

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Minutes from BOJ's Oct meeting revealed that most board members were in consensus over continued monetary easing** and that the economy is growing moderately, while several members opined that current policy could be derailed from its intended effects if more aggressive monetary easing is undertaken. Most members were of the belief that **price pressure is likely to extend its upward trajectory** even though current pace remains sluggish.
- Data flow overnight was limited to the US, Japan and Singapore; **the US housing remains relatively healthy though manufacturing sector growth showed divergence** in different areas. **Japan continued to churn out positive reports**, suggesting that tightening labour market is encouraging spending and pushing consumer prices higher albeit very gradually. Meanwhile, Singapore consumer prices ticked higher on cost of household durables & services and transport, but industrial production slowed.
- **MYR eased 0.1% to 4.0840 against USD** after sliding most in late Asian trade and retreated against 8 G10s. **We turn slightly bearish on MYR against USD** as buying interest is capped by subdued risk appetite in the markets. Technical outlook has improved for USDMYR, providing room for some upsides in the near term and possibly test 4.0929 going forward. Nonetheless, this remains a strong resistance that risks a strong rejection lower.
- **USD retreated against 7 G10s** while the Dollar Index dipped 0.01% to 93.25 as buying interest remains subdued amid thin trading. **USD remains slightly bearish in our view** as buying interest remains subdued amid thin trading. Technical outlook turns more bearish for the Dollar Index and we continue to set sights on a re-test at 93.08; this view prevails as long as the Dollar Index does not close above 93.28 today. A break at 93.08 completes a bearish chart pattern that could trigger a drop to circa 91.52.
- **SGD underperformed against 7 G10s** as equities softened but managed to **inch 0.01% firmer to 1.3437 against USD**. **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	➔
Japan	➕
Singapore	➔

What's Coming Up Next

Major Data

- US Conference Board consumer confidence and pending home sales
- Japan housing starts and construction orders
- Vietnam CPI, retail sales, 4Q GDP, exports and industrial production

Major Events

- ECB Economic Bulletin

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1826	1.1849	1.1858	1.1875	1.1902	➔
USDJPY	112.98	113.06	113.20	113.25	113.37	➔
GBPUSD	1.3347	1.3363	1.3373	1.3382	1.3401	➔
AUDUSD	0.7700	0.7720	0.7732	0.7740	0.7770	➔
EURGBP	0.8848	0.8862	0.8865	0.8870	0.8880	➔
USDMYR	4.0729	4.0777	4.0805	4.0811	4.0850	➔
EURMYR	4.8300	4.8358	4.8404	4.8444	4.8493	➔
JPYMYR	3.6000	3.6026	3.6056	3.6082	3.6109	➔
GBPMYR	5.4514	5.4560	5.4590	5.4633	5.4653	➔
SGDMYR	3.0358	3.0371	3.0384	3.0400	3.0455	➔
AUDMYR	3.1500	3.1541	3.1557	3.1580	3.1633	➔
NZDMYR	2.8540	2.8619	2.8698	2.8700	2.8726	➔
USDSGD	1.3420	1.3430	1.3435	1.3439	1.3442	➔
EURSGD	1.5900	1.5915	1.5928	1.5931	1.5940	➔
GBPSGD	1.7942	1.7950	1.7968	1.7975	1.7990	➔
AUDSGD	1.0361	1.0376	1.0388	1.0396	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	1760.0	0.0	7.2	CRB Index	190.5	1.38	-1.1
Dow Jones Ind.	24746.2	0.0	25.2	WTI oil (\$/bbl)	60.0	2.65	11.6
S&P 500	2680.5	-0.1	19.7	Brent oil (\$/bbl)	67.0	2.71	18.0
FTSE 100	7592.7	-0.1	6.3	Gold (\$/oz)	1283.1	0.70	10.8
Shanghai	3306.1	0.8	6.5	CPO (RM/tonne)	2354.0	-0.78	-26.4
Hang Seng	29578.0	0.7	34.4	Copper (\$/tonne)	7125.0	0.55	28.7
STI	3378.2	-0.2	17.3	Rubber (sen/kg)	452.0	0.56	-29.9

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US S&P CoreLogic house prices YOY	Oct	6.38%	6.16%	6.25%
US Richmond Fed manufacturing	Dec	20	30	21
US Dallas Fed manufacturing	Dec	29.7	19.4	20.0
JP jobless rate	Nov	2.7%	2.8%	2.8%
JP overall household spending YOY	Nov	1.7%	0.0%	0.5%
JP national CPI YOY	Nov	0.6%	0.2%	0.5%
JP PPI services YOY	Nov	0.8%	0.8%	0.8%
SG CPI YOY	Nov	0.6%	0.4%	0.5%
SG industrial production YOY	Nov	5.3%	14.5%	8.1%

- Minutes from BOJ's Oct meeting revealed that most board members were in consensus over continued monetary easing and that the economy is growing moderately, while several members opined that current policy could be derailed from its intended effects if more aggressive monetary easing is undertaken. Most members were of the belief that price pressure is likely to extend its upward trajectory even though current pace remains sluggish.
- BOJ minutes details were echoed by economic data that continued to suggest a gradually improving outlook in Japan. Jobless rate dipped from 2.8% to 2.7% in Nov, lowest since Nov 1993 and affirming recovery in the labour market. Firmer conditions in the labour market supported spending; overall household spending accelerated in Nov, rising 1.7% YOY after stagnating in Oct; increased spending was driven by food, household goods, clothing and entertainment. Tighter labour market also lifted consumer prices, which gained 0.6% YOY in Nov from 0.2% in Oct. Meanwhile, producer prices in services sector steadied at 0.8% YOY in Nov.
- US data showed uneven growth momentum in manufacturing while housing market remains relatively healthy. Following the strong growth in new home sales yesterday was quicker gain in house prices as measured by S&P CoreLogic, which showed an increase of 6.38% YOY in Oct across 20 major US cities. This is an uptick compared to 6.16% rise in Sept. Manufacturing sector slowed more than expected in Richmond Fed district; the corresponding index fell to 20 in Dec from 30. The sector contrastingly accelerated in Dallas area as indicated by the index that jumped to 29.7 in Dec from 19.4.
- Data was mixed from Singapore; consumer prices quickened in Nov, expectedly rising 0.6% YOY from 0.4% driven by quicker increases in cost of household durables & services (Nov: +1.0% vs Oct: +0.7%) and transport (Nov: +2.6% vs Oct: +1.1%), while food prices steadied at 1.5%. Industrial production saw softer data in Nov but likely further normalization after recent acceleration in growth. Production slowed to 5.3% YOY in Nov after gaining 14.5% in Oct.

