

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks tumbled on Friday, marking their second consecutive week of decline as heightening fear of the coronavirus outbreak spurred a flight from riskier assets to safe havens.** Taking cue from the earlier slumps in European equities, major US indexes recorded losses of 1.5-2.1% to close the week in red. **Adding to the concerns was the lacklustre personal income, spending and inflation data for December that suggests a more modest growth of the US economy heading into 1Q2020.** Gold futures jumped by nearly 1% to \$1589.16/ounce and treasuries yields plunged by 5-10bps as investors piled into perceived safer assets; 10Y UST yield slipped to 1.51% (-8bps). Crude oils lost momentum – WTI plunged by 1.1% to below \$52/barrel and Brent crude closed at \$58/16/barrel - in fact the global benchmark has slumped by 3.8% to below \$56/barrel this morning. **The dollar weakened against key rivals but remained strong against emerging market currencies. The sterling rallied to be the major winner on Brexit day. Investors will be watchful of the reopening of the Chinese market this morning.**
- **Latest economic releases were a mixed bag again, pointing to continued lackluster in growth outlook, and to be compounded by fallout from the most recent outbreak of Coronavirus.** Personal income and spending moderated in the US while Eurozone 4Q GDP disappointed with a mere 0.1% QOQ print. China PMI manufacturing fell back to the neutral level while services growth quickened, but it's a no brainer that the February readings will show that these sectors are falling apart. Inflation remained benign in both the US and EU, reaffirming the central banks' concern.
- The dollar weakened against key rivals but remained strong against emerging market currencies. **The dollar index finished 0.47% lower at 97.39** led by the strength in the GBP, CHF, JPY and EUR. **The dollar is likely to remain strong** when risk-off sentiments intensify this week as media reported more coronavirus death tolls. Key data this week are ISM indexes, construction spending and job report.
- **MYR extended losing streak against the USD to close 0.21% lower at 4.0980** alongside its weaker regional Asian peers as the dollar continued to strengthen amidst widespread concerns over the Coronavirus outbreak. **USDMYR outlook remains bullish for now** in the short term when risk-off sentiments intensify this week as media reported more virus cases and death tolls. Bulls are eyeing 4.1000 resistance and the pair is looking to test 4.1000 -4.1100 ahead of key US data such as ISM indexes, construction spending and job report this week.
- **SGD continued to weaken against the USD to close 0.18% weaker at 1.3648** alongside weaker emerging market currencies. **USDSGD remains bullish in the short term on rising risk-aversion** in the market.

Overnight Economic Data

US	➔
Eurozone	➔
China	➔
Australia	⬇

What's Coming Up Next

Major Data

- Markit Manufacturing PMI for US, Eurozone, UK, Japan, China, Malaysia and Vietnam
- US Construction Spending, ISM Manufacturing
- China Industrial Profit
- Hong Kong GDP
- Singapore PMI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1050	1.1070	1.1087	1.1100	1.1116	↗
GBPUSD	1.3100	1.3150	1.3180	1.3200	1.3230	↗
USDJPY	108.00	108.20	108.43	108.80	109.00	↘
AUDUSD	0.6670	0.6680	0.6696	0.6700	0.6720	↘
EURGBP	0.8340	0.8380	0.8412	0.8440	0.8490	➔
USDMYR	4.0900	4.0950	4.1035	4.1100	4.1200	↗
EURMYR	4.5200	4.5350	4.5491	4.5570	4.5656	↗
JPYMYR	3.7550	3.7700	3.7846	3.7930	3.8000	↗
GBPMYR	5.3457	5.3793	5.4082	5.4260	5.4535	↗
SGDMYR	3.0000	3.0015	3.0061	3.0085	3.0100	↗
AUDMYR	2.7350	2.7400	2.7487	2.7530	2.7650	➔
NZDMYR	2.6380	2.6450	2.6523	2.6580	2.6700	➔
USDSGD	1.3600	1.3625	1.3649	1.3670	1.3700	↗
EURSGD	1.5070	1.5100	1.5126	1.5150	1.5180	➔
GBPSGD	1.7840	1.7930	1.7988	1.8050	1.8130	➔
AUDSGD	0.9125	0.9137	0.9146	0.9180	0.9207	↗

* 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	1,531.06	-0.94	-3.63	CRB Index	170.31	-0.49	-8.33
Dow Jones Ind.	28,256.03	-2.09	-0.99	WTI oil (\$/bbl)	51.56	-1.11	-15.56
S&P 500	3,225.52	-1.77	-0.16	Brent oil (\$/bbl)	58.16	-0.22	-15.30
FTSE 100	7,286.01	-1.30	-3.40	Gold (S/oz)	1,589.16	0.95	4.75
Shanghai*	2,976.53	-2.75	-2.41	CPO (RM/tonne)	2,689.00	-3.19	-11.12
Hang Seng	26,312.63	-0.52	-6.66	Copper (\$/tonne)	5,567.00	-0.37	-9.83
STI	3,153.73	-0.53	-2.14	Rubber (sen/kg)	448.50	0.67	-0.88

