

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks dropped overnight with all major benchmarks ending in the red as Caterpillar earnings' missed expectations citing the slowdown of growth in China.** The Dow, S&P500 and NASDAQ fell by 0.84%, 0.78% and 1.11% respectively ahead of a busy week packed with more corporate earnings, FOMC meeting, US-China trade talk and multiple top-tiered US data. Oil plummeted - Brent dipped to \$59.93/barrel (-2.77%) and WTI plunged to \$51.99/barrel (-3.17%). Treasuries rose as stocks fell - yield on 2y US government debt fell 2bps to 2.59% while yield on the 10s was 1bp lower at 2.74%.
- At the data front, **US data offered some positive surprise.** Chicago National Index moved up to +0.27 suggesting slight growth in December while Texas manufacturing index rebounded to 1.0 in January. **Hong Kong external trade fell**, with exports dipping further - 5.8% YOY in December. **China industrial profit shrank for the second month** by 1.9% YOY in December. New Zealand trade balance swung to a surplus in December but annual deficit widened in 2018 to its biggest in over a decade.
- **USD closed mixed against the G10s** amid some support from renewed refuge demand in the markets but the DXY slipped 0.05% to 95.74, weighed down by rebounds in major components EUR, JPY and CHF. **Maintain a bearish view on DXY** as risk aversion in the greenback could emerge heading into crucial US data releases as well as FOMC meeting this week. DXY remains bearish in our view; a slip below 95.64 is expected and a test at 95.04 – 95.27 could be next.
- **MYR strengthened 0.33% to 4.1255 against a weak USD** but fell against all other G10s that also rallied on a weak greenback. **Expect a slightly bullish MYR against a soft USD** though gains are likely modest amid rising risk aversion in the markets. USDMYR is still inclined to the downsides in our view, with room to slide to circa 4.1055, below which 4.0940 will be targeted. Until then, there may be scope for a mild rebound, but as long as 4.1230 is not breached, a downside bias sustains.
- **SGD inched 0.04% firmer to 1.3528 against USD** and beat 6 G10s as risk aversion in the markets mounts. **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 1.3496.

Overnight Economic Data

US	↑
Hong Kong	↓
China	↓
New Zealand	↑

What's Coming Up Next

Major Data

- US S&P CoreLogic CS 20-City, Conf. Board Consumer Confidence
- Australia NAB Business Confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1413	1.1418	1.1432	1.1444	1.1469	↗
GBPUSD	1.3100	1.3130	1.3154	1.3165	1.3180	↘
USDJPY	108.95	109.23	109.30	109.53	109.70	↘
AUDUSD	0.7120	0.7146	0.7159	0.7167	0.7173	↘
EURGBP	0.8665	0.8681	0.8689	0.8698	0.8725	↗
USDMYR	4.1110	4.1130	4.1145	4.1160	4.1175	↘
EURMYR	4.6974	4.7000	4.7027	4.7046	4.7085	↗
JPYMYR	3.7544	3.7600	3.7666	3.7695	3.7740	↗
GBPMYR	5.4050	5.4100	5.4112	5.4163	5.4185	↘
SGDMYR	3.0346	3.0372	3.0385	3.0391	3.0420	→
AUDMYR	2.9369	2.9379	2.9392	2.9424	2.9459	↘
NZDMYR	2.8027	2.8050	2.8077	2.8100	2.8134	↘
USDSGD	1.3526	1.3533	1.3545	1.3555	1.3563	↗
EURSGD	1.5432	1.5460	1.5476	1.5490	1.5500	↗
GBPSGD	1.7784	1.7800	1.7812	1.7830	1.7856	↘
AUDSGD	0.9639	0.9650	0.9672	0.9696	0.9704	↘

* 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	1,697.50	-0.21	0.41	CRB Index	177.47	-1.77	4.52
Dow Jones Ind.	24,528.22	-0.84	5.15	WTI oil (\$/bbl)	51.99	-3.17	14.49
S&P 500	2,643.85	-0.78	5.47	Brent oil (\$/bbl)	59.93	-2.77	11.39
FTSE 100	6,747.10	-0.91	0.28	Gold (S/oz)	1,303.36	-0.14	8.10
Shanghai	2,596.98	-0.18	4.13	CPO (RM/tonne)*	2,095.00	0.17	7.30
Hang Seng	27,576.96	0.03	6.70	Copper (\$/tonne)	6,056.00	2.26	1.53
STI	3,199.50	-0.09	4.26	Rubber (sen/kg)	392.50	0.13	3.56

