

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Headline NFP missed estimates and added fewer than expected jobs of 148k in December**, though the negativity was somewhat cushioned by an upwardly revised November's gain from 228k to 252k. **Markets were quick to shrug off the softer headline job gains, focusing on the quicker 0.3% MOM rise in wages instead.** Unemployment rate and participation rate were also steady at 4.1% and 62.7% respectively. **Firm job market outlook, coupled with increases in factory orders, durable goods orders, in addition to continuous albeit slower expansion in services, reaffirmed expectations the Fed gradual normalization plans remained on track.**
- **Eurozone's macro outlook continues to be firm** as retail sector improves while producer prices picked up. However, CPI estimate for Dec eased to 1.4% from 1.5% in Nov, denting hopes that rise in producer prices had been passed on to consumers.
- **Malaysia's exports growth moderated to 14.4% YOY in November.** The lower print was due to dissipating favourable base effect from last year as well as slower growth in commodity exports. Imports growth also registered a more moderate growth of 15.2% in November from October's 20.9%, while the trade surplus narrowed to RM9.9bn from RM 10.4bn.
- **USD climbed against 5 G10s** and though the Dollar Index tumbled after a poor nonfarm payrolls report, it quickly recovered to register a 0.1% gain at 91.94, supported by quicker wage growth that is likely to be translated into higher inflation. **We are now slightly bullish on USD**, buoyed by signs of firmer wage growth that if pass through to inflation would likely increase the bets of quicker Fed rate hikes. Even though some positive technical signs have emerged, we note that the Dollar Index remains deep in bearish territory thus rebounds will be moderate, likely capped by 92.59.
- **MYR strengthened 0.22% to 3.9975 against USD** and advanced against 8 G10s, supported by continually firm local sentiment. **Maintain a bullish view on MYR against USD** supported by firmer risk appetite and oil prices. Technical outlook remains negative for USDMYR; it is likely targeting a test at 3.9800 next, which if successful could open the door towards 3.9515 in the next leg lower. However, do not rule out a modest rebound after recent sharp declines, with gains likely capped at 4.0000.
- **SGD climbed 0.11% to 1.3264 against USD** and advanced against 6 G10s, also supported by firmer risk appetite in the markets. **We stay bearish on SGD against a rebounding USD.** We reckon that there is room for USDSGD to rebound given that it has weakened considerably in the last several days. This will likely be a technical retracement that is likely capped below 1.3300.

#### Overnight Economic Data

Malaysia	↓
US	→
EU	↑
Japan	↓
Australia	↓

#### What's Coming Up Next

##### Major Data

- Eurozone Sentix investor confidence, consumer confidence, retail sales, economic confidence & biz climate indicator
- UK Halifax house prices

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2000	1.2010	1.2037	1.2050	1.2089	↘
USDJPY	112.79	112.98	113.12	113.29	113.66	↗
GBPUSD	1.3544	1.3571	1.3573	1.3590	1.3609	↘
AUDUSD	0.7827	0.7850	0.7861	0.7884	0.7900	↘
EURGBP	0.8840	0.8858	0.8867	0.8871	0.8883	↘
USDMYR	3.9800	3.9850	3.9892	3.9938	3.9975	↘
EURMYR	4.7956	4.8000	4.8017	4.8073	4.8155	↘
JPYMYR	3.5200	3.5220	3.5264	3.5317	3.5385	↘
GBPMYR	5.4038	5.4104	5.4139	5.4233	5.4335	↘
SGDMYR	3.0000	3.0020	3.0058	3.0063	3.0103	↘
AUDMYR	3.1209	3.1294	3.1346	3.1400	3.1452	↘
NZDMYR	2.8484	2.8546	2.8589	2.8593	2.8631	↘
USDSGD	1.3230	1.3260	1.3269	1.3282	1.3300	↗
EURSGD	1.5935	1.5951	1.5970	1.5974	1.5986	↘
GBPSGD	1.7989	1.8000	1.8010	1.8013	1.8038	↘
AUDSGD	1.0408	1.0420	1.0428	1.0431	1.0445	↘

