

Global Markets Research

Daily Market Highlights

Key Takeaways

- **News on partial shutdown in the US government** on Friday midnight following failure on a last minute deal to raise the debt ceiling **was surprisingly shrugged off by financial markets**. We believe this could be due to expectations that a deal will be finally reached, if history is of any guide, and that it may not have long-lasting implications on fundamentals, confidence and sentiments aside. No deals are struck yet at time of writing.
- **The economic calendar was super light with US consumer sentiments and UK retail sales both disappointed**. The University of Michigan's consumer sentiment index dropped to a 6-month low of 94.4 in Jan, showing less consumer optimism due to continued downsides from uncertainties of the tax reforms. UK's retail sales including auto fuel declined 1.50% MOM in Dec, down from the 1.00% MOM gain in previous month and slowed to 1.40% in Dec in YOY terms. The slowdown is likely due consumers shopping ahead of the festive season in Nov in tandem with promotions such as Black Friday and Cyber Monday, thereby denting sales in Dec.
- **USD rallied to beat 9 G10s** while the Dollar Index bounced off its intraday low to climb 0.08% higher to 90.57, buoyed by optimism that the US would avoid a government shutdown after the House of Representatives approved a spending bill that was sent to the Senate for voting. **Stay bearish on USD** as pressure builds due to US government in partial shutdown; caution that a resolution on a spending bill will trigger a sharp rebound. The Dollar Index appears to be forming a bottom as downside momentum diminishes. A rebound cannot be ruled out but given that it remains deep in bearish territory, rebounds are likely capped by 90.84 – 90.90.
- **MYR strengthened 0.45% to 3.9372 against a weak USD** while beating 5 G10s amid improved demand heading into BNM OPR decision this week. **We turn slightly bullish on MYR against a weak USD** on top of continued buying interest ahead of BNM OPR decision. USDMYR remains technically bearish despite softer downside momentum that softens its declines. However, we caution that signs of rebound have strengthened and unless USDMYR breaks below 3.9200, the pair could be testing 3.9565 in the next leg higher.
- **SGD was also buoyed by firmer equities, rising against 9 G10s and inched 0.01% firmer to 1.3208 against USD**. **We stay slightly bullish on SGD against a soft USD**, but this margin of bullishness is likely thin and could be overturned swiftly if the greenback rebounds. USDSGD is likely lower today but amid prevailing signs of rebound, we caution that extended lows may have bottomed.

Overnight Economic Data

US
UK



What's Coming Up Next

Major Data

- US Chicago Fed Nat activity index
- Malaysia foreign reserve

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2200	1.2220	1.2247	1.2265	1.2283	↗
USDJPY	110.15	110.50	110.72	111.03	111.20	↗
GBPUSD	1.3839	1.3850	1.3881	1.3900	1.3913	↗
AUDUSD	0.7955	0.7979	0.7995	0.8007	0.8023	↘
EURGBP	0.8800	0.8813	0.8821	0.8829	0.8860	↘
USDMYR	3.9350	3.9390	3.9400	3.9435	3.9450	↘
EURMYR	4.8157	4.8203	4.8261	4.8321	4.8380	↘
JPYMYR	3.5520	3.5580	3.5612	3.5633	3.5703	↗
GBPMYR	5.4633	5.4692	5.4708	5.4761	5.4831	↗
SGDMYR	2.9800	2.9820	2.9844	2.9879	2.9887	↘
AUDMYR	3.1417	3.1462	3.1510	3.1541	3.1591	↘
NZDMYR	2.8643	2.8679	2.8705	2.8722	2.8762	↘
USDSGD	1.3184	1.3200	1.3206	1.3215	1.3225	↘
EURSGD	1.6123	1.6145	1.6179	1.6200	1.6210	↗
GBPSGD	1.8300	1.8320	1.8336	1.8343	1.8375	↗
AUDSGD	1.0526	1.0538	1.0558	1.0565	1.0585	↘

