

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks plummeted overnight as weaker-than-expected Chinese trade report led to renewed fear over trade war's impacts on global economic growth.** Adding to the concerns was the ongoing US government shutdown, now in its 24th day and the longest in history. Taking cue from falling European equity, the Dow, S&P500 and NASDAQ all ended in the red, erasing 0.38% (-91.8pts), 0.47% (-12.3pts) and 0.88% (-61.4pts) respectively. Treasuries were virtually unchanged with the yield on 10-year notes flat at 2.71% while that of the 30s went up slightly to 3.05% (+2bps). **Crude oil prices weakened over 2.0% on global growth concerns** - Brent fell below \$60/barrel to \$58.99/barrel while WTI settled lower at \$50.51/barrel.
- **Data releases remained scanty with bulk of the scheduled releases in the US continued to be postponed amidst government shutdown.** In the Eurozone, industrial productions fell by 1.7% MOM in November as all five of its largest economies all registered declines in output. **China exports fell unexpectedly by 4.4% YOY in December reflecting pullback from earlier front loading activities while imports dipped by 7.6% YOY, a sign of soft domestic demand,** leading the trade surplus to widen to \$57.06b.
- **USD eased against 5 G10s** while the DXY was mostly sideways before closing 0.06% lower at 95.61 as demand for refuge was offset by lack of buying interest on protracted US government shutdown. **Stay slightly bullish on USD** on likelihood of rising refuge demand from prolonged government shutdown. Downward momentum continues to retreat and likely to allow further rebound. While we maintain that a bearish trend still prevails, there may be room for DXY to climb to circa 96.00 – 96.05 before relenting and resuming a downtrend.
- **MYR weakened 0.15% to 4.1010 against USD** following softer market sentiment in Asian session amid weaker than expected Chinese data. MYR managed to advance against 7 G10s. **We turn slightly bearish on MYR against USD,** weighed down by extended risk-off in the markets. USDMYR is likely headed higher as part of a rebound from recent losses, possibly targeting 4.1110 – 4.1150 first, before extending further losses. Caution that beating 4.1150 exposes a move to 4.1313.
- **SGD ended mixed against the G10s and was little changed against USD at 1.3535. We turn slightly bearish on SGD against USD** on the back of extended retreat in market sentiment. USDSGD appears to have bounced off recent lows and with downward momentum receding, a rebound may be in the works. Caution that continued failure to break below 1.3500 will tilt USDSGD towards the upside.

#### Overnight Economic Data

Eurozone	↓
China	↓

#### What's Coming Up Next

##### Major Data

- US Empire Manufacturing, PPI
- Eurozone Trade Balance SA
- Japan Machine Tool Orders

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1439	1.1452	1.1473	1.1483	1.1500	↘
GBPUSD	1.2840	1.2869	1.2878	1.2897	1.2930	↗
USDJPY	108.00	108.20	108.32	108.75	109.29	↗
AUDUSD	0.7188	0.7207	0.7210	0.7229	0.7227	↘
EURGBP	0.8889	0.8900	0.8906	0.8911	0.8922	↘
USDMYR	4.0940	4.0980	4.1005	4.1050	4.1070	↗
EURMYR	4.7000	4.7021	4.7051	4.7075	4.7101	↘
JPYMYR	3.7724	3.7800	3.7846	3.7905	3.7976	↘
GBPMYR	5.2639	5.2731	5.2810	5.2910	5.3015	↗
SGDMYR	3.0259	3.0279	3.0300	3.0307	3.0318	→
AUDMYR	2.9485	2.9500	2.9547	2.9594	2.9660	↗
NZDMYR	2.7943	2.7980	2.7997	2.8016	2.8050	→
USDSGD	1.3500	1.3520	1.3531	1.3540	1.3557	↗
EURSGD	1.5480	1.5505	1.5525	1.5537	1.5554	↘
GBPSGD	1.7376	1.7409	1.7433	1.7448	1.7465	↗
AUDSGD	0.9725	0.9739	0.9752	0.9761	0.9775	↘

