Global Markets Research
Weekly Market Highlights

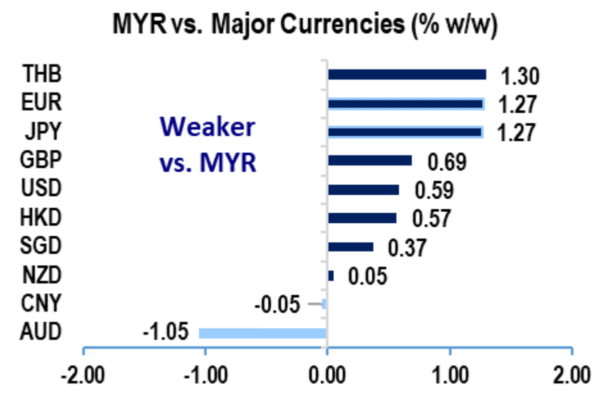
Markets

	Last Price	WOW%	YTD %
Dow Jones Ind.	33,826.16	0.12	2.05
S&P 500	4,135.35	0.13	7.71
FTSE 100	7,831.58	-0.90	5.10
Hang Seng	19,840.28	-2.73	0.30
KLCI	1,418.05	-0.29	-5.18
STI	3,282.03	-0.95	0.94
Dollar Index	101.50	-0.33	-1.95
WTI oil ($/bbl)	74.76	-3.27	-6.85
Brent oil ($/bbl)	78.37	-3.37	-8.78
Gold ($/oz)	1,999.00	-0.43	9.31

Source: Bloomberg

- **Last minute rebound from growth and banking fear:** Wall Street took a dive on Tuesday and extended its losses for the second day after First Republic Bank's earnings reignited concerns over the banking sector and eclipsing the strong earnings from big tech companies. However, the market made a U-turn on Thurday after investors decided that the better earnings from tech companies like Microsoft and Alphabet should outweigh softer economic growth. In fact, S&P 500 posted its best gain since January that day, propelling the index up by 0.1% w/w. The Dow Jones Industrial Average also gained 0.1% w/w, while the tech-heavy Nasdaq Composite added 0.7% w/w.
- **Next week:** Policy meetings and rhetoric from the Fed, ECB and RBA will be in focus – hike expected from the Fed and ECB but pause for the latter. Locally, BNM is also scheduled to meet and we opine odds of a 25bps hike remains. That aside, US job reports (ADP and NFP), ISM indices, Eurozone CPI/ PPI, and global PMI readings will be key watch.

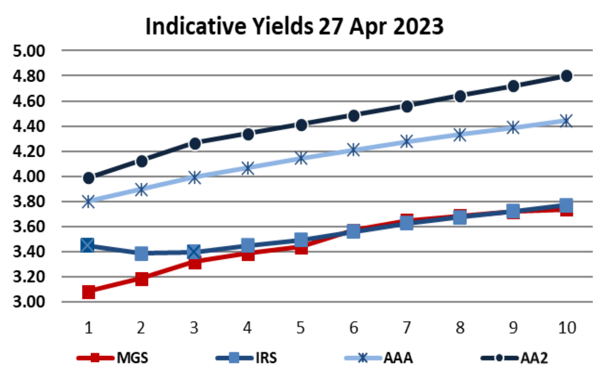
Forex



Source: Bloomberg

- **MYR:** MYR weakened for the third straight week, down 0.6% w/w vs the greenback at 4.4633 as at Thursday's close. We believe weaker oil and commodity prices this week have exerted pressure on the MYR, closely tracking other commodity currencies. We expect the MYR to trade on a more cautious note in a holiday-shortened week ahead of BNM MPC meeting on 3-May which we believe odds of a 25bps hike could not be totally disregarded. We are therefore largely ***Neutral*** eyeing a range of 4.43-4.47 for USD/ MYR next week. FOMC meeting and rhetoric that follow suit will also be a key influence in the FX space next week.
- **USD**: The DXY weakened again, down 0.3% w/w to 101.50 as at Thursday's close. Despite inherent selling pressure from dampened Fed rate hike outlook arising from heightening recession fear, the DXY was seen hanging on to the 101 big figure in the last two weeks. A dovish hike from the Fed, could still trigger some selloffs in the greenback, hence our ***Slightly Bearish*** outlook on the DXY. There will also be various market-moving data including ISM, PMI, ADP employment followed by NFP, not forgetting core PCE tonight.

