

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks came off early high but managed to finish modestly higher overnight after President Trump announced a delay of the 1-March deadline to hike tariffs on Chinese goods.** Optimism further gathered around the possibility of ending the trade dispute as Trump said to a group of US governors that he may soon sign a deal at a “signing summit”. **Bonds fell slightly across the curve** - yield on the 10Y US treasury notes rose 1bp to 2.66%, while yield on 2Y notes also closed 2bps higher at 2.51%. Earlier, **European stocks benchmarks mostly went up while Asian markets rallied**, buoyed by rising trade optimism. **Crude oil sold off following Trump’s tweet** to ask OPEC to “take it easy” (on production cut), effectively reversing previous gains – Brent lost a hefty 3.53% to \$64.75/barrel while WTI fell by 3.11% to \$55.48/barrel.
- **Mixed bag of US data. Chicago Fed National Activity Index fell to -0.43 in January pointing to slower growth in 1Q.** Manufacturing growth in Texas rebounded by a substantial margin to 13.1 in February. **Wholesale inventories rose more than expected by 1.1% MOM** in December, the strongest in more than 5 years as wholesaler sales faltered for the third consecutive months, implying softer demand. **Singapore CPI growth eased** to 0.4% YOY in January largely on slower gain in the cost of electricity and gas.
- **USD weakened against 7 G10s** amid receding demand for refuge from increased optimism on US-China trade relations, while the DXY rebounded in US morning to narrow early losses but nonetheless closed 0.1% lower at 96.50. **USD is likely to remain bearish** as market sentiment picks up and demand for refuge eases. DXY remains tilted to the downside. We continue to set sights on a slide to 96.13 – 96.26 in the next leg lower, below which 96.00 will be targeted.
- **MYR strengthened 0.26% to 4.0670 against USD** following improved risk appetite in the markets after US President Trump’s extension on tariff deadline to China, but ended mixed against the G10s. **We turn slightly bearish on MYR against USD** on technical reasons. Technical outlook is positive on USDMYR; price-momentum divergence has emerged while a bullish reversal pattern lingers, both hinting that USDMYR could be heading higher going forward.
- **SGD climbed 0.10% to 1.3498 against USD** but slipped against 7 G10s. **SGD remains bullish against a soft USD** from firm risk appetite. USDSGD remains in a bearish trend and could still slide lower, possibly to circa 1.3475, but in the longer run, a bullish chart pattern continues to prevail, suggesting a potential rebound to circa 1.3614.

#### Overnight Economic Data

|           |   |
|-----------|---|
| US        | ➔ |
| Singapore | ⬇ |

#### What’s Coming Up Next

##### Major Data

- US Housing Starts, Building Permits, FHFA House Price Index, S&P CoreLogic CS 20-City, Richmond Fed Manufact. Index, Conf. Board Consumer Confidence
- Hong Kong Exports, Trade Balance
- Singapore Industrial Production
- New Zealand Exports, Trade Balance

##### Major Events

- Nil

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

|        | S2     | S1     | Indicative | R1     | R2     | Outlook |
|--------|--------|--------|------------|--------|--------|---------|
| EURUSD | 1.1330 | 1.1355 | 1.1364     | 1.1367 | 1.1374 | ↗       |
| GBPUSD | 1.3100 | 1.3112 | 1.3131     | 1.3147 | 1.3160 | ↗       |
| USDJPY | 110.88 | 111.00 | 111.06     | 111.13 | 111.24 | ↗       |
| AUDUSD | 0.7139 | 0.7152 | 0.7170     | 0.7175 | 0.7200 | ↗       |
| EURGBP | 0.8640 | 0.8647 | 0.8652     | 0.8661 | 0.8673 | ↘       |
| USDMYR | 4.0655 | 4.0675 | 4.0703     | 4.0715 | 4.0735 | ↗       |
| EURMYR | 4.6200 | 4.6210 | 4.6236     | 4.6256 | 4.6282 | ↗       |
| JPYMYR | 3.6585 | 3.6606 | 3.6644     | 3.6664 | 3.6697 | ↘       |
| GBPMYR | 5.3369 | 5.3400 | 5.3431     | 5.3458 | 5.3496 | ↗       |
| SGDMYR | 3.0100 | 3.0117 | 3.0156     | 3.0165 | 3.0203 | ➔       |
| AUDMYR | 2.9107 | 2.9154 | 2.9172     | 2.9192 | 2.9200 | ↗       |
| NZDMYR | 2.7974 | 2.8002 | 2.8017     | 2.8028 | 2.8066 | ↗       |
| USDSGD | 1.3486 | 1.3490 | 1.3494     | 1.3502 | 1.3510 | ↘       |
| EURSGD | 1.5304 | 1.5319 | 1.5331     | 1.5337 | 1.5344 | ↗       |
| GBPSGD | 1.7693 | 1.7704 | 1.7715     | 1.7734 | 1.7757 | ↗       |
| AUDSGD | 0.9657 | 0.9668 | 0.9675     | 0.9681 | 0.9698 | ↗       |

