

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Another eventful night** with a number of events. On the equity front, **some recovery were seen in the Asian and European markets** even though the **US failed to close stronger despite early session gains. The US Senate reached a 2-year budget deal** hence averting a government shutdown tomorrow while the **Germans finally struck a formal deal to form a coalition government.** On Fed speaks, **Fed Evans said subdued inflation offers room for the Fed to hold off raising rates until at least mid-2018** even though he still thinks three to four hikes this year is possible. Meanwhile, **Fed Kaplan said higher wages may not necessarily lead to higher inflation.**
- **European Commission upgraded its growth forecasts for the Eurozone to 2.3% and 2.0% for 2018 and 2019** (previous 2.1% and 1.9%), expecting a return to solid growth despite a slight moderation from the 2.5% in 2017. **Outlook on inflation remained subdued nonetheless**, projected at 1.5% this year and 1.6% next year, still below the ECB's 2% target.
- **RBNZ kept rates unchanged at a record low of 1.75% this morning and offered no clues of a move in the near term.** The central bank maintains that policy will remain accommodative for a considerable period (until mid-2019) but inflation is expected to move towards the mid-point of RBNZ 1-3% target only at a later date in 2020. Growth profile is said to be "weaker in the near term but stronger in the medium term", as policy makers acknowledged various uncertainties.
- USD strengthened against all G10s save for the JPY as haven demand persists amid continued market jitters. The **Dollar Index closed higher** for the 4th straight day, **by 0.75% to 90.26**, its best level in two weeks. **USD remains bullish** supported by demand for safety amid lingering concerns over the current market turmoil. Yesterday's close at above 89.72 has reinforced bullishness in DXY, paving the way for a test at 90.91 next.
- **MYR ended the day 0.20% firmer at 3.9088 against the USD** after a day of choppy trade, tracking some recovery in the Asian markets. **Expect MYR to remain slightly bearish against extended gains in the USD** as haven demand persists despite softening risk aversion. USDMYR is still expected to bounce back to 3.9162 after which 3.9554 will be tested, unless the pair closes below 3.8936.
- **SGD fell 0.49% to 1.3253 against the USD** but advanced against 9 G10s. **We remain slightly bearish on SGD against the USD**, amid lingering risk off in the markets. A close above 1.3245 yesterday has reinforced bullishness in the pair. The pair is well positioned to test 1.3278 next.

Overnight Economic Data

Malaysia	↓
US	→
UK	↓
Japan	↓

What's Coming Up Next

Major Data

- US initial jobless claims, consumer credit
- UK RICS house price balance
- China exports
- Japan Eco Watcher surveys

Major Events

- BOE policy decision & quarterly inflation report
- ECB monthly bulletin

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2185	1.2242	1.2270	1.2305	1.2377	↘
USDJPY	108.77	108.98	109.35	109.73	109.98	↘
GBPUSD	1.3829	1.3857	1.3887	1.3920	1.3948	↘
AUDUSD	0.7794	0.7819	0.7822	0.7846	0.7866	↘
EURGBP	0.8807	0.8824	0.8837	0.8854	0.8889	→
USDMYR	3.9003	3.9110	3.9208	3.9269	3.9418	↗
EURMYR	4.7949	4.8031	4.8122	4.8276	4.8384	↘
JPYMYR	3.5708	3.5772	3.5847	3.5939	3.6064	↗
GBPMYR	5.4114	5.4279	5.4425	5.4536	5.4653	↘
SGDMYR	2.9492	2.9538	2.9580	2.9622	2.9648	↘
AUDMYR	3.0552	3.0631	3.0651	3.0758	3.0866	↘
NZDMYR	2.8094	2.8215	2.8270	2.8356	2.8518	↘
USDSGD	1.3189	1.3211	1.3247	1.3278	1.3296	↗
EURSGD	1.6181	1.6222	1.6258	1.6266	1.6288	→
GBPSGD	1.8317	1.8356	1.8392	1.8412	1.8446	→
AUDSGD	1.0308	1.0329	1.0358	1.0406	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	1836.7	1.3	2.2	CRB Index	192.3	-1.24	-0.8
Dow Jones Ind.	24893.4	-0.1	0.7	WTI oil (\$/bbl)	61.8	-2.52	2.3
S&P 500	2681.7	-0.5	0.3	Brent oil (\$/bbl)	65.5	-2.02	-2.0
FTSE 100	7279.4	1.9	-5.3	Gold (S/oz)	1318.5	-0.40	1.2
Shanghai	3309.3	-1.8	0.1	CPO (RM/tonne)	2463.0	0.06	3.1
Hang Seng	30323.2	-0.9	1.4	Copper (\$/tonne)	7076.0	-1.30	-2.4
STI	3383.8	-0.7	-0.6	Rubber (sen/kg)	459.0	0.00	-0.8

