

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight financial markets continued to take the hit from the passage of US Tax Bill by the Senate** with the ball back to the House for a final vote following some revision, another typical case of pre-event rally and post-event selloff. Global equities remained mired in the red while global bond yields edged higher. The Dollar Index was battered down for a 3rd straight day, to 93.31.
- Meanwhile, **data flow was neutral with a negative bias**. While **existing home sales rose to an 11-year high**, it was **partly driven by post-hurricanes rebuilding** and the outlook of the housing market is clouded by higher borrowing costs and tax reforms. UK CBI showed no signs of a boost for retailers despite the year end festive seasons while data also showed consumer spending in Japan remained weak. **New Zealand grew at a slower pace of 0.6% QOQ in 3Q**, down from an upwardly revised 1.0% in 2Q, pointing to a still soft outlook. **Malaysia CPI tapered off for the 2nd straight month, to 3.4% YOY in November**, as a result of softer gains in food and transport prices. No change to our view of moderating inflation trend going forward
- **USD retreated against 6 G10s** while the Dollar Index slipped 0.14% to 93.31 as US tax reform bill approval failed to lift the greenback. **Stay bearish on USD** as buying interest remains subdued ahead of US data, which will be key to a potential reversal if they outperform. Technically, the Dollar Index remains pressured by 93.56 and looks poised to re-test 93.08. A break here completes a bearish chart pattern that could trigger a drop to circa 91.52.
- **MYR strengthened 0.17% to 4.0740 against USD** and bested 8 G10s as most majors were on a retreated mode amid subdued risk sentiment in the markets. **We now turn bullish on MYR against USD** in expectation of a firmer risk appetite in the markets after the approval of US tax reform bill. Technical outlook has deteriorated in USDMYR; the pair is now tilted to the downsides, with scope to slide to 4.0558 in the next leg lower. Holding above 4.0465 prevents the acceleration of bears that could push USDMYR to as low as 4.0220.
- **SGD strengthened 0.15% to 1.3446 against USD** and beat 6 G10s as relatively weakness in regional majors against the greenback spurred demand. **Stay slightly bullish on SGD against a soft USD**. USDSGD expectedly closed below 1.3456. This puts USDSGD onward to a test at 1.3420 next, a support level that could potentially trigger a moderate rebound, failing which a passage to 1.3380 – 1.3400 will be exposed.

Overnight Economic Data

Malaysia	↓
US	→
Eurozone	↓
UK	↓
Japan	→

What's Coming Up Next

Major Data

- US final 3Q GDP, initial jobless claims, leading index, Philly Fed biz optimism, Chicago Fed national activity index, FHFA house price index
- EU consumer confidence
- UK GfK consumer confidence, public sector finance
- Japan supermarket sales, dept store sales
- Hong Kong CPI

Major Events

- BOJ policy decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1837	1.1858	1.1880	1.1885	1.1900	↗
USDJPY	112.98	113.20	113.27	113.40	113.50	↗
GBPUSD	1.3320	1.3342	1.3365	1.3384	1.3396	↘
AUDUSD	0.7649	0.7654	0.7669	0.7685	0.7705	↗
EURGBP	0.8876	0.8880	0.8888	0.8893	0.8900	↗
USDMYR	4.0558	4.0600	4.0655	4.0705	4.0766	↘
EURMYR	4.8200	4.8253	4.8292	4.8318	4.8379	↗
JPYMYR	3.5820	3.5866	3.5879	3.5971	3.6026	↘
GBPMYR	5.4300	5.4321	5.4341	5.4373	5.4400	↘
SGDMYR	3.0200	3.0220	3.0244	3.0254	3.0280	↘
AUDMYR	3.1100	3.1126	3.1177	3.1200	3.1253	↘
NZDMYR	2.8351	2.8414	2.8487	2.8523	2.8575	↘
USDSGD	1.3420	1.3428	1.3443	1.3452	1.3462	↘
EURSGD	1.5927	1.5943	1.5969	1.5979	1.6000	↗
GBPSGD	1.7935	1.7941	1.7964	1.7970	1.7989	↘
AUDSGD	1.0284	1.0300	1.0310	1.0330	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	1746.6	0.6	6.4	CRB Index	187.1	0.58	-2.8
Dow Jones Ind.	24726.7	-0.1	25.1	WTI oil (\$/bbl)	58.0	0.97	8.0
S&P 500	2679.3	-0.1	19.7	Brent oil (\$/bbl)	64.6	1.19	13.6
FTSE 100	7525.2	-0.3	5.4	Gold (\$/oz)	1265.6	0.30	8.1
Shanghai	3287.6	-0.3	5.9	CPO (RM/tonne)	2388.0	-0.38	-25.3
Hang Seng	29234.1	-0.1	32.9	Copper (\$/tonne)	6942.0	0.54	25.4
STI	3394.9	-0.3	17.8	Rubber (sen/kg)	450.0	-0.33	-30.2

