

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight economic releases were scanty and mixed. Construction output in the Eurozone moderated to increase 0.5% YOY in Dec**, slowing from 2.9% in November, dragged by a decline in civil engineering works and slower growth in building construction. On the contrary, **UK Rightmove house prices offered a tinge of positive vibes**, picking up to increase 1.5% YOY in February.
- **Japan recorded a trade deficit of ¥943.4b in January** from a surplus of ¥358.7b in December on seasonal factor. Imports outpaced exports in nominal terms as regional demand slows going into festive seasons. Meanwhile, **New Zealand's producer prices steadied at 1.0% QOQ in 4Q**, offering no signs of accelerating inflation that could potentially prompt a RBNZ move.
- **USD advanced against 5 G10s** amid paring of short positions ahead of FOMC minutes and various US data while the DXY was unchanged at 89.10. **We turn slightly bullish on USD**, supported by further closing of short positions ahead of risk events. DXY is technically weak but signs of rebound have emerged, suggesting a potential climb to 89.70 that could further advance to 90.58 before relenting.
- **MYR** returned most gains after rallying in early trade, **closing 0.08% firmer at 3.8943 against USD** and strengthened against all G10s amid renewed buying interest as Malaysian market reopened. **MYR is likely to stay bullish against USD**, supported by firm risk appetite in the regional markets. Bearish bias still prevails for USDMYR; the pair will again threaten 3.8886, below which will spark extended losses to circa 3.8663. Below this, 3.8471 will be targeted. Caution that continued failure to beat 3.8663 will likely encourage a rebound.
- **SGD** closed mixed against the G10s and **weakened 0.18% to 1.3135 against USD**. **Stay bullish on SGD against USD**, supported by refuge demand ahead of FOMC minutes. USDSGD still appears heavy with scope to drop below 1.3092. Caution that a close above 1.3142 today will offset this view and turn USDSGD towards the upside, targeting 1.3200.

Overnight Economic Data

EU	↓
UK	↑
Japan	↓
New Zealand	→

What's Coming Up Next

Major Data

- Eurozone ZEW expectations, consumer confidence
- UK CBI total orders
- Japan machine tool orders, convenience store sales

Major Events

- RBA Feb meeting minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2360	1.2380	1.2398	1.2451	1.2494	↘
USDJPY	106.04	106.40	106.65	106.76	107.00	↗
GBPUSD	1.3908	1.3955	1.3998	1.4044	1.4104	↘
AUDUSD	0.7884	0.7900	0.7914	0.7934	0.7947	↘
EURGBP	0.8852	0.8856	0.8862	0.8869	0.8877	↘
USDMYR	3.8887	3.8900	3.8955	3.8985	3.9000	↘
EURMYR	4.8229	4.8245	4.8267	4.8285	4.8317	↘
JPYMYR	3.6400	3.6449	3.6493	3.6550	3.6596	↘
GBPMYR	5.4390	5.4420	5.4469	5.4490	5.4520	↘
SGDMYR	2.9590	2.9601	2.9612	2.9622	2.9644	↘
AUDMYR	3.0720	3.0750	3.0764	3.0800	3.0847	↘
NZDMYR	2.8582	2.8636	2.8657	2.8679	2.8700	↘
USDSGD	1.3110	1.3127	1.3137	1.3150	1.3160	↘
EURSGD	1.6245	1.6288	1.6296	1.6304	1.6315	↘
GBPSGD	1.8350	1.8370	1.8388	1.8400	1.8421	↘
AUDSGD	1.0373	1.0387	1.0400	1.0411	1.0417	↗

*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	1855.4	-0.1	3.3	CRB Index	193.6	0.06	-0.1
Dow Jones Ind.	25219.4	0.1	2.0	WTI oil (\$/bbl)	61.7	0.55	2.1
S&P 500	2732.2	0.0	2.2	Brent oil (\$/bbl)	65.6	-0.09	-1.9
FTSE 100	7247.7	-0.6	-5.7	Gold (S/oz)	1346.5	0.00	3.1
Shanghai**	3199.2	0.4	-3.3	CPO (RM/tonne)	2488.5	0.32	4.1
Hang Seng*	31115.4	2.0	4.0	Copper (\$/tonne)	7118.0	-1.59	-1.8
STI	3482.8	-0.1	2.3	Rubber (sen/kg)	439.0	-1.35	-5.1