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Dec	0.27	0.21 (revised)	--
US Dallas Fed Manufacturing Activity	Jan	1.0	-5.1	-2.7
HK Exports YOY	Dec	-5.8%	-0.8%	-1.7%
HK Trade Balance HKD	Dec	-51.2b	-45.0b	-57.2b
CH Industrial Profits YOY	Dec	-1.9%	-1.8%	--
NZ Exports NZD	Dec	5.48b	4.91b (revised)	5.50b
NZ Trade Balance NZD	Dec	264m	-955m (revised)	150m

Source: Bloomberg

➤ Macroeconomics

- US Chicago National Index suggests slight growth in December, Texas manufacturing activities rebounded:** Chicago Fed National Activity Index moved up to +0.27 in December (Nov: +0.21) pointing to a slight increase in US economic growth. The uptick was driven mainly by the positive contributions from production and employment related indicators. Meanwhile, manufacturing growth in Texas rebounded as the general business activity went up to 1.0 in January (Dec: -5.1) in the latest Texas Manufacturing Outlook Survey. Production index soared by 7.2pts while the outlook index also rose by 10pts.
- Hong Kong external trade disappointed, tracking decline in China:** Hong Kong exports dipped further by a whopping 5.8% YOY in December (Nov: -0.8%), marking its second month of decline, reflecting weakness in global demand particularly that from its main trading partner, China. The decline in shipments to China deepened to 8.7% YOY (Nov: -5.0%) while shipments to the US, Japan, Germany, India and Vietnam all registered declines as well. Imports plummeted by 7.0% YOY (Nov: +0.5%) suggesting softer domestic demand conditions and this brings the trade deficit to widen to HKD51.2b (Nov: -HKD45.0b).
- China industrial profits shrank for second month:** Industrial profits fell for the second consecutive month by 1.9% YOY in December (Nov: -1.8%) reflecting further margin compressions in Chinese manufacturing companies. The decline in profit was in line with slower growth in industrial output as a whole as well as the easing producers' inflation.
- New Zealand post December trade surplus but annual deficit widened:** The latest trade report shows that exports rose by a whopping 11.6% MOM in December (Nov: +1.7%) while imports fell by 10.9% MOM (Nov: -4.4%) bringing the trade deficit to swing to a surplus of NZD264m (Nov: -NZD955m) in the final month. However, trade deficit widened to NZD5.86b in 2018, the largest since 2007. In 2018, exports picked up by 7.2% YOY in 2018 while imports rose by 12% YOY driven by a surge in fuel imports which reflects the higher oil prices in 2018 as a whole.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
30/01	Malaysia	Trade Balance MYR	Dec	7.20b	7.55b	--
		Exports YOY	Dec	1.3%	1.6%	--
		Imports YOY	Dec	1.3%	5.0%	--
29/01	US	S&P CoreLogic CS 20-City YoY NSA	Nov	4.9%	5.0%	--
		Conf. Board Consumer Confidence	Jan	124.0	128.1	--
30/01		MBA Mortgage Applications	25 Jan	--	-2.7%	--
		ADP Employment Change	Jan	183k	271k	--
		GDP Annualized QOQ	4Q A	2.6%	3.4%	--
		Pending Home Sales MOM	Dec	1.0%	-0.7%	--
30/01	Eurozone	Consumer Confidence	Jan F	-7.9	-8.3	--
30/01	UK	Mortgage Approvals	Dec	63.1k	63.7k	--
30/01	Japan	Retail Trade YOY	Dec	1.0%	1.4%	--
		Dept. Store, Supermarket Sales	Dec	-1.1%	-2.2%	--
30/01	Hong Kong	Retail Sales Value YOY	Dec	1.4%	1.4%	--
29/01	Australia	NAB Business Confidence	Dec	--	3.0	--
30/01		CPI YOY	4Q	1.7%	1.9%	--
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	1.1428	0.19	1.1444	1.1390	-0.33
GBPUSD	1.3163	-0.25	1.3212	1.3137	3.15
USDJPY	109.35	-0.18	109.60	109.16	-0.36
AUDUSD	0.7166	-0.18	0.7204	0.7161	1.65
EURGBP	0.8683	0.47	0.8695	0.8637	-3.36
USDMYR	4.1120	-0.33	4.1165	4.1065	-0.52
EURMYR	4.6911	0.35	4.7085	4.6832	-0.77
JPYMYR	3.7584	0.23	3.7641	3.7544	0.02
GBPMYR	5.4128	0.41	5.4494	5.4114	2.76
SGDMYR	3.0364	0.05	3.0489	3.0357	0.02
AUDMYR	2.9534	0.88	2.9616	2.9502	1.04
NZDMYR	2.8156	0.84	2.8249	2.8093	1.33
CHFMYR	4.1412	0.12	4.1483	4.1382	-1.38
CNYMYR	0.6102	0.16	0.6110	0.6095	0.82
HKDMYR	0.5239	-0.23	0.5247	0.5235	-0.81
USDSGD	1.3528	-0.04	1.3545	1.3511	-0.73
EURSGD	1.5460	0.10	1.5481	1.5423	-1.06
GBPSGD	1.7805	-0.35	1.7880	1.7784	2.40
AUDSGD	0.9694	-0.23	0.9737	0.9691	0.93

