

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global stocks snapped winning streak on Friday as recent data and trade optimism gave way to lingering virus concerns ahead of the weekend.** US main indexes finished 0.5-0.9% lower on Friday but closed the week with gains, whereas stocks across Europe and Asia also edged lower amidst reports of higher cases and death tolls. **Bond yields fell by 4-6bps alongside higher gold prices and Japanese yen as investors raised demand for safe havens assets.** Crude oil prices continued to fall around 0.8-1.2% where Brent crude closed at \$54.47/barrel. The dollar turned even stronger and strengthened against all major rivals except for Japan, boosted by an upbeat job data; Aussie and kiwi were top losers among the majors. **Asian equities look set to open in the reds today amidst broad risk-off as markets monitor higher Coronavirus death tolls.**
- On Friday, **RBA published its quarterly Statement on Monetary Policy and cut 2020 growth outlook and pointed out the near-term virus outbreak uncertainties. US NFP job gain topped estimate** at 225k in January, unemployment rate went up to 3.6% mainly due to higher participation rate while wage growth returned back above 3.0% YOY. **China exports surprised with a 9.1% YOY gain** while imports slipped a little lower by 1.5% following a pre-lunar new year surge. **Malaysia industrial production posted a slower 1.3% YOY increase in December, adding to signs of slower growth in 4Q.**
- The dollar turned even stronger and strengthened against all major rivals except for Japan, boosted by an upbeat job data; **The dollar index rose for the fifth consecutive session to add 0.19% at 98.68. The dollar is expected to keep up with its momentum on a broadly risk-off day** as virus concerns are likely to deepen this week. **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.
- **USDMYR finished 0.41% higher at 4.1395 after briefly breaching 4.1400** figure resistance on the back of stronger dollar heading into the weekend. USD rose against nearly all Asia ex-Japan currencies. **USDMYR outlook remains bullish today** from both technical and fundamental perspectives, and is likely to be supported by upbeat US data and deepening concerns over the coronavirus outbreak in the short term. Daily range is likely at 4.1400-4.1500 with bulls looking to breach 4.1500 handle.
- **USDSGD climbed further by 0.27% to 1.3895** in its 10th consecutive winning session. **USDSGD daily outlook is still bullish** as the dollar remains strong in the short term with negative headlines surrounding coronavirus development. However we note that SGD's extremely oversold position could push USDSGD back to 1.3750-1.3800 range **as the market corrects. 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.

Overnight Economic Data

Malaysia	↑
US	↑
Japan	→
China	→

What's Coming Up Next

Major Data

- Eurozone Sentix Investor Confidence
- Japan Eco Watchers Survey
- China PPI, CPI

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0930	1.0940	1.0951	1.0965	1.0980	↘
GBPUSD	1.2800	1.2850	1.2891	1.2900	1.2950	↘
USDJPY	109.16	109.40	109.63	109.80	110.00	↘
AUDUSD	0.66650	0.6660	0.6672	0.6680	0.6700	↗
EURGBP	0.8425	0.8463	0.8495	0.8540	0.8600	→
USDMYR	4.1200	4.1300	4.1445	4.1500	4.1600	↗
EURMYR	4.5160	4.5248	4.5387	4.5400	4.5500	→
JPYMYR	3.7478	3.7660	3.7811	3.8000	3.8150	↗
GBPMYR	5.2900	5.3130	5.3446	5.3624	5.3876	→
SGDMYR	2.9715	2.9750	2.9799	2.9850	2.9900	→
AUDMYR	2.7500	2.7600	2.7677	2.7750	2.7850	↗
NZDMYR	2.6350	2.6450	2.6532	2.6623	2.6700	↘
USDSGD	1.3825	1.3870	1.3911	1.3935	1.3950	↗
EURSGD	1.5150	1.5200	1.5236	1.5255	1.5280	→
GBPSGD	1.7800	1.7850	1.7935	1.7950	1.8040	→
AUDSGD	0.9240	0.9260	0.9288	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	1,554.49	0.11	-2.16	CRB Index	170.12	-0.21	-8.43
Dow Jones Ind.	29,102.51	-0.94	1.98	WTI oil (\$/bbl)	50.32	-1.24	-17.59
S&P 500	3,327.71	-0.54	3.00	Brent oil (\$/bbl)	54.47	-0.84	-18.21
FTSE 100	7,466.70	-0.51	-1.00	Gold (\$/oz)	1,570.44	0.24	3.57
Shanghai	2,875.96	0.33	-5.71	CPO (RM/tonne)	2,901.00	0.96	-4.12
Hang Seng	27,404.27	-0.33	-2.79	Copper (\$/tonne)	5,663.00	-1.26	-8.28
STI	3,181.48	-1.55	-1.28	Rubber (sen/kg)	452.00	1.35	-0.11

