

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- With major markets closed for Christmas, data flow from last Friday were in focus. Global macro outlook remains largely the same; **data upsides were seen in the UK, Japan and Malaysia, while indicators from the US hint at firmer outlook in the near-term** that may not be sustainable in the longer term unless conditions improve further.
- US spending growth picked up in Nov but income growth lagged behind, while durable goods orders and new home sales bounced back from recent declines. Overall, consumer sentiment in the US, while still strong, was dented in Oct by tax reform uncertainty. GDP growth in the UK remained firm in 3Q, while services sector saw quicker growth in Oct. In Japan, both leading and coincident indexes suggest economic conditions continue to remain firm in Oct. Meanwhile, Malaysia's foreign reserves position improved.
- **MYR managed to narrow early losses to just 0.02% to close at 4.0798 against USD** last Friday while sliding against 6 G10s on the back of softer buying interest. **Expect a slightly bullish MYR against a soft USD** though gains are likely modest on the back of subdued risk appetite in the markets. Technical outlook remains pessimistic for USDMYR; the pair remains tilted to the downsides, with scope to slide to 4.0740 in the next leg lower. Closing above 4.0810 today will alter the technical landscape.
- **USD made marginal losses against 8 G10s** on thin trading as markets were closed for Christmas; the Dollar Index dipped 0.09% to 93.27. **USD remains slightly bearish in our view** as buying interest remains subdued amid thin trading. Technical outlook remains bearish for the Dollar Index and we set sights on a re-test at 93.08; this view prevails as long as the Dollar Index does not close above 93.313. A break at 93.08 completes a bearish chart pattern that could trigger a drop to circa 91.52.
- **SGD was relatively unchanged against USD at 1.3439** but slipped against 7 G10s. **Stay slightly bullish on SGD against a soft USD** but receding risk appetite in the markets is likely to contain gains. 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	➔
UK	↑
Japan	↑
Malaysia	↑

#### What's Coming Up Next

##### Major Data

- US S&P CoreLogic house prices, Richmond Fed manufacturing, Dallas Fed manufacturing
- Japan jobless rate, overall household spending, national CPI and PPI
- Singapore CPI and industrial production

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1837	1.1858	1.1871	1.1876	1.1890	↗
USDJPY	113.09	113.14	113.32	113.64	113.86	↗
GBPUSD	1.3342	1.3350	1.3374	1.3384	1.3403	↘
AUDUSD	0.7700	0.7707	0.7725	0.7732	0.7740	↗
EURGBP	0.8861	0.8871	0.8876	0.8887	0.8895	↗
USDMYR	4.0558	4.0600	4.0767	4.0777	4.0810	↘
EURMYR	4.8288	4.8358	4.8393	4.8493	4.8552	↗
JPYMYR	3.5898	3.5937	3.5993	3.6026	3.6095	↘
GBPMYR	5.4450	5.4480	5.4523	5.4570	5.4626	↘
SGDMYR	3.0300	3.0320	3.0335	3.0358	3.0393	↗
AUDMYR	3.1420	3.1445	3.1489	3.1541	3.1590	↗
NZDMYR	2.8523	2.8581	2.8644	2.8700	2.8726	↘
USDSGD	1.3420	1.3433	1.3440	1.3446	1.3473	↘
EURSGD	1.5916	1.5934	1.5955	1.5974	1.6000	↗
GBPSGD	1.7935	1.7950	1.7974	1.7980	1.8010	↘
AUDSGD	1.0340	1.0354	1.0382	1.0400	1.0412	↗

\*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	1760.2	0.5	7.2	CRB Index	187.9	0.08	-2.4
Dow Jones Ind.	24754.1	-0.1	25.3	WTI oil (\$/bbl)	58.4	0.15	8.8
S&P 500	2683.3	0.0	19.9	Brent oil (\$/bbl)	65.3	0.54	14.8
FTSE 100	7592.7	-0.1	6.3	Gold (\$/oz)	1274.2	0.60	10.8
Shanghai*	3280.5	-0.5	5.7	CPO (RM/tonne)	2371.0	-0.75	-25.9
Hang Seng	29578.0	0.7	34.4	Copper (\$/tonne)	7125.0	0.55	28.7
STI	3385.7	0.1	17.5	Rubber (sen/kg)	449.5	-0.66	-30.3