\*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	1818.0	0.8	1.2	CRB Index	193.4	-0.98	-0.2
Dow Jones Ind.	25295.9	0.9	2.3	WTI oil (\$/bbl)	61.4	-0.92	1.7
S&P 500	2743.2	0.7	2.6	Brent oil (\$/bbl)	67.6	-0.70	1.4
FTSE 100	7724.2	0.4	0.5	Gold (\$/oz)	1319.6	-0.30	10.8
Shanghai	3391.8	0.2	2.6	CPO (RM/tonne)	2520.5	0.94	5.5
Hang Seng	30814.6	0.3	3.0	Copper (\$/tonne)	7125.0	-0.94	-1.7
STI	3489.5	-0.3	2.5	Rubber (sen/kg)	463.0	-0.54	0.1

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
MY exports YOY	Nov	14.4%	18.7%	14.5%
US nonfarm payrolls	Dec	148k	252k	190k
US jobless rate	Dec	4.1%	4.1%	4.1%
US trade balance	Nov	-\$50.5b	-\$48.9b	-\$49.9b
US ISM services	Dec	55.9	57.4	57.6
US factory orders	Nov	1.3%	-0.1%	1.1%
US durable goods orders	Nov F	1.3%	1.3%	--
EU Markit PMI retail	Dec	53.0	52.4	--
EU PPI YOY	Nov	2.8%	2.5%	2.5%
EU CPI estimate YOY	Dec	1.4%	1.5%	1.4%
JP Nikkei services PMI	Dec	51.1	51.2	--
AU trade balance	Nov	-\$628m	-\$302m	A\$550m
AU AiG construction index	Dec	52.8	57.5	--

Source: Bloomberg

- Major US data turned out weaker but with some bright spots. Most watched nonfarm payroll disappointed with a 148k print in Dec, though an upward revision to Nov figure from 228k to 252k was welcomed. The unemployment rate stood unchanged at 4.1% in Dec, as did participation rate at 62.7%, but improvement was noted in wage growth, which may be passed through to inflation. The ISM services fell to 55.9 in Dec from 57.4, indicating a slower growth in the sector as business activity and new orders decelerated.
- Other US reports that came out on Friday showed improved consumption in Nov. Final reading on growth of durable goods orders was affirmed at 1.3% MOM, rebounding from a 0.4% fall in Oct. Meanwhile, factory orders saw an increase of 1.3% MOM in Nov, rebounding from a 0.1% dip in Oct. In a separate report, trade deficit widened to \$ 50.5b in Nov, rising from a shortfall of \$ 48.9b.
- Eurozone's macro outlook continues to be firm as retail sector improves while producer prices picked up. The retail PMI climbed to 53.0 in Dec, up from 52.4, lifted by accelerated expansion in employment, purchasing activity and inventory. Producer prices picked up in Nov, rising 2.8% YOY from 2.5% previously. However, CPI estimate for Dec eased to 1.4% from 1.5% in Nov, denting hopes that rise in producer prices will be passed on to consumers.
- Japan's services PMI ticked lower from 51.2 in Nov to 51.1 in Dec, the slowest growth since Sept. Growth pace was slower in business activity and output but there were bright spots as new business orders and employment recorded quicker growth.
- Over in Australia, trade surplus recorded in Oct was revised to a deficit of A\$302m, which then widened to A\$628m in Nov, a likely impact of a stronger local currency. The construction sector recorded much slower growth in Dec; the AiG index fell to 52.8 from 57.5 in Nov on softer activity, new orders and employment.
- Malaysia's Nov exports growth moderated from 18.7% YOY recorded in Oct, but nonetheless registered a robust expansion of 14.4%. The lower print was due to dissipating favourable base effect from last year as well as slower growth in commodity exports. Imports growth also moderated to 15.2% in Nov from 20.9%, while the trade surplus narrowed to RM 9.9bn from RM 10.4bn.

### Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	1/9	NFIB Small Business Optimism	Dec	108.0	107.5	--
Eurozone	1/8	Sentix investor confidence	Jan	31.3	31.1	--
		Consumer confidence	Dec F	0.5	0.5	--
		Retail sales MOM	Dec	1.3%	-1.1%	--
		Economic confidence	Dec	114.8	114.6	--
		Biz climate indicator	Dec	1.50	1.49	--
	1/9	Unemployment Rate	Nov	8.70%	8.80%	--
UK	1/8	Halifax house prices YOY	Dec	3.3%	3.9%	--
China	1/8 – 18	Foreign Direct Investment YoY CNY	Dec	--	90.70%	--
Australia	1/9	Building Approvals MoM	Nov	-1.00%	0.90%	--

