

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks ended mixed overnight ahead of Apple's after-bell quarterly earnings and the FOMC two-day meeting.** Shares of Apple which has earlier provided a weak forward guidance citing slow demand in China, fell as investors awaited its quarterly earnings results. Tech shares dropped generally as Amazon, Facebook and Microsoft are set to release earnings later this week. Treasuries rose, yield on 2y notes went down 2bps to 2.57% while yield on the 10s dropped 3bps to 2.71%. **Crude futures recovered as the US announced sanction on Venezuela's state-owned PDVSA.** WTI strengthened to \$53.31/barrel (+2.54%) while Brent settled higher at \$61/32/barrel (+2.32%). **In a series of key votes, Theresa May won backing of MPs to reopen talk with the EU. The British parliaments also rejected a proposal (by the Scottish National Party) which called for a delay of the 29 March Brexit date and ruled out a no-deal Brexit.**
- **At the data front, US consumers was hit by government shutdown** as the Conference Board Consumer Index fell sharply to 120.2 in January. House prices in US 20 cities rose at a slower pace of 4.7% YOY in November. **Japanese retail sales grew a modest 1.3% YOY, Australia business confidence held steady. Vietnam data were weak generally** – industrial output growth slowed to 7.9% YOY while exports fell 1.3% YOY in January.
- **USD rebounded slightly to beat 6 G10s** while DXY climbed through European and US sessions to close 0.08% higher at 95.82, lifted by increase in demand for refuge amid sharp decline in GBP. **Maintain a bearish view on DXY** as risk aversion in the greenback could emerge heading into US data releases as well as FOMC meeting; expect losses to accelerate if US data surprises to the downside. DXY remains bearish in our view; a slip below 95.63 is expected and a test at 95.04 – 95.27 could be next. Rebounds, if any, needs to beat 96.14 to overturn current bearish trend.
- **MYR was barely changed against USD at 4.1115** while sliding against 9 G10s as risk aversion picked up in regional markets. **Continue to 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 0.05% firmer to 1.3521 against USD** and advanced against 8 G10s. **We turn bullish on SGD in anticipation of a soft USD.** Technical viewpoint suggests that USDSGD remains bearish and there is room for a drop to 1.3495 in the next leg lower. Rebounds cannot be ruled out but will likely fizzle out before 1.3540.

Overnight Economic Data

US	↓
Japan	↓
Australia	→
Vietnam	→

What's Coming Up Next

Major Data

- Malaysia Trade Report
- US MBA Mortgage Applications, ADP Employment Change, Pending Home Sales
- Eurozone Consumer Confidence
- Hong Kong Retail Sales
- Australia CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1418	1.1430	1.1434	1.1450	1.1472	↗
GBPUSD	1.3024	1.3063	1.3079	1.3094	1.3120	↗
USDJPY	108.98	109.30	109.38	109.53	109.70	↘
AUDUSD	0.7135	0.7145	0.7155	0.7169	0.7178	↗
EURGBP	0.8665	0.8681	0.8689	0.8698	0.8725	↗
USDMYR	4.1040	4.1090	4.1105	4.1130	4.1165	↘
EURMYR	4.6957	4.7000	4.7011	4.7034	4.7052	↗
JPYMYR	3.7544	3.7559	3.7578	3.7595	3.7641	↗
GBPMYR	5.3649	5.3701	5.3786	5.3852	5.3885	↘
SGDMYR	3.0391	3.0400	3.0416	3.0420	3.0430	→
AUDMYR	2.9400	2.9453	2.9497	2.9520	2.9584	↗
NZDMYR	2.8000	2.8035	2.8052	2.8093	2.8134	↘
USDSGD	1.3500	1.3510	1.3515	1.3529	1.3539	↘
EURSGD	1.5432	1.5450	1.5455	1.5469	1.5486	↗
GBPSGD	1.7639	1.7672	1.7684	1.7707	1.7734	↘
AUDSGD	0.9659	0.9669	0.9693	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	1,690.41	-0.42	-0.01	CRB Index	179.18	0.96	5.52
Dow Jones Ind.	24,579.96	0.21	5.37	WTI oil (\$/bbl)	53.31	2.54	17.40
S&P 500	2,640.00	-0.15	5.31	Brent oil (\$/bbl)	61.32	2.32	13.98
FTSE 100	6,833.93	1.29	1.57	Gold (\$/oz)	1,311.79	0.65	8.10
Shanghai	2,594.25	-0.10	4.02	CPO (RM/tonne)*	2,128.00	1.58	8.99
Hang Seng	27,531.68	-0.16	6.52	Copper (\$/tonne)	6,002.00	-0.89	0.62
STI	3,187.69	-0.37	3.88	Rubber (sen/kg)	389.50	-0.13	2.77