Source: Bloomberg

last closed on 22 Dec 2017 except \*

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
MY foreign reserves	Dec 15	\$102.2bn	\$101.9bn	--
US personal income	Nov	0.3%	0.4%	0.4%
US personal spending	Nov	0.6%	0.2%	0.5%
US PCE core YOY	Nov	1.5%	1.4%	1.5%
US durable goods orders	Nov P	1.3%	-0.4%	2.0%
US new home sales	Nov	17.5%	-1.7%	-4.4%
US Uni Michigan consumer sentiment	Dec F	95.9	96.8	97.2
US Kansas City Fed manufacturing activity	Dec	14	16	15
UK GDP QOQ	3Q F	0.4%	0.4%	0.4%
UK Index of services MOM	Oct	0.2%	0.0%	0.2%
JP leading index	Oct F	106.5	106.1	--
JP coincident index	Oct F	116.4	116.5	--

Source: Bloomberg

- Major markets were closed from Christmas while data flow from last Friday remained supportive of a moderate economic expansion going forward. US data revealed some upside surprises that slightly improved near-term trend but underlying fundamentals appear fragile. Personal spending increased 0.6% MOM in Nov, beating estimates and picked up from a 0.2% gain in Oct, but income trailed with slower growth of 0.3% in Nov, dipping from 0.4% previously. The PCE core climbed 1.5% YOY in Nov from 1.4%, hinting at potentially firmer price pressures going forward. Overall, University of Michigan's index on consumer sentiment was downwardly revised to 95.9 from 96.8 in Dec final report, down from 98.5 in Nov as uncertainty over tax reform dented confidence, which could translate into softer consumption going forward.
- Other US indicators were mixed; durable goods orders rose 1.3% MOM in early Nov estimate, bouncing back from a 0.4% decline in Oct. But after stripping away the volatile effect from including transportation, orders actually fell 0.1% from a 1.3% gain. Housing market data remains decent; new home sales surged 17.5% MOM in Nov, rebounding from a 1.7% decline in Oct and besting estimates of a 4.4% increase. Manufacturing activity in the Kansas Fed district, however, decelerated in Dec; the index slipped from 16 to 14.
- UK 3Q GDP was unrevised from initial estimate; the economy grew 0.4% QOQ and picked up from 0.3% from 2Q, supported by firmer expansion of household expenditure while investments moderated. Annually, 3Q GDP was upwardly revised from 1.5% YOY to 1.7%. Growth in the services sector picked up pace in Oct, rising 0.2% MOM after stagnating in Sept.
- Economic trend remains on a gradual upward trend in Japan, according to both leading and coincident indexes. The leading index was upwardly revised from 106.1 to 106.5 in Oct final report, unchanged from 106.5 in Sept. The coincident index was downwardly revised to 116.4 from 116.5, but nonetheless representing an increase from 116.2 in Sept. Both indexes measure a mixture of indicators such as industrial production, orders of durable consumer goods, retail sales value, job offers, machinery orders and consumer confidence, among others; they have been overall higher since May 2016.
- Malaysia's foreign reserves increased \$300m to \$102.2bn as at 15 Dec, enough to cover for 7.5 months of retained imports and is equivalent to 1.1 times the short-term external debt.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	12/26	S&P CoreLogic house prices YOY	Oct	6.25%	6.19%	--
		Richmond Fed manufacturing	Dec	21	30	--
		Dallas Fed manufacturing	Dec	20.0	19.4	--
	12/27	Conference Board consumer confidence	Dec	128.0	129.5	--
		Pending home sales MOM	Nov	-0.5%	3.5%	--
Japan	12/26	Jobless rate	Nov	2.8%	2.8%	--
		Overall household spending YOY	Nov	0.5%	0.0%	--
		National CPI YOY	Nov	0.5%	0.2%	--
		PPI services YOY	Nov	0.8%	0.8%	--
	12/27	Housing starts YOY	Nov	-2.5%	-4.8%	--
Singapore	12/26	CPI YOY	Nov	0.5%	0.4%	--
		Industrial production YOY	Nov	8.0%	14.6%	--
Vietnam	12/27	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

