

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Overnight global financial markets saw numerous major moves.** Taking the lead was further losses in the USD following US Treasury Secretary Mnuchin comments at the WEF saying a weaker USD is favourable for the US economy. The sterling also hit a post-Brexit high boosted by positive UK job data.
- Overnight **economic releases were positive by and large.** While Markit PMI prints out of the US and EU showed diverging trend, the readings reaffirmed continuous decent recovery in both the manufacturing and services front. On the contrary, data showed recovery in the US housing market has been less committal. Global inflation outlook also remained uneven, with CPI softening to a one-year low of 1.6% YOY in 4Q in New Zealand but picked up a little to 3.5% YOY in December in Malaysia.
- **USD slumped against 9 G10s** and the Dollar Index plunged 1.01% to 89.20 as markets grow jittery over protectionist policies of the US and remarks from Treasury Secretary that seemed to suggest preference for a weaker greenback. **We now turn bearish on USD** on signs of increased weakness from market jitters over trade policies as well as risk aversion ahead of US GDP report tomorrow. Signs of renewed weakness have emerged, overturning potential rebound. The Dollar Index looks set to decline further, with room to test 87.90 in the next leg lower.
- **MYR strengthened 0.34% to 3.9130 against a weak USD** but fell against all other G10s that also rallied on the back of a weak greenback. **MYR is likely to close on a firmer footing against USD** given a sharply stronger opening, but we caution that gains may be swiftly overturned post-OPR decision if there is little forward guidance to be taken away from BNM policy statement. Despite the sharp decline in early trade, USDMYR failed to break the lower support that indicates room for further losses. Potential for rebound sustains and could still test 3.9320 in the coming week.
- **SGD jumped 0.77% to 1.3073 against a weak USD** but lost to 7 G10s, weighed down by prevailing risk-off in the markets. **We stay bearish on SGD against USD**, anticipating pressure from risk aversion in the markets. Sharp loss yesterday restricts USDSGD to a bearish trend. While further losses are likely going forward, we set sights on a potential pullback today.

#### Overnight Economic Data

US	➔
Eurozone	➕
UK	➕
Japan	➔
Malaysia	➕
New Zealand	➖

#### What's Coming Up Next

##### Major Data

- US wholesale inventories, initial jobless claims, new home sales and leading index
- Hong Kong exports

##### Major Events

- BNM OPR decision
- ECB main refinancing rate

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2350	1.2385	1.2394	1.2400	1.2431	➔
USDJPY	108.85	109.07	109.24	109.80	110.00	➖
GBPUSD	1.4185	1.4201	1.4224	1.4250	1.4263	➖
AUDUSD	0.8023	0.8039	0.8055	0.8072	0.8086	➖
EURGBP	0.8700	0.8706	0.8712	0.8716	0.8722	➖
USDMYR	3.8985	3.9000	3.9008	3.9025	3.9050	➖
EURMYR	4.8223	4.8288	4.8322	4.8333	4.8414	➔
JPYMYR	3.5540	3.5605	3.5664	3.5708	3.5743	➔
GBPMYR	5.5313	5.5397	5.5459	5.5547	5.5610	➔
SGDMYR	2.9739	2.9760	2.9795	2.9819	2.9857	➖
AUDMYR	3.1348	3.1405	3.1420	3.1456	3.1467	➖
NZDMYR	2.8574	2.8604	2.8632	2.8645	2.8714	➖
USDSGD	1.3050	1.3065	1.3088	1.3100	1.3120	➔
EURSGD	1.6200	1.6216	1.6214	1.6232	1.6248	➖
GBPSGD	1.8585	1.8600	1.8612	1.8644	1.8660	➖
AUDSGD	1.0524	1.0538	1.0543	1.0550	1.0565	➖

\*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	1837.0	-0.1	2.2	CRB Index	199.5	1.30	2.9
Dow Jones Ind.	26252.1	0.2	6.2	WTI oil (\$/bbl)	65.7	1.84	8.8
S&P 500	2837.5	-0.1	6.1	Brent oil (\$/bbl)	70.5	0.81	5.5
FTSE 100	7643.4	-1.1	-0.6	Gold (\$/oz)	1358.5	1.30	8.1
Shanghai	3559.5	0.4	7.6	CPO (RM/tonne)	2453.5	0.49	2.7
Hang Seng	32958.7	0.1	10.2	Copper (\$/tonne)	6923.0	-2.05	-4.5
STI	3609.2	0.5	6.1	Rubber (sen/kg)	472.0	-3.67	2.1