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MY exports	Dec	4.7%	14.4%	12.7%
US MBA mortgage applications	Feb 2	0.7%	-2.6%	--
US consumer credit	Dec	\$18.4n	\$31.0b	\$20.0b
UK Halifax house prices	Jan	2.2%	2.7%	2.4%
JP leading index	Dec P	107.9	108.2	108.1
JP coincident index	Dec P	120.7	117.9	120.5
JP current account balance	Dec	¥797.2b	¥1347.3b	¥1056.9b
NZ RBNZ official cash rate	Feb-8	1.75%	1.75%	1.75%

Source: Bloomberg

➤ Macroeconomics

- RBNZ kept rates unchanged at a record low of 1.75% this morning and offered no clues of a move in the near term. The central bank maintains that policy will remain accommodative for a considerable period (until mid-2019) but inflation is expected to move towards the mid-point of RBNZ 1-3% target only at a later date in 2020. Growth profile is said to be “weaker in the near term but stronger in the medium term”, as policy makers acknowledged various uncertainties.
- In a not entirely surprised move, European Commission upgraded its growth forecasts for the Eurozone to 2.3% and 2.0% for 2018 and 2019 (previous 2.1% and 1.9%), expecting a return to solid growth despite a slight moderation from the 2.5% in 2017. Officials from the Commission said “Europe economy has entered 2018 in robust health”, and that “unemployment and deficits continue to fall and investment is at last rising in a meaningful way”. Outlook on inflation remained subdued nonetheless, projected at 1.5% this year and 1.6% next year, still below the ECB’s 2% target, as subdued wage growth is expected to keep a lid on inflation. The European Commission also warned against risks from high asset prices, geopolitical tensions, and Brexit uncertainties.
- US MBA mortgage applications rebounded with a minor 0.7% WOW increase in the week ended 2-Feb, driven by a rebound in refinancing applications while applications for new purchases turned in flat. Consumer credit increased at a slower than expected rate of \$18.4bn in December (Nov: \$31.0bn revised), as credit card spending and non-revolving credit (mainly student loans and car loans) both rose at a slower pace, reflecting cautious consumers.
- The increase in UK house prices as measured by Halifax tapered off for the 3rd consecutive month, and by more than expected to a 6-month low of 2.2% YOY in January. This, coupled with the first back-to-back decline (-0.6% in Jan and -0.8% in Dec) since Aug-16, reaffirmed prospects of a cooling housing market as concerns over Brexit uncertainties continued to linger.
- In Asia, Japan leading index tapered off more than expected to 107.9 in December, offering signs of expectations for softer outlook ahead even as current conditions were more upbeat as seen in the rise in coincident index to 120.7 during the month. This morning, report showed current account surplus narrowed more than expected to ¥797.2bn in December, as deficits in the services account and smaller surplus in the income account offset higher trade surpluses.
- At the local front, exports decelerated more than expected to increase only 4.7% YOY in December, dragged by slower growth in both manufacturing and commodity exports. Shipment to the US and Singapore fell while the exceptional decline in exports to ASEAN countries signaled slower demand from the US could have spilled over to this region. Imports growth also tracked a similar pattern, slowing more than expected to 7.9% YOY in December. Declines in intermediate and consumption goods imports added to signs of softer growth outlook ahead. Overall exports growth of close to 20% in 2017 will unlikely repeat itself, with single-digit growth pace expected in 2018 given a higher base effect last year, stronger currency and potentially lower CPO prices.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	9/2	IPI YOY	Dec	4.6%	5.0%	--
US	8/2	Consumer credit	Dec	\$20.0b	\$27.9b	--
		Initial jobless claims	Feb 3	232k	230k	--
	9/2	Wholesale inventories MOM	Dec F	0.2%	0.2%	--
Eurozone	8/2	ECB economic bulletin				--
UK	8/2	RICS house prices balance	Jan	5%	8%	--
		BOE bank rate	Feb 8	0.5%	0.5%	--
		BOE asset purchase target	Feb 8	£435b	£435b	--
		BOE inflation report				--
	9/2	Industrial production MOM	Dec	-0.9%	0.4%	--
		Visible trade balance	Dec	-£11550m	-£12231m	--
		NIESR GDP estimate	Jan	0.5%	0.6%	--
Japan	8/2	Eco Watcher outlook	Jan	53.6	52.7	--
		Eco Watcher current	Jan	53.7	53.9	--
	9/2	Tertiary industry index MOM	Dec	0.2%	1.1%	--
China	8/2	Exports YOY	Jan	10.7%	10.9%	--
	9/2	PPI YOY	Jan	4.3%	4.9%	--
		CPI YOY	Jan	1.5%	1.8%	--
Australia	8/2	NAB business confidence	4Q	--	7	--
	9/2	Home loans MOM	Dec	-1.0%	2.1%	--
		RBA quarterly statement on monetary policy				--

