

Global Markets Research

Daily Market Highlights

Key Takeaways

- **The ECB governing council remains positive on growth in the Eurozone**, according to the central bank's monthly economic bulletin. Details from the bulletin state that **macro flows suggest "unabated upside growth momentum" in 4Q2017**, and "robust growth expected to continue in 2018". **A tightening labour market will "continue to support income growth and consumer spending"**, thus core CPI is "expected to rise gradually over the medium term".
- On the macro front, **US data remains mixed** with higher than expected increase in jobless claims, though business activity in the Chicago-area expanded at a quicker pace in Dec. **Japanese data continue to indicate an improving economic outlook with firmer spending pattern** but industrial production grew at a slower pace. **Hong Kong's exports growth quickened in Nov**, suggesting that global demand remains healthy.
- **MYR rallied 0.42% to 4.0667 on the back of a soft USD** and advanced against 8 G10s as regional market sentiment remained firm. **Stay slightly bearish on MYR against USD** as buying interest is capped by subdued risk appetite in the markets going into the year's closure. Technical outlook has turned negative for USDMYR after losing crucial support levels. The pair is now tilted to the downside going forward, but after yesterday's plunge, we suspect that a modest rebound may be in the works before continuing the downtrend.
- **USD tumbled against all G10s** while the Dollar Index fell 0.45% to 92.60 on continued subdued interest while other majors gained. **We are slightly bullish on USD**, anticipating a modest rebound after recent sharp declines. Technical outlook remains pessimistic for the Dollar Index amid pick-up in downside momentum. The Dollar Index expectedly tested 92.59 and looks poised to break below it to complete a bearish pattern, which exposes a move to 91.52. In due process however, a rebound off 92.59 cannot be ruled out.
- **SGD weakened against all G10s except USD, against which it strengthened 0.13% to 1.3378. We stay slightly bearish on SGD against USD** as risk appetite wanes heading into the year's end. Technically, USDSGD remains bearish but we maintain the view that the pair is likely to make a modest rebound first before moving lower. Gains are likely stemmed near 1.3408.

Overnight Economic Data

US	→
Japan	↑
Hong Kong	↑

What's Coming Up Next

Major Data

- China manufacturing and non-manufacturing PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1911	1.1932	1.1940	1.1959	1.1985	↘
USDJPY	112.74	112.87	112.91	112.98	113.07	↘
GBPUSD	1.3430	1.3440	1.3443	1.3457	1.3486	↘
AUDUSD	0.7750	0.7779	0.7795	0.7814	0.7824	↗
EURGBP	0.8861	0.8873	0.8881	0.8889	0.8903	↗
USDMYR	4.0600	4.0625	4.0635	4.0685	4.0706	↗
EURMYR	4.8429	4.8500	4.8540	4.8604	4.8700	↗
JPYMYR	3.5829	3.5963	3.5981	3.6000	3.6097	↘
GBPMYR	5.4580	5.4600	5.4613	5.4631	5.4664	↘
SGDMYR	3.0340	3.0367	3.0373	3.0392	3.0415	↗
AUDMYR	3.1573	3.1600	3.1677	3.1796	3.1887	↗
NZDMYR	2.8700	2.8720	2.8826	2.8916	2.9038	↗
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	1779.1	0.4	8.4	CRB Index	193.0	0.82	0.3
Dow Jones Ind.	24837.5	0.3	25.7	WTI oil (\$/bbl)	59.8	0.34	11.4
S&P 500	2687.5	0.2	20.0	Brent oil (\$/bbl)	66.7	0.40	16.4
FTSE 100	7622.9	0.0	6.7	Gold (\$/oz)	1295.0	0.60	10.8
Shanghai	3296.4	0.6	6.2	CPO (RM/tonne)	2415.0	1.64	-24.5
Hang Seng	29863.7	0.9	35.7	Copper (\$/tonne)	7125.0	1.61	30.8
STI	3399.1	0.2	18.0	Rubber (sen/kg)	466.5	0.00	-27.7

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US initial jobless claims	Dec 23	245k	245k	240k
US Chicago purchasing manager	Dec	67.6	63.9	62.0
JP retail sales MOM	Nov	1.9%	-0.1%	0.7%
JP retail trade YOY	Nov	2.2%	-0.2%	1.0%
JP dept. store, supermarket sales YOY	Nov	1.4%	-0.7%	1.0%
JP industrial production YOY	Nov P	3.7%	5.9%	3.6%
HK exports YOY	Nov	7.8%	6.7%	--

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- US jobless claims rose 245k in the week ending 23 Dec, setting the same pace of gains from a week before. Meanwhile, business activity in the Chicago-area grew at a quicker pace in Dec as indicated by an increase on the index to 67.6 from 63.9.
- Japan's indicators mostly continue affirm an improving backdrop in the economy. Retail sales gained 1.9% MOM in Nov, rebounding from a soft 0.1% dip in Oct, while retail trade also rebounded, rising 2.2% YOY in Nov from a 0.2% decline previously, suggesting that spending is on the mend albeit very gradually. On top of these is data on department store and supermarket sales, which showed a growth of 1.4% YOY in Nov after falling 0.7% in Oct. Industrial production however, grew at a softer pace of 3.7% YOY in Nov according to early estimates, down from 5.9% in Oct.
- Hong Kong exports growth picked up pace in Nov, rising 7.8% YOY after gaining 6.7% and continue to support the notion that global demand remains firm. Acceleration of shipment growth to top 2 destinations China and US more than offset slower growth to Japan, Taiwan and India.

