

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight macro flow was light, with indicators showing improved sentiments and better retail sales in the Eurozone whereas house prices registered more moderate growth in the UK.** The Sentix investor confidence index, economic confidence index, consumer confidence index and business climate indicator were all higher in the month under review. A separate release also showed retail sales rebounded to increase 1.5% MOM in Dec from a 1.1% decline in Nov; annually, sales growth picked up pace to 2.8% YOY from 0.2% a month ago.
- **In the absence of US data, focus was on Fed Bostic's speech where he commented that the Fed may only need to raise rates two times this year in lieu of soft inflation outlook. Separately, Fed Williams also said the Fed should keep rates lower for longer to ensure pick-up in average inflation.** We are still keeping to our view for two Fed rate hikes this year, against the Fed dot plot which maintained its projection for three hikes.
- **USD advanced against 9 G10s** on continued upward momentum sparked by last Friday's US wage growth data; the Dollar Index rallied through Asian – US session to close 0.44% higher at 92.35. **USD remains bullish in our view** as rebound from recent declines is likely to extend. The Dollar Index is poised to challenge 92.59 next, above which there is scope to return to 93.08. Even so, we caution improvement in technical outlook remains fragile and could fizzle out before 92.59.
- **MYR advanced against 6 G10s** on supportive local sentiment but **eased 0.01% to 3.9980 against a firmer USD** after narrowing gains through late Asian trade. **Maintain a bullish view on MYR against USD** on technical reasons. Technical outlook remains negative for USDMYR and suggests extended closings below 4.0065 going forward. Gains will be viewed as retracements to recent declines and unlikely to alter current negative outlook unless the pair closes above 4.0175.
- **SGD tumbled 0.46% to 1.3325 against a firmer USD** and weakened against 7 G10s as risk appetite turned softer in the markets. **We stay bearish on SGD against a rebounding USD.** USDSGD is more inclined to the upsides now that it has closed above 1.3300. It is poised to test 1.3359 next, above which it could climb further to 1.3400. Caution on a potential for a dip after yesterday's relative sharp move.

Overnight Economic Data

EU
UK



What's Coming Up Next

Major Data

- US NFIB small business optimism
- EU unemployment rate
- Australia building approvals

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1913	1.1946	1.1967	1.1988	1.2000	↘
USDJPY	112.79	112.98	113.15	113.24	113.59	↗
GBPUSD	1.3536	1.3550	1.3567	1.3590	1.3609	↘
AUDUSD	0.7814	0.7831	0.7844	0.7850	0.7884	↘
EURGBP	0.8800	0.8807	0.8820	0.8821	0.8828	↘
USDMYR	3.9985	4.000	4.0017	4.0055	4.0085	↘
EURMYR	4.7820	4.7858	4.7909	4.7946	4.7980	↘
JPYMYR	3.5300	3.5320	3.5382	3.5390	3.5420	↘
GBPMYR	5.4235	5.4300	5.4309	5.4350	5.4403	↘
SGDMYR	3.0000	3.0031	3.0053	3.0065	3.0106	↘
AUDMYR	3.1331	3.1385	3.1428	3.1459	3.1522	↘
NZDMYR	2.8700	2.8735	2.8752	2.8800	2.8866	↗
USDSGD	1.3300	1.3320	1.3326	1.3348	1.3359	↗
EURSGD	1.5900	1.5933	1.5948	1.5954	1.5974	↘
GBPSGD	1.8042	1.8059	1.8078	1.8094	1.8105	↘
AUDSGD	1.0437	1.0445	1.0454	1.0468	1.0492	↗

*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	1832.2	0.8	2.0	CRB Index	192.9	-0.27	-0.5
Dow Jones Ind.	25283.0	-0.1	2.3	WTI oil (\$/bbl)	61.7	0.47	2.2
S&P 500	2747.7	0.2	2.8	Brent oil (\$/bbl)	67.8	0.24	1.4
FTSE 100	7696.5	-0.4	0.1	Gold (\$/oz)	1320.4	-0.10	10.8
Shanghai	3409.5	0.5	3.1	CPO (RM/tonne)	2541.0	0.81	6.3
Hang Seng	30899.5	0.3	3.3	Copper (\$/tonne)	7125.0	-0.94	-1.7
STI	3512.2	0.7	3.2	Rubber (sen/kg)	462.5	-0.11	0.0

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
EU Sentix investor confidence	Jan	32.9	31.1	31.3
EU consumer confidence	Dec F	0.5	0.5	0.5
EU retail sales MOM	Dec	1.5%	-1.1%	1.3%
EU economic confidence	Dec	116.0	114.6	114.8
EU biz climate indicator	Dec	1.66	1.49	1.50
UK Halifax house prices YOY	Dec	2.7%	3.9%	3.3%

- Very little to digest on the macro front with reports from only Eurozone and the UK.
- Data suggests conditions continue to improve in the Eurozone, with more upbeat consumer, economic and investor sentiment, along with firmer business climate and rebound in spending. The Sentix investor confidence index climbed to 32.9 in Jan from 31.1, while economic confidence index rose to 116.0 in Dec, up from 114.6. Consumer confidence index unrevised at 0.5 in Dec final report, up from 0.0 in Nov. The business climate indicator edged higher to 1.66 in Dec, up from 1.49 previously. Retail sales rebounded to increase 1.5% MOM in Dec from a 1.1% decline in Nov; annually, sales growth picked up pace to 2.8% YOY from 0.2%.
- Halifax's survey on house prices in the UK showed a slight decline of 0.6% MOM in Dec, down from a mild increase of 0.3% in Nov. In the 3 months that ended Dec, prices rose 2.7% YOY, easing from 3.9% in the 3 months ended Nov.

