

Global Markets Research

Daily Market Highlights

Key Takeaways

- **The US economy and inflation are picking up at modest rates**, according to the Fed's Beige Book, which reported quicker growth in manufacturing, construction and transportation input cost, suggesting that inflationary pressure could continue to rise. The report also stated that a pick-up in monthly wage gain pointed to labour market strengthening, hinting it could push central bankers to tighten monetary policy ahead of expectation.
- Housing sector in the US appears to have softened albeit just slightly but the bright spot was that industrial production rebounded in Dec, supported by firmer growth in utilities and mining. In the Eurozone, CPI on a monthly basis picked up pace and construction activities also grew quicker. Meanwhile, home loans rebounded in Australia amid return in demand.
- Singapore's NODX slowed in Dec, led by softer demand from major markets; product-wise, both electronics and non-electronics underperformed. House sales in New Zealand remained on contractionary mode since Jun 2016, suggesting that the housing sector is likely to continue cooling.
- **MYR was 0.1% firmer at 3.9535 against USD** after narrowing early gains through Asian trade and advanced against 6 G10s. **Expect a slightly bearish MYR against a rebounding USD.** USDMYR appears to be attempting a rebound as downside momentum wanes. Gains are likely capped by 3.9696, otherwise the technical outlook will improve further and push the pair higher to test 3.9877. Given that the trend remains deep in bearish territory, current rebound is unlikely sustainable in the longer term.
- **USD extended its rebound to beat 7 G10s** while the Dollar Index gained 0.16% to 90.54 after bouncing off intraday lows in late US afternoon, buoyed by a slightly more optimistic Fed Beige Book report. **Stay slightly bearish on USD** in the absence of major catalysts to extend the recent rebound. Downside momentum continues to increase, further pressuring the Dollar Index. Rebounds are likely limited to 90.97, otherwise the technical landscape will change. A close below 90.39 is likely in the coming days.
- **SGD slipped against 6 G10s and weakened 0.6% to 1.3246 against a rebounding USD**, partially weighed down by underperforming Singapore data. **We are now bearish on SGD against a weak USD.** Technical outlook has improved after overnight rebound and we now set sights on USDSGD testing 1.3320 in the next leg higher. Losses, if any, will be capped by 1.3230, otherwise a return bearish trend is expected.

Overnight Economic Data

US	➔
EU	➡
Australia	➡
Singapore	➡
New Zealand	➡

What's Coming Up Next

Major Data

- US housing starts, building permits, Philly Fed business outlook, and initial jobless claims
- China GDP, retail sales, industrial production, and fixed asset investment
- Australia unemployment rate, participation rate, and employment change
- Hong Kong unemployment rate SA; Japan industrial production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2158	1.2200	1.2202	1.2218	1.2250	➔
USDJPY	110.85	111.03	111.25	111.30	111.90	➔
GBPUSD	1.3800	1.3807	1.3833	1.3864	1.3885	➔
AUDUSD	0.7926	0.7950	0.7976	0.7985	0.8000	➔
EURGBP	0.8811	0.8815	0.8820	0.8822	0.8832	➡
USDMYR	3.9600	3.9620	3.9635	3.9650	3.9696	➔
EURMYR	4.8200	4.8265	4.8313	4.8377	4.8487	➔
JPYMYR	3.5556	3.5591	3.5606	3.5626	3.5649	➡
GBPMYR	5.4689	5.4761	5.4782	5.4804	5.4851	➔
SGDMYR	2.9839	2.9850	2.9890	2.9901	2.9941	➡
AUDMYR	3.1460	3.1500	3.1532	3.1541	3.1576	➔
NZDMYR	2.8611	2.8691	2.8714	2.8756	2.8815	➡
USDSGD	1.3231	1.3250	1.3259	1.3277	1.3285	➔
EURSGD	1.6120	1.6150	1.6169	1.6181	1.6200	➔
GBPSGD	1.8262	1.8305	1.8333	1.8350	1.8391	➔
AUDSGD	1.0520	1.0538	1.0561	1.0589	1.0600	➔