\* 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	1,676.16	-0.42	-0.85	CRB Index	177.79	-0.16	4.71
Dow Jones Ind.	23,909.84	-0.36	2.50	WTI oil (\$/bbl)	50.51	-2.09	11.23
S&P 500	2,582.61	-0.53	3.02	Brent oil (\$/bbl)	58.99	-2.46	9.65
FTSE 100	6,855.02	-0.91	1.89	Gold (S/oz)	1,291.72	0.11	8.10
Shanghai	2,535.77	-0.71	1.68	CPO (RM/tonne)	2,010.50	-0.64	2.97
Hang Seng	26,298.33	-1.38	1.75	Copper (\$/tonne)	5,942.00	0.20	-0.39
STI	3,173.46	-0.79	3.41	Rubber (sen/kg)	396.50	-0.63	4.62

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
EU Industrial Production SA MOM	Nov	-1.7%	0.1% (revised)	-1.5%
CH Exports YOY	Dec	-4.4%	3.9% (revised)	2.0%
CH Imports YOY	Dec	-7.6%	2.9% (revised)	4.5%
CH Trade Balance	Dec	\$57.06b	\$41.86b (revised)	\$51.60b

Source: Bloomberg

## ➤ Macroeconomics

- Eurozone industrial productions fell as output of all major economies declined:** Industrial productions resumed decline by 1.7% MOM in November (Oct: +0.1% revised) after eking out a minor gain in the previous month. The fall in output/slowdown in certain countries were almost universal with the bloc's five largest economies (Germany, France, Spain, Portugal and Italy) all registered declines in productions, further reaffirming a broad-based slowdown in the Eurozone economy. Data in the euro area have been generally weak with the exception of the labour market which has continued to strengthen further but investors, businesses and consumers sentiments were seen deteriorating, raising questions on whether the ECB could raise its key rates after summer this year.
- China weakening trade renewed trade war fear:** The NBS latest trade report showed that exports fell by 4.4% YOY in December (Nov: +3.9% revised), its first decline since Mar-18 (shipments pulled back after a ramp-up in February by a whopping 43.6% due to the Lunar New Year). Imports also unexpectedly dipped by 7.6% YOY (Nov: +2.9% revised), the last fall was seen more than two years ago in Oct-16 thus bringing the trade surplus to widen to \$57.06b (Nov: \$41.86b revised), the highest since Jan-16. The fall in exports came after months of front loading and was slightly ahead of time given that many had earlier penciled in for a decline in early 2019. The drop in exports to US by 3.5% YOY (Nov: +9.8%) largely reflects the effect of front loading activities in our view while the softer growth/decline in shipments to other key trading partners was more of an evident of softer global demand conditions. Notably, the fall in imports raised concerns on the country's domestic demand. Imports from the US dipped further by 35.8% (Nov: -25.0%) despite official report that China had resumed purchases of US soybeans in December in light with the negotiated trade truce while shipments from other partners saw a broad-based decline as well. December's print reaffirms the Chinese economy's continuous struggle as it navigates external challenges amidst a year-long trade dispute and maneuvers domestic headwinds. We expect the central government to introduce more fiscal stimulus and the PBOC to implement further RRR cuts as a means of support for the softer demand conditions.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
15/01	US	Empire Manufacturing	Jan	10.0	10.9	--
		PPI Final Demand YOY	Dec	2.5%	2.5%	--
16/01		MBA Mortgage Applications	Jan-11	--	--	--
		Import Price Index MOM	Dec	-1.3%	-1.6%	--
		NAHB Housing Market Index	Jan	56.0	56.0	--
15/01	Eurozone	Trade Balance SA	Nov	12.6b	12.5b	--
16/01	UK	CPI YOY	Dec	2.1%	2.3%	--
		CPI Core YOY	Dec	1.8%	1.8%	--
15/01	Japan	Machine Tool Orders YOY	Dec P	--	-17.0%	--
16/01		Core Machine Orders MOM	Nov	3.0%	7.6%	--
		PPI YOY	Dec	1.8%	2.3%	--
16/01	China	New Home Prices MOM	Dec	--	0.98%	--

