

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rebounded in a broad-based rally on Monday, despite lingering fear over the Coronavirus outbreak, leading the S&P 500 and Nasdaq to hit their respective record high.** Overall US main indexes rose 0.6-1.1%, as opposed to European and Asian equities that generally finished lower earlier of the day amidst broad risk-off, fueled by deepening worries over the worsening situation in China. US bond yields saw little movement, finishing 1-2bps lower along the curve. Gold price was steady at \$1572.15/ounce while crude oils plunged by 1.5-2.2% on demand concerns- Brent crude closed at \$53.27/barrel.
- **Data were scanty at the start of the week** – Eurozone Sentix Investor Confidence slipped to 5.2 this month after climbing to a two-year high in January. China CPI inflation surged to 5.4% thanks a sharp jump in food prices, reflecting the effects of Lunar New Year and Coronavirus outbreak. PPI snapped losing streak and added a minor 0.1% YOY. Japan's Eco Watcher Survey indicates weaker outlook.
- On the FX front, dollar strength retreated slightly on Monday where the greenback was seen performing on a mixed note against its key rivals; **the dollar index continued to climb in its sixth back-to-back winning session, adding 0.15% to 98.83. The dollar is expected remain strong in the short term**, supported by lingering and likely deepening concerns over the Coronavirus outbreak in China. Fed Chair Jerome Powell's bi-annual testimony to Congress Key would be a key driver this week. **Medium term outlook is bullish**, reaffirmed by solid US fundamentals, while the uncertainties surrounding virus outbreak could on-and-off send markets easily into risk aversion.
- **USDMYR extended winning streak to close 0.18% higher at 4.1470** on the back of a strong dollar. **USDMYR outlook remains bullish today** as the pair is likely to retest 4.1500 big figure resistance, and we reckon that there is still room for the pair to climb further amidst broadly strong USD with RSI still receding slightly below the overbought level. A break above 4.1500 would give way for further gains before being pushed back to around 4.1400 in the short term if RSI is overbought. Daily range is likely at 4.1450-4.1550. **Medium term USDMYR outlook is bullish**, supported by relatively solid US data and ongoing uncertainties surrounding the virus outbreak.
- **USDSGD was flat at 1.3895.** SGD is severely oversold but we reckon that markets are likely taking a break to assess headlines and the impact of the virus outbreak on the economy. **A strong dollar is still likely to push USDSGD to above 1.3900 but SGD's 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,

Overnight Economic Data

Eurozone	↓
Japan	→
China	→

What's Coming Up Next

Major Data

- US NFIB Small Business Optimism Index
- UK GDP, Industrial Production, Goods Trade Balance
- Australia Home Loans, NAB Business Confidence

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0880	1.0900	1.0909	1.0920	1.0940	↘
GBPUSD	1.2850	1.2900	1.2916	1.2950	1.3000	→
USDJPY	109.30	109.50	109.76	109.80	110.00	→
AUDUSD	0.6660	0.6670	0.6687	0.6700	0.6730	→
EURGBP	0.8360	0.8420	0.8448	0.8490	0.8540	→
USDMYR	4.1200	4.1300	4.1445	4.1500	4.1600	↗
EURMYR	4.5000	4.5100	4.5211	4.5284	4.5359	↘
JPYMYR	3.7478	3.7660	3.7762	3.8000	3.8150	→
GBPMYR	5.2900	5.3130	5.3513	5.3700	5.3876	→
SGDMYR	2.9750	2.9800	2.9836	2.9900	2.9960	→
AUDMYR	2.7550	2.7650	2.7724	2.7800	2.7880	→
NZDMYR	2.6300	2.6400	2.6435	2.6500	2.6600	→
USDSGD	1.3825	1.3870	1.3887	1.3900	1.3925	↘
EURSGD	1.5118	1.5130	1.5150	1.5180	1.5200	↘
GBPSGD	1.7800	1.7850	1.7935	1.7950	1.8040	→
AUDSGD	0.9240	0.9260	0.9291	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	1,542.80	-0.75	-2.89	CRB Index	168.87	-0.73	-9.10
Dow Jones Ind.	29,276.82	0.60	2.59	WTI oil (\$/bbl)	49.57	-1.49	-18.82
S&P 500	3,352.09	0.73	3.75	Brent oil (\$/bbl)	53.27	-2.20	-19.29
FTSE 100	7,446.88	-0.27	-1.27	Gold (\$/oz)	1,572.15	0.11	3.64
Shanghai	2,890.49	0.51	-5.23	CPO (RM/tonne)	2,890.00	0.38	-4.48
Hang Seng	27,241.34	-0.59	-3.36	Copper (\$/tonne)	5,663.00	-1.26	-8.28
STI	3,163.15	-0.58	-1.85	Rubber (sen/kg)	454.50	0.55	0.44

