

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Markets volatility continued to retreat** even though global financial markets continued to see varying performance. **Overnight economic releases came in mixed. Topping investors' radar was UK price reports, that showed inflation somewhat softened in January**, which should continue to be a bane to BOE's policy normalization plan. On top of that, business confidence turned more upbeat in the US and Australia but consumers were notably less upbeat down under.
- **This morning's 4Q GDP turned in mixed, disappointed in Japan but surprised on the upside in Singapore.** Japan preliminary reading on 4Q GDP tapered off sharper than expected to 0.1% QOQ, its slowest in two years. Slower growth in business spending and negative net exports dampened a rebound in private consumption.
- In Singapore, real GDP grew at a faster than initially estimated pace of 3.6% YOY in 4Q, but still marked a moderation from 3Q's 5.5% YOY increase. This brings full year growth to 3.6% YOY in 2017, its best in three years and exceeded the official forecast of 3.0-3.5%. Sustained growth in the services sector (+3.5%) kept overall growth supported, offsetting slower growth in manufacturing (+4.8% vs +19.1%) and continued decline in construction (-5.0% vs -9.3%). Growth outlook is turning less robust with the economy expected to expand between 1.5-3.5% this year.
- **USD retreated against most G10s** except the Aussie and CAD, amid slight improvement in risk sentiments and in the absence of positive catalysts to drive further advances after recent gains. DXY pulled back for a 2nd straight day, by 0.52% to 89.74. **USD is now slightly bearish** after a close below 90.02. Positive momentum is softening and we expect a potential pullback to 89.44 before an attempt to test 90.25 again. Tonight's US CPI and retail sales figures may be crucial in dictating the USD direction.
- MYR continued to trade on a firmer note yesterday following a stronger opening but gains narrowed going into European session and was eventually overturned at close. **MYR ended slightly weaker (7 pips) to end the day at 3.9392.** Despite an overnight pullback in the greenback, we expect MYR to stay bearish against USD today on the back of softer buying interest heading into Malaysian festive holiday. Technically, USDMYR still has some room to climb, and is on track to beat 3.9395 this week. The pair is taking aim at 3.95554 but failure to beat this level will trigger a drop to 3.9208.
- **SGD gained 0.02% to 1.3231 against a softer USD** but retreated against 8 G10s. **We remain slightly bearish on SGD against the USD**, amid lingering risk-off in the markets. USDSGD remains bullish even though positive momentum is softening somewhat. The pair has scope to test 1.3278, above which it would likely target 1.3361 next.

Overnight Economic Data

US	↑
UK	↓
Japan	→
Australia	→
Singapore	↑

What's Coming Up Next

Major Data

- Malaysia 4Q GDP
- US CPI, retail sales, MBA mortgage applications
- EU 4Q GDP, industrial production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2293	1.2339	1.2352	1.2377	1.2440	↘
USDJPY	106.88	107.41	107.77	108.30	108.92	↘
GBPUSD	1.3791	1.3835	1.3885	1.3916	1.3990	↘
AUDUSD	0.7819	0.7838	0.7859	0.7884	0.7894	↘
EURGBP	0.8859	0.8883	0.8897	0.8906	0.8912	↗
USDMYR	3.9300	3.9320	3.9375	3.9405	3.9472	↗
EURMYR	4.8385	4.8512	4.8644	4.8719	4.8753	↗
JPYMYR	3.6061	3.6238	3.6526	3.6608	3.6799	↗
GBPMYR	5.4504	5.4578	5.4678	5.4751	5.4833	↘
SGDMYR	2.9700	2.9736	2.9775	2.9804	2.9847	↗
AUDMYR	3.0814	3.0882	3.0961	3.1001	3.1052	↘
NZDMYR	2.8532	2.8570	2.8655	2.8761	2.8846	↘
USDSGD	1.3174	1.3196	1.3229	1.3252	1.3278	↗
EURSGD	1.6263	1.6308	1.6347	1.6363	1.6418	↗
GBPSGD	1.8300	1.8319	1.8372	1.8442	1.8559	↘
AUDSGD	1.0340	1.0372	1.0399	1.0427	1.0461	↗

*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	1833.0	0.2	2.0	CRB Index	189.8	0.40	-2.1
Dow Jones Ind.	24640.5	0.2	-0.3	WTI oil (\$/bbl)	59.2	-0.17	-2.0
S&P 500	2662.9	0.3	-0.4	Brent oil (\$/bbl)	62.6	-0.05	-6.4
FTSE 100	7168.0	-0.1	-6.8	Gold (S/oz)	1329.6	0.50	2.0
Shanghai	3185.0	1.0	-3.7	CPO (RM/tonne)	2493.0	0.83	4.3
Hang Seng	29839.5	1.3	-0.3	Copper (\$/tonne)	6831.0	1.13	-5.7
STI	3415.1	0.9	0.4	Rubber (sen/kg)	460.5	0.44	-0.4