Fixed Income



Source: Bloomberg/ BPAM

- **UST:** US treasuries advanced despite weakness seen in the later part of the week following concerns reflected by a inflation metric in the GDP report which rose to a 1-year high. The stronger reading on the labor front coupled with substantial IG offerings also impacted bonds. The curve displayed a steeper-bias as overall benchmark yields eased 1-7bps across save for the long bond. Treasury's coupon offerings of $35b 7Y notes, $43b 5Y notes and $42b 2Y notes saw decent demand. Meanwhile, Fed-dated OIS pricing currently reflect a sharply higher probability of 88% for a 25bps rate hike in next week's FOMC meeting with an implied rate of ~5.05%. **Expect bond yields to range higher next week as limelight reverts to core PCE and upcoming FOMC rate decision with risks to our view being further adverse news in the banking sector.**
- **MGS/GII:** Local govvies surprisingly saw both MGS/GII perform mostly stronger w/w, influenced by lower IRS yields and 3-6-month KLIBOR. The extended weekend break to celebrate the Hari Raya festivities did not dampen sentiment nor appetite. The curve shifted lower as overall benchmark MGS/GII yields mostly eased between 1-11bps across the curve (save for the 20Y GII). The average daily secondary market volume sprung higher by 41% w/w to ~RM4.5b with interest seen mainly in the off-the-run 24's, 25's, 37's and benchmark 3Y MGS, 10Y MGS/GII. The 30Y GII 5/52 auction saw strong participation with interest seen mainly from pension funds and insurance companies as BTC ratio notched 2.153x whilst being awarded at 4.294%. Elsewhere, there has been increased interest in South-East Asian bonds of late. **Expect local govvies to be well-supported amid intermittent profit-taking activities next week.**

Macroeconomic Updates

- **Last minute rebound from growth and banking jitters:** Wall Street took a dive on Tuesday and extended its losses for the second day after First Republic Bank's earnings reignited concerns over the banking sector and eclipsing the strong earnings from big tech companies. However, the market made a U-turn on Thurday after investors decided that the better earnings from tech companies like Microsoft and Alphabet should outweigh softer economic growth. In fact, S&P 500 posted its best gain since January that day, propelling the index up by 0.1% w/w. The Dow Jones Industrial Average also gained 0.1% w/w, while the tech-heavy Nasdaq Composite added 0.7% w/w. In the commodities market, the late-stage recovery on Thursday was not enough to offset the WTI and Brent's 4.0% d/d plunge on Wednesday due to receding recession fears. As a result, prices of oil closed the week between 3.3% and 3.4% w/w lower.

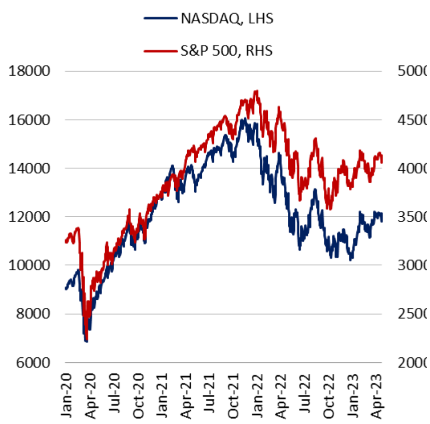
- **April PMIs remained lopsided in favour of services; US PMIs above 50:** With the exception of US, global S&P PMIs continued to point to divergence between the manufacturing and services sector. Both the US manufacturing and services PMI imprroved to 50.4 and 53.7 in April, the first upturn in 6 months for the former and the quickest in a year for the latter. In Europe, services PMI reported its strongest expansion in a year at 56.6, but manufacturing PMI contracted at the sharpest rate since December at 45.5. Similarly, growth remained lopsided in the UK, with a robust services PMI at 54.9, but manufacturing PMI fell for the second month to 46.6. Japan's private sector continued to expand solidly at the start of 2Q, with a strong service economy at 54.9, while manufacturing remained contractionary at 49.5.The former is the second-highest reading since October 2013.