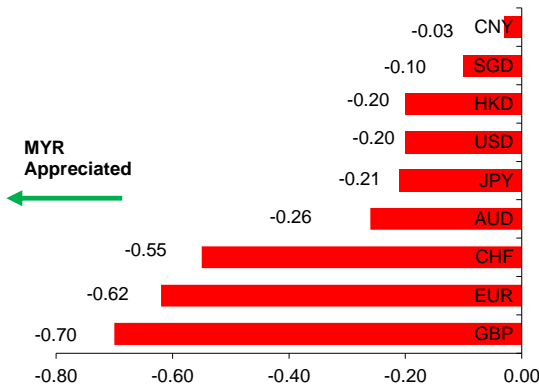
Source: Bloomberg

Forex

Name	Last Price	DoD%	High	Low	YTD%
EURUSD	1.2264	-0.91	1.2406	1.2246	2.2
USDJPY	109.33	-0.21	109.72	108.92	-3.1
GBPUSD	1.3881	-0.49	1.3994	1.3849	2.7
AUDUSD	0.7823	-1.05	0.7909	0.7817	0.1
EURGBP	0.8837	-0.40	0.8898	0.8834	-0.5
USDMYR	3.9088	-0.20	3.9145	3.8967	-3.4
EURMYR	4.8273	-0.62	4.8520	4.8273	-0.4
JPYMYR	3.5842	-0.21	3.5874	3.5602	-0.3
GBPMYR	5.4419	-0.70	5.4684	5.4375	-0.4
SGDMYR	2.9625	-0.10	2.9704	2.9564	-2.2
AUDMYR	3.0745	-0.26	3.0872	3.0719	-2.8
NZDMYR	2.8579	-0.12	2.8685	2.8537	-0.8

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



MYR

- **MYR ended the day 0.20% firmer at 3.9088 against the USD** after a day of choppy trade, tracking some recovery in the Asian markets.
- **Expect MYR to remain slightly bearish against extended gains in the USD** as haven demand persists despite softening risk aversion. USDMYR is still expected to bounce back to 3.9162 after which 3.9554 will be tested, unless the pair closes below 3.8936.

USD

- USD strengthened against all G10s save for the JPY as haven demand persists amid continued market jitters. The **Dollar Index closed higher** for the 4th straight day, **by 0.75% to 90.26**, its best level in two weeks.
- **USD remains bullish** supported by demand for safety amid lingering concerns over the current market turmoil. Yesterday's close at above 89.72 has reinforced bullishness in DXY, paving the way for a test at 90.91 next.

EUR

- **EUR fell again, by 0.91% to 1.2264 against extended gains in the greenback.** A formal deal reached by Angela Merkel to form a coalition government and upgrade in growth forecasts by the European Commission failed to infuse positive catalysts in the currency.
- **We are bearish on EUR today** on the back of a continuous gain in the USD. Yesterday's losses despite positive newsflows in the euro region is a testament that USD is still the key driver. EURUSD is technically bearish and downside momentum has increased. A close below 1.2305 opens up the way for a dip to 1.2161 next.

GBP

- **GBP continued to weaken, by 0.49% to 1.3881 against the USD** but advanced against 8 G10s.
- **GBP remains bearish against a firm USD.** Downside momentum has picked up following a close below 1.3893. We now expect the pair to head towards 1.3786 next.

JPY

- **JPY advanced again, by 0.21% to 109.33 against the USD**, supported by refuge demand as markets remained nervous amid a volatile market.
- **JPY is expected to remain slightly bullish against USD today** supported by lingering refuge demand. Momentum indicator in USDJPY remained in small positive indicating USDJPY continues to exhibit a slight bullish bias. The pair could still test 109.78 on the upside if it does not close below 109.06.

AUD

- **AUD fell 1.05% against the USD to 0.7823**, and was lower against 7 G10s as markets remained largely in risk-off mode, albeit more moderately, in view of prevailing market volatilities.
- **AUD remains bearish against the USD**, pressured by continued risk-off in the markets amid lingering concerns over current market volatility. Negative momentum indicators continued to pick up and AUDUSD is expected to break below 0.7819 soon, after which 0.7744 could be targeted next.

SGD

- **SGD fell 0.49% to 1.3253 against the USD** but advanced against 9 G10s.
- **We remain slightly bearish on SGD against the USD**, amid lingering risk off in the markets. A close above 1.3245 yesterday has reinforced bullishness in the pair. The pair is well positioned to test 1.3278 next.

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