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US NFIB small biz optimism	Jan	106.9	104.9	105.3
UK CPI YOY	Jan	3.0%	3.0%	2.9%
UK RPI YOY	Jan	4.0%	4.1%	4.0%
UK PPI Output YOY	Jan	2.8%	3.3%	3.0%
JP machine tool orders YOY	Jan P	48.8%	48.3%	--
JP GDP SA QOQ	4Q P	0.1%	0.6%	0.2%
AU NAB biz confidence	Jan	12	10	--
AU NAB biz conditions	Jan	19	13	--
AU Westpac consumer confidence	Feb	102.7	105.1	--
SG GDP YOY	4Q P	3.6%	3.1%	2.9%

Source: Bloomberg

➤ Macroeconomics

- US NFIB small business optimism rose more than expected to 106.9 in January, a sign small businesses are optimistic about future outlook. The percentage of companies expecting a better economy climbed higher to 41% (from 37%) as more indicated that it is a good time to expand.
- UK inflation softened somewhat in January, suggesting protracted subdued inflation will complicate the policy normalization task by BOE. CPI held steady at 3.0% YOY while RPI and PPI Output tapered off to 4.0% and 2.8% YOY respectively in January. Core PPI Output also moderated to 2.2% YOY (Dec: +2.4%) but core CPI was the only reading that showed an uptick to 2.7% YOY in January (Dec: +2.5%).
- Japan preliminary reading on 4Q GDP disappointing with a sharper than expected deceleration to 0.1% QOQ, its slowest in two years. Despite a rebound in private consumption to +0.5% QOQ (3Q: -0.6%), business spending grew at a slower pace of 0.7% QOQ in 4Q (3Q: +1.0%), contrary to recent reports in business and capex spending. Negative net exports also exerted a drag on 4Q growth. In a separate release, machine tool orders sustained a 48.8% YOY increase in January, marking its 11th straight month of hefty double-digit growth driven by continued hefty capital spending by both domestic and foreign manufacturers.
- Down under, business conditions and confidence turned more upbeat in January, with the indices rising to 19 and 12 respectively. On the contrary, consumer confidence, as measured by Westpac, pulled back by 2.3% MOM to 102.7 in February, a 3-month low as consumers turned broadly less optimistic about current conditions and future expectations. This suggests recovery in the Australian economy remains rather uneven and should support the case for an RBA pause.
- The Singapore economy grew at a faster than initially estimated pace of 3.6% YOY in 4Q, higher than the initial estimate reading of +3.1% YOY but still marked a moderation from 3Q's 5.5% YOY increase. This brings full year growth to 3.6% YOY in 2017, its best in three years and exceeded the official forecast of 3.0-3.5%. Sustained growth in the services sector (+3.5%) kept overall growth supported, and offset slower growth in manufacturing (+4.8% vs +19.1%) and continued decline in construction (-5.0% vs -9.3%). Growth outlook is turning less robust with the economy expected to expand between 1.5-3.5% this year.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	14/2	MBA Mortgage Applications	Feb-09	--	0.7%	--
		CPI YOY	Jan	1.9%	2.1%	--
		Retail sales advance MOM	Jan	0.2%	0.4%	--
	15/2	Empire manufacturing	Feb	17.9	17.7	--
		Initial jobless claims	Feb 10	221k	228k	--
		PPI MOM	Jan	0.4%	-0.1%	--
		Philly Fed biz outlook	Feb	21.5	22.2	--
		Industrial production MOM	Jan	0.2%	0.9%	--
		NAHB housing market index	Feb	72	72	--
Eurozone	14/2	Industrial production MOM	Dec	0.1%	1.0%	--
		GDP SA QOQ	4Q P	0.6%	0.6%	--
Japan	15/2	Trade balance	Dec	22.3b	22.5b	--
	15/2	Core machine orders MOM	Dec	-2.0%	5.7%	--
Singapore	15/2	Industrial production MOM	Dec F	--	2.7%	--
		NODX YOY	Jan	8.7%	3.1%	--
Australia	15/2	Employment change	Jan	15.0k	34.7k	--
		Unemployment rate	Jan	5.5%	5.5%	--
New Zealand	15/2	REINZ house sales YOY	Jan	--	-10.1%	--

