

Global Markets Research

Daily Market Highlights

Key Takeaways

- US stocks ended Friday's choppy session on a mixed note amidst a week of light holiday trading. **The Dow and S&P 500 erased earlier gains in the late session, to end modestly lower by 0.33% (-76.4pts) and 0.12% (-3.09pts) respectively whereas the NASDAQ inched up by 0.08% (+5.0pts).** Stocks' afternoon reversal led bonds to rally as yield on 10Y treasuries fell by 5bps to 2.72%. Crude oil prices were boosted by EIA report on declining US crude inventories- **WTI went up to \$45.33/barrel (+1.61%) while Brent settled at \$53.20/barrel (+0.91%).** Over the weekend, President Trump tweeted about his phone call with President Xi saying that "big progress" was being made with China regarding both countries' trade deal.
- Limited data releases during holiday season - **The NAR reported that its pending home sales index fell by 0.7% MOM** in November reaffirming weakness in the housing market. The MNI **Chicago Business Barometer eased to 65.4 in December**, signaling slower expansion in the area's manufacturing sector.
- **USD extended its downsides against 9 G10s** while the DXY bounced off intraday low in US morning, paring losses on the back of refuge demand but still ended 0.08% lower at 96.40. **Expect USD to remain bearish** in anticipation of sustained downside pressure from US government shutdown and softening Fed rate hike outlook. Downward momentum still points to further losses in DXY. We expect DXY to take aim at 96.04 next, below which a bearish chart pattern will be completed and likely head for circa 95.00.
- **MYR strengthened 0.26% to 4.1540 against a weak USD** and managed to climb against 5 G10s. **Expect a slightly bullish MYR against a soft USD** though gains may be modest amid thin trading heading into the New Year holiday. We opine that USDMYR has completed a bearish chart pattern after gapping lower at opening. Holding below 4.1500 is crucial to sustain further bearish formation, which suggests a drop to circa 4.1230 soon.
- **SGD strengthened 0.33% to 1.3663 against a weak USD** and advanced against 6 G10s amid support from refuge demand. **Continue to expect a slightly bullish SGD in line with our view of a soft USD.** Downward momentum has increased, tilting USDSGD lower. USDSGD has tested 1.3662 as we expected and is now taking aim at 1.3621 in the next leg lower.

Overnight Economic Data

US



What's Coming Up Next

Major Data

- US Dallas Fed Manufacturing Activity,
- China Manufacturing PMI, Non-Manufacturing PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1407	1.1420	1.1443	1.1455	1.1474	↗
GBPUSD	1.2654	1.2672	1.2691	1.2707	1.2719	↗
USDJPY	109.79	110.00	110.35	110.56	110.95	↘
AUDUSD	0.7000	0.7020	0.7049	0.7059	0.7069	↗
EURGBP	0.8989	0.9004	0.9019	0.9033	0.9041	↗
USDMYR	4.1400	4.1420	4.1445	4.1460	4.1480	↘
EURMYR	4.7400	4.7423	4.7452	4.7463	4.7483	↘
JPYMYR	3.7491	3.7522	3.7552	3.7604	3.7625	↘
GBPMYR	5.2500	5.2539	5.2602	5.2666	5.2709	↘
SGDMYR	3.0320	3.0337	3.0353	3.0371	3.0392	↘
AUDMYR	2.9150	2.9200	2.9233	2.9267	2.9275	↘
NZDMYR	2.7768	2.7800	2.7821	2.7859	2.7885	↘
USDSGD	1.3621	1.3646	1.3659	1.3672	1.3681	↘
EURSGD	1.5608	1.5619	1.5635	1.5645	1.5675	↘
GBPSGD	1.7300	1.7314	1.7334	1.7350	1.7367	↗
AUDSGD	0.9600	0.9620	0.9633	0.9645	0.9660	↘

* 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	1,692.07	0.08	-5.88	CRB Index	170.97	0.28	-11.81
Dow Jones Ind.	23,062.40	-0.33	-6.70	WTI oil (\$/bbl)	45.33	1.61	-24.98
S&P 500	2,485.74	-0.12	-7.08	Brent oil (\$/bbl)	52.20	0.08	-19.99
FTSE 100	6,733.97	2.27	-12.41	Gold (\$/oz)	1,278.27	0.20	8.10
Shanghai	2,493.90	0.44	-24.59	CPO (RM/tonne)	1,982.00	0.84	-17.07
Hang Seng	25,504.20	0.10	-14.76	Copper (\$/tonne)	5,997.00	0.18	-17.25
STI	3,053.43	0.29	-10.27	Rubber (sen/kg)	379.50	0.40	-17.95

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Chicago Purchasing Manager	Dec	65.4	66.4	60.3
US Pending Home Sales MOM	Nov	-0.7%	-2.6%	1.0%

Macroeconomics

- US pending home sales fell unexpectedly:** The National Association of Realtor (NAR) reported that its pending home sales index which measures contracts to buy previously owned homes fell by 0.7% MOM in November (Oct: -2.6%) ,reaffirming weakness in a US housing market constrained by rising interest rates.
- Chicago PMI moderated in December:** The MNI Chicago Business Barometer eased to 65.4 in December (Nov: 66.4) which suggests a slower expansion of the manufacturing sector in Chicago area. The slower upturn was driven by a fall in demand following a surge in the previous month. However last month's higher order managed to translate into stronger output this month with production rising to 11-month high. Overall the index ends the year on a strong note and continues to signal a healthy business environment in the area.