- **Easing inflationary pressures:** Data released during the week reaffirmed expectations of softening prices but with upside risks. Malaysia's headline CPI eased to its lowest since June 2022 at +3.4% y/y in March, while core inflation also softened to 3.8% y/y. Nevertheless, quicker growth in services-related or discretionary spending reaffirmed our view that inflation will remain sticky and underpinned by second-round price effects as well as demand-pull inflation Singapore's headline and core CPI also eased to 5.5% y/y and 5.0% y/y respectively. MAS also maintined its forecast of 5.5%-6.5% for headline inflation and 3.5%-4.5% for core. Japan's data was mixed. CPI, which excludes fresh food, unexpectedly held steady at +3.1% y/y in March, a sharp deceleration from January's 41-year high of 4.2% y/y, but this was largely due to government subsidies which softened the cost of utility bills. Stripping both fresh food and energy, CPI accelerated to 3.8% y/y, the fastest since December 1981, driven by a 8.2% y/y jump in processed food.

- **Monetary policy week ahead:** It will be a busy week for central bankers next week, with the Fed, ECB, RBA and BNM set to meet. We are expecting the Fed to deliver another 25bps hike in the fed funds rate. This is despite a slew of weak economic data recently. US real GDP decelerated more than expected to +1.1% q/q in 1Q on tepid business investment and a pullback in inventories. The Conference Board's Consumer Confidence Index fell more than expected to a 9-month low of 101.3 in April, while orders for non-defense capital goods excluding aircraft, a proxy for business spending plans also contracted more than expected by 0.4% m/m in March. Pending home sales unexpectedly fell for the first time since November 2022 by 5.2% m/m in March, but on a flip side, new home sales registered positive growth of +9.6% m/m. Home prices from both FHFA and S&P CoreLogic accelerated. ECB has maintained its hawkish stance given inflationary concerns and thus, is expected to lift its rates by at least 25bps next week. Recent indicators point to an improvement in the economy. Consumer confidence rose to -17.5 in April. Eurozone also registered its first trade surplus since September 2021 at €4.6bn in February as exports outpaced imports. German IFO trended up to 93.6. For RBA, there is no change to our house view for continued pause at 3.60%, especially since inflation rate has eased to 1.4% q/q and 7.0% y/y respectively in 1Q. On the domestic front, we maintain our view that the door remains open for BNM to raise its OPR by another 25bps to 3.00% this year, as early as next week.

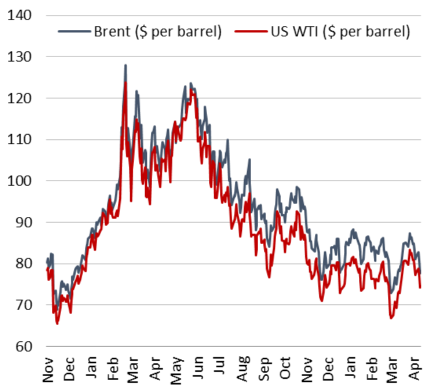
- **Next week data:** Key highlight will the non-farm payroll and unemployment rate, average hourly earnings, ADP employment change, Challenger job cuts, JOLTS job openings as well as the weekly jobless claims. We will also be watching for ISM-Manufacturing and Services, consumer credit and mortgage applications, construction spending, trade balance and on the manufacturing front, factory, capital and durable goods orders. Eurozone will release a string of 1st tier data like CPI and PPI, unemployment rate and retail sales. We will be watching out for credit data from the UK, as well as Nationwide House price index. Only data from Japan is consumer confidence. S&P will finalise the PMIs for major economies and unveil the respective composite PMIs for China, Malaysia and Singapore. At the same time, Singapore will release its official PMI as well as retail sales numbers.

