

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks finished on a mixed note on Friday, hovering near all-time high amidst thin holiday trading as the year comes into an end.** The Dow Jones and S&P500 were virtually unchanged whereas NASDAQ slipped a little by 0.2%. **Treasuries closed higher with no economic data on the deck-** Benchmark treasuries yields fell by around 1-5bps. The 2Y note yield dropped by 5bps to a three-week low of 1.58% whereas the 10Y note yields slipped by 2bps to 1.88%. The dollar weakened across the board, depreciating against all major currencies as risk sentiment improved following President Trump's earlier indication that there would be a signing ceremony with President Xi for the Phase One trade deal in January. Gold stabilized above \$1510/Troy Ounce. Brent crude picked up 0.35% to \$68.16/barrel.
- **The PBOC announced that China's lenders are required to adopt a new loan-pricing regime based on the newer loan-prime rate for all credit starting next year.** The move will scrap the current usage of the benchmark one-year lending rate and intends to lower borrowing cost as the loan prime rate is 4.15%, lower than the 4.35% benchmark. **On a separate note, industrial profits rose for the first time in four months in China, offering some reprieve to slowing growth concern. In Vietnam, latest indicators point to a still resilient economy.**
- The dollar weakened across the board, depreciating against all major currencies as risk sentiment improved following President Trump's earlier indication that there would be a signing ceremony with President Xi for the Phase One trade deal in January. **The dollar index notched its largest decline in nine months as it plunged by 0.63% on Friday. USD is bearish as the year ends** with positive trade sentiment continuing to fuel better risk-taking activities. **Medium term dollar outlook is still bullish,** supported by relatively solid US fundamentals and data.
- **MYR extended further gain against the USD by 0.16% at 4.1270** as the dollar was weighed down by better risk sentiment. **MYR daily outlook is neutral and mildly bullish** on general dollar weakness but we expect upside to be capped by thin holiday trading and thus likely hover within 4.1200-4.1400 as the year concludes. **MYR medium term outlook is still bearish** as the dollar is still expected to be well supported by relatively solid US data.
- **SGD continued to firm up against the USD by 0.15% at 1.3523. SGD is neutral to slightly bullish today** on broad dollar weakness. **Medium term outlook is bearish** on relatively weaker albeit improving Singapore data versus a likely stronger dollar.

#### Overnight Economic Data

China	↑
Vietnam	↑

#### What's Coming Up Next

##### Major Data

- US Advance Goods Trade Balance, Wholesale Inventories, Chicago PMI, Pending Home Sales, Dallas Fed Manufacturing Index
- Hong Kong exports

##### Major Events

- Nil

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

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1120	1.1150	1.1182	1.1200	1.1220	↗
GBPUSD	1.2900	1.3019	1.3091	1.3100	1.3130	↗
USDJPY	109.00	109.30	109.40	109.70	110.00	→
AUDUSD	0.6950	0.6965	0.6988	0.7000	0.7015	↗
EURGBP	0.8450	0.8500	0.8540	0.8600	0.8650	→
USDMYR	4.1150	4.1200	4.1225	4.1300	4.1400	↘
EURMYR	4.5900	4.6000	4.6102	4.6175	4.6230	↗
JPYMYR	3.7600	3.7675	3.7682	3.7800	3.7910	↘
GBPMYR	5.3485	5.3735	5.3980	5.4150	5.4300	↗
SGDMYR	3.0450	3.0480	3.0496	3.0550	3.0600	→
AUDMYR	2.8700	2.8775	2.8814	2.8860	2.8900	↗
NZDMYR	2.7500	2.7600	2.7668	2.7730	2.7800	↗
USDSGD	1.3500	1.3515	1.3518	1.3530	1.3550	↘
EURSGD	1.5080	1.5100	1.5118	1.5140	1.5160	→
GBPSGD	1.7500	1.7600	1.7706	1.7775	1.7800	↗
AUDSGD	0.9400	0.9420	0.9449	0.9460	0.9480	↗