Source: Bloomberg

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
31/12	US	Dallas Fed Manufacturing Activity	Dec	15.0	17.6	--
31/12	China	Manufacturing PMI	Dec	50.0	50.0	--
		Non-Manufacturing PMI	Dec	53.2	53.4	--
31/12 – 02/01	Singapore	GDP Annual YOY	2018	3.3%	3.6%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1444	0.12	1.1473	1.1428	-4.71
GBPUSD	1.2699	0.43	1.2707	1.2635	-6.08
USDJPY	110.27	-0.67	111.03	110.15	-2.09
AUDUSD	0.7047	0.20	0.7069	0.7028	-9.77
EURGBP	0.9012	-0.33	0.9060	0.9004	1.51
USDMYR	4.1540	-0.26	4.1655	4.1525	2.35
EURMYR	4.7536	0.16	4.7667	4.7531	-2.27
JPYMYR	3.7658	0.14	3.7673	3.7501	4.41
GBPMYR	5.2599	-0.33	5.2740	5.2572	-3.80
SGDMYR	3.0399	0.12	3.0426	3.0325	0.07
AUDMYR	2.9314	-0.26	2.9332	2.9267	-7.71
NZDMYR	2.7885	-0.38	2.7943	2.7859	-3.54
CHFMYR	4.2196	0.42	4.2245	4.2148	1.45
CNYMYR	0.6052	-0.35	0.6071	0.6052	-2.66
HKDMYR	0.5309	-0.24	0.5322	0.5305	2.10
USDSGD	1.3663	-0.33	1.3712	1.3653	2.28
EURSGD	1.5639	-0.19	1.5693	1.5614	-2.61
GBPSGD	1.7354	0.12	1.7367	1.7279	-4.05
AUDSGD	0.9621	-0.20	0.9659	0.9604	-7.80

Source: Bloomberg

MYR

- **MYR strengthened 0.26% to 4.1540 against a weak USD** and managed to climb against 5 G10s.
- **Expect a slightly bullish MYR against a soft USD** though gains may be modest amid thin trading heading into the New Year holiday. We opine that USDMYR has completed a bearish chart pattern after gapping lower at opening. Holding below 4.1500 is crucial to sustain further bearish formation, which suggests a drop to circa 4.1230 in the coming weeks.

USD

- **USD extended its downsides against 9 G10s** while the DXY bounced off intraday low in US morning, paring losses on the back of refuge demand but still ended 0.08% lower at 96.40.
- **Expect USD to remain bearish** in anticipation of sustained downside pressure from US government shutdown and softening Fed rate hike outlook. Downward momentum still points to further losses in DXY. We expect DXY to take aim at 96.04 next, below which a bearish chart pattern will be completed and likely head for circa 95.00.

EUR

- **EUR climbed 0.12% to 1.1444 against USD** after holding on to early gains but slipped against 7 G10s.
- **Stay bullish on EUR in line with our view of a softer USD.** Expect EURUSD to test 1.1454 again, above which EURUSD will attempt to challenge 1.1474, the threshold above which a bullish chart pattern will be completed and likely head for 1.1580.

GBP

- **GBP jumped 0.43% to 1.2699 against USD** and advanced against 7 G10s on receding Brexit jitters.
- **Continue to expect a slightly bullish GBP against USD**, supported by receding Brexit jitters. A slight bullish bias continues to prevail in GBPUSD, thus we expect some gains going forward. We expect at 1.2707, above which 1.2719 will be tested.

JPY

- **JPY strengthened 0.67% to 110.27 against a weak USD** and advanced against 8 G10s, supported by continued risk-off in the markets.
- **JPY is slightly bullish against USD** as we anticipate extended risk-off in the markets. USDJPY still carries at bearish bias and is now taking aim at 110.00, below which 109.79 will be under threat.

AUD

- **AUD rose 0.2% to 0.7047 against a weak USD** but fell against 5 G10s on the back of continued pressure from risk-off in the markets.
- **AUD is now slightly bullish on the back of a soft USD**; caution that gains may be modest given likelihood of extended loss in market risk appetite. AUDUSD remains subdued in the absence of succinct technical signals. AUDUSD may be caught between 0.7030 – 0.7070, but caution that a rebound higher looks more likely than not going forward.

SGD

- **SGD strengthened 0.33% to 1.3663 against a weak USD** and advanced against 6 G10s amid support from refuge demand.
- **Continue to expect a slightly bullish SGD in line with our view of a soft USD.** Downward momentum has increased, tilting USDSGD lower. USDSGD has tested 1.3662 as we expected and is now taking aim at 1.3621 in the next leg lower.

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