*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	1828.6	0.1	1.8	CRB Index	196.4	0.67	1.3
Dow Jones Ind.	26115.7	1.3	5.6	WTI oil (\$/bbl)	64.0	0.38	5.9
S&P 500	2802.6	0.9	4.8	Brent oil (\$/bbl)	69.4	0.33	3.8
FTSE 100	7725.4	-0.4	0.5	Gold (\$/oz)	1326.8	-0.90	2.0
Shanghai	3444.7	0.2	4.2	CPO (RM/tonne)	2462.5	-0.83	3.0
Hang Seng	31983.4	0.2	6.9	Copper (\$/tonne)	7078.0	-1.83	-2.3
STI	3541.9	-0.2	4.1	Rubber (sen/kg)	491.5	-0.61	6.3

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US MBA mortgage applications	Jan-12	4.10%	8.30%	--
US industrial production MoM	Dec	0.90%	-0.10%	0.50%
US NAHB housing market index	Jan	72	74	72
EU construction output MoM	Nov	0.50%	-0.30%	--
EU CPI MoM	Dec	0.40%	0.10%	0.40%
AU home loans MoM	Nov	2.10%	-0.60%	0.0%
SG non-oil domestic exports YoY	Dec	3.10%	9.10%	8.60%
NZ REINZ house sales YOY	Dec	-10.1%	-8.9%	--

Source: Bloomberg

- The US economy and inflation is picking up at a modest rate, according to the Fed's Beige Book. Most of the regional districts reported increased in manufacturing, construction and transportation input cost, suggesting that inflationary pressure may continue to rise. The report also stated that a pick-up in monthly wage gain pointed to labour market strengthening, hinting it could push central bankers to tighten monetary policy ahead of expectation.
- US MBA mortgage application climbed slower by 4.10% WOW in the week that ended Jan 12, following a 8.30% gain the week before. Refinancing applications advanced 4.40% and new home purchasing applications rose 2.70%. Meantime, NAHB housing market index in US was in line with the market expectation, dipped to 72 after a jump to 74 in last month, suggesting that activities in the housing sector moderated. Industrial production in US increased by 0.90% MOM in Dec, and outperformed the economist's expectation of 0.40%, following a downwardly revised 0.10% drop in Nov. Production was lifted by stronger growth in mining and utilities, both of which offset the slowdown in manufacturing output.
- Construction output in Eurozone rose to 0.50% MOM in Nov, following the upwardly revised figure of -0.30%. Eurozone's CPI matched the forecast, rising 0.40% MOM in Dec from 0.10% last month. On year-on-year basis, CPI was unchanged at 1.40%. Of all components, energy price gained the most at 2.90% YOY in Dec, while the unprocessed food gained 1.90%.
- Australia's home loans recorded a 2.10% MOM gain in Nov, overturning from a loss of -0.60% last month, driven by acceleration in owner-occupied lending (Nov 2.70% vs Oct -0.50%) and refinancing (Nov 2.70% vs Oct 0.10%). The number of loans was also surprisingly strong, up 2.1% MOM in Nov from -0.6%, suggesting that there may be still room for extended expansion in housing construction.
- Singapore's non-oil domestic exports (NODX) growth slowed to 3.10% YOY from 9.10%, lower than expected in Dec. The contraction was weighed down by electronic shipments, falling 5.3% in Dec given 5.1% growth in preceding month. Among the top NODX markets of Singapore, China (Dec -6.0% vs Nov 27.4%), Indonesia (Dec -2.60% vs Nov 18.20%) and Thailand (Dec -7.80% vs Nov 10.5%) were the key countries attributed to this slowdown.
- In New Zealand, house sales continue to underperform, slumping 10.1% YOY in Dec after falling 8.9% in Nov. Housing sector remains in contractionary mode since Jun 2016, as measures to counter overheating in properties continue to bite.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
United States	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	25.0	26.2	27.9
		Initial Jobless Claims	Jan-13	249.0k	261.0k	--
	1/19	U. of Mich. Sentiment	Jan P	97.0	95.9	--
United Kingdom	1/19	Retail Sales Inc Auto Fuel MoM	Dec	-1.0%	1.10%	--
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%	--
Hong Kong	1/18	Unemployment Rate SA	Dec	3.00%	3.00%	--
Australia	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	1/19	BusinessNZ Manufacturing PMI	Dec	--	57.7	--