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MY CPI YOY	Nov	3.4%	3.7%	3.4%
US MBA mortgage applications	Dec 15	-4.9%	-2.3%	--
US existing home sales MOM	Nov	5.6%	2.4%	0.9%
EU current account SA	Oct	€30.8bn	€39.2bn	--
UK CBI reported sales	Dec	20	26	20
JP all industry activity index MOM	Oct	0.3%	-0.5%	--
JP convenience store sales YOY	Nov	-0.3%	-1.8%	--
NZ GDP SA QOQ	3Q	0.6%	1.0%	0.6%

Source: Bloomberg

➤ Macroeconomics

- US housing data were mixed. Existing home sales posted a bigger than expected increase of 5.6% MOM in November, its fastest in nearly two years bringing the numbers of existing home sales to an 11-year high of 5.81m units, partly attributable to post-hurricanes rebuilding. On the contrary, weekly mortgage applications continued to see declines, falling 4.9% WOW in the week ended 15-Dec, as applications from new purchases and refinancing both fell on the back of higher borrowing costs. Continuous rate increases by the Fed and implementation of a new tax regime are expected to hamper outlook in the housing sector.
- UK CBI reported sales pulled back to a reading of 20 in December as expected, as orders halved and sales fell among retailers. This added to concerns of weakness in the consumer sector with no signs of any boost from year end festive spending.
- In the Eurozone, current account surplus remained sizeable at €30.8bn in October. Even though it narrowed from an upwardly revised €39.2bn in September, the 3-month average continued to inch up for a 4th straight month, signaling an improving current account position. The narrower surplus in October was mainly dragged by smaller surplus in the goods account amid sustained balances in the services and income accounts.
- In the Asian region, Japanese data remained patchy and uninspiring. All industry activity index rebounded and increased 0.3% MOM in October but this marked a mere continuation of its see-saw pattern that has persisted since the beginning of the year. The turnaround in October was driven by the services and manufacturing sectors while the construction sector continued to contract for the 3rd straight month. A separate release also showed similar pattern in convenience store sales, albeit at a smoother pace. Same store sales fell back-to-back for the first time since Mar-15, falling 0.3% YOY in November as consumer spending slowed, offsetting an increase in customer traffic.
- 3Q GDP from New Zealand expanded 0.6% QOQ as expected but this marked a slowdown from the 1.0% QOQ upwardly revised growth in 2Q. More robust growth in the goods producing industries led by construction was offset by decline in the primary industries and slower increase in services. YOY, growth moderated 0.1ppt but remained commendable at 2.7% in 3Q, suggesting the New Zealand economy is still holding up despite post-election slump.
- Back home, CPI tapered off for the 2nd straight month, to 3.4% YOY in November, as a result of softer gains in food and transport prices. No change to our view of moderating inflation trend going forward even though our full year CPI forecast has been tweaked higher from 3.8% to 3.9%, given the slightly higher than expected print in November while expecting a similar gain in December.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	12/22	Foreign reserves	Dec 15	--	\$101.9bn	--
US	12/21	GDP annualized QOQ	3Q T	3.3%	3.3%	--
		Initial jobless claims	Dec 16	233k	225k	--
		Philly Fed business optimism	Dec	21.0	22.7	--
		Chicago Fed national activity index	Nov	0.50	0.65	--
		FHFA house price index MOM	Oct	0.4%	0.3%	--
	12/22	Leading index	Nov	0.4%	1.2%	--
		Personal income	Nov	0.4%	0.4%	--
		Personal spending	Nov	0.5%	0.3%	--
		PCE core YOY	Nov	1.5%	1.4%	--
		Durable goods orders	Nov P	2.0%	-0.8%	--
		New home sales	Nov	-4.4%	6.2%	--
		Uni Michigan consumer sentiment	Dec F	97.2	96.8	--
		Consumer confidence	Dec A	0.2	0.1	--
		GfK consumer confidence	Dec	-12	-12	--
		Public sector net cash requirement	Nov	--	-£3.8b	--
		GDP QOQ	3Q F	0.4%	0.4%	--
		Index of services MOM	Oct	0.1%	0.1%	--
		Supermarket sales YOY	Nov	--	-1.9%	--
		Nationwide dept store sales YOY	Nov	--	-1.8%	--
Eurozone	12/21	BOJ policy balance rate	Dec 21	-0.1%	-0.1%	--
	12/21	CPI YOY	Nov	1.4%	1.5%	--

