

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **Fed Chair's Powell first testimony to the House spurred market expectations that the Fed is moving towards four rate hikes this year**, more aggressive than the three rate hikes indicated in December. While the newly appointed Fed Chair did not explicitly pinpoint how aggressive the Fed will be in raising rates, his positive assessment all around on the macro front from job to inflation prompted markets to interpret his comments as a hawkish shift. **Powell mentioned that the economy has strengthened since December; inflation is moving up to target; and recent rise in bond yields and market corrections will unlikely weigh heavily on growth and inflation outlook.** Overnight data flow from the US were mixed with softer prints of durable goods orders and house prices but consumer confidence and Richmond Fed manufacturing brought pleasant surprises.
- **Data flow elsewhere were also mixed.** Reports showed sentiments in the Eurozone were turning a tad softer while data signaled recovery in the Japanese economy is losing steam. On the contrary, Hong Kong exports surprised on the upside lifted by CNY festive boost while New Zealand business confidence turned less pessimistic.
- **USD rebounded to beat all G10s** while DXY jumped on positive-toned comments by Fed Chair Powell that boosted rate hike expectations, closing 0.56% higher at 90.35. **Expect USD to stay bullish**, boosted by recent positive comments from Fed Chair Powell; further gains are likely to accelerate if US data surprises to the upsides today. DXY continues to trend within a minor bullish pattern, with scope to break above 90.60 in the coming days. Failure to do so will trigger a drop to circa 89.60 – 89.70.
- **MYR declined 0.13% to 3.9080 against a rebounding USD** but managed to beat 8 G10s that were also on the retreat against the greenback. **We turn bearish on MYR on the back of a firm USD**, while also likely to be pressured by risk-off in the regional markets taking cue from overnight US markets. Today's sharp gap-up has tilted USDMYR to the upside. USDMYR is likely to test 3.9278, and a break here exposes a move to 3.9400, which in our view completes a bullish pattern could trigger further gains.
- **SGD weakened 0.63% to 1.3243 against USD** but managed to advance against 6 G10s that also retreated against the rebounding greenback. **We turn bearish on SGD against a firm USD**, further weighed down by retreating equities amid hawkish tone from the Fed Chair. USDSGD is now tilted to the upside after breaking above 1.3196. The pair is likely resuming its recent attempt on 1.3303, but caution that this strong resistance could end the rebound.

#### Overnight Economic Data

US	→
Eurozone	↓
Japan	↓
Hong Kong	↑
New Zealand	↑

#### What's Coming Up Next

##### Major Data

- Malaysia CPI
- US MBA mortgage applications, GDP 4Q, Chicago PMI, pending home sales
- EU CPI estimate & UK GfK consumer confidence
- Japan housing starts
- China PMI services and manufacturing & Hong Kong GDP

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2174	1.2200	1.2229	1.2260	1.2285	↘
USDJPY	107.00	107.15	107.51	107.84	108.01	↗
GBPUSD	1.3871	1.3900	1.3906	1.3920	1.3955	↘
AUDUSD	0.7759	0.7784	0.7793	0.7807	0.7819	↘
EURGBP	0.8771	0.8787	0.8795	0.8800	0.8815	↘
USDMYR	3.9200	3.9215	3.9255	3.9278	3.9315	↗
EURMYR	4.7900	4.7953	4.8022	4.8056	4.8119	↘
JPYMYR	3.6405	3.6473	3.6529	3.6554	3.6615	↗
GBPMYR	5.4472	5.4532	5.4604	5.4624	5.4642	↘
SGDMYR	2.9600	2.9630	2.9633	2.9643	2.9653	↘
AUDMYR	3.0504	3.0562	3.0615	3.0645	3.0712	↘
NZDMYR	2.8334	2.8380	2.8397	2.8424	2.8461	↘
USDSGD	1.3200	1.3220	1.3247	1.3256	1.3271	↗
EURSGD	1.6168	1.6200	1.6210	1.6212	1.6230	↘
GBPSGD	1.8407	1.8415	1.8425	1.8436	1.8450	↘
AUDSGD	1.0290	1.0300	1.0327	1.0338	1.0365	↘

