

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Echoing the hawkish FOMC minutes released last week, San Francisco Fed President John Williams** is quite hawkish on policy, in line with recent tone of Fed Williams, a voter on policy, **commenting that “three to four increases this year is really the right path”**. He further indicated that the next tightening would be in “the near future”, reinforcing expectations of a March Fed rate hike.
- **Data from last Friday focused on price development which offered little suggestion inflation is on a sustainable rise.** Inflation in the Eurozone eased in January, recording a 1.3% YOY increase but core inflation ticked higher to 1.0% in January from 0.9% in December. CPI in Japan picked up pace to 1.4% YOY in January, led by a jump in fresh food prices. Singapore’s CPI stagnated in January, moderating from a 0.4% YOY increase in December due to slower increases in prices of transport and food while cost of housing declined further.
- **USD resumed its upward trajectory**, with the DXY climbing 0.17% higher to 89.88, supported by recent positive tone of FOMC and Fed speak. **We turn slightly bullish on USD**, supported by further closing of short positions ahead of risk events. DXY is technically weak but signs of rebound have emerged, suggesting a potential climb to 90.13 that could further advance to 90.58 before relenting.
- MYR softness stayed extended for a 4<sup>th</sup> consecutive day. Attempts of a rebound following a lower opening last Friday proved futile, with USDMYR bouncing back from an intraday low of 3.8925 to close 0.04% higher at 3.9185 on cautiousness ahead of the weekend and extended strength in the USD. MYR also weakened against most G10s. We expect MYR to remain slightly bearish today on the back of a firm USD. However, bearish bias still prevails for USDMYR; the pair will again threaten 3.8886, below which will spark extended losses to circa 3.8663. Caution that continued failure to beat 3.8663 will likely encourage a rebound.
- **SGD weakened 0.02% to 1.3195 against USD** but managed to advance against 7 G10s amid improving risk sentiments in the regional markets. **We are bearish on SGD against a firmer USD.** Friday’s close above 1.3142 has negated negative momentum in USDSGD that could turn USDSGD towards the upside, targeting 1.3200.

#### Overnight Economic Data

EU	↓
Japan	↑
Singapore	↓

#### What’s Coming Up Next

##### Major Data

- US Chicago Fed national activity index, new home sales and Dallas Fed manufacturing index
- Japan leading and coincident indexes
- Singapore industrial production

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2214	1.2260	1.2282	1.2324	1.2380	↘
USDJPY	106.59	106.85	107.01	107.33	107.77	↗
GBPUSD	1.3868	1.3918	1.3967	1.4000	1.4049	↘
AUDUSD	0.7800	0.7819	0.7833	0.7856	0.7861	↘
EURGBP	0.8732	0.8765	0.8794	0.8814	0.8843	↘
USDMYR	3.9026	3.9069	3.9145	3.9186	3.9251	↗
EURMYR	4.7953	4.8030	4.8090	4.8156	4.8185	↘
JPYMYR	3.6467	3.6497	3.6596	3.6641	3.6761	↘
GBPMYR	5.4581	5.4653	5.4672	5.4739	5.4833	↘
SGDMYR	2.9550	2.9586	2.9635	2.9688	2.9742	→
AUDMYR	3.0500	3.0579	3.0661	3.0731	3.0792	↗
NZDMYR	2.8405	2.8464	2.8510	2.8598	2.8698	↘
USDSGD	1.3153	1.3176	1.3210	1.3220	1.3241	↗
EURSGD	1.6210	1.6222	1.6231	1.6270	1.6291	↗
GBPSGD	1.8363	1.8410	1.8450	1.8483	1.8504	↗
AUDSGD	1.0309	1.0325	1.0347	1.0358	1.0368	↗

\*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	1861.5	0.3	3.6	CRB Index	196.0	0.37	1.1
Dow Jones Ind.	25310.0	1.4	2.4	WTI oil (\$/bbl)	63.5	1.21	5.1
S&P 500	2747.3	1.6	2.8	Brent oil (\$/bbl)	67.3	1.39	0.7
FTSE 100	7244.4	-0.1	-5.8	Gold (\$/oz)	1328.8	-0.30	2.0
Shanghai	3289.0	0.6	-0.5	CPO (RM/tonne)	2492.0	-0.10	4.3
Hang Seng	31267.2	1.0	4.5	Copper (\$/tonne)	7095.0	-0.94	-2.1
STI	3533.2	1.3	3.8	Rubber (sen/kg)	458.5	0.11	-0.9

