

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks again rallied overnight as investors looked past the potential economic impact of the current Coronavirus outbreak and focused on upbeat US data.** US ADP job gain surprised at 291k in January while the key services gauge, ISM non-manufacturing index print a strong showing in the same month. The S&P500 and NASDAQ gained 1.1% and 0.43% respectively to notch their all-time record high while the Dow Jones added 1.7% in one single day. Global equities had also enjoyed substantial gains earlier of the day with key indexes in both Europe and Asia all ended on higher notes. **Treasuries yields extended further climbs of 3-6bps as sentiment brightened** - 10Y UST yields closed 5bps higher at 1.65%. On the commodity front, gold futures was little changed at 1,556.02/ounce while crude oils recovered strongly and locked in more than 2% gain – Brent crude settled at \$55.28/barrel. **The Bank of Thailand (BOT) cut its benchmark policy rate by 25bps to 1.0%** on Wednesday, its third rate cut in the last five meetings as coronavirus outbreak is expected to hurt the economy. **President Trump was acquitted along party lines in his Senate impeachment trial as widely expected.** Futures indicate that Asian stocks are set to rise today, tracking higher US indexes overnight.
- **Dataflow turned largely positive, led by spikes in US ADP employment and ISM services.** Elsewhere, overnight readings largely showed an improving services sector globally except for those in the Eurozone and China, which nonetheless remained expansionary, albeit at a slower rate. This showed the global economy was indeed on a recovery path before the outbreak of the Coronavirus that is poised to reset the whole growth trajectory.
- The dollar remained generally strong and was boosted by positive data – USD was seen rising against nearly all its G10 rivals; **the dollar index scored another win to add 0.35% at 98.30 overnight. The dollar will remain strong following upbeat data.** Investors are looking beyond the coronavirus concerns for now but we reckon that the lack of positive virus-related headlines thus far would risk sending markets easily back into a risk-off mode. Tomorrow's NFP job report is expected to be a key market driver.
- **USDMYR came off daily high after failing to break 4.1300, but still finished 0.16% higher at 4.1170** on Wednesday due to ongoing dollar strength. **USDMYR outlook remains bullish today** from both technical and fundamental perspectives – driven by upbeat US data, not to mention ongoing concerns over the Coronavirus outbreak.
- **USDSGD continued to climb in its eighth winning session, surging by 0.80% to 1.3813** after the Monetary Authority of Singapore (MAS) said that there is room to ease SGD NEER to counter impact of the Coronavirus outbreak. **USDSGD daily outlook is still bullish** on the back of weaker SGD but oversold position could push USDSGD back to 1.3750-1.3800 range.

Overnight Economic Data

US	↑
Eurozone	↓
UK	↑
Japan	↑
China	↓
Hong Kong	↑
Singapore	↑

What's Coming Up Next

Major Data

- US Initial Jobless Claims
- Australia Trade Balance, Retail Sales, NAB Business Confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1060	1.1080	1.1000	1.1020	1.1040	↘
GBPUSD	1.2880	1.2950	1.2991	1.3050	1.3100	→
USDJPY	108.30	109.60	109.89	110.00	110.20	↗
AUDUSD	0.6700	0.6720	0.6756	0.6770	0.6800	↗
EURGBP	0.8400	0.8440	0.8468	0.8500	0.8540	→
USDMYR	4.1000	4.1100	4.1170	4.1200	4.1300	↗
EURMYR	4.5100	4.5204	4.5287	4.5392	4.5500	↘
JPYMYR	3.7150	3.7345	3.7459	3.7630	3.7880	→
GBPMYR	5.3000	5.3270	5.3479	5.3624	5.3876	→
SGDMYR	2.9760	2.9780	2.9804	2.9855	2.9900	↘
AUDMYR	2.7650	2.7750	2.7832	2.7900	2.8000	→
NZDMYR	2.6500	2.6600	2.6686	2.6770	2.6850	→
USDSGD	1.3750	1.3780	1.3817	1.3830	1.3850	↗
EURSGD	1.5150	1.5200	1.5230	1.5255	1.5280	↗
GBPSGD	1.7775	1.7833	1.7889	1.7950	1.8040	↗
AUDSGD	0.9283	0.9320	0.9353	0.9370	0.9400	→

* 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	1,536.79	0.06	-3.27	CRB Index	169.54	0.96	-8.74
Dow Jones Ind.	29,290.85	1.68	2.64	WTI oil (\$/bbl)	50.75	2.30	-16.89
S&P 500	3,334.69	1.13	3.22	Brent oil (\$/bbl)	55.28	2.45	-16.24
FTSE 100	7,482.48	0.57	-0.79	Gold (S/oz)	1,556.02	0.20	2.54
Shanghai	2,818.09	-1.25	-7.61	CPO (RM/tonne)	2,696.00	1.37	-10.89
Hang Seng	26,786.74	0.42	-4.98	Copper (\$/tonne)	5,618.00	1.68	-9.01
STI	3,200.13	1.38	-0.70	Rubber (sen/kg)	436.50	0.23	-3.54

