along with emerging values following the recent sell-off.

- **MYR Corporate Bonds/ Sukuk:** The week under review saw lesser secondary market activity for govt-guaranteed/corporate bonds/sukuk which was mainly centered across the AAA-AA part of the curve as yields closed mostly higher amid a pullback in volume @ RM1.55b compared to prior week's RM1.94b. Topping the weekly volume was IMTIAZ 11/21 (AA2) which edged 1bps up at 2.47% compared to previous-done levels, followed by YTL Power 10/21 (AA1) which spiked 18bps at 2.81% levels. Third largest volume was seen for TAQA 3/22 (AAA) bonds which also rose 15bps at 3.28%. Higher frequency of bond trades was seen in DANAINFRA, PLUS, TBEI, YTL Power, Alliance and Maybank-related names whilst odd-lot transactions were noted in ECO-world and Alliance Bank papers. Meanwhile the prominent issuances for the week consisted of CAGAMAS (AAA) 1Y papers totaling RM175m with a coupon of 2.20%; followed by Toyota Capital Malaysia Sdn Berhad's 3-5Y bonds amounting to RM155m with coupons between of 3.30-3.40%.

- SGS (govvies) ended weaker w/w across the curve with in tandem with UST's with overall benchmark yields rising between 2-10bps; compared to prior week. The curve bear-steepened with the SGS 2Y yield edging 2bps at 0.53% levels whilst the 10Y (which traded within a similar 9bps range), spiked 7bps at 1.58%. Meanwhile tighter money-market conditions are causing investors and traders to monitor liquidity conditions with the forward points for 1-12month tenures having risen to the highest levels since 2016. The republic which witnessed a lesser-than-expected growth of 4.2% y/y in exports (i.e. non-oil domestic exports) last month was possibly due to the distortion from timing differences in the recent Chinese New Year holidays. Separately, Fitch Ratings has assigned final ratings of A+, A and BBB to Astrea VI Pte Ltd's bonds. This company holds the entire equity in AfterSix Assets I, a Singapore company whose manager Azalea Investment Management Pte Ltd, an indirect wholly-owned subsidiary of Temasek Holdings (Pte) Ltd.



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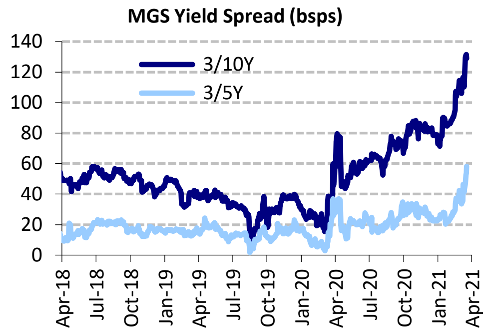

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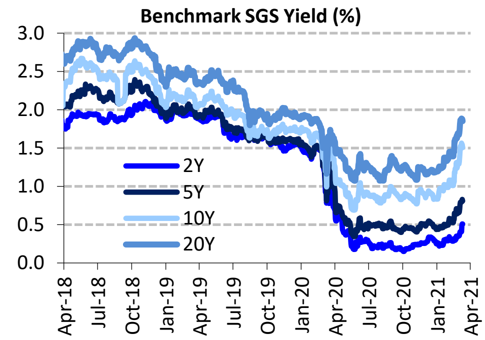

Source: Bloomberg

Rating Actions

Issuer	PDS Description	Rating/ Outlook	Action
Glacier Assets Berhad	Proposed RM555 mil Senior Notes under Asset-backed Medium-Term Notes facility)	AAA/Stable	Assigned
Westports Malaysia Sdn Bhd	RM2.0 bil Sukuk Musharakah Programme 2011/2031	AAA/stable	Assigned

Source: MARC/RAM

Economic Calendar

Date	Time	Country	Event	Period	Prior
22/03	09:30	CH	1-Year Loan Prime Rate	22 Mar	3.85%
	15:00	MA	Foreign Reserves	15 Mar	$109.0b
	16:30	HK	CPI Composite YoY	Feb	1.9%
	20:30	US	Chicago Fed Nat Activity Index	Feb	0.66
	22:00	US	Existing Home Sales MoM	Feb	0.6%
23/03	10:00	NZ	Credit Card Spending MoM	Feb	-0.1%
	13:00	SI	CPI YoY	Feb	0.2%
	14:00	JN	Machine Tool Orders YoY	Feb F	36.7%
	15:00	UK	ILO Unemployment Rate 3Mths	Jan	5.1%
	15:00	UK	Employment Change 3M/3M	Jan	-114k
	22:00	US	New Home Sales MoM	Feb	4.3%
	22:00	US	Richmond Fed Manufact. Index	Mar	14.0
24/03	05:45	NZ	Trade Balance 12 Mth YTD NZD	Feb	2745m
	08:30	JN	Jibun Bank Japan PMI Mfg	Mar P	51.4
	08:30	JN	Jibun Bank Japan PMI Services	Mar P	46.3
	12:00	MA	CPI YoY	Feb	-0.2%
	15:00	UK	CPI YoY	Feb	0.7%
	17:00	EC	Markit Eurozone Manufacturing PMI	Mar P	57.9
	17:00	EC	Markit Eurozone Services PMI	Mar P	45.7
	17:30	UK	Markit UK PMI Manufacturing SA	Mar P	55.1
	17:30	UK	Markit/CIPS UK Services PMI	Mar P	49.5
	19:00	US	MBA Mortgage Applications	19 Mar	-2.2%
	20:30	US	Durable Goods Orders	Feb P	3.4%
	20:30	US	Cap Goods Orders Nondef Ex Air	Feb P	0.4%
	21:45	US	Markit US Manufacturing PMI	Mar P	58.6
	21:45	US	Markit US Services PMI	Mar P	59.8
	23:00	EC	Consumer Confidence	Mar A	-14.8
25/03	16:30	HK	Exports YoY	Feb	44.0%
	20:30	US	Initial Jobless Claims	20 Mar	--
	20:30	US	GDP Annualized QoQ	4Q T	4.1%
	23:00	US	Kansas City Fed Manf. Activity	Mar	24.0
26/03	13:00	SI	Industrial Production YoY	Feb	8.6%
	15:00	UK	Retail Sales Inc Auto Fuel MoM	Feb	-8.2%
	20:30	US	Advance Goods Trade Balance	Feb	-$83.7b
	20:30	US	Personal Income	Feb	10.0%
	20:30	US	Personal Spending	Feb	2.4%
	20:30	US	PCE Core Deflator YoY	Feb	1.5%
	22:00	US	U. of Mich. Sentiment	Mar F	83.0
25-31/03	NA	VN	Retail Sales YTD YoY	Mar	5.5%
		VN	Industrial Production YoY	Mar	-7.2%
		VN	GDP YoY	1Q	4.48%
		VN	Exports YoY	Mar	-4.7%
		VN	CPI YoY	Mar	0.7%

Source: Bloomberg

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