

## Global Markets Research

### Weekly Market Highlights

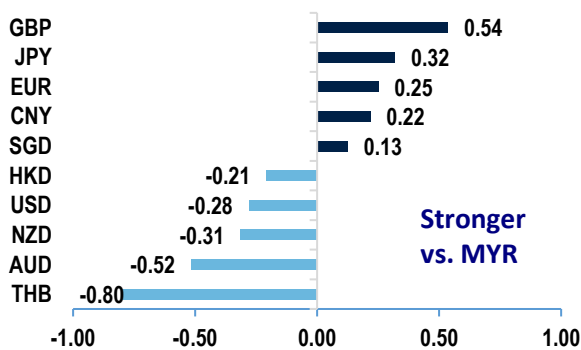
#### Markets

	Last Closing	WOW%	YTD %
Dow Jones Ind.	33,815.90	-0.65	10.4
S&P 500	4,134.98	-0.85	10.0
FTSE 100	6,938.24	-0.65	7.39
Hang Seng	28,755.34	-0.13	5.60
KLCI	1,607.73	-0.03	-1.21
STI	3,187.78	0.09	12.1
Dollar Index	91.33	-0.37	1.55
WTI oil (\$/bbl)	61.43	-3.20	26.6
Brent oil (\$/bbl)	65.40	-2.30	26.2
Gold (\$/oz)	1,781.20	0.89	-6.0

Source: Bloomberg

#### Forex

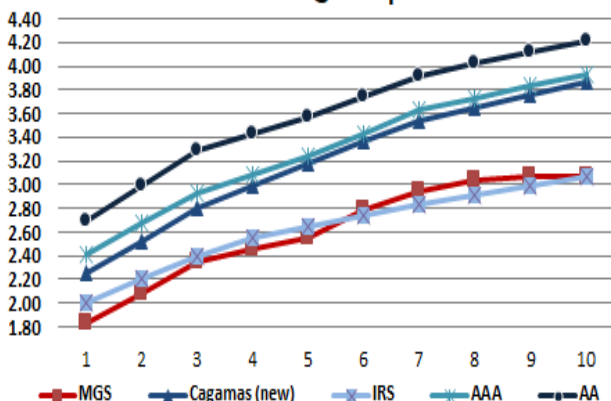
MYR vs. Major Currencies (% w/w)



Source: Bloomberg

#### Fixed Income

Indicative Yields @ 22 Apr 2021



Source: Bloomberg

- US stocks closed lower on Thursday as markets reacted to the unofficial news that President Biden plans to double the capital gains tax to nearly 40% on the wealthiest Americans. Throughout the week, stocks were mostly down as investors parsed corporate earnings report amid renewed concerns over the global pandemic which saw little improvement. Gold prices extended gains to this week as the dollar weakened. Crude oils sold off on dimmer demand outlook. The ECB reconfirmed its accommodative policy stance but the BOC will dial back on QE next week. The US' initial jobless claims fell to a new pandemic low last week.
- The Fed and BOJ are expected to maintain their monetary policy next week. The US would also report its first estimate of 1Q GDP growth and the all important core PCE data. The Eurozone's 1Q GDP and China's official manufacturing and non-manufacturing PMIs are also in the data docket.

- MYR:** USD/MYR traded on a slightly bearish bias as expected amid USD weakness. The pair settled the week 0.28% lower at 4.1120 as at yesterday's close, after having traded within a range of 4.1065-4.1320 the past five days. MYR outlook is turning more **Neutral** now but we still see room for some slight gains with support at the key 4.10 level. Would go with a range of 4.10-4.13 in the week ahead.
- USD:** The USD meandered around past few sessions after dipping to around 91 levels. Economic data highlighted the positives since Covid-19 cases came off since the start of the day. However global cases are rising once again from the India variant, which may threaten more setbacks ahead. We are **Neutral** for the USD ahead, in lieu of balanced risks on either side (90.40 to 92.30). Momentum may be turning, although biased on the downside previously. After Friday's Markit PMIs, focus shifts towards advance 1Q GDP, PCE deflation and personal income/spending data.

