

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended mixed on the first trading day of the week as US-China trade negotiation resumed and amidst uncertainty over another potential government shutdown.** The Dow lost 0.21% while both the S&P500 and NASDAQ managed to gain only 0.07% and 0.13%. Treasuries fell as trade talks begin pushing yield higher - the 2Y treasuries note yield was up by 2bps to 2.49% while 10y note yield picked up 2bps to 2.65%. Elsewhere, European equities rallied while Asian markets were mixed. Oil prices weakened - WTI lost 0.59% to settle at \$52.41/barrel while Brent fell by 0.95% to \$61.51/barrel.
- Data remained scanty - **The preliminary reading of UK 4Q GDP growth eased to 0.2% QOQ in the final quarter of 2018 confirming that growth slowed substantially** after an impressive summer quarter. Industrial productions fell 0.5% MOM in December marking its fifth consecutive month of decline, highlighting the continuous weakness in the manufacturing sector. Visible trade deficit meanwhile narrowed to £12.1b in December. **Malaysia IPI growth staged a bigger than expected pick-up**, bouncing back to 3.4% YOY in December from the revised 2.6% YOY increase in November, **a sign that the upcoming release of 4Q GDP could surprise to the upside.**
- **USD strengthened against all G10s**, continuing to climb on the back of rising demand for refuge amid declines in equities and the threat of another US government shutdown. The DXY climbed through all sessions before easing in US afternoon, but nonetheless closed 0.43% higher at 97.05. **We turn bullish on USD** as risk-off sentiment increases amid likelihood of extended losses in equities and looming government shutdown threat. Technical landscape has improved after beating 96.69 and 96.95 overnight. A path towards 97.31 – 97.40 has been exposed, but still, we caution that risk of rejection is likely to increase as DXY approaches this range.
- **MYR slipped 0.1% to 4.0730 against USD** and was easier against 6 G10s as risk appetite waned. **Expect a slightly bearish MYR against USD**, weighed down by extended risk-off in market sentiment. We caution that minor bearish trend is nearing an end and note the prevalence of a price-momentum divergence, which could push USDMYR higher going forward. Expect a test at 4.0795 – 4.0850 range if this happens, while beating 4.0850 will expose a move to 4.1060 in the coming week.
- **SGD weakened 0.35% to 1.3610 against USD** but climbed against 7 G10s on the back of increased demand for refuge. **Expect a slightly bearish SGD against a firm USD.** Minor bullish trend continues to prevail and USDSGD is now likely taking aim at 1.3621 – 1.3626 range, above which a climb towards 1.3656 will be exposed.

Overnight Economic Data

Malaysia
UK



What's Coming Up Next

Major Data

- Malaysia Foreign Reserves
- US NFIB Small Business Optimism
- Japan Machine Tool Orders
- Australia Home Loans, NAB Business Conditions & Confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1297	1.1315	1.1277	1.1344	1.1367	↘
GBPUSD	1.2810	1.2847	1.2862	1.2871	1.2897	↘
USDJPY	110.14	110.35	110.47	110.60	110.81	↗
AUDUSD	0.7038	0.7068	0.7074	0.7100	0.7138	↗
EURGBP	0.8747	0.8755	0.8767	0.8776	0.8793	↗
USDMYR	4.0745	4.0765	4.0780	4.0800	4.0835	↗
EURMYR	4.5920	4.5950	4.5977	4.6011	4.6036	↘
JPYMYR	3.6820	3.6850	3.6900	3.6957	3.7000	↘
GBPMYR	5.2348	5.2425	5.2432	5.2479	5.2514	↘
SGDMYR	2.9900	2.9920	2.9957	2.9981	3.0000	↘
AUDMYR	2.8763	2.8800	2.8822	2.8829	2.8892	↘
NZDMYR	2.7378	2.7400	2.7432	2.7471	2.7500	↘
USDSGD	1.3595	1.3600	1.3606	1.3614	1.3621	↗
EURSGD	1.5320	1.5338	1.5343	1.5355	1.5366	↘
GBPSGD	1.7468	1.7487	1.7501	1.7510	1.7523	↘
AUDSGD	0.9585	0.9603	0.9619	0.9629	0.9644	↗

