

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight data flow remains light and markets continued to have their optimism fixated on the passing of the US Tax Bills** which is expected to offer a boost to corporate profits and consumer spending.
- **US home builders' confidence turned more upbeat**, signaling the US housing market may strengthen in the coming months. **Inflation in Eurozone** ticked 0.1ppt higher to 1.5% YOY as initially estimated, reaffirming that price pressure **remained very subdued despite improving growth outlook**, which would remain a policy concern. **UK** data was positive as well, as higher orders surveyed by CBI suggests **manufacturing activities will likely continue expand going forward**. In Asia, **overall exports outlook remained favourable in Singapore despite the deceleration in NODX** to 9.1% YOY in November, dragged by slower expansion in non-electronics products.
- **USD fell against all G10s** while the Dollar Index bounced off intraday low but still closed 0.25% lower at 93.69 as markets saw no further positive catalysts for extended gains apart from the already priced-in US tax reform bill approval. **Stay slightly bullish on USD** amid continued support from optimism over likelihood of the Congress approving the US tax reform bill. Holding above 93.56 continues to keep the Dollar Index in a slightly bullish tone, and likely to take aim at 94.17 next.
- **MYR dipped 0.05% to 4.0815 against a firmer overnight USD** but not before narrowing early losses while beating 7 G10s. **Continue to expect a slightly bearish MYR against USD** in the absence of positive catalysts to drive further gains. Upside momentum continues to build, hinting at more room for gains in USDMYR but given trend is still deep in bearish territory, we reckon that gains may be moderate. The pair continues to target 4.0929, a firm resistance that has the potential to reject further advances.
- **SGD advanced 0.12% to 1.3472 against a soft USD** but slipped against 7 G10s that were also firmer on the back of a sliding greenback. **Stay slightly bullish on SGD against USD**, anticipating support from firm risk sentiment in equities in response to growing optimism over the approval of US tax reform bill. Technical outlook continues to point USDUSD lower, with scope to close below 1.3456 in the coming days. Current rebound phase is likely to be capped by 1.3511.

Overnight Economic Data

US	↑
EU	→
UK	↑
Singapore	↓
Hong Kong	→
New Zealand	→

What's Coming Up Next

Major Data

- US housing starts and building permits
- Eurozone construction output
- Japan machine tool orders

Major Events

- RBA Dec meeting minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1758	1.1768	1.1782	1.1790	1.1806	↘
USDJPY	112.15	112.38	112.61	112.79	112.98	↘
GBPUSD	1.3327	1.3358	1.3376	1.3390	1.3411	↘
AUDUSD	0.7620	0.7649	0.7663	0.7675	0.7691	↗
EURGBP	0.8778	0.8800	0.8808	0.8815	0.8829	↘
USDMYR	4.0763	4.0805	4.0830	4.0885	4.0908	↗
EURMYR	4.8032	4.8080	4.8108	4.8126	4.8149	↘
JPYMYR	3.6200	3.6242	3.6256	3.6300	3.6360	↗
GBPMYR	5.4505	5.4568	5.4618	5.4640	5.4695	↗
SGDMYR	3.0237	3.0254	3.0282	3.0301	3.0327	↗
AUDMYR	3.1200	3.1253	3.1290	3.1349	3.1384	↗
NZDMYR	2.8550	2.8575	2.8591	2.8621	2.8665	↗
USDUSD	1.3457	1.3465	1.3481	1.3491	1.3500	↘
EURUSD	1.5863	1.5877	1.5883	1.5900	1.5911	↘
GBUSD	1.7970	1.8006	1.8035	1.8050	1.8079	↘
AUDUSD	1.0293	1.0306	1.0332	1.0345	1.0355	↗

*at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1751.6	-0.1	6.7	CRB Index	185.4	0.48	-3.7
Dow Jones Ind.	24792.2	0.6	25.5	WTI oil (\$/bbl)	57.2	-0.24	6.4
S&P 500	2690.2	0.5	20.2	Brent oil (\$/bbl)	63.4	0.28	11.6
FTSE 100	7537.0	0.6	5.5	Gold (\$/oz)	1262.3	0.50	10.8
Shanghai	3267.9	0.1	5.3	CPO (RM/tonne)	2367.0	1.22	-26.0
Hang Seng	29050.4	0.7	32.0	Copper (\$/tonne)	6886.0	1.37	24.4
STI	3414.8	-0.1	18.5	Rubber (sen/kg)	458.5	2.12	-28.9