- UST:** The week under review saw UST's surprisingly resilient despite the recent slew of upbeat economic data as the earlier surge in yields have cooled on technical factors and also expectations that inflation may be capped going forward. Overall benchmark yields closed between 1-5bps lower across, causing the curve to flatten considerably. The \$24b of 20Y bond auction registered a BTC ratio of 2.42x awarded at 2.144%. The results came on the back of expectations that both US and foreign investors were keen to purchase USTs upon signs of a much more stable market in April. Expect trading next week to be largely influenced by the reports that the Biden-led government will propose the doubling of capital gains tax rate coupled with the FOMC meeting on the 29<sup>th</sup> of April.
- MGS/GII:** Local govies ended mostly stronger w/w, extending out to 10Y tenures but saw levels mixed on the long-ends amid a 10% increase in secondary market volume to RM14.8b. The 3Y MGS auction exercise saw solid demand especially by inter-bank participants, awarded at 2.363%. Meanwhile the nation had successfully priced and issued the world's first USD sustainability Islamic Bond totaling \$1.3b. Expect yields to range sideways next week whilst looking for cues from UST yield movements and also COVID-19 news updates.

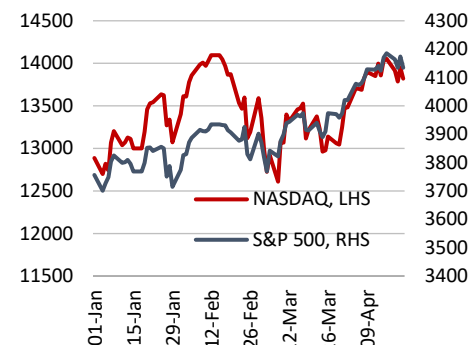
## Macroeconomic Updates

- US stocks closed lower on Thursday as markets reacted to the unofficial news that President Biden plans to double the capital gains tax to nearly 40% on the wealthiest Americans, despite better than expected jobless claims data. Throughout the week, stocks were mostly down as investors parsed corporate earnings report amid renewed concerns over the global pandemic which saw little improvement. Potential delay in vaccination rollout worldwide was part of the problem not to mention the emergence of new Covid strains in some countries. India, for instance hit a milestone by recording the highest ever new daily Covid cases (+315k) in a single country. Compared to last Thursday, the Dow Jones shed 0.6% w/w while the S&P 500 was down by 0.8%. NASDAQ bore the brunt (-1.6%) amid sustained selling in tech stocks. Meanwhile, gold prices extended gains to this week as the dollar weakened. Crude oils sold off on dimmer future demand.
- The ECB reconfirmed its accommodative policy stance and reiterate that the €1850bil PEPP envelope needs not be fully used up. ECB's chief Christine Lagarde said that there was no discussion of phasing out the asset purchase program yet, citing the uncertain nature of the pandemic economic downturn. It maintained that risks remained tilted to the downside in the short term. Bank of Canada announced for the second time, the tapering of its QE program as the resilient Canadian economy recovered faster than expected. It will scale down the weekly purchase from \$4bil to \$3bil starting next week. The benchmark overnight rate was kept at 0.25% Bank of Indonesia held its 7-day reverse repo rate unchanged at 3.5%.
- The US' indicators pointed to further economic revival in the coming months. Notably, initial jobless claims fell to another pandemic era low of 547k as of 16 April, after having just set a fresh pandemic record (low) in the prior week, pulling down the four-week average (see figure). The downtrend confirms the widely expected views that the job market is poised for recovery as the US economy picks up steam. The second monthly fall in the existing home sales (-3.7% m/m) alongside the record high prices exacerbated concerns that the tight supply market may limit housing sector's growth.

