

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US markets were closed on Monday for President's Day. Asian equities staged a rally earlier as positive trade headlines on Friday fueled trade optimism.** Key benchmarks picked up substantially- the Shanghai Composite Index jumped 2.68%, Hang Seng rose 1.6% while the Nikkei 225 was up 1.82% despite a fall in the country's core machine order. Meanwhile, **European benchmarks ended modestly higher-** the Stoxx Europe 600 rose 0.22%, Italy's FTSE MIB up by 0.58%, France's CAC gained 0.33% while Germany's DAX were virtually unchanged. UK markets slipped 0.24%. Brent crude settled slightly higher at \$66/50/barrel (+0.38%).
- Data were scanty yesterday - **UK house prices picked up by 0.7% MOM** in February as London's house prices rebounded by 3.4% MOM according to property website Rightmove. **Japan core machine order**, a barometer of capex **fell 0.1% MOM** following a flat reading, **pointing to near-term weakness.** **Singapore NODX declined further for the third straight month** by 10.1% YOY as its trade sector softened.
- **USD fell against 7 G10s** as buying interest waned amid closure of US markets though the DXY was unchanged at 96.90. **Maintain a bearish view on USD**, weighed down by relatively firm risk appetite in the markets and possibly increased risk aversion heading into the release of FOMC minutes. DXY is likely to remain subdued while below 96.87, with scope to slide to 96.47 – 96.66.
- **MYR was unchanged against USD at 4.0860** after paring gains from a stronger opening while sliding against 9 G10s. **We are slightly bearish on MYR against USD.** USDMYR is still technically bullish in our view. After beating 4.0850 in early trade, we opine that there is room for a climb to 4.1060 in the next leg higher.
- **SGD was unchanged against USD at 1.3566 against USD** and weakened against 7 G10s. **Stay slightly bullish on SGD against a soft USD.** Technical outlook continues to point towards the downside for USDSGD. Bounces higher from recent losses cannot be ruled out but will likely be capped by 1.3591, while USDSGD is likely targeting a break below 1.3550.

Overnight Economic Data

UK	↑
Japan	↓
Singapore	↓

What's Coming Up Next

Major Data

- US NAHB Housing Market Index
- Eurozone ZEW Survey Expectations
- UK Job Reports

Major Events

- RBA Minutes of Feb. Policy Meeting

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1283	1.1301	1.1312	1.1325	1.1339	↗
GBPUSD	1.2885	1.2900	1.2921	1.2935	1.2950	↗
USDJPY	110.23	110.48	110.62	110.65	110.85	↘
AUDUSD	0.7107	0.7120	0.7135	0.7151	0.7175	↗
EURGBP	0.8731	0.8747	0.8753	0.8756	0.8771	↘
USDMYR	4.0820	4.0845	4.0872	4.0900	4.0920	↗
EURMYR	4.6185	4.6200	4.6209	4.6217	4.6247	↗
JPYMYR	3.6920	3.6944	3.6972	3.7007	3.7025	↗
GBPMYR	5.2750	5.2765	5.2789	5.2800	5.2823	↗
SGDMYR	3.0090	3.0100	3.0116	3.0123	3.0147	→
AUDMYR	2.9065	2.9085	2.9095	2.9103	2.9165	↘
NZDMYR	2.7950	2.7974	2.7982	2.7989	2.8000	→
USDSGD	1.3550	1.3560	1.3573	1.3586	1.3591	↘
EURSGD	1.5320	1.5339	1.5344	1.5350	1.5362	↗
GBPSGD	1.7495	1.7523	1.7528	1.7539	1.7552	↗
AUDSGD	0.9629	0.9648	0.9667	0.9675	0.9681	↗

