

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Stocks extended yet another winning session in the US, Europe and Asia on the back of renewed trade optimism as China announced a 50% cut in tariffs on some \$75b worth of US imports effective 14-Feb** as part of its effort to meet conditions of the recently signed Phase One trade deal with the US. **US stocks gained for the fourth consecutive day, powered by easing concerns over the economic impact brought about by the Coronavirus outbreak in China**; Wall Street's main indexes rose 0.3-0.7% to notch record highs. Bond yields barely moved overnight where 10Y UST yields slipped by 1bp to 1.64%. Gold futures regained footing to add 0.7% at \$1,566.66/ounce. **OPEC proposed a 600,000 barrels cut in daily oil output to counter fall in oil price** spurred by Coronavirus outbreak; crude oils finished mixed - WTI picked up slightly to \$50.95/barrel while Brent crude lost 0.63% to \$54.93/barrel. The dollar strengthened across the board while the sterling came under huge selling pressure and was a major loser. **The Reserve Bank of India (RBI) left its benchmark repo rate unchanged** at 5.15% as the central bank struggles to control higher inflation and to maximise growth. **Bangko Sentral Ng Pilipinas (BSP) cut its policy rate by 25bps** to 3.75% as expected, citing the manageable inflation environment warranted a pre-emptive cut to support market confidence.
- On the data front, echoing the upbeat ADP print, **US job report continued to surprise on the upside**, with initial jobless claims falling to a 9-month low last week, **bolstering hopes of a positive NFP report tonight**. On the contrary, **Japan and Australian data disappointed**. Household spending deepened its fall in December while wage growth stagnated in Japan. Australia retail sales and services activities also fell while the country registered a smaller trade surplus as imports rose at a faster pace than exports.
- The dollar strengthened across the board, gaining nearly all major rivals and this led **the dollar index to continue climbing to 98.496**. **The dollar is expected to keep up with its momentum today** on upbeat data and lingering virus concerns. Market is turning attention to tonight's US job report and consensus is looking at a 165k gain.
- **USDMYR** continued to gain momentum on the back of a strong dollar, **finishing 0.13% higher at 4.1225 on Thursday**. **USDMYR outlook is still bullish today** from both technical and fundamental perspectives, taking cue from overnight dollar strength, driven by upbeat US data, not to mention lingering concerns over the Coronavirus outbreak in China.
- **USDSGD** extended further gain of **0.32% to 1.3857** in its 9th consecutive winning session; SGD was the second worst performing Asian currency after the THB. **USDSGD daily outlook is still bullish** on the back of weaker SGD following MAS's Wednesday signal to ease policy. However SGD's oversold position could push USDSGD back to 1.3750-1.3800 range.

Overnight Economic Data

US	↑
Japan	↓
Australia	↓

What's Coming Up Next

Major Data

- Malaysia IPI, foreign reserves
- US Nonfarm Job Report, Wholesale Inventories
- Japan Leading Index
- China Exports

Major Events

- RBA Statement on Monetary Policy

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0950	1.0965	1.0979	1.1000	1.1015	↘
GBPUSD	1.2880	1.2900	1.2928	1.2950	1.3000	↘
USDJPY	108.60	109.80	109.91	110.00	110.20	↗
AUDUSD	0.6680	0.6700	0.6717	0.6750	0.6770	↘
EURGBP	0.8425	0.8463	0.8492	0.8540	0.8600	→
USDMYR	4.1100	4.1200	4.1305	4.1350	4.1400	↗
EURMYR	4.5160	4.5248	4.5349	4.5400	4.5500	→
JPYMYR	3.7250	3.7400	3.7615	3.7660	3.7750	↗
GBPMYR	5.3000	5.3200	5.3415	5.3624	5.3876	→
SGDMYR	2.9715	2.9750	2.9791	2.9850	2.9900	→
AUDMYR	2.7550	2.7653	2.7744	2.7800	2.7857	↘
NZDMYR	2.6500	2.6600	2.6648	2.6700	2.6800	→
USDSGD	1.3800	1.3830	1.3863	1.3880	1.3900	↗
EURSGD	1.5150	1.5200	1.5224	1.5255	1.5280	→
GBPSGD	1.7800	1.7850	1.7930	1.7950	1.8040	→
AUDSGD	0.9280	0.9300	0.9316	0.9350	0.9370	→