### The Week Ahead...

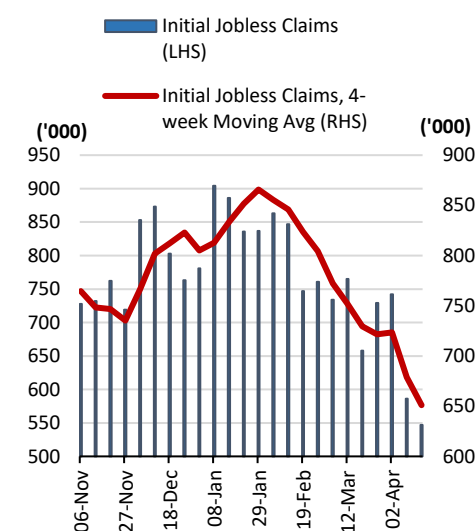
- The focus is on the FOMC meeting (28-29 April) next week. We expect the Fed to acknowledge brighter recovery prospect and maintain monetary policy at status quo. Fed Chair Powell is likely to continue downplaying any imminent surge in yields, with high unemployment levels in mind.
- The BOJ (27 April) is also expected to leave its ultra-loose policy unchanged, with inflation still running below 1.0% and the Japanese economy grappling with weak spending and surging Covid cases.
- The economic calendar starts on a light note next week, with the release of Singapore's industrial production and the US' flash durable orders' data, followed by China's industrial profits, Hong Kong's exports as well as a couple of US' house price indexes and the Conference Board's consumer confidence gauge on Tuesday. Australia's CPI data, Malaysia's exports and the US' goods trade report are in the Wednesday's data docket and unlikely to be major market driver.
- Data due Thursday onwards are top-tiered; the first estimate of the US' 1Q GDP growth alongside the weekly jobless claims data are expected to steal the spotlight.
- On Friday morning, China's official PMI readings as well as Japan's jobless rates and industrial productions are in focus. The first reading of the Eurozone's 1Q GDP is due in the evening alongside the unemployment and CPI data, before investors turn attention to the US' personal income, spending and core PCE numbers.