Battle of tech earnings vs growth story



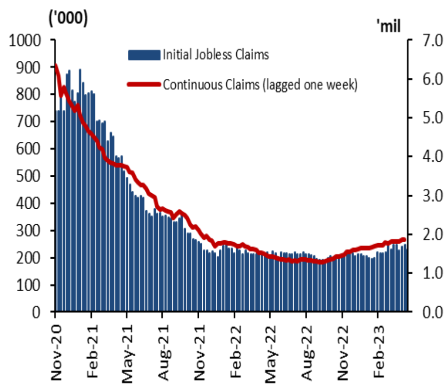
Source: Bloomberg

Recession fears weighed on crude market



Source: Bloomberg

Initial jobless claims unexpectedly fell



Source: Bloomberg

Foreign Exchange

- **MYR:** MYR weakened for the third straight week, down 0.6% w/w vs the greenback at 4.4633 as at Thursday's close, just a tad off its week-high (4.4653) and marked its weakest in six weeks. We believe weaker oil and commodity prices this week have exerted pressure on the MYR, closely tracking other commodity currencies. The MYR also retreated against most G10s and neighbouring currencies save for the AUD, CAD, CNY, and KRW. We expect the MYR to trade on a more cautious note in a holiday-shortened week ahead of BNM MPC meeting on 3-May which we believe odds of a 25bps hike could not be totally disregarded. We are therefore largely ***Neutral*** eyeing a range of 4.43-4.47 for USD/ MYR next week. FOMC meeting and rhetoric that follow suit will also be a key influence in the FX space next week.

- **USD**: The DXY weakened again after the brief gain a week ago, down 0.3% w/w to 101.50 as at Thursday's close. Despite inherent selling pressure from dampened Fed rate hike outlook arising from heightening recession fear, the DXY was seen hanging on to the 101 big figure in the last two weeks, trading within a narrow range of 101.01-102.12 in the past five trading days albeit with aplenty swings in between. A dovish hike from the Fed which is expected to mark the last 25bps hike in the current rate hike cycle at next week's FOMC meeting, could still trigger some selloffs in the greenback, hence our ***Slightly Bearish*** outlook on the DXY potentially in a range of 100-102 in the week ahead. There will also be various market-moving data including ISM, PMI, ADP employment followed by NFP on the deck, not forgetting core PCE tonight.

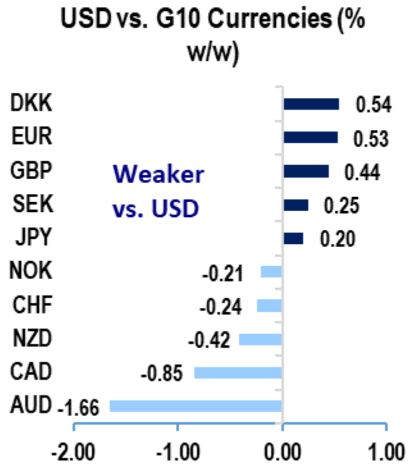
- **EUR**: EUR turned out as the second best performing currency this week, trading in a range of 1.0938-1.1095 before settling the week 0.5% stronger vs the USD at 1.1028 on Thursday. Data showed upside surprises in PMI services but downside surprises in PMI manufacturing, while confidence improved in the Euro area. We remain ***Slightly Bullish*** on EUR/ USD, within recent ranges of 1.09-1.11. A hawkish ECB on 4-May, potentially contrasting a dovish Fed within the same day, could instill further bullishness in the pair, but upside will likely be capped at 1.11-1.12 for now given the near overbought position. Other key data on the deck include PMI, CPI, PPI and retail sales.

