

Global Markets Research

Daily Market Highlights

Key Takeaways

- **The US partial government shutdown lasted just 3 days**, fortunately for the markets and the economy. Both Houses of the Congress approved a **spending bill that would keep government running for another 3 weeks**, during which the House and the Senate would have to reach a longer-term deal on spending as well as coming to a consensus on the contentious topic of immigration.
- In conjunction with the usual major meet between central bankers in Davos, **IMF released its updated forecasts on the world economy. Global economy is expected to grow 3.9% in 2018, upwardly revised from the 3.7% growth projected last October**, citing benefits from the US tax cuts on investment. **We noted broad-based upgrades in the majors namely the US (+0.4ppt to 2.7%), EU (+0.3ppt to 2.2%), Japan (+0.5ppt to 1.2%)**, while growth in the UK was kept unchanged at 1.5%. Despite the growth upgrade, IMF warned that the next recession could be closer than we think as advanced economies are approaching the limits of their growth potential in addition to risks of a financial market correction given the “rich asset valuations and very compressed term premiums”.
- **MYR advanced 0.11% to 3.9327 against USD** and beat all other G10s after rallying in early European session on the back of weakness in the greenback. **MYR is now slightly bearish against a potentially rebounding USD** while buying interest is likely to wane approaching 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 fell against 9 G10s** while the Dollar Index declined 0.19% to 90.40 amid weakness brought on by partial US government shutdown. **Expect USD to rebound today** amid receding risk aversion with the US government back in operation. We continue to note that the Dollar Index is forming bottom as downside momentum diminishes. A rebound is anticipated but unless the Dollar Index manages to close above 90.54 today, the upside bias is unlikely to sustain, leaving the rebound brief.
- **SGD strengthened 0.14% to 1.3190 against a soft USD** but retreated against 7 G10s. **We stay slightly bullish on SGD against USD**, supported by improving risk appetite in the markets. USDSGD remains likely to push lower today. Though we continue to caution that a rebound may be in the works amid easing downside momentum, being deep in bearish territory suggests that rebounds may be shallow and brief.

Overnight Economic Data

US
Malaysia
New Zealand



What's Coming Up Next

Major Data

- US Richmond Fed manufacturing index
- UK public sector net borrowing
- EU ZEW survey expectations
- Japan nationwide dept sales, all industry activity index, machine tool orders

Major Events

- BOJ policy balance rate

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2218	1.2250	1.2258	1.2275	1.2295	↘
USDJPY	110.50	110.70	110.95	111.03	111.43	↗
GBPUSD	1.3913	1.3945	1.3989	1.4000	1.4015	↘
AUDUSD	0.7971	0.8005	0.8016	0.8039	0.8051	↘
EURGBP	0.8750	0.8760	0.8767	0.8768	0.8770	↗
USDMYR	3.9230	3.9250	3.9285	3.9300	3.9327	↗
EURMYR	4.8120	4.8145	4.8178	4.8248	4.8288	↘
JPYMYR	3.5350	3.5400	3.5409	3.5445	3.5481	↘
GBPMYR	5.4900	5.4930	5.4938	5.5000	5.5012	↗
SGDMYR	2.9760	2.9775	2.9787	2.9811	2.9855	↘
AUDMYR	3.1462	3.1480	3.1491	3.1516	3.1541	↘
NZDMYR	2.8733	2.8762	2.8804	2.8833	2.8850	↗
USDSGD	1.3150	1.3175	1.3184	1.3200	1.3213	↘
EURSGD	1.6123	1.6156	1.6173	1.6200	1.6210	↘
GBPSGD	1.8400	1.8420	1.8446	1.8477	1.8502	↘
AUDSGD	1.0538	1.0550	1.0569	1.0576	1.0596	↘