* 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	1,552.77	1.04	-2.27	CRB Index	170.48	0.55	-8.24
Dow Jones Ind.	29,379.77	0.30	2.95	WTI oil (\$/bbl)	50.95	0.39	-16.56
S&P 500	3,345.78	0.33	3.56	Brent oil (\$/bbl)	54.93	-0.63	-16.44
FTSE 100	7,504.79	0.30	-0.50	Gold (\$/oz)	1,566.66	0.68	3.21
Shanghai	2,866.51	1.72	-6.02	CPO (RM/tonne)	2,794.50	3.65	-7.64
Hang Seng	27,493.70	2.64	-2.47	Copper (\$/tonne)	5,722.00	1.85	-7.32
STI	3,231.55	0.98	0.27	Rubber (sen/kg)	443.00	0.91	-2.10

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Initial Jobless Claims	Feb-01	202k	217k (revised)	215k
JP Labor Cash Earnings YoY	Dec	0.0%	-0.1%	-0.1%
JP Household Spending YoY	Dec	-4.8%	-2.0%	-1.7%
AU Trade Balance	Dec	A\$5223m	A\$5518m (revised)	A\$5500m
AU Retail Sales MoM	Dec	-0.5%	1.0%	-0.2%
AU AiG Perf of Services Index	Jan	47.4	48.7	--

Source: Bloomberg

- US initial jobless claims at nine-month low:** The number of Americans filing for unemployment benefits dropped to a nine-month low last week as initial jobless claims dropped to 202k for the week ended 1 February (previous: 217k revised). The weekly figure came after the release of a super upbeat ADP private payroll on Wednesday and ahead of tonight's nonfarm job report.
- Japan household spending plunged; wage growth stalled at year-end:** Household spending dropped 4.8% YOY in December (Jan: -2.0%), marking its third back-to-back contraction that reflects the immediate effect of the newly imposed higher sales tax in October last year. Spending had surged by 9.5% in the month prior to the tax hike and the resulting contraction at year-end suggests that Japanese consumers were still making adjustment to the higher tax rate. Meanwhile, wage growth stalled in December, consistent with its flattish trend since October as labour cash earnings were unchanged in the last month of 2019 (Nov: +0.1% revised), which explains the lack of inflationary pressure in the economy despite a super tight labour market.
- Australia recorded smaller surplus; retail sales dropped after Black Friday:** Australia recorded a smaller trade surplus of AUD5.2b in December (Nov: AUD5.5b revised) as imports picked up at a faster pace (+2.4% vs -2.8%) following a drop in November while exports saw a steadier 1.4% MOM (Nov: +1.3%) increase. Exports to China gained 11.9% MOM (Nov: +9.1%) while exports to Japan and Korea rose by 6.1% and 17.4% MOM respectively. Retail sales meanwhile fell by 0.5% MOM in December (Nov: +1.0% revised), as Black Friday sales distorted Christmas spending and partly due to the disruption of the wildfire crisis.
- Australia services activities in contraction:** The AiG Performance of Services Index slipped to 47.4 in January (Dec: 48.7), marking its second month in contraction area that indicates the deteriorating conditions in the services sector.