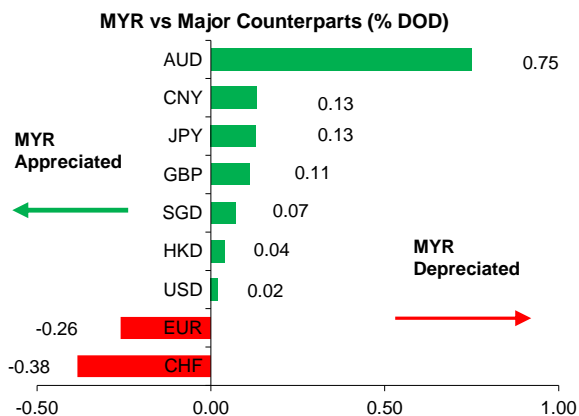
## Forex

### FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1870	0.07	1.1919	1.1808	12.9
USDJPY	113.26	-0.03	113.48	112.84	-3.1
GBPUSD	1.3371	0.06	1.3409	1.3333	8.4
AUDUSD	0.7717	0.10	0.7732	0.7704	7.1
EURGBP	0.8879	-0.01	0.8935	0.8784	4.0
USDMYR	4.0798	0.02	4.0913	4.0765	-9.1
EURMYR	4.8338	-0.26	4.8487	4.8174	2.3
JPYMYR	3.5989	0.13	3.6109	3.5963	-6.1
GBPMYR	5.4629	0.11	5.4749	5.4510	-0.9
SGDMYR	3.0340	0.07	3.0440	3.0299	-2.2
AUDMYR	3.1465	0.75	3.1572	3.1403	-2.9
NZDMYR	2.8614	0.23	2.8726	2.8566	-8.3

Source: Bloomberg

\* MYR pairs last closed on 22 Dec 2017



### MYR

- **MYR managed to narrow early losses to just 0.02% to close at 4.0798 against USD** last Friday while sliding against 6 G10s on the back of softer buying interest.
- **Expect a slightly bullish MYR against a soft USD** though gains are likely modest on the back of subdued risk appetite in the markets. Technical outlook remains pessimistic for USDMYR; the pair remains tilted to the downsides, with scope to slide to 4.0740 in the next leg lower. Closing above 4.0810 today will alter the technical landscape.

### USD

- **USD made marginal losses against 8 G10s** on thin trading as markets were closed for Christmas; the Dollar Index dipped 0.09% to 93.27.
- **USD remains slightly bearish in our view** as buying interest remains subdued amid thin trading. Technical outlook remains bearish for the Dollar Index and we set sights on a re-test at 93.08; this view prevails as long as the Dollar Index does not close above 93.313. A break at 93.08 completes a bearish chart pattern that could trigger a drop to circa 91.52.

### EUR

- **EUR inched 0.03% higher to 1.1870 against USD** after recovering from a plunge in US morning and advanced marginally against 7 G10s.
- **Expect a slightly bullish EUR against a soft USD.** 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 1.1837 before eventually climbing higher thereafter.

### GBP

- **GBP was slightly firmer against 7 G10s and inched 0.06% higher to 1.3371 against a soft USD.**
- **Stay bearish on GBP against USD** amid continued uncertainty from Brexit negotiations. GBPUUSD holding be crucial resistances at 1.3384 and 1.3403 will continue to see downside pressure prevailing. The pair is still prone to a decline to 1.3282, below which 1.3234 will be exposed.

### JPY

- **JPY slipped against 6 G10s but was 0.03% firmer at 113.26 against USD.**
- **We now turn bullish on JPY against USD** as risk sentiment dips amid softer market activities. USDJPY continues to shy away from 113.40 and we opine that this increases the chance of further declines, possibly to circa 112.98 next.

### AUD

- **AUD climbed against all G10s and rose 0.1% to 0.7717 against USD** on upward momentum in commodity majors.
- **Expect a slightly bullish AUD against a soft USD**, though gains may be moderate amid retreat in risk sentiment in the markets. 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 0.7688.

### SGD

- **SGD was relatively unchanged against USD at 1.3439** but slipped against 7 G10s.
- **Stay slightly bullish on SGD against a soft USD** but receding risk appetite in the markets is likely to contain gains. 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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