*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	1833.2	0.2	2.0	CRB Index	196.2	0.37	1.2
Dow Jones Ind.	26214.6	0.5	6.0	WTI oil (\$/bbl)	63.5	0.19	5.1
S&P 500	2833.0	0.8	6.0	Brent oil (\$/bbl)	69.0	0.61	3.2
FTSE 100	7715.4	-0.2	0.4	Gold (\$/oz)	1333.9	0.20	2.3
Shanghai	3501.4	0.4	5.9	CPO (RM/tonne)	2425.5	-1.16	1.5
Hang Seng	32393.4	0.4	8.3	Copper (\$/tonne)	7041.0	-0.49	-2.8
STI	3569.4	0.5	4.9	Rubber (sen/kg)	493.5	0.20	6.7

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
MY Foreign Reserves	Jan-15	\$103.0	\$102.4b	--
US Chicago Fed Nat Activity Index	Dec	0.27	0.11	0.22
NZ performance of services index	Dec	56.0	56.5	--

- The US partial government shutdown lasted just 3 days, fortunately for the markets and the economy. Both Houses of the Congress approved a spending bill that would keep government running for another 3 weeks, during which the House and the Senate would have to reach a longer-term deal on spending as well as coming to a consensus on the contentious topic of immigration.
- Bank Negara Malaysia's (BNM) foreign reserves climbed higher to \$103.0b as at Jan 15, from \$102.4b as at 29 Dec. The reserves position was enough to cover 7.1 months of retained imports and 1.1 times the short-term external debt.
- US Chicago Fed national activity index increased to 0.27 in Dec from a downwardly revised of 0.11 in Nov beating the market expectation of 0.22. The increase was attributed to production-related indicators (Dec 0.25 vs Nov -0.02), sales, orders and inventories (Dec 0.08 vs Nov 0.04), suggesting that economic activity is trending above long-term trend.
- The services sector in New Zealand grew at a softer pace in Dec, as measured by the sector's performance index that dipped to 56.0 from 56.5. The headline figure was weighed down by slower expansion in activity and orders of new businesses but positive takeaway was that hiring pace improved.

Source: Bloomberg

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	1/24	CPI YoY	Dec	3.50%	3.40%	--
US	1/23	Richmond Fed Manufact. Index	Jan	19	20	--
	1/24	MBA Mortgage Applications	Jan-19	--	4.10%	--
		FHFA House Price Index MoM	Nov	0.50%	0.50%	--
		Markit US Services PMI	Jan P	54.3	53.7	--
		Markit US Manufacturing PMI	Jan P	55.0	55.1	--
		Existing Home Sales MoM	Dec	-1.90%	5.60%	--
Eurozone	1/23	ZEW Survey Expectations	Jan	--	29.0	--
	1/24	Markit Eurozone Manufacturing PMI	Jan P	60.3	60.6	--
		Markit Eurozone Services PMI	Jan P	56.4	56.6	--
UK	1/23	Public Sector Net Borrowing	Dec	4.3b	8.1b	--
	1/24	Claimant Count Rate	Dec	--	2.30%	--
		Jobless Claims Change	Dec	--	5.9k	--
		ILO Unemployment Rate 3Mths	Nov	4.30%	4.30%	--
		Employment change 3M/3M	Nov	-12k	-56k	--
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	--	48.30%	--
		BOJ Policy Balance Rate	Jan-23	-0.10%	-0.10%	--
	1/24	Trade Balance	Dec	¥535.0b	¥113.4b	¥112.2b
		Nikkei Japan PMI Mfg	Jan P	--	54.0	--
		Leading Index CI	Nov F	--	108.6	--
Australia		Coincident Index	Nov F	--	118.1	--
	1/24	Westpac Leading Index MoM	Dec	--	0.10%	--