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	Jan-31	5.0%	7.2%	7.2%
US ADP Employment Change	Jan	291k	199k (revised)	157k
US Trade Balance	Dec	-\$48.9b	-\$43.7b (revised)	-\$43.1b
US Markit Services PMI	Jan F	53.4	53.2	53.2
US ISM Non-Manufacturing Index	Jan	55.5	54.9 (revised)	55.0
EU Markit Services PMI	Jan F	52.5	52.8	52.2
EU Retail Sales MoM	Dec	-1.6%	0.8% (revised)	-1.1%
UK Markit/CIPS Services PMI	Jan F	53.9	50.0	52.9
JP Jibun Bank Japan PMI Services	Jan F	51.0	49.4	--
CN Caixin China PMI Services	Jan	51.8	52.5	--
HK Markit Hong Kong PMI	Jan	46.8	42.1	--
SG Markit Singapore PMI	Jan	51.4	51.0	--

Source: Bloomberg

- US ADP job gain job beat expectation at 291k:** The US private sector added a whopping 291k news jobs in January according to the latest ADP National Employment report, smashing analysts' estimate of 157k and was its largest increase since May-2015. Job gains came primarily from the services sector (+237k), whereas the goods producing sector added a mere 54k jobs of which manufacturing went up by 10k and construction gained 47k. The latest report again confirmed that the US labour market is super tight, suggesting that the official NFP job report due Friday could surprise to the upside as well.
- Resilient and strengthening US services sector:** The ISM non manufacturing index came in stronger at 55.5 in January (Dec: 54.9) reaffirming the strength in US services sector at the start of the new year. January expansion reflects the surge in production and new orders while other categories generally recorded smaller gains. Respondents across industries appeared optimistic over growth and sales outlook; however some said that the labour market remained a challenge, the other mentioned that they would closely monitor the Coronavirus outbreak in China. On a separate note; the IHS Markit Service PMI was revised upward from 53.2 to 53.4 in January (Dec: 52.8), aligning itself with the ISM index to confirm the currently solid state of the services sector.
- US annual trade deficit narrowed for first time in six years thanks to trade war with China:** US December trade deficit widened to \$48.9b (Nov: -\$43.7b revised) as higher MOM imports growth outpaced a lacklustre gain in exports at year end. For the full year of 2019, it recorded a smaller annual trade gap of \$616.8b (2018: -\$627.7b), marking its first shrinkage in six years as trade deficit had been widening since 2015. The annual goods deficit with China narrowed by 17.6% to \$345.6b (2018: -\$419.5) after hitting a record high in 2018, reflecting a 16% drop in imports of Chinese goods and a 11% fall in exports to China as both countries were engaged in a trade dispute for the entire year. On a separate note, mortgage applications rose 5.0% last week (previous: +7.2%), a smaller increase despite lower rates.
- Eurozone services PMI remains solid at start of the year:** Eurozone IHS Markit services PMI was revised up from 52.2 to 52.5 in January (Dec: 52.8) according to a final reading that indicate a little change in services activity in the Eurozone at the start of the year. January's print again proved that the services industry remains a vital pillar to support growth as the manufacturing sector is still mired in downturn. On a separate note, Eurozone retail sales slipped 1.6% MOM in December (Nov: +0.8% revised) on the back of a broad-based decline, leaving the annual gain in retail sales at a smaller 1.3% YOY (Nov: +2.3%).
- UK services rebounded strongly in January:** The IHS Markit/CIPS Services PMI was revised from 52.9 to 53.9 in January (Dec: 50.0) in a final reading, indicating that the services sector started the year on solid footing as the removal of Brexit uncertainties following December general election helped business to return to growth.
- Japan services sector returned to growth:** The Jibun Bank Japan Services PMI rose to 51.0 in January (Dec: 49.4) after a contraction at year end, to signal a rebound in business activity, led by a rising output, new orders and employment.
- Modest increase in China services business activity:** The Caixin services PMI for China slipped to 51.8 in January (Dec: 52.5) to signal a softer rise in services activity at the start of the year. New foreign orders were offset by slower domestic new order. The survey hasn't taken into consideration the Coronavirus outbreak that has only intensified for the past two weeks.