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
EU Sentix Investor Confidence	Feb	5.2	7.6	5.7
JP Eco Watchers Survey Current	Jan	41.9	39.7	39.1
JP Eco Watchers Survey Outlook	Jan	41.8	45.5	43.8
CN PPI YoY	Jan	0.1%	-0.5%	0.0%
CN CPI YoY	Jan	5.4%	4.5%	4.9%

Source: Bloomberg/

- **Eurozone investor sentiment eased in February:** The Sentix Investor Confidence Index came in at a lower 5.2 in February (Jan: 7.6), below analysts' estimate of 5.7. Details show that investors became less optimistic over both current situation and expectations after the coronavirus outbreak situation deteriorated this month. The index had climbed to a two-year high in January as investors cheered the recently signed US-China trade deal that brightened global trade outlook.
- **China inflation jumped on festivities and virus outbreak:** China CPI inflation accelerated to 5.4% in January (Dec: +4.5%), its highest since Nov 2011 while on a MOM basis, CPI jumped by 1.4% (Dec: 0.0%). The surge in food prices (+20.6% vs +17.4%) was the main source that contributed to the higher headline reading, reflecting effects of the Lunar New Year, limited pork supply and ongoing Coronavirus outbreak. Producer price index rose 0.1% YOY (Dec: -0.5%), snapping a six-month losing streak thanks to a smaller decline in prices of producer goods.
- **Japan Economic Watchers Survey indicates weak outlook** Japan's Economic Watcher Survey reported that its outlook index slipped to 41.8 in January (Dec: 45.5) while its current condition index rose to 41.9 (Dec: 39.7). Both indexes remained below 50, indicating that people think conditions are worsening.

Economic Calendar

Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
12/02	12:00	Malaysia	GDP YoY	4Q	4.1%	--	4.4%	--
11/02	19:00	US	NFIB Small Business Optimism	Jan	103.5	--	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	210k	--	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	99.4	--	99.8	--
10/02	17:30	Eurozone	Sentix Investor Confidence	Feb	5.7	5.2	7.6	--
12/02	18:00		Industrial Production SA MoM	Dec	-2.0%	--	0.2%	--
14/02	18:00		Trade Balance SA	Dec	19.3b	--	19.2b	--
	18:00		GDP SA QoQ	4Q P	0.1%	--	0.1%	--
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	41.9	39.8	39.7
	13:00		Eco Watchers Survey Outlook	Jan	43.8	41.8	45.4	45.5
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%	0.1%	-0.5%	--
	09:30		CPI YoY	Jan	4.9%	5.4%	4.5%	--
12/02	13:00	Singapore	Retail Sales YoY	Dec	-2.5%	--	-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	1.0911	-0.32	1.0958	1.0908	-2.68
GBPUSD	1.2915	0.18	1.2946	1.2872	-2.39
USDJPY	109.77	0.02	109.88	109.56	1.06
AUDUSD	0.6687	0.21	0.6707	0.6660	-4.79
EURGBP	0.8449	-0.51	0.8504	0.8443	-0.40
USDMYR	4.1470	0.18	4.1490	4.1410	1.37
EURMYR	4.5410	0.15	4.5440	4.5319	-1.01
JPYMYR	3.7776	0.35	3.7838	3.7709	0.25
GBPMYR	5.3465	-0.83	5.3538	5.3350	-0.57
SGDMYR	2.9868	0.25	2.9873	2.9741	-1.79
AUDMYR	2.7768	0.19	2.7801	2.7602	-3.47
NZDMYR	2.6588	-0.65	2.6609	2.6478	-3.41
CHFMYR	4.2431	0.01	4.2481	4.2341	0.36
CNYMYR	0.5939	0.29	0.5941	0.5923	1.01
HKDMYR	0.5340	0.19	0.5342	0.5330	1.60
USDSGD	1.3895	0.00	1.3923	1.3879	3.22
EURSGD	1.5161	-0.32	1.5246	1.5156	0.47
GBPSGD	1.7946	0.19	1.8203	1.7878	0.55
AUDSGD	0.9291	0.19	0.9315	0.9262	-1.65

