

Global Markets Research

Daily Market Highlights

Key Takeaways

- US stocks fell overnight after a choppy session as Fed Chair **Jerome Powell testified before the Senate Banking Committee and reiterated the central bank's dovish stance on monetary policy, and more importantly, reaffirming plans for ending its QE tapering programme later this year potentially between October and December.** He said that the economy has been sending crosscurrent and conflicting signals which justified a patient approach on future interest rates path. The absence of any fresh development at the trade front also kept stocks lower. Powell's testimony led **bonds to rally** – 2Y treasury notes yield fell 3bps to 2.48% while 10Y treasury notes yield fell 2bps to 2.64%. Earlier, Asian stocks ended mixed while European stocks rose except for the UK markets where **PM Theresa May has offered Members of Parliament a vote to delay Brexit** should her plan is rejected again. **Crude oil prices rebounded** from previous day's plunges as API reported a decrease in US crude stockpiles last week.
- **US data was mixed dominated by poorer than expected housing data.** Housing starts dipped 11.2% MOM in December while building permits rose a mere 0.3% MOM in the same month. House prices also increased at a comparatively modest pace according to the December FHFA house price index and the S&P Case-Shiller CoreLogic house price Index for 20 cities. The **Richmond Fed's Survey of Manufacturing Activity pointed to a pick-up** in mid-Atlantic manufacturing activities in February. **The Conference Board Consumer Index rebounded** to 131.4 after government shutdown ended. **Dataflow all remained on the weak side in Asia.** Hong Kong exports fell 0.4% YOY in January while Singapore industrial productions dropped 3.1% YOY. New Zealand exports plummeted by 17.0% MOM.
- **USD weakened against all G10s** as Fed Chair Powell's testimony to the Senate Banking Panel was mostly a reiteration of patience on the policy front as he cited "conflicting signals" between the US and global outlook. DXY tumbled through US afternoon, closing 0.43% lower at 96.00. **Continue to expect a bearish USD,** weighed down by receding expectations of a near-term Fed rate hike. Further downsides in US data will pressure USD. DXY remains tilted to the downside. DXY could lose 96.00 soon and head to 95.68.
- **MYR slipped 0.11% to 4.0715 against USD** amid receding risk appetite in Asian session and ended mixed against the G10s. **Expect a neutral MYR against USD;** despite a soft greenback, receding risk appetite in the markets are likely to weigh down MYR. Lingering price-momentum divergence and a bullish reversal pattern continue to hint at USDMYR 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.
- **SGD climbed 0.19% to 1.3473 against a soft USD** but slipped against 7 G10s. **SGD is now slightly bearish against USD,** weighed down by receding risk appetite in the markets. Technical outlook suggests that USDSGD is forming a bullish chart pattern. USDSGD remains in a bearish trend and could still slide lower, but in the longer run, a bullish chart pattern continues to prevail, suggesting a potential rebound to circa 1.3614.

Overnight Economic Data

US	➔
Hong Kong	➔
Singapore	➔
New Zealand	➔

What's Coming Up Next

Major Data

- US MBA Mortgage Applications, Advance Goods Trade Balance, Retail & Wholesale Inventories, Pending Home Sales, Factory Orders, Durable Goods Orders
- Eurozone Consumer Confidence
- Hong Kong 4Q GDP

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1374	1.1387	1.1393	1.1400	1.1425	➔
GBPUSD	1.3220	1.3244	1.3257	1.3285	1.3300	➔
USDJPY	110.09	110.32	110.58	110.66	110.75	➔
AUDUSD	0.7139	0.7152	0.7192	0.7209	0.7229	➔
EURGBP	0.8585	0.8590	0.8593	0.8600	0.8606	➔
USDMYR	4.0620	4.0655	4.0670	4.0680	4.0700	➔
EURMYR	4.6282	4.6300	4.6328	4.6343	4.6385	➔
JPYMYR	3.6760	3.6775	3.6790	3.6800	3.6832	➔
GBPMYR	5.3863	5.3883	5.3901	5.3951	5.4000	➔
SGDMYR	3.0146	3.0157	3.0183	3.0203	3.0218	➔
AUDMYR	2.9200	2.9212	2.9223	2.9254	2.9275	➔
NZDMYR	2.8000	2.8017	2.8043	2.8066	2.8093	➔
USDSGD	1.3460	1.3470	1.3475	1.3478	1.3494	➔
EURSGD	1.5337	1.5344	1.5352	1.5355	1.5365	➔
GBPSGD	1.7833	1.7846	1.7863	1.7880	1.7900	➔
AUDSGD	0.9657	0.9677	0.9682	0.9698	0.9709	➔