- **Hong Kong PMI signals smaller activity contraction:** The IHS Markit Hong Kong PMI rose significantly to 46.8 in January (Dec: 42.1) reflecting smaller contraction in the private sector activity at the start of the year ahead of Lunar New Year. Weak underlying demand amidst ongoing domestic unrests, trade tensions, competitive pressure and tough economic conditions remain the main reasons hampering sales and the overall economy.
- **Singapore PMI rose for the third month:** The IHS Markit Singapore PMI picked up to 51.4 in January (Dec: 51.0), marking its third consecutive month of expansion to indicate continuous improvement in the private sector operating conditions. The reading was in line with the higher official PMI reading as well as better economic data at year end that suggest a stabilization in the Singapore economy.

Economic Calendar								
Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
03/02	08:30	Malaysia	Markit Malaysia PMI Mfg	Jan	--	48.8	50.0	--
04/02	12:00		Exports YoY	Dec	-3.1%	2.7%	-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	51.9	52.4	--
	23:00		Construction Spending MoM	Dec	0.5%	-0.2%	0.6%	0.7%
	23:00		ISM Manufacturing	Jan	48.5	50.9	47.2	47.8
04/02	23:00		Factory Orders	Dec	1.2%	1.8%	-0.7%	-1.2%
	23:00		Durable Goods Orders	Dec F	2.4%	2.4%	-3.1%	--
	23:00		Cap Goods Orders Nondef Ex Air	Dec F	--	-0.8%	0.0%	--
05/02	20:00		MBA Mortgage Applications	Jan-31	--	5.0%	7.2%	--
	21:15		ADP Employment Change	Jan	157k	291k	202k	199k
	21:30		Trade Balance	Dec	-\$48.2b	-\$48.9b	-\$43.1b	-\$43.7b
	22:45		Markit US Services PMI	Jan F	53.2	53.4	53.2	--
	23:00		ISM Non-Manufacturing Index	Jan	55.1	55.5	55.0	54.9
06/02	21:30		Initial Jobless Claims	Feb-01	215k	--	216k	--
07/02	21:30		Change in Nonfarm Payrolls	Jan	163k	--	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	47.9	46.3	--
04/02	18:00		PPI YoY	Dec	-0.7%	-0.7%	-1.4%	--
05/02	17:00		Markit Eurozone Services PMI	Jan F	52.2	52.5	52.8	--
	18:00		Retail Sales MoM	Dec	-1.1%	-1.6%	1.0%	0.8%
03/02	17:30	UK	Markit UK PMI Manufacturing SA	Jan F	49.8	50.0	47.5	--
05/02	17:30		Markit/CIPS UK Services PMI	Jan F	52.9	53.9	50.0	--
03/02	08:30	Japan	Jibun Bank Japan PMI Mfg	Jan F	--	48.8	48.4	--
05/02	08:30		Jibun Bank Japan PMI Services	Jan F	--	51.0	49.4	--
07/02	07:30		Labor Cash Earnings YoY	Dec	-0.1%	--	-0.2%	0.1%
	07:30		Household Spending YoY	Dec	-1.7%	--	-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	--	-6.3%	5.4%	--
	09:45		Caixin China PMI Mfg	Jan	51.0	50.1	51.5	--
05/02	09:45		Caixin China PMI Services	Jan	52.0	51.8	52.5	--
07/02	NA		Exports YoY	Jan	-4.0%	--	7.6%	7.9%
	NA		Imports YoY	Jan	-3.0%	--	16.3%	16.5%
03/02	16:30	Hong Kong	GDP YoY	4Q A	-3.9%	-2.9%	-2.9%	2.8%
04/02	16:30		Retail Sales Value YoY	Dec	-22.3%	-19.4%	-23.6%	-23.7%
05/02	08:30		Markit Hong Kong PMI	Jan	--	46.8	42.1	--
03/02	21:00	Singapore	Purchasing Managers Index	Jan	50.0	50.3	50.1	--
05/02	08:30		Markit Singapore PMI	Jan	--	51.4	51.0	--
03/02	05:30	Australia	AiG Perf of Mfg Index	Jan	--	45.4	48.3	--
04/02	11:30		RBA Cash Rate Target	Feb-04	0.75%	0.75%	0.75%	--
06/02	08:30		Trade Balance	Dec	A\$5500m	--	A\$5800m	--
	08:30		Retail Sales MoM	Dec	-0.2%	--	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%	4.0%	4.2%	4.1%
05/02	05:45		Employment Change QoQ	4Q	0.3%	0.0%	0.2%	0.3%
	05:45		Pvt Wages Inc Overtime QoQ	4Q	0.5%	0.6%	0.6%	--
03/02	8:30	Vietnam	Markit Vietnam Manufacturing PMI	Jan	--	50.6	50.8	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0999	-0.41	1.1048	1.0994	-1.90
GBPUSD	1.3002	-0.22	1.3070	1.2956	-1.95
USDJPY	109.83	0.28	109.85	109.30	1.10
AUDUSD	0.6746	0.10	0.6774	0.6724	-3.90
EURGBP	0.8461	-0.18	0.8491	0.8434	0.04
USDMYR	4.1170	0.16	4.1295	4.1095	0.64
EURMYR	4.5394	-0.11	4.5613	4.5373	-1.05
JPYMYR	3.7634	-0.23	3.7771	3.7541	-0.13
GBPMYR	5.3795	0.75	5.3876	5.3526	0.04
SGDMYR	2.9855	-0.50	2.9992	2.9788	-1.83
AUDMYR	2.7871	0.88	2.7899	2.7664	-2.81
NZDMYR	2.6800	0.77	2.6800	2.6665	-2.64
CHFMYR	4.2516	0.13	4.2659	4.2392	0.57
CNYMYR	0.5896	0.24	0.5902	0.5874	0.23
HKDMYR	0.5310	0.30	0.5318	0.5292	1.03
USDSGD	1.3813	0.80	1.3825	1.3701	2.57
EURSGD	1.5193	0.38	1.5255	1.5132	0.64
GBPSGD	1.7960	0.58	1.8046	1.7853	0.53
AUDSGD	0.9319	0.94	0.9349	0.9229	-1.36

