

Global Markets Research

Daily Market Highlights

Key Takeaways

- **BOJ hogged headlines, contrasting with a day of light economic releases.** BOJ reduced its purchase of long-dated bonds of 10-25 years and 25-40 years by ¥10bn each to ¥190bn and ¥80bn respectively. This spurred speculations that the BOJ is initiating its first move in reducing its ultra loose monetary stimulus following more upbeat economic conditions lately.
- Over onto the Fed, echoing dovish speaks from Fed Bostic and Williams yesterday, **Fed Kashkari expressed his stance for keeping interest rates low to boost wages and subsequently push inflation back up to the Fed's 2% target.** Job openings and business optimism data in the US were softer overnight, suggesting there are still pockets of unevenness in the US economy. Meanwhile, jobless rate in the Eurozone continued to improve to a 9-year low in November and is expected to continue underpin consumption and hopefully boost prices.
- **USD advanced against 9 G10s**, supported by sell-off in USTs that lifted refuge demand; the Dollar Index jumped in European trade before side-ranging thereafter, closing 0.18% higher at 92.52. **USD remains bullish in our view**, supported by continued dips risk sentiment within the FX space. The Dollar Index looks poised for a breakout at 92.59, above which there is scope to return to 93.08. Given that trend remains deep within bearish territory, we reckon that gains may be more moderate going forward.
- **MYR weakened 0.29% to 4.0095 against further rebound in USD** and slipped against 6 G10s as buying interest wanes following recent extended gains. **We now turn bearish on MYR against a rebounding USD** as buying interest wanes further given retreat in risk appetite. Strong rebound yesterday has improved USDMYR's technical outlook; holding above 4.0000 gives some support to the pair to test 4.0190 next, which if broken likely exposes a move to above 4.0220.
- **SGD weakened 0.23% to 1.3356 against a firm USD** but managed to beat 6 G10s. **We stay bearish on SGD against a rebounding USD**, on top of further retreat in market risk appetite. A mild bullish bias has emerged for USDSGD, tilting the pair further upwards. The pair is likely to take aim at 1.3393 next, above which a test at 1.3420 will be exposed.

Overnight Economic Data

US
EU
Australia



What's Coming Up Next

Major Data

- US MBA mortgage applications & wholesale inventories
- UK industrial production, manufacturing production, construction output, visible trade balance & NIESR GDP estimate
- China PPI and CPI

Major Events





























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Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1904	1.1917	1.1931	1.1950	1.1963	↘
USDJPY	112.38	112.54	112.73	112.79	112.98	↗
GBPUSD	1.3498	1.3521	1.3532	1.3540	1.3571	↘
AUDUSD	0.7800	0.7814	0.7816	0.7832	0.7850	↘
EURGBP	0.8800	0.8807	0.8813	0.8820	0.8828	↘
USDMYR	4.0085	4.0100	4.0130	4.0150	4.0190	↗
EURMYR	4.7814	4.7850	4.7885	4.7950	4.7985	↘
JPYMYR	3.5560	3.5611	3.5621	3.5677	3.5725	↗
GBPMYR	5.4235	5.4293	5.4317	5.4372	5.4403	↘
SGDMYR	2.9985	3.0000	3.0025	3.0050	3.0065	↘
AUDMYR	3.1304	3.1350	3.1367	3.1405	3.1461	↘
NZDMYR	2.8612	2.8674	2.8700	2.8749	2.8833	↗
USDSGD	1.3332	1.3356	1.3365	1.3377	1.3398	↗
EURSGD	1.5917	1.5930	1.5944	1.5951	1.5954	↘
GBPSGD	1.8042	1.8059	1.8078	1.8094	1.8105	↘
AUDSGD	1.0430	1.0445	1.0446	1.0458	1.0477	↘

*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	1827.0	 -0.3	 1.7	CRB Index	194.2	 0.64	 0.1
Dow Jones Ind.	25385.8	 0.4	 2.7	WTI oil (\$/bbl)	63.0	 1.99	 4.2
S&P 500	2751.3	 0.1	 2.9	Brent oil (\$/bbl)	68.8	 1.53	 2.9
FTSE 100	7731.0	 0.4	 0.6	Gold (\$/oz)	1312.9	 -0.60	 10.8
Shanghai	3413.9	 0.1	 3.2	CPO (RM/tonne)	2515.5	 -1.00	 5.3
Hang Seng	31011.4	 0.4	 3.7	Copper (\$/tonne)	7125.0	 0.06	 -1.7
STI	3524.7	 0.4	 3.6	Rubber (sen/kg)	468.5	 1.30	 1.3

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US NFIB small business optimism	Dec	104.9	107.5	108.0
EU unemployment rate	Nov	8.70%	8.80%	8.70%
AU building approvals MoM	Nov	11.7%	-0.10%	-1.30%