\*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	1871.5	0.6	4.2	CRB Index	195.4	-0.69	0.8
Dow Jones Ind.	25410.0	-1.2	2.8	WTI oil (\$/bbl)	63.0	-1.41	4.3
S&P 500	2744.3	-1.3	2.6	Brent oil (\$/bbl)	66.6	-1.29	-0.4
FTSE 100	7282.5	-0.1	-5.3	Gold (S/oz)	1318.4	-1.10	1.2
Shanghai	3292.1	-1.1	-0.5	CPO (RM/tonne)	2533.5	1.00	6.0
Hang Seng	31268.7	-0.7	4.5	Copper (\$/tonne)	7110.0	0.21	-1.9
STI	3540.4	-0.4	4.0	Rubber (sen/kg)	466.5	0.76	0.9

Source: Bloomberg

## ➤ Macroeconomics

### Economic Data

	For	Actual	Last	Survey
US durable goods orders	Jan P	-3.7%	2.8%	-2.0%
US S&P CoreLogic house prices YOY	Dec	6.30%	6.36%	6.35%
US Richmond Fed mfg index	Feb	28	14	15
US Conference Board consumer confidence	Feb	130.8	124.3	126.5
EU economic confidence	Feb	114.1	114.9	114.0
EU consumer confidence	Feb F	0.1	0.1	0.1
EU biz climate indicator	Feb	1.48	1.56	1.47
UK GfK consumer confidence	Feb	-10	-9	-10
JP retail sales MOM	Jan	-1.8%	0.9%	-0.6%
JP retail trade YOY	Jan	1.6%	3.6%	2.4%
JP industrial production YOY	Jan P	2.7%	4.4%	5.3%
HK exports YOY	Jan	18.1%	6.0%	16.1%
NZ ANZ biz confidence	Feb	-19.0	-37.8	--

Source: Bloomberg

- Fed Chair Jerome Powell sounded positive in his testimony to the House Financial Services Committee, stating his view that “the economy has strengthened since Dec”, and that there has been “continuing strength in the labour market”. The bright tone boosted rate hike expectations going forward, which was further supported by his comment that “inflation is moving up to target” based on data. His view on policy remains one to juggle between “avoiding an overheated economy” and lifting inflation to 2%. He also voiced confidence that recent developments, namely market correction and rising yields of US government debt, will not be “weighing heavily on the outlook for economic activity, the labour market, and inflation”.
- US data turned out mixed. Durable goods orders fell 3.7% MOM according to Jan preliminary report, down from 2.8% gain in Dec, suggesting slower consumer spending. House prices grew slightly slower, rising 6.30% YOY gain in Dec as recorded by S&P CoreLogic, easing from 6.36% climb in Nov. Meanwhile, manufacturing activity in Richmond area accelerated in Feb; the index doubled to 28 from 14. Consumers were more optimistic in Feb, according to the Conference Board survey; the index rose to 130.8 from 124.3 previously.
- Sentiment in Eurozone eased in Feb, weighed down by lack of progress on the political front in Germany and jitters ahead of Italian elections. Consumer confidence index was confirmed at a 0.1 reading in Feb final report, pulling back from 1.4 in Jan, the highest level since Aug 2000. Economic confidence index dipped to 114.1 in Feb, easing from 114.9, while business climate indicator index slipped to 1.48 in Feb from 1.56. Similarly in the UK, Brexit uncertainties continue to weigh on sentiment; GfK consumer confidence index dipped to -10 in Feb from -9 previously.
- Japan ended its string of data upsides amid signs of renewed slowdown in Jan reports. Retail sales fell 1.8% MOM, reversing a soft 0.9% gain in Dec. Annually, sales expansion eased to 1.6% YOY from 3.6% previously, led by declines in demand for general merchandise, apparels and motor vehicles, as well as slower demand for machinery / equipment. Supply side, factory production slowed to 2.7% YOY in Jan estimate, down from 3.6% previously.
- Hong Kong’s exports surged 18.1% YOY in Jan, jumping from 6.0% in Dec. Increased demand ahead of lunar new year lifted shipments to China (Jan: +29.0% vs Dec: +1.7%) and Taiwan (Jan: +40.0% vs Dec: -10.1%) that offset slowdown in demand from other major destinations such as the US, Japan and India. Lunar new year preparations also lifted domestic demand as imports surged 23.8% in Jan from 9.0%. The strong performance of exports helped reduce the trade deficit from HK\$ 59.9m to HK\$ 31.9m, the narrowest shortfall since Jul 2017.
- Business confidence in New Zealand turned less gloomy in Feb, according to ANZ’s measure. The index climbed to -19.0 in Feb, rising from -37.8 in Jan and continued its bounce from the lowest since Mar 2009 on rising political and economic uncertainties post-elections.

