

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended higher overnight driven by positive corporates earnings** with all three major indexes advanced by 0.75-1.29%. Stocks came off their highs following announcement that the White House and lawmakers have struck a 3-week deal to reopen the federal government. Friday's rally led Wall Street stocks to extend into a fifth running weekly gains despite mounting concerns over slower global growth, Washington deadlock and the lack of progress in US-China trade negotiations. Treasuries fell amidst rising equity - yield on 2y and 10y US government notes both picked up by 4bps to 2.61% and 2.76% respectively. Crude oil strengthened on turmoil in Venezuela with WTI and Brent each surging by about 1% to \$53.69/barrel and \$61.64/barrel. **Investors will be closely following this week FOMC meeting, Chinese Vice Premier Liu He's visit to Washington, a second parliamentary vote on Theresa May's revised Brexit deal and multiple top-tiered US and Eurozone data.**
- **Release is limited to Singapore industrial production on Friday where output growth weakened** to 2.7% YOY in December from the 7.6% YOY observed in the previous month thus **suggesting an upcoming downward revision to the final reading of 4Q2018 GDP growth.**
- **USD plummeted against all G10s** while the DXY plunged 0.84% to 95.79 as risk appetite improved following the temporary end of US government shutdown, on top of renewed interest in European FX majors as well as rise in risk aversion heading into next week. **Maintain a bearish view on DXY** as demand for refuge is set to ease further while risk aversion in the greenback could emerge heading into crucial US data releases as well as FOMC meeting this week. Technical landscape has changed; DXY is now bearish after losing 96.24. Expect a test at 95.64, below which 95.04 will be aimed.
- **MYR strengthened 0.48% to 4.1255 against a weakening USD** and rallied to beat all G10s as market sentiment improved. **MYR is now bullish against a weak USD**, further spurred by potential improvement in risk appetite in the markets. The sharp decline last Friday has tilted USDMYR to the downside. It is now headed for a break below 4.1055, below which 4.0940 will be targeted.
- **SGD strengthened 0.57% to 1.3533 against USD** but weakened against 7 G10s. **Expect a slightly bearish SGD against USD** as part of a mild rebound after last Friday's sharp decline. Technical viewpoint suggests that USDSGD has turned bearish but we reckon that there is a modest bounce higher first before extending its downsides to circa 1.3497.

Overnight Economic Data

Singapore



What's Coming Up Next

Major Data

- US Chicago Fed Nat Activity Index, Dallas Fed Manf. Activity
- China Industrial Profits
- Hong Kong Exports, Trade Balance

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1385	1.1402	1.1415	1.1430	1.1440	↗
GBPUSD	1.3185	1.3200	1.3206	1.3217	1.3236	↘
USDJPY	108.98	109.18	109.37	109.58	109.90	↘
AUDUSD	0.7149	0.7170	0.7179	0.7187	0.7203	↘
EURGBP	0.8617	0.8640	0.8645	0.8664	0.8681	↗
USDMYR	4.1015	4.1050	4.1095	4.1110	4.1155	↘
EURMYR	4.6880	4.6893	4.6920	4.6984	4.7000	↗
JPYMYR	3.7520	3.7559	3.7580	3.7598	3.7664	↗
GBPMYR	5.4100	5.4130	5.4230	5.4250	5.4285	↗
SGDMYR	3.0351	3.0372	3.0397	3.0420	3.0440	↗
AUDMYR	2.9459	2.9500	2.9542	2.9563	2.9621	↗
NZDMYR	2.8070	2.8100	2.8128	2.8153	2.8196	↗
USDSGD	1.3500	1.3515	1.3529	1.3537	1.3550	↗
EURSGD	1.5420	1.5432	1.5444	1.5450	1.5465	↗
GBPSGD	1.7820	1.7850	1.7860	1.7883	1.7900	↘
AUDSGD	0.9694	0.9704	0.9715	0.9724	0.9739	↗

* 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	1,701.03	0.44	0.62	CRB Index	180.68	0.80	6.41
Dow Jones Ind.	24,737.20	0.75	6.04	WTI oil (\$/bbl)	53.69	1.05	17.79
S&P 500	2,664.76	0.85	6.30	Brent oil (\$/bbl)	61.64	0.90	14.57
FTSE 100	6,809.22	-0.14	1.21	Gold (S/oz)	1,305.25	1.88	8.10
Shanghai	2,601.72	0.39	4.32	CPO (RM/tonne)*	2,091.50	0.84	7.12
Hang Seng	27,569.19	1.65	6.67	Copper (\$/tonne)	6,056.00	2.26	1.53
STI	3,202.25	0.36	4.35	Rubber (sen/kg)	392.00	0.13	3.43

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
SG Industrial Production YOY	Dec	2.7%	7.6%	4.0%

Source: Bloomberg

➤ Macroeconomics

- Singapore industrial output growth lost momentum:** Singapore industrial production growth weakened again in December with output recording a modest gain of 2.7% YOY (Nov: +7.6%). The faster growth in biomedical manufacturing (+29.9% vs +17.2%) was partly offset by a sharp fall in electronics products (-6.8% vs +11.1%) and chemicals (-1.4% vs +3.3%). Within electronics, semiconductors output declined by 7.0% (Nov: +16.4%) reflecting the soft global demand for chips and in line with the gadget makers' recent cut in forward sales guidance. The slower output growth in December is likely to lead to a downward revision to the final 4Q18 GDP growth reading. The advanced estimate covered only October and November and had come in at 2.2% YOY (3Q: +2.3%).

