




Global Markets Research

Daily Market Highlights

Key Takeaways

- **FOMC minutes continued to turn a tinge more hawkish**, as policy makers saw “substantial underlying economic momentum” and were of the view that inflation is “moving up” while the labour markets continued to tighten. Fed officials further highlighted that **the strengthening US economy “increased the likelihood that a gradual upward trajectory” of the Fed funds rate would be appropriate**, a shift away from its usual subtle phrase of “further gradual increases”. **Futures implied probability of a March rate now stood at 100%, leaving no doubts that the Fed will deliver another rate hike in its next meeting on 21-March.** Equities reversed gains on the back of a rise in UST yields on expectations for further increases in interest rates while the Dollar Index rallied back above 90 level post-release of the minutes.
- **Overnight data flow skewed to the softer side, save for the pleasant surprises in US PMIs**, where manufacturing ticked up to its highest since Oct-14 and services rose to a 6-month high, thanks to higher new orders and employment. On the contrary, both manufacturing and services PMI in the Eurozone retreated more than expected though remaining at healthy levels. US housing data were weak and UK job data pointed to a still patchy job market outlook. Japanese data also offered signs of weakness in consumer spending.
- **MYR slipped 0.06% to 3.9060 against a firmer USD** but managed to advance against 8 G10s. **MYR is likely to stay bearish against a firmer USD** and amid risk-off sentiment in the markets. New technical landscape has emerged; USDMYR is now tilted to the upside, with scope to test 3.9274 in the next leg higher. Beating this level exposes a move to 3.9430.
- **USD strengthened against all G10s** while the DXY jumped after FOMC minutes indicated a more positive outlook, closing 0.32% higher at 90.00. **USD remains bullish in our view**, supported by brighter economic outlook of FOMC. DXY continues to take aim at 90.56; beating this completes a bullish sign that could trigger a rally to circa 91.70 - 92.00 before relenting.
- **SGD advanced against 7 G10s but weakened 0.38% to 1.3237 against USD. We keep a bearish view on SGD against USD.** Closing above 1.3236 has given USDSGD added impetus to test 1.3304 next. Note that breaking above 1.3304 completes a bullish signal that could trigger an advance to 1.3408.

Overnight Economic Data

US	
EU	
UK	
Japan	

What's Coming Up Next

Major Data

- Malaysia foreign reserves
- US initial jobless claims, leading index
- UK 4Q GDP, index of services, CBI reported sales
- Hong Kong CPI, jobless rate

Major Events















- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2223	1.2250	1.2271	1.2291	1.2360	↘
USDJPY	107.25	107.40	107.64	107.84	108.05	↗
GBPUSD	1.3849	1.3887	1.3903	1.3942	1.3971	↘
AUDUSD	0.7763	0.7773	0.7794	0.7919	0.7838	↘
EURGBP	0.8816	0.8823	0.8828	0.8831	0.8837	↘
USDMYR	3.9079	3.9100	3.9148	3.9191	3.9274	↗
EURMYR	4.7957	4.8000	4.8047	4.8080	4.8107	↘
JPYMYR	3.6470	3.6410	3.6438	3.6449	3.6525	↘
GBPMYR	5.4386	5.4400	5.4454	5.4474	5.4541	↘
SGDMYR	2.9480	2.9502	2.9555	2.9580	2.9630	↘
AUDMYR	3.0480	3.0500	3.0519	3.0562	3.0600	↘
NZDMYR	2.8582	2.8620	2.8632	2.8679	2.8731	↘
USDSGD	1.3220	1.3248	1.3255	1.3270	1.3284	↗
EURSGD	1.6220	1.6248	1.6262	1.6270	1.6291	↘
GBPSGD	1.8370	1.8409	1.8421	1.8459	1.8492	↘
AUDSGD	1.0297	1.0315	1.0329	1.0347	1.0367	↘

*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	1858.2		0.1	3.4	CRB Index	194.2		0.2
Dow Jones Ind.	24797.8		-0.7	0.3	WTI oil (\$/bbl)	61.6		-0.44
S&P 500	2701.3		-0.5	1.0	Brent oil (\$/bbl)	65.4		0.26
FTSE 100	7281.6		0.5	-5.3	Gold (\$/oz)	1324.5		-0.30
Shanghai	3199.2		0.4	-3.3	CPO (RM/tonne)	2499.5		0.81
Hang Seng	31431.9		1.8	5.1	Copper (\$/tonne)	7119.0		0.41
STI	3516.2		1.1	3.3	Rubber (sen/kg)	446.5		1.71

