

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- The depth and breadth of **global equity selloffs broadened overnight**, with the Dow plunging as much as nearly 1600 points, its worst intraday decline on record, even though it managed to narrow losses to close 1175 points lower. Major equities across Europe and Asia all ended in the red too, in the region of 1-2%, a tad milder than the 4-5% in the US.
- **Fight to safety bid up UST and gold**, pushing 10-year UST yields down by a massive 14bps. **Meanwhile on the currency front, haven demand spurred gains in the greenback and JPY** while losses were evident across all other majors. We believe this "policy tightening inflicted jitters" may continue for a while especially as economic data flows remain rosy as evident in yesterday's services readings save for that of the UK and Hong Kong.
- USD advanced against all majors except the JPY, pushing the **Dollar Index up a 2<sup>nd</sup> straight day, by 0.40% to 89.55**, as extended selloffs in global equities spurred flight to safety bids. **USD remains bullish** supported by demand for safety amid lingering concerns over equity selloffs globally. Momentum indicators have turned positive, and coupled with yesterday's gain, have reinforced upside bias in DXY. Dollar Index is on track to close above 89.72, after which 90.91 could be challenged.
- **MYR** traded on the softer side as expected, but within a tight range of approx. 3.8950-3.9005 before **closing the day 0.37% weaker at 3.9000**. Extended global equity selloffs and retreat in risk appetite is expected to keep **MYR bear intact**. USDMYR remains technically bullish amid retreating downside momentum. There is room for USDMYR to climb to as high as 3.9152, above which 3.9523 could be tested next.
- **SGD weakened 0.14% to 1.3217** against a firmer USD but was stronger against 8 G10s. **We remain bearish on SGD against the USD**, further pressured by retreating risk appetite in the markets. Positive momentum indicators have picked up, paving the way for USDSGD to test 1.3245 soon, above which 1.3278 will be eyed.

#### Overnight Economic Data

US	↑
EU	→
UK	↓
Japan	↑
China	↓
Hong Kong	↓
Singapore	↑

#### What's Coming Up Next

##### Major Data

- Malaysia foreign reserves
- US trade balance
- EU PMI retail
- Australia trade balance, retail sales

##### Major Events

- RBA cash target rate

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2305	1.2336	1.2375	1.2410	1.2460	↓
USDJPY	108.77	108.98	109.22	109.41	109.74	↓
GBPUSD	1.3893	1.3941	1.3960	1.3999	1.4031	↓
AUDUSD	0.7842	0.7859	0.7886	0.7894	0.7918	↓
EURGBP	0.8813	0.8844	0.8864	0.8873	0.8892	↗
USDMYR	3.8929	3.9014	3.9105	3.9174	3.9259	↗
EURMYR	4.8221	4.8321	4.8399	4.8502	4.8593	↓
JPYMYR	3.5605	3.5637	3.5788	3.5814	3.5939	↗
GBPMYR	5.4314	5.4462	5.4592	5.4644	5.4757	↓
SGDMYR	2.9414	2.9538	2.9570	2.9591	2.9613	↓
AUDMYR	3.0684	3.0772	3.0834	3.0877	3.0943	↓
NZDMYR	2.8246	2.8295	2.8463	2.8489	2.8537	↓
USDSGD	1.3191	1.3209	1.3225	1.3239	1.3249	↗
EURSGD	1.6318	1.6345	1.6369	1.6382	1.6403	↗
GBPSGD	1.8356	1.8440	1.8461	1.8484	1.8511	↗
AUDSGD	1.0384	1.0410	1.0424	1.0445	1.0466	↗

\*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	1853.1	-0.9	3.1	CRB Index	195.7	#N/A	0.9
Dow Jones Ind.	24345.8	-4.6	-1.5	WTI oil (\$/bbl)	64.2	-1.99	6.2
S&P 500	2648.9	-4.1	-0.9	Brent oil (\$/bbl)	66.9	-2.41	0.1
FTSE 100	7335.0	-1.5	-4.6	Gold (\$/oz)	1339.7	0.50	8.1
Shanghai	3487.5	0.7	5.5	CPO (RM/tonne)	2442.0	-1.49	2.2
Hang Seng	32245.2	-1.1	7.8	Copper (\$/tonne)	7045.0	-1.04	-2.8
STI	3482.9	-1.3	2.4	Rubber (sen/kg)	453.0	-1.63	-2.1