- **GBP**: Mirroring the EUR, the sterling shrugged off preceding week's shortlived losses to end the week 0.4% w/w stronger. GBP/ USD last settled at 1.2498, after having traded in a higher range of 1.2367-1.2575 this week. UK data has been scanty and offered no major shift in the macro fundamentals of the UK economy. GBP/ USD outlook remains ***Neutral to Slight Bullish*** in our view maintaining an expected range of 1.24-1.26, potentially seeing some swings post-FOMC. Upcoming UK data releases which included PMI, mortgage approvals, Nationwide house prices and consumer credit should have little bearing on the sterling relative to the USD.

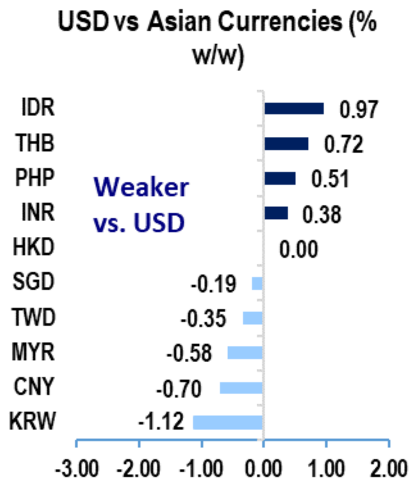
- **JPY**: JPY eked out a weekly gain of 0.2% supported by its haven appeal in a largely risk-off environment stoked by growth and US banking jitters this week. The JPY traded within a range of 133.02 – 134.73 this week before last settled at 133.97 as at Thursday's close. Recent Japanese data has been generally pleasant – uptick in leading index, upside surprises in retail sales and industrial production, as well as Tokyo CPI, but jobless rate unexpectedly ticked up. No change to our view of BOJ staying pat today nonetheless but Governor Ueda's debut speech will be closely scrutinized after his earlier comments on maintaining an ultraloose monetary policy. USD/ JPY outlook is ***Neutral*** (133-135) as market is expected to stay edgy ahead of FOMC and ECB policy meets next week.

- **AUD**: Aussie underperformed all G10s and weakened 1.7% w/w vs the USD to 0.6631 as at Thursday's close. Unlike the bumps seen in other majors, trading in the AUD appeared to be on a steady decline through the week, briefly breaking below 0.66 to a low of 0.6591, but managed to hang on to the 0.66 big figure overall, with some lift from a slower than expected pullback in CPI. This however was not sufficient to sway expectations of a RBA pause next Tuesday. We expect AUD/ USD to trade on a ***Neutral to Slightly Bearish*** mode next week, likely in a range of 0.65-0.67 with key event risks from the Fed as well as RBA, policy meeting on 2 May followed by quarterly monetary policy statement on 5-May. We expect RBA to stay pat but any more hawkish than expected policy guidance could limit downside in the pair.

- **SGD**: The SGD went through some ups and downs albeit within a narrow range of 1.3318-1.3392, trailing USD movement during the week. SGD lost 0.2% w/w to 1.3349 vs the USD on Thursday's close, hanging on dearly to the 1.33 handle for a good two weeks, a sign of resiliency amid more noises in the greenback. We are ***Neutral*** on USD/ SGD outlook potentially in a range of 1.33-1.34 next week ahead of FOMC policy meeting. On the Singapore front, PMI and retail sales will shed more lights on the Singapore economy but influence on SGD will likely be kept minimal.



Source: Bloomberg



Source: Bloomberg

Forecasts

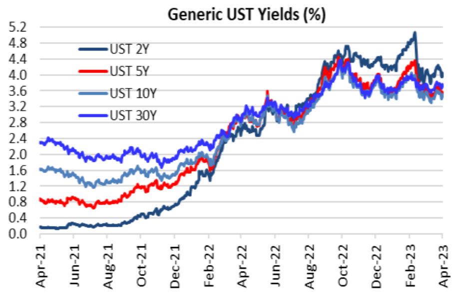
	Q2-23	Q3-23	Q4-23	Q1-24
DXY	101	100	98	97
EUR/USD	1.10	1.11	1.12	1.13
GBP/USD	1.24	1.25	1.24	1.24
AUD/USD	0.68	0.68	0.69	0.70
USD/JPY	131	130	128	128
USD/MYR	4.39	4.35	4.31	4.28
USD/SGD	1.31	1.30	1.27	1.26
USD/CNY	6.84	6.77	6.70	6.64

