

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks took cue from global equity rally to notch record highs overnight amidst easing US-Iran tensions and were boosted by renewed trade optimism after China confirmed that Vice Premier Liu He would travel to Washington next week to sign the phase one trade agreement.** The Dow Jones added 212 pts or 0.7%, closing just below 29,000 whereas the S&P500 and NASDAQ each gained 0.7% and 0.8% to fresh records, led by a broad-based rally across sectors. Apple shares were the top winner, adding 2.1% in a single day. Boeing shares closed higher on news that the Iran may have accidentally shot down the Ukraine-bound Boeing airplane that led to a fatal crash, killing all 176 persons on board. **US bond yields slipped lower by 0.2 to 3.3bps. Gold prices continued to moderate to \$1552.32/troy ounce while crude oils barely changed.** Brent crude last traded at \$65.37/barrel on Thursday. The greenback remained strong with most major currencies weakening against the dollar overnight, save for the euro and Swiss franc which were little changed.
- On the data front, **US initial jobless claims fell by 9k to 214k last week, adding to strong signs of a solid NFP job report tonight. Eurozone unemployment rate was unchanged** at a low level of 7.5% in November. Decline in Japan household spending moderated to 2.0% YOY in November, the second month after the sales tax hike. **China consumer inflation held steady amidst a pullback in the spike in pork prices** while producer prices also declined at a slower rate of 0.5% YOY. **Australia retail sales beat expectation to record a sharp 0.9% MOM growth in November but its services PMI slumped** into contraction in December.
- The greenback remained strong with most major currencies weakening against the dollar overnight, save for the euro and Swiss franc which were little changed. **The Dollar Index extended its further climb by 0.16% to 97.45. USD is expected to remain strong today** ahead of tonight's nonfarm payroll where consensus is looking at 160k gain in December.
- **MYR rebounded to finish 0.26% stronger against the USD at 4.0905** alongside its regional Asian peers as risk-on flow returned to market amidst defusing tensions between the US and Iran. **Daily outlook for MYR is still slightly bullish** expecting the local currency to benefit from renewed trade optimism but gains were likely limited as market turns slightly cautious ahead of tonight's NFP job report heading into the weekend.
- **SGD closed little changed against the USD at 1.3517. SGD daily outlook is slightly bullish**, supported by renewed trade optimism but gain is likely capped ahead of tonight's NFP job report.

Overnight Economic Data

US	↑
Eurozone	→
Japan	↑
China	↑
Australia	→

What's Coming Up Next

Major Data

- Malaysia Industrial Production
- US Nonfarm Job Report
- UK Monthly GDP, Industrial Production, Visible Trade Balance
- Japan Leading Index
- Singapore Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0980	1.1100	1.1107	1.1120	1.1150	→
GBPUSD	1.3000	1.3015	1.3068	1.3100	1.3150	↘
USDJPY	109.00	109.25	109.53	109.68	109.80	↗
AUDUSD	0.6830	0.6850	0.6853	0.6880	0.6900	↗
EURGBP	0.8435	0.8460	0.8499	0.8530	0.8550	→
USDMYR	4.0800	4.0850	4.0903	4.1000	4.1100	↘
EURMYR	4.5300	4.5400	4.5432	4.5600	4.5700	→
JPYMYR	3.7185	3.7300	3.7341	3.7500	3.7620	→
GBPMYR	5.3000	5.3300	5.3453	5.3800	5.3930	↘
SGDMYR	3.0225	3.0250	3.0268	3.0300	3.0335	→
AUDMYR	2.8000	2.8015	2.8036	2.8060	2.8130	↗
NZDMYR	2.6900	2.6950	2.7022	2.7100	2.7200	↘
USDSGD	1.3475	1.3500	1.3515	1.3525	1.3550	↘
EURSGD	1.4970	1.4980	1.5011	1.5030	1.5050	→
GBPSGD	1.7550	1.7625	1.7660	1.7730	1.7800	→
AUDSGD	0.9250	0.9265	0.9279	0.9300	0.9325	↗