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
EU CPI YOY	Jan F	1.3%	1.4%	1.3%
JP national CPI YOY	Jan	1.4%	1.0%	1.3%
JP PPI services YOY	Jan	0.7%	0.8%	0.8%
SG CPI YOY	Jan	0.0%	0.4%	0.4%

- San Francisco Fed President John Williams is quite hawkish on policy, in line with recent tone of Fed Williams, a voter on policy, commenting that “three to four increases this year is really the right path”. He further indicated that the next tightening would be in “the near future”, reinforcing expectations of a March Fed rate hike.
- Data from last Friday focused on price development which offered little suggestion inflation is on a sustainable rise. Inflation in the Eurozone eased in January, recording a 1.3% YOY increase from 1.4% in December. The downtick was due to more moderate rise in prices of food, alcohol & tobacco (Jan: +1.9% vs Dec: +2.1%) and energy (Jan: +2.2% vs Dec: 2.9%). On a positive note, core inflation (CPI ex-food and energy), a much-watched gauge of the ECB, ticked higher to 1.0% in January from 0.9% in December.
- Consumer prices in Japan picked up pace in January, ticking higher more than expected from 1.0% to 1.4% YOY. The better than expected reading was led by a jump in fresh food prices, but even after stripping away fuel and fresh food prices, core inflation gained 0.4%, up from 0.3% previously. On the flip side, producer prices in the services sector eased, rising 0.7% in January after climbing 0.8% in December. Despite increasing momentum in prices and recent upsides in data, it has yet to show signs of sustainability and unlikely to budge the BOJ on policy.
- Singapore’s CPI stagnated in January, moderating from a 0.4% YOY increase in December. The dip was due to slower increases in prices of transport (Jan: +1.6% vs Dec: +2.6%) and food (Jan: +1.1% vs Dec: +1.4%), while cost of housing declined further (Jan: -5.3% vs Dec: -3.8%).

Source: Bloomberg

### Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	26/2	Chicago Fed national activity index	Jan	0.20	0.27	--
		New home sales MOM	Jan	3.6%	-9.3%	--
		Dallas Fed manufacturing index	Feb	30.0	33.4	--
	27/2	Durable goods orders	Jan P	-2.0%	2.8%	--
		S&P CoreLogic house prices YOY	Dec	6.35%	6.41%	--
		Richmond Fed manufacturing	Feb	15	14	--
Eurozone	27/2	Conference Board consumer confidence	Feb	126.4	125.4	--
		Economic confidence	Feb	114.0	114.7	--
		Consumer confidence	Feb F	0.1	0.1	--
Japan	26/2	Biz climate indicator	Feb	1.47	1.54	--
		Leading index	Dec F	--	107.9	--
Singapore	26/2	Coincident index	Dec F	--	120.7	--
Singapore	26/2	Industrial production YOY	Jan	8.0%	-3.9%	--
Hong Kong	27/2	Exports YOY	Jan	15.5%	6.0%	--
New Zealand	27/2	Trade balance NZD	Jan	0m	640m	--
Vietnam	26-28/2	Exports YOY YTD	Feb	--	33.1%	--
		CPI YOY	Feb	--	2.65%	--
		Industrial production YOY	Feb	--	20.9%	--
		Retail sales YTD YOY	Feb	--	9.5%	--

