

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Economic releases remained scanty and focus was on RBA minutes, which offered little new insights that swayed policy expectations.** The minutes reiterated that upsides in inflation and downtrend in unemployment are “likely to occur only gradually”. While the central bank was positive on labour market conditions, “wages growth has remained subdued”. RBA therefore cautioned that “growth in consumption might turn out to be weaker than forecast” if wage growth underperforms.
- On the data front, **Eurozone and UK data disappointed while those of Japan were positive.** ZEW survey showed that economic sentiment in Eurozone dimmed in Feb; and consumer confidence index declined to 0.1 in Feb advanced reading, down from 1.4 previously, confirming softer sentiment in the region. UK CBI showed manufacturing orders moderated in February. Final reading confirmed a 48.8% YOY increase in Japan machine tool orders while convenience store sales rebounded with a 0.1% YOY increase in January, offering further support to recovery in the Japanese economy, albeit very gradually.
- **USD strengthened against all G10s** while the DXY was steadily higher through European and US sessions to close 0.69% firmer at 89.71. **Retain a bullish view on USD**, supported by bullish potential in US data as well as from FOMC minutes. Technical pattern suggests DXY to be aiming at 90.56 next, but caution that 89.94 – 90.00 range could thwart this attempt. Holding above 89.43 is crucial to sustain current rebound.
- **MYR weakened 0.32% to 3.9035 against USD** that rebounded in European trade but managed to advance against 8 G10s. **We turn bearish on MYR against USD** in anticipation of retreat in risk appetite ahead of FOMC minutes. Bearish bias still prevails for USDMYR and sustaining current bearish bias is likely to push USDMYR below 3.8910 in the coming days. However, caution that a close above 3.9183 today will tilt the pair upwards.
- **SGD weakened 0.4% to 1.3187 against a firm USD** but advanced against 7 G10s. **We now turn bearish on SGD against USD.** USDSGD's recent rebound supports the notion that it is heading for completion of a bullish pattern. The pair is likely to test 1.3236 next, above which there is room for a climb to 1.3304.

Overnight Economic Data

EU	↓
UK	↓
Japan	↑

What's Coming Up Next

Major Data

- US MBA mortgage applications, Markit manufacturing & services PMI
- EU Markit manufacturing & services PMI
- UK jobless claims, unemployment rate, employment change, PSNCR
- Japan manufacturing PMI, all industry activity index, supermarket and dept. store sales

Major Events

- FOMC minutes

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2305	1.2320	1.2336	1.2353	1.2370	↘
USDJPY	107.00	107.19	107.31	107.40	107.84	↗
GBPUSD	1.3955	1.4000	1.4006	1.4024	1.4051	↘
AUDUSD	0.7852	0.7873	0.7883	0.7898	0.7919	↘
EURGBP	0.8800	0.8803	0.8809	0.8817	0.8827	↘
USDMYR	3.9000	3.9050	3.9075	3.9089	3.9144	↗
EURMYR	4.8120	4.8152	4.8217	4.8264	4.8319	↘
JPYMYR	3.6308	3.6371	3.6401	3.6414	3.6449	↘
GBPMYR	5.4629	5.4695	5.4726	5.4759	5.4805	↗
SGDMYR	2.9562	2.9595	2.9627	2.9630	2.9674	↘
AUDMYR	3.0731	3.0752	3.0805	3.0845	3.0883	↘
NZDMYR	2.8636	2.8679	2.8726	2.8770	2.8808	↗
USDSGD	1.3160	1.3175	1.3194	1.3236	1.3254	↗
EURSGD	1.6212	1.6248	1.6275	1.6288	1.6304	↘
GBPSGD	1.8444	1.8467	1.8474	1.8487	1.8502	↗
AUDSGD	1.0373	1.0387	1.0400	1.0411	1.0421	↗

*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	1856.0	-0.1	3.3	CRB Index	193.7	0.05	-0.1
Dow Jones Ind.	24964.8	-1.0	1.0	WTI oil (\$/bbl)	61.9	0.36	2.5
S&P 500	2716.3	-0.6	1.6	Brent oil (\$/bbl)	65.3	-0.64	-2.4
FTSE 100	7246.8	0.0	-5.7	Gold (\$/oz)	1329.2	-1.30	2.1
Shanghai*	3199.2	0.4	-3.3	CPO (RM/tonne)	2479.0	-0.38	3.7
Hang Seng	30873.6	-0.8	3.2	Copper (\$/tonne)	7118.0	-1.59	-1.8
STI	3476.5	-0.3	2.2	Rubber (sen/kg)	439.0	0.00	-5.1