* 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	1,595.65	0.41	0.43	CRB Index	183.56	0.10	-1.20
Dow Jones Ind.	28,956.90	0.74	1.47	WTI oil (\$/bbl)	59.56	-0.08	-2.46
S&P 500	3,274.70	0.67	1.36	Brent oil (\$/bbl)	65.37	-0.11	-0.95
FTSE 100	7,598.12	0.31	0.74	Gold (\$/oz)	1,552.32	-0.26	2.39
Shanghai	3,094.88	0.91	1.47	CPO (RM/tonne)	3,046.00	-0.51	0.68
Hang Seng	28,561.00	1.68	1.32	Copper (\$/tonne)	6,178.00	0.47	0.06
STI	3,247.48	0.05	0.76	Rubber (sen/kg)	462.00	-0.11	2.10

Source: Bloomberg

Economic Data				
	For	Actual	Last	Survey
US Initial Jobless Claims	Jan-04	214k	223k (revised)	220k
EU Unemployment Rate	Nov	7.5%	7.5%	7.5%
JP Household Spending	Nov	-2.0%	-5.1%	-5.1%
CN PPI YOY	Dec	-0.5%	-1.4%	-0.4%
CN CPI YOY	Dec	4.5%	4.5%	4.7%
AU AiG Perf of Services Index	Dec	48.7	53.7	--
AU Retail Sales MOM	Nov	0.9%	0.1% (revised)	0.0%

Source: Bloomberg

➤ Macroeconomics

- US initial jobless claims slipped last week:** Initial jobless claims fell by 9k to 214k for the week ended 4 Jan (previous: 223k revised), its lowest level in five weeks to indicate a currently tight labour market. The four-week moving average also dropped to 224k (previous: 233.5k), in line with the strong ADP private payroll showing at 202k and set a strong stage for a solid NFP job report tonight.
- Eurozone unemployment rate held steady:** Eurozone unemployment rate was unchanged at more-than-decade low of 7.5% in November (Oct: 7.5%), reflecting solid labour market in the Euro area.
- Japan spending fell by smaller amount in November:** Japan household spending continued to fall in November albeit at a smaller magnitude of 2.0% YOY (Oct: -5.1%) following October's sales tax hike. Spending had jumped by a whopping 9.5% YOY in September prior to the hike, and is likely to recover again in 1Q2020 after the effect wears off.
- China consumer inflation held steady; factory-gate deflation moderated:** China CPI inflation held steady at 4.5% YOY in December (Nov: -4.5%) instead of accelerating further as expected by analysts as the surge in pork prices eased in the last month of 2019. Prices of pork, Chinese household's preferred poultry continued to increase at a whopping 97% YOY but were considered a significant pullback from the 110.2% spike in November as supply remained limited by the ongoing fight against the African Swine Flu disease. Excluding food and energy, CPI was steady at 1.4% YOY (Nov: +1.4%), a moderate gain compared to the average 1.5% YOY increase for the previous six months, indicating a lack of underlying inflationary pressure in the economy, a comfort for the PBOC that is expected to continue injecting stimulus into the system. On a positive note, the decline in producer prices index moderated to 0.5% YOY in the same month (Nov: -1.4%). December print marked PPI's sixth back-to-back contraction since July last year but the index appeared to have bottomed out in October and is gradually rebounding alongside a stabilizing manufacturing activity in late 2019.
- Australia retail sales growth hit 2-year high; Services activities slumped into contraction in December:** Retail sales beat expectations to record a sharp growth of 0.9% MOM in November (Oct: +0.1% revised), its largest increase in two years. The upturn reflects higher sales of food, household goods and notably apparels (+3.1% vs -0.4%) which was boosted during the annual Black Friday sale. Department stores also saw its sales picked up by an impressive 3.4% MOM ahead of the holidays. On a separate note, business conditions in Australia's services sector declined in December as the AiG Performance of Services Index slipped into contraction area at 48.7 (Nov: 53.7), its first below 50 reading in five months, driven by declines in sales, new orders and selling prices.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
10/01	Malaysia	Industrial Production YOY	Nov	1.1%	0.3%	--
10/01	US	Change in Nonfarm Payrolls	Dec	160k	266k	--
		Unemployment Rate	Dec	3.5%	3.5%	--
		Average Hourly Earnings YOY	Dec	3.1%	3.1%	--
		Wholesale Inventories MOM	Nov F	0.0%	0.0%	--
10/01	UK	Monthly GDP (MOM)	Nov	0.0%	0.0%	--
		Industrial Production MOM	Nov	0.0%	0.1%	--
		Visible Trade Balance GBP/Mn	Nov	-£11,700m	-£14,486m	--
10/01	Japan	Household Spending YOY	Nov	-1.8%	-5.1%	--
		Leading Index CI	Nov P	90.9	91.6	--
10/01	Singapore	Retail Sales YOY	Nov	-4.1%	-4.3%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1106	0.01	1.1120	1.1093	-0.95
GBPUSD	1.3067	-0.23	1.3124	1.3013	-1.43
USDJPY	109.52	0.37	109.58	109.01	0.80
AUDUSD	0.6858	-0.12	0.6881	0.6850	-2.36
EURGBP	0.8499	0.23	0.8533	0.8472	0.48
USDMYR	4.0905	-0.26	4.1025	4.0850	-0.01
EURMYR	4.5406	-0.60	4.5584	4.5395	-1.02
JPYMYR	3.7400	-1.13	3.7617	3.7365	-0.75
GBPMYR	5.3520	-0.92	5.3752	5.3497	-0.47
SGDMYR	3.0271	-0.37	3.0374	3.0254	-0.46
AUDMYR	2.8064	-0.50	2.8200	2.8058	-2.13
NZDMYR	2.7113	-0.78	2.7298	2.7093	-1.50
CHFMYR	4.1982	-0.66	4.2144	4.1923	-0.70
CNYMYR	0.5899	-0.17	0.5907	0.5896	0.32
HKDMYR	0.5263	-0.21	0.5275	0.5254	0.13
USDSGD	1.3517	0.04	1.3524	1.3491	0.40
EURSGD	1.5012	0.06	1.5024	1.4998	-0.54
GBPSGD	1.7661	-0.19	1.7719	1.7591	-1.02
AUDSGD	0.9268	-0.09	0.9287	0.9260	-1.91