Source: Bloomberg

- Another session with very little to digest; NFIB survey revealed that small businesses were less optimistic in Dec, with the index falling to 104.9 from 107.5, likely impacted by continued uncertainty prior to the passing of US tax reform bill.
- Eurozone's labour market continues to tighten and improves the chances of upticks in consumer prices that could tilt the ECB towards normalizing policy. The unemployment rate dipped from 8.8% in Oct to 8.7% in Nov, the lowest since Jan 2009.
- Over in Australia, construction sector looks poised for recovery after a 11.7% MOM rebound in building approvals after dipping 0.1% in Oct. Annually, approvals surged 17.1% from 4.6%.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	1/11	Industrial production YOY	Nov	4.60%	3.40%	--
US	1/10	MBA mortgage applications	Jan-05	--	0.70%	--
		Wholesale inventories MoM	Nov F	0.70%	0.70%	--
	1/11	PPI final demand MoM	Dec	0.20%	0.40%	--
		Initial jobless claims	Jan-06	245k	250k	--
Eurozone	1/11	Industrial production SA MoM	Nov	0.80%	0.20%	--
		ECB account of the monetary policy meeting				
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	--
Japan		NIESR GDP estimate	Dec	0.5%	0.5%	--
	1/11	Leading index	Nov P	108.6	106.5	--
		Coincident index	Nov P	117.9	116.4	--
China	1/10 – 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	1/11	Retail sales MoM	Nov	0.40%	0.50%	--
New Zealand	1/10 – 14	REINZ house sales YoY	Dec	--	-8.90%	--
	1/11	QV house prices YoY	Dec	--	6.40%	--

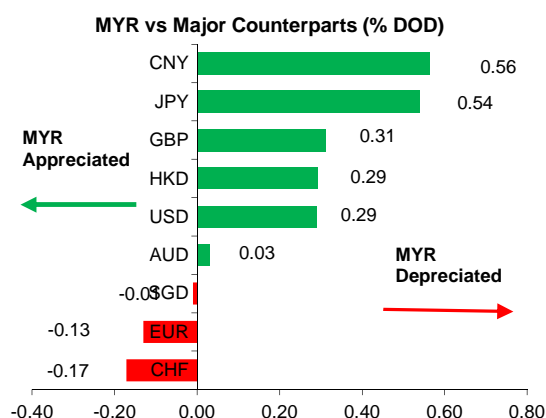
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1937	-0.25	1.1976	1.1916	-0.6
USDJPY	112.65	-0.39	113.18	112.37	0.0
GBPUSD	1.3540	-0.21	1.3582	1.3506	0.2
AUDUSD	0.7824	-0.23	0.7865	0.7808	0.1
EURGBP	0.8816	-0.05	0.8834	0.8809	-0.7
USDMYR	4.0095	0.29	4.0100	3.9983	-0.9
EURMYR	4.7871	-0.13	4.7950	4.7837	-1.3
JPYMYR	3.5518	0.54	3.5580	3.5326	-1.2
GBPMYR	5.4250	0.31	5.4374	5.4181	-0.7
SGDMYR	3.0029	-0.01	3.0093	2.9996	-0.9
AUDMYR	3.1340	0.03	3.1497	3.1332	-0.9
NZDMYR	2.8736	0.29	2.8833	2.8675	-0.2

Source: Bloomberg



MYR

- **MYR weakened 0.29% to 4.0095 against further rebound in USD** and slipped against 6 G10s as buying interest wanes following recent extended gains.
- **We now turn bearish on MYR against a rebounding USD** as buying interest wanes further given retreat in risk appetite. Strong rebound yesterday has improved USDMYR's technical outlook; holding above 4.0000 gives some support to the pair to test 4.0190 next, which if broken likely exposes a move to above 4.0220.

USD

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- **USD remains bullish in our view**, supported by continued dips risk sentiment within the FX space. The Dollar Index looks poised for a breakout at 92.59, above which there is scope to return to 93.08. Given that trend remains deep within bearish territory, we reckon that gains may be more moderate going forward.

EUR

- **EUR retreated 0.25% to 1.1937 against USD** and ended mixed against the G10s even as Eurozone's unemployment rate dipped.
- **Continue to expect a bearish EUR against USD.** Technical outlook is turning more negative for EURUSD; the pair continues to set sights on 1.1905 next. Note that this downward correction could reach to a low of 1.1885.

GBP

- **GBP** remained supported by extended weakness in European majors to beat 7 G10s but **fell 0.21% to 1.3540 against a firmer USD**.
- **Continue to expect a bearish GBP against a firm USD**, further weighed down by negative political news flow from the UK. Rejection from 1.3590 was apparent yesterday and GBPUSD is now firmly tilted to the downside. The pair is likely taking aim at 1.3457 in the next leg lower should current decline in upside momentum continues.

JPY

- **JPY** jumped to the top of the G10 list and **strengthened 0.39% to 112.65 against USD** on speculation that BOJ is starting to taper its bond purchasing programme.
- **Stay bearish on JPY against a firm USD.** Expect a moderate rebound after relatively sharp loss yesterday; failure to close above 112.79 today will continue to assert a growing bearish outlook, which could see the pair slip to 112.20.

AUD

- **AUD** climbed against 6 G10s but **fell 0.23% to 0.7824 against a firm USD**.
- **AUD remains bearish against a rebounding USD** as risk appetite within the FX space retreats further. AUDUSD is approaching the crucial support at 0.7814; caution that losing this exposes a drop to 0.7740. Rebounds, if any, will be restricted to below 0.7845 – 0.7850.

SGD

- **SGD weakened 0.23% to 1.3356 against a firm USD** but managed to beat 6 G10s.
- **We stay bearish on SGD against a rebounding USD**, on top of further retreat in market risk appetite. A mild bullish bias has emerged for USDSGD, tilting the pair further upwards. The pair is likely to take aim at 1.3393 next, above which a test at 1.3420 will be exposed.

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