

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks rose modestly overnight led by a rally in the banking shares** after Goldman Sachs and Bank of America reported upbeat earnings. The S&P Financials sector was the best performing sector with an impressive 2.2% gain while materials, utilities and industrials experienced went up by less than 0.5%. Yield on 10Y treasuries ended 1bp higher to 2.72%. Earlier European stocks mostly climbed while Asian equities were mixed. **Theresa May's government won a no-confidence vote in parliament, introducing some stability to UK politics for now amidst Brexit uncertainties.** Crude oil prices strengthened further – WTI inched up to \$52.31/barrel (+0.38%) while Brent settled higher at \$61.31/barrel (+1.12%).
- In the US, the Fed released its **first Beige Book of 2019** and reported that **the activities rose modestly across most part of the countries but optimism level was seen falling.** The NAHB Housing Market Index improved to 58.0 in January signaling a slight recovery in US homebuilders' confidence while mortgage applications rose 13.5% last week due to lower mortgages costs. Import price index fell by 1.0% MOM on lower fuel imports prices. Elsewhere, **UK CPI eased to a 2.1% YOY gain in December, lower than what the BOE had earlier forecasted (2.5% by Q418)** but inching nearer to the central bank's 2% target, thus **suggesting the unlikelihood of a rate hike amidst uncertainties.**
- **USD climbed against 7 G10s** while the DXY overturned a gap down to close 0.02% higher at 96.05 after climbing through European and US sessions, supported by continued downsides in European FX space. **Maintain a bullish view on USD,** supported by refuge demand amid extended government shutdown and risk-off in European FX space. Recapturing above 96.05, albeit slightly, is expected to give DXY more bullish bias. There is now room to challenge 96.24 – 96.37 in the next leg higher.
- **MYR slipped 0.07% to 4.1090 against USD** after tumbling in early Asian session and retreated against 6 G10s. **MYR is slightly bearish against USD.** Receding downward momentum continues to suggest USDMYR is headed higher. We maintain the view that this is part of a rebound from recent losses, possibly targeting 4.1150, above which a move to 4.1313 will be exposed.
- **SGD strengthened 0.10% to 1.3552 against USD** and advanced against 9 G10s, supported by continued recovery in US equities. **Maintain a slightly bearish SGD view against USD** on technical reasons. USDSGD continues to shy away from recent lows and with downward momentum receding, there is more room for further gains. Caution that continued failure to break below 1.3500 will tilt USDSGD towards the upside.

#### Overnight Economic Data

US	➔
UK	⬇

#### What's Coming Up Next

##### Major Data

- US Initial Jobless Claims, Philadelphia Fed Business Outlook
- Eurozone CPI
- UK RICS House Price Balance
- Hong Kong Unemployment Rate
- Singapore Non-oil Domestic Exports
- Australia Home Loans

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1367	1.1378	1.1398	1.1402	1.1418	⬇
GBPUSD	1.2844	1.2868	1.2878	1.2898	1.2916	↗
USDJPY	108.26	108.64	109.00	109.33	109.56	↗
AUDUSD	0.7135	0.7150	0.7168	0.7188	0.7207	⬇
EURGBP	0.8820	0.8837	0.8849	0.8856	0.8871	⬇
USDMYR	4.1000	4.1035	4.1062	4.1100	4.1150	↗
EURMYR	4.6690	4.6762	4.6792	4.6818	4.6852	⬇
JPYMYR	3.7600	3.7648	3.7684	3.7712	3.7765	⬇
GBPMYR	5.2800	5.2843	5.2887	5.2930	5.3011	↗
SGDMYR	3.0279	3.0297	3.0305	3.0321	3.0347	➔
AUDMYR	2.9340	2.9369	2.9429	2.9449	2.9511	⬇
NZDMYR	2.7764	2.7810	2.7824	2.7859	2.7896	⬇
USDSGD	1.3538	1.3545	1.3550	1.3555	1.3568	↗
EURSGD	1.5400	1.5423	1.5440	1.5463	1.5477	⬇
GBPSGD	1.7425	1.7444	1.7450	1.7465	1.7476	↗
AUDSGD	0.9685	0.9700	0.9713	0.9719	0.9734	⬇

\* 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	1,673.08	-0.38	-1.04	CRB Index	179.64	0.37	5.79
Dow Jones Ind.	24,207.16	0.59	3.77	WTI oil (\$/bbl)	52.31	0.38	15.19
S&P 500	2,616.10	0.22	4.36	Brent oil (\$/bbl)	61.32	1.12	14.01
FTSE 100	6,862.68	-0.47	2.00	Gold (\$/oz)	1,293.67	0.32	8.10
Shanghai	2,570.42	0.00	3.07	CPO (RM/tonne)	2,004.50	-0.50	2.66
Hang Seng	26,902.10	0.27	4.09	Copper (\$/tonne)	5,920.00	0.39	-0.75
STI	3,229.11	0.52	5.23	Rubber (sen/kg)	396.00	0.51	4.49

