

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Overnight economic releases continued to paint a decent picture on global growth outlook.** Personal income in the US picked up to increase at a slightly faster pace of 0.4% MOM in December while spending rose at a more moderate pace of 0.4% MOM as expected. Core PCE, the preferred inflation gauge by the Fed, rose at a steady pace of 1.5% YOY, adding to signs of sustained inflation outlook amid firm demand. Meanwhile, manufacturing activities gained traction in Dallas.
- On a more subdued note, **Japanese data were more neutral**, with jobless rate and overall household spending disappointed even though data showed continued growth in retail spending.
- **The barrage of data from Vietnam remained upbeat.** Exports surged 33.1% YOY in Jan, after growing a cumulative 21.1% YOY through Jan – Dec 2017. Industrial production growth accelerated in tandem with a strong exports print, led by pick-up in mining & quarrying, manufacturing and electricity output. On the contrary, retail sales growth moderate somewhat as slowdown in trade sector weighed on pick-up in hotel / restaurants, tourism and services sectors. Meanwhile, consumer prices ticked higher to 2.65% YOY in Jan from 2.60% amid softer decline in cost of food.
- **USD rebounded to beat all G10s** while the Dollar Index was steadily higher through most sessions, closing 0.27% higher at 89.30. **Expect a firmer USD** as short positions are pared amid risk aversion ahead of FOMC meeting and US employment data. Despite overnight rebound, the Dollar Index remains inclined to further losses, possibly testing 88.63. Closing above 89.72 will provide firmer upside strength that could challenge 90.91.
- **MYR weakened 0.29% to 3.8818 against a rebounding USD**, sliding most in early European session and closed mixed against the G10s. **MYR is now bearish against a rebounding USD**, further weighed down by retreating buying interest heading into a 2-day closure of the Malaysian market. USDMYR has bounced off the lows and on top of retreating downside momentum, suggest rebound could extend. There is room for USDMYR to climb to as high as 3.9152, above which 3.9523 could be tested next.
- **SGD** was also firmer against 9 G10s but **weakened 0.23% to 1.3103 against a rebounding USD**. We turn bearish on SGD against a rebounding USD, further pressured by retreating risk appetite in the markets. USDSGD appears to have re-initiated an attempt at rebound; gains are expected to test 1.3142, above which 1.3175 will be challenged.

Overnight Economic Data

US	→
Japan	→
Vietnam	↑
New Zealand	↑

What's Coming Up Next

Major Data

- US Conference Board consumer confidence & S&P CS house prices
- EU 4Q GDP, economic & consumer confidence, biz climate indicator
- UK mortgage approvals
- Australia NAB biz confidence and conditions

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.2305	1.2351	1.2382	1.2400	1.2415	↘
USDJPY	108.17	108.50	108.96	109.07	109.22	↘
GBPUSD	1.4026	1.4057	1.4065	1.4075	1.4100	↘
AUDUSD	0.8050	0.8072	0.8094	0.8100	0.8120	↘
EURGBP	0.8766	0.8785	0.8799	0.8807	0.8815	↗
USDMYR	3.8820	3.8850	3.8875	3.8953	3.8985	↗
EURMYR	4.8000	4.8042	4.8104	4.8171	4.8264	↘
JPYMYR	3.5641	3.5666	3.5682	3.5708	3.5760	↗
GBPMYR	5.4570	5.4615	5.4668	5.4696	5.4761	↘
SGDMYR	2.9601	2.9620	2.9659	2.9685	2.9700	↗
AUDMYR	3.1424	3.1448	3.1475	3.1500	3.1515	↘
NZDMYR	2.8385	2.8419	2.8470	2.8506	2.8555	↘
USDSGD	1.3080	1.3100	1.3108	1.3129	1.3142	↗
EURSGD	1.6196	1.6210	1.6220	1.6227	1.6250	↘
GBPSGD	1.8386	1.8400	1.8434	1.8462	1.8483	↘
AUDSGD	1.0588	1.0600	1.0609	1.0614	1.0624	↗

*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	1870.5	0.9	4.1	CRB Index	199.5	-0.49	2.9
Dow Jones Ind.	26439.5	-0.7	7.0	WTI oil (\$/bbl)	65.6	1.00	8.5
S&P 500	2853.5	-0.7	6.7	Brent oil (\$/bbl)	69.5	-1.50	3.9
FTSE 100	7671.5	0.1	-0.2	Gold (\$/oz)	1340.3	-0.70	3.0
Shanghai	3523.0	-1.0	6.5	CPO (RM/tonne)	2458.0	-0.34	2.9
Hang Seng	32966.9	-0.6	10.2	Copper (\$/tonne)	7085.0	-0.74	-2.2
STI	3577.1	0.3	5.1	Rubber (sen/kg)	455.0	-1.94	-1.6