*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	1828.8	0.4	1.8	CRB Index	195.5	-0.43	0.8
Dow Jones Ind.	26071.7	0.2	5.5	WTI oil (\$/bbl)	63.4	-0.91	4.9
S&P 500	2810.3	0.4	5.1	Brent oil (\$/bbl)	68.7	0.10	2.7
FTSE 100	7730.8	0.4	0.6	Gold (\$/oz)	1331.8	0.40	2.5
Shanghai	3487.9	0.4	5.5	CPO (RM/tonne)	2454.0	-0.20	2.7
Hang Seng	32254.9	0.4	7.8	Copper (\$/tonne)	7041.0	-0.49	-2.8
STI	3550.4	0.8	4.3	Rubber (sen/kg)	492.5	0.10	6.5

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US U. of Mich. Sentiment	Jan P	94.4	95.9	97.0
UK Retail Sales Inc Auto Fuel MoM	Dec	-1.50%	1.00%	-1.00%

Source: Bloomberg

- The US government entered into a partial shutdown over the weekend after the Congress failed to pass a spending bill that would keep government agencies funded. A shutdown would mean non-essential government staff will be placed on unpaid leave until a spending bill is passed, but agencies that are essential to the protection of life and property, such as military, law enforcement, postal services, social security and aviation control (among others) will remain in operation. But even so, not all staff will be reporting for work if the shutdown extends. Although backdated wages will be paid once a spending bill is passed, consumer sentiment and potentially consumption will likely be dented.
- The University of Michigan's consumer sentiment index for the US dropped to 94.4 in Jan from 95.9 in previous reading and below expectation of 97.0. It was the lowest figure in six months, showing that the current economic conditions are viewed less favourably by consumers, due to continued downsides from uncertainties of the tax reforms.
- UK's retail sales Inc auto fuel declined 1.50% MOM in Dec, down from the 1.00% MOM gain in previous month and slowed to 1.40% in Dec in YOY terms from previous reading of 1.50%. Both readings are lower than market expectation. The slowdown is likely due consumers shopping ahead of the festive season in Nov in tandem with promotions such as Black Friday and Cyber Monday, thereby denting sales in Dec.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	1/22	Foreign Reserves	Jan-15	--	\$102.4b	--
United States	1/22	Chicago Fed Nat Activity Index	Dec	0.22	0.15	--
	1/23	Richmond Fed Manufact. Index	Jan	18	20	--
Eurozone	1/23	ZEW Survey Expectations	Jan	--	29	--
United Kingdom	1/23	Public Sector Net Borrowing	Dec	4.2b	8.1b	--
Japan	1/23	Nationwide Dept Sales YoY	Dec	--	2.20%	--
		All Industry Activity Index MoM	Nov	0.80%	0.30%	--
		Machine Tool Orders YoY	Dec F	--	48.3%	--
		BOJ Policy Balance Rate	Jan-23	-0.10%	-0.10%	--
Hong Kong	1/23	CPI Composite YoY	Dec	1.70%	1.60%	--
		Trade Balance HKD	Dec	-43.7b	-39.7b	--
Singapore	1/23	CPI YoY	Dec	0.6%	0.6%	--

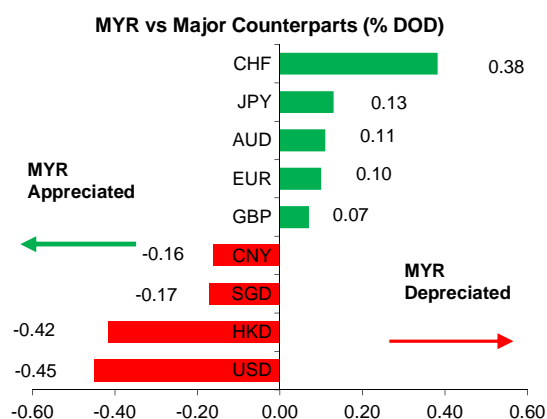
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2222	-0.13	1.2295	1.2215	2.1
USDJPY	110.77	-0.31	111.13	110.49	-1.8
GBPUSD	1.3858	-0.26	1.3945	1.3839	2.7
AUDUSD	0.7995	-0.07	0.8039	0.7984	2.4
EURGBP	0.8818	0.11	0.8846	0.8805	-0.6
USDMYR	3.9372	-0.45	3.9523	3.9353	-2.7
EURMYR	4.8358	0.10	4.8414	4.8184	-0.3
JPYMYR	3.5592	0.13	3.5616	3.5445	-1.0
GBPMYR	5.4785	0.07	5.4945	5.4699	0.3
SGDMYR	2.9845	-0.17	2.9946	2.9811	-1.5
AUDMYR	3.1587	0.11	3.1662	3.1520	-0.1
NZDMYR	2.8753	-0.24	2.8842	2.8695	-0.2