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA Industrial Production YoY	Dec	1.3%	0.5%	2.0%
MA Foreign Reserves	Jan-31	\$104.2b	\$103.7b	--
US Change in Nonfarm Payrolls	Jan	225k	147k (revised)	165k
US Unemployment Rate	Jan	3.6%	3.5%	3.5%
US Average Hourly Earnings YoY	Jan	3.1%	3.0% (revised)	3.0%
US Labor Force Participation Rate	Jan	63.4%	63.2%	63.2%
US Wholesale Inventories MoM	Dec F	-0.2%	-0.1%	-0.1%
JP Leading Index CI	Dec P	91.6	90.8	91.3
JP Coincident Index	Dec P	94.7	94.7	94.7
CN Exports YoY*	Jan	9.1%	7.9%	-4.2%
CN Imports YoY*	Jan	-1.5%	16.5%	-5.8%

*sourced from FX Street

Source: Bloomberg/

- RBA cut growth forecast in latest Statement on Monetary Policy, said near-term outlook "uncertain":** The RBA quarterly released Statement of Policy was published last Friday after Governor Phillip Lowe's statement to the House of Representatives Standing Committee on Economics. RBA cut 2020 GDP growth forecast from 2.75% to 2.25%, end-2020 unemployment rate forecast was lowered from 5.25% to 5.00% while end-2020 headline CPI forecasts was unchanged at 1.75%. RBA said that risks to global growth remain on the downside and the near-term outlook is more uncertain. The Coronavirus outbreak is a significant near-term risk for Chinese growth with spillover effects to other economies, including Australia through reduced number of tourist and a delayed arrival of students from China alongside lower commodity prices.
- Strong hiring momentum in US as economy added 225k jobs:** US nonfarm payrolls rose by 225k in January (Dec: 147k revised), better than analysts' expectation of 165k, aided by mild weather and putting the labour market in a strong position at the start of an election year. Job gains came primarily from the services sector (+174k) and construction (+44k) whereas manufacturing continued to report job losses (-12k), reaffirming the strength in the services sector and a lacklustre factory conditions in the US. Unemployment rate rose to 3.6% in January (Dec: 3.5%) mainly because of a higher participation rate that indicates a return of dormant citizens to the job market. The average hourly earning, a key gauge of wage growth regain its more than 3.0% growth at 3.1% YOY, following a newly revised 3.0% YOY gain in November, easing last month's concerns that wages gain was slowly losing steam in the economy amidst benign inflation. Other US data is wholesale inventories which record a 0.2% MOM fall in December (Nov: -0.1%).
- China exports surged prior to Lunar New Year and worsening virus outbreak:** China exports surprised on the upside, recording a bigger than expected gain of 9.1% YOY (Dec: +7.9%) when analysts had earlier expected a decline of 4.2%. The upbeat exports number was likely the result of Chinese firms' front-loading activities prior to the Lunar New Year at late January and before the situation of the Coronavirus outbreak worsened in Wuhan and the broader Hubei province. Imports also fell lesser than expected by 1.5% YOY (Dec: +16.5%) after a pre-lunar new year surge in December. January trade surplus stood at a smaller \$39.1b (Dec: \$47.2b) .
- Mixed Japan outlook:** Japan leading index rose to 91.6 in December (Nov: 90.8) while the coincident index was unchanged at 94.7 (Nov: 94.7) indicating a mixed outlook.
- Smaller IPI gain in Malaysia** Industrial production posted an easier gain of 1.3% YOY in December (Nov: +0.5% YOY), below consensus as well as our estimates of 2.0% and 1.5% YOY respectively, adding to signs of continued sluggishness in overall economic condition despite some telltale signs of stabilization in the global economy before the Coronavirus outbreak. The softer growth traction in December industrial production was due to renewed decline in mining IPI as well as slower growth in electricity production, which offset quicker gains in manufacturing output. Today's number reaffirmed our expectation that growth momentum is decelerating in 4Q. Industrial production grew slower by 1.3% YOY in 4Q (3Q: +1.6%), implying 4Q GDP growth, due for release on 12-February, would likely print softer at 4.0-4.2% YOY (3Q: +4.4%). This would bring full year real GDP growth to 4.5%. Moving forward, we foresee downside risks to our 2020 full year growth forecast of 4.3%, taking the brunt of adverse impact from the Coronavirus outbreak. We would review our projection once there are more clarity on the containment and duration of the epidemic.
- Malaysia foreign reserves picked up in January:** The international reserves of Bank Negara Malaysia rose to \$104.2 billion as at 31 January (previous: \$103.7b). The reserves position is sufficient to finance 7.5 months of retained imports and is 1.1 times total short-term external debt.