\* 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           | 1,724.58   | 0.18  | 2.01  | CRB Index          | 181.75     | -1.26 | 7.04  |
| Dow Jones Ind. | 26,091.95  | 0.23  | 11.85 | WTI oil (\$/bbl)   | 55.48      | -3.11 | 21.85 |
| S&P 500        | 2,796.11   | 0.12  | 11.54 | Brent oil (\$/bbl) | 64.75      | -3.53 | 20.35 |
| FTSE 100       | 7,183.74   | 0.07  | 6.77  | Gold (S/oz)        | 1,327.58   | -0.14 | 8.10  |
| Shanghai       | 2,961.28   | 5.60  | 18.74 | CPO (RM/tonne)*    | 2,057.50   | -0.53 | 5.38  |
| Hang Seng      | 28,959.30  | 0.50  | 12.05 | Copper (\$/tonne)  | 6,478.00   | 1.54  | 8.60  |
| STI            | 3,272.35   | 0.07  | 6.63  | Rubber (sen/kg)    | 426.00     | -0.12 | 12.40 |

Source: Bloomberg

## ➤ Macroeconomics

| Economic Data                     |       |        |                   |        |
|-----------------------------------|-------|--------|-------------------|--------|
|                                   | For   | Actual | Last              | Survey |
| US Chicago Fed Nat Activity Index | Jan   | -0.43  | 0.05<br>(revised) | 0.15   |
| US Wholesale Inventories MOM      | Dec F | 1.1%   | 0.4%<br>(revised) | 0.3%   |
| US Dallas Fed Manf. Activity      | Feb   | 13.1   | 1.0               | 4.9    |
| SG CPI YOY                        | Jan   | 0.4%   | 0.5%              | 0.6%   |

Source: Bloomberg

- US Chicago National Index points to slower January growth:** Chicago Fed National Activity Index fell to -0.43 in January (Dec: +0.05 revised), driven mainly by the negative contribution of the production related indicators (the 0.6% MOM fall in January industrial production was among the culprits), pointing to a slower economic growth in January.
- US Texas manufacturing activities accelerated in February:** Manufacturing growth in Texas rebounded by a substantial margin following two weaker months - the General Business Activity index surged to 13.1 in February (Jan: 1.0) in the latest Texas Manufacturing Outlook Survey. Production, new orders, shipments continued to increase albeit at a slightly slower pace compared to the previous month. Most notably wages and benefits as well as employments saw further uptrend indicating solid hiring this month. Prices paid for raw materials also accelerated marginally while capex drew a strong 2.7pts increase suggesting firms' having a positive outlook over growth in coming months.
- US wholesale inventories piled up, suggesting softer demand:** A release by the Commerce Department indicated a pile-up of goods by US wholesalers in December due to poor sales performance- wholesale inventories rose by a 1.1% MOM (Dec: +0.4% revised), its biggest rise in more than 5 years largely. Wholesalers sales meanwhile fell for the third consecutive month by 1.0% MOM (Nov: -1.2%), implying softer demand.
- Singapore CPI eased on lower electricity cost:** Singapore headline inflation eased to 0.4% YOY in January (Dec: +0.5%), largely reflecting the slower gain in the cost of electricity and gas which outweighed the increase in services inflation. The cost of electricity and gas rose at a slower pace of 6.5% YOY (Dec: +14.6%) due to the downward revision in electricity tariffs given the lower oil prices in the previous month and the effect of the phased nationwide launch of the Open Market (OEM) on electricity prices. Cost of transport continued to decline albeit at a slower pace of 1.8% YOY (Dec: -2.6%) - private road transport fell 3.4% YOY- while prices of communications also saw further decrease of 2.9% YOY (Dec: -2.7%). The overall cost of retail items rose by 1.4% YOY in January (Dec: +1.7%) mostly reflected a steeper decline in the prices of telecommunication equipment and recreation & entertainment goods, as well as a slower gain in household durables & supplies. Accommodations cost fell by 1.9% YOY (Dec: -1.9%) as a gradual fall in housing rental offset a smaller rise in the cost of housing maintenance & repair. The core inflation which excludes accommodation and private road transport softened to 1.7% YOY (Dec: +1.9%) again mainly reflecting the slower gain of the electricity & gas category.