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US MBA mortgage applications	Feb 16	-6.6%	-4.1%	--
US PMI manufacturing	Feb P	55.9	55.5	55.5
US PMI services	Feb P	55.9	53.3	53.7
US existing home sales MOM	Jan	-3.2%	-2.8%	0.5%
EU PMI manufacturing	Feb P	58.5	59.6	59.2
EU PMI services	Feb P	56.7	58.0	57.6
UK jobless claims change	Jan	-7.2k	6.2k	--
UK ILO unemployment rate	Dec	4.4%	4.3%	4.3%
UK employment change	Dec	88k	102k	165k
JP Nikkei PMI manufacturing	Feb P	54.0	54.8	--
JP all industry activity MOM	Dec	0.5%	1.0%	0.4%
JP supermarket sales YOY	Jan	0.6%	0.9%	--
JP nationwide dept store sales YOY	Jan	-1.2%	-0.6%	--

Source: Bloomberg

- FOMC minutes continued to turn a tinge more hawkish, as policy makers saw “substantial underlying economic momentum” and were of the view that inflation is “moving up” while the labour markets continued to tighten. Fed officials further highlighted that the strengthening US economy “increased the likelihood that a gradual upward trajectory” of the Fed funds rate would be appropriate, a shift away from its usual subtle phrase of “further gradual increases”. Futures implied probability of a March rate now stood at 100%, leaving no doubts that the Fed will deliver another rate hike in its next meeting on 21-March.
- PMI readings from the US and Eurozone turned in mixed – surprising on the upside in the US but disappointed in the Eurozone. US PMI manufacturing staged an unexpected uptick to 55.9 in February, its highest since Oct-14 thanks to higher new orders and employment while services rose more than expected to a 6-month high at 55.9 in the same month, pointing to continuous healthy expansion in both the manufacturing and services sector as we sail through 1Q. On the contrary, both PMI manufacturing and services indices pulled back more than expected to 58.5 and 56.7 in February based on preliminary estimates in the Eurozone.
- Other US housing data released disappointed as well. MBA mortgage applications deepened its decline to 6.6% WOW in the week ended Feb-16 dragged by declines in both new purchases and refinancing while existing home sales failed to rebound as expected, falling 3.2% MOM in January, adding to signs of a still soft recovery in the US housing market.
- Overnight UK data showed a still patchy job market. ILO unemployment rate ticked higher to 4.4% in December and employment change came in way below estimate at only 88k, down from 102k the previous month and against expectations for a rise to 165k. The only comfort probably was the 7.2k drop in jobless claims and sustained gain in average weekly earnings.
- Japanese data turned out on the softer side. Nikkei PMI manufacturing moderated from a record high to 54.0 in February, as a result of slower expansion in output and new orders. On a similar note, all industry activity index also posted smaller gain of 0.5% MOM in December as faster growth in industrial production was offset by declines in the services and construction industries. Supermarket sales tapered off to 0.6% YOY while nationwide departmental store sales fell at a steeper rate of 1.2% YOY in January, offering signs of slower consumer spending.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	22/2	Foreign reserves	Feb 15	--	\$103.7b	--
US	22/2	Initial jobless claims	Feb 17	230k	230k	--
		Leading index	Jan	0.7%	0.6%	--
	23/2	Kansas City Fed manufacturing	Feb	18	16	--
Eurozone	23/2	CPI YOY	Jan F	1.3%	1.4%	--
UK	22/2	Index of services MOM	Dec	0.0%	0.4%	--
		GDP QOQ	4Q P	0.5%	0.5%	--
		CBI retailing reported sales	Feb	14	12	--
Japan	23/2	National CPI YOY	Jan	1.3%	1.0%	--
		PPI services YOY	Jan	0.8%	0.8%	--
Hong Kong	22/2	Unemployment rate	Jan	2.9%	2.9%	--
		CPI YOY	Jan	1.8%	1.7%	--
Singapore	23/2	CPI YOY	Jan	0.4%	0.4%	--