Economic Calendar								
Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
12/02	12:00	Malaysia	GDP YoY	4Q	4.0%	--	4.4%	--
11/02	19:00	US	NFIB Small Business Optimism	Jan	103.3	--	102.7	--
12/02	20:00		MBA Mortgage Applications	Feb-07	--	--	5.0%	--
13/02	21:30		CPI YoY	Jan	2.4%	--	2.3%	--
	21:30		Initial Jobless Claims	Feb-08	211k	--	202k	--
14/02	21:30		Import Price Index MoM	Jan	-0.2%	--	0.3%	--
	21:30		Retail Sales Advance MoM	Jan	0.3%	--	0.3%	--
	22:15		Industrial Production MoM	Jan	-0.2%	--	-0.3%	--
	23:00		U. of Mich. Sentiment	Feb P	99.3	--	99.8	--
10/02	17:30	Eurozone	Sentix Investor Confidence	Feb	5.9	--	7.6	--
12/02	18:00		Industrial Production SA MoM	Dec	-1.7%	--	0.2%	--
14/02	18:00		Trade Balance SA	Dec	--	--	19.2b	--
	18:00		GDP SA QoQ	4Q P	19.0b	--	--	--
11/02	17:30	UK	GDP QoQ	4Q P	0.0%	--	0.4%	--
	17:30		Industrial Production MoM	Dec	0.3%	--	-1.2%	--
	17:30		Visible Trade Balance GBP/Mn	Dec	£10000m	--	-£5256m	--
13/02	08:01		RICS House Price Balance	Jan	3%	--	-2%	--
10/02	13:00	Japan	Eco Watchers Survey Current	Jan	39.1	--	39.8	--
	13:00		Eco Watchers Survey Outlook	Jan	43.8	--	45.4	--
12/02	14:00		Machine Tool Orders YoY	Jan P	--	--	-33.5%	--
13/02	07:50		PPI YoY	Jan	1.5%	--	0.9%	--
10/02	09:30	China	PPI YoY	Jan	0.0%	--	-0.5%	--
	09:30		CPI YoY	Jan	4.9%	--	4.5%	--
12/02	13:00	Singapore	Retail Sales YoY	Dec	-2.0%	--	-4.0%	--
11/02	08:30	Australia	Home Loans Value MoM	Dec	-1.6%	--	1.8%	--
	08:30		NAB Business Confidence	Jan	--	--	-2.0	--
12/02	09:00	New Zealand	RBNZ Official Cash Rate	12/02	1.0%	--	1.0%	--
14/02	05:30		BusinessNZ Manufacturing PMI	Jan	--	--	49.3	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0946	-0.34	1.0985	1.0942	-2.38
GBPUSD	1.2892	-0.30	1.2959	1.2882	-2.78
USDJPY	109.75	-0.22	110.02	109.53	1.04
AUDUSD	0.6673	-0.85	0.6736	0.6662	-4.91
EURGBP	0.8492	-0.02	0.8498	0.8462	0.40
USDMYR	4.1395	0.41	4.1400	4.1230	1.19
EURMYR	4.5344	0.00	4.5452	4.5267	-1.16
JPYMYR	3.7644	0.44	3.7671	3.7490	-0.10
GBPMYR	5.3479	-0.06	5.3569	5.3298	-0.54
SGDMYR	2.9793	0.06	2.9851	2.9738	-2.04
AUDMYR	2.7715	-0.35	2.7807	2.7697	-3.35
NZDMYR	2.6602	-0.08	2.6705	2.6592	-3.36
CHFMYR	4.2425	0.36	4.2475	4.2295	0.35
CNYMYR	0.5922	0.16	0.5929	0.5916	0.73
HKDMYR	0.5330	0.41	0.5333	0.5310	1.41
USDSGD	1.3895	0.27	1.3916	1.3852	3.39
EURSGD	1.5209	-0.07	1.5263	1.5203	0.85
GBPSGD	1.7912	-0.08	1.8021	1.7897	0.44
AUDSGD	0.9273	-0.53	0.9335	0.9270	-1.69

