

Global Markets Research

Daily Market Highlights

Key Takeaways

- **The bout of PMI readings affirmed that the manufacturing activities continued to expand at healthy rates** as the year 2017 concludes. This further laid the grounds for a good start for 2018 which shall reinforce continuous recovery in the world economy.
- **The Markit final prints showed US manufacturing expanded at its quickest pace since Mar-2015 while that of the Eurozone hit a record high in December**, lifted by improved business optimism, employment and new orders. **The Caixin PMI manufacturing from China** contrasted from the official index, **showing activities picked up to a 4-month high** in December led by faster expansion in production, new orders, and new export orders, despite shutdowns due to government crackdown on pollution.
- On a less upbeat note, **manufacturing activities in the UK pulled back from the record growth pace** seen in November, but remained elevated nonetheless. **Malaysia Nikkei PMI also relapsed into contraction**, registering a sharp pullback from the 3.5-year high a month ago dragged by decline in new orders and slower production growth.
- **USD remained the worst performer amongst the G10s** while the Dollar Index fell 0.4% to 91.87, marred by absence of any positive catalysts while markets await US data tonight and tomorrow as well as ahead of FOMC minutes release. **Stay bearish on USD** ahead of US data and FOMC minutes; caution that details from the minutes may spark a moderate rebound. Technical outlook remains pessimistic for the Dollar Index; it is still exposed to a drop to 91.57. Rebounds cannot be rule out, but gains will likely be capped by 91.98 – 92.06.
- **MYR settled 0.67% stronger at 4.0195 against a weak USD** after rallying in Asian session and bested 7 G10s as buying interest returns. **MYR remains bullish against a weak USD** supported by firmer risk appetite and oil prices. Technical outlook remains negative for USDMYR, with potential for further losses below 4.0200. Do not rule out a rebound after recent losses, but gains, if any, will be capped by 4.0339 – 4.0350 before trending lower.
- **SGD** was boosted by firmer market risk appetite to beat 8 G10s and **strengthened 0.5% to 1.3293 against a weak USD. We turn bearish on SGD against USD** on technical reasons. Downsides in USDSGD still prevail amid continued build-up in bearish bias. But we opine that overnight decline is likely to give way to a modest rebound first before extending the recent downsides.

Overnight Economic Data

Malaysia	↓
US	↑
EU	→
UK	↓
China	↑

What's Coming Up Next

Major Data

- US MBA mortgage applications & ISM manufacturing
- UK Markit / CIPS construction PMI
- Hong Kong retail sales
- Singapore PMI

Major Events

- FOMC minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2026	1.2050	1.2064	1.2081	1.2100	↗
USDJPY	111.90	112.10	112.24	112.39	112.53	↘
GBPUSD	1.3544	1.3574	1.3596	1.3616	1.3657	↗
AUDUSD	0.7800	0.7814	0.7837	0.7845	0.7859	↗
EURGBP	0.8861	0.8868	0.8872	0.8883	0.8886	↘
USDMYR	4.0175	4.0200	4.0205	4.0220	4.0250	↘
EURMYR	4.8400	4.8454	4.8481	4.8530	4.8636	↘
JPYMYR	3.5720	3.5754	3.5807	3.5866	3.5895	↘
GBPMYR	5.4534	5.4639	5.4661	5.4698	4.4766	↗
SGDMYR	3.0209	3.0233	3.0257	3.0283	3.0311	↘
AUDMYR	3.1436	3.1467	3.1498	3.1541	3.1572	↘
NZDMYR	2.8468	2.8500	2.8544	2.8575	2.8618	↘
USDSGD	1.3250	1.3277	1.3287	1.3307	1.3320	↗
EURSGD	1.6000	1.6020	1.6027	1.6040	1.6064	↗
GBPSGD	1.8029	1.8041	1.8067	1.8085	1.8093	↗
AUDSGD	1.0381	1.0405	1.0411	1.0417	1.0426	↘

