

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- Data flow eased further heading into the year. **US consumers were less upbeat in Dec** amid lingering downsides from uncertainty over US tax reform bill, while **pending home sales grew softer in Nov**. Signs were mixed in Japan as **housing starts declined albeit at a slower pace** but **construction orders surged** in Nov. **Reports out of Vietnam suggest the economy to be on a firmer footing** as 4Q GDP outperformed expectations while other indicators point to **firm domestic and external demand**.
- **MYR was hardly changed against USD at 4.0837** after strengthening in late Asian trade to overturn early losses but weakened against 9 G10s. **Stay slightly bearish on MYR against USD** as buying interest is capped by subdued risk appetite in the markets. Technical outlook remains firm for USDMYR, providing room for some upsides in the near term and possibly test 4.0929 going forward. This view will be overturned if USDMYR closes below 4.0790 today.
- **USD tumbled against all G10s** while the Dollar Index fell 0.25% to 93.02 on continued subdued interest while other majors gained. **Stay bearish on USD** as buying interest remains subdued amid thin trading. Technical outlook is more pessimistic for the Dollar Index after losing 93.08 and pick-up in downside momentum. The Dollar Index is now likely targeting a drop to 92.59 in the next leg lower.
- **SGD outperformed 6 G10s and strengthened 0.31% to 1.3396 against USD** amid firmer risk appetite in the FX space. **We turn slightly bearish on SGD against USD** as risk appetite wanes heading into the year's end. Technically, USDSGD remains bearish but we suspect the pair to likely make a modest rebound first before moving lower. Gains are likely stemmed near 1.3420 – 1.3431.

#### Overnight Economic Data

US	↓
Japan	→
Vietnam	↑

#### What's Coming Up Next

##### Major Data

- US initial jobless claims and Chicago Purchasing Manager
- Japan retail sales, retail trade, departmental store and supermarket sales, industrial production
- Hong Kong exports

##### Major Events

- ECB Economic Bulletin

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1858	1.1878	1.1900	1.1910	1.1928	↗
USDJPY	112.98	113.05	113.22	113.29	113.41	↘
GBPUSD	1.3386	1.3396	1.3402	1.3420	1.3442	↗
AUDUSD	0.7740	0.7750	0.7775	0.7784	0.7798	↗
EURGBP	0.8859	0.8868	0.8879	0.8881	0.8889	↗
USDMYR	4.0777	4.0800	4.0805	4.0825	4.0868	↗
EURMYR	4.8500	4.8530	4.8566	4.8594	4.8625	↗
JPYMYR	3.5963	3.6000	3.6033	3.6056	3.6087	↘
GBPMYR	5.4616	5.4667	5.4693	5.4743	5.4766	↘
SGDMYR	3.0370	3.0407	3.0436	3.0457	3.0477	↗
AUDMYR	3.1677	3.1700	3.1732	3.1758	3.1785	↗
NZDMYR	2.8800	2.8850	2.8861	2.8700	2.8726	↗
USDSGD	1.3395	1.3400	1.3407	1.3420	1.3431	↗
EURSGD	1.5927	1.5944	1.5954	1.5968	1.5974	↗
GBPSGD	1.7931	1.7950	1.7966	1.7976	1.7996	↗
AUDSGD	1.0389	1.0402	1.0424	1.0434	1.0450	↗

\*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	1771.8	0.7	7.9	CRB Index	191.5	0.52	-0.5
Dow Jones Ind.	24774.3	0.1	25.4	WTI oil (\$/bbl)	59.6	-0.55	11.0
S&P 500	2682.6	0.1	19.8	Brent oil (\$/bbl)	66.4	-0.87	16.9
FTSE 100	7620.7	0.4	6.7	Gold (\$/oz)	1287.2	0.30	10.8
Shanghai	3275.8	-0.9	5.5	CPO (RM/tonne)	2376.0	0.93	-25.7
Hang Seng	29597.7	0.1	34.5	Copper (\$/tonne)	7125.0	0.55	28.7
STI	3391.7	0.4	17.7	Rubber (sen/kg)	466.5	3.21	-27.7

