

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **BOJ expectedly kept interest rate unchanged at -0.10% yesterday and maintained the Japanese bonds purchase target at ¥ 80 trillion annually.** With inflation still below the 2% target, even though there were mild signs of pick-up in growth, BOJ board members remained heavily in favour of dovish policy.
- **On the data front, the US and the UK both disappointed while Japan's was mixed and Eurozone's improved.** US 3Q GDP was downwardly revised to show a more moderate pace of growth, while other indicators such as Chicago Fed national activity index and leading index both suggest that growth is likely to be milder going forward. Consumers in the UK turned gloomier while government fiscal position deteriorated in Nov. Conversely, Eurozone's consumer sentiment improved. Japan's data on spending growth turned out mixed while Hong Kong's consumer prices picked up pace in Nov.
- **MYR that opened sharply stronger overturned gains into losses, closing 0.12% weaker against USD at 4.0790,** and slipped against 7 G10s. **Stay bullish on MYR against a soft USD** and with support from continually firm risk appetite in the markets. Technical outlook remains pessimistic for USDMYR; the pair remains tilted to the downsides, with scope to slide to 4.0558 in the next leg lower. Closing above 4.0815 today will alter the technical landscape.
- **USD extended its retreat, falling against 9 G10s** while the Dollar Index had a brief rally before sliding lower to close down 0.04% at 93.27, weighed down by an unexpected downward revision to US 3Q GDP as well as other softer US data. **Stay bearish on USD** as buying interest remains subdued going into another round of US data; expect modest gain if US data outperforms. Technically outlook remains bearish for the Dollar Index and we set sights on a re-test at 93.08. A break here completes a bearish chart pattern that could trigger a drop to circa 91.52.
- **SGD closed mixed against the G10s,** underperforming mostly commodity majors but **inched 0.07% firmer to 1.3446 against a soft USD.** **Stay slightly bullish on SGD against USD,** supported by continued improvement in market risk appetite. USDSGD is poised for 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

US	↓
EU	↑
UK	↓
Japan	→
Hong Kong	↑

#### What's Coming Up Next

##### Major Data

- Malaysia foreign reserves
- US personal income and spending, PCE core YOY, durable goods orders, new home sales, University of Michigan consumer sentiment
- UK GDP 3QF and Index of services

##### Major Events

- Nil

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1823	1.1837	1.1853	1.1858	1.1875	↗
USDJPY	112.98	113.17	113.31	113.54	113.75	↗
GBPUSD	1.3342	1.3360	1.3377	1.3400	1.3420	↘
AUDUSD	0.7680	0.7700	0.7708	0.7725	0.7740	↗
EURGBP	0.8835	0.8850	0.8858	0.8825	0.8890	↗
USDMYR	4.0558	4.0600	4.0770	4.0705	4.0766	↘
EURMYR	4.8150	4.8183	4.8273	4.8308	4.8400	↗
JPYMYR	3.5866	3.5951	3.5975	3.6000	3.6073	↘
GBPMYR	5.4447	5.4488	5.4534	5.4626	5.4679	↘
SGDMYR	3.0278	3.0300	3.0308	3.0321	3.0332	↘
AUDMYR	3.1316	3.1381	3.1419	3.1445	3.1500	↗
NZDMYR	2.8498	2.8550	2.8582	2.8600	2.8624	↘
USDSGD	1.3426	1.3450	1.3454	1.3461	1.3477	↘
EURSGD	1.5870	1.5882	1.5908	1.5913	1.5927	↘
GBPSGD	1.7956	1.7975	1.7992	1.8000	1.8015	↘
AUDSGD	1.0334	1.0350	1.0367	1.0380	1.0390	↗

\*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	1751.2	0.3	6.7	CRB Index	187.7	0.35	-2.5
Dow Jones Ind.	24782.3	0.2	25.4	WTI oil (\$/bbl)	58.3	0.53	8.6
S&P 500	2684.6	0.2	19.9	Brent oil (\$/bbl)	64.9	0.53	14.2
FTSE 100	7604.0	1.0	6.5	Gold (\$/oz)	1266.6	0.10	10.8
Shanghai	3300.1	0.4	6.3	CPO (RM/tonne)	2389.5	0.04	-25.3
Hang Seng	29367.1	0.5	33.5	Copper (\$/tonne)	7044.0	1.47	27.3
STI	3382.5	-0.4	17.4	Rubber (sen/kg)	452.5	0.56	-29.8