* 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	1,688.56	0.12	-0.12	CRB Index	177.11	-0.52	4.31
Dow Jones Ind.	25,053.11	-0.21	7.40	WTI oil (\$/bbl)	52.41	-0.59	15.42
S&P 500	2,709.80	0.07	8.10	Brent oil (\$/bbl)	61.51	-0.95	14.33
FTSE 100	7,129.11	0.82	5.96	Gold (S/oz)	1,308.12	-0.47	8.10
Shanghai	2,653.90	1.36	6.42	CPO (RM/tonne)*	2,133.50	-1.11	9.27
Hang Seng	28,143.84	0.71	8.89	Copper (\$/tonne)	6,210.00	-0.58	4.11
STI	3,206.27	0.13	4.48	Rubber (sen/kg)	388.00	0.26	2.37

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
MA Industrial Production YOY	Dec	3.4%	2.6% (revised)	2.7%
UK GDP QOQ	4Q	0.2%	0.6%	0.3%
UK Visible Trade Balance GBP/Mn	Dec	-£12,102m	-£12,400m (revised)	-£11,892m
UK Industrial Production MOM	Dec	-0.5%	-0.3% (revised)	0.1%

Source: Bloomberg

Macroeconomics

- UK growth eased in late 2018 following impressive summer quarter:**
 The preliminary reading of UK 4Q GDP growth eased to 0.2% QOQ in the final quarter of 2018 (3Q: +0.6%) confirming that growth slowed substantially after an impressive summer quarter. The softer print was dragged by a contraction in investment (-0.5% vs +0.6%) as household spending grew steadily (+0.4%) while general government spending rebounded after two straight quarters of declines (+1.4% vs -0.3%). Exports rose 0.9% QOQ (3Q: +0.2%) while imports strengthened by 1.3% QOQ (3Q: +0.0%). This brings the YOY growth for the final quarter to 1.3% YOY (3Q: +1.5%) and full year GDP growth at 1.4% YOY. Meanwhile, industrial productions fell 0.5% MOM in December (Nov: -0.3%), marking its fifth consecutive month of decline, highlighting the continuous weakness in the manufacturing sector which has witnessed a sixth straight months of declines in output. Visible trade deficit meanwhile narrowed to £12.1b in December (Nov: £12.4b) as exports fell further by 2.3% MOM (Nov: -0.8%) while imports dropped by 2.3% MOM (Nov: +0.0%).
- Bigger than expected pick-up in December IPI signals Malaysia 4Q GDP growth could surprise on the upside**
 Industrial production growth staged a bigger than expected pick-up, bouncing back to 3.4% YOY in December from the revised 2.6% YOY increase in November. Quicker growth in manufacturing production and a rebound in mining output helped offset slower gains in electricity output during the month. This brought IPI growth to average higher at 3.4% YOY in 4Q (3Q: +2.4%) but full year IPI growth decelerated to 3.1% YOY in 2018 (2017: +4.5% YOY). Looking ahead, further deceleration in manufacturing growth added to signs momentum in global demand is tapering off. While recent slew of global economic indicators reaffirmed our view of softening growth outlook, the pick-up in external trade and upside surprise in IPI performance for Malaysia in 4Q appeared to signal the Malaysian economy could surprise on the upside in its upcoming release of 4Q GDP reading on Thursday. We are of the view that 4Q GDP growth could surpass our expectations to print 4.5%, bringing full year 2018 GDP growth to 4.7%.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
12/02	Malaysia	Foreign Reserves	31 Jan	--	\$101.7b	--
12/02	US	NFIB Small Business Optimism	Jan	103	104.4	104.4
13/02		MBA Mortgage Applications	Feb-08	--	-2.5%	--
		CPI YOY	Jan	1.5%	1.9%	--
13/02	Eurozone	Industrial Production SA MOM	Dec	-0.4%	-1.7%	--
13/02	UK	CPI YOY	Jan	1.9%	2.1%	--
		PPI Output NSA YOY	Jan	2.2%	2.5%	--
12/02	Japan	Machine Tool Orders YOY	Jan P	--	-18.3%	--
13/02		PPI YOY	Jan	1.0%	1.5%	--
12/02	Australia	Home Loans MOM	Dec	-2.0%	-0.9%	--
		NAB Business Conditions	Jan	--	2.0	--
		NAB Business Confidence	Jan	--	3.0	--
13/02		Westpac Consumer Conf Index	Feb	--	99.6	--
13/02	New Zealand	RBNZ Official Cash Rate	Feb-13	1.75%	1.75%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1276	-0.42	1.1330	1.1267	-1.65
GBPUSD	1.2855	-0.69	1.2950	1.2845	0.86
USDJPY	110.38	0.59	110.47	109.69	0.64
AUDUSD	0.7062	-0.37	0.7108	0.7057	0.21
EURGBP	0.8768	0.32	0.8777	0.8745	-2.47
USDMYR	4.0730	0.10	4.0745	4.0620	-1.47
EURMYR	4.6033	-0.10	4.6122	4.6005	-2.62
JPYMYR	3.7002	-0.12	7.3194	3.6957	-1.53
GBPMYR	5.2624	0.04	5.2682	5.2498	-0.10
SGDMYR	3.0002	0.02	5.9338	2.9954	-1.18
AUDMYR	2.8877	0.16	5.7120	2.8837	-1.21
NZDMYR	2.7506	0.06	5.4409	2.7466	-1.01
CHFMYR	4.0700	0.23	8.0472	4.0626	-3.08
CNYMYR	0.6000	-1.63	1.1874	0.5998	-0.86
HKDMYR	0.5191	0.14	1.0261	0.5177	-1.72
USDSGD	1.3610	0.35	1.3614	1.3552	-0.17
EURSGD	1.5346	-0.08	1.5373	1.5339	-1.82
GBPSGD	1.7492	-0.36	1.7577	1.7487	0.69
AUDSGD	0.9611	-0.04	0.9638	0.9603	0.05