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US S&P CoreLogic CS 20-City YoY NSA	Nov	4.7%	5.0%	4.9%
US Conference Board Consumer Confidence	Jan	120.2	126.6 (revised)	124.0
JP Retail Trade YOY	Dec	1.3%	1.4%	1.0%
JP Dept. Store, Supermarket Sales	Dec	-1.0%	-2.2%	-1.1%
AU NAB Business Confidence	Dec	3.0	3.0	--
VN Industrial Production YOY	Jan	7.9%	11.4%	--
VN Retail Sales YTD YOY	Jan	12.2%	11.7%	--
VN Exports YTD YOY	Jan	-1.3%	13.8%	5.5%
VN Trade Balance	Jan	-\$800m	-\$811m (revised)	\$130m
VN CPI YOY	Jan	2.56%	2.98%	2.8%

Source: Bloomberg

➤ Macroeconomics

- US consumer confidence hit by government shutdown; house prices cooled:** The Conference Board Consumer Confidence Index fell sharply by more than expected to 120.2 in January (Dec: 126.6 revised) reflecting Americans' concerns over the US government shutdown. The reopening of government was temporary and the economy may yet face another shutdown if the negotiations between the White House and lawmakers fail to result in a deal. Consumers' outlook over growth also weakened given the 10.4pts dip in the expectations sub-index as fewer Americans were expecting better business condition, more jobs and income increase in six months. Meanwhile, growth in house prices across 20 US largest cities continued to cool for the eight consecutive month to 4.7% YOY in November (Oct: +5.0%) affirming a slower housing market.
- Japan retail sales growth slowed:** Japan retail sales remained rather weak, increasing 1.3% YOY in December (Nov: +1.4%), its slowest since May-18. Within retail sales, department stores and supermarket sales slid 1.0% YOY (Nov: -2.2%) suggesting tepid demand from Japanese consumers.
- Business confidence held unchanged in Australia but conditions weakened:** business confidence level remained unchanged as the NAB Confidence Index stayed at 3.0 in December (Nov: 3.0) but the business conditions index fell substantially to 2.0 (Nov: 11.0) driven by slower increase in trading and flat profitability. Forward order fell suggesting softer demand while employment also picked up a slower pace.
- Weaker Vietnam output and trade data reflect softer external demand:** Vietnam industrial productions slowed substantially to 7.9% YOY in January as output growth in manufacturing and electricity cooled in the month while that of mining & quarrying saw further decline. At the trade front, January exports fell for the first time in five years by 1.3% YOY in January (Jan-18: +33.1%) reflecting weaker global demand. Imports rose 3.1% YOY (Jan-18: +47.4%) in January bringing the trade deficit to narrow slightly to \$800m. Retail sales grew by 12.2% YOY (Jan-18: +9.5%) in the same month but inflation was seen easing to 2.56% YOY (Dec: +2.98%).