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US ISM services	Jan	59.9	56.0	56.7
US PMI services	Jan F	53.3	53.3	53.3
EU PMI services	Jan F	58.0	57.6	57.6
EU Sentix investor confidence	Feb	31.9	32.9	33.2
EU retail sales	Dec	-1.1%	2.0%	-1.0%
UK PMI services	Jan	53.0	54.2	54.1
JP Nikkei PMI services	Jan	51.9	51.1	--
CH Caixin PMI services	Jan	54.7	53.9	--
HK PMI	Jan	51.1	51.5	--
SG Nikkei PMI	Jan	53.6	52.1	--

- Overnight slew of services readings came in largely positive. US ISM services picked up more than expected to 59.9 in January, its best since Aug-05 before the outbreak of the GFC, as new orders and employment surged to multi-years high. Meanwhile, PMI final index showed services activities moderated slightly to 53.3 as initially estimated.
- In the Eurozone, final reading showed PMI services unexpectedly ticked up to 58.0 in January, its highest in record thanks to new business orders that rose to a decade-high. On the contrary, the same gauge from the UK softened more than expected to 53.0 in January, its lowest in 16 months, hence raising doubts on the growth prospects of the UK economy going forward especially when taken together with the pullback seen in manufacturing released earlier.
- Other indicators from the EU were less upbeat. Sentix investor confidence pulled back to 31.9 in February, against expectations for a rise to 33.2 as investors turned less optimistic over outlook in the next six months even though they remained upbeat over current situation. In a separate release, retail sales also reversed course and fell 1.1% MOM in December, reflecting intermittent weakness in retail spending in 2H17 as consumers spent less on food and non-food products despite an improving growth outlook in the region.
- Back in Asia, Nikkei PMI services edged higher to 51.9 in January as a rise in prices offset the pullback in employment. China Caixin PMI also showed the services expanded at a faster pace at 54.7 in January, its highest since May-12 as a result of quicker gain in employment. ON a similarly positive note, Singapore Nikkei PMI also rose to 53.6 in January driven by higher output and new orders. On the contrary, Hong Kong PMI slipped 0.4ppt to 51.1 but remained expansionary for the 5<sup>th</sup> straight month underpinned by output and new orders.

Source: Bloomberg

### Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	6/2	Foreign reserves	Jan 30	--	\$103.0b	--
	7/2	Exports YOY	Dec	12.7%	14.4%	--
US	6/2	Trade balance	Dec	-\$52.0b	-\$50.5b	--
	7/2	MBA mortgage applications	Feb 2	--	-2.6%	--
Eurozone	6/2	PMI retail	Jan	--	53.0	--
	7/2	European Commission economic forecasts				--
UK	7/2	Halifax house prices YOY	Jan	2.4%	2.7%	--
Japan	7/2	Leading index	Dec P	108.1	108.3	--
		Coincident index	Dec P	120.5	117.9	--
Australia	6/2	Trade balance	Dec	A\$200m	-A\$628m	--
		Retail sales	Dec	-0.2%	1.2%	--
		RBA cash target rate	Feb 6	1.50%	1.50%	--
New Zealand	7/2	Unemployment rate	4Q	4.7%	4.6%	--
		Employment change QOQ	4Q	0.4%	2.2%	--

