

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Quicker than expected moderation in US 4Q GDP growth to 2.6% QOQ took center stage. Despite the disappointing headline figure, underlying details were commendable** evident in the sharp pick-up in private consumption (+3.8% vs +2.2%) which unfortunately had led to a surge in imports that exerted a drag on overall GDP. In addition, investment remained a weak spot. In separate releases, upticks in durable goods orders and manufacturing activities in Kansas City added to signs of extended moderate recovery in the US economy as demand remains firm.
- **4Q GDP print from the UK painted a different picture. While headline growth picked up a notch to 0.5% QOQ in 4Q, growth indeed moderated to 1.5% on a YOY basis.** Overall growth was weighed down by the services industries as Brexit uncertainties continued to take a toll even as the manufacturing and mining sectors continued to expand steadily.
- **USD tumbled against all G10s** while the Dollar Index fell 0.36% to 89.06, pressured by a softer than expected US 4Q GDP. **Stay bearish on USD;** recent data downside is likely to pressure USD going into another round of data releases. Expect a strong rebound if US data surprises to the upside. Through the week, expect buying interest to remain soft heading into FOMC meeting. The Dollar Index remains technically weak and inclined to further losses, possibly testing 88.63. Do not rule out rebounds but gains are likely capped below 89.72, otherwise the onset a firmer rebound will emerge.
- **MYR strengthened 0.39% to 3.8705 against a weak USD** and advanced against 8 G10s on continually positive regional sentiment. **We turn slightly bullish MYR against a weak USD** supported by continually firm regional sentiment. Firm bearish trend suggest extended USDMYR losses cannot be ruled out but expect losses to soften going forward. Caution that a rebound may be on the horizon, with room to climb to as high as 3.9152.
- **SGD advanced 0.2% to 1.3074 against a soft USD** but retreated against 7 G10s that were also climbing on the back of a soft greenback. **We turn slightly bullish on SGD against a soft USD,** further supported by firm risk appetite in the markets. USDSGD remains technically bearish and the attempt to rebound appears to have ended. USDSGD is poised to test 1.3020 next, but likely to remain above 1.3009.

Overnight Economic Data

US	↑
UK	↑
SG	→

What's Coming Up Next

Major Data

- US personal spending, personal income, PCE core and Dallas Fed manufacturing activity
- VN CPI, retail sales YTD, industrial production and export YTD

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2351	1.2400	1.2425	1.2445	1.2485	↗
USDJPY	108.00	108.34	108.58	108.79	109.07	↘
GBPUSD	1.4100	1.4127	1.4147	1.4185	1.4209	↘
AUDUSD	0.8072	0.8100	0.8115	0.8131	0.8150	↗
EURGBP	0.8762	0.8776	0.8784	0.8787	0.8797	↘
USDMYR	3.8620	3.8647	3.8672	3.8700	3.8750	↘
EURMYR	4.7959	4.8000	4.8054	4.8120	4.8185	↘
JPYMYR	3.5522	3.5560	3.5599	3.5621	3.5677	↗
GBPMYR	4.4650	5.4696	5.4732	5.4761	5.4805	↘
SGDMYR	2.9550	2.9578	2.9602	2.9621	2.9650	↘
AUDMYR	3.1276	3.1330	3.1365	3.1417	3.1467	↗
NZDMYR	2.8326	2.8400	2.8442	2.8492	2.8547	↘
USDSGD	1.3020	1.3048	1.3064	1.3085	1.3100	↗
EURSGD	1.6200	1.6224	1.6237	1.6248	1.6280	↘
GBPSGD	1.8434	1.8450	1.8486	1.8502	1.8520	↘
AUDSGD	1.0538	1.0566	1.0597	1.0600	1.0625	↘

