

Global Markets Research

Daily Market Highlights

Key Takeaways

- In a testimony to the parliamentary committee, RBA governor Phillip Lowe said that the central bank “**does not see a strong case for a near-term adjustment of monetary policy**”, given current the assessment on unemployment as well as pushing inflation to the midpoint of RBA’s target. While the RBA expects the labour market to tighten further, thereby pushing wage growth higher, **this development “is likely to be gradual”**.
- **Most data slanted towards the upside.** US housing sector showed signs of picking up going forward amid **rebounds in housing starts and building permits**. Survey also showed **firmer consumer sentiment**, which is likely to translate into stronger consumption. In the UK, **spending picked up in Jan** though very mildly but remained below expectations. **Data from New Zealand was mixed**, with stronger growth in manufacturing sector but softer in services.
- **MYR last closed against USD at 3.8943, 0.61% stronger**, but slipped against 6 G10s as other majors rallied amid the soft greenback. **We are bullish on MYR against USD**, anticipating renewed buying interest as Malaysia market reopens. USDMYR remains weighed down by continued retreat in momentum. There is room for the pair to slide to 3.8663 going forward, below which 3.8471 will be targeted. Caution that continued failure to beat 3.8663 will likely encourage a rebound.
- **USD rebounded to beat all G10s**, while the DXY climbed 0.57% to 89.10, rising on the back of softer European majors as well as supported by firmer US data. **We are now bearish on USD**, expecting closure of US market and risk aversion ahead of FOMC minutes to dampen buying interest. Technical signs suggest DXY still has room to decline, with potential to drop below 88.59 in the next couple of days. Failure to do so will likely end the current weakness and pave the way for a modest rebound.
- **SGD weakened 0.16% to 1.3112 against a rebounding USD** but advanced against 9 G10s. **We are now bullish on SGD against a soft USD**. USDSGD appears to be initiating a drop below 1.3092 going forward but we caution that a close below 1.3072 could spark a potential rebound thereafter.

Overnight Economic Data

US	↑
UK	↑
New Zealand	→

What’s Coming Up Next

Major Data

- Eurozone construction output
- UK Rightmove house prices
- Japan trade balance

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2380	1.2400	1.2419	1.2457	1.2485	↗
USDJPY	106.00	106.15	106.29	106.50	106.72	↘
GBPUSD	1.3800	1.3827	1.4037	1.3861	1.3881	↗
AUDUSD	0.7891	0.7900	0.7916	0.7945	0.7951	↗
EURGBP	0.8825	0.8834	0.8848	0.8852	0.8856	↘
USDMYR	3.8820	3.8855	3.8888	3.8896	3.8972	↘
EURMYR	4.8291	4.8317	4.8328	4.8334	4.8386	↘
JPYMYR	3.6550	3.6590	3.6610	3.6695	3.6767	↗
GBPMYR	5.4515	5.4550	5.4618	5.4633	5.4683	↗
SGDMYR	2.9607	2.9653	2.9658	2.9732	2.9770	↘
AUDMYR	3.0684	3.0734	3.0803	3.0865	3.0926	↗
NZDMYR	2.8700	2.8744	2.8773	2.8788	2.8815	↗
USDSGD	1.3072	1.3089	1.3114	1.3132	1.3159	↘
EURSGD	1.6258	1.6270	1.6292	1.6304	1.6315	↘
GBPSGD	1.8377	1.8400	1.8414	1.8444	1.8475	↗
AUDSGD	1.0357	1.0373	1.0384	1.0387	1.0400	↗

*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*	1838.3	0.2	2.3	CRB Index	193.6	0.06	-0.1
Dow Jones Ind.	25219.4	0.1	2.0	WTI oil (\$/bbl)	61.7	1.00	2.1
S&P 500	2732.2	0.0	2.2	Brent oil (\$/bbl)	64.8	0.80	-2.9
FTSE 100	7294.7	0.8	-5.1	Gold (S/oz)	11347.0	-0.50	3.5
Shanghai**	3199.2	0.4	-3.3	CPO (RM/tonne)	2480.5	-0.74	3.8
Hang Seng**	31115.4	2.0	4.0	Copper (\$/tonne)	7233.0	0.71	-0.2
STI**	3443.5	1.2	1.2	Rubber (sen/kg)	445.0	-0.78	-3.8

Source: Bloomberg

* last closed on 15 Feb 2018

** last closed on 14 Feb 2018

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US housing starts MOM	Jan	9.7%	-6.9%	3.5%
US building permits MOM	Jan	7.4%	-0.2%	0.0%
US U. of Mich. sentiment	Feb P	99.9	95.7	95.5
UK retail sales MOM	Jan	0.1%	-1.5%	0.5%
NZ business manufacturing PMI	Jan	55.6	51.1	--
NZ performance of services index	Jan	55.8	56.0	--

- The US released some positive reports last Friday that helped to support further upsides in USD. Housing sector data improved in Jan; number of houses that started construction in Jan increased 9.7% MOM to 1326k after falling 6.9% previously. Meanwhile, building permits issued rose 7.4% MOM to 1396k in Jan, recovering from a 0.2% dip in Dec, suggesting that housing start growth figures could remain firm going forward. Consumer sentiment improved in Feb, according to estimates by University of Michigan; the index climbed to 99.9 from 95.7 in Jan.
- UK retail sales grew 0.1% MOM in Jan, rebounding from a 1.5% decline but under hit the expected 0.5% growth. Annually, sales increased 1.6% YOY in Jan, improving slightly from 1.5% in Dec but still underperformed the expected 2.5% gain.
- In a testimony to the parliamentary committee, RBA governor Phillip Lowe said that the central bank "does not see a strong case for a near-term adjustment of monetary policy", given current the assessment on unemployment as well as pushing inflation to the midpoint of RBA's target. While the RBA expects the labour market to tighten further, thereby pushing wage growth higher, this "is likely to be gradual".
- New Zealand's manufacturing growth accelerated in Jan; the PMI climbed to 55.6 from 51.1, buoyed by stronger production, employment, new orders and rising inventories. Conversely, the services sector saw softer growth in Jan as the PMI dipped to 55.8 from 56.0. Firm growth in sales activity was offset by more moderate growth in new orders and employment.