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	202k	216k	217k
07/02	21:30	US	Change in Nonfarm Payrolls	Jan	165k	--	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%	0.0%	-0.2%	0.1%
	07:30		Household Spending YoY	Dec	-1.7%	-4.8%	-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	-4.2%	--	7.6%	7.9%
	NA		Imports YoY	Jan	-5.8%	--	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\$5223m	A\$5800m	A\$5518m
	08:30		Retail Sales MoM	Dec	-0.2%	-0.5%	0.9%	1.0%
	08:30		NAB Business Confidence	4Q	--	--	-2.0	--
07/02	05:30		AiG Perf of Services Index	Jan	--	47.4	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	1.0983	-0.15	1.1014	1.0965	-2.07
GBPUSD	1.2931	-0.55	1.3003	1.2921	-2.47
USDJPY	109.99	0.15	110.00	109.74	1.24
AUDUSD	0.6730	-0.24	0.6765	0.6727	-4.43
EURGBP	0.8494	0.39	0.8498	0.8458	0.39
USDMYR	4.1225	0.13	4.1260	4.1165	0.77
EURMYR	4.5343	-0.11	4.5387	4.5273	-1.36
JPYMYR	3.7478	-0.41	3.7557	3.7445	-0.54
GBPMYR	5.3512	-0.53	5.3581	5.3418	-0.48
SGDMYR	2.9776	-0.25	2.9820	2.9717	-2.09
AUDMYR	2.7811	-0.22	2.7886	2.7780	-3.02
NZDMYR	2.6622	-0.65	2.6728	2.6613	-3.28
CHFMYR	4.2273	-0.57	4.2365	4.2252	-0.01
CNYMYR	0.5913	0.28	0.5920	0.5905	0.56
HKDMYR	0.5308	-0.04	0.5313	0.5302	0.99
USDSGD	1.3857	0.32	1.3868	1.3799	3.00
EURSGD	1.5220	0.18	1.5251	1.5179	0.88
GBPSGD	1.7917	-0.24	1.8006	1.7905	0.47
AUDSGD	0.9327	0.09	0.9366	0.9311	-1.19

Source: Bloomberg

Forex

MYR

- **USDMYR** continued to gain momentum on the back of a strong dollar, **finishing 0.13% higher at 4.1225 on Thursday.**
- **USDMYR outlook is still bullish today** from both technical and fundamental perspectives, taking cue from overnight dollar strength, driven by upbeat US data, not to mention lingering concerns over the Coronavirus outbreak in China. **Medium term USDMYR outlook is bullish**, supported by relatively solid US data and uncertainties surrounding the virus outbreak.

USD

- The dollar strengthened across the board, gaining nearly all major rivals and this led the **dollar index to continue climbing to 98.496.**
- **The dollar is expected to keep up with its momentum today** on upbeat data and lingering virus concerns. Market is turning attention to tonight's US job report and consensus is looking at a 165k gain. **Medium term outlook is bullish**, reaffirmed by more solid US outlook and the uncertainties surrounding the outbreak could risk sending markets easily back into a risk-off mode, thus benefiting the dollar.

EUR

- **EURUSD** saw yet another losing session on upbeat US jobless claims after initially failing to react to weak German factory orders. EURUSD closed 0.15% lower at 1.0983.
- **The single currency's daily outlook is still bearish** and is likely consolidating within a tight range below 1.1000 ahead of tonight's US job report. **Medium term outlook remains bearish** over weaker Eurozone growth versus a much stronger US outlook as confirmed by poor manufacturing PMI and German factory data.

GBP

- **GBPUSD lost 0.55% to 1.2931 and was the top loser among G10s**, partly on dollar strength and investors' anticipation of tough negotiation between UK and EU regarding the post-crisis financial rulebook known as MiFID II.
- **GBP turned bearish** and is nearing 1.2900 figure today on negative Brexit headlines while the dollar remains superbly strong. **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 closed 0.15% higher at 109.99 after briefly hitting 110.00 at the end of the US session.**
- **USDJPY is still bullish** as bulls are looking to retest 110.00 handle today in a strong dollar environment. **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.

AUD

- **AUDUSD closed 0.24% lower at 0.6730 as dollar strength erased earlier post Aussie data-dump gain.**
- **AUDUSD outlook is still bearish** as it slipped to near 0.6720 in reaction to upcoming RBA's quarterly monetary policy statement this morning. Bears are setting eyes on 0.6700 support. **In the medium term, AUDUSD is likely to recover back above 0.6800**, barring any major surprises from current 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 extended further gain of 0.32% to 1.3857** in its 9th consecutive winning session; SGD was the second worst performing Asian currency after the THB.
- **USDSGD daily outlook is still bullish** on the back of weaker SGD following MAS's Wednesday signal to ease policy. However SGD's 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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