Source: Bloomberg

* last closed on 14 Feb 2018

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
EU ZEW survey expectations	Feb	29.3	31.8	--
EU consumer confidence	Feb A	0.1	1.4	1.0
UK CBI total orders	Feb	10	14	11
JP machine tool orders YOY	Jan F	48.8%	48.8%	--
JP convenience store sales YOY	Jan	0.1%	-0.3%	--

Source: Bloomberg

- RBA minutes released yesterday did not excite as details reiterated the key view that upsides in inflation and downtrend in unemployment are “likely to occur only gradually”. While the central bank was positive on labour market conditions, “wages growth has remained subdued”. RBA therefore cautioned that “growth in consumption might turn out to be weaker than forecast” if wage growth underperforms. Given a lack of clear hawkish tone based on current assessment and expectations on inflation, policy stance is likely to remain anchored in the near-term.
- Data overnight remained scant. ZEW survey showed that economic sentiment in Eurozone dimmed in Feb; the index fell from 31.8 to 29.3. Similarly, consumer confidence index declined to 0.1 in Feb advanced reading, down from 1.4 previously, confirming softer sentiment in the region.
- Findings from the Confederation of British Industry revealed that manufacturing orders remained firm though moderated in Feb. The difference between respondents reporting above normal order books versus below normal came to be 10%, slipping below the 14% recorded in Jan. Further breakdown suggests that external demand trend is still robust, with 22% of manufacturers surveyed reporting above normal export orders versus 12% reporting otherwise.
- Japan’s machine tool orders were confirmed to have surged 48.8% YOY in the final Jan report, picking up from 48.3% recorded in Dec last year. Signs of firm demand emerged from Europe (Jan: +48.6% vs Dec: +18.1%) and North America (Jan: +39.6% vs Dec: +31.6%), both of which makes up 29% of total order value, managed to offset the sharp slowdown from East Asia (Jan: +53.6% vs Dec: +103.3%) due to seasonal factors. Meanwhile, sales at convenience stores registered the first positive growth in 8 months, inching 0.1% YOY higher in Jan from 0.3% decline in Dec, hinting that spending continues to improve albeit very slowly.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	22/2	Foreign reserves	Feb 15	--	\$103.7b	--
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%	--
		FOMC minutes	Jan 31	--	--	--
Eurozone	21/2	Initial jobless claims	Feb 17	230k	230k	--
		Leading index	Jan	0.7%	0.6%	--
		Markit manufacturing PMI	Feb P	59.2	59.6	--
UK	21/2	Markit services PMI	Feb P	57.6	58.0	--
		Jobless claims change	Jan	--	8.6k	--
		ILO unemployment rate	Dec	4.3%	4.3%	--
		Employment change 3m/3m	Dec	165k	102k	--
		Public sector net cash requirement	Jan	--	25.1b	--
Japan	21/2	Index of services MOM	Dec	0.0%	0.4%	--
		GDP QOQ	4Q P	0.5%	0.5%	--
		CBI retailing reported sales	Feb	14	12	--
		Nikkei manufacturing PMI	Feb P	--	54.8	--
		All industry activity index MOM	Dec	0.4%	1.0%	--
Hong Kong	22/2	Supermarket sales YOY	Jan	--	0.9%	--
		Nationwide dept. sales YOY	Jan	--	-0.6%	--
		Unemployment rate	Jan	2.9%	2.9%	--
		CPI YOY	Jan	1.8%	1.7%	--