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	Jan-11	13.5%	23.5%	--
US Import Price Index MOM	Dec	-1.0%	-1.9% (revised)	-1.3%
US NAHB Housing Market Index	Jan	58.0	56.0	56.0
UK CPI YOY	Dec	2.1%	2.3%	2.1%
UK CPI Core YOY	Dec	1.9%	1.8%	1.8%

Source: Bloomberg

## ➤ Macroeconomics

- US homebuilders' sentiments improved, mortgage applications increased, import price index fell:** The NAHB Housing Market Index, a survey of US homebuilders beat expectations by surprisingly climbing higher to 58.0 in January (Dec: 56.0). The improvement signals a slight recovery in confidence among US homebuilders as the broader housing market is seen slowing down in the US. Mortgage applications continued to rise at an impressive rate of 13.5% for the week ended 11 Jan (previous: +23.5%) with both purchases and refinancing segments saw a respective increase of 9.1% and 18.7% WOW. The huge demand in mortgage applications in the past two weeks have been driven by lower interest rates following the recent fall in treasuries yields. The average rate for a 30-year fixed rate loan was at 4.74% last week compared to 4.84% in late December. Meanwhile, import price index fell for the second consecutive month by 1.0% MOM in December (Nov: -1.9%) as prices of fuel imports extended a decline of 9.2% MOM (Nov: -13.3%) due to lower global oil prices.
- Fed's Beige Book reported less optimism nationwide:** The newly released first Beige Book of the year reported that economic activity expanded in most of the United States, with 8 out of 12 Fed districts reporting modest to moderate growth. The majority of Districts indicated that manufacturing expanded, but that growth had slowed, particularly in the auto and energy sectors. Energy sector slowed as lower oil prices contributed to a pullback in the industry's capex expectations. New home constructions and existing home sales as well as commercial real estate activity were little changed. The report pointed out a general weakening of sentiments nationwide – while outlooks generally remained positive, but many Districts reported that “contacts had become less optimistic in response to increased financial market volatility, rising short-term interest rates, falling energy prices, and elevated trade and political uncertainty”. Employment increased in most part of the country, labour markets remained tight as firms were struggling to find workers at any skill level. Wages grew throughout the country and across skill levels. On the price front, majority of districts reported modest to moderate increases in prices as firms' input costs had risen but reports were mixed on whether they could pass the higher costs to customers. Rising materials and freight prices and higher tariffs were quoted as sources of costs increases.
- U.K. inflation fell to near two-year low, BOE unlikely to hike rate:** CPI eased to increase 2.1% YOY in December (Nov: +2.3%), weighed down by the fall in petrol prices amidst tumbling global crude oil prices in December while core CPI grew by a slightly faster pace of 1.9% YOY (Nov: +1.9%). The weaker headline print left inflation to just a notch above the BOE's 2% target, a comfortable level for the central bank to not hike its bank rate against a backdrop of political and economic uncertainties. In fact the BOE had earlier projected CPI to reach 2.5% by the end of December 2018 in its November inflation report. The BOE is now expected to wait at least until March this year when the U.K. is scheduled to leave the EU to assess the economic impact brought about by the withdrawal.

<b>Economic Calendar</b>						
<b>Date</b>	<b>Country</b>	<b>Events</b>	<b>Reporting Period</b>	<b>Survey</b>	<b>Prior</b>	<b>Revised</b>
<b>17/01</b>	<b>US</b>	<b>Initial Jobless Claims</b>	<b>Jan-12</b>	<b>220k</b>	<b>216k</b>	--
		<b>Philadelphia Fed Business Outlook</b>	<b>Jan</b>	<b>9.5</b>	<b>9.4</b>	<b>9.1</b>
18/01		Industrial Production MOM	Dec	0.2%	0.6%	--
		U. of Mich. Sentiment	Jan P	96.9	98.3	--
<b>17/01</b>	<b>Eurozone</b>	<b>CPI YOY</b>	<b>Dec F</b>	<b>1.6%</b>	<b>1.9%</b>	<b>1.9%</b>
		<b>CPI Core YOY</b>	<b>Dec F</b>	<b>1.0%</b>	<b>1.0%</b>	-
<b>17/01</b>	<b>UK</b>	<b>RICS House Price Balance</b>	<b>Dec</b>	<b>-13.0%</b>	<b>-11.0%</b>	--
18/01		Retail Sales Inc Auto Fuel MOM	Dec	-0.8%	1.4%	--
18/01	Japan	Natl CPI YOY	Dec	0.3%	0.8%	--
		Natl CPI Ex Fresh Food YOY	Dec	0.8%	0.9%	--
		Industrial Production YOY	Nov F	--	1.4%	--
<b>17/01</b>	<b>Hong Kong</b>	<b>Unemployment Rate SA</b>	<b>Dec</b>	<b>2.8%</b>	<b>2.8%</b>	--
<b>17/01</b>	<b>Singapore</b>	<b>Non-oil Domestic Exports SA MOM</b>	<b>Dec</b>	<b>2.0%</b>	<b>-4.2%</b>	--
<b>17/01</b>	<b>Australia</b>	<b>Home Loans MOM</b>	<b>Nov</b>	<b>-1.5%</b>	<b>2.2%</b>	--
		<b>Investment Lending</b>	<b>Nov</b>	<b>--</b>	<b>0.6%</b>	--
18/01	New Zealand	BusinessNZ Manufacturing PMI	Dec	--	53.5	--