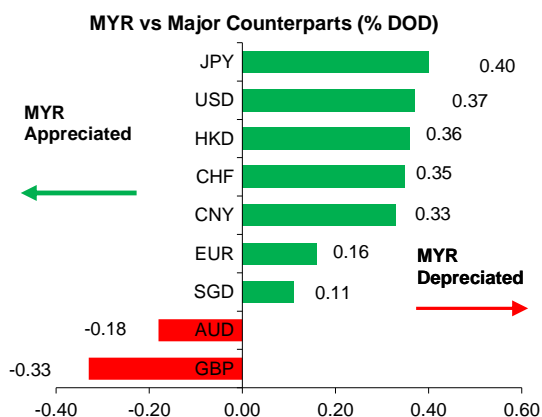
Source: Bloomberg

## Forex

FX Table

Name	Last Price	DoD%	High	Low	YTD%
EURUSD	1.2367	-0.77	1.2475	1.2363	3.0
USDJPY	109.09	-0.98	110.29	108.99	-3.1
GBPUSD	1.3959	-1.13	1.4151	1.3955	3.2
AUDUSD	0.7878	-0.67	0.7954	0.7875	0.9
EURGBP	0.8859	0.42	0.8874	0.8808	-0.1
USDMYR	3.9000	0.37	3.8997	3.8805	-3.6
EURMYR	4.8594	0.16	4.8380	4.8066	0.2
JPYMYR	3.5505	0.40	3.5905	3.5651	-1.2
GBPMYR	5.5054	-0.33	5.4889	5.4515	0.8
SGDMYR	2.9622	0.11	2.9741	2.9616	-2.2
AUDMYR	3.0991	-0.18	3.1560	3.1361	-2.0
NZDMYR	2.8580	0.02	2.8383	2.8586	-0.8

Source: Bloomberg



### MYR

- MYR traded on the softer side as expected, but within a tight range of approx. 3.8950-3.9005 before **closing the day 0.37% weaker at 3.9000**.
- Extended global equity selloffs and retreat in risk appetite is expected to keep **MYR bear intact**. USDMYR remains technically bullish amid retreating downside momentum. There is room for USDMYR to climb to as high as 3.9152, above which 3.9523 could be tested next.

### USD

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- **USD remains bullish** supported by demand for safety amid lingering concerns over equity selloffs globally. Momentum indicators have turned positive, and coupled with yesterday's gain, have reinforced upside bias in DXY. Dollar Index is on track to close above 89.72, after which 90.91 could be challenged.

### EUR

- **EUR fell 0.77% to 1.2367 against extended rebound in the USD** and was down against 6 G10s, as global equity rout overshadowed mixed economic releases from the euro region.
- **We remains slightly bearish on EUR against a firmer USD** amid prevailing risk-off in the markets although there is chance of a rebound today after two days of losses. Yesterday's closing below 1.2410 has titled EURUSD into negative momentum territory again. We now set sights on a downward move to 1.2305.

### GBP

- **GBP** posted another day of steep losses, **plunging 1.13% to 1.3959 against a stronger USD** and was also weaker against all other majors save for the NOK.
- **GBP remains bearish against a firmer USD**. Momentum indicators have turned increasingly negative and a close below 1.3967 has increased bearishness in GBPUUSD. The pair looks set to head lower towards 1.3893 next, below which the pair could test 1.3786.

### JPY

- **JPY** snapped a 3-day losses and **strengthened 0.98% to 109.09 against the USD** amid safe haven demand as global equity selloffs deepened.
- **JPY is expected to stay slightly bullish against USD today** supported by continued refuge demand. Momentum indicator in USDJPY remained in small positive indicating USDJPY continues to exhibit a slight bullish bias. The pair could still test 109.39 on the upside if it does not close below 108.96.

### AUD

- **AUD fell 0.67% against the USD at 0.7878, but traded on a firmer note against 6 G10s**.
- **AUD remains bearish against the USD**, pressured by continued risk-off in the markets on concerns over extended selloffs in the global equity markets. Negative momentum indicators are gaining traction and AUDUSD is now expected to test 0.7819 next.

### SGD

- **SGD weakened 0.14% to 1.3217 against a firmer USD** but was stronger against 8 G10s.
- **We remain bearish on SGD against the USD**, further pressured by retreating risk appetite in the markets. Positive momentum indicators have picked up, paving the way for USDSGD to test 1.3245 soon, above which 1.3278 will be eyed.

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