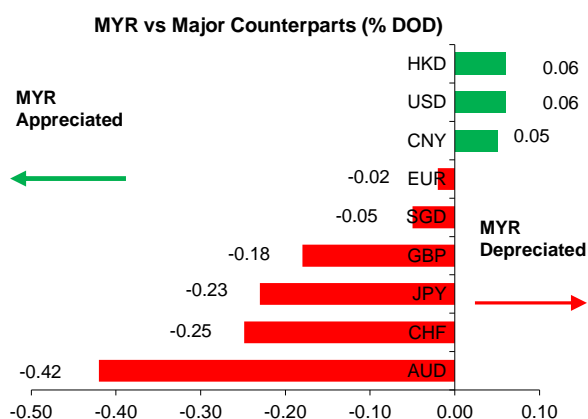
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2284	-0.43	1.236	1.2281	2.2
USDJPY	107.78	0.42	107.9	107.28	-4.4
GBPUSD	1.3918	-0.56	1.4009	1.3905	2.9
AUDUSD	0.7804	-1.00	0.7901	0.7803	-0.1
EURGBP	0.8825	0.11	0.8858	0.8806	-0.6
USDMYR	3.9060	0.06	3.9115	3.9023	-3.2
EURMYR	4.8176	-0.02	4.8239	4.8098	-0.9
JPYMYR	3.6336	-0.23	3.6405	3.6226	1.1
GBPMYR	5.4563	-0.18	5.4738	5.4396	-0.4
SGDMYR	2.9574	-0.05	2.9647	2.9555	-2.5
AUDMYR	3.0677	-0.42	3.0862	3.0648	-3.4
NZDMYR	2.8711	0.04	2.8732	2.8640	-0.5

Source: Bloomberg



MYR

- **MYR slipped 0.06% to 3.9060 against a firmer USD** but managed to advance against 8 G10s.
- **MYR is likely to stay bearish against a firmer USD** and amid risk-off sentiment in the markets. New technical landscape has emerged; USDMYR is now tilted to the upside, with scope to test 3.9274 in the next leg higher. Beating this level exposes a move to 3.9430.

USD

- **USD strengthened against all G10s** while the DXY jumped after FOMC minutes indicated a more positive outlook, closing 0.32% higher at 90.00.
- **USD remains bullish in our view**, supported by brighter economic outlook of FOMC. DXY continues to take aim at 90.56; beating this completes a bullish sign that could trigger a rally to circa 91.70 – 92.00 before relenting.

EUR

- **EUR fell 0.43% to 1.2284 against a firmer USD** and retreated against 5 G10s, partially also weighed down by softer Eurozone data.
- **Keep a bearish view on EUR against USD.** EURUSD is poised for a drop to 1.2212. We reiterate that breaking below this level completes a bearish signal that could send EURUSD towards 1.2020 in the coming weeks.

GBP

- **GBP declined against 8 G10s and weakened 0.56% to 1.3918 against USD** amid signs of softer UK labour market.
- **Expect GBP to stay bearish against a firm USD**, more so, on risk aversion ahead of UK GDP data. Technically, GBPUSD is still slightly tilted to the downside. Caution that a close below 1.3887 could be the onset of a decline that takes aim at 1.3766.

JPY

- **JPY weakened 0.42% to 107.78 against a firmer USD** but advanced against 5 G10s on refuge demand.
- **We are slightly bearish on JPY against a firmer USD.** USDJPY continues to target a climb to 107.84 – 108.54 in the coming days. However, we are skeptical that the pair could push beyond this range given that it is deep in bearish territory.

AUD

- **AUD plunged 1.0% to 0.7804 against USD** and fell against all G10s, impacted by sharp reduction in risk appetite in the markets.
- **Stay bearish on AUD against USD** as risk aversion lingers in the markets. Sliding below 0.7838 has added more pressure on AUDUSD. The pair is likely taking aim at 0.7743 next, with scope to fall to as low as 0.7717 before making a modest rebound.

SGD

- **SGD advanced against 7 G10s but weakened 0.38% to 1.3237 against USD.**
- **We keep a bearish view on SGD against USD.** Closing above 1.3236 has given USDSGD added impetus to test 1.3304 next. Note that breaking above 1.3304 completes a bullish signal that could trigger an advance to 1.3408.

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