Source: Bloomberg

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	1/9	NFIB Small Business Optimism	Dec	108.0	107.5	--
	1/10	MBA Mortgage Applications	Jan-05	--	0.70%	--
		Wholesale Inventories MoM	Nov F	0.70%	0.70%	--
Eurozone	1/9	Unemployment Rate	Nov	8.70%	8.80%	--
UK	1/10	Industrial Production MoM	Nov	0.40%	0.00%	--
		Manufacturing Production MoM	Nov	0.30%	0.10%	--
		Construction Output SA MoM	Nov	0.80%	-1.70%	--
		Visible Trade Balance GBP/Mn	Nov	£10950	£10781	--
		NIESR GDP estimate	Dec	0.5%	0.5%	--
China	1/9 – 18	Foreign Direct Investment YoY CNY	Dec	--	90.70%	--
	1/10	PPI YoY	Dec	4.80%	5.80%	--
		CPI YoY	Dec	1.90%	1.70%	--
Australia	1/9	Building Approvals MoM	Nov	-1.30%	0.90%	--
New Zealand	1/10 – 14	REINZ House Sales YoY	Dec	--	-8.90%	--

Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1967	-0.52	1.2052	1.1956	-0.3
USDJPY	113.09	0.04	113.39	112.88	0.4
GBPUSD	1.3568	-0.02	1.3586	1.3523	0.4
AUDUSD	0.7842	-0.28	0.7873	0.7827	0.4
EURGBP	0.8821	-0.49	0.8880	0.8815	-0.7
USDMYR	3.9980	0.01	3.9980	3.9865	-1.2
EURMYR	4.7934	-0.46	4.8087	4.7863	-1.1
JPYMYR	3.5329	0.06	3.5336	3.5220	-1.7
GBPMYR	5.4085	-0.01	5.4235	5.4045	-1.0
SGDMYR	3.0033	-0.23	3.0110	2.9976	-0.8
AUDMYR	3.1330	-0.11	3.1405	3.1257	-0.9
NZDMYR	2.8652	0.20	2.8660	2.8580	-0.5

Source: Bloomberg

MYR

- **MYR** advanced against 6 G10s on supportive local sentiment but **eased 0.01% to 3.9980 against a firmer USD** after narrowing gains through late Asian trade.
- **Maintain a bullish view on MYR against USD** on technical reasons. Technical outlook remains negative for USDMYR and suggests extended closings below 4.0065 going forward. Gains will be viewed as retracements to recent declines and unlikely to alter current negative outlook unless the pair closes above 4.0175.

USD

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- **USD remains bullish in our view** as rebound from recent declines is likely to extend. The Dollar Index is poised to challenge 92.59 next, above which there is scope to return to 93.08. Even so, we caution improvement in technical outlook remains fragile and could fizzle out before 92.59.

EUR

- **EUR weakened 0.52% to 1.1967 against USD** and fell against 7 G10s, uninspired by a set of improved Eurozone data.
- **Stay bearish on EUR on the back of extended rebound in USD.** Technical outlook is unresponsive of EURUSD; after losing 1.20, the pair could be prepping for a move to 1.1905 next. Note that this downward correction could reach to a low of 1.1885.

GBP

- **GBP** remained supported by renewed weakness in European majors to beat 8 G10s but **slipped 0.02% to 1.3568 against a firmer USD.**
- **We maintain a bearish view on GBP against a rebounding USD.** Upside bias in GBPUSD continues to diminish. The pair is negotiating a tough resistance at 1.3571, and even if this level is broken, the pair must still close above 1.3590 today to sustain an upward trajectory. Signs hint at a potential drop to 1.3504 going forward.

JPY

- **JPY** advanced against 7 G10s as risk appetite in the FX space dimmed but **retreated 0.04% to 113.09 against a firmer USD.**
- **Stay bearish on JPY against further rebound in USD.** USDJPY remains tilted to the upside, and is still targeting a move to 113.48 – 113.66 next. Caution on diminishing upward momentum approaching the strong resistance at 113.66.

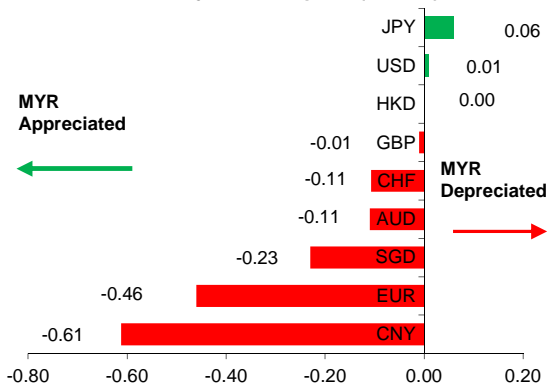
AUD

- **AUD** was also pressured by softening risk appetite as it **fell 0.28% to 0.7842 against USD** and weakened against 5 G10s.
- **Continue to hold a bearish view on AUD against a rebounding USD** on top of potential pressure from a soft Australia data. AUDUSD has peaked amid failure to even test strong resistance at 0.7887 and overnight decline is likely the onset of a reversal that could be testing 0.7814 soon. Breaking below this exposes a move to 0.7740 – 0.7750.

SGD

- **SGD tumbled 0.46% to 1.3325 against a firmer USD** and weakened against 7 G10s as risk appetite turned softer in the markets.
- **We stay bearish on SGD against a rebounding USD.** USDSGD is more inclined to the upsides now that it has closed above 1.3300. It is poised to test 1.3359 next, above which it could climb further to 1.3400. Caution on a potential for a dip after yesterday's relative sharp move.

MYR vs Major Counterparts (% DOD)



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