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US NAHB housing market index	Dec	74	69	70
EU CPI YOY	Nov F	1.5%	1.5%	1.5%
UK CBI trends total orders	Dec	17	15	17
SG NODX YOY	Nov	9.1%	20.5%	6.4%
HK unemployment rate	Nov	3.0%	3.0%	3.0%
NZ Westpac consumer confidence	4Q	107.4	112.4	--
NZ ANZ business confidence	Dec	-37.8	-39.3	--

Source: Bloomberg

- The National Association of Home Builders' housing market index rose to 74 in Dec, up from 69 and suggests that sales and construction is likely to strengthen in the US.
- Eurozone final CPI reading for Nov sprang no surprise; prices rose 1.5% YOY as estimated initially, up from 1.4% in Oct, while MOM, prices inched 0.1% in Nov, unchanged from Oct. Meanwhile, a survey on factory orders by the Confederation of British Industry showed that orders books of manufacturers remained high in Dec; the balance of respondents replying that order books were above normal (28%) vs otherwise remained at 17%, indicating that activity is likely to continue expanding going forward.
- Singapore's non-oil domestic exports surprised with a 9.1% YOY growth in Nov; though this constitutes a sharp deceleration from 20.5% in Oct, it nonetheless bested estimates of an even deeper slowdown to 6.4%. Headline figure was supported by stronger growth in electronics exports (Nov: +5.2% vs Oct: +4.5%) while the traditionally volatile non-electronic products slowed just moderately (Nov: +10.6% vs Oct: +28.1%). The overall trend in 2017 remains expansionary compare to sharp declines in 2016, indicating external demand continues to recover.
- Unemployment rate in Hong Kong stood unchanged in Nov at 3.0%.
- Westpac's gauge on consumer confidence in New Zealand also affirmed recent surveys that sentiment dimmed. The index fell to 107.4 in 4Q, lowest in 6 quarters, down from 112.4 in 3Q. Tracking the lower consumer confidence, business confidence by ANZ also remained in the doldrums, albeit at a smaller negative of -37.8 in December, off its lowest since Mar-09.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	12/20	CPI YOY	Nov	3.4%	3.7%	--
US	12/19	Housing starts MOM	Nov	-3.3%	13.7%	--
		Building permits MOM	Nov	-3.1%	5.9%	--
	12/20	MBA mortgage applications	Dec 15	--	-2.3%	--
		Existing home sales MOM	Nov	0.9%	2.0%	--
Eurozone	12/19	Construction output MOM	Oct	--	0.1%	--
	12/20	Current account	Oct	--	€41.8b	--
UK	12/20	CBI reported sales	Dec	--	26	--
Japan	12/19	Machine tool orders YOY	Nov F	--	46.9%	--
	12/20	All industry activity index MOM	Oct	0.3%	-0.5%	--
		Convenience store sales YOY	Nov	--	-1.8%	--
		Supermarket sales YOY	Nov	--	-1.9%	--
Australia	12/19	RBA meeting minutes	Dec	--	--	--
	12/20	Westpac leading index MOM	Nov	--	0.13%	--
NZ	12/20	Trade balance NZD	Nov	-500m	-871m	--