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US Conference Board consumer confidence	Dec	122.1	128.6	128.0
US pending home sales YOY	Nov	0.6%	1.2%	--
JP housing starts YOY	Nov	-0.4%	-4.8%	-2.5%
JP construction orders YOY	Nov	20.5%	6.7%	--
VN CPI YOY	Dec	2.60%	2.62%	2.75%
VN retail sales YTD YOY	Dec	10.9%	10.7%	--
VN GDP YTD YOY	4Q	6.81%	6.41%	6.75%
VN exports YTD YOY	Dec	21.1%	21.1%	21.2%
VN industrial production YOY	Dec	11.2%	17.2%	--

- US data continues to trend to a softer tone. The Conference Board's gauge on consumer confidence fell in Dec to 122.1 from 128.6 in Nov, likely affected by continued uncertainty over the impact of US tax reform. Meanwhile, pending home sales grew softer in Nov, rising 0.6% YOY from 1.2% gain in Oct.
- Japan's housing market remains weak but start of housing construction recorded softer decline in Nov; housing starts fell 0.4% YOY compared to a deeper 4.8% contraction in Oct. Meanwhile, construction orders surged 20.5% YOY in Nov, up from 6.7% in Oct, led by strong growth in the private sector while government sector also saw slight uptick.
- Reports from Vietnam suggest a firmer outlook. The economy grew 6.81% YOY compared to 6.41% in the first 9 months in 3Q, and accelerated from 6.21% in 4Q 2016. Expansion was fueled by stronger growth in agriculture (4Q17: +2.90% vs 4Q16: +1.36%), industry / construction (4Q17: +8.00% vs 4Q16: +7.57%) and services (4Q17: +7.44% vs 4Q16: +6.98%).
- Still on Vietnam; supply side saw softer output as industrial production slowed to 11.2% YOY in Dec from 17.2% in Nov, weighed down sharply by sharper decline in mining & quarrying (Dec: -10.0% vs Nov: -4.1%) and slowdown in manufacturing output (Dec: +17.8% vs Nov: +24.3%) and electricity output (Dec: +9.0% vs Nov: +13.0%). Domestic demand was firm as retail sales growth picked up to 10.9% YOY in Dec from 10.2% a year ago, while imports surged to 20.8% YOY in Dec from 4.6% a year ago. External demand also improved as exports expanded 21.1% YOY in Dec from 8.6% a year ago. However, consumer prices eased in Dec, rising 2.6% YOY from 2.62% in Nov amid sharper decline in price of food.

Source: Bloomberg

### Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	12/28	Initial jobless claims	Dec 23	240k	245k	--
		Chicago purchasing manager	Dec	62.0	63.9	--
Japan	12/28	Retail sales MOM	Nov	0.7%	-0.1%	--
		Retail trade YOY	Nov	1.0%	-0.2%	--
		Dept. store, supermarket sales YOY	Nov	1.0%	-0.7%	--
		Industrial production YOY	Nov P	3.6%	5.9%	--
Hong Kong	12/28	Exports YOY	Nov	--	6.7%	--