Source: Bloomberg

Forex

MYR

- **MYR rebounded to finish 0.26% stronger against the USD at 4.0905** alongside its regional Asian peers as risk-on flow returned to market amidst defusing tensions between the US and Iran.
- **Daily outlook for MYR is still slightly bullish** expecting the local currency to benefit from renewed trade optimism but gains were likely limited as market turns slightly cautious ahead of tonight's NFP job report heading into the weekend. MYR medium term outlook is still bearish, expecting the USD to be well supported by solid data in 1Q20.

USD

- The greenback remained strong with most major currencies weakening against the dollar overnight, save for the euro and Swiss franc which were little changed. **The Dollar Index extended its further climb by 0.16% to 97.45.**
- **USD is expected to remain strong today** ahead of tonight's nonfarm payroll where consensus is looking at 160k gain in December. **Medium term dollar outlook is still bullish**, supported by solid US growth outlook.

EUR

- **EUR was virtually unchanged at 1.1106** after Thursday's muted session with the rebound in Germany's industrial production failing to provide fresh impetus.
- **Daily outlook remains neutral** for now and is kept within a tight range of 1.1100 – 1.1120 ahead of tonight's US NFP job report. **Medium term outlook is still bearish** on ECB's accommodative monetary policy stance and continued weaker growth outlook versus a more solid US economy.

GBP

- **GBP extended losing streak to finish 0.23% weaker at 1.3067** against the USD as the sterling plunged to two-week low on BOE Governor Mark Carney's dovish speech that signals a potential rate cut by the central bank.
- **GBP remains pressured below 1.3100** in Asian morning; **daily outlook is bearish** and is driven by multiple factors namely the Commons' vote on PM Boris Johnson's Brexit bill and the release of UK monthly GDP and industrial production data. **Medium term outlook is neutral** for now, awaiting more Brexit-related development.

JPY

- **JPY was among the major losers on Thursday, closing 0.37% weaker at 109.52** as safe havens lost appeals amidst return of risk-off flow.
- **JPY daily outlook is neutral to slightly bearish**, as the USD is expected to remain strong with trade optimism provides near term support. **Medium term JPY outlook is neutral** for now as geopolitical risks eased significantly following recent developments.

AUD

- **AUD continued its slump against the USD as it closed 0.12% lower at 0.6858 in a strong dollar environment.**
- **Daily outlook is bullish** as AUD is expected to recover some recent losses following better than expected retail sales data released just this morning while simultaneously aided by trade optimism. **Medium term outlook is bearish** on rising possibility of an RBA rate cut in early February.

SGD

- **SGD closed little changed against the USD at 1.3517.**
- **SGD daily outlook is slightly bullish**, supported by renewed trade optimism but gain is likely capped ahead of tonight's NFP job report. **Medium term SGD outlook is bearish**, expecting the dollar to be well supported by solid US data in 1Q20.

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