	Q2-23	Q3-23	Q4-23	Q1-24
EUR/MYR	4.83	4.83	4.83	4.83
GBP/MYR	5.45	5.42	5.34	5.31
AUD/MYR	2.97	2.97	2.97	2.98
SGD/MYR	3.35	3.35	3.39	3.40
CNY/MYR	0.64	0.64	0.64	0.65

Source: HLBB Global Markets Research

Fixed Income

- **UST:** For the week under review, US treasuries ended in positive territory despite weakness seen in the later part of the week following concerns reflected by a inflation metric in the GDP report which rose to a 1-year high. The stronger reading on the labor front in the form of lower-than-expected initial jobless claims coupled with substantial IG offerings also impacted bonds. The curve displayed a steeper-bias as overall benchmark yields eased 1-7bps across save for the long bond. **The UST 2Y yield fell the most by 7bps to 4.07% whilst the much-watched UST 10Y edged 1bps down to 3.52%** (the UST 10Y ranged tighter between 3.40-3.53%). Treasury's coupon offerings of $35b 7Y notes, $43b 5Y notes and $42b 2Y notes saw decent demand. Meanwhile, Fed-dated OIS pricing currently reflect a sharply higher probability of 88% for a 25bps rate hike in next week's FOMC meeting with an implied rate of ~5.05%. Meanwhile, **expect bond yields to range higher next week as limelight reverts to inflation-related data pertaining to PCE and upcoming FOMC rate decision with risks to our view being further adverse news in the banking sector.**



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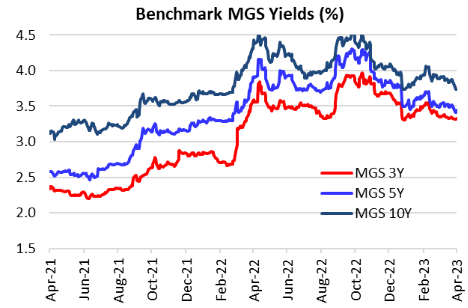
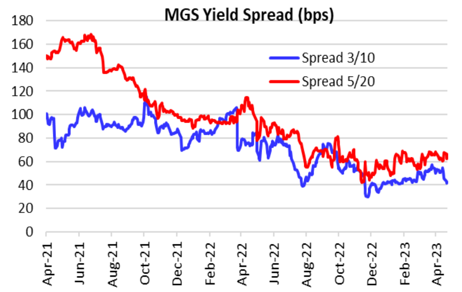
- **MGS/GII:** Local govvies surprisingly saw both MGS/GII perform mostly stronger w/w, influenced by lower IRS yields and 3-6-month KLIBOR. The extended weekend break over 4 days to celebrate the Hari Raya festivities did not dampen sentiment nor appetite. The curve shifted lower as overall benchmark MGS/GII yields mostly eased between 1-11bps across the curve (save for the 20Y GII). **The benchmark 5Y MGS 11/27 settled 5bps lower at 3.43% whilst the 10Y MGS 7/32 declined 7bps to 3.85%.** The average daily secondary market volume sprung higher by 41% w/w to ~RM4.5b with interest seen mainly in the off-the-run 24's, 25's, 37's and benchmark 3Y MGS, 10Y MGS/GII. The 30Y GII 5/52 auction saw strong participation with interest seen mainly from pension funds and insurance companies as BTC ratio notched 2.153x whilst being awarded at 4.294%. Elsewhere, there has been increased interest in South-East Asian bonds of late. **Expect local govvies to be well-supported amid intermittent profit-taking activities next week.**