Source: Bloomberg

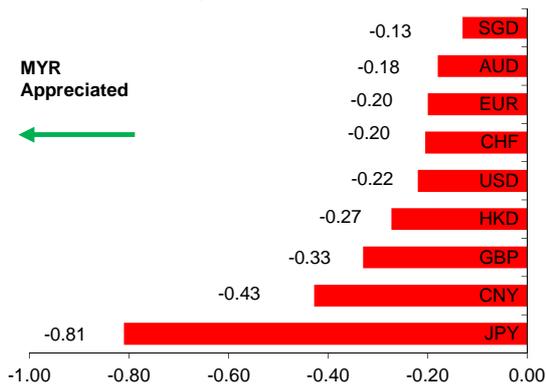
## Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2029	-0.32	1.2083	1.2021	0.3
USDJPY	113.05	0.27	113.31	112.73	0.4
GBPUSD	1.3571	0.15	1.3582	1.3524	0.5
AUDUSD	0.7864	0.00	0.7875	0.7835	0.7
EURGBP	0.8864	-0.46	0.8912	0.8864	0.2
USDMYR	3.9975	-0.22	4.0055	3.9887	-1.2
EURMYR	4.8154	-0.20	4.8356	4.8108	-0.7
JPYMYR	3.5308	-0.81	3.5518	3.5282	-1.8
GBPMYR	5.4088	-0.33	5.4310	5.4038	-1.0
SGDMYR	3.0103	-0.13	3.0188	3.0065	-0.6
AUDMYR	3.1363	-0.18	3.1505	3.1299	-0.8
NZDMYR	2.8594	0.20	2.8679	2.8535	-0.7

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



### MYR

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- **Maintain a bullish view on MYR against USD** supported by firmer risk appetite and oil prices. Technical outlook remains negative for USDMYR; it is likely targeting a test at 3.9800 next, which if successful could open the door towards 3.9515 in the next leg lower. However, do not rule out a modest rebound after recent sharp declines, with gains likely capped at 4.0000.

### USD

- **USD climbed against 5 G10s** and though the Dollar Index tumbled after a poor nonfarm payrolls report, it quickly recovered to register a 0.1% gain at 91.94, supported by quicker wage growth that is likely to be translated into higher inflation.
- **We are now slightly bullish on USD**, buoyed by signs of firmer wage growth that if pass through to inflation would likely increase the bets of quicker Fed rate hikes. Even though some positive technical signs have emerged, we note that the Dollar Index remains deep in bearish territory thus rebounds will be moderate, likely capped by 92.59.

### EUR

- **EUR fell 0.32% to 1.2029 against USD** and weakened against 8 G10s, likely pressured by downtick in Eurozone inflation that offset mostly firmer data.
- **We turn slightly bearish on EUR on the back of potential rebound in USD**, but caution that a positive set of Eurozone data will invigorate the bulls. Technical outlook has turned more fragile and uncertain for EURUSD; we note that as upside momentum continues to taper off, the pair's upside bias will be limited. Caution that losing 1.20 could trigger a longer-term move to 1.1905.

### GBP

- **GBP** was revived by improved demand as European majors faltered, climbing against 6 G10s and **beating USD 0.15% to settle at 1.3571**.
- **We now expect GBP to turn bearish against a rebounding USD**. Upside bias in GBPUSD is turning more skeptical. The pair is negotiating a tough resistance at 1.3571, and even if this level is broke, the pair must still close above 1.3590 today to sustain an upward trajectory.

### JPY

- **JPY weakened 0.27% to 113.05 against USD** and fell against 7 G10s as demand for refuge continue to retreat.
- **Stay bearish on JPY against USD** as risk appetite gains further traction. USDJPY remains tilted to the upside, more so after closing above 112.98 and is now likely targeting a move to 113.48 – 113.66 next,

### AUD

- **AUD** was supported by firmer risk appetite to beat 5 G10s but **closed unchanged against USD at 0.7864**.
- **We stay bearish on AUD against a rebounding USD** on top of potential pressure from a soft Australia data. Given continued ease in upside momentum, we maintain that AUDUSD has peaked and will likely be making a reversal soon. Expect continued failure to break 0.7887 to contribute to a more negative outlook, with scope to slide back to 0.7814 – 0.7827.

### SGD

- **SGD climbed 0.11% to 1.3264 against USD** and advanced against 6 G10s, also supported by firmer risk appetite in the markets.
- **We stay bearish on SGD against a rebounding USD**. We reckon that there is room for USDSGD to rebound given that it has weakened considerably in the last several days. This will likely be a technical retracement that is likely capped below 1.3300.

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