

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Overnight economic releases largely skewed to the downside, and even Fed speak from Fed Bullard was a tad dovish.** He opined that policy rate is “unlikely to change very much over the forecast horizon”, echoing his remarks several days back saying a 100bps rate hike in 2018 seems a lot to him.
- **US Chicago Fed national activity index fell** to 0.12 in Jan, indicating that economic activity moderated to just slightly above the long-term trend. **New home sales also disappointed**, posting a surprised and bigger fall of 7.8% MOM in Jan. On the contrary, **manufacturing activity in Dallas area picked up pace**, to its highest since Dec 2005.
- **In Japan, both leading and coincident indexes were revised downward from initial estimates.** On a positive note, **industrial production growth of Singapore surged 17.9% YOY in Jan**, overturning the 3.9% decline recorded in Dec. The surprisingly strong growth was led by accelerated expansion in output of almost all clusters, including electronics and biomedical.
- **USD retreated against 6 G10s** while the DXY that rebounded in European trade failed to gain further traction, dipping 0.03% to 89.85, weighed down by softer than expected US data as well as relatively dovish Fed speak. **USD remains bullish in our view** despite recent subdued performance; firmer US data and potentially positive remarks from Fed Chair Jerome at the Congress could catalyze further upsides. DXY continues to trend within a minor bullish pattern, which suggests likelihood of a close above 90 in the coming days. Failure to do so will push DXY below 89.56 going forward.
- **MYR strengthened 0.4% to 3.9030 against USD** and advanced against 6 G10s on the back of improved buying interest as regional sentiment firmed up. **MYR is likely to stay bullish against USD**, supported by firm risk appetite in the regional markets. Bearish bias has increased following downside break of several firm supports yesterday. USDMYR is now expected to target 3.8891 going forward, below which a drop to 3.8703 is highly likely.
- **SGD** was boosted by stronger than expected Singapore data as well as improved risk appetite in the markets, climbing against 8 G10s and **strengthening 0.27% to 1.3160 against USD. SGD is slightly bullish against USD**, supported by firmer market sentiment. USDSGD is now tilted to the downside after recent downside break of several firm supports. Expect USDSGD to target 1.3126 next, but caution that a close above 1.3186 will again tilt the pair upwards.

#### Overnight Economic Data

US	↓
Japan	↓
Singapore	↑
New Zealand	↓

#### What's Coming Up Next

##### Major Data

- US durable goods orders, S&P CoreLogic house prices, consumer confidence
- Eurozone economic confidence, consumer confidence, biz climate indicator
- Hong Kong exports

##### Major Events

- Fed Chair Powell testimony

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2284	1.2300	1.2325	1.2360	1.2380	↓
USDJPY	106.38	106.73	106.94	107.22	107.41	↗
GBPUSD	1.3928	1.3958	1.3965	1.3987	1.4000	↓
AUDUSD	0.7819	0.7838	0.7856	0.7870	0.7889	↗
EURGBP	0.8805	0.8816	0.8824	0.8837	0.8848	↓
USDMYR	4.8925	4.8953	3.8980	3.9000	3.9043	↓
EURMYR	4.7967	4.8000	4.8084	4.8119	4.8138	↓
JPYMYR	3.6400	3.6412	3.6479	3.6500	3.6571	↓
GBPMYR	5.4436	5.4461	5.4481	5.4532	5.4605	↓
SGDMYR	2.9630	2.9642	2.9658	2.9690	2.9717	↓
AUDMYR	3.0600	3.0639	3.0673	3.0700	3.0764	↓
NZDMYR	2.8400	2.8424	2.8454	2.8470	2.8506	↓
USDSGD	1.3126	1.3150	1.3155	1.3168	1.3175	↓
EURSGD	1.6180	1.6200	1.6211	1.6238	1.6256	↓
GBPSGD	1.8320	1.8351	1.8369	1.8398	1.8415	↓
AUDSGD	1.0300	1.0320	1.0339	1.0350	1.0373	↗

\*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	1860.1	-0.1	3.5	CRB Index	196.7	0.39	1.5
Dow Jones Ind.	25709.3	1.6	4.0	WTI oil (\$/bbl)	63.9	0.68	5.8
S&P 500	2779.6	1.2	4.0	Brent oil (\$/bbl)	67.5	0.28	0.9
FTSE 100	7289.6	0.6	-5.2	Gold (\$/oz)	1333.7	0.40	2.2
Shanghai	3329.6	1.2	0.7	CPO (RM/tonne)	2508.5	0.66	5.0
Hang Seng	31498.6	0.7	5.3	Copper (\$/tonne)	7095.0	-0.94	-2.1
STI	3555.9	0.6	4.5	Rubber (sen/kg)	460.5	0.44	-0.4