\* 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	1,610.61	0.44	-4.73	CRB Index	187.18	0.27	10.23
Dow Jones Ind.	28,645.26	0.08	22.80	WTI oil (\$/bbl)	61.72	0.06	35.92
S&P 500	3,240.02	0.00	29.25	Brent oil (\$/bbl)	68.16	0.35	26.69
FTSE 100	7,644.90	0.17	13.63	Gold (S/oz)	1,510.56	-0.06	17.86
Shanghai	3,005.04	-0.08	20.50	CPO (RM/tonne)	2,895.00	0.40	48.27
Hang Seng	28,225.42	1.30	9.21	Copper (\$/tonne)	6,214.00	-0.02	4.17
STI	3,226.53	0.11	5.14	Rubber (sen/kg)	454.50	0.11	19.92

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
CH industrial profits YOY	Nov	5.4%	-9.9%	--
VN GDP YOY	4Q	6.97%	7.48% (revised)	6.90%
VN exports YOY	Dec	10.1%	3.8%	9.0%
VN CPI YOY	Dec	5.23%	3.52%	4.00%
VN industrial production YOY	Dec	6.2%	5.4%	--
VN retail sales YTD YOY	Dec	11.8%	11.8%	--

Source: Bloomberg

- China industrial profits rebounded in November:** Industrial profits grew for the first time in four months, by 5.4% YOY to 594bn yuan in November (Oct: -9.9% YOY). The surprised turn was spurred by improvement in both industrial production and sales as well as narrower decline in producer prices that translated into increases in profits among private and small companies. While this offered a breather to the underlying trend of slowing growth momentum, it was not sufficient to overturn the cumulative decline in profits (-2.1% YOY YTD), hence expectations of slower growth outlook and corporate profitability in China.
- Vietnam economy remained resilient:** Growth in the Vietnamese economy moderated to 6.97% YOY in 4Q as expected tracking slower global growth, bringing full year growth to 7.02%, exceeding the government's target for a 6.8% growth and suggesting Vietnam is staying at the forefront of its neighbours in terms of growth resiliency. Exports quickened more than expected to 10.1% YOY in December (Nov: +3.8% YOY), driven by jumps in electronics, phones, machinery equipment and footwear. Meanwhile, imports also grew at a faster pace of 11.0% YOY in November (Oct: +4.5%), pushing the trade balance to a deficit of US\$1.0bn. Industrial production also accelerated to 6.2% YOY in December (Nov: +5.4%) thanks to pick-up in manufacturing and a turnaround in mining. Meanwhile, retail sales sustained a 11.8% YOY increase in the first eleven months of the year, as a result of sustained growth in trade and hotel/ restaurants. Prices remained modest despite the pick-up to 5.23% YOY in December (Nov: 3.52%), led by a jump in prices of food and foodstuff.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
30/12	US	Advance Goods Trade Balance	Nov	-\$68.8b	-\$66.5b	--
		Wholesale Inventories MOM	Nov P	0.2%	0.1%	--
		MNI Chicago PMI	Dec	48.0	46.3	--
		Pending Home Sales MOM	Nov	1.3%	-1.7%	--
		Dallas Fed Manf. Activity	Dec	0.0	-1.3	--
31/12		FHFA House Price Index MOM	Oct	0.4%	0.6%	--
		S&P CaseShiller House Prices YOY	Oct	2.1%	2.1%	--
		Conference Board Consumer Confidence	Dec	128.2	125.5	--
31/12	China	PMI Manufacturing	Dec	50.1	50.2	--
		PMI Non-Manufacturing	Dec	54.2	54.4	--
30/12	Hong Kong	Exports YOY	Nov	-6.2%	-9.2%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1177	0.71	1.1188	1.1096	-2.48
GBPUSD	1.3078	0.65	1.3117	1.2969	2.58
USDJPY	109.44	-0.17	109.63	109.39	-0.2
AUDUSD	0.6980	0.50	0.6987	0.6941	-0.96
EURGBP	0.8543	0.06	0.8566	0.8509	-4.92
USDMYR	4.1270	-0.16	4.1427	4.1260	-0.15
EURMYR	4.5969	0.26	4.6068	4.5859	-2.76
JPYMYR	3.7697	-0.09	3.7815	3.7687	0.32
GBPMYR	5.3930	0.42	5.3961	5.3601	2.38
SGDMYR	3.0498	-0.04	3.0582	3.0489	0.46
AUDMYR	2.8717	0.27	2.8775	2.8675	-1.76
NZDMYR	2.7590	0.40	2.7667	2.7528	-0.7
CHFMYR	4.2193	0.10	4.2248	4.2101	0.48
CNYMYR	0.5898	-0.10	0.5915	0.5896	-2.55
HKDMYR	0.5301	-0.13	0.5321	0.5299	0.36
USDSGD	1.3523	-0.15	1.3546	1.3518	-0.76
EURSGD	1.5112	0.55	1.5124	1.5023	-3.23
GBPSGD	1.7682	0.48	1.7735	1.7561	1.79
AUDSGD	0.9437	0.37	0.9447	0.9399	-1.72