### Stocks retreated from record highs this week



Source: Bloomberg

### Fewer new jobless claims last week as layoffs decreased.

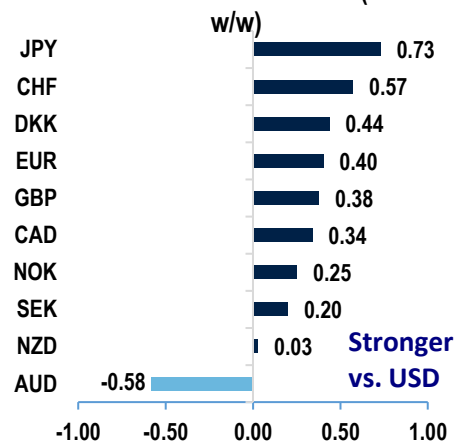


Source: Bloomberg

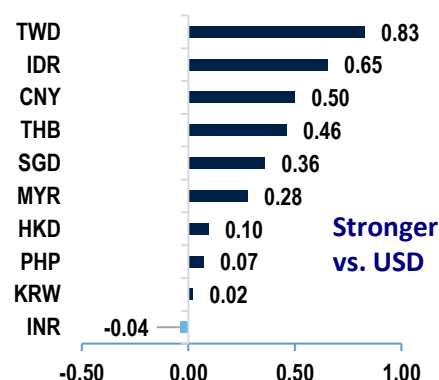
## Foreign Exchange Market

- MYR:** USD/MYR traded on a slightly bearish bias as expected amid USD weakness. The pair settled the week 0.28% lower at 4.1120 as at yesterday's close, after having traded within a range of 4.1065-4.1320 the past five days. MYR outlook is turning more **Neutral** now but we still see room for some slight gains with support at the key 4.10 level. Would go with a range of 4.10-4.13 in the week ahead.
- USD:** The USD meandered around past few sessions after dipping to around 91 levels. Economic data highlighted the positives since Covid-19 cases came off since the start of the day. However global cases are rising once again from the India variant, which may threaten more setbacks ahead. We are **Neutral** for the USD ahead, in lieu of balanced risks on either side (90.40 to 92.30). Momentum may be turning, although biased on the downside previously. After Friday's Markit PMIs, focus shifts towards advance 1Q GDP, PCE deflation and personal income/spending data.
- EUR:** EUR/USD appeared to have lost upside momentum since breaking the 1.20 big figure, reaching a high of 1.2080 on 20 April but consolidating thereafter. The ECB kept its policy settings and forward guidance stance relatively unchanged. We are **Neutral** for the week ahead (range of 1.1900 to 1.2100), but watch for downside risks. Levels look stretched on the upside. For the week ahead, watch GDP and confidence numbers.
- GBP:** GBP/USD lost footing after the recent high of 1.4009 on 20 April, down to 1.3839 on 22 April's close. Economic data highlighted the gap towards reaching normality, although the situation is slightly improving. We are **Neutral-to-Bearish** on the GBP after the recent reversal. GBP may be a casualty after prior performance, if risk aversion returns again. Support at 1.3710, with resistance at 1.3940 for now.
- JPY:** USD/JPY touched 108 levels and maintained a march downwards since the start of the month. March's trade surplus widened after exports rebounded strongly. Meanwhile, headline inflation stayed in negative territory. We are **Neutral-to-Bullish** on the JPY (range of 106.90 to 108.50). Momentum is strong for JPY strength, even though the pace has led to some stretched levels. Attention will be on Bank of Japan's policy decision on 27 April. Retail sales, industrial production and labour market numbers are also released on 28 April.
- AUD:** After some ups and downs, AUD/USD looked to be moving with a downward bias in recent days (22 April close of 0.7707), underperforming G10 FX. RBA minutes kept to the script of maintaining accommodative stance for some time. We are **Neutral-to-Bearish** on the AUD, given its vulnerability to risk aversion. We see a head-and-shoulder formation forming over the pair, indicating a possible turn downwards. A break of the 0.7700 big figure again, may turn attention towards a range of 0.7560 to 0.7690. Australia's 1Q CPI is released on 28 April, and will provide information on recent inflationary pressures.
- SGD:** USD/SGD has seen some horizontal moves just below the 1.33 big figure since 20 April. Some risk aversion has started to creep into markets, as Covid-19 cases climb again in India and other parts of the world. The SGD NEER has stayed elevated, as the SGD outperformed other G10 and Asian currencies against recent volatility. We are **Neutral** on USD/SGD for the week ahead, anticipating a range of 1.3260 to 1.3380. Industrial production data the focus for Singapore data ahead. The main downside risk for SGD is if the Covid-19 escalates further, threatening lockdowns.

### USD vs. G10 Currencies (% w/w)



### USD vs Asian Currencies (% w/w)



Source: Bloomberg

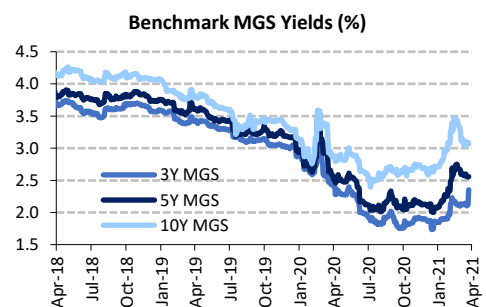
### Forecasts

	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
	<b>Q2-21</b>	<b>Q3-21</b>	<b>Q4-21</b>	<b>Q1-22</b>
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

