

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight economic releases turned out to be another mixed bag, more downbeat in the US, China and Australia but positive in the UK and Japan.** US Empire State manufacturing index slipped to 17.7 in Jan from an upwardly revised figure of 19.6 in the previous month, dragged by new orders, shipments and employment. Though the indexes retreated, the six-month outlook indicated that firms remained optimistic about the future business condition and capital spending plans.
- **In UK, overnight reports showed underlying inflation remained firm.** CPI and RPI quickened on a MOM basis while PPI output registered steady gains in December. The only setback was the YOY deceleration in CPI and core CPI, offering signs that it remain a challenge for prices to push higher.
- **Over in Japan, data showed faster expansion in the services sectors and that business spending has picked up,** adding to signs of firmer traction in the Japanese economy. On the contrary, China FDI fell 9.2% YOY in December but still managed a 7.9% YOY growth for the full year of 2017.
- **USD rebounded slightly to beat 6 G10s** as buying interest returned with US markets reopening but the Dollar Index failed to hold early gains, closing the day down 0.06% at 90.39. **USD rebound appears frail and would likely extend its recent bearish bias** given the absence of major catalysts to support further buying interest. Downside momentum is increasing, further pressuring the Dollar Index. A test at 90.00 is imminent but caution that this is a strong support that could spark a reversal upwards. A break at 90.00 exposes a longer-term drop to 85 – 88.
- **MYR dipped 0.05% to 3.9575 against a rebounding USD** as US markets were poised to reopen, but managed to advance against 6 G10s. **A slight bullish bias prevails in MYR against a soft USD,** supported by potentially firmer risk appetite in the markets. Technically, USDMYR has turned more bearish after breaking below 3.9500 in early trade. Below this level, the pair is likely to target 3.9305. Rebounds are still possible, but likely capped below 3.9690.
- **SGD managed to advance against 7 G10s and inched 0.04% firmer to 1.3207 against USD. We are now bullish on SGD against a weak USD.** Downside momentum remains firm and we reckon that USDSGD is poised to break below 1.3200 and likely head to 1.3170 in the next leg lower.

Overnight Economic Data

US	↓
UK	↑
Japan	↑
China	↓
Australia	↓

What's Coming Up Next

Major Data

- US MBA mortgage application, industrial production, NAHB housing market index
- EU construction output, CPI
- Japan core machine orders
- SG non-oil domestic exports

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2218	1.2246	1.2268	1.2282	1.2300	↗
USDJPY	110.00	110.15	110.40	110.50	110.85	↘
GBPUSD	1.3744	1.3779	1.3797	1.3820	1.3850	↗
AUDUSD	0.7925	0.7950	0.7965	0.7978	0.8000	↗
EURGBP	0.8880	0.8885	0.8892	0.8896	0.8901	↗
USDMYR	3.9400	3.9420	3.9460	3.9485	3.9500	↘
EURMYR	4.8260	4.8359	4.8412	4.8489	4.8532	↗
JPYMYR	3.5681	3.5720	3.5759	3.5778	3.5811	↘
GBPMYR	5.4369	5.4405	5.4474	5.4510	5.4536	↗
SGDMYR	2.9850	2.9890	2.9896	2.9900	2.9950	↘
AUDMYR	3.1402	3.1433	3.1448	3.1500	3.1541	↘
NZDMYR	2.8559	2.8616	2.8681	2.8702	2.8733	↘
USDSGD	1.3185	1.3197	1.3201	1.3213	1.3230	↘
EURSGD	1.6150	1.6185	1.6199	1.6232	1.6250	↗
GBPSGD	1.8180	1.8200	1.8219	1.8229	1.8255	↗
AUDSGD	1.0488	1.0508	1.0520	1.0536	1.0550	↗

*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	1826.0	0.0	1.6	CRB Index	195.1	-0.48	0.6
Dow Jones Ind.	25792.9	0.0	4.3	WTI oil (\$/bbl)	63.7	-0.89	5.5
S&P 500	2776.4	-0.4	3.8	Brent oil (\$/bbl)	69.2	-1.58	3.4
FTSE 100	7755.9	-0.2	0.9	Gold (\$/oz)	1338.4	-0.10	2.9
Shanghai	3436.6	0.8	3.9	CPO (RM/tonne)	2483.0	-0.42	3.9
Hang Seng	31904.8	1.8	6.6	Copper (\$/tonne)	7210.0	1.41	-0.5
STI	3550.2	0.4	4.3	Rubber (sen/kg)	494.5	0.61	6.9