Source: Bloomberg

Forex

MYR

- **USDMYR came off daily high after failing to break 4.1300, but still finished 0.16% higher at 4.1170** on Wednesday due to ongoing dollar strength.
- **USDMYR outlook remains bullish today** from both technical and fundamental perspectives – driven by upbeat US data, not to mention ongoing concerns over the Coronavirus outbreak. **Medium term USDMYR outlook is bullish**, supported by relatively solid US data and uncertainties surrounding the virus outbreak.

USD

- The dollar remained generally strong and was boosted by positive data – USD was seen rising against nearly all its G10 rivals; **the dollar index scored another win to add 0.35% at 98.30 overnight.**
- **The dollar will remain strong following upbeat data.** Investors are looking beyond the coronavirus concerns for now but we reckon that the lack of positive virus-related headlines thus far would risk sending markets easily back into a risk-off mode. Tomorrow's NFP job report is expected to be a key market driver. **Medium term dollar outlook remains bullish**, reaffirmed by still relatively positive US data as well as uncertainties surrounding the Coronavirus outbreak.

EUR

- **EURUSD lost ground after ADP job and ISM index beat expectations, the pair slipped 0.41% to 1.0999 to mark its third losing session.**
- **Daily outlook is slightly bearish as EURUSD breached 1.1000 support** but markets are likely cautious ahead of tomorrow's US NFP job data. Expect daily trading range to be at 1.0980- 1.1005 over the lack of key driver today. **Medium term outlook for EUR remains bearish** over Eurozone's weaker growth outlook as confirmed by latest 4Q GDP growth and poor PMI data.

GBP

- **GBPUSD retreated slightly by 0.22% to 1.3002 on the back of a stronger dollar.**
- **GBP looks likely to reside below 1.3000 today** over the lack of key driver in the short term ahead of tomorrow's job report. **Medium term outlook is neutral** for now given the uncertainties over US-EU trading relationship and likelihood that the BOE will hold rate for the rest of the year.

JPY

- **USDJPY extended further climb above 109.00, closing 0.28% higher at 109.83** in a stronger dollar environment and alongside higher US yields.
- **USDJPY is bullish on the back of firmer sentiment** and bulls are looking to test 110.00 handle today as investors shrugged off coronavirus concerns for now. **Medium term USDJPY outlook is still bearish** as markets are expected to remain risk averse in the foreseeable future with uncertainties surrounding the Coronavirus outbreak posing major downside risk to the currency pair.

AUD

- **AUDUSD picked up 0.10% to 0.6746.**
- **AUDUSD daily outlook is bullish as it breached 0.6750** amidst improving risk sentiment and is seen trading higher this morning following generally positive Australian data. **We reckon AUDUSD would recover back above 0.6800 in the medium term** barring any major surprises from bushfire crisis. Major downside risk to the pair is a worsening scenario of the Coronavirus outbreak and the economic impact it has on China, Australia's largest trading partner.

SGD

- **USDSGD continued to climb in its eighth winning session, surging by 0.80% to 1.3813** after the Monetary Authority of Singapore (MAS) said that there is room to ease SGD NEER to counter impact of the Coronavirus outbreak.
- **USDSGD daily outlook is still bullish** on the back of weaker SGD but oversold position could push USDSGD back to 1.3750-1.3800 range. **Medium term USDSGD outlook is bullish** due to ongoing virus concerns and the potential impact it would have on the Singapore economy, reaffirmed by the MAS's signal to ease in April.

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