Source: Bloomberg

* Closing as at 23 January 2020

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Personal Income MOM	Dec	0.2%	0.4% (revised)	0.3%
US Personal Spending MOM	Dec	0.3%	0.4%	0.3%
US PCE Core Deflator YOY	Dec	1.6%	1.5% (revised)	1.6%
US U. of Mich. Sentiment	Jan F	99.8	99.3	99.1
EU GDP SA QOQ	4Q A	0.1%	0.3% (revised)	0.2%
EU CPI Estimate YOY	Jan	1.4%	1.3%	1.4%
EU CPI Core YOY	Jan P	1.1%	1.3%	1.2%
CN NBS Manufacturing PMI	Jan	50.0	50.2	50.0
CN NBS Non-manufacturing PMI	Jan	54.1	53.5	53.0
AU AiG Performance of Manufacturing Index	Jan	45.4	48.3	--

Source: Bloomberg

- US inflation remained benign in December:** The latest personal outlay report shows that US personal income rose a mere 0.2% MOM in December (Nov: +0.4% revised), again reaffirming the lack of income growth in recent months that explains a modest rise in personal consumption expenditure (PCE) or personal spending (+0.3% MOM vs +0.4% revised). Meanwhile, the core PCE price index, the Federal Reserve's preferred inflation gauge recorded 0.2% MOM (Nov: +0.1%) and 1.6% YOY (Nov: +1.5% revised) increases, still markedly below the central bank's 2% target that reflects a lack of inflationary pressure in the economy.
- Resilient US consumer sentiment:** The University of Michigan Consumer Sentiment Index rose slightly to 99.8 in January (Dec: 99.3), close to the index's cyclical peak levels despite "overall slow pace of economic growth", "renewed military engagements in the Mideast, an impeachment trial in the Senate, and a fast spreading coronavirus". University of Michigan attributed the remarkable resilience to "record low unemployment, record gains in income and wealth, as well as near record lows in inflation and interest rates".
- Little growth in Eurozone 4Q GDP; muted inflation in December:** Eurozone real GDP growth came in at a mere 0.1% QOQ in 4Q (3Q: +0.3% revised), according to a flash reading, a pull-back from the newly revised 0.3% rate observed in 3Q. The reading was a tad softer than a Bloomberg consensus estimate of 0.2% QOQ and was the slowest this year. Compared to the same period last year, the economy expanded 1.0% YOY (2Q: +1.2%) and leaving the full-year 2019 growth at 1.2% (2018: +1.9%), its slowest since 2013 during the tailend of the Eurozone sovereign debt crisis, as a manufacturing downturn weighed on the bloc's economy for most part of last year. On separate note, the flash HICP inflation rate went up to 1.4% YOY in January (Dec: +1.3%), its quickest growth in nine months, thanks to the higher prices of food, alcohol & tobacco and mainly a surge in energy cost (+1.8% vs +0.2%). The core HICP reading, a gauge of underlying inflation however slipped to 1.1% YOY (Nov: +1.3%) due to the pullback in services inflation, again reflecting the loss of momentum in Eurozone's underlying inflation.
- China PMIs to worsen in February:** The official NBS PMI for the manufacturing sector slipped back to the neutral zone of 50.0, matching consensus estimate, indicating no change in factory activities in the first month of 2020, just ahead of the Lunar New Year celebration and prior to the preventive measures taken by the Chinese government to curb the spread of the new coronavirus. Actions include extending the New year holiday to 10 February of which businesses are barred from resuming work and a travelling ban that prevent the mobility in and out of the city of 11million people. Wuhan and the surrounding region of Hefei and Jiangsu are major manufacturing hubs in China and the temporary halt in businesses would no doubt drag down February manufacturing numbers. Services PMI meanwhile beat expectations at 54.1 in January (Dec: 53.5) and would likely see a much weaker showings this month as locals avoided public spaces in general while major airlines suspended flights to China and foreigners were strongly encouraged to avoid travelling to the country.
- Australia manufacturing in deeper downturn in new year:** The Performance of Manufacturing Index slipped by nearly 3pts to 45.4 in January (Dec: 48.3), deeper into the contraction territory to indicate a decline in Australia's manufacturing activity. The lower headline reading was a result of the continuous fall in production, new orders and deliveries in recent months. AiG attributed the downturn to "the combined impact of global trade disruptions, slow local consumption, the residential construction downturn, drought and the ongoing bushfire crisis".