Source: Bloomberg

MYR

- **MYR slipped 0.1% to 4.0730 against USD** and was easier against 6 G10s as risk appetite waned.
- **Expect a slightly bearish MYR against USD**, weighed down by extended risk-off in market sentiment. We caution that minor bearish trend is nearing an end and note the prevalence of a price-momentum divergence, which could push USDMYR higher going forward. Expect a test at 4.0795 – 4.0850 range if this happens, while beating 4.0850 will expose a move to 4.1060 in the coming week.

USD

- **USD strengthened against all G10s**, continuing to climb on the back of rising demand for refuge amid declines in equities and the threat of another US government shutdown. The DXY climbed through all sessions before easing in US afternoon, but nonetheless closed 0.43% higher at 97.05.
- **We turn bullish on USD** as risk-off sentiment increases amid likelihood of extended losses in equities and looming government shutdown threat. Technical landscape has improved after beating 96.69 and 96.95 overnight. A path towards 97.31 – 97.40 has been exposed, but still, we caution that risk of rejection is likely to increase as DXY approaches this range.

EUR

- **EUR fell 0.42% to 1.1276 against a firm USD** and weakened against 6 G10s on extended risk-off following softer Eurozone outlook.
- **We now expect a bearish EUR against a firm USD**. Technical outlook remains negative for EURUSD. There is room for further losses below 1.1269, and could test 1.1216 going forward. Rebounds must beat 1.1300 to overturn current bearish bias.

GBP

- **GBP tumbled 0.69% to 1.2855 against USD** and weakened against 8 G10s amid further pressure from Brexit uncertainties and downside surprises in UK GDP data.
- **GBP remains bearish against USD** in our view as it continues to be weighed down by Brexit uncertainties. Downward momentum continues to increase, suggesting room for further losses going forward. After losing 1.2905, GBPUSD will take aim at 1.2847, and 1.2808 below this.

JPY

- **JPY weakened 0.59% to 110.38 against a firm USD** and retreated against 7 G10s after taking losses in Asian and European sessions.
- **We turn slightly bearish on JPY in line with our view of a firmer USD**. USDJPY has shifted into a bullish bias after rallying past 110.02 and 110.14. Further upsides are likely, with 110.81 now on the crosshair, and 111.37 thereafter.

AUD

- **AUD fell 0.37% to 0.7062 against USD** as risk appetite wanes heading into US session but managed to advance against 5 G10s.
- **AUD is now bearish in our view on continued strength in USD**, on top of receding risk appetite in the markets. We continue to caution potential for minor bounces after recent declines, but unless AUDUSD can recapture above 0.7100 today, minor bearish trend still prevails and suggests a drop to 0.7045 soon.

SGD

- **SGD weakened 0.35% to 1.3610 against USD** but climbed against 7 G10s on the back of increased demand for refuge.
- **Expect a slightly bearish SGD against a firm USD**. Minor bullish trend continues to prevail and USDSGD is now likely taking aim at 1.3621 – 1.3626 range, above which a climb towards 1.3656 will be exposed.

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