Source: Bloomberg

MYR

- **MYR strengthened 0.33% to 4.1255 against a weak USD** but fell against all other G10s that also rallied on a weak greenback.
- **Expect a slightly bullish MYR against a soft USD** though gains are likely modest amid rising risk aversion in the markets. USDMYR is still inclined to the downsides in our view, with room to slide to circa 4.1055, below which 4.0940 will be targeted. Until then, there may be scope for a mild rebound, but as long as 4.1230 is not breached, a downside bias sustains.

USD

- **USD closed mixed against the G10s** amid some support from renewed refuge demand in the markets but the DXY slipped 0.05% to 95.74, weighed down by rebounds in major components EUR, JPY and CHF.
- **Maintain a bearish view on DXY** as risk aversion in the greenback could emerge heading into crucial US data releases as well as FOMC meeting this week. DXY remains bearish in our view; a slip below 95.64 is expected and a test at 95.04 – 95.27 could be next.

EUR

- **EUR climbed 0.19% to 1.1428 against USD** and advanced against 7 G10s amid extended rebound from recent sharp losses.
- **Stay bullish on EUR against a soft USD.** Technical outlook for EURUSD has improved further after breaking above 1.1418. We continue to expect that beating 1.1430 will expose EURUSD to a climb towards 1.1471. Caution that a pullback after recent rally is reasonable, so long it holds above 1.1398.

GBP

- **GBP fell 0.25% to 1.3163 against USD** and weakened against 8 G10s, correcting its recent rally as Brexit optimism wanes ahead of a parliamentary vote on the direction of Brexit going forward.
- **Maintain a slight bearish view on GBP against USD** amid risk aversion heading into the parliamentary vote on Brexit. Technical outlook suggests that bullish bias continues to ebb. Beating 1.3236 is required to sustain an upward momentum, which we think is currently a tall order. We continue to warn of a potential slide to 1.3095 in the coming days.

JPY

- **JPY advanced 0.18% to 109.35 against USD** and strengthened against 6 G10s as refuge demand returned to the markets.
- **Continue to expect a slightly bullish JPY against USD,** supported by rising refuge demand ahead of risk event in the UK and risk aversion ahead of US data. A minor bearish trend has emerged and we set sights on a drop to 108.95 next. Sliding below this exposes a move to 108.37.

AUD

- **AUD slipped 0.18% to 0.7166 against USD** and fell against 7 G10s amid a return of risk-off in the markets.
- **Stay slightly bearish on AUD against USD,** weighed down by renewed risk aversion in the markets. We caution that AUDUSD may still be pulling back from recent rally, further encouraged by yesterday's rejection near 0.7207. Unless AUDUSD closes below 0.7142 today, we maintain that a bullish bias sustains and suggests a move above 0.7179 before the week is out. We still set sights on a climb to 0.7229.

SGD

- **SGD inched 0.04% firmer to 1.3528 against USD** and beat 6 G10s as risk aversion in the markets mounts.
- **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 1.3496.

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

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