*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	1782.7	↓ -0.8	↓ -0.8	CRB Index	194.7	↑ 0.44	↑ 0.4
Dow Jones Ind.	24824.0	↑ 0.4	↑ 0.4	WTI oil (\$/bbl)	60.4	↓ -0.08	↓ -0.1
S&P 500	2695.8	↑ 0.8	↑ 0.8	Brent oil (\$/bbl)	66.6	↓ -0.40	↓ -0.4
FTSE 100	7648.1	↓ -0.5	↓ -0.5	Gold (\$/oz)	1317.6	↑ 1.10	↑ 10.8
Shanghai	3348.3	↑ 1.2	↑ 1.2	CPO (RM/tonne)	2390.0	↓ -1.75	↓ -25.3
Hang Seng	30515.3	↑ 2.0	↑ 2.0	Copper (\$/tonne)	7125.0	↓ -0.58	↓ 0.0
STI	3430.3	↑ 0.8	↑ 0.8	Rubber (sen/kg)	467.5	↑ 1.08	↑ 1.1

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY Nikkei PMI	Dec	49.9	52.0	--
US Markit manufacturing PMI	Dec F	55.1	55.0	55.0
EU Markit manufacturing PMI	Dec F	60.6	60.6	60.6
UK Markit manufacturing PMI	Dec	56.3	58.2	57.9
CH Caixin manufacturing PMI	Dec	51.5	50.8	50.7

Source: Bloomberg

- Health of the manufacturing sectors across major economies were examined yesterday and pace of growth was mostly robust albeit mixed. US Markit manufacturing PMI was slightly revised upwards from 55.0 in initial estimates to 55.1 in Dec 2017 final report, marking the highest since Mar 2015; the index was previously 53.9 in Nov 2017.
- The final Markit manufacturing PMI Eurozone in Dec 2017 was unchanged at 60.6, affirmed to be the highest level since records began and rising from 60.1 in Nov. Continued upsidest in manufacturing growth was underpinned firmer activity in recruitment, improved business optimism and new orders.
- Manufacturing sector growth in the UK eased in Dec, with the Markit PMI falling to 56.3 in Dec, down from 58.2, which is highest level since records began. The softer print is due to slowdown in growth of production, new orders and employment though these remained at healthy levels and above long-term trends.
- Caixin's gauge on China's manufacturing sector contrasted from the official index, indicating that growth quickened in Dec 2017. The PMI rose to 4-month high of 51.5 from 50.8 in Nov, led by stronger expansion in production, new orders and new export orders, all of which offset shutdowns due to government crackdown on pollution.
- Malaysia's manufacturing sector contracted in Dec 2017 as indicated by the Nikkei PMI declining to 49.9 from 3.5-year high of 52.0. Growth was hampered by decline in new orders and slower production growth, both suggesting softer demand, even as employment grew quicker.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	1/3	MBA mortgage applications	Dec 29	--	-4.9%	--
		Construction spending MOM	Nov	0.5%	1.4%	--
		ISM manufacturing	Dec	58.2	58.2	--
	1/4	FOMC minutes	Dec 13	--	--	--
		ADP employment change	Dec	190k	190k	--
		Initial jobless claims	Dec 30	242k	245k	--
Eurozone	1/4	Markit services PMI	Dec F	52.5	52.4	--
		Markit services PMI	Dec F	56.5	56.5	--
UK	1/3	Markit / CIPS construction PMI	Dec	53.0	53.1	--
	1/4	Nationwide house price YOY	Dec	2.0%	2.5%	--
		Net consumer credit	Nov	1.5b	1.5b	--
		Mortgage approvals	Nov	64.0k	64.6k	--
Japan	1/4	Markit / CIPS services PMI	Dec	54.0	53.8	--
		Nikkei manufacturing PMI	Dec F	--	54.2	--
China	1/4	Caixin services PMI	Dec	51.8	51.9	--
Hong Kong	1/3	Retail sales YOY	Nov	4.2%	3.9%	--
	1/4	Nikkei PMI	Dec	--	50.7	--
Singapore	1/3	Purchasing Managers Index	Dec	--	52.9	--
	1/4	Nikkei PMI	Dec	--	55.4	--
Australia	1/4	CBA services PMI	Dec	--	54.0	--
		AiG performance of services index	Dec	--	51.7	--