* 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	1,719.00	-0.32	1.68	CRB Index	181.40	-0.19	6.83
Dow Jones Ind.	26,057.98	-0.13	11.71	WTI oil (\$/bbl)	55.50	0.04	22.22
S&P 500	2,793.90	-0.08	11.45	Brent oil (\$/bbl)	65.64	1.36	22.01
FTSE 100	7,151.12	-0.45	6.29	Gold (S/oz)	1,328.96	0.10	8.10
Shanghai	2,941.52	-0.67	17.95	CPO (RM/tonne)*	2,039.50	-0.87	4.46
Hang Seng	28,772.06	-0.65	11.32	Copper (\$/tonne)	6,480.00	0.03	8.63
STI	3,261.66	-0.33	6.29	Rubber (sen/kg)	430.50	0.12	13.59

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Housing Starts MOM	Dec	-11.2%	0.4% (revised)	-0.1%
US Building Permits MOM	Dec	0.3%	4.5% (revised)	-2.6%
US FHFA House Price Index MOM	Dec	0.3%	0.4%	0.4%
US S&P CoreLogic CS 20-City YOY NSA	Dec	4.18%	4.58% (revised)	4.5%
US Richmond Fed Manufact. Index	Feb	16	-2	5
US Conf. Board Consumer Confidence	Feb	131.4	120.2	124.9
HK Exports YOY	Jan	-0.4%	-5.8%	-2.8%
HK Trade Balance HKD	Jan	-10.3b	-51.2b	-30.1b
SG Industrial Production YOY	Jan	-3.1%	1.7% (revised)	-3.1%
NZ Trade Balance NZD	Jan	-914m	12m (revised)	-300m
NZ Exports NZD	Jan	4.40b	5.30b (revised)	4.80b

Source: Bloomberg

- Poor housing starts, slower house price growth reaffirmed a weak US housing market:** A slew of housing data continued to point to a weakening US housing market – Housing starts fell by a whopping 11.2% MOM in December (Jan: +0.4% revised) following a large downward revision to previous month's figure (+3.2% to +0.4%). Building permits meanwhile maintained its sideways trend, rising by a marginal 0.3% MOM in the same month (Nov: +4.5% revised). Both data suggest slower housing activities in early 2019. House prices also increased at a comparatively modest pace. The Federal Housing Finance Agency (FHFA) House Price Index ticked up by 0.3% MOM (Nov: +0.4%) while the S&P Case-Shiller CoreLogic house price Index for 20 cities grew only 4.2% YOY (Nov: +4.6% revised), its slowest since Nov-14.
- Manufacturing activities picked up in US mid-Atlantic region:** The latest Fifth District Survey of Manufacturing Activity by the Richmond Fed indicated a rebound in manufacturing activities in the mid-Atlantic region as the headline composite manufacturing index surged to 16 in February (Dec: -2) after two months of negative readings. The index for new shipment bounced up by 20pts driven by a sharp increase in new order volume following two months of lackluster demand. Employment and wage growth continued to increase at a solid rate but it remained challenging for firms to find qualified workers and firms are expecting this trend to persist for the coming months.
- US consumer confidence returned after end of government shutdown:** The Conference Board Consumer Confidence Index rebounded to 131.4 in February following three consecutive months of decline, reflecting a return of consumer confidence following the reopening of the government. The index for perception over present situation inched up to 173.5 (Jan: 170.2) while the index for expectations surged by 14pts to 103.4 (Jan: 89.4) suggesting a marked improvement in consumers' outlook for the economy, a sign that consumer spending might pick up in the coming months.
- Hong Kong external trade sector remained weak, plagued by soft foreign demand:** Hong Kong exports fell again in January, albeit at a much slower rate of 0.4% YOY (Dec:-5.8%). The decline was its second in a row, but was better than consensus estimate of a 3% YOY fall. Shipments to most of its keys trading partners fell in the month, but a less pronounced fall in shipments to China (-3.9% vs -8.7%) helped narrow the decline. The contraction in exports to China was now in its third running month, reflecting entrenched weakness in demand from the Mainland despite the Lunar new year celebration in January. Notably exports to the US fell by a faster rate of 5.8% YOY (Dec: -0.7%), its second month of decline, offering signs that demand is waning in the US as well. Imports also extended its decline, by 6.0% YOY (Dec: -7.0%) signaling softer domestic demand too, leading trade deficit to narrow to HKD10.3b (Dec: -HKD51.2b)