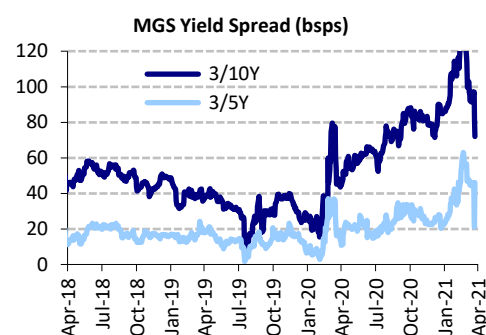
Source: HLBB Global Markets

## Fixed Income

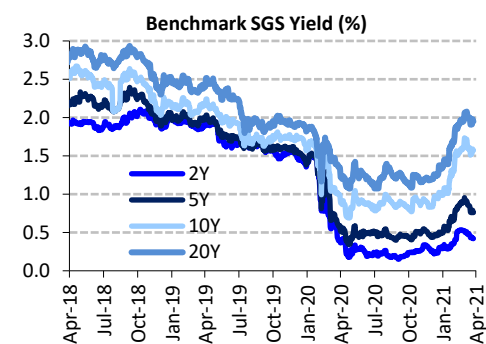
- UST:** The week under review saw UST's surprisingly resilient despite the recent slew of upbeat economic data as the earlier surge in yields have cooled on technical factors and also expectations that inflation may be capped going forward. Overall benchmark yields closed between 1-5bps lower across, causing the curve to flatten considerably. The benchmark UST 2Y; reflective of interest rate predictions edged 1bps lower at 0.15% whilst the much-watched 10Y (which traded within a tighter range of 1.54%-1.61%); declined 4bps to 1.54%. Meanwhile, fiscal policy is expected to impinge on real rates with infrastructure spending likely higher than tax hikes. The \$24b of 20Y bond auction registered a BTC ratio of 2.42x (previous auction: 2.51x; average last 6 auctions: 2.41x) and awarded at 2.144%. The results came on the back of expectations that both US and foreign investors were keen to purchase USTs upon signs of a much more stable market in April. Expect trading next week to be largely influenced by the reports that the Biden-led government will propose the doubling of capital gains tax rate coupled with the FOMC meeting on the 29<sup>th</sup> of April.
- MGS/GII:** Local govies ended mostly stronger w/w, extending out to 10Y tenures but saw levels mixed on the long-ends. Overall benchmark MGS yields closed mixed between 6-20bps for both MGS/GII. Interest was seen mainly in the off-the-run 21-22's, 28's and also benchmark 10Y MGS/GII bonds. Both the benchmark 5Y MGS 9/25 and the 10Y MGS 4/31 benchmark yields declined 2bps each at 2.55% and 3.06% levels respectively. The weekly secondary market volume however rose ~10% @ RM14.82b versus prior week's solid RM13.48b. The 3Y MGS auction exercise saw solid demand especially by inter-bank participants, resulting in total bids submitted hitting a YTD high of RM9.39b and awarded at 2.363%. Meanwhile the nation had successfully priced and issued the world's first USD sustainability Islamic Bond totaling \$1.3b which was offered in two (2) tranches; i.e. \$800m of 10Y @ 50bps over similar-tenured UST's along with \$500m of 30Y @ 90bps spread. Expect yields to range sideways next week whilst looking for cues from UST yield movements and also COVID-19 news updates.
- MYR Corporate Bonds/ Sukuk:** The week under review saw investor interest ramp-up in the secondary market for corporate bonds/Sukuk/govt-guaranteed bonds. Activity was again mainly centered across the GG-AA part of the curve as yields closed mostly mixed-to-higher amid the rise in weekly market volume of RM3.53b compared to prior week's RM2.50b. Topping the weekly volume was the shorter-tenured CAGAMAS 10/21 (AAA) which rose 17bps at 2.10% compared to previous-done levels, followed by CIMB 4/25 (AA1) which spiked a massive 36bps at 3.23% levels. Third largest volume was seen for PTPTN 6/22 (GG) bonds which also spiked 40bps at 2.35%. Higher frequency of bond trades was seen in only DANA, DANGA, DRB Hicom, Infracap, MMC Corp, EDRA, SEB, Southern Power and MBSB. Meanwhile the prominent issuances for the week consisted of DANUM Capital Bhd's AAA-rated 1Y papers totaling RM500m with a coupon of 2.24%; followed by Imtiaz Sukuk II Berhad's 1-5Y bonds amounting to RM1.0b with coupons between 3.54-3.90%.
- SGS:** SGS (govies) surprisingly gravitated away from the influence of UST movements and ended weaker w/w across the curve with overall benchmark yields rising between 2-4bps, save for the short-end. The curve continued to bear-steepen with the 2Y maintaining at 0.42% levels whilst the 10Y (which traded within a tighter 8bps range), spiked 6bps at 1.57%. MAS is expected to auction the reopened 15Y SGS 8/36 on 28 April. Investors are wary of the under-performance of this bonds with yields rising by 85bps YTD. The republic sold ~SGD35b worth of bonds YTD; up 24% from the same period last year. Meanwhile the SGD has held steady amid broad dollar weakness with the IRS curve bear-steepening slightly. Elsewhere the republic is seen stepping up isolation measures and reducing entry approvals amid rising COVID-19 infections worldwide. Separately, Singapore banks' healthy wealth-management and transaction-banking businesses are likely to drive revenue and subsequently profit with UOB, DBS and OCBC at the forefront.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