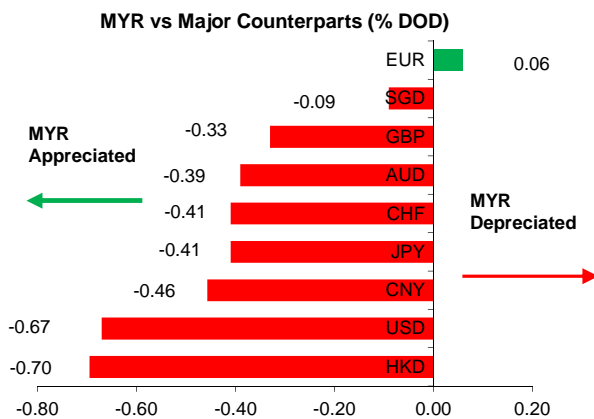
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2059	0.39	1.2081	1.2004	0.5
USDJPY	112.29	-0.30	112.79	112.06	-0.4
GBPUSD	1.3590	0.64	1.36	1.3502	0.6
AUDUSD	0.7830	0.32	0.7845	0.7795	0.3
EURGBP	0.8873	-0.14	0.8918	0.8859	-0.1
USDMYR	4.0195	-0.67	4.0477	4.0175	-0.7
EURMYR	4.8513	0.06	4.8626	4.8280	0.1
JPYMYR	3.5805	-0.41	3.5902	3.5640	-0.4
GBPMYR	5.4458	-0.33	5.4694	5.4300	-0.3
SGDMYR	3.0263	-0.09	3.0290	3.0146	-0.1
AUDMYR	3.1495	-0.39	3.1617	3.1475	-0.4
NZDMYR	2.8616	-0.63	2.8735	2.8596	-0.6

Source: Bloomberg



MYR

- **MYR settled 0.67% stronger at 4.0195 against a weak USD** after rallying in Asian session and bested 7 G10s as buying interest returns.
- **MYR remains bullish against a weak USD** supported by firmer risk appetite and oil prices. Technical outlook remains negative for USDMYR, with potential for further losses below 4.0200. Do not rule out a rebound after recent losses, but gains, if any, will be capped by 4.0339 – 4.0350 before trending lower.

USD

- **USD remained the worst performer amongst the G10s** while the Dollar Index fell 0.4% to 91.87, marred by absence of any positive catalysts while markets await US data tonight and tomorrow as well as ahead of FOMC minutes release.
- **Stay bearish on USD** ahead of US data and FOMC minutes; caution that details from the minutes may spark a moderate rebound. Technical outlook remains pessimistic for the Dollar Index; it is still exposed to a drop to 91.57. Rebounds cannot be rule out, but gains will likely be capped by 91.98 – 92.06.

EUR

- **EUR climbed 0.39% to 1.2059 against a weak USD** and advanced against 6 G10s, supported by expectations of rising inflation as oil prices rise.
- **EUR remains slightly bullish against a weak USD** but direction will be dictated by performance of US data and FOMC minutes. We still caution on potential decline as a correction to recent rally before continuing higher. EURUSD still aims at 1.2092, but firm resistance at 1.2070 could thwart this move. Breaking 1.2092 exposes a move to 1.2169.

GBP

- **GBP jumped 0.64% to 1.3590 against a weak USD** and strengthened against 8 G10s.
- **Stay slightly bullish on GBP against a weak USD**, though gains may narrow if UK's data underperforms. GBPUUSD remains tilted to the upside amid rising positive momentum. The pair is likely to test 1.3657 in the next leg higher. However, we caution that signs of reversal has emerged, thereby limiting GBPUUSD gains going forward before retracing recent gains.

JPY

- **JPY retreated against 6 G10s** as risk sentiment returns to markets but **managed to beat a weak USD by 0.3% to close firmer at 112.29**.
- **Expect a bullish JPY as USD remains soft**, supporting demand for refuge. USDJPY continues to take aim at 111.90 while rebounds are likely stemmed near 112.53. Breaking 111.90 will trigger a move to as low as 110.15.

AUD

- **AUD climbed 0.32% to 0.7830 against a weak USD**, supported by market risk appetite and firmer commodities but slipped against 5 G10s.
- **We remain slightly bullish on AUD against USD** amid prevailing risk appetite in the markets. AUDUSD now takes aim at 0.7887 but we note that signs of fatigue has emerged, hinting that gains going forward will be of smaller spectrum before retracing recent gains.

SGD

- **SGD** was boosted by firmer market risk appetite to beat 8 G10s and **strengthened 0.5% to 1.3293 against a weak USD**.
- **We turn bearish on SGD against USD** on technical reasons. Downsides in USDSGD still prevail amid continued build-up in bearish bias. But we opine that overnight decline is likely to give way to a modest rebound first before extending the recent downsides.

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