Source: Bloomberg

* last closed on 15 Feb 2018

** last closed on 14 Feb 2018

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
EU construction output YOY	Dec	0.5%	2.9%	--
UK Rightmove house prices YOY	Feb	1.5%	1.1%	--
JP trade balance	Jan	-¥943.4b	¥358.7b	-¥1003.6b
NZ PPI output QOQ	4Q	1.0%	1.0%	--

- Data overnight was scant. Construction output in the Eurozone grew 0.5% YOY in Dec, slowing from 2.9% in Nov, and eased to 0.1% from 0.2% on a monthly basis. Construction of buildings rose 1.4% compared to 2.8% previously, while output from civil engineering works declined 2.6% after gaining 3.8% in Nov.
- Increase in UK house prices accelerated in Feb, according to survey by Rightmove. Prices gained 1.5% YOY, the quickest increase in 3 months after rising 1.1% in Jan. Despite the pick-up, growth remains in a downtrend after peaking in May 2016.
- Japan recorded a trade deficit of ¥943.4b in Jan from a surplus of ¥358.7b in Dec on seasonal factor. Imports outpaced exports in nominal terms as regional demand slows going into festive seasons. But growth-wise, external demand remains strong as exports grew 12.2% YOY in Jan from 9.3%, while imports moderated to 11-month low, growing 7.9% in Jan from 14.9%.
- New Zealand's producer prices steadied at 1.0% QOQ in 4Q, weighed down by soft decline in prices in agriculture, forestry & fishing sector (4Q: -0.9% vs 3Q: 4.7%) and utilities (4Q: -2.3% vs 3Q: +4.2%) that both offset rebounds in mining (4Q: +9.3% vs 3Q: -2.1%) and manufacturing (4Q: +2.9% vs 3Q: -0.2%).

Source: Bloomberg

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	21/2	MBA mortgage applications	Feb 16	--	-4.1%	--
		Markit manufacturing PMI	Feb P	55.5	55.5	--
		Markit services PMI	Feb P	54.0	53.3	--
		Existing home sales MOM	Jan	0.9%	-3.6%	--
Eurozone	20/2	ZEW expectations	Feb	--	31.8	--
		Consumer confidence	Feb A	1.0	1.3	--
	21/2	Markit manufacturing PMI	Feb P	59.2	59.6	--
		Markit services PMI	Feb P	57.6	58.0	--
UK	20/2	CBI total orders	Feb	11	14	--
	21/2	Jobless claims change	Jan	--	8.6k	--
		ILO unemployment rate	Dec	4.3%	4.3%	--
		Employment change 3m/3m	Dec	165k	102k	--
Japan	20/2	Public sector net cash requirement	Jan	--	25.1b	--
		Machine tool orders YOY	Jan F	--	48.8%	--
	21/2	Convenience store sales YOY	Jan	--	-0.3%	--
		Nikkei manufacturing PMI	Feb P	--	54.8	--
		All industry activity index MOM	Dec	0.4%	1.0%	--
		Supermarket sales YOY	Jan	--	0.9%	--
Australia	20/2	Nationwide dept. sales YOY	Jan	--	-0.6%	--
		RBA meeting minutes	Feb	--	--	--