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US personal income	Dec	0.4%	0.3%	0.3%
US personal spending	Dec	0.4%	0.8%	0.4%
US PCE core YOY	Dec	1.5%	1.5%	1.5%
US Dallas Fed manufacturing	Jan	33.4	29.7	25.4
JP jobless rate	Dec	2.8%	2.7%	2.7%
JP overall household spending	Dec	-0.1%	1.7%	1.3%
JP retail trade YOY	Dec	3.6%	2.1%	2.2%
JP dept. store, supermarket sales YOY	Dec	1.1%	1.4%	0.5%
NZ trade balance NZD	Dec	640m	-1233m	-125m
VN CPI YOY	Jan	2.65%	2.60%	2.60%
VN exports YTD YOY	Jan	33.1%	21.1%	26.9%
VN industrial production YOY	Jan	20.9%	11.2%	--
VN retail sales YTD YOY	Jan	9.5%	10.9%	--

Source: Bloomberg

- US data was mixed, with quicker growth in income but slower spending, while inflation steadied. Personal income grew 0.4% in Dec, ticking higher from 0.3%, while personal spending growth eased to 0.4% from 0.8% in Nov, still meeting expectations though. The Fed's preferred measure of inflation, PCE core, increased 1.5% YOY in Dec, steadying from Nov. Meanwhile, manufacturing activity seemed to be gathering pace; Dallas Fed's measure of factory activity showed acceleration in Jan, with the index climbing to 33.4 from 29.7.
- Data from Japan suggests a mixed spending pattern and a slight increase in jobless rate, which inched higher to 2.8% in Dec from 2.7% previously. Sales at departmental stores declined but was offset by firmer growth in sales at supermarkets, which lifted the headline retail trade growth figure to 3.6% YOY in Dec from 2.1% in Nov. However, household spending was slightly weaker as it dipped 0.1% YOY in Dec after gaining 1.7% in Nov, driven by slowdown in purchases of food, household goods, clothing / footwear as well as declines in transportation and housing.
- Vietnam released several positive data for Jan, underlining firm external demand. Exports surged 33.1% YOY in Jan, after growing a cumulative 21.1% YOY through Jan – Dec 2017. Trade deficit, however, widened to \$300m from a shortfall of \$233m in Dec. Industrial production growth accelerated in tandem with a strong exports print, jumping 20.9% YOY in Jan from 11.2% in Dec. Growth was led by pick-up in mining & quarrying, manufacturing and electricity output, though water supply grew softer.
- Vietnam's retail sales growth eased to 9.5% in Jan, sliding from a cumulative growth of 10.9% through Jan – Dec 2017 as slowdown in trade sector weighed on pick-up in hotel / restaurants, tourism and services sectors. Meanwhile, consumer prices ticked higher to 2.65% YOY in Jan from 2.60% amid softer decline in cost of food that negated easier increases in cost of housing / construction materials and transport.
- New Zealand registered a trade surplus of NZ\$640m in Dec, overturning from a NZ\$ 1233m deficit in Nov as exports outpaced imports for the first time in 5 months.

Economic Calendar Release Date

Country	Date	Event	Reporting Period	Survey	Prior	Revised
US	1/30	Conference Board Consumer Confidence	Jan	123.0	122.1	--
		S&P CoreLogic CS 20-city YOY	Nov	6.30%	6.38%	--
	1/31	MBA mortgage applications	Jan 26	--	4.5%	--
		ADP employment change	Jan	183k	250k	--
		Chicago Purchasing Manager	Jan	64.0	67.6	67.8
		Pending home sales MOM	Dec	0.5%	0.2%	--
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	--
	1/31	Biz climate indicator	Jan	1.68	1.66	--
		Unemployment rate	Dec	8.7%	8.7%	--
		CPI estimate YOY	Jan	1.2%	1.4%	--
UK	1/30	Mortgage approvals	Dec	63.5k	65.1k	--
	1/31	GfK consumer confidence	Jan	-13	-13	--
Australia	1/30	NAB business confidence	Dec	--	6	--
		NAB business conditions	Dec	--	12	--