- Singapore industrial output fell on declining electronics production:** Industrial production fell 3.1% YOY in January (Dec: +1.7% revised), marking its first decline in more than a year, mainly driven by a further contraction in electronics output (-13.7% vs -11.5%). Biomedical output growth eased substantially (+29.8% vs +10.0%) following a surge in the previous month while chemicals output rebounded (+2.0% vs -1.7%). Within electronics, semiconductor, computer peripherals as well as infocomms & consumer electronics posted double-digit fall, pointing to weaker demand for electronic gadgets. The plunge in IPI was in tandem with the weaker electronics sector PMI (which has remained below 50.0 for three months) as well as the dismal General Business Outlook Index reading where manufacturers' 1Q19 forecast for semiconductor output, new orders, domestic and overseas sales were all in the negative territories.
- New Zealand trade balance swing to deficit as exports fell:** The latest trade report shows that exports fell substantially by 17.0% MOM in January (Dec: +7.9% revised) while imports rebounded to increase 0.8% MOM (Nov: -9.9%) leading the trade balance to swing to a deficit of NZD914m (Nov: NZD12m). Exports to key trading partners fell with large drop noted in shipments to China (-44.9% MOM), Australia (-27.1% MOM) and Japan (-10.7%).

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
27/02	US	MBA Mortgage Applications	22 Feb	--	--	--
		Advance Goods Trade Balance	Dec	-\$73.9b	--	--
		Retail Inventories MOM	Dec	0.2%	--	--
		Wholesale Inventories MOM	Dec P	0.4%	1.1%	--
		Pending Home Sales MOM	Jan	1.0%	-2.2%	--
		Factory Orders	Dec	0.6%	-0.6%	--
		Durable Goods Orders	Dec F	--	--	--
		Cap Goods Orders Nondef Ex Air	Dec F	--	--	--
		BEA Releasing Initial 4Q GDP (Combining Initial/Second)				
28/02		Initial Jobless Claims	23 Feb	220k	216k	--
		GDP Annualized QoQ	4Q A	2.3%	3.4%	--
		Personal Consumption	4Q A	3.0%	3.5%	--
		Chicago Purchasing Manager	Feb	57.5	56.7	--
27/02	Eurozone	Consumer Confidence	Feb F	-7.4	-7.9	--
28/02	UK	GfK Consumer Confidence	Feb	-15.0	-14.0	--
		Lloyds Business Barometer	Feb	--	19.0	--
28/02	Japan	Industrial Production YoY	Jan P	1.3%	-1.9%	--
		Retail Trade YoY	Jan	1.4%	1.3%	--
		Dept. Store, Supermarket Sales	Jan	-1.8%	-1.0%	--
		Housing Starts YoY	Jan	10.3%	2.1%	--
27/02	Hong Kong	GDP Annual YOY	2018	3.3%	3.8%	--
		GDP YOY	4Q	2.2%	2.9%	--
28/02	China	Non-manufacturing PMI	Feb	54.5	54.7	--
		Manufacturing PMI	Feb	49.4	49.5	--
28/02	New Zealand	ANZ Business Confidence	Feb	--	-24.1	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1389	0.27	1.1403	1.1345	0.64
GBPUSD	1.3252	1.18	1.3288	1.3096	3.95
USDJPY	110.59	-0.42	111.08	110.43	0.77
AUDUSD	0.7186	0.27	0.7195	0.7142	2.07
EURGBP	0.8595	-0.89	0.8673	0.8563	4.40
USDMYR	4.0715	0.11	4.0750	4.0660	1.50
EURMYR	4.6283	0.27	4.6287	4.6201	2.09
JPYMYR	3.6727	-0.10	3.6775	3.6606	2.26
GBPMYR	5.3504	0.61	5.3596	5.3369	1.57
SGDMYR	3.0161	0.08	3.0191	3.0133	0.65
AUDMYR	2.9081	-0.15	2.9192	2.9079	0.51
NZDMYR	2.7982	0.05	2.8056	2.7975	0.70
CHFMYR	4.0708	0.02	4.0743	4.0650	3.06
CNYMYR	0.6080	0.04	0.6088	0.6074	0.46
HKDMYR	0.5187	0.04	0.5192	0.5180	1.80
USDSGD	1.3473	-0.19	1.3509	1.3471	1.13
EURSGD	1.5345	0.08	1.5362	1.5312	1.77
GBPSGD	1.7855	1.01	1.7907	1.7677	2.77
AUDSGD	0.9682	0.08	0.9693	0.9639	0.93