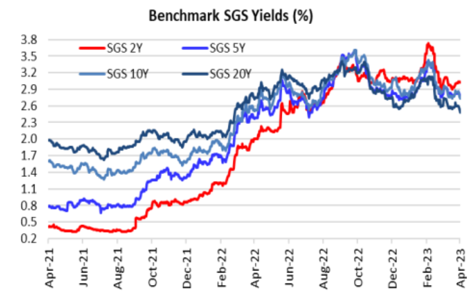
Source: Bloomberg

- **MYR Corporate bonds/ Sukuk**: The week under review saw secondary market activity surge. **Transactions were seen across the GG-AA part of the curve as yields closed mostly mixed-to-lower amid a whopping 63% spike in weekly market volume from RM3.74b to RM6.10b.** Topping the weekly volume were CAGAMAS 12/27 bonds (AAA) which closed unchanged compared to previous-done levels at 3.95%, followed by LPPSA 8/29 (GG) which declined 11bps lower to 3.76%. This was followed by energy-related MALAKOFF 12/28 bonds (AA3) which jumped 11bps higher instead to 5.05%. Higher frequency of bond trades was seen in CAGAMAS, AIR SELANGOR and Southern Power bonds. There were also multiple odd-lot transactions seen in bank-related bonds i.e.; SABAH Dev bonds. The prominent issuance for the week consisted of MAXIS Broadband Sdn Bhd's unrated 5-7Y bonds totaling RM900m with coupons ranging between 4.15-4.36%.



Source: Bloomberg

- **Singapore Government Securities:** SGS outperformed w/w; taking cue from UST movements. The curve was flatter as overall benchmark yields closed lower between 2-11bps across save for the short-end. **The SGS 2Y yield edged 2bps up to 3.00% whilst the SGS 10Y declined 10bps to 2.73%** (the SGS 10Y ranged wider between 2.71-2.84% and was seen to have hit an eight-month low on solid investor demand). Singapore's sovereign bonds as measured by Bloomberg's Index unhedged SGD posted a marginal gain of 0.2% versus a loss of 0.2% prior week. Meanwhile the republic has sold ~S$57b worth of bonds to date; up 17% compared to same period last year. Meantime, Fitch Ratings has revised the Rating Watch on Golden Energy and Resources Ltd's 'B' Long-Term Foreign Currency Rating and "B" senior bonds to Evolving from Negative. In addition, it has affirmed the 'A-' Long-Term Issuer Default Ratings of Mizuho Financial Group including subsidiaries such as Mizuho Securities (Singapore) Pte Ltd with a Stable Outlook. Heeton Holdings Ltd has successfully issued S$3.8m of 3.5Y bonds at a coupon of 7%.



Source: Bloomberg

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
SkyWorld Capital Berhad	RM300.0 million Islamic Medium-Term Notes (IMTN)	AI S(cg)/Stable	Assigned
	Islamic Commercial Papers (ICP) programmes	MARC-1 IS(cg)/Stable	Assigned
Johor Corporation Bhd	Proposed RM2 bil State-Guaranteed Islamic Medium Term Notes (IMTN) Programme	AAA/Stable	Assigned
	Corporate credit ratings	AAA/Stable/P1	Reaffirmed
	RM3.5 bil IMTN Programme	AAA/Stable	Reaffirmed
Yinson Holdings Berhad	Islamic Medium-Term Notes (IMTN) programme of up to RM1.0 billion	A+ IS/Stable	Affirmed
Malaysian Industrial Development Finance Berhad (MIDF)	Corporate credit ratings	From A1/P1/Stable to A1/P1/Negative	Outlook downgraded
MIDF Amanah Investment Bank Berhad	Financial institution ratings	From A1/P1/Stable to A1/P1/Negative	Outlook downgraded
Kimanis Power Sdn Bhd	RM485.0 million Sukuk Programme	AA IS/Stable	Affirmed