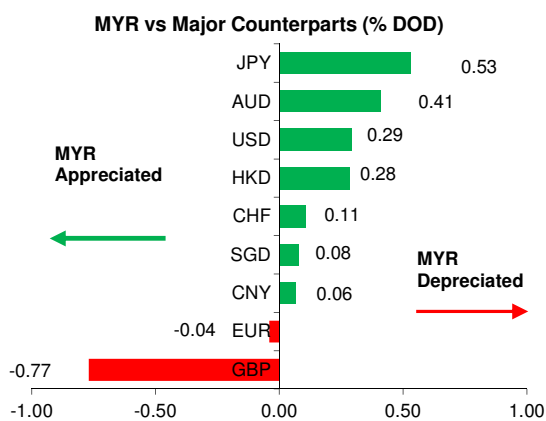
Source: Bloomberg

Forex

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.2383	-0.35	1.2442	1.2337	3.1
USDJPY	108.96	0.35	109.2	108.51	-3.3
GBPUSD	1.4074	-0.61	1.4209	1.4026	4.1
AUDUSD	0.8094	-0.20	0.8121	0.8074	3.7
EURGBP	0.8797	0.19	0.8816	0.8749	-0.9
USDMYR	3.8818	0.29	3.8855	3.8663	-4.1
EURMYR	4.8186	-0.04	4.8238	4.7513	-0.6
JPYMYR	3.5690	0.53	3.5700	3.5199	-0.7
GBPMYR	5.4768	-0.77	5.4893	5.4113	0.2
SGDMYR	2.9646	0.08	2.9679	2.9251	-2.1
AUDMYR	3.1403	0.41	3.1445	3.0970	-0.7
NZDMYR	2.8428	-0.38	2.8492	2.8068	-1.3

Source: Bloomberg



MYR

- **MYR weakened 0.29% to 3.8818 against a rebounding USD**, sliding most in early European session and closed mixed against the G10s.
- **MYR is now bearish against a rebounding USD**, further weighed down by retreating buying interest heading into a 2-day closure of the Malaysian market. USDMYR has bounced off the lows and on top of retreating downside momentum, suggest rebound could extend. There is room for USDMYR to climb to as high as 3.9152, above which 3.9523 could be tested next.

USD

- **USD rebounded to beat all G10s** while the Dollar Index was steadily higher through most sessions, closing 0.27% higher at 89.30.
- **Expect a firmer USD** as short positions are pared amid risk aversion ahead of FOMC meeting and US employment data. Despite overnight rebound, the Dollar Index remains inclined to further losses, possibly testing 88.63. Closing above 89.72 will provide firmer upside strength that could challenge 90.91.

EUR

- **EUR retreated in tandem with a firmer USD, sliding 0.35% to 1.2383** and closed lower against 6 G10s.
- **We are now bearish on EUR against USD** on risk aversion ahead of Eurozone data; expect sharper losses if data disappoints. EURUSD is showing signs of reversal; caution that losing 1.2351 will set a course of a downside break at 1.2305 and target 1.2161 in the coming weeks. Unless EURUSD manages to close above 1.2427, this view is likely to prevail.

GBP

- **GBP tumbled against all G10s and fell 0.61% to 1.4074 against USD** amid reports of political infighting that could challenge PM May's leadership.
- **GBP remains bearish against USD** amid emergence of negative political development in the UK. GBPUSD remains exposed to further retracements amid continued retreat in upside momentum; caution that losing 1.4057 exposes a drop to 1.3967 next.

JPY

- **JPY weakened 0.35% to 108.96 against a rebounding USD** and slipped against 5 G10s.
- **JPY remains bullish against USD**, supported by risk aversion in the FX markets ahead of Eurozone and US data. We maintain that USDJPY is still bearish while below 109.22, and set sights on a decline to below 108.58 in the coming days.

AUD

- **AUD advanced against 9 G10s but slipped 0.2% to 0.8094 against a rebounding USD.**
- **We now expect a bearish AUD against USD**, pressured by risk aversion in the markets heading into Eurozone and US data. Upside momentum continues to soften, suggesting rising likelihood of failure to challenge higher levels. Closing below 0.8072 will intensify losses going forward, with room to slide to 0.7959 in the coming weeks.

SGD

- **SGD was also firmer against 9 G10s but weakened 0.23% to 1.3103 against a rebounding USD.**
- **We turn bearish on SGD against a rebounding USD**, further pressured by retreating risk appetite in the markets. USDSGD appears to have re-initiated an attempt at rebound; gains are expected to test 1.3142, above which 1.3175 will be challenged.

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