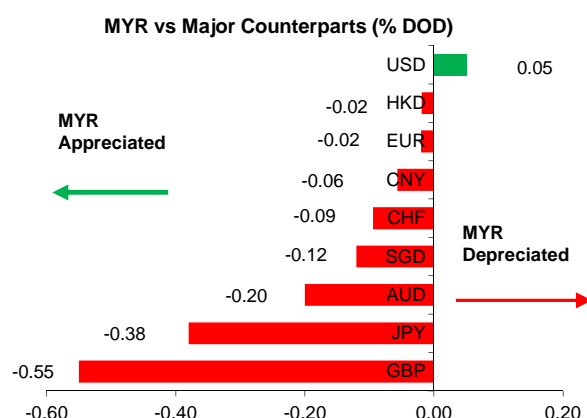
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1782	0.28	1.1834	1.1737	12.0
USDJPY	112.55	-0.04	112.83	112.31	-3.7
GBPUSD	1.3383	0.47	1.3418	1.3310	8.4
AUDUSD	0.7664	0.24	0.7678	0.7641	6.4
EURGBP	0.8803	-0.20	0.8841	0.8793	3.2
USDMYR	4.0815	0.05	4.0890	4.0786	-9.0
EURMYR	4.8115	-0.02	4.8193	4.7878	1.9
JPYMYR	3.6235	-0.38	3.6314	3.6172	-5.4
GBPMYR	5.4488	-0.55	5.4599	5.4292	-1.2
SGDMYR	3.0264	-0.12	3.0321	3.0210	-2.4
AUDMYR	3.1263	-0.20	3.1349	3.1180	-3.5
NZDMYR	2.8633	-0.02	2.8721	2.8537	-8.2

Source: Bloomberg



MYR

- **MYR dipped 0.05% to 4.0815 against a firmer overnight USD** but not before narrowing early losses while beating 7 G10s.
- **Continue to expect a slightly bearish MYR against USD** in the absence of positive catalysts to drive further gains. Upside momentum continues to build, hinting at more room for gains in USDMYR but given trend is still deep in bearish territory, we reckon that gains may be moderate. The pair continues to target 4.0929, a firm resistance that has the potential to reject further advances.

USD

- **USD fell against all G10s** while the Dollar Index bounced off intraday low but still closed 0.25% lower at 93.69 as markets saw no further positive catalysts for extended gains apart from the already priced-in US tax reform bill approval.
- **Stay slightly bullish on USD** amid continued support from optimism over likelihood of the Congress approving the US tax reform bill. Holding above 93.56 continues to keep the Dollar Index in a slightly bullish tone, and likely to take aim at 94.17 next.

EUR

- **EUR climbed 0.28% to 1.1782 against a retreating USD** but was the weakest amongst the European majors, sliding against 5 G10s.
- **Expect a bearish EUR against USD** amid an absence of positive catalyst to drive further rebound. EURUSD's overnight rebound suggests doubtful upside strength after failing to hold above 1.1806. It is likely to aim for another test at this level, but amid prevailing downside momentum, we reckon that a rejection is due and could be heading for a close below 1.1749 in the coming days.

GBP

- **GBP advanced 0.47% to 1.3383 against USD** and strengthened against 7 G10s.
- **We stay bearish on GBP against USD** amid continued uncertainty going into the 2nd phase of Brexit negotiations. Technical landscape remains bearish despite an overnight rebound. GBPUSD is still prone to a decline to 1.3282, below which 1.3234 will be exposed.

JPY

- **JPY fell against 7 G10s** as refuge demand were damped by market optimism ahead of US tax reform bill vote but **strengthened 0.04% to 112.55 against USD**.
- **Continue to expect a bullish JPY against USD** on technical reasons. Technical outlook continues to suggest a drop below 112.39 going forward. Losing this will expose USDJPY to a decline to 111.90.

AUD

- **AUD climbed 0.24% to 0.7664 against a soft USD** but retreated against 6 G10s, underperforming the European majors.
- **Stay bullish on AUD against USD** amid continually firm risk appetite in the markets. There is room for a pullback after recent rally, but as long as AUDUSD closes above 0.7637 today, a bullish tone still prevails and remains on track to beat 0.7675 going forward.

SGD

- **SGD advanced 0.12% to 1.3472 against a soft USD** but slipped against 7 G10s that were also firmer on the back of a sliding greenback.
- **Stay slightly bullish on SGD against USD**, anticipating support from firm risk sentiment in equities in response to growing optimism over the approval of US tax reform bill. Technical outlook continues to point USDSGD lower, with scope to close below 1.3456 in the coming days. Current rebound phase is likely to be capped by 1.3511.

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