Economic Calendar							
Date	Time	Country	Event	Reporting Period	Survey	Prior	Revised
03/02	08:30	Malaysia	Markit Malaysia PMI Mfg	Jan	--	50.0	--
04/02	12:00		Exports YoY	Dec	-3.1%	-5.5%	--
07/02	12:00		Industrial Production YoY	Dec	2.0%	2.0%	--
	15:00		Foreign Reserves	Jan-31	--	\$103.7b	--
03/02	22:45	US	Markit US Manufacturing PMI	Jan F	51.7	51.7	--
	23:00		Construction Spending MoM	Dec	0.5%	0.6%	--
	23:00		ISM Manufacturing	Jan	48.5	47.2	47.8
04/02	23:00		Factory Orders	Dec	1.2%	-0.7%	--
	23:00		Durable Goods Orders	Dec F	2.4%	2.4%	--
	23:00		Cap Goods Orders Nondef Ex Air	Dec F	--	-0.9%	--
05/02	20:00		MBA Mortgage Applications	Jan-31	--	7.2%	--
	21:15		ADP Employment Change	Jan	150k	202k	--
	21:30		Trade Balance	Dec	-\$48.1b	-\$43.1b	--
05/02	22:45		Markit US Services PMI	Jan F	53.2	53.2	--
	23:00		ISM Non-Manufacturing Index	Jan	55.1	55.0	54.9
06/02	21:30		Initial Jobless Claims	Feb-01	215k	216k	--
07/02	21:30		Change in Nonfarm Payrolls	Jan	160k	145k	--
	21:30		Unemployment Rate	Jan	3.5%	3.5%	--
	21:30		Average Hourly Earnings YoY	Jan	3.0%	2.9%	--
	21:30		Labor Force Participation Rate	Jan	63.2%	63.2%	--
	23:00		Wholesale Inventories MoM	Dec F	-0.1%	-0.1%	--
03/02	17:00	Eurozone	Markit Eurozone Manufacturing PMI	Jan F	47.8	47.8	--
04/02	18:00		PPI YoY	Dec	-0.7%	-1.4%	--
05/02	17:00		Markit Eurozone Services PMI	Jan F	52.2	52.2	--
	18:00		Retail Sales MoM	Dec	-1.1%	1.0%	--
03/02	17:30	UK	Markit UK PMI Manufacturing SA	Jan F	49.8	49.8	--
05/02	17:30		Markit/CIPS UK Services PMI	Jan F	52.9	52.9	--
03/02	08:30	Japan	Jibun Bank Japan PMI Mfg	Jan F	--	49.3	--
05/02	08:30		Jibun Bank Japan PMI Services	Jan F	--	52.1	--
07/02	07:30		Labor Cash Earnings YoY	Dec	-0.1%	-0.2%	0.1%
	07:30		Household Spending YoY	Dec	-1.6%	-2.0%	--
	13:00		Leading Index CI	Dec P	91.3	90.8	--
	13:00		Coincident Index	Dec P	94.7	94.7	--
03/02	09:30	China	Industrial Profits YoY	Dec	--	5.4%	--
	09:45		Caixin China PMI Mfg	Jan	51.0	51.5	--
05/02	09:45		Caixin China PMI Services	Jan	52.0	52.5	--
07/02	NA		Exports YoY	Jan	-4.5%	7.6%	7.9%
	NA		Imports YoY	Jan	2.0%	16.3%	16.0%
03/02	16:30	Hong Kong	GDP YoY	4Q A	-3.9%	-2.9%	--
04/02	16:30		Retail Sales Value YoY	Dec	-22.3%	-23.60%	--
05/02	08:30		Markit Hong Kong PMI	Jan	--	42.1	--
03/02	21:00	Singapore	Purchasing Managers Index	Jan	50.0	50.1	--
05/02	08:30		Markit Singapore PMI	Jan	--	51.0	--
03/02	05:30	Australia	AiG Perf of Mfg Index	Jan	--	48.3	--
04/02	11:30		RBA Cash Rate Target	Feb-04	0.75%	0.75%	--
06/02	08:30		Trade Balance	Dec	A\$5600m	A\$5800m	--
	08:30		Retail Sales MoM	Dec	--	0.90%	--
	08:30		NAB Business Confidence	4Q	--	-2	--
07/02	05:30		AiG Perf of Services Index	Jan	--	48.7	--
07/02	08:30		RBA Statement on Monetary Policy				
05/02	05:45	New Zealand	Unemployment Rate	4Q	4.2%	4.2%	--
05/02	05:45		Employment Change QoQ	4Q	0.3%	0.2%	0.3%
	05:45		Pvt Wages Ex Overtime QoQ	4Q	0.5%	0.6%	--
03/02	8:30	Vietnam	Markit Vietnam Manufacturing PMI	Jan	--	50.8	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1093	0.55	1.1096	1.1017	-1.11
GBPUSD	1.3206	0.86	1.3210	1.3084	-0.57
USDJPY	108.35	-0.56	109.14	108.31	-0.18
AUDUSD	0.6692	-0.45	0.6730	0.6683	-4.70
EURGBP	0.8400	-0.30	0.8434	0.8387	-0.56
USDMYR	4.0980	0.21	4.0985	4.0840	0.17
EURMYR	4.5192	0.29	4.5209	4.5051	-1.49
JPYMYR	3.7548	0.02	3.7553	3.7432	-0.36
GBPMYR	5.3790	1.25	5.3793	5.3487	0.03
SGDMYR	3.0036	0.09	3.0043	2.9994	-1.24
AUDMYR	2.7414	-0.42	2.7494	2.7408	-4.40
NZDMYR	2.6460	-0.55	2.6538	2.6453	-3.87
CHFMYR	4.2173	0.11	4.2182	4.2097	-0.25
CNYMYR	0.5873	-0.33	0.5887	0.5870	-0.12
HKDMYR	0.5270	0.11	0.5271	0.5257	0.27
USDSGD	1.3648	0.18	1.3671	1.3609	1.39
EURSGD	1.5140	0.75	1.5145	1.5008	0.28
GBPSGD	1.8020	1.03	1.8029	1.7817	0.83
AUDSGD	0.9130	-0.27	0.9160	0.9123	-3.30