Source: Bloomberg

MYR

- **MYR slipped 0.11% to 4.0715 against USD** amid receding risk appetite in Asian session and ended mixed against the G10s.
- **Expect a neutral MYR against USD;** despite a soft greenback, receding risk appetite in the markets are likely to weigh down MYR. Lingering price-momentum divergence and a bullish reversal pattern continue to hint at USDMYR 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 all G10s** as Fed Chair Powell's testimony to the Senate Banking Panel was mostly a reiteration of patience on the policy front as he cited "conflicting signals" between the US and global outlook. DXY tumbled through US afternoon, closing 0.43% lower at 96.00.
- **Continue to expect a bearish USD,** weighed down by receding expectations of a near-term Fed rate hike. Further downsides in US data will pressure USD. DXY remains tilted to the downside. DXY could lose 96.00 soon and head to 95.68.

EUR

- **EUR climbed 0.27% to 1.1389 against a soft USD** amid firmer market sentiment but again ended mixed against the G10s.
- **Stay bullish on EUR in anticipation of a soft USD.** EURUSD remains in a bullish trend. After breaking above 1.1367, it now sets sights on 1.1413, above which 1.1459 will be targeted. A mild pullback cannot be ruled out after recent rally, but expect losses to hold above 1.1351.

GBP

- **GBP surged 1.18% to 1.3252 against USD** and rallied to beat all G10s, boosted by rising expectations that UK PM May will manage to delay the UK's exit beyond the current 29 Mar deadline.
- **Maintain a bullish view on GBP against USD** on firm positive Brexit sentiment. 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 still bullish but we are growing more cautious and skeptical of the amount of gains left in this current bullish trend. Price-momentum has emerged and could tilt GBPUSD lower soon.

JPY

- **JPY strengthened 0.42% to 110.59 against USD** and advanced against 8 G10s, supported by renewed risk aversion in the markets.
- **We turn slightly bullish on JPY against USD** as demand for refuge looks likely to advance following a softer performance in US equities overnight. Technical landscape of USDJPY has also changed after tumbling below 110.75 yesterday. It is now tilted to the downside, with room to test 110.31 next, below which 109.82 will be aimed at.

AUD

- **AUD** was weighed down by market sentiment turning south, sliding against 6 G10s but **managed to climb 0.27% to 0.7186 against a soft USD.**
- **We are slightly bearish on AUD against USD,** anticipating downside pressure from easing risk appetite in the markets. Technical outlook remains bullish but we reckon that AUDUSD may pullback for a couple of days before resuming its climb. Losses are likely to hold above 0.7129, otherwise technical landscape will tilt towards a bearish bias.

SGD

- **SGD climbed 0.19% to 1.3473 against a soft USD** but slipped against 7 G10s.
- **SGD is now slightly bearish against USD,** weighed down by receding risk appetite in the markets. Technical outlook suggests that USDSGD is forming a bullish chart pattern. USDSGD remains in a bearish trend and could still slide lower, but in the longer run, a bullish chart pattern continues to prevail, suggesting a potential rebound to circa 1.3614.

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