

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US markets staged a sharp rebound with the three major stock indices rallying by 5.0-5.8%** as investors returned from festive holidays to bargain hunt after the massive 8.0% losses over the week since the Fed shifted to a less aggressive tone. UST were sold off on the back of reversal in equities, pushing 10-year note yields up by 7bps to 2.81%, its highest in a week. **On the contrary, European markets remained largely in risk-off mode and sentiments were mixed in Asia.** Gold consolidated from recent gains while global **Brent crude oil prices rebounded by 7.9% to \$54.5/ barrel, remaining near a 15-month low nonetheless.**
- **Data flow was very light** and limited to only releases from the US and Singapore. **S&P CoreLogic showed house prices in 20 major cities softened** to an increase of 5.03% YOY in October, **reaffirming believes of a softening housing market** while **Richmond Fed manufacturing index unexpectedly fell in December**, raising concerns of slower output growth ahead. Down in neighboring **Singapore, industrial production growth picked up to 7.6% YOY in November**, driven by biomedical and electronics manufacturing.
- **USD climbed against 7 G10s** while the DXY surged in US afternoon to close 0.49% higher at 97.05, boosted by assurance from the White House that Fed Chair Powell's position remains safe. **We maintain a bearish view on USD** in anticipation of extended downside pressure from US government shutdown and softening Fed rate hike outlook. Despite a strong overnight rally, DXY remains bearish as momentum recedes further. We expect an attempt to re-take 97.25 but opine that DXY is unlikely to prolong its stay above this level and will ultimately succumb to a rejection lower.
- **MYR advanced 0.19% to 4.1775 against a softening USD** and strengthened against 7 G10s as buying interest returned as markets reopened. **We are slightly bullish on MYR against USD**, supported by improved risk appetite in the markets taking cue from rebound in US equities overnight, as well as on news that the US will make a trip to China in Jan for trade negotiations. We continue to express skepticism over USDMYR's ability to push higher despite prevailing bullish trend. USDMYR has topped in our view, and will gradually head lower to complete a bearish chart pattern.
- **SGD inched 0.04% firmer to 1.3721 against USD** and advanced against 7 G10s as risk appetite in the markets improved. **Continue to expect a slightly bullish SGD in line with our view of a soft USD**, and likely boosted by improved risk appetite in early trade. Technical outlook is deteriorating and we maintain the view of a drop below 1.3700 going forward. Modest bounces higher cannot be ruled out but we expect them to fizzle out approaching 1.3735 – 1.3742 before heading lower thereafter.

Overnight Economic Data

US	↓
Singapore	↑

What's Coming Up Next

Major Data

- US initial jobless claims, new home sales & Conference Board consumer confidence
- ECB monthly economic bulletin
- Japan housing starts
- China industrial profits
- Hong Kong exports
- Vietnam 4Q GDP, exports, CPI, industrial production and retail sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1348	1.1362	1.1366	1.1377	1.1393	↗
GBPUSD	1.2618	1.2630	1.2654	1.2660	1.2672	↗
USDJPY	110.81	111.00	111.11	111.40	111.76	↘
AUDUSD	0.7050	0.7060	0.7075	0.7084	0.7106	↗
EURGBP	0.8964	0.8975	0.8982	0.8989	0.9000	↘
USDMYR	4.1740	4.1760	4.1785	4.1800	4.1825	↘
EURMYR	4.7440	4.7463	4.7492	4.7516	4.7566	→
JPYMYR	3.7550	3.7580	3.7600	3.7633	3.7650	↘
GBPMYR	5.2800	5.2811	5.2858	5.2907	5.2936	→
SGDMYR	3.0416	3.0445	3.0452	3.0469	3.0474	↘
AUDMYR	2.9500	2.9520	2.9558	2.9595	2.9620	↗
NZDMYR	2.8062	2.8100	2.8117	2.8161	2.8196	↘
USDSGD	1.3700	1.3712	1.3717	1.3721	1.3735	↘
EURSGD	1.5570	1.5583	1.5594	1.5603	1.5614	↗
GBPSGD	1.7300	1.7336	1.7358	1.7382	1.7400	↗
AUDSGD	0.9680	0.9698	0.9705	0.9725	0.9756	↗