Source: Bloomberg

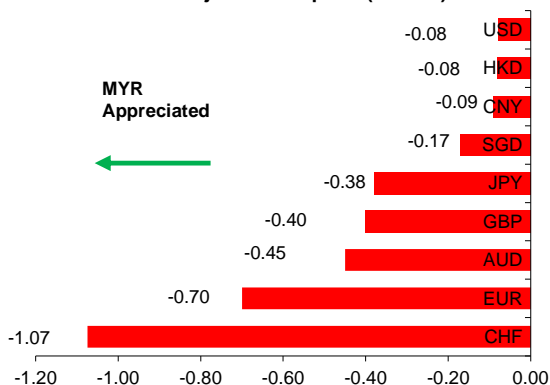
Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2407	0.01	1.2435	1.2369	3.3
USDJPY	106.59	0.36	106.73	106.10	-5.4
GBPUSD	1.4000	0.19	1.405	1.3959	3.6
AUDUSD	0.7913	0.10	0.7935	0.7898	1.3
EURGBP	0.8863	0.26	0.8869	0.8845	-0.2
USDMYR	3.8943	-0.08	3.9125	3.8885	-3.8
EURMYR	4.8628	-0.70	4.9122	4.8467	-0.4
JPYMYR	3.6633	-0.38	3.7004	3.6414	1.5
GBPMYR	5.4755	-0.40	5.5207	5.4484	-0.2
SGDMYR	2.9690	-0.17	3.0010	2.9593	-2.1
AUDMYR	3.0973	-0.45	3.1301	3.0802	-2.5
NZDMYR	2.8819	-0.32	2.9097	2.8693	-0.3

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



MYR

- **MYR** returned most gains after rallying in early trade, **closing 0.08% firmer at 3.8943 against USD** and strengthened against all G10s amid renewed buying interest as Malaysian market reopened.
- **MYR is likely to stay bullish against USD**, supported by firm risk appetite in the regional markets. Bearish bias still prevails for USDMYR; the pair will again threaten 3.8886, below which will spark extended losses to circa 3.8663. Below this, 3.8471 will be targeted. Caution that continued failure to beat 3.8663 will likely encourage a rebound.

USD

- **USD advanced against 5 G10s** amid paring of short positions ahead of FOMC minutes and various US data while the DXY was unchanged at 89.10.
- **We turn slightly bullish on USD**, supported by further closing of short positions ahead of risk events. DXY is technically weak but signs of rebound have emerged, suggesting a potential climb to 89.70 that could further advance to 90.58 before relenting.

EUR

- **EUR inched 0.01% higher to 1.2407 against USD** after bouncing off intraday low while beating 6 G10s.
- **Expect EUR to retreat against USD** ahead of risk events. Upside strength in EURUSD has diminished. Unless the pair manages to beat 1.2451 today, it is tilted to the downside with potential to fall to 1.2212. This move completes a bearish pattern that could send EURUSD towards 1.2020 in the coming weeks.

GBP

- **GBP retreated 0.19% to 1.4000 against USD** and fell against 6 G10s as demand ebbed following firmer European majors.
- **Expect a bearish GBP against a rebounding USD**, compounded further by Brexit uncertainties as well as risk aversion ahead of crucial UK data. GBPUSD has lost the initiative to close above 1.4099 after failure to beat 1.4035. The pair is now slightly tilted to the downside, with scope test 1.3908 next.

JPY

- **JPY** fell against all G10s and **weakened 0.36% to 106.59 against USD** as risk appetite in FX space improved.
- **JPY is now bearish in our view given potential rebound in USD**. Unless USDJPY closes below 106.04, it is likely in a rebound mode, targeting 107.84 going forward.

AUD

- **AUD** advanced against all G10s and **rose 0.1% to 0.7913 against USD**, led by rebound in commodities.
- **Expect a slightly bullish AUD against USD**, supported by extended rebound in commodities. While still biased to the upside, AUDUSD needs to close above 0.7926 to sustain its recent rebound, otherwise it is poised to fall below 0.7905 in the coming days, potentially sliding below 0.7884 thereafter.

SGD

- **SGD** closed mixed against the G10s and **weakened 0.18% to 1.3135 against USD**.
- **Stay bullish on SGD against USD**, supported by refuge demand ahead of FOMC minutes. USDSGD still appears heavy with scope to drop below 1.3092. Caution that a close above 1.3142 today will offset this view and turn USDSGD towards the upside, targeting 1.3200.

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