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
MY CPI YOY	Dec	3.50%	3.40%	3.50%
US MBA Mortgage Applications	Jan-19	4.50%	4.10%	--
US FHFA House Price Index MOM	Nov	0.40%	0.60%	0.50%
US Markit Services PMI	Jan P	53.3	53.7	54.2
US Markit Manufacturing PMI	Jan P	55.5	55.1	55.0
US Existing Home Sales MoM	Dec	-3.60%	5.10%	-1.90%
EU Markit Manufacturing PMI	Jan P	59.6	60.6	60.3
EU Markit Services PMI	Jan P	57.6	56.6	56.4
UK Claimant Count Rate	Dec	2.40%	2.30%	--
UK Jobless Claims Change	Dec	8.6k	12.2k	--
UK ILO Unemployment Rate	Nov	4.30%	4.30%	4.30%
JP Nikkei Japan PMI Mfg	Jan P	54.4	54.0	--
JP Leading Index CI	Nov F	108.3	108.6	--
JP Coincident Index	Nov F	117.9	118.1	--
NZ CPI YOY	4Q	1.60%	1.90%	1.90%

Source: Bloomberg

- Overnight data turned out mainly positive. As expected, Malaysia's consumer price index rose 3.5% YOY in Dec from 3.4% in previous month, driven by rise in cost of transportation (Dec: +11.5% vs Nov +10.8%), food and non-alcoholic beverages (Dec: +4.1% vs Nov +4.0%). Inflation is expected to moderate going forward despite expectation of higher pump prices as a result of the high base effect last year.
- Data from the US were mixed. Preliminary reading of Markit manufacturing PMI rose to 55.5 in January, against expectations for a slight pullback from December's reading of 55.1, suggesting still strong expansion in manufacturing sector. However, service PMI unexpectedly slowed to 53.3 from 53.7, pointing to more moderate growth in the service sector.
- On the housing front, MBA mortgage application in US increased at a faster pace of 4.5% WOW in the week ended Jan 19, from a 4.1% gain in a preceding week. Home purchase application rose 6.1% and the refinance applications advanced 0.9%, attributable to firmer application this month. Meanwhile, the average house price in US advanced 0.40% MOM in Nov, following an upwardly revised of 0.60% in Oct. Existing home sales declined 3.6% MOM in Dec reversing a 5.1% gain last month, missing market expectations which added to signs of continued patchiness in the US housing market.
- In addition to US PMI data, Eurozone also saw the release of Markit PMIs. Manufacturing PMI fell to 59.6 in Jan from 60.6, below market expectation while service PMI increased to 57.6 from 56.6, above market expectation. Both PMI readings pointed to continued expansion in the manufacturing and service sectors that will remain supportive of further recovery in the Eurozone economy.
- In the UK, unemployment rate stood unchanged at 4.3% while employment hits a record high. The number of people filing for unemployment benefits reduced by 3.6k to 8.6k and the jobless claims change rose 2.4% from 2.3% in Dec. Demand for workers remained strong as shown above, indicating that earnings growth may be picking up.
- In Japan, the Nikkei manufacturing PMI index climbed 54.4 in Jan compare to 54.0 previously, expanding at the fastest pace since Feb 2014. The output and employment grew at an accelerated rate, pointing to a positive economy outlook. Meantime, leading index CI slowed to 108.3 from previous reading of 108.6, while coincident index dropped as well to 117.9 in Nov from 118.1, highlighting more moderate growth outlook and condition.
- Consumer prices in New Zealand advanced 1.60% YOY in 4Q, softening from 1.90% in 3Q, marking its lowest quarterly inflation in a year. The slower growth in prices was attributed by groups of food (2.30% in Q4 vs 2.80% in Q3), liquor & tobacco (4.20% in Q4 vs 4.50% in Q3) and clothing & footwear (-1.7% in Q4 vs 0.5% in Q3).

**Economic Calendar Release Date**

Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	1/25	BNM Overnight Policy Rate	Jan-25	3.25%	3.00%	--
US	1/25	Initial Jobless Claims	Jan-20	235k	220k	--
		New Home Sales MoM	Dec	-7.90%	17.50%	--
		Leading Index	Dec	0.50%	0.40%	--
	1/26	Personal Consumption	4Q	3.70%	2.20%	--
		GDP Annualized QoQ	4Q A	3.00%	3.20%	--
		Durable Goods Orders	Dec P	0.80%	1.30%	--
		Core PCE QoQ	4Q A	1.90%	1.30%	--
		Wholesale Inventories MoM	Dec P	0.40%	0.80%	--
Eurozone	1/25	ECB Main Refinancing Rate	Jan-25	0.00%	0.00%	--
UK	1/26	GDP QoQ	4Q A	0.40%	0.40%	--
Japan	1/26	Natl CPI Ex Fresh Food, Energy YoY	Dec	0.40%	0.30%	--
		PPI Services YoY	Dec	0.80%	0.80%	--
Singapore	1/26	Unemployment rate SA	4Q	2.10%	2.1%	2.2%
		Industrial Production YoY	Dec	0.80%	5.3%	--
Hong Kong	1/25	Exports YoY	Dec	7.30%	7.80%	--
Vietnam	1/25 – 28	CPI YoY	Jan	2.60%	2.60%	--
	1/25 – 31	Retail Sales YTD YoY	Jan	--	10.9%	--
		Industrial Production YoY	Jan	--	11.2%	--
		Export YTD YoY	Jan	27.7%	21.1%	--