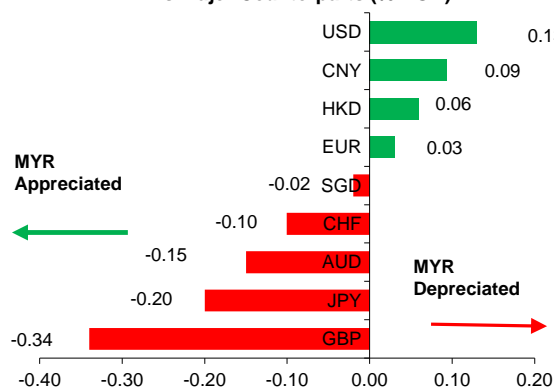
Economic Calendar Release Date						
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	28/2	CPI YOY	Jan	2.8%	3.5%	--
	1/3	Nikkei Malaysia PMI	Feb	--	50.5	--
US	28/2	MBA mortgage applications	Feb 23	--	-6.6%	--
		GDP QOQ	4Q S	2.5%	2.6%	--
	1/3	Chicago PMI	Feb	64.1	65.7	--
		Pending home sales MOM	Jan	0.5%	0.5%	--
		PCE core YOY	Jan	1.5%	1.5%	--
		Personal income	Jan	0.3%	0.4%	--
		Personal spending	Jan	0.2%	0.4%	--
		Initial jobless claims	Feb 24	225k	222k	--
		PMI manufacturing	Feb F	55.9	55.9	--
		ISM manufacturing	Feb	58.6	59.1	--
Eurozone	28/2	CPI estimate YOY	Feb	1.2%	1.3%	--
	1/3	PMI manufacturing	Feb F	58.5	58.5	--
UK	1/3	Unemployment rate	Jan	8.6%	8.7%	--
		Nationwide house price MOM	Feb	0.1%	0.6%	--
		Net consumer credit	Jan	1.4b	1.5b	--
		Mortgage approvals	Feb	62.0k	61.0k	61.0k
Japan	28/2	PMI manufacturing	Feb	55.0	55.3	--
		Housing starts YOY	Jan	-4.7%	-2.1%	--
	1/3	Nikkei PMI	Feb F	--	54.0	--
China	28/2	Consumer confidence	Feb	44.8	44.7	--
		PMI services	Feb	55.0	55.3	--
		PMI manufacturing	Feb	51.1	51.3	--
Hong Kong	1/3	Caixin PMI manufacturing	Feb	51.3	51.5	--
	28/2	GDP YOY	4Q	3.0%	3.6%	--
Australia	1/3	AiG manufacturing index	Feb	--	58.7	--
Vietnam	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%	--
	1/3	Nikkei PMI manufacturing	Feb	--	53.4	--