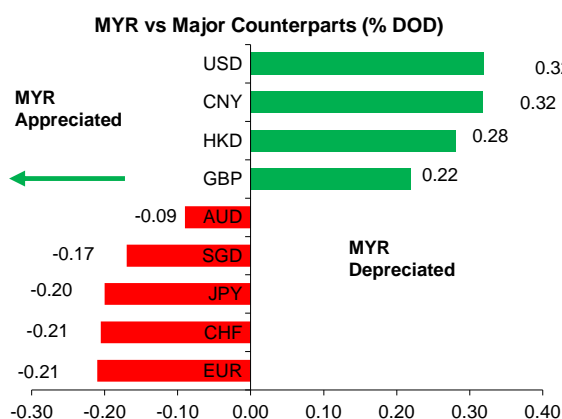
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2337	-0.56	1.2412	1.2320	2.7
USDJPY	107.33	0.69	107.38	106.56	-4.7
GBPUSD	1.3996	-0.03	1.4025	1.3932	3.6
AUDUSD	0.7883	-0.38	0.7934	0.7874	10.9
EURGBP	0.8816	-0.53	0.8870	0.8805	-0.8
USDMYR	3.9035	0.32	3.9043	3.8888	-3.5
EURMYR	4.8187	-0.21	4.8344	4.8148	-0.6
JPYMYR	3.6420	-0.20	3.6537	3.6407	1.3
GBPMYR	5.4659	0.22	5.4714	5.4310	0.0
SGDMYR	2.9590	-0.17	2.9658	2.9562	-2.3
AUDMYR	3.0805	-0.09	3.0910	3.0731	-2.6
NZDMYR	2.8700	-0.09	2.8727	2.8606	-0.3

Source: Bloomberg



MYR

- **MYR weakened 0.32% to 3.9035 against USD** that rebounded in European trade but managed to advance against 8 G10s.
- **We turn bearish on MYR against USD** in anticipation of retreat in risk appetite ahead of FOMC minutes. Bearish bias still prevails for USDMYR and sustaining current bearish bias is likely to push USDMYR below 3.8910 in the coming days. However, caution that a close above 3.9183 today will tilt the pair upwards.

USD

- **USD strengthened against all G10s** while the DXY was steadily higher through European and US sessions to close 0.69% firmer at 89.71.
- **Retain a bullish view on USD**, supported by bullish potential in US data as well as from FOMC minutes. Technical pattern suggests DXY to be aiming at 90.56 next, but caution that 89.94 – 90.00 range could thwart this attempt. Holding above 89.43 is crucial to sustain current rebound.

EUR

- **EUR tumbled 0.56% to 1.2337 against a firmer USD** and fell against 5 G10s, partially weighed down by softer Eurozone data.
- **Keep a bearish view on EUR against a firm USD**; firmer Eurozone data could spark a rebound but only if the greenback stays subdued. EURUSD's failure to beat 1.2451 yesterday suggests it could test 1.2212 going forward. We reiterate that this move completes a bearish pattern that could send EURUSD towards 1.2020 in the coming weeks.

GBP

- **GBP** was buoyed by reports that the EU is in consideration for more flexible relationship with the UK post-Brexit, climbing against all G10s but still **dipping 0.03% to 1.3996 against USD**.
- **Stay bearish GBP against a rebounding USD**, with downsides likely to accelerate if UK data disappoints. GBPUSD remains slightly tilted to the downside while below 1.4024. The pair is likely to test 1.3908 next, below which it would target 1.3765.

JPY

- **JPY** retreated against 6 G10s on improved risk appetite in the FX space and **weakened 0.69% to 107.33 against USD**.
- **JPY is bearish on the back of a rebounding USD**. Technical landscape has improved and USDJPY is now slightly tilted to the upside, with 107.84 – 108.54 within range in the coming days. However, we are skeptical that the pair could push beyond this range given that it is in deep bearish territory.

AUD

- **AUD fell 0.38% to 0.7883 against a firm USD** but managed to beat 7 G10s that also retreated on rebound in the greenback.
- **We now turn bearish on AUD against USD** as risk aversion rises ahead of FOMC minutes. AUDUSD failed to close above 0.7926 and is now tilted to the downside. The pair is likely taking aim at 0.7838 next, below which it would target 0.7743.

SGD

- **SGD weakened 0.4% to 1.3187 against a firm USD** but advanced against 7 G10s.
- **We now turn bearish on SGD against USD**. USDSGD's recent rebound supports the notion that it is heading for completion of a bullish pattern. The pair is likely to test 1.3236 next, above which there is room for a climb to 1.3304.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Menara Hong Leong
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hbb.hongleong.com.my

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