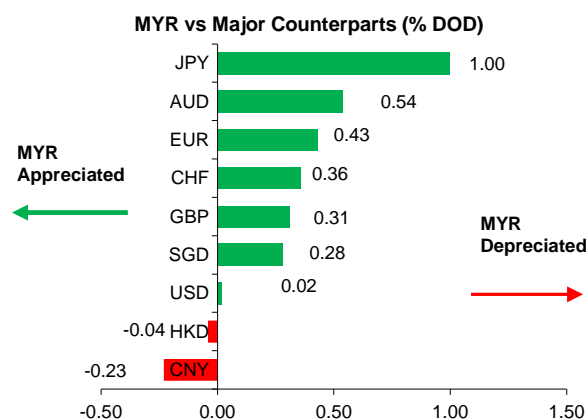
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2352	0.49	1.2371	1.2285	2.9
USDJPY	107.82	-0.77	108.78	107.41	-4.3
GBPUSD	1.3894	0.40	1.3924	1.3833	2.8
AUDUSD	0.7859	-0.04	0.7877	0.7828	0.6
EURGBP	0.8891	0.07	0.8910	0.8858	0.1
USDMYR	3.9392	0.02	3.9415	3.9315	-2.7
EURMYR	4.8506	0.43	4.8604	4.8321	0.0
JPYMYR	3.6586	1.00	3.6635	3.6166	1.8
GBPMYR	5.4698	0.31	5.4759	5.4417	0.1
SGDMYR	2.9783	0.28	2.9804	2.9685	-1.7
AUDMYR	3.0968	0.54	3.1030	3.0865	-2.1
NZDMYR	2.8719	0.64	2.8815	2.8516	-0.3

Source: Bloomberg



MYR

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- Despite an overnight pullback in the greenback, **we expect MYR to stay bearish** against USD today on the back of softer buying interest heading into Malaysian festive holiday. Technically, USDMYR still has some room to climb, and is on track to beat 3.9395 this week. The pair is taking aim at 3.9554 but failure to beat this level will trigger a drop to 3.9208.

USD

- **USD retreated against most G10s** except the Aussie and CAD, amid slight improvement in risk sentiments and in the absence of positive catalysts to drive further advances after recent gains. DXY pulled back for a 2nd straight day, by 0.52% to 89.74.
- **USD is now slightly bearish** after a close below 90.02. Positive momentum is softening and we expect a potential pullback to 89.44 before an attempt to test 90.25 again. Tonight's US CPI and retail sales figures may be crucial in dictating the USD direction.

EUR

- **EUR advanced 0.49% to 1.2352 against a soft USD** and strengthened against all G10s save for the JPY amid improving risk appetite in the markets.
- **EUR remains bearish against USD**, as we expect risk-off in the markets to resume and dampen demand for EUR. EURUSD appears to be attempting a rebound from recent declines, and upside traction is reinforced by yesterday's close above 1.2305, which has negated a downward move to 1.2161. EURUSD may now test 1.2381 or even 1.2401 first before resuming its downtrend.

GBP

- **GBP gained 0.40% to 1.3894 against a soft USD** but was mixed against G10s.
- **We are still slightly bearish on GBP on expectation of a rebound in USD.** However, bearish bias in GBPUSD is retreating after yesterday's close above 1.3881. GBPUSD may notch higher to test 1.3893 first and if it is being rejected by this level, chances are the pair will resume its downward move to 1.3786 next.

JPY

- **JPY strengthened 0.77% to 107.82 against a soft USD** and outperformed all G10s as demand for refuge remained intact despite improving risk sentiments.
- **Continue to expect a slightly bullish JPY against USD** in anticipation of firmer refuge demand. USDJPY remains deep in bearish trend. After breaking two supports at 108.28 and 107.82, the pair appears to be heading towards 107.32 next.

AUD

- **AUD weakened slightly by 0.04% to 0.7859 against USD** and was softer against 9 G10s gaining only against CAD.
- **AUD remains slightly bearish against USD**, anticipating renewed weakness in the markets to dampen demand for higher-yielding assets. AUDUSD is technically neutral and could go either direction; a close above 0.7894 is needed to sustain further gains, otherwise, declines are more likely and targets a drop below 0.7819.

SGD

- **SGD gained 0.02% to 1.3231 against a softer USD** but retreated against 8 G10s.
- **We remain slightly bearish on SGD against the USD**, amid lingering risk-off in the markets. USDSGD remains bullish even though positive momentum is softening somewhat. The pair has scope to test 1.3278, above which it would likely target 1.3361 next.

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