Source: Bloomberg

## Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1392	-0.18	1.1425	1.1378	-0.58
GBPUSD	1.2885	0.19	1.2898	1.2825	1.06
USDJPY	109.09	0.38	109.20	108.37	-0.58
AUDUSD	0.7168	-0.46	0.7212	0.7162	-1.77
EURGBP	0.8844	-0.35	0.8889	0.8839	-1.62
USDMYR	4.1090	0.07	4.1170	4.1005	-0.59
EURMYR	4.6885	-0.13	4.6954	4.6803	-0.82
JPYMYR	3.7863	0.33	3.7982	3.7777	0.76
GBPMYR	5.2879	0.19	5.3011	5.2737	0.39
SGDMYR	3.0343	0.09	3.0375	3.0281	-0.05
AUDMYR	2.9592	0.12	2.9653	2.9538	1.24
NZDMYR	2.7991	-0.14	2.8094	2.7980	0.73
CHFMYR	4.1618	-0.18	4.1674	4.1537	-0.89
CNYMYR	0.6085	0.27	0.6088	0.6072	0.54
HKDMYR	0.5238	0.23	0.5249	0.5231	-0.83
USDSGD	1.3552	0.10	1.3568	1.3538	-0.61
EURSGD	1.5438	-0.29	1.5484	1.5427	-1.20
GBPSGD	1.7461	0.10	1.7468	1.7390	-0.44
AUDSGD	0.9714	-0.57	0.9773	0.9710	-1.16

Source: Bloomberg

### MYR

- **MYR slipped 0.07% to 4.1090 against USD** after tumbling in early Asian session and retreated against 6 G10s.
- **MYR is slightly bearish against USD.** Receding downward momentum continues to suggest USDMYR is headed higher. We maintain the view that this is part of a rebound from recent losses, possibly targeting 4.1150, above which a move to 4.1313 will be exposed.

### USD

- **USD climbed against 7 G10s** while the DXY overturned a gap down to close 0.02% higher at 96.05 after climbing through European and US sessions, supported by continued downsidings in European FX space.
- **Maintain a bullish view on USD,** supported by refuge demand amid extended government shutdown and risk-off in European FX space. Recapturing above 96.05, albeit slightly, is expected to give DXY more bullish bias. There is now room to challenge 96.24 – 96.37 in the next leg higher.

### EUR

- **EUR fell 0.18% to 1.1392 against USD** on continued downside pressure from recent ECB dovish statement, but managed to beat 6 G10s.
- **Continue to expect a bearish EUR against USD,** weighed down by rising skepticism on the ECB's ability to stay on tightening bias; downside surprise in Eurozone CPI will add pressure on EUR. Downward momentum has increased, further tilting EURUSD lower. There is room to test 1.1366 next, below which 1.1300 will be targeted.

### GBP

- **GBP** climbed to the top of the G10 list and **rose 0.19% to 1.2885 against USD,** supported by firm sentiment after UK PM May survived a vote of no confidence.
- **GBP remains slightly bullish against USD in our view** as we expect current Brexit sentiment to hold firm. Caution that GBP will increasingly be event-driven going forward, and could swing quickly between gains and losses on news flow. GBPUSD remains technically bullish; after breaking above 1.2868, there is now room for a move to circa 1.2916 – 1.2930.

### JPY

- **JPY weakened 0.38% to 109.09 against USD** and fell against 7 G10s, weighed down by improving risk appetite in equities and commodities.
- **Expect a slightly bearish JPY against USD** as refuge demand is likely to take a back seat amid extended recovery in equities and commodities. Upward momentum continues to improve, tilting USDPY towards 109.29, above which there is room for a climb to circa 110.41.

### AUD

- **AUD** surprised to the downside, **falling 0.46% to 0.7168 against USD** and sliding against 8 G10s even as equities and commodities extended their recovery.
- **Maintain a slight bearish view on AUD against USD** on technical reasons. Downside break of several firm supports suggests a possible onset of a reversal. We first set sights on a drop to circa 0.7138, below which losses could extend to 0.7079. Bullish bias is unlikely to be revived unless AUDUSD manages to break above 0.7207.

### SGD

- **SGD strengthened 0.10% to 1.3552 against USD** and advanced against 9 G10s, supported by continued recovery in US equities.
- **Maintain a slightly bearish SGD view against USD** on technical reasons. USDSGD continues to shy away from recent lows and with downward momentum receding, there is more room for further gains. Caution that continued failure to break below 1.3500 will tilt USDSGD towards the upside.

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