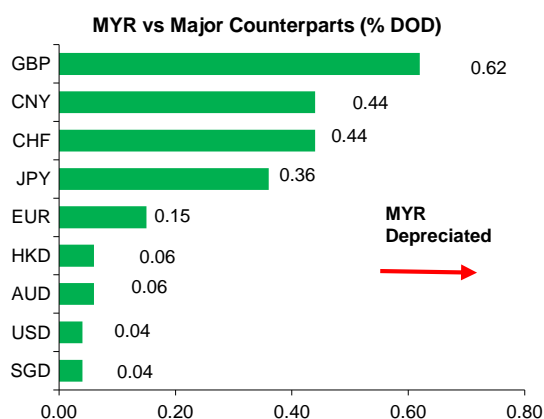
Source: Bloomberg

## Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2295	-0.28	1.2337	1.2280	2.3
USDJPY	106.89	0.13	107.13	106.51	-5.0
GBPUSD	1.3971	0.11	1.4005	1.3905	3.4
AUDUSD	0.7843	-0.04	0.7847	0.7804	0.4
EURGBP	0.8805	-0.35	0.8838	0.8787	-1.0
USDMYR	3.9185	0.04	3.9215	3.8925	-3.2
EURMYR	4.8229	0.15	4.8283	4.7977	-0.5
JPYMYR	3.6654	0.36	3.6673	3.6443	2.0
GBPMYR	5.4738	0.62	5.4807	5.4327	0.2
SGDMYR	2.9622	0.04	2.9685	2.9529	-2.2
AUDMYR	3.0648	0.06	3.0712	3.0504	-3.1
NZDMYR	2.8623	-0.31	2.8671	2.8473	-0.6

Source: Bloomberg



### MYR

- **MYR softness stayed extended** for a 4<sup>th</sup> consecutive day. Attempts of a rebound following a lower opening last Friday proved futile, with **USDMYR** bouncing back from an intraday low of 3.8925 to **close 0.04% higher at 3.9185** on cautiousness ahead of the weekend and extended strength in the USD. MYR also weakened against most G10s.
- **We expect MYR to remain slightly bearish today** on the back of a firm USD. However, bearish bias still prevails for USDMYR; the pair will again threaten 3.8886, below which will spark extended losses to circa 3.8663. Below this, 3.8471 will be targeted. Caution that continued failure to beat 3.8663 will likely encourage a rebound.

### USD

- **USD** resumed its upward trajectory, with the DXY climbing 0.17% higher to 89.88, supported by recent positive tone of FOMC and Fed speak.
- **We turn slightly bullish on USD**, supported by further closing of short positions ahead of risk events. DXY is technically weak but signs of rebound have emerged, suggesting a potential climb to 90.13 that could further advance to 90.58 before relenting.

### EUR

- **EUR fell 0.28% to 1.2295 against USD** on the back of softer Eurozone CPI but advanced against 7 G10s.
- **Expect EUR to remain slightly bearish against a firmer USD.** Upside strength in EURUSD has diminished. Unless the pair manages to beat 1.2451 today, it is tilted to the downside with potential to fall to 1.2212. This move completes a bearish pattern that could send EURUSD towards 1.2020 in the coming weeks.

### GBP

- **GBP rose 0.11% to 1.3971 against USD** and bested most G10s, supported by firmer demand amid declines in European majors.
- **Expect a bearish GBP against a rebounding USD**, compounded further by Brexit uncertainties as well as risk aversion ahead of crucial UK data. GBPUSD has lost the initiative to close above 1.4099 after failure to beat 1.4035. The pair is now slightly tilted to the downside, with scope test 1.3908 next.

### JPY

- **JPY fell 0.13% to 106.89 against USD** and was mixed against G10s amid reduced refuge demand and recovery in global equities.
- **JPY is now bearish in our view given potential firmness in USD.** Unless USDJPY closes below 106.04, it is likely in a rebound mode, targeting 107.84 going forward.

### AUD

- **AUD dipped 0.04% to 0.7843 against USD** but managed to gain against 6 G10s on the back of improving risk sentiments in the market.
- **Expect a slightly bullish AUD against USD**, supported by extended rebound in commodities. While still biased to the upside, AUDUSD needs to close above 0.7926 to sustain its recent rebound, otherwise it is poised to fall below 0.7905 in the coming days, potentially sliding below 0.7884 thereafter.

### SGD

- **SGD weakened 0.02% to 1.3195 against USD** but managed to advance against 7 G10s amid improving risk sentiments in the regional markets.
- **We are bearish on SGD against a firmer USD.** Friday's close above 1.3142 has negated negative momentum in USDSGD that could turn USDSGD towards the upside, targeting 1.3200.

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