Source: MARC/RAM

Economic Calendar

Date	Time	Country	Event	Period	Prior
1-May	7:00	AU	Judo Bank Australia PMI Mfg	Apr F	48.1
	8:30	JN	Jibun Bank Japan PMI Mfg	Apr F	49.5
	9:00	AU	Melbourne Institute Inflation YoY	Apr	5.70%
	13:00	JN	Consumer Confidence Index	Apr	33.9
	21:45	US	S&P Global US Manufacturing PMI	Apr F	50.4
	22:00	US	Construction Spending MoM	Mar	-0.10%
	22:00	US	ISM Manufacturing	Apr	46.3
2-May	8:30	MA	S&P Global Malaysia PMI Mfg	Apr	48.8
	12:30	AU	RBA Cash Rate Target		3.60%
	14:00	UK	Nationwide House Px NSA YoY	Apr	-3.10%
	16:00	EC	HCOB Eurozone Manufacturing PMI	Apr F	45.5
	16:30	UK	S&P Global/CIPS UK Manufacturing PMI	Apr F	46.6
	16:30	HK	GDP YoY	1Q A	-4.20%
	17:00	EC	CPI Estimate YoY	Apr	6.90%
	22:00	US	JOLTS Job Openings	Mar	9931k
	22:00	US	Factory Orders	Mar	-0.70%
	22:00	US	Durable Goods Orders	Mar F	-1.0%
	22:00	US	Cap Goods Orders Nondef Ex Air	Mar F	-0.1%
3-May	7:00	AU	Judo Bank Australia PMI Services	Apr F	52.6
	8:30	VN	S&P Global Vietnam PMI Mfg	Apr	47.7
	9:30	AU	Retail Sales MoM	Mar	0.20%
	15:00	MA	BNM Overnight Policy Rate		2.75%
	17:00	EC	Unemployment Rate	Mar	6.60%
	19:00	US	MBA Mortgage Applications	Apr 21	3.70%
	20:15	US	ADP Employment Change	Apr	145k
	21:00	SI	Purchasing Managers Index	Apr	49.9
	21:45	US	S&P Global US Services PMI	Apr F	53.7
	22:00	US	ISM Services Index	Apr	51.2
4-May	2:00	US	FOMC Rate Decision (Upper Bound)		5.00%
	2:00	US	FOMC Rate Decision (Lower Bound)		4.75%
	8:30	SI	S&P Global Singapore PMI	Apr	52.6
	8:30	HK	S&P Global Hong Kong PMI	Apr	53.5
	9:30	AU	Exports MoM	Mar	-3%
	9:45	CH	Caixin China PMI Mfg	Apr	50
	16:00	EC	HCOB Eurozone Services PMI	Apr F	56.6
	16:30	HK	Retail Sales Value YoY	Mar	31.30%
	16:30	UK	Net Consumer Credit	Mar	1.4b
	16:30	UK	Mortgage Approvals	Mar	43.5k
	16:30	UK	S&P Global/CIPS UK Services PMI	Apr F	54.9
	16:30	HK	Retail Sales Volume YoY	Mar	29.60%
	17:00	EC	PPI YoY	Mar	13.20%
	20:15	EC	ECB Main Refinancing Rate		3.50%
	20:30	US	Trade Balance	Mar	-$70.5b

	20:30	US	Initial Jobless Claims	Apr 22	230k
5-May	9:30	AU	RBA-Statement on Monetary Policy		
	9:30	AU	Home Loans Value MoM	Mar	-0.90%
	9:45	CH	Caixin China PMI Services	Apr	57.8
	13:00	SI	Retail Sales YoY	Mar	12.70%
	16:30	UK	S&P Global/CIPS UK Construction PMI	Apr	50.7
	17:00	EC	Retail Sales YoY	Mar	-3.00%
	20:30	US	Change in Nonfarm Payrolls	Apr	236k
	20:30	US	Unemployment Rate	Apr	3.50%
	20:30	US	Average Hourly Earnings MoM	Apr	0.30%
	3:00	US	Consumer Credit	Mar	$15.290b

Source: Bloomberg