*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	1853.9	0.4	3.2	CRB Index	200.5	0.59	3.4
Dow Jones Ind.	26616.7	0.8	7.7	WTI oil (\$/bbl)	66.1	1.00	9.5
S&P 500	2872.9	1.2	7.5	Brent oil (\$/bbl)	70.5	0.10	5.2
FTSE 100	7665.5	0.7	-0.3	Gold (\$/oz)	1349.2	0.10	3.6
Shanghai	3558.1	0.3	7.6	CPO (RM/tonne)	2466.5	-0.16	3.2
Hang Seng	33154.1	1.5	10.8	Copper (\$/tonne)	7085.0	-0.74	-2.2
STI	3567.1	-0.2	4.8	Rubber (sen/kg)	464.0	-0.11	0.3

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US GDP annualized QoQ	4Q A	2.60%	3.20%	3.00%
US personal consumption	4Q	3.80%	2.20%	3.70%
US durable goods orders	Dec P	2.90%	1.70%	0.80%
US Kansas City Fed manufacturing activity	Jan	16	14	14
UK GDP QoQ	4Q A	0.50%	0.40%	0.40%
SG unemployment rate SA	4Q	2.10%	2.20%	2.10%
SG industrial production YoY	Dec	-3.90%	5.6%	0.80%

Source: Bloomberg

- The main highlight from last Friday was the softer than expected US 4Q GDP, even as other data offered some positivity. The US GDP was estimated to have expanded at a pace of 2.6% QOQ, slowing from 3.2% in 3Q and missing the expected 3.0% figure. A breakdown of the GDP figure suggests a few bright spots; personal consumption and durable goods grew at quicker paces, though both were offset by surging growth in imports and slower investments.
- Other US reports indicate growth momentum remains commendable; durable goods orders grew 2.9% YOY in Dec estimates, rising from 1.7% in Nov and even after discounting the volatile transportation, orders still increased 0.6%, up from 0.3% in Nov. Manufacturing activity quickened in Jan, according to Kansas City Fed; the index ticked higher to 16 from 14 previously.
- Economy in UK was estimated to have grown 0.50% QOQ in 4Q, from a 0.40% gain last quarter. Annually, growth slowed to 1.5% YOY from 1.7% in 3Q. Despite firmer expansion in manufacturing and mining & quarrying, overall growth was weighed down by softer gains in transport & communication, business services & finance, as well as services industries.
- In Singapore, the overall unemployment rate declined slightly to 2.10% in 4Q from 2.20% in Sept. Meanwhile, employment change in all industries reveal a positive tone, rebounded to 12.8% QOQ from 2.30% declined last quarter. The rebound was mainly due to larger employment growth in services, supported by hiring for the year-end festive season. Industrial production unexpectedly fell 3.90% YOY in Dec from a gain of 5.60% last month, driven by a slump in pharmaceuticals production while growth in the electronics manufacturing slowed.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	1/29	Personal Spending	Dec	0.40%	0.60%	--
		Personal Income	Dec	0.30%	0.30%	--
		PCE Core MoM	Dec	0.10%	0.20%	--
	1/30	Dallas Fed Manufacturing Activity	Jan	25.4	29.7	--
		Conference Board Consumer Confidence	Jan	123.0	122.1	--
Eurozone	1/30	Economic Confidence	Jan	116.2	116.0	--
		GDP SA QoQ	4Q A	0.60%	0.60%	--
		Consumer Confidence	Jan F	1.3	1.3	--
		Biz climate indicator	Jan	1.68	1.66	--
UK	1/30	Mortgage Approvals	Dec	63.5k	65.1k	--
Japan	1/30	Jobless Rate	Dec	2.70%	2.70%	--
		Retail Sales MoM	Dec	-0.40%	1.90%	1.90%
Australia	1/30	NAB Business Confidence	Dec	--	6	--
NZ	1/30	Trade Balance NZD	Dec	-125m	-1193m	--
		Exports NZD	Dec	5.00b	4.63b	--
Vietnam	1/29-30	CPI YoY	Jan	2.60%	2.60%	--
		Retail Sales YTD YoY	Jan	--	10.9%	--
		Industrial Production YoY	Jan	--	11.2%	--
		Export YTD YoY	Jan	26.9%	21.1%	--