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%	--
30/01	US	MBA Mortgage Applications	25 Jan	--	-2.7%	--
		ADP Employment Change	Jan	181k	271k	--
		Pending Home Sales MOM	Dec	0.5%	-0.7%	--
31/01		FOMC Rate Decision	30 Jan	2.25-2.5%	2.25-2.5%	--
		Initial Jobless Claims	26 Jan	215k	199k	--
		Chicago Purchasing Manager	Jan	61.5	65.4	--
30/01	Eurozone	Consumer Confidence	Jan F	-7.9	-8.3	--
31/01		Unemployment Rate	Dec	7.9%	7.9%	--
		GDP SA QOQ	4Q A	0.2%	0.2%	--
30/01	UK	Mortgage Approvals	Dec	63.1k	63.7k	--
31/01		GfK Consumer Confidence	Jan	-15.0	-14.0	--
		Lloyds Business Barometer	Jan	--	17.0	--
		Nationwide House Price MOM	Jan	0.2%	-0.7%	--
31/01	Japan	Industrial Production YOY	Dec P	-2.3%	1.5%	--
		Housing Starts YOY	Dec	2.0%	-0.6%	--
30/01	Hong Kong	Retail Sales Value YOY	Dec	1.4%	1.4%	--
31/01	China	Non-manufacturing PMI	Jan	53.8	53.8	--
		Manufacturing PMI	Jan	49.3	49.4	--
30/01	Australia	CPI YOY	4Q	1.7%	1.9%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1433	0.04	1.1450	1.1411	-0.29
GBPUSD	1.3066	-0.74	1.3200	1.3057	-2.52
USDJPY	109.40	0.05	109.54	109.13	-0.26
AUDUSD	0.7155	-0.15	0.7176	0.7138	-1.50
EURGBP	0.8749	-0.76	0.8757	0.8656	-2.73
USDMYR	4.1115	0.01	4.1165	4.1075	-0.53
EURMYR	4.7042	0.28	4.7076	4.6957	-0.49
JPYMYR	3.7620	0.10	3.7709	3.7578	0.11
GBPMYR	5.4146	0.03	5.4162	5.4000	-2.79
SGDMYR	3.0422	0.19	3.0430	3.0350	0.21
AUDMYR	2.9490	-0.15	2.9507	2.9369	-0.89
NZDMYR	2.8195	0.14	2.8210	2.8045	-1.47
CHFMYR	4.1479	0.16	4.1494	4.1421	-1.22
CNYMYR	0.6105	0.06	0.6109	0.6090	-0.88
HKDMYR	0.5242	0.06	0.5246	0.5235	-0.76
USDSGD	1.3521	0.05	1.3547	1.3512	-0.79
EURSGD	1.5457	0.02	1.5479	1.5436	-1.08
GBPSGD	1.7666	-0.78	1.7846	1.7658	-1.71
AUDSGD	0.9675	-0.20	0.9704	0.9665	-0.72

Source: Bloomberg

MYR

- **MYR was barely changed against USD at 4.1115** while sliding against 9 G10s as risk aversion picked up in regional markets.
- **Continue to 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 rebounded slightly to beat 6 G10s** while DXY climbed through European and US sessions to close 0.08% higher at 95.82, lifted by increase in demand for refuge amid sharp decline in GBP.
- **Maintain a bearish view on DXY** as risk aversion in the greenback could emerge heading into US data releases as well as FOMC meeting; expect losses to accelerate if US data surprises to the downside. DXY remains bearish in our view; a slip below 95.63 is expected and a test at 95.04 – 95.27 could be next. Rebounds, if any, needs to beat 96.14 to overturn current bearish trend.

EUR

- **EUR inched 0.04% firmer to 1.1433 against USD** and climbed against 6 G10s on firmer risk appetite in European session.
- **Stay bullish on EUR in anticipation of a soft USD**; further upsides are likely if Eurozone data outperforms. Technical outlook for EURUSD continues to improve on breaking above 1.1430. EURUSD is now exposed to a climb towards 1.1471. Caution that a pullback after recent rally is reasonable, so long it holds above 1.1398.

GBP

- **GBP tumbled 0.74% to 1.3066 against USD** and slumped against all G10s after a sharp tumble towards the end of trading wiped out all early gains as UK parliament voting resulted in PM May having to return to the EU for more Brexit renegotiation.
- **We turn slightly bullish on GBP against USD** for today, anticipating a modest bounce after overnight tumble. GBPUSD outlook is turning more bearish and we reckon that after a minor bound higher, it is likely to resume a decline to circa 1.2935.

JPY

- **JPY slipped 0.05% to 109.40 against USD** but climbed against 5 G10s, backed by risk aversion in the commodity majors.
- **Continue to expect a slightly bullish JPY against USD**, supported by rising refuge demand 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 fell 0.15% to 0.7155 against USD** and weakened against 7 G10s, pressured by extended risk aversion in Asian markets, and followed by mixed sentiment in US.
- **We turn bullish on AUD against USD** on technical reasons. AUDUSD has likely completed a minor pullback from recent rally, and with a bullish trend still prevailing, there is potentially room for a climb higher to circa 0.7207 in the next leg higher. Beating this level will expose a move to 0.7229.

SGD

- **SGD inched 0.05% firmer to 1.3521 against USD** and advanced against 8 G10s.
- **We turn bullish on SGD in anticipation of a soft USD**. Technical viewpoint suggests that USDSGD remains bearish and there is room for a drop to 1.3495 in the next leg lower. Rebounds cannot be ruled out but will likely fizzle out before 1.3540.

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.