CNYMYR as at 23 Jan

Source: Bloomberg

Forex

MYR

- **MYR extended losing streak against the USD to close 0.21% lower at 4.0980** alongside its weaker regional Asian peers as the dollar continued to strengthen amidst widespread concerns over the Coronavirus outbreak
- **USDMYR outlook remains bullish for now** in the short term when risk-off sentiments intensify this week as media reported more virus cases and death tolls. Bulls are eyeing 4.1000 resistance and the pair is looking to test 4.1000 -4.1100 ahead of key US data such as ISM indexes, construction spending and job report this week. USDMYR medium term is bullish, supported by relatively solid US data and a market that is turning risk-off.

USD

- The dollar weakened against key rivals but remained strong against emerging market currencies. **The dollar index finished 0.47% lower at 97.39** led by the strength in the GBP, CHF, JPY and EUR.
- **The dollar is likely to remain strong** when risk-off sentiments intensify this week as media reported more coronavirus death tolls. Key data this week are ISM indexes, construction spending and job report. **Medium term dollar outlook remains bullish in our view**, reaffirmed by still relatively positive US data, as well as ongoing market jitters that shall keep the USD bullish.

EUR

- **EURUSD extended gains to close 0.55% higher at 1.1093 on the back of weaker USD.**
- **Short term outlook is bullish** as the pair likely tests 1.1100 handle today but potential gains are likely to be capped by market's anticipation of tonight's ISM manufacturing index of which a poorer reading would send EURUSD higher above 1.1100 to a range of 1.1120-1.1140. **Medium term outlook for EUR is still bearish** on weaker growth outlook as confirmed by latest 4Q GDP growth, versus a stronger USD that was supported by more solid fundamentals.

GBP

- **GBP stayed as top gainer on Friday, surging 0.86% to 1.3206 on Brexit day.**
- **GBP outlook is slightly bullish today** as the sterling enjoys a relief rally over the Brexit in the short term that was also partly supported by the BOE's recent hawkish stance. **Medium term outlook is neutral** taking into account Britain's withdrawal transition and likelihood that the BOE will hold rate for the rest of the year.

JPY

- **USDJPY extended further losing streak by 0.56% to 108.35.**
- **USDJPY daily outlook is bearish** as markets turn risk-off amidst heightening fear of Coronavirus outbreak, indicated by a super bearish MACD line. **Medium term JPY outlook is bullish** in our view as markets are expected to remain risk averse in the foreseeable future.

AUD

- **AUDUSD recorded another 0.45% loss to multi-week low of 0.6692.**
- **AUDUSD is expected to be dragged down further below 0.6700** due to risk-aversion and poor Australia wildfire headlines but a highly oversold condition could potentially push it back up above 0.6700 in the short term. China Caixin Manufacturing PMI is up next on the data deck and after that focus turn to tomorrow's RBA rate decision. **We look towards the RBA's statement to gauge the pair's medium term outlook.**

SGD

- **SGD continued to weaken against the USD to close 0.18% weaker at 1.3648** alongside weaker emerging market currencies.
- **USDSGD remains bullish in the short term on rising risk-aversion** in the market. **Medium term outlook for USDSGD is bullish on a firmer USD outlook.**

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