* 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	1,692.74	0.23	0.13	CRB Index*	181.33	1.46	6.79
Dow Jones Ind.*	25,883.25	1.74	10.96	WTI oil (\$/bbl)*	55.59	2.17	22.42
S&P 500*	2,775.60	1.09	10.72	Brent oil (\$/bbl)	66.50	0.38	23.61
FTSE 100	7,219.47	-0.24	7.30	Gold (\$/oz)	1,326.89	0.33	8.10
Shanghai	2,754.36	2.68	10.44	CPO (RM/tonne)*	2,107.00	-0.57	7.91
Hang Seng	28,347.01	1.60	9.68	Copper (\$/tonne)	6,188.00	0.83	3.74
STI	3,265.97	0.81	6.43	Rubber (sen/kg)	412.00	0.98	8.71

Source: Bloomberg

*Last price on 15 February

Economic Data

	For	Actual	Last	Survey
UK Rightmove House Prices MoM	Feb	0.7%	0.4%	--
JP Core Machine Orders MOM	Dec	-0.1%	0.0%	-1.0%
SG Non-oil Domestic Exports YOY	Jan	-10.1%	-8.5%	--

Source: Bloomberg

➤ Macroeconomics

- UK house prices picked up, London house prices rebounded:** UK house prices picked up to increase at a faster pace of 0.7% MOM in February (Jan: +0.4%) according to property website Rightmove, with houses in London staging a hefty rebound of 3.4% MOM (Jan: -1.5%) following three consecutive months of decline. However, on a yearly basis, growth in prices generally slowed to 0.2% YOY (Jan: +0.4%) while that of London continued to fall by 2.1% YOY (Jan: -1.2%). February data suggest that the softening trend in the UK housing market persists this month as the country inches towards its Brexit deadline with no deal remaining in sight thus far.
- Japan weak capex points to near-term weakness:** Japan's core machine orders fell by 0.1% MOM in December (Nov: 0.0%) after recording a flat reading in the previous month suggesting that business capex was weak in late 2018 as firms turned cautious over outlook for early 2019 against a slower growth backdrop. On a yearly basis, core orders rose 0.9% YOY (Nov: +0.8%), slightly faster than the previous month, but a weak figure nonetheless, pointing to weakness in near-term growth especially in the manufacturing sector.
- Singapore NODX contracted as demand continued to soften:** Non-oil domestic export (NODX) fell further by 10.1% YOY in January (Dec: -8.5%), marking its third consecutive month of contraction. Within NODX, shipments of electronic products extended its decline by 15.9% YOY (Dec: -11.2%) as sales of electronics remains in the current down cycle. The weakness in demand was not limited to electronics as non-electronics also fell by 7.9% YOY (Dec: -7.4%). Exports to top markets were reported to have decreased - NODX to China fell by 25.4% YOY (Dec: +15.4%) reversing the gain in the previous month. Outlook for Singapore's trade sector is skewed to the downside as demand conditions softened globally, led by that of China amidst rising protectionism stemming from unresolved trade disputes as well as slower economic growth.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
19/02	US	NAHB Housing Market Index	Feb	59.0	58.0	--
20/02		MBA Mortgage Applications	15 Feb	--	-3.7%	--
19/02	Eurozone	ZEW Survey Expectations	Feb	--	-20.9	--
20/02		Consumer Confidence	Feb A	-7.7	-7.9	--
19/02	UK	Average Weekly Earnings 3M/YOY	Dec	3.5%	3.4%	--
		ILO Unemployment Rate 3Mths	Dec	4.0%	4.0%	--
		Employment Change 3M/3M	Dec	151k	141k	--
20/02	Japan	Trade Balance	Jan	-¥1,029.1b	-¥55.3b	-¥56.7b
		Exports YOY	Jan	-5.7%	-3.8%	-3.9%
		Convenience Store Sales YOY	Jan	--	1.2%	--
19/02	Australia	RBA Minutes of Feb. Policy Meeting				
20/02		Westpac Leading Index MOM	Jan	--	-0.21%	--
		Wage Price Index YOY	4Q	2.3%	2.3%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1311	0.13	1.1334	1.1283	-1.35
GBPUSD	1.2924	0.27	1.2939	1.2892	1.33
USDJPY	110.62	0.14	110.65	110.39	0.82
AUDUSD	0.7130	-0.15	0.7161	0.7125	1.13
EURGBP	0.8752	-0.12	0.8768	0.8731	-2.63
USDMYR	4.0860	0.00	4.0860	4.0735	-1.15
EURMYR	4.6232	0.28	4.6247	4.6016	-2.20
JPYMYR	3.6948	-0.37	3.6965	3.6854	-1.68
GBPMYR	5.2764	0.75	5.2765	5.2561	0.17
SGDMYR	3.0133	0.07	3.0319	3.0029	-0.74
AUDMYR	2.9219	0.74	2.9469	2.9103	-0.04
NZDMYR	2.8063	0.48	2.8122	2.7973	0.99
CHFMYR	4.0701	0.11	4.0704	4.0559	-3.07
CNYMYR	0.6037	0.01	0.6044	0.6027	-0.25
HKDMYR	0.5207	-0.13	0.5239	0.5190	-1.42
USDSGD	1.3566	0.00	1.3571	1.3548	-0.46
EURSGD	1.5345	0.13	1.5362	1.5307	-1.82
GBPSGD	1.7533	0.28	1.7552	1.7487	0.85
AUDSGD	0.9673	-0.18	0.9709	0.9668	0.69