Source: Bloomberg

**FX Table**

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2233	-0.68	1.2346	1.2222	1.9
USDJPY	107.33	0.37	107.68	106.79	-4.7
GBPUSD	1.3909	-0.42	1.3997	1.3858	2.9
AUDUSD	0.7789	-0.84	0.7869	0.7784	0.2
EURGBP	0.8795	-0.26	0.8844	0.8787	-1.0
USDMYR	3.9080	0.13	3.9130	3.8980	-3.4
EURMYR	4.8191	0.03	4.8296	4.8046	-0.6
JPYMYR	3.6541	-0.20	3.6607	3.6430	1.6
GBPMYR	5.4696	-0.34	5.4747	5.4449	0.1
SGDMYR	2.9669	-0.02	2.9711	2.9633	-2.1
AUDMYR	3.0686	-0.15	3.0723	3.0623	-2.9
NZDMYR	2.8499	-0.49	2.8541	2.8424	-1.0

Source: Bloomberg

**MYR vs Major Counterparts (% DOD)**

**Forex**
**MYR**

- **MYR declined 0.13% to 3.9080 against a rebounding USD** but managed to beat 8 G10s that were also on the retreat against the greenback.
- **We turn bearish on MYR on the back of a firm USD**, while also likely to be pressured by risk-off in the regional markets taking cue from overnight US markets. Today's sharp gap-up has tilted USDMYR to the upside. USDMYR is likely to test 3.9278, and a break here exposes a move to 3.9400, which in our view completes a bullish pattern could trigger further gains.

**USD**

- **USD rebounded to beat all G10s** while DXY jumped on positive-toned comments by Fed Chair Powell that boosted rate hike expectations, closing 0.56% higher at 90.35.
- **Expect USD to stay bullish**, boosted by recent positive comments from Fed Chair Powell; further gains are likely to accelerate if US data surprises to the upsides today. DXY continues to trend within a minor bullish pattern, with scope to break above 90.60 in the coming days. Failure to do so will trigger a drop to circa 89.60 – 89.70.

**EUR**

- **EUR tumbled 0.68% to 1.2233 against a firm USD** but managed to beat 5 G10s.
- **EUR remains bearish on the back of a firm USD**. Rising downside momentum continues to weigh down EURUSD. There is now room to test 1.2203, below which further losses to circa 1.2039 can be expected in the coming weeks.

**GBP**

- **GBP fell 0.42% to 1.3909 against a firm USD** but advanced against 7 G10s on the back of risk-off sentiment in European markets.
- **Keep a bearish view on GBP against a firm USD**, further pressured by Brexit uncertainties. Unless GBPUSD closes above 1.3955 today, bearish bias is expected to build and lead the pair lower to circa 1.3848 going forward. Breaking below this exposes a move to 1.3771.

**JPY**

- **JPY advanced against 8 G10s** on rising demand for refuge as most majors fell on the greenback's rebound, but **weakened 0.37% to 107.33 against USD**.
- **Maintain a slight bearish view on JPY against USD**, weighed down by improving demand for the greenback. A minor bullish chart pattern has emerged but we are uncertain if upsides can be sustained given that broader USDJPY trend remains deep in bearish territory. A test at 108 can be expected, but rejection could take place here.

**AUD**

- **AUD slumped 0.84% to 0.7789 against USD** and weakened against 7 G10s amid risk aversion in the markets.
- **We turn bearish on AUD against a firm USD**, further weighed down by weakness in equities and commodities. A drop below 0.7838 has allayed the recent bullish build-up. AUDUSD is now tilted to the downside, with scope for further losses to circa 0.7745.

**SGD**

- **SGD weakened 0.63% to 1.3243 against USD** but managed to advance against 6 G10s that also retreated against the rebounding greenback.
- **We turn bearish on SGD against a firm USD**, further weighed down by retreating equities amid hawkish tone from the Fed Chair. USDSGD is now tilted to the upside after breaking above 1.3196. The pair is likely resuming its recent attempt on 1.3303, but caution that this strong resistance could end the rebound.

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