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US Chicago Fed national activity index	Jan	0.12	0.14	0.25
US new home sales MOM	Jan	-7.8%	-7.6%	3.5%
US Dallas Fed manufacturing index	Feb	37.2	33.4	30.0
JP leading index	Dec F	107.4	107.9	--
JP coincident index	Dec F	120.2	120.7	--
SG industrial production YOY	Jan	17.9%	-3.9%	7.8%
NZ trade balance NZD	Jan	-566m	596m	-100m

Source: Bloomberg

- St. Louis Fed President James Bullard expressed a relatively more dovish tone compared to the Fed in a speech yesterday. Bullard opined that policy rate is “unlikely to change very much over the forecast horizon”, a sentiment that followed his remarks from several days back, when he commented that “100bps in 2018, that seems like a lot to me”.
- US data slanted to the downsides. The Chicago Fed national activity index fell to 0.12 in Jan, dipping from 0.14 in Dec, indicating that economic activity moderated to just slightly above the long-term trend. New home sales fell 7.8% MOM in Jan, deepening from a decline of 7.6% in Dec. Meanwhile, manufacturing activity in Dallas area picked up pace; the gauging index advanced to 37.2 in Feb, highest since Dec 2005, from 33.4.
- In Japan, both leading and coincident indexes were revised downward from initial estimates. The leading index was last recorded at 107.4 in Dec final report, lower than 107.9 initially reported and below 108.2 in Nov. Meanwhile the coincident index was downwardly revised to 120.2 in Dec final report from 120.7 initially reported, but was higher compared to 117.9 in Nov. Both indexes are weighted measures based on indicators such as new job offers, new machinery orders, consumer confidence, durable consumer goods, and retail sales, among others.
- Industrial production growth of Singapore surged 17.9% YOY in Jan, overturning the 3.9% decline recorded in Dec. The surprisingly strong growth was led by accelerated expansion in output of almost all clusters, including electronics (Jan: +32.4% vs Dec: +4.4%), biomedical (Jan: +2.5% vs Dec: -34.5%), transport engineering (Jan: +1.4% vs Dec: -10.5%) and precision engineering (Jan: +24.5% vs Dec: +19.4%).
- New Zealand's trade balance swung into a deficit in Jan, recording a shortfall of NZ\$ 566m after a brief surplus of NZ\$ 596m in Dec.

Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	27/2	Durable goods orders	Jan P	-2.0%	2.8%	--
		S&P CoreLogic house prices YOY	Dec	6.35%	6.41%	--
		Conference Board consumer confidence	Feb	126.5	125.4	--
	28/2	MBA mortgage applications	Feb 23	--	-6.6%	--
		GDP QOQ	4Q S	2.5%	2.6%	--
		Chicago PMI	Feb	64.0	65.7	--
Eurozone	27/2	Pending home sales MOM	Jan	0.5%	0.5%	--
		Economic confidence	Feb	114.0	114.7	--
		Consumer confidence	Feb F	0.1	0.1	--
	28/2	Biz climate indicator	Feb	1.47	1.54	--
UK	28/2	CPI estimate YOY	Feb	1.2%	1.3%	--
Japan	28/2	GfK consumer confidence	Feb	-10	-9	--
		Retail sales MOM	Jan	-0.6%	0.9%	--
China	28/2	Retail trade YOY	Jan	2.4%	3.6%	--
		Industrial production MOM	Jan P	-4.0%	2.9%	--
		Housing starts YOY	Jan	-4.7%	-2.1%	--
		PMI services	Feb	55.0	55.3	--
Hong Kong	27/2	PMI manufacturing	Feb	51.2	51.3	--
		Exports YOY	Jan	16.1%	6.0%	--
New Zealand	28/2	GDP YOY	4Q	3.0%	3.6%	--
		ANZ biz confidence	Feb	--	-37.8	--
Vietnam	27-28/2	Exports YOY YTD	Feb	--	33.1%	--
		CPI YOY	Feb	2.90%	2.65%	--
		Industrial production YOY	Feb	--	20.9%	--
		Retail sales YTD YOY	Feb	--	9.5%	--