| Economic Calendar |             |                                  |                  |          |        |         |
|-------------------|-------------|----------------------------------|------------------|----------|--------|---------|
| Date              | Country     | Events                           | Reporting Period | Survey   | Prior  | Revised |
| 26/02             | US          | Housing Starts MOM               | Dec              | -0.1%    | 3.2%   | --      |
|                   |             | Building Permits MOM             | Dec              | -2.6%    | 5.0%   | 4.5%    |
|                   |             | FHFA House Price Index MOM       | Dec              | 0.4%     | 0.4%   | --      |
|                   |             | S&P CoreLogic CS 20-City YoY NSA | Dec              | 4.5%     | 4.68%  | --      |
|                   |             | Richmond Fed Manufact. Index     | Feb              | 5        | -2     | --      |
|                   |             | Conf. Board Consumer Confidence  | Feb              | 124.9    | 120.2  | --      |
| 27/02             |             | MBA Mortgage Applications        | 22 Feb           | --       | --     | --      |
|                   |             | Advance Goods Trade Balance      | Dec              | -\$74.1b | --     | --      |
|                   |             | Retail Inventories MOM           | Dec              | 0.2%     | --     | --      |
|                   |             | Wholesale Inventories MOM        | Dec P            | 0.4%     | 1.1%   | --      |
|                   |             | Pending Home Sales MOM           | Jan              | 0.8%     | -2.2%  | --      |
|                   |             | Factory Orders                   | Dec              | 0.6%     | -0.6%  | --      |
|                   |             | Durable Goods Orders             | Dec F            | --       | --     | --      |
|                   |             | Cap Goods Orders Nondef Ex Air   | Dec F            | --       | --     | --      |
| 27/02             | Eurozone    | Consumer Confidence              | Feb F            | -7.4     | -7.9   | --      |
| 26/02             | Hong Kong   | Exports YOY                      | Jan              | -2.8%    | -5.8%  | --      |
|                   |             | Trade Balance HKD                | Jan              | -30.1b   | -51.2b | --      |
| 27/02             |             | GDP Annual YOY                   | 2018             | 3.3%     | 3.8%   | --      |
|                   |             | GDP YOY                          | 4Q               | 2.3%     | 2.9%   | --      |
| 26/02             | Singapore   | Industrial Production YOY        | Jan              | -3.1%    | 2.7%   | --      |
| 27/02             | New Zealand | Trade Balance NZD                | Jan              | -300m    | 264m   | --      |
|                   |             | Exports NZD                      | Jan              | 4.80b    | 5.48b  | --      |