## Rating Actions

Issuer	PDS Description	Rating/ Outlook	Action
The Holstein Milk Company Sdn Bhd	Proposed RM1.0 billion Sukuk Wakalah Programme	AA-IS/Stable	Assigned
7-Eleven Malaysia Holdings Berhad	Proposed RM600.0 million Medium-Term Notes (MTN) Programme	AA-/Stable	Assigned
The Export-Import Bank of Korea (KEXIM)	Financial institution (FI) rating	AAA/Stable	Affirmed
	Medium-Term Notes programme of RM1.0 billion	AAA/Stable	Affirmed

*Source: MARC/RAM*

## Economic Calendar

Date	Time	Country	Event	Period	Prior
26/04	13:00	SI	Industrial Production YoY	Mar	16.40%
	20:30	US	Durable Goods Orders	Mar P	-1.20%
	22:30	US	Dallas Fed Manf. Activity	Apr	28.9
27/04	09:30	CH	Industrial Profits YoY	Mar	20.10%
	16:30	HK	Exports YoY	Mar	30.40%
	21:00	US	FHFA House Price Index MoM	Feb	1.00%
	21:00	US	S&P CoreLogic CS US HPI YoY NSA	Feb	11.22%
	22:00	US	Conf. Board Consumer Confidence	Apr	109.7
	22:00	US	Richmond Fed Manufact. Index	Apr	17
	00:00	JN	BOJ Policy Balance Rate	Apr-27	-0.10%
28/04	07:50	JN	Retail Sales MoM	Mar	3.10%
	09:30	AU	CPI YoY	1Q	0.90%
	12:00	MA	Exports YoY	Mar	17.60%
	19:00	US	MBA Mortgage Applications	Apr-23	8.60%
29/04	20:30	US	Advance Goods Trade Balance	Mar	-\$86.7b
	02:00	US	FOMC Rate Decision (Upper Bound)	Apr-28	0.25%
	06:45	NZ	Trade Balance 12 Mth YTD NZD	Mar	2364m
	09:00	NZ	ANZ Business Confidence	Apr F	-8.4
	17:00	EC	Economic Confidence	Apr	100.9
	17:00	EC	Consumer Confidence	Apr F	--
	20:30	US	Initial Jobless Claims	Apr-24	--
	20:30	US	GDP Annualized QoQ	1Q A	4.30%
	22:00	US	Pending Home Sales MoM	Mar	-10.60%
	30/04	06:00	NZ	ANZ Consumer Confidence Index	Apr
07:30		JN	Jobless Rate	Mar	2.90%
07:30		JN	Job-To-Applicant Ratio	Mar	1.09
07:50		JN	Industrial Production MoM	Mar P	-1.30%
08:30		JN	Jibun Bank Japan PMI Mfg	Apr F	--
09:00		CH	Non-manufacturing PMI	Apr	56.3
09:00		CH	Manufacturing PMI	Apr	51.9
17:00		EC	Unemployment Rate	Mar	8.30%
17:00		EC	CPI Estimate YoY	Apr	1.30%
17:00		EC	GDP SA QoQ	1Q A	-0.70%
20:30		US	Personal Income	Mar	-7.10%
20:30		US	Personal Spending	Mar	-1.00%
20:30		US	PCE Core Deflator YoY	Mar	1.40%
21:45		US	MNI Chicago PMI	Apr	66.3
22:00	US	U. of Mich. Sentiment	Apr F	86.5	
25-30/04	NA	VN	Trade Balance	Apr	\$400m
	NA	VN	Exports YoY	Apr	19.20%
	NA	VN	CPI YoY	Apr	1.16%
	NA	VN	Retail Sales YTD YoY	Apr	5.10%
	NA	VN	Industrial Production YoY	Apr	3.90%

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](mailto:HLMarkets@hlbb.hongleong.com.my)

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