Source: Bloomberg

## Forex

### MYR

- **MYR extended further gain against the USD by 0.16% at 4.1270** as the dollar was weighed down by better risk sentiment.
- **MYR daily outlook is neutral and mildly bullish** on general dollar weakness but we expect upside to be capped by thin holiday trading and thus likely hover within 4.1200-4.1400 as the year concludes. **MYR medium term outlook is still bearish** as the dollar is still expected to be well supported by relatively solid US data.

### USD

- The dollar weakened across the board, depreciating against all major currencies as risk sentiment improved following President Trump's earlier indication that there would be a signing ceremony with President Xi for the Phase One trade deal in January. **The dollar index notched its largest decline in nine months as it plunged by 0.63%** on Friday.
- **USD is bearish as the year ends** with positive trade sentiment continuing to fuel better risk-taking activities. **Medium term dollar outlook is still bullish**, supported by relatively solid US fundamentals and data.

### EUR

- **EUR surged by a whopping 0.71% against the USD**, its largest gain in nearly five months to finish at 1.1177 on Friday on broad dollar weakness.
- **EUR daily outlook is still bullish as the bulls eye 1.1200 key handle** in a weak dollar environment. **Medium term outlook is bearish** on ECB's accommodative monetary policy stance and continued weaker growth outlook versus a more solid US economy.

### GBP

- **GBP rode on broad dollar weakness to extend its further gaining streak against the USD by 0.65% at 1.3078.**
- **GBP is still bullish today** as it breached above 1.3000 last Friday and looks set to retest the 1.3100 resistance in Asia this morning. **Medium term outlook is neutral for now, determined by Brexit development.**

### JPY

- **JPY rebounded** to add 0.17% against the USD at 109.44 amidst broad dollar weakness.
- **JPY daily outlook remains neutral** and is likely to hover around 109.40 amidst a lack of key event risk as the year concludes. **Medium term outlook is neutral** over lower risks of US-China trade war escalation.

### AUD

- **AUD firmed up against the USD by 0.5% at 0.6980** amidst better risk taking sentiment that weighed on broad dollar.
- **Daily outlook is bullish** as AUD continues to ride on dollar weakness in a risk-taking environment with the bulls potentially eyeing the 0.7000 key resistance in the short term. **Medium term outlook is neutral** amidst lower risk of a US-China trade war escalation and RBA's accommodative stance.

### SGD

- **SGD continued to firm up against the USD by 0.15% at 1.3523.**
- **SGD is neutral to slightly bullish today** on broad dollar weakness. **Medium term outlook is bearish** on relatively weaker albeit improving Singapore data versus a likely stronger dollar.

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