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US GDP annualized QOQ	3Q T	3.2%	3.3%	3.3%
US initial jobless claims	Dec 16	245k	225k	233k
US Philly Fed business optimism	Dec	26.2	22.7	21.0
US Chicago Fed national activity index	Nov	0.15	0.76	0.50
US FHFA house price index MOM	Oct	0.5%	0.4%	0.4%
US leading index	Nov	0.4%	1.2%	0.4%
EU consumer confidence	Dec A	0.5	0.1	0.2
UK GfK consumer confidence	Dec	-13	-12	-12
UK public sector net cash requirement	Nov	£12.9	-£3.9b	--
JP supermarket sales YOY	Nov	-0.6%	-1.9%	--
JP Nationwide dept store sales YOY	Nov	2.2%	-1.8%	--
BOJ policy balance rate	Dec 21	-0.1%	-0.1%	-0.1%
HK CPI YOY	Nov	1.6%	1.5%	1.4%

Source: Bloomberg

- BOJ expectedly kept interest rate unchanged at -0.10% yesterday and maintained the Japanese bonds purchase target at ¥ 80 trillion annually. With inflation still below the 2% target, even though there were mild signs of pick-up in growth, BOJ board members remained heavily in favour of dovish policy, a stance that is unlikely to change in the near-term.
- US reports slanted slightly towards a negative tone amid downward revisions to key data, suggesting that upside traction on growth may be losing steam. 3Q GDP was revised from 3.3%QOQ in second estimate to 3.2% in the final report, after rising 3.1% in 2Q. Jobless claims increased more than expected in the week ended 16 Dec, rising 245k after gaining 225k in the week prior. According to Chicago Fed, national economic activity expands just slightly above the long-term trend in Nov as the index fell to 0.15 from 0.76, adding to the notion that expansion may be headed to a more moderate pace as the leading index rose 0.4% MOM in Nov after rising 1.2% in Oct.
- Not all is bad from the US however, as Philadelphia Fed's gauge on business optimism increased in Dec, rising to 26.2 from 22.7 in Nov and beating expectations of a dip to 21.0. The house price index also showed quicker growth in values, rising 0.5% MOM in Oct after gaining 0.4% in Sept.
- Consumer confidence in Eurozone improved in Dec, according to advance estimates that pushed the index higher to 0.5 from 0.1. Meanwhile, consumer sentiment in the UK turned gloomier in Dec, according to GfK survey. The corresponding index dipped from -12 to -13, matching the lowest since Dec 2013 as Brexit uncertainties continue to weigh on the outlook. The fiscal condition deteriorated in Nov as government's net cash requirement recorded a deficit of £12.9b, reversing the £ 3.9b surplus in Oct.
- Reports out of Japan painted a mixed picture. Sales at chain stores dipped 0.6% YOY in Nov, but easing from the 1.9% decline in Dec. But at department stores, sales increased 2.2% YOY in Nov rebounding from 1.8% decline previously. Spending on necessities such as clothing, sundries as well as services helped to lift the headline figure. Trend wise, spending continues to be on a recovery albeit very slowly.
- Consumer prices in Hong Kong picked up in Nov, rising 1.6% YOY from 1.5% previously, lifted by quicker increases in prices of housing (Nov: +2.5% vs Oct: +2.4%) and transport (Nov: +1.7% vs Oct: +0.8%), both of which offset softer cost of food (Nov: +2.3% vs Oct: +2.9%).

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	12/22	Foreign reserves	Dec 15	--	\$101.9bn	--
US	12/22	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	--
		Kansas City Fed manufacturing activity	Dec	15	16	--
UK	12/23	Kansas City Fed manufacturing activity	Dec	15	16	--
	12/22	GDP QOQ	3Q F	0.4%	0.4%	--
		Index of services MOM	Oct	0.1%	0.1%	--
Japan	12/25	Leading index	Oct F	--	106.1	--
		Coincident index	Oct F	--	116.5	--
Vietnam	12/25 – 31	CPI YOY	Dec	--	2.62%	--
		Retail sales YTD YOY	Dec	--	10.7%	--
		GDP YTD YOY	4Q	--	6.41%	--
		Exports YTD YOY	Dec	--	21.1%	--
		Industrial production YOY	Dec	--	17.2%	--