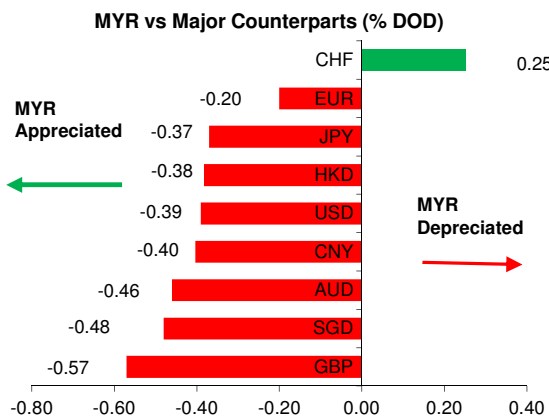
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2427	0.25	1.2494	1.2370	3.5
USDJPY	108.58	-0.76	109.77	108.28	-3.5
GBPUSD	1.4160	0.13	1.4285	1.4111	4.7
AUDUSD	0.8110	1.05	0.8136	0.8005	3.8
EURGBP	0.8781	0.19	0.8785	0.8724	-1.1
USDMYR	3.8705	-0.39	3.8953	3.8698	-4.3
EURMYR	4.8205	-0.20	4.8387	4.8102	-0.6
JPYMYR	3.5501	-0.37	3.5560	3.5389	-1.3
GBPMYR	5.5191	-0.57	5.5280	5.4896	1.0
SGDMYR	2.9622	-0.48	2.9745	2.9601	-2.2
AUDMYR	3.1276	-0.46	3.1331	3.1170	-1.1
NZDMYR	2.8537	-0.32	2.8553	2.8399	-0.9

Source: Bloomberg



MYR

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USD

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- **Stay bearish on USD**; recent data downside is likely to pressure USD going into another round of data releases. Expect a strong rebound if US data surprises to the upside. Through the week, expect buying interest to remain soft heading into FOMC meeting. The Dollar Index remains technically weak and inclined to further losses, possibly testing 88.63. Do not rule out rebounds but gains are likely capped below 89.72, otherwise the onset a firmer rebound will emerge.

EUR

- **EUR climbed 0.25% to 1.2427 against USD** after paring some gains from European morning but retreated against 8 G10s.
- **Stay bullish on EUR against a soft USD**, but could again quickly dip into losses if US data outperforms. While EURUSD remains inclined to the upside amid firm bullish trend, we continue to caution diminishing upward momentum that is posing a threat to the sustainability of this bullishness. This could result in a drop to 1.2161 in the coming weeks.

GBP

- **GBP fell against all G10s** as Brexit optimism waned but **managed to beat a soft USD 0.13% to 1.4160**.
- **We are still bearish on GBP against USD** amid a lack of positive catalysts to drive further gains. GBPUSD remains exposed to further retracements after failing to hold above 1.4239. Further losses could test 1.4044 going forward.

JPY

- **JPY remained supported by sell-off in USD, advancing 0.76% to 108.58** while strengthening against 7 G10s.
- **JPY remains bullish against a weak USD**, supported by risk aversion in the greenback heading into US data and FOMC meeting. Loss of 109.07 and break at 108.72 have increased USDJPY's bearishness. Expect a test at 108.34, below which USDJPY could slide to as low as 107.84.

AUD

- **AUD surged 1.05% to 0.8110 against a soft USD** and strengthened against all G10s, supported by firmer risk appetite.
- **We turn slightly bullish on AUD against a soft USD**, supported further by firm risk appetite in the markets. Beating 0.8072 last Friday has increased AUDUSD's inclination to the upside. Further gains are possible but likely more moderate given signs of being strongly overbought.

SGD

- **SGD advanced 0.2% to 1.3074 against a soft USD** but retreated against 7 G10s that were also climbing on the back of a soft greenback.
- **We turn slightly bullish on SGD against a soft USD**, further supported by firm risk appetite in the markets. USDSGD remains technically bearish and the attempt to rebound appears to have ended. USDSGD is poised to test 1.3020 next, but likely to remain above 1.3009.

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