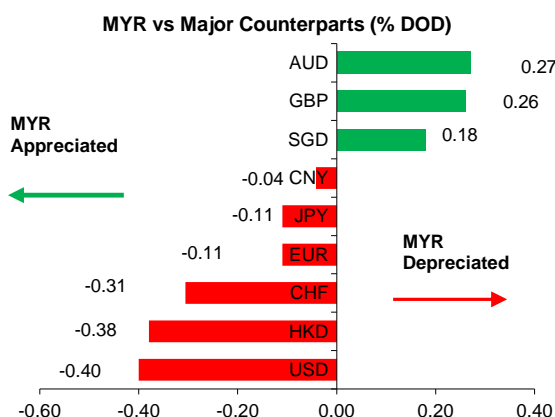
Source: Bloomberg

## Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2317	0.18	1.2355	1.2278	2.5
USDJPY	106.93	0.04	107.27	106.38	-5.0
GBPUSD	1.3968	-0.02	1.407	1.3928	3.3
AUDUSD	0.7855	0.15	0.7893	0.7826	0.5
EURGBP	0.8818	0.15	0.8823	0.8772	-0.7
USDMYR	3.9030	0.40	3.9165	3.9030	-3.5
EURMYR	4.8176	0.11	4.8220	4.8056	-0.6
JPYMYR	3.6613	0.11	3.6765	3.6554	1.8
GBPMYR	5.4882	0.26	5.4937	5.4642	0.4
SGDMYR	2.9675	0.18	2.9711	2.9615	-2.0
AUDMYR	3.0731	0.27	3.0858	3.0637	-2.8
NZDMYR	2.8640	0.06	2.8717	2.8498	-0.5

Source: Bloomberg



### MYR

- **MYR strengthened 0.4% to 3.9030 against USD** and advanced against 6 G10s on the back of improved buying interest as regional sentiment firmed up.
- **MYR is likely to stay bullish against USD**, supported by firm risk appetite in the regional markets. Bearish bias has increased following downside break of several firm supports yesterday. USDMYR is now expected to target 3.8891 going forward, below which a drop to 3.8703 is highly likely.

### USD

- **USD retreated against 6 G10s** while the DXY that rebounded in European trade failed to gain further traction, dipping 0.03% to 89.85, weighed down by softer than expected US data as well as relatively dovish Fed speak.
- **USD remains bullish in our view** despite recent subdued performance; firmer US data and potentially positive remarks from Fed Chair Powell at the Congress could catalyze further upsides. DXY continues to trend within a minor bullish pattern, which suggests likelihood of a close above 90 in the coming days. Failure to do so will push DXY below 89.56 going forward.

### EUR

- **EUR climbed 0.18% to 1.2317 against a softer USD** and advanced against 6 G10s, supported by firmer risk appetite in European markets.
- **EUR is likely to retreat against USD** ahead of US risk event; downsides will accelerate if Eurozone data disappoints. Downside momentum continues to weigh down EURUSD. A close below 1.2284 today will suggest further losses going forward, with scope to slide to 1.2203 going forward.

### GBP

- **GBP fell against 6 G10s and dipped 0.02% to 1.3968 against USD**, weighed down by continued Brexit uncertainties.
- **Expect a bearish GBP against USD** on Brexit uncertainties as well as risk aversion ahead speeches by BOE officials. GBPUSD remains tilted to the downside after yesterday's rejection. We expect upside failure approaching 1.4000 and a potential decline to 1.3879 going forward.

### JPY

- **JPY eased 0.04% to 106.93 against USD** and fell against 7 G10s as demand retreated on firmer sentiment and also dampened by inaction from BOJ to assess current monetary policy stance despite some improvement on the data front.
- **Maintain a slight bearish view on JPY against USD**, weighed down by improving risk appetite in the markets. Even though there is room for some gains in USDJPY, we note that upsides are unsustainable given that trend remains deep in bearish territory. Caution on potential rejection near 107.22 – 107.25.

### AUD

- **AUD climbed 0.15% to 0.7855 against USD** and strengthened against 5 G10s, supported by firmer risk appetite in the markets.
- **We are slightly bullish on AUD against USD**, supported by firmer risk appetite in the markets and continued upsides in commodities. AUDUSD looks likely to climb higher after rebounding above the reversion level at 0.7838. The pair could test 0.7889 in the next leg higher, but further upsides from there appears doubtful.

### SGD

- **SGD was boosted by stronger than expected Singapore data as well as improved risk appetite in the markets**, climbing against 8 G10s and **strengthening 0.27% to 1.3160 against USD**.
- **SGD is slightly bullish against USD**, supported by firmer market sentiment. USDSGD is now tilted to the downside after recent downside break of several firm supports. Expect USDSGD to target 1.3126 next, but caution that a close above 1.3186 will again tilt the pair upwards.

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