Source: Bloomberg

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Eurozone	19/2	Construction output YOY	Dec	--	2.7%	--
	20/2	ZEW expectations	Feb	--	31.8	--
		Consumer confidence	Feb A	1.0	1.3	--
UK	19/2	Rightmove house prices YOY	Feb	--	1.1%	--
	20/2	CBI total orders	Feb	11	14	--
Japan	19/2	Trade balance	Jan	--	¥358.7b	¥359.0b
	20/2	Machine tool orders YOY	Jan F	--	48.8%	--
		Convenience store sales YOY	Jan	--	-0.3%	--
Australia	20/2	RBA meeting minutes	Feb	--	--	--
New Zealand	20/2	PPI output QOQ	4Q	--	1.0%	--

Source: Bloomberg

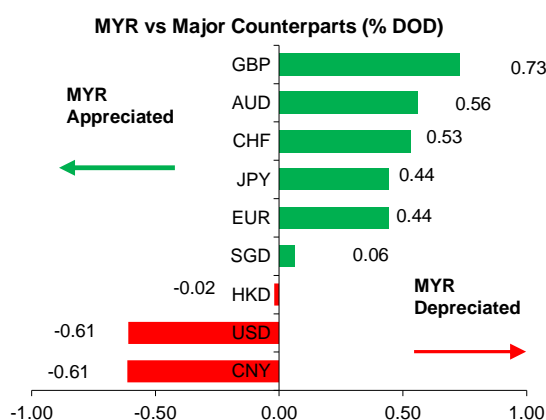
Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2406	-0.80	1.2555	1.2394	3.4
USDJPY	106.21	-0.08	106.4	105.55	-5.7
GBPUSD	1.4026	-0.52	1.4145	1.3997	3.8
AUDUSD	0.7905	-0.50	0.7988	0.7893	1.3
EURGBP	0.8840	-0.34	0.8889	0.8840	-0.4
USDMYR	3.8943	-0.61	3.9125	3.8885	-3.8
EURMYR	4.8628	-0.44	4.9122	4.8467	0.3
JPYMYR	3.6633	-0.44	3.7004	3.6414	1.9
GBPMYR	5.4755	-0.73	5.5207	5.4484	0.2
SGDMYR	2.9690	-0.06	3.0010	2.9593	-2.0
AUDMYR	3.0973	-0.56	3.1301	3.0802	-2.0
NZDMYR	2.8819	-0.64	2.9097	2.8693	0.1

Source: Bloomberg

* MYR pairs last closed on 15 Feb 2018



MYR

- **MYR last closed against USD at 3.8943, 0.61% stronger**, but slipped against 6 G10s as other majors rallied amid the soft greenback.
- **We are bullish on MYR against USD**, anticipating renewed buying interest as Malaysia market reopens. USDMYR remains weighed down by continued retreat in momentum. There is room for the pair to slide to 3.8663 going forward, below which 3.8471 will be targeted. Caution that continued failure to beat 3.8663 will likely encourage a rebound.

USD

- **USD rebounded to beat all G10s**, while the DXY climbed 0.57% to 89.10, rising on the back of softer European majors as well as supported by firmer US data.
- **We are now bearish on USD**, expecting closure of US market and risk aversion ahead of FOMC minutes to dampen buying interest. Technical signs suggest DXY still has room to decline, with potential to drop below 88.59 in the next couple of days. Failure to do so will likely end the current weakness and pave the way for a modest rebound.

EUR

- **EUR tumbled 0.8% to 1.2406 against a rebounding USD** and slumped against 9 G10s, pulling back after recent rally.
- **Expect a firmer EUR on the back of a soft USD**. EURUSD could potentially climb above 1.2506 in the next couple of days but upsides thereafter may be more subdued unless it manages to close above 1.2555.

GBP

- **GBP fell 0.52% to 1.4026 against a firmer USD** and retreated against 5 G10s as UK data underperformed.
- **GBP is now bullish on the back of a soft USD**. GBPUSD looks poised to close above 1.4099 in the coming 2 days but sustained upsides above will be more challenging approaching 1.4278. This level has potential to trigger the start of a strong downtrend.

JPY

- **JPY advanced against 9 G10s on firmer demand for refuge but eased 0.08% to 106.21 against a rebounding USD**.
- **Continue to expect a slightly bullish JPY against USD** in anticipation of firmer refuge demand. Technically, declines in USDJPY may be coming to an end after sliding below the reversion level at 107.84. A rebound to above this level is anticipated, otherwise curbed by a close below 105.55.

AUD

- **AUD closed firmer against 5 G10s as commodities remained firm but fell 0.5% to 0.7905 against a rebounding USD**.
- **Expect a slightly bullish AUD against a soft USD**. AUDUSD looks likely to close above 0.7945 going forward but we caution that another rejection at 0.7986 will send the pair back to 0.7894 or even below.

SGD

- **SGD weakened 0.16% to 1.3112 against a rebounding USD** but advanced against 9 G10s.
- **We are now bullish on SGD against a soft USD**. USDSGD appears to be initiating a drop below 1.3092 going forward but we caution that a close below 1.3072 could spark a potential rebound thereafter.

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