Source: Bloomberg



MYR

- **MYR strengthened 0.45% to 3.9372 against a weak USD** while beating 5 G10s amid improved demand heading into BNM OPR decision this week.
- **We turn slightly bullish on MYR against a weak USD** on top of continued buying interest ahead of BNM OPR decision. USDMYR remains technically bearish despite softer downside momentum that softens its declines. However, we caution that signs of rebound have strengthen and unless USDMYR breaks below 3.9200, the pair could be testing 3.9565 in the next leg higher.

USD

- **USD rallied to beat 9 G10s** while the Dollar Index bounced off its intraday low to climb 0.08% higher to 90.57, buoyed by optimism that the US would avoid a government shutdown after the House of Representatives approved a spending bill that was sent to the Senate for voting.
- **Stay bearish on USD** as pressure builds due to US government in partial shutdown; caution that a resolution on a spending bill will trigger a sharp rebound. The Dollar Index appears to be forming a bottom as downside momentum diminishes. A rebound cannot be ruled out but given that it remains deep in bearish territory, rebounds are likely capped by 90.84 – 90.90.

EUR

- **EUR fell 0.13% to 1.2222 against a firm USD** but managed to beat 6 G10s on the back of improved political sentiment in Germany.
- **Maintain a bullish view on EUR against a weak USD**, but gains will quickly be overturned if the greenback rebounds. Technical outlook points to EURUSD at risk of sliding below 1.2186 going forward, but a close above 1.2260 today will allay this view. Nonetheless, failure to close above 1.2315 in the coming days will weaken EURUSD's chances to sustain an extended uptrend.

GBP

- **GBP fell against 5 G10s and weakened 0.26% to 1.3858 against USD**, weighed down by softer than expected UK data.
- **Keep a bullish view on GBP against a soft USD** but caution on strong downside risk should the greenback rebound. Upside momentum has peaked, and there will likely be softer gains for GBPUSD, with potential for a reversal if upside momentum fails to improve. A correction could see GBPUSD head to 1.3731.

JPY

- **JPY advanced against all G10s and beat USD by 0.31% to 110.77** amid prevailing risk aversion in the FX market.
- **We turn slightly bullish on JPY to the extent of continued weakness in USD**; caution that a rebound in USD or risk appetite will overturn JPY gains. We still view current retreat in USDJPY as a correction to recent surge. Technical outlook remains positive and we set sights on a close above 111.29 by mid next week.

AUD

- **AUD** was supported by relatively firmer commodities and equities as it beat 8 G10s but **slipped 0.07% to 0.7995 against a firmer USD**.
- **We turn bearish on AUD against USD**, weighed down by risk aversion in the markets as the US remains in government shutdown. AUDUSD bullishness is starting to wane; technical outlook suggests room for a pullback to circa 0.7955 in the coming days unless price action today / tomorrow manages to beat 0.8039.

SGD

- **SGD** was also buoyed by firmer equities, rising against 9 G10s and **inched 0.01% firmer to 1.3208 against USD**.
- **We stay slightly bullish on SGD against a soft USD**, but this margin of bullishness is likely thin and could be overturn swiftly if the greenback rebounds. USDSGD is likely lower today but amid prevailing signs of rebound, we caution that extended lows may have bottomed.

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