Source: Bloomberg

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
China	12/31	Manufacturing PMI	Dec	51.6	51.8	--
		Non-manufacturing PMI	Dec	54.7	54.8	--

Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1943	0.46	1.1959	1.1888	13.5
USDJPY	112.87	-0.42	113.35	112.67	-3.5
GBPUSD	1.3443	0.32	1.3457	1.3395	8.9
AUDUSD	0.7794	0.33	0.781	0.7765	8.1
EURGBP	0.8886	0.13	0.8894	0.8867	4.1
USDMYR	4.0667	-0.42	4.0817	4.0665	-9.4
EURMYR	4.8528	-0.05	4.8625	4.8500	2.7
JPYMYR	3.6063	-0.06	3.6134	3.5982	-5.9
GBPMYR	5.4704	-0.10	5.4768	5.4628	-0.8
SGDMYR	3.0388	-0.29	3.0461	3.0385	-2.0
AUDMYR	3.1680	-0.09	3.1786	3.1678	-2.2
NZDMYR	2.8822	-0.14	2.8902	2.8820	-7.6

Source: Bloomberg

MYR

- **MYR rallied 0.42% to 4.0667 on the back of a soft USD** and advanced against 8 G10s as regional market sentiment remained firm.
- **Stay slightly bearish on MYR against USD** as buying interest is capped by subdued risk appetite in the markets going into the year's closure. Technical outlook has turned negative for USDMYR after losing crucial support levels. The pair is now tilted to the downside going forward, but after yesterday's plunge, we suspect that a modest rebound may be in the works before continuing the downtrend.

USD

- **USD tumbled against all G10s** while the Dollar Index fell 0.45% to 92.60 on continued subdued interest while other majors gained.
- **We are slightly bullish on USD**, anticipating a modest rebound after recent sharp declines. Technical outlook remains pessimistic for the Dollar Index amid pick-up in downside momentum. The Dollar Index expectedly tested 92.59 and looks poised to break below it to complete a bearish pattern, which exposes a move to 91.52. In due process however, a rebound off 92.59 cannot be ruled out.

EUR

- **EUR jumped 0.46% to 1.1943 against a weak USD** and strengthened against 7 G10s amid positive outlook on the region according to the ECB.
- **We turn slightly bearish on EUR against USD** as recent sharp gains are likely to culminate into a modest pullback first before continuing an uptrend. Bullish bias still prevails, putting EURUSD on track towards 1.2004 in the coming days. However, we note that the sharp move as seen overnight generally yields a modest retreat. Losses are likely stemmed near 1.1900 before moving higher thereafter.

GBP

- **GBP** was still weighed down by firmer European majors as it slipped against 8 G10s but **advanced 0.32% to 1.3443 against a weak USD**.
- **We turn slightly bearish on GBP against USD**, expecting a mild pullback after recent gains. GBPUUSD remains tilted to the upside but after recent sharp gains, we reckon that a retracement is likely appropriate before continuing an uptrend.

JPY

- **JPY** advanced against 5 G10s as rally in commodity majors waned and **strengthened 0.42% to 112.87 against a weak USD**.
- **Stay slightly bullish on JPY as USD remains soft** while risk sentiment is likely to dip and support demand for refuge. Closing below 112.98 imposes additional pressure on USDJPY. Caution that losing 112.70 exposes a move to 112.15 next.

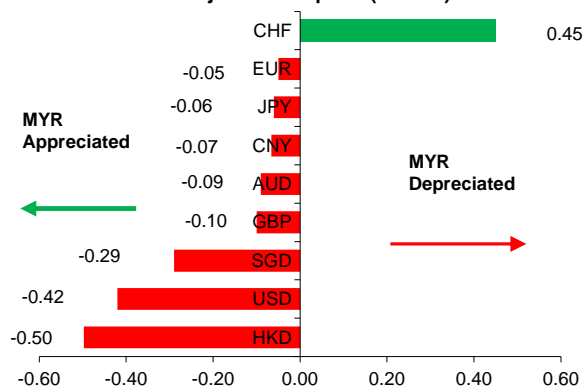
AUD

- **AUD** relented alongside other commodity majors, sliding against 7 G10s but **climbed 0.33% to 0.7794 against a weak USD**.
- **Expect a softer AUD against USD** today weighed down by retreating risk appetite going into the year's closure. Bullish bias still prevails but we reckon that a modest pullback is likely in the works after recent strong gains. Losses are likely contained and stemmed near 0.7750.

SGD

- **SGD** weakened against all G10s **except USD, against which it strengthened 0.13% to 1.3378**.
- **We stay slightly bearish on SGD against USD** as risk appetite wanes heading into the year's end. Technically, USDSGD remains bearish but we maintain the view that the pair is likely to make a modest rebound first before moving lower. Gains are likely stemmed near 1.3408.

MYR vs Major Counterparts (% DOD)



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