Source: Bloomberg

Forex

MYR

- **USDMYR extended winning streak to close 0.18% higher at 4.1470** on the back of a strong dollar.
- **USDMYR outlook remains slightly bullish today** as the pair is likely to retest 4.1500 big figure resistance, and we reckon that there is still room for the pair to climb further amidst broadly strong USD with RSI still reciding slightly below the overbought level. A break above 4.1500 would give way for further gains before being pushed back to around 4.1400 in the short term if RSI is overbought. Daily range is likely at 4.1450-4.1550. **Medium term USDMYR outlook is bullish**, supported by relatively solid US data and ongoing uncertainties surrounding the virus outbreak.

USD

- Dollar strength retreated slightly on Monday where the greenback was seen performing on a mixed note against its key rivals; **the dollar index continued to climb in its sixth back-to-back winning session, adding 0.15% to 98.83.**
- **The dollar is expected remain strong in the short term**, supported by lingering and likely deepening concerns over the Coronavirus outbreak in China. Fed Chair Jerome Powell's bi-annual testimony to Congress Key would be a key driver this week. **Medium term outlook is bullish**, reaffirmed by solid US fundamentals, while the uncertainties surrounding virus outbreak could on-and-off send markets easily into risk aversion.

EUR

- **EURUSD plunged for the sixth session to finish 0.32% lower at 1.0911.**
- **EURUSD daily outlook is still bearish** as the pair is looking to break 1.0900 figure support today on the back of a stronger dollar. **Medium term outlook is bearish** over weaker Eurozone growth versus a firmer US outlook.

GBP

- **GBPUSD rebounded to add 0.18% at 1.2915.**
- **GBP** looks to be stabilizing above 1.2900 in the short term but ongoing dollar strength risks pulling the pair back below this level. **Daily outlook is neutral to slightly bearish. 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 was little changed at 109.77.**
- **USDJPY looks likely to consolidate around 109.70-109.80** as the pair struggles to gain momentum in the Asian session. Immediate downside risk is negative headlines regarding higher virus death tolls. **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 remaining a major downside risk.

AUD

- **AUDUSD recouped some of last week's losses to finish 0.21 % higher at 0.6687.**
- **AUDUSD is still flirting with the RSI oversold condition, indicating that a recovery back to 0.6700-0.6750 range** is possible when the market corrects, nonetheless the reportedly higher virus death tolls in China poses a major downside risk to the pair and could send the Aussie back to around 0.6660-0.6670 in the short term. **Medium term outlook is bearish** on grimmer and uncertain Australia growth outlook that is bound to be affected by the virus outbreak.

SGD

- **USDSGD was flat at 1.3895.**
- SGD is severely oversold but we reckon that markets are likely taking a break to assess headlines and the impact of the virus outbreak on the economy. **A strong dollar is still likely to push USDSGD to above 1.3900 but SGD's 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.

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