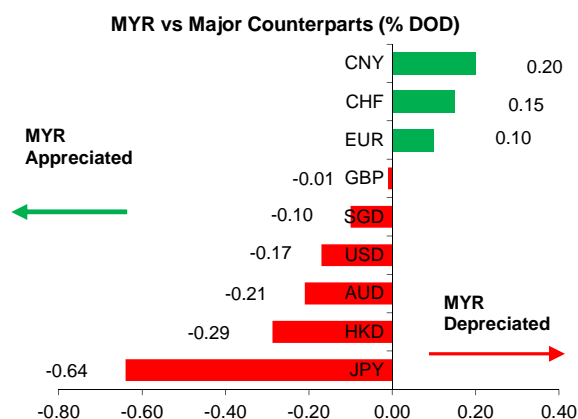
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1871	0.26	1.1902	1.1829	13.0
USDJPY	113.40	0.45	113.47	112.84	-3.1
GBPUSD	1.3376	-0.07	1.342	1.3372	8.4
AUDUSD	0.7667	0.05	0.768	0.7651	6.5
EURGBP	0.8875	0.35	0.8879	0.8829	4.1
USDMYR	4.0740	-0.17	4.0828	4.0740	-9.3
EURMYR	4.8228	0.10	4.8358	4.8202	2.3
JPYMYR	3.6007	-0.64	3.6150	3.6005	-6.3
GBPMYR	5.4561	-0.01	5.4689	5.4514	-1.4
SGDMYR	3.0275	-0.10	3.0312	3.0247	-2.4
AUDMYR	3.1258	-0.21	3.1293	3.1192	-3.7
NZDMYR	2.8402	-0.73	2.8498	2.8333	-8.5

Source: Bloomberg



MYR

- **MYR strengthened 0.17% to 4.0740 against USD** and bested 8 G10s as most majors were on a retreated mode amid subdued risk sentiment in the markets.
- **We now turn bullish on MYR against USD** in expectation of a firmer risk appetite in the markets after the approval of US tax reform bill. Technical outlook has deteriorated in USDMYR; the pair is now tilted to the downsides, with scope to slide to 4.0558 in the next leg lower. Holding above 4.0465 prevents the acceleration of bears that could push USDMYR to as low as 4.0220.

USD

- **USD retreated against 6 G10s** while the Dollar Index slipped 0.14% to 93.31 as US tax reform bill approval failed to lift the greenback.
- **Stay bearish on USD** as buying interest remains subdued ahead of US data, which will be key to a potential reversal if they outperform. Technically, the Dollar Index remains pressured by 93.56 and looks poised to re-test 93.08. A break here completes a bearish chart pattern that could trigger a drop to circa 91.52.

EUR

- **EUR climbed 0.26% to 1.1871 against USD** and strengthened against 7 G10s on continued recovery in European majors.
- **EUR remains bullish on the back of a soft USD** but the absence of Eurozone data suggests it would be unable to stem a greenback rebound if US data outperforms. EURUSD is about to complete a bullish chart pattern; closing above 1.1881 is likely to trigger a move to 1.2030. In any case, the next leg higher should still test 1.1940.

GBP

- **GBP fell against 6 G10s** and was **down 0.07% to 1.3376 against USD** amid pressure from Brexit negotiations uncertainty.
- **Stay bearish on GBP against USD** amid continued uncertainty from Brexit negotiations. Failure to hold above 1.3396 despite breaking it suggest growing weakness in GBPUSD. The pair is still prone to a decline to 1.3282, below which 1.3234 will be exposed.

JPY

- **JPY weakened 0.45% to 113.40 against USD** and retreated against 8 G10s on sell-off ahead of BOJ monetary policy decision.
- **A bearish JPY sustains against USD** as positioning is likely to soften further ahead of BOJ policy decision; losses may be reversed post-BOJ decision. USDJPY still has not cleared 113.40, above which there can be a more sustained advance to circa 113.95. Otherwise, a pullback to 112.57 cannot be ruled out.

AUD

- **AUD inched 0.05% higher to 0.7667 against a soft USD** though downsides in market risk appetite weighed it down against 5 G10s.
- **We turn bullish on AUD against a soft USD**, buoyed by potential improvement in market risk sentiment after approval of US tax reform bill. AUDUSD closed above 0.7666 overnight and affirmed an upward direction going forward. This puts the pair on track towards 0.7740 in the next leg higher.

SGD

- **SGD strengthened 0.15% to 1.3446 against USD** and beat 6 G10s as relatively weakness in regional majors against the greenback spurred demand.
- **Stay slightly bullish on SGD against a soft USD.** USDSGD expectedly closed below 1.3456. This puts USDSGD onward to a test at 1.3420 next, a support level that could potentially trigger a moderate rebound, failing which a passage to 1.3380 – 1.3400 will be exposed.

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