Source: Bloomberg

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	12/27	Conference Board consumer confidence	Dec	128.0	129.5	--
		Pending home sales MOM	Nov	-0.5%	3.5%	--
	12/28	Initial jobless claims	Dec 23	240k	245k	--
Japan	12/27	Chicago purchasing manager	Dec	62.0	63.9	--
		Housing starts YOY	Nov	-2.5%	-4.8%	--
	12/28	Construction orders YOY	Nov	--	6.7%	--
		Retail sales MOM	Nov	0.7%	-0.1%	--
		Retail trade YOY	Nov	1.0%	-0.2%	--
Hong Kong	12/28	Dept. store, supermarket sales YOY	Nov	1.0%	-0.7%	--
		Industrial production YOY	Nov P	3.6%	5.9%	--
		Exports YOY	Nov	--	6.7%	--
		Vietnam	12/27	CPI YOY	Dec	2.75%
Vietnam	12/27	Retail sales YTD YOY	Dec	--	10.7%	--
		GDP YTD YOY	4Q	6.75%	6.41%	--
		Exports YTD YOY	Dec	21.2%	21.1%	--
		Industrial production YOY	Dec	--	17.2%	--

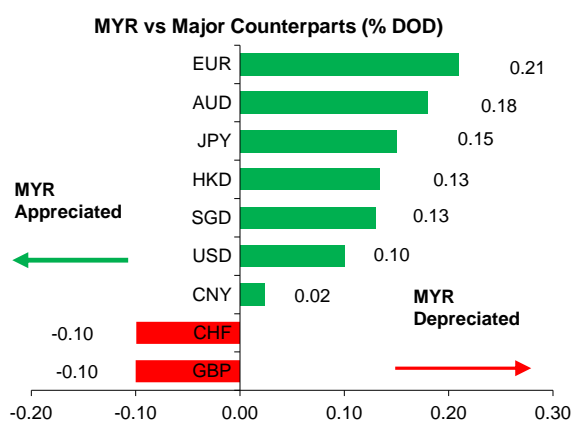
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD%	High	Low	YTD%
EURUSD	1.1858	-0.10	1.1879	1.1847	12.8
USDJPY	113.23	-0.03	113.35	113.12	-3.2
GBPUSD	1.3374	0.02	1.3389	1.3348	8.4
AUDUSD	0.7728	0.14	0.773	0.7713	7.2
EURGBP	0.8866	-0.14	0.8893	0.8865	3.9
USDMYR	4.0840	0.10	4.0850	4.0764	-9.0
EURMYR	4.8440	0.21	4.8489	4.8370	2.6
JPYMYR	3.6044	0.15	3.6056	3.5971	-5.9
GBPMYR	5.4577	-0.10	5.4626	5.4515	-1.0
SGDMYR	3.0380	0.13	3.0390	3.0330	-2.0
AUDMYR	3.1522	0.18	3.1535	3.1452	-2.7
NZDMYR	2.8698	0.29	2.8712	2.8639	-8.0

Source: Bloomberg



MYR

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USD

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- **USD remains slightly bearish in our view** as buying interest remains subdued amid thin trading. Technical outlook turns more bearish for the Dollar Index and we continue to set sights on a re-test at 93.08; this view prevails as long as the Dollar Index does not close above 93.28 today. A break at 93.08 completes a bearish chart pattern that could trigger a drop to circa 91.52.

EUR

- **EUR slipped 0.1% to 1.1858 against USD** and fell against 8 G10s on the back of softer risk appetite in European markets.
- **Expect a slightly bullish EUR against a soft USD.** Technically, EURUSD appears to be losing upside momentum. Climbing above 1.1875 is crucial to sustain current mild bullish bias; extended failure to do so increasingly risk a drop to 1.1826, below which EURUSD will target 1.1794.

GBP

- **GBP inched 0.02% firmer to 1.3374 against USD**, supported by mostly softer European majors but retreated against 5 G10s.
- **Stay bearish on GBP against USD** amid continued uncertainty from Brexit negotiations. GBPUSD holding below crucial resistances at 1.3384 and 1.3403 will continue to see downside pressure prevailing. The pair is likely heading for a drop below 1.3363, below which it would target 1.3342.

JPY

- **JPY** was supported by retreat in risk sentiment to **inch 0.03% firmer to 113.23 against USD** but was mixed against the G10s.
- **Stay slightly 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** was buoyed by better performance in commodities, advancing against 7 G10s and **rising 0.14% to 0.7728 against USD.**
- **Expect a slightly bullish AUD against a soft USD**, supported by continually firm performance in commodities. AUDUSD is still on track to test 0.7740, 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** underperformed against 7 G10s as equities softened but managed to **inch 0.01% firmer to 1.3437 against USD.**
- **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.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Menara Hong Leong
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hbb.hongleong.com.my

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