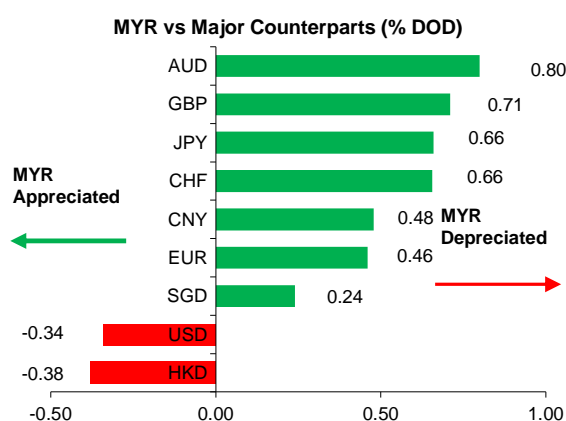
Source: Bloomberg

## Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2408	0.89	1.2415	1.2293	3.3
USDJPY	109.22	-0.99	110.34	108.97	-3.1
GBPUSD	1.4242	1.73	1.4263	1.3997	5.3
AUDUSD	0.8062	0.78	0.8083	0.7994	3.1
EURGBP	0.8713	-0.82	0.8788	0.8700	-1.9
USDMYR	3.9130	-0.34	3.9218	3.9120	-3.7
EURMYR	4.8277	0.46	4.8341	4.8169	-0.2
JPYMYR	3.5704	0.66	3.5708	3.5522	-0.6
GBPMYR	5.5148	0.71	5.5231	5.4850	1.7
SGDMYR	2.9822	0.24	2.9836	2.9739	-1.5
AUDMYR	3.1533	0.80	3.1549	3.1315	-0.5
NZDMYR	2.8935	0.59	2.8944	2.8800	-0.4

Source: Bloomberg



### MYR

- **MYR strengthened 0.34% to 3.9130 against a weak USD** but fell against all other G10s that also rallied on the back of a weak greenback.
- **MYR is likely to close on a firmer footing against USD** given a sharply stronger opening, but we caution that gains may be swiftly overturned post-OPR decision if there is little forward guidance to be taken away from BNM policy statement. Despite the sharp decline in early trade, USDMYR failed to break the lower support that indicates room for further losses. Potential for rebound sustains and could still test 3.9320 in the coming week.

### USD

- **USD slumped against 9 G10s** and the Dollar Index plunged 1.01% to 89.20 as markets grow jittery over protectionist policies of the US and remarks from Treasury Secretary that seemed to suggest preference for a weaker greenback.
- **We now turn bearish on USD** on signs of increased weakness from market jitters over trade policies as well as risk aversion ahead of US GDP report tomorrow. Signs of renewed weakness have emerged, overturning potential rebound. The Dollar Index looks set to decline further, with room to test 87.90 in the next leg lower.

### EUR

- **EUR surged 0.89% to 1.2408 against a weak USD** but slipped against 5 G10s.
- **Expect a bullish EUR, buoyed by a weak USD;** but caution that failure by the ECB to exude hawkish sentiment tonight could potentially reverse all gains. The bullish technical outlook is still under threat from diminishing momentum. Continued failure to beat 1.2323 increases the risk of EURUSD sliding to 1.2218 going forward.

### GBP

- **GBP soared 1.73% to 1.4242 against a weak USD** and jumped against all G10s, supported by firmer UK employment data that added weight to recent Brexit optimism.
- **We stay slightly bearish on GBP against USD,** anticipating a technical pullback after yesterday's surge. GBPUUSD is exposed to a reversal risk after yesterday's surge and more so, breaking above the reversion level at 1.4127. We expect GBPUUSD to gradually move closer and then below the reversion level soon.

### JPY

- **JPY advanced against 6 G10s and surged 0.99% to 109.22 against a weak USD,** supported by rising refuge demand in the markets.
- **Stay bullish on JPY against a weak USD,** further supported by risk aversion in the markets approaching ECB policy decision. USDJPY sliding below 110 is a bearish signal that could lead the pair even lower, possibly to circa 108.85 in the coming days.

### AUD

- **AUD fell against 7 G10s** as risk appetite faltered but **jumped 0.78% to 0.8062 against a weak USD.**
- **Maintain a bearish view on AUD against USD,** weighed down by prevailing risk aversion in the markets. Despite a sharp overnight rebound, AUDUSD still failed to close above 0.8068 and we note that upside momentum continues to diminish. We target a drop to circa 0.8002 next, below which will expose drop to 0.7946.

### SGD

- **SGD jumped 0.77% to 1.3073 against a weak USD** but lost to 7 G10s, weighed down by prevailing risk-off in the markets.
- **We stay bearish on SGD against USD,** anticipating pressure from risk aversion in the markets. Sharp loss yesterday restricts USDSGD to a bearish trend. While further losses are likely going forward, we set sights on a potential pullback today.

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