* 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	1,672.60	-0.67	-6.91	CRB Index	172.94	2.72	-10.79
Dow Jones Ind.	22,878.45	4.98	-7.45	WTI oil (\$/bbl)	46.22	8.68	-23.50
S&P 500	2,467.70	4.96	-7.70	Brent oil (\$/bbl)	54.47	7.93	-18.54
FTSE 100	6,685.99	-0.52	-13.03	Gold (\$/oz)	1,267.13	-0.18	8.10
Shanghai	2,498.29	-0.26	-24.46	CPO (RM/tonne)	1,959.50	-0.68	-18.01
Hang Seng	25,651.38	-0.40	-14.26	Copper (\$/tonne)	5,955.50	-0.59	-17.82
STI	3,011.15	-1.31	-11.51	Rubber (sen/kg)	374.00	-1.06	-19.14

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
US S&P CoreLogic house prices YOY	Oct	5.03%	5.21% (revised)	4.80%
US Richmond Fed manufacturing index	Dec	-8	14	15
SG industrial production YOY	Nov	7.6%	5.5% (revised)	4.2%

Source: Bloomberg

➤ Macroeconomics

- Softer house prices in major US cities, manufacturing declined in Richmond Fed district:** House prices across 20 major US cities grew slower in Oct according to the gauge by S&P CoreLogic, rising 5.03% YOY from 5.21% in Sept (upwardly revised from 5.15%), though besting market estimates of an 4.80% increase. Meanwhile, Richmond Fed manufacturing index tumbled to -8 in Dec, down sharply from 14 in Nov, indicating that the sector unexpectedly contracted.
- Singapore factory output quickened in Nov:** Industrial production growth accelerated by 7.6% YOY in November, up from 5.5% in October (revised higher from 4.3%), lifted by a surge in production of biomedical manufacturing (Nov: +18.5% vs Oct: +13.1%) and a strong rebound in electronics output (Nov: +11.2% vs Oct: -0.3%), supporting the notion that global and domestic demand remains healthy. Production of pharmaceuticals, which make up a major weight of biomedical, jumped (Nov: +23.9% vs Oct: +14.7%), while semiconductors output (Nov: +16.5% vs Oct: +1.6%), which offset continued sharp declines in output of computer peripherals and data storage.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
27/12	US	Initial jobless claims	Dec 22	216k	214k	--
		New home sales MOM	Nov	4.4%	-8.9%	--
		Conference Board consumer confidence	Dec	133.5	135.7	--
28/12		Chicago Purchasing Manager	Dec	60.3	66.4	--
		Pending home sales	Nov	1.0%	-2.6%	--
27/12	EU	ECB monthly economic bulletin				
27/12	Japan	Housing starts YOY	Nov	-0.1%	0.3%	--
28/12		Jobless rate	Nov	2.4%	2.4%	--
		Industrial production YOY	Nov P	0.6%	4.2%	--
		Retail trade YOY	Nov	2.1%	3.5%	3.6%
27/12	China	Industrial profits YOY	Nov	--	3.6%	--
27/12	Hong Kong	Exports YOY	Nov	7.7%	14.6%	--
27/12	Vietnam	Trade Balance	Dec	--	-\$400m	--
		Exports YTD YOY	Dec	14.3%	14.4%	--
		GDP YOY	4Q	--	6.88%	--
		CPI YOY	Dec	3.40%	3.46%	--
		Industrial Production YOY	Dec	--	9.6%	--
		Retail Sales YTD YOY	Dec	--	11.5%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1353	-0.34	1.142	1.1343	-0.36
GBPUSD	1.2633	-0.33	1.2719	1.2631	-0.39
USDJPY	111.37	0.96	111.41	110.14	-1.40
AUDUSD	0.7066	0.43	0.7072	0.7033	-0.41
EURGBP	0.8986	-0.03	0.9008	0.8967	-1.14
USDMYR	4.1775	-0.19	4.1855	4.1750	-0.24
EURMYR	4.7694	-0.29	4.7903	4.7535	-0.10
JPYMYR	3.7716	0.22	3.8011	3.7754	-4.58
GBPMYR	5.2997	0.04	5.3270	5.3004	-0.29
SGDMYR	3.0465	0.01	3.0591	3.0445	0.52
AUDMYR	2.9562	-0.33	2.9594	2.9399	-0.54
NZDMYR	2.8184	-0.22	2.8251	2.8095	-0.28
CHFMYR	4.2087	0.37	4.2492	4.2236	-1.26
CNYMYR	0.6067	0.00	0.6074	0.6065	-0.42
HKDMYR	0.5343	-0.15	0.5361	0.5331	-0.08
USDSGD	1.3721	-0.04	1.3735	1.3703	-2.69
EURSGD	1.5578	-0.41	1.5675	1.5574	-0.88
GBPSGD	1.7334	-0.41	1.7448	1.7334	-0.97
AUDSGD	0.9696	0.38	0.9706	0.9648	-0.05