Source: Bloomberg

## Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1469	0.00	1.1482	1.1442	0.04
GBPUSD	1.2864	0.16	1.2930	1.2819	0.97
USDJPY	108.16	-0.30	108.60	107.99	-1.34
AUDUSD	0.7197	-0.25	0.7224	0.7176	2.14
EURGBP	0.8915	-0.18	0.8953	0.8875	-0.91
USDMYR	4.1010	0.15	4.1050	4.0940	-0.79
EURMYR	4.7007	-0.36	4.7103	4.6929	-0.56
JPYMYR	3.7885	0.17	3.7976	3.7750	0.82
GBPMYR	5.2564	0.76	5.2731	5.2547	-0.21
SGDMYR	3.0272	-0.17	3.0321	3.0256	-0.29
AUDMYR	2.9482	-0.25	2.9559	2.9422	0.86
NZDMYR	2.7887	-0.35	2.7980	2.7870	0.36
CHFMYR	4.1726	0.06	4.1750	4.1608	-0.63
CNYMYR	0.6063	-0.18	0.6080	0.6058	0.18
HKDMYR	0.5226	0.06	0.5235	0.5221	-1.06
USDSGD	1.3535	0.01	1.3555	1.3516	-0.70
EURSGD	1.5527	0.04	1.5546	1.5484	-0.67
GBPSGD	1.7412	0.18	1.7499	1.7356	0.26
AUDSGD	0.9741	-0.23	0.9775	0.9716	1.45

Source: Bloomberg

### MYR

- **MYR weakened 0.15% to 4.1010 against USD** following softer market sentiment in Asian session amid weaker than expected Chinese data. MYR managed to advance against 7 G10s.
- **We turn slightly bearish on MYR against USD**, weighed down by extended risk-off in the markets. USDMYR is likely headed higher as part of a rebound from recent losses, possibly targeting 4.1110 – 4.1150 first, before extending further losses. Caution that beating 4.1150 exposes a move to 4.1313.

### USD

- **USD eased against 5 G10s** while the DXY was mostly sideways before closing 0.06% lower at 95.61 as demand for refuge was offset by lack of buying interest on protracted US government shutdown.
- **Stay slightly bullish on USD** on likelihood of rising refuge demand from prolonged government shutdown. Downward momentum continues to retreat and likely to allow further rebound. While we maintain that a bearish trend still prevails, there may be room for DXY to climb to circa 96.00 – 96.05 before relenting and resuming a downtrend.

### EUR

- **EUR ended unchanged against USD at 1.1469**, while climbing against 5 G10s.
- **EUR is now slightly bearish against a rebounding USD**. EURUSD continues to lose upward momentum and could extend its recent losses. Expect declines to be stemmed near 1.1427, otherwise EURUSD will be exposed to a drop to circa 1.1356 – 1.1375.

### GBP

- **GBP** remained boosted by optimism ahead of Brexit plan parliamentary vote tonight, rising against 7 G10s and **advancing 0.16% to 1.2864 against USD**.
- **Stay slightly bullish GBP against USD**, continued to be supported by improving Brexit sentiment. GBPUSD remains technically bullish and may be headed to 1.2927 next, a level at which risk of rejection increases and could stem further advances.

### JPY

- **JPY strengthened 0.30% to 108.16 against USD** and advanced against all G10s, supported by continued retreat in market sentiment.
- **We turn slightly bearish on JPY against a rebounding USD**, though losses may be minimal amid support from refuge demand. Downward momentum has diminished, limiting losses for USDPY. Meanwhile, holding above 108.00 will likely be constructive for USDJPY, allowing room for a climb to 109.29.

### AUD

- **AUD** tumbled to the bottom of the G10 list and **weakened 0.25% to 0.7197 against USD**, pressured by weakness in Chinese data.
- **We turn slightly bearish on AUD against USD**, likely weighed down by continued risk-off in the markets. While bullish bias continues to prevail, upward momentum has started to wane, putting in doubt AUDUSD's ability to push higher. There is a need to turn more cautious on AUDUSD after losing 0.7207 overnight. Another close below this level could be the onset of a sustained move downwards.

### SGD

- **SGD** ended mixed against the G10s and **was little changed against USD at 1.3535**.
- **We turn slightly bearish on SGD against USD** on the back of extended retreat in market sentiment. USDSGD appears to have bounced off recent lows and with downward momentum receding, a rebound may be in the works. Caution that continued failure to break below 1.3500 will tilt USDSGD towards the upside.

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

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