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Empire manufacturing	Jan	17.7	19.6	19.0
UK CPI MOM	Dec	0.40%	0.30%	0.40%
UK RPI MOM	Dec	0.80%	0.20%	0.60%
UK PPI Output NSA MOM	Dec	0.40%	0.40%	0.20%
JP Tertiary Industry Index MoM	Nov	1.10%	0.20%	0.40%
JP core machine orders YOY	Nov	4.10%	2.30%	-1.00%
CH Foreign direct investment YOY	Dec	-9.20%	90.70%	--
AU Westpac Consumer Confidence SA MOM	Jan	1.80%	3.60%	--

Source: Bloomberg

- US Empire State manufacturing index slipped to 17.7 in Jan from an upwardly revised figure of 19.6 in the previous month. A slowdown was seen for new orders (Jan: 11.9 vs Dec: 19.0); shipments (Jan: 14.4 vs Dec: 23.5) and number of employees (Jan: 3.8 vs Dec: 22.9), pushing the reading to the lowest since July 2017. Though the indexes retreated, the six-month outlook indicated that firms remained optimistic about the future business condition and capital spending plans.
- In UK, CPI rose 0.40% MOM in Dec, slightly above previous reading of 0.30%. In overall, CPI components were mixed, and the prices rose at a quicker pace for food & non-alcohol (Dec +0.60% vs Nov +0.50%), alcohol & tobacco (Dec +0.50% vs Nov -0.40%), household (Dec +1.30% vs Nov +0.30%), and transport (Dec +2.20% vs Nov +0.10%). Also, RPI picked up to 0.80% MOM, higher than the market expectation of 0.60%, and up from 0.20% in Nov. Meanwhile, UK's PPI output NSA increased 0.40% MOM in Dec, unchanged from Nov. PPI was driven by quicker rise in prices of food, beverage & tobacco (Dec 0.70% vs Nov 0.30%), though there was notable slowdown in prices of raw material (Dec 0.10% vs Nov 1.60%). Despite the MOM increases, CPI was a tad softer on a YOY basis, at 3.0% even as PPI and RPI continued to show quicker gains.
- Japan's tertiary industry index jumped to 1.10% MOM in Nov, from a downwardly revised figure of 0.20%, higher than the expected reading of 0.40% for the month. Most components in the survey were up at a quicker rate, in particular the major ones (wholesale trade: 2.80% vs -1.20% in Oct; retail trade: 1.70% vs -0.30% in Oct; medical and health care: 0.60% vs -0.30% in Oct; living & amusement-related service: 2.40% vs -2.10% in Oct). Core machine orders increased 4.1% YOY in Nov, rising from 2.3% and continues to affirm an improving global demand backdrop which is translating into higher business spending.
- Foreign direct investment in China fell 9.20% YOY in Dec, down from the sharp 90.70% YOY increase a month ago. China is expected to face pressure in terms of foreign investment this year, as communicated by the Ministry of Commerce. In 2017, FDI rose 7.9% YOY to CNY877.6bn.
- Australia Westpac's gauge on consumer confidence was higher in Jan, with the index rising 1.8% MOM to 105.1 from 103.3; it was the highest since Dec 2013, suggesting that Australians are generally more optimistic, with firmer outlook though view on current sentiment was slightly less bright.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	1/17	MBA Mortgage Applications	Jan-12	--	8.30%	--
		Industrial Production MoM	Dec	0.50%	0.20%	--
		NAHB housing market index	Jan	72	74	--
	1/18	Housing Starts MoM	Dec	-1.70%	3.30%	--
		Building Permits MoM	Dec	-0.60%	-1.40%	-1.00%
		Philadelphia Fed Business Outlook	Jan	24.8	26.2	27.9
		Initial Jobless Claims	Jan-13	249k	261k	--
Eurozone	1/17	Construction Output MoM	Nov	--	-0.40%	--
		CPI MoM	Dec	0.40%	0.10%	0.10%
Japan	1/18	Industrial Production YoY	Nov F	--	3.70%	--
China	1/18	GDP YoY	4Q	6.70%	6.80%	--
		Retail Sales YoY	Dec	10.20%	10.20%	--
		Industrial Production YoY	Dec	6.10%	6.10%	--
		Fixed asset investment YTD YOY	Dec	7.10%	7.20%	--
		Unemployment Rate SA	Dec	3.00%	3.00%	--
Hong Kong	1/18	Unemployment Rate SA	Dec	3.00%	3.00%	--
Singapore	1/17	Non-oil Domestic Exports YoY	Dec	8.60%	9.10%	--
Australia	1/17	Home Loans MoM	Nov	--	-0.60%	--
	1/18	Unemployment Rate	Dec	5.40%	5.40%	--
		Participation Rate	Dec	65.50%	65.50%	--
		Employment change	Dec	15.0k	61.6k	--
New Zealand	1/17 – 1/13	REINZ house sales YoY	Dec	--	-8.90%	--

Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2260	-0.03	1.2283	1.2195	2.2
USDJPY	110.45	-0.08	110.98	110.25	-2.1
GBPUSD	1.3792	0.00	1.3806	1.3742	2.1
AUDUSD	0.7961	-0.05	0.7975	0.7937	2.0
EURGBP	0.8889	-0.05	0.8902	0.8862	0.1
USDMYR	3.9575	0.05	3.9637	3.9485	-2.2
EURMYR	4.8418	-0.16	4.8601	4.8349	-0.1
JPYMYR	3.5760	-0.07	3.5778	3.5612	-0.5
GBPMYR	5.4473	-0.14	5.4692	5.4441	-0.3
SGDMYR	2.9897	-0.17	2.9957	2.9883	-1.3
AUDMYR	3.1472	-0.08	3.1536	3.1454	-0.5
NZDMYR	2.8769	-0.25	2.8904	2.8735	-0.1

Source: Bloomberg

MYR

- **MYR dipped 0.05% to 3.9575 against a rebounding USD** as US markets were poised to reopen, but managed to advance against 6 G10s.
- **A slight bullish bias prevails in MYR against a soft USD**, supported by potentially firmer risk appetite in the markets. Technically, USDMYR has turned more bearish after breaking below 3.9500 in early trade. Below this level, the pair is likely to target 3.9305. Rebounds are still possible, but likely capped below 3.9690.

USD

- **USD rebounded slightly to beat 6 G10s** as buying interest returned with US markets reopening but the Dollar Index failed to hold early gains, closing the day down 0.06% at 90.39.
- **USD rebound appears frail and would likely extend its recent bearish bias** given the absence of major catalysts to support further buying interest. Downside momentum is increasingly, further pressuring the Dollar Index. A test at 90.00 is imminent but caution that this is a strong support that could spark a reversal upwards. A break at 90.00 exposes a longer-term drop to 85 – 88.

EUR

- **EUR eased 0.03% to 1.2260 against USD** after narrowing early losses while closing lower against 5 G10s, also on narrowed losses.
- **Continue to expect a bullish EUR on the back of a still-weak USD**; expect upsides to strength if Eurozone data improves. Upside momentum continues to increase, tilting EURUSD further upward. The pair's next challenge will be at 1.2300, above which there is room for an advance to 1.2385.

GBP

- **GBP beat 6 G10s and managed to overturn early losses from softer UK CPI to close unchanged against USD**, lifted by speculation that the UK could opt to reverse its Brexit decision.
- **GBP is likely to remain supported against a weak USD**; expect firmer upsides if speculation of reversal in Brexit decision gains momentum. GBPUSD is technically bullish but still struggles to beat 1.3820. Continued failure to beat this level is likely to trigger a retracement to 1.3639 in the coming days, otherwise, GBPUSD has room to surpass 1.3900.

JPY

- **JPY was 0.08% firmer at 110.45 against a soft USD** and advanced against 7 G10s on the back of softer commodity majors and risk appetite in the markets.
- **Stay bullish on JPY against a weak USD**. USDJPY remains pressured while below 111.03, and has scope to slide to 110.00 – 110.15 next. Rebounds will be capped by 110.85.

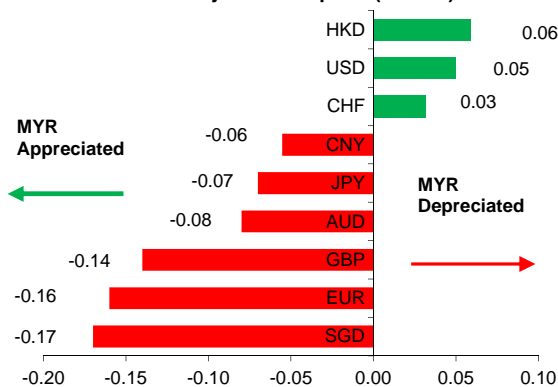
AUD

- **AUD fell against 6 G10s and slipped 0.05% to 0.7961 against USD**, pressured by softer risk appetite in the markets and commodities.
- **Expect a slightly bullish AUD against USD**, supported by potential for renewed risk appetite in the markets. AUDUSD remains on an upward trajectory but gains may be softer approaching strong resistances at 0.7978 – 0.7985 range and 0.8000. These have potential to trigger a strong rejection back to 0.7887.

SGD

- **SGD managed to advance against 7 G10s and inched 0.04% firmer to 1.3207 against USD**.
- **We are now bullish on SGD against a weak USD**. Downside momentum remains firm and we reckon that USDSGD is poised to break below 1.3200 and likely head to 1.3170 in the next leg lower.

MYR vs Major Counterparts (% DOD)



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