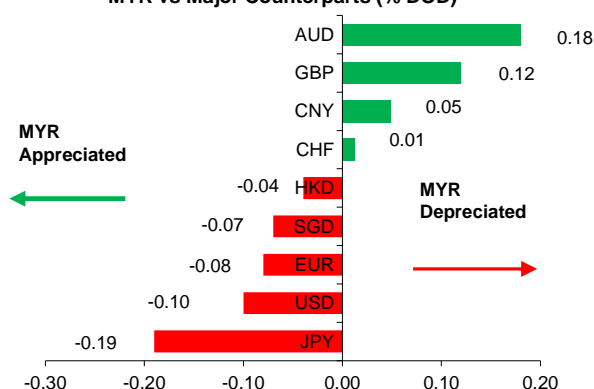
Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2186	-0.60	1.2323	1.2177	1.5
USDJPY	111.29	-0.76	111.35	110.19	-1.2
GBPUSD	1.3831	0.28	1.3942	1.3757	2.3
AUDUSD	0.7970	0.11	0.8023	0.7941	2.1
EURGBP	0.8811	-0.87	0.8909	0.8810	-0.7
USDMYR	3.9535	0.10	3.9560	3.9435	-2.3
EURMYR	4.8377	0.08	4.8623	4.8260	-0.2
JPYMYR	3.5693	0.19	3.5862	3.5626	-0.7
GBPMYR	5.4538	0.12	5.4604	5.4391	-0.2
SGDMYR	2.9876	0.07	2.9974	2.9839	-1.4
AUDMYR	3.1529	0.18	3.1562	3.1389	-0.3
NZDMYR	2.8724	0.16	2.8770	2.8591	-0.3

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



Forex

MYR

- **MYR was 0.1% firmer at 3.9535 against USD** after narrowing early gains through Asian trade and advanced against 6 G10s.
- **Expect a slightly bearish MYR against a rebounding USD.** USDMYR appears to be attempting a rebound as downside momentum wanes. Gains are likely capped by 3.9696, otherwise the technical outlook will improve further and push the pair higher to test 3.9877. Given that the trend remains deep in bearish territory, current rebound is unlikely sustainable in the longer term.

USD

- **USD extended its rebound to beat 7 G10s** while the Dollar Index gained 0.16% to 90.54 after bouncing off intraday lows in late US afternoon, buoyed by a slightly more optimistic Fed Beige Book report.
- **Stay slightly bearish on USD** in the absence of major catalysts to extend the recent rebound. Downside momentum continues to increase, further pressuring the Dollar Index. Rebounds are likely limited to 90.97, otherwise the technical landscape will change. A close below 90.39 is likely in the coming days.

EUR

- **EUR fell 0.6% to 1.2186 against a rebounding USD** and slipped against 7 G10s, retracing recent highs.
- **EUR is slightly bullish against a soft USD.** Technically, EURUSD is at a crucial level; failure to close above 1.2202 will turn the outlook bearish, with scope to slide to 1.2120 going forward. Otherwise, expect a close above 1.2264 in the coming days.

GBP

- **GBP jumped 0.28% to 1.3831 against USD** and advanced against all G10s amid improving Brexit sentiment in the UK.
- **Maintain a bullish view on GBP against USD** amid rising optimism over Brexit. GBPUSD has beaten 1.3820, and is now poised for further gains going forward. The pair is poised to challenge 1.3900, but expect some struggles near 1.3864.

JPY

- **JPY slumped 0.76% to 111.29 against USD** and weakened against all G10s, weighed down by return of risk appetite to the markets.
- **We now turn bearish on JPY against USD** as improving risk appetite in the markets weighs down demand for refuge. Overnight jump above 111.03 has improved the technical outlook of USDJPY. Further gains are likely while above 111.03, with scope to test 111.90 in the next leg higher.

AUD

- **AUD** remained supported by firmer risk appetite in the markets and commodities, beating 8 G10s and **rising 0.11% to 0.7970 against USD.**
- **Expect a slightly bullish AUD against USD,** supported renewed risk appetite in the markets. AUDUSD remains on an upward trajectory however, signs of reversal have emerged as upside momentum softens; we caution that gains are likely to diminish before sliding lower thereafter.

SGD

- **SGD** slipped against 6 G10s and **weakened 0.6% to 1.3246 against a rebounding USD,** partially weighed down by underperforming Singapore data.
- **We are now bearish on SGD against a weak USD.** Technical outlook has improved after overnight rebound and we now set sights on USDSGD testing 1.3320 in the next leg higher. Losses, if any, will be capped by 1.3230, otherwise a return bearish trend is expected.

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