Source: Bloomberg

Forex

MYR

- **MYR was unchanged against USD at 4.0860** after paring gains from a stronger opening while sliding against 9 G10s.
- **We are slightly bearish on MYR against USD.** USDMYR is still technically bullish in our view. After beating 4.0850 in early trade, we opine that there is room for a climb to 4.1060 in the next leg higher.

USD

- **USD fell against 7 G10s** as buying interest waned amid closure of US markets though the DXY was unchanged at 96.90.
- **Maintain a bearish view on USD**, weighed down by relatively firm risk appetite in the markets and possibly increased risk aversion heading into the release of FOMC minutes. DXY is likely to remain subdued while below 96.87, with scope to slide to 96.47 – 96.66.

EUR

- **EUR climbed 0.13% to 1.1311 against a soft USD** and advanced against 5 G10s on the back of improved sentiment in Eurozone.
- **Stay bullish on EUR in anticipation of a soft USD.** Technical outlook continues to point towards extended EURUSD rebound. We maintain the view of EURUSD retaking above 1.1367 in the coming days, above which 1.1413 will be targeted.

GBP

- **GBP strengthened 0.27% to 1.2924 against a soft USD** and climbed against 8 G10s amid improved optimism as UK PM May heads to the Eurozone for Brexit negotiations.
- **We turn bullish on GBP in line with our view of a soft USD**, on top of improving Brexit optimism. GBPUSD is likely to extend its rebound; beating 1.2935 is likely to expose a path towards 1.2990, but remains at risk of upside failure as long as it does not beat 1.3043.

JPY

- **JPY slipped 0.14% to 110.62 against USD** and weakened against 7 G10s, weighed down by receding refuge demand.
- **Stay slightly bullish on JPY in line with our view of a soft USD.** Amid softer upward momentum and recent rejection near 111.00, we opine that USDJPY's upside strength is waning and likely to head lower going forward. Sliding below 110.37 will expose a move to 109.90.

AUD

- **AUD slipped 0.15% to 0.7130 against USD** and fell against 8 G10s, pressured by risk aversion heading into the release of RBA meeting minutes today.
- **Expect a slightly bullish AUD against a soft USD**, further supported by firm risk appetite in Asian markets and passing of RBA risk event. AUDUSD remains tilted to the upside amid continued recede in downward momentum and from holding above 0.7107. There is room to break above 0.7141 and possibly even 0.7151 soon.

SGD

- **SGD was unchanged against USD at 1.3566 against USD** and weakened against 7 G10s.
- **Stay slightly bullish on SGD against a soft USD.** Technical outlook continues to point towards the downside for USDSGD. Bounces higher from recent losses cannot be ruled out but will likely be capped by 1.3591, while USDSGD is likely targeting a break below 1.3550.

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.