Source: Bloomberg

MYR

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USD

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- **We maintain a bearish view on USD** in anticipation of extended downside pressure from US government shutdown and softening Fed rate hike outlook. Despite a strong overnight rally, DXY remains bearish as momentum recedes further. We expect an attempt to re-take 97.25 but opine that DXY is unlikely to prolong its stay above this level and will ultimately succumb to a rejection lower.

EUR

- **EUR fell 0.34% to 1.1353 against a firm USD** and retreated against 6 G10s as risk appetite remained soft in European markets.
- **Stay bullish on EUR in line with our view of a softer USD.** Technical outlook has deteriorated after sliding below 1.1400 and EURUSD is more vulnerable to further losses. EURUSD needs to retake 1.1400 soon to sustain current upside bias, otherwise, expect a return to 1.1300 – 1.1310.

GBP

- **GBP fell 0.33% to 1.2633 against a firm USD** and slipped against 5 G10s.
- **Continue to expect a slightly bullish GBP against USD**, supported by receding Brexit jitters. A slight bullish still prevails in GBPUSD, thus we expect some gains going forward. We expect a break above 1.2703 going forward, but will be increasingly prone to rejection approaching 1.2728.

JPY

- **JPY plunged 0.96% to 111.37 against USD** and tumbled against all G10s as refuge demand vanished following strong rebound in equities and commodities.
- **JPY is slightly bullish against USD** as we anticipate a resumption of risk-off in the markets. Despite overnight rally, USDJPY still carries a bearish bias and looks likely to slide below 110.00, with scope to test 110.32 again.

AUD

- **AUD climbed 0.43% to 0.7066 against USD** and rallied to beat all G10s amid improved risk appetite in the markets.
- **We turn slightly bullish on AUD against USD**, likely to remain supported by improved risk appetite in early trade and sustained rebound in commodities, though gains are likely modest. Technical landscape has improved, suggesting an attempt to rebound. AUDUSD has room to test 0.7106 but caution that risk of rejection is likely to increase approaching this level.

SGD

- **SGD inched 0.04% firmer to 1.3721 against USD** and advanced against 7 G10s as risk appetite in the markets improved.
- **Continue to expect a slightly bullish SGD in line with our view of a soft USD**, and likely boosted by improved risk appetite in early trade. Technical outlook is deteriorating and we maintain the view of a drop below 1.3700 going forward. Modest bounces higher cannot be ruled out but we expect them to fizzle out approaching 1.3735 – 1.3742 before heading lower thereafter.

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