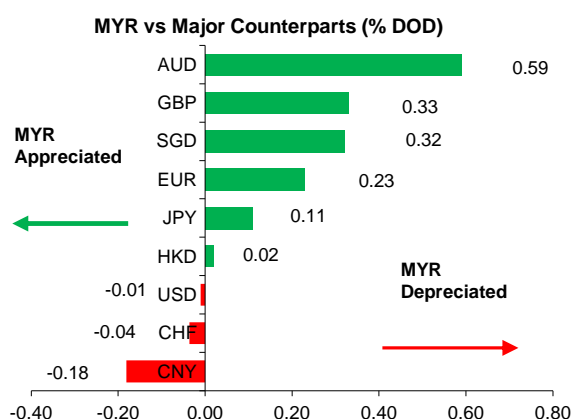
Source: Bloomberg

## Forex

FX Table

Name	Last Price	DoD%	High	Low	YTD %
EURUSD	1.1888	0.25	1.191	1.1855	13.2
USDJPY	113.35	0.11	113.38	113.15	-3.2
GBPUSD	1.3400	0.19	1.343	1.3368	8.6
AUDUSD	0.7768	0.52	0.7779	0.7724	7.8
EURGBP	0.8874	0.09	0.8887	0.8854	4.0
USDMYR	4.0837	-0.01	4.0883	4.0805	-9.0
EURMYR	4.8550	0.23	4.8552	4.8376	2.8
JPYMYR	3.6084	0.11	3.6121	3.6027	-5.8
GBPMYR	5.4757	0.33	5.4759	5.4570	-0.7
SGDMYR	3.0477	0.32	3.0477	3.0371	-1.7
AUDMYR	3.1708	0.59	3.1733	3.1549	-2.1
NZDMYR	2.8862	0.57	2.8866	2.8690	-7.5

Source: Bloomberg



### MYR

- **MYR was hardly changed against USD at 4.0837** after strengthening in late Asian trade to overturn early losses but weakened against 9 G10s.
- **Stay slightly bearish on MYR against USD** as buying interest is capped by subdued risk appetite in the markets. Technical outlook remains firm for USDMYR, providing room for some upsides in the near term and possibly test 4.0929 going forward. This view will be overturned if USDMYR closes below 4.0790 today.

### USD

- **USD tumbled against all G10s** while the Dollar Index fell 0.25% to 93.02 on continued subdued interest while other majors gained.
- **Stay bearish on USD** as buying interest remains subdued amid thin trading. Technical outlook is more pessimistic for the Dollar Index after losing 93.08 and pick-up in downside momentum. The Dollar Index is now likely targeting a drop to 92.59 in the next leg lower.

### EUR

- **EUR strengthened 0.25% to 1.1888 against a soft USD** but ended mixed against the G10s.
- **EUR remains bullish against a soft USD.** Bullish bias prevails after bouncing off 1.1858; EURUSD is still tilted to the upside with scope to climb to 1.1961 – 1.2004 next. Caution that this move risks a rejection approaching the upper bound of this range that could see a decline to 1.1832 in due time, though bypassing this resistance range opens up a move to 1.2092.

### GBP

- **GBP** was still weighed down by firmer European majors as it slipped against 8 G10s but **climbed 0.19% to 1.3400 against a soft USD.**
- **We now turn slightly bullish on GBP against a soft USD.** GBPUSD held off bearish bias and shifted into a more positive gear after breaking above 1.3400. The pair is now slightly tilted to the upside, with scope to climb to 1.3442 next. Caution that losing 1.3400 again poses risks of decline to 1.3320.

### JPY

- **JPY** fell against all G10s and **weakened 0.11% to 113.35 against USD** amid firmer risk appetite in the FX space.
- **We maintain a slightly bullish view on JPY as USD remains soft** while risk sentiment is likely to dip and support demand for refuge. Despite a rebound, 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** remained buoyed by firmer commodities, beating 8 G10s and **jumping 0.52% to 0.7768 against USD.**
- **AUD remains bullish against a soft USD,** supported by continually firm performance in commodities. AUDUSD strongly broke 0.7740 and is now likely headed for a test at 0.7814 in the next leg higher. Do not rule out slip-ups in between but as long as the pair holds above 0.7740, overall direction is likely upward.

### SGD

- **SGD** outperformed 6 G10s and **strengthened 0.31% to 1.3396 against USD** amid firmer risk appetite in the FX space.
- **We turn slightly bearish on SGD against USD** as risk appetite wanes heading into the year's end. Technically, USDSGD remains bearish but we suspect the pair to likely make a modest rebound first before moving lower. Gains are likely stemmed near 1.3420 – 1.3431.

**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](mailto:HLMarkets@hbb.hongleong.com.my)

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