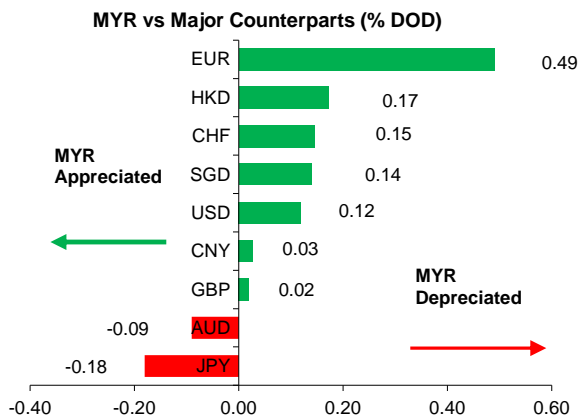
Source: Bloomberg

## Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1874	0.03	1.189	1.1849	12.8
USDJPY	113.33	-0.06	113.64	113.20	-3.1
GBPUSD	1.3386	0.07	1.3388	1.3332	8.5
AUDUSD	0.7702	0.46	0.7707	0.7654	6.9
EURGBP	0.8870	-0.05	0.8890	0.8868	3.9
USDMYR	4.0790	0.12	4.0825	4.0640	-9.1
EURMYR	4.8462	0.49	4.8493	4.8277	2.6
JPYMYR	3.5943	-0.18	3.5989	3.5866	-6.2
GBPMYR	5.4571	0.02	5.4613	5.4321	-1.0
SGDMYR	3.0318	0.14	3.0358	3.0233	-2.2
AUDMYR	3.1230	-0.09	3.1274	3.1149	-3.6
NZDMYR	2.8547	0.51	2.8593	2.8458	-8.5

Source: Bloomberg



### MYR

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- **Stay bullish on MYR against a soft USD** and with support from continually firm risk appetite in the markets. Technical outlook remains pessimistic for USDMYR; the pair remains tilted to the downsides, with scope to slide to 4.0558 in the next leg lower. Closing above 4.0815 today will alter the technical landscape.

### USD

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- **Stay bearish on USD** as buying interest remains subdued going into another round of US data; expect modest gain if US data outperforms. Technically outlook remains bearish for the Dollar Index and we set sights on a re-test at 93.08. A break here completes a bearish chart pattern that could trigger a drop to circa 91.52.

### EUR

- **EUR inched 0.03% firmer to 1.1874 against USD** but lost out to 7 G10s that climbed on firmer risk appetite in the markets.
- **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 close a bullish chart pattern completion; closing above 1.1881 is likely to trigger a move to 1.2030. Do not rule out a moderate pullback that would be stemmed near 1.1823 before eventually climbing higher thereafter.

### GBP

- **GBP managed to beat 5 G10s and inched 0.07% higher to 1.3386 against USD** amid inflow from relatively softer European majors.
- **Stay bearish on GBP against USD** amid continued uncertainty from Brexit negotiations as well as risk aversion ahead of UK data. GBPUSD remains below 1.3400, which continues to pressure the pair to a lower level. The pair is still prone to a decline to 1.3282, below which 1.3234 will be exposed.

### JPY

- **JPY retreated against 5 G10s** as risk appetite improved but **managed to beat a soft USD by 0.06% to close at 113.33**.
- **Continue to expect a bearish JPY against USD** as risk appetite continues to firm up, damping demand for refuge. 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 climbed 0.45% to 0.7702 against USD** and advanced against 7 G10s on the back of improved risk appetite in the markets.
- **Stay bullish on AUD against USD**, buoyed by improvement in market risk sentiment as well as firmer commodities. AUDUSD is on track towards testing 0.7740 next, but caution that this is a strong resistance range that could potentially end current upsides. Upward trajectory is sustained by holding above 0.7667.

### SGD

- **SGD closed mixed against the G10s**, underperforming mostly commodity majors but **inched 0.07% firmer to 1.3446 against a soft USD**.
- **Stay slightly bullish on SGD against USD**, supported by continued improvement in market risk appetite. USDSGD is poised for 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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