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
28/01	US	Chicago Fed Nat Activity Index	Dec	--	0.22	--
		Dallas Fed Manf. Activity	Jan	-2.7	-5.1	--
29/01		Advance Goods Trade Balance	Dec	-\$75.6b	--	--
		Retail Inventories MoM	Dec	--	--	--
		Wholesale Inventories MoM	Dec P	--	--	--
		S&P CoreLogic CS 20-City YoY NSA	Nov	4.9%	5.0%	--
		Conf. Board Consumer Confidence	Jan	124.6	128.1	--
28/01	Hong Kong	Exports YOY	Dec	-1.7%	-0.8%	--
		Trade Balance HKD	Dec	-57.2b	-45.0b	--
28/01	China	Industrial Profits YOY	Dec	--	-1.8%	--
29/01	Australia New Zealand	NAB Business Confidence	Dec	--	3.0	--
29/01	Zealand	Exports NZD	Dec	5.50b	4.94b	--
		Trade Balance NZD	Dec	225m	-861m	--
25-31/01	Vietnam	Industrial Production YOY	Jan	--	11.4%	--
		Retail Sales YTD YOY	Jan	--	11.7%	--
		Exports YTD YOY	Jan	5.5%	13.8%	--
		Trade Balance	Jan	\$130m	-\$200m	--
		CPI YOY	Jan	2.80%	2.98%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1406	0.90	1.1417	1.1301	0.48
GBPUSD	1.3196	0.99	1.3217	1.3058	3.55
USDJPY	109.55	-0.08	109.95	109.46	0.25
AUDUSD	0.7179	1.20	0.7185	0.7076	1.87
EURGBP	0.8642	-0.13	0.8682	0.8618	3.88
USDMYR	4.1255	-0.48	4.1460	4.1190	0.19
EURMYR	4.6747	-0.61	4.6910	4.6645	1.11
JPYMYR	3.7499	-0.77	3.7819	3.7500	0.21
GBPMYR	5.3906	-0.24	5.4418	5.3883	2.34
SGDMYR	3.0349	-0.33	3.0487	3.0349	0.03
AUDMYR	2.9275	-0.48	2.9424	2.9265	0.15
NZDMYR	2.7922	-0.50	2.8035	2.7922	0.49
CHFMYR	4.1361	-0.61	4.1645	4.1357	1.50
CNYMYR	0.6092	-0.12	0.6115	0.6092	0.65
HKDMYR	0.5251	-0.55	0.5285	0.5251	0.59
USDSGD	1.3533	-0.57	1.3615	1.3526	0.71
EURSGD	1.5444	0.38	1.5450	1.5365	1.20
GBPSGD	1.7868	0.49	1.7883	1.7734	2.81
AUDSGD	0.9716	0.63	0.9724	0.9629	1.16

Source: Bloomberg

MYR

- **MYR strengthened 0.48% to 4.1255 against a weakening USD** and rallied to beat all G10s as market sentiment improved.
- **MYR is now bullish against a weak USD**, further spurred by potential improvement in risk appetite in the markets. The sharp decline last Friday has tilted USDMYR to the downside. It is now headed for a break below 4.1055, below which 4.0940 will be targeted.

USD

- **USD plummeted against all G10s** while the DXY plunged 0.84% to 95.79 as risk appetite improved following the end of US government shutdown, on top of renewed interest in European FX majors as well as rise in risk aversion heading into next week.
- **Maintain a bearish view on DXY** as demand for refuge is set to ease further while risk aversion in the greenback could emerge heading into crucial US data releases as well as FOMC meeting this week. Technical landscape has changed; DXY is now bearish after losing 96.24. Expect a test at 95.64, below which 95.04 will be aimed.

EUR

- **EUR jumped 0.90% to 1.1406 against USD** and beat 5 G10s as favourable levels after the tumble a day before enticed buying interest.
- **Stay bullish on EUR against a soft USD.** Technical outlook for EURUSD has improved after breaking above 1.1377. It is now headed for a test at 1.1430, above which it would target 1.1471.

GBP

- **GBP jumped 0.99% to 1.3196 against USD** and climbed against 6 G10s, remained supported by Brexit optimism.
- **Maintain a slight bearish view on GBP against USD** as we expect current Brexit optimism to wane in the absence of any solid progress towards a deal. We continue to note the presence of bearish signs that diminish our confidence of further gains. Caution on a potential slide back towards 1.3095 in the coming days.

JPY

- **JPY weakened against 9 G10s** as refuge demand was sharply reduced following end of US government shutdown but **inched 0.08% firmer to 109.55 against USD.**
- **We turn slightly bullish on JPY against USD**, anticipating risk aversion in the greenback. Losing 109.61 has tilted USDJPY to the downside. There is room for a drop to 108.98 next, below which 108.38 will be aimed.

AUD

- **AUD surged 1.20% to 0.7179 against a weak USD** and advanced against all G10s, lifted by greatly improved risk appetite in the markets.
- **AUD is slightly bearish against USD** in anticipation of a modest pullback after overnight rally. The recent bearish trend has been overturned and AUDUSD could be headed higher after a modest pullback. Upside break at 0.7207 will push AUDUSD higher towards 0.7229.

SGD

- **SGD strengthened 0.57% to 1.3533 against USD** but weakened against 7 G10s.
- **Expect a slightly bearish SGD against USD** as part of a mild rebound after last Friday's sharp decline. Technical viewpoint suggests that USDSGD has turned bearish but we reckon that there is a modest bounce higher first before extending its downsides to circa 1.3497.

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