Source: Bloomberg

Forex

MYR

- **USDMYR finished 0.41% higher at 4.1395 after briefly breaching 4.1400** figure resistance on the back of stronger dollar heading into the weekend. USD rose against nearly all Asia ex-Japan currencies.
- **USDMYR outlook remains bullish today** from both technical and fundamental perspectives, and is likely to be supported by upbeat US data and deepening concerns over the coronavirus outbreak in the short term. Daily range is likely at 4.1400-4.1500 with bulls looking to breach 4.1500 handle. **Medium term USDMYR outlook is bullish**, supported by relatively solid US data and increasing uncertainties surrounding the virus outbreak.

USD

- The dollar turned even stronger and strengthened against all major rivals except for Japan, boosted by an upbeat job data; **The dollar index rose for the fifth consecutive session to add 0.19% at 98.68.**
- **The dollar is expected to keep up with its momentum on a broadly risk-off day** as virus concerns are likely to deepen this week. **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 extended losing streak to close 0.34% lower at 1.0946**, weighed down by upbeat US job report.
- **EURUSD outlook is still bearish**, thanks to ongoing USD strength but the pair is likely to consolidate around 1.0940-1.0955 today as market monitor coronavirus outbreak. **Medium term outlook is bearish** over weaker Eurozone growth versus a firmer US outlook.

GBP

- **GBPUSD lost 0.3% to 1.2892**, dragged down by dollar strength.
- **GBP is bearish after breaching below 1.2900 figure support on Friday** while the dollar remains strong in the short term. **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 0.22% lower at 109.75** as demand for JPY was boosted by safe-havens bidding alongside lower US equities.
- **USDJPY looks set to trend further down today** amidst broad risk-off as markets turned even more concerned over the higher virus death tolls reported this morning. **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** was among Friday's top losers, **closing 0.85% weaker to more-than-a-decade-low of 0.6673**, on the back of strong USD and after RBA trimmed growth outlook.
- **AUDUSD is slightly bullish** as the pair is **likely to recover back to 0.6700-0.6750 range** when the market corrects, barring any major negative headline surrounding China. **Medium term outlook is bearish** - 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 climbed further by 0.27% to 1.3895** in its 10th consecutive winning session.
- **USDSGD daily outlook is still bullish** as the dollar remains strong in the short term with negative headlines surrounding coronavirus panic in Singapore beginning to surface last week. However we note that SGD's extremely oversold position could push USDSGD back to 1.3750-1.3800 range **in the short term as the market corrects. 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.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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