Source: Bloomberg

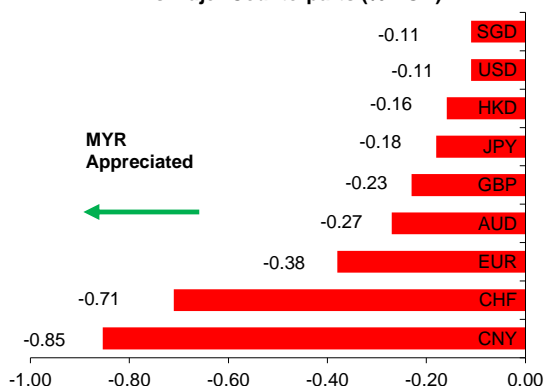
Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2262	-0.33	1.2275	1.2214	2.1
USDJPY	110.92	0.14	111.22	110.53	-1.5
GBPUSD	1.3987	0.93	1.3991	1.3857	3.5
AUDUSD	0.8017	0.28	0.8027	0.7979	2.5
EURGBP	0.8767	-0.58	0.8839	0.8762	-1.3
USDMYR	3.9327	-0.11	3.9440	3.9315	-2.8
EURMYR	4.8174	-0.38	4.8288	4.8117	-0.6
JPYMYR	3.5529	-0.18	3.5622	3.5480	-1.2
GBPMYR	5.4657	-0.23	5.4729	5.4602	0.0
SGDMYR	2.9811	-0.11	2.9847	2.9760	-1.6
AUDMYR	3.1503	-0.27	3.1516	3.1430	-0.4
NZDMYR	2.8742	-0.04	2.8742	2.8643	-0.2

Source: Bloomberg

MYR vs Major Counterparts (% DOD)



MYR

- **MYR advanced 0.11% to 3.9327 against USD** and beat all other G10s after rallying in early European session on the back of weakness in the greenback.
- **MYR is now slightly bearish against a potentially rebounding USD** while buying interest is likely to wane approaching 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.

USD

- **USD fell against 9 G10s** while the Dollar Index declined 0.19% to 90.40 amid weakness brought on by partial US government shutdown.
- **Expect USD to rebound today** amid receding risk aversion with the US government back in operation. We continue to note that the Dollar Index is forming bottom as downside momentum diminishes. A rebound is anticipated but unless the Dollar Index manages to close above 90.54 today, the upside bias is unlikely to sustain, leaving the rebound brief.

EUR

- **EUR climbed 0.33% to 1.2262 against a soft USD** and advanced against 5 G10s.
- **We are now bearish on EUR against a rebounding USD.** The bullish technical outlook is under threat from diminishing momentum. There is a risk of EURUSD sliding to 1.2218 going forward, below which a drop to 1.2142 will be next.

GBP

- **GBP advanced against all G10s and surged 0.93% to 1.3987 against a soft USD** as well as supported by continued positive Brexit sentiment.
- **We now turn slightly bearish on GBP against a rebounding USD,** and on the risk of softer UK data. GBPUSD is likely to retrace, even if it is just for today, given yesterday's relatively hefty gains. Gains going forward will be more modest as upside momentum fails to improve.

JPY

- **JPY tumbled against all G10s and slipped 0.14% to 110.92 against USD,** weighed down by risk aversion ahead of BOJ policy decision.
- **We are now bearish on JPY against a rebounding USD,** with market sentiment likely revived on the ending of US government shutdown. Technical outlook remains positive and we set sights on a close above 111.29 going forward.

AUD

- **AUD retreated against 6 G10s but advanced 0.28% to 0.8017 against a soft USD,** supported by firmer equities.
- **Stay bearish on AUD in anticipation of a rebound in USD.** Technically, we maintain that AUDUSD bullishness is starting to wane. There is room for a pullback to circa 0.7955 in the coming days unless price action today manages to beat 0.8051.

SGD

- **SGD strengthened 0.14% to 1.3190 against a soft USD** but retreated against 7 G10s.
- **We stay slightly bullish on SGD against USD,** supported by improving risk appetite in the markets. USDSGD remains likely to push lower today. Though we continue to caution that a rebound may be in the works amid easing downside momentum, being deep in bearish territory suggests that rebounds may be shallow and brief.

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