Source: Bloomberg

## Forex

|        | Last Price | DoD % | High   | Low    | YTD % |
|--------|------------|-------|--------|--------|-------|
| EURUSD | 1.1358     | 0.20  | 1.1367 | 1.1329 | -0.93 |
| GBPUSD | 1.3097     | 0.34  | 1.3114 | 1.3050 | -2.88 |
| USDJPY | 111.06     | 0.33  | 111.24 | 110.58 | -1.25 |
| AUDUSD | 0.7167     | 0.53  | 0.7184 | 0.7125 | -1.70 |
| EURGBP | 0.8672     | -0.10 | 0.8700 | 0.8662 | -3.69 |
| USDMYR | 4.0670     | -0.26 | 4.0730 | 4.0615 | -1.61 |
| EURMYR | 4.6157     | -0.17 | 4.6256 | 4.6061 | -2.36 |
| JPYMYR | 3.6764     | -0.12 | 3.6819 | 3.6649 | -2.17 |
| GBPMYR | 5.3178     | 0.07  | 5.3344 | 5.3053 | -0.95 |
| SGDMYR | 3.0138     | -0.04 | 3.0200 | 3.0089 | -0.73 |
| AUDMYR | 2.9124     | 0.40  | 2.9173 | 2.9023 | -0.36 |
| NZDMYR | 2.7968     | 0.91  | 2.8003 | 2.7894 | -0.65 |
| CHFMYR | 4.0700     | -0.15 | 4.0771 | 4.0615 | -3.08 |
| CNYMYR | 0.6078     | 0.16  | 0.6091 | 0.6077 | -0.42 |
| HKDMYR | 0.5185     | -0.17 | 0.5195 | 0.5175 | -1.84 |
| USDSGD | 1.3498     | -0.10 | 1.3519 | 1.3486 | -0.99 |
| EURSGD | 1.5333     | 0.12  | 1.5338 | 1.5305 | -1.91 |
| GBPSGD | 1.7677     | 0.26  | 1.7693 | 1.7617 | -1.86 |
| AUDSGD | 0.9674     | 0.46  | 0.9690 | 0.9627 | -0.71 |

Source: Bloomberg

### MYR

- **MYR strengthened 0.26% to 4.0670 against USD** following improved risk appetite in the markets after US President Trump's extension on tariff deadline to China, but ended mixed against the G10s.
- **We turn slightly bearish on MYR against USD** on technical reasons. Technical outlook is positive on USDMYR; price-momentum divergence has emerged while a bullish reversal pattern lingers, both hinting that USDMYR could be heading higher going forward. We continue to caution that failure to push below 4.0500 is likely to encourage the bulls and spark a rally back to 4.0920 – 4.0965.

### USD

- **USD weakened against 7 G10s** amid receding demand for refuge from increased optimism on US-China trade relations, while the DXY rebounded in US morning to narrow early losses but nonetheless closed 0.1% lower at 96.50.
- **USD is likely to remain bearish** as market sentiment picks up and demand for refuge eases. DXY remains tilted to the downside. We continue to set sights on a slide to 96.13 – 96.26 in the next leg lower, below which 96.00 will be targeted.

### EUR

- **EUR climbed 0.20% to 1.1358 against a soft USD** amid firmer market sentiment but slipped against 5 G10s.
- **Stay bullish on EUR in anticipation of a soft USD** and amid improvement in market sentiment regarding trade. EURUSD remains in a bullish trend and we expect it to soon break above 1.1367 and head for 1.1413 in the next leg higher. Caution that this view will be lost if EURUSD closes below 1.1338 today.

### GBP

- **GBP climbed 0.34% to 1.3097 against USD** and advanced against 6 G10s, boosted by news of UK PM May seeking to extend the Brexit deadline in order to avoid a leaving without firm agreements.
- **Expect a slightly bullish GBP against USD** on improving Brexit. We caution that current Brexit optimism is likely frail and vulnerable to a quick about turn, which if true will accelerate GBP downsides. GBPUSD outlook is positive but we are opine that gains going forward are likely modest, limited to below 1.3200 – 1.3217. There are several firm resistances that could reject advances and trigger a reversal lower.

### JPY

- **JPY extended its decline** on receding demand for refuge, sliding against 8 G10s and **weakening 0.33% to 111.06 against USD**.
- **Stay slightly bearish on JPY against USD** as risk appetite in the markets improves. USDJPY has recaptured above 111.00 and is now taking aim at 111.37 – 111.50 in the next leg higher. This range could block further advances, otherwise, USDJPY is likely headed to circa 112.31.

### AUD

- **AUD jumped 0.53% to 0.7167 against USD** and strengthened against 8 G10s, supported by improved risk appetite in the markets.
- **Maintain a bullish view on AUD against USD**, supported by lingering risk-on in the markets. AUDUSD beat 0.7165 yesterday, improving its technical outlook. It is now likely taking aim at 0.7229 in the next leg higher, but we caution that this level continues to be a strong barrier to further heights.

### SGD

- **SGD climbed 0.10% to 1.3498 against USD** but slipped against 7 G10s.
- **SGD remains bullish against a soft USD** from firm risk appetite. USDSGD remains in a bearish trend and could still slide lower, possibly to circa 1.3475, but in the longer run, a bullish chart pattern continues to prevail, suggesting a potential rebound to circa 1.3614.

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