

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks retreated from record highs on Friday on weak job data.** The Dow Jones briefly breached 29,000 for the first time but pulled back to lose 0.5% DOD at 28,823.77 whereas the S&P500 and NASDAQ slipped by 0.3%. December NFP job gain came in at 145k, below analyst estimate of 160k and was accompanied by a 14k net downward revision to previous two months' numbers. **Demand for safe haven assets returned pushing down US bond yields by 1-5bps and leading gold to recover 0.65%** to \$1,562.34/troy ounce. **Crude oils slid around 0.6-0.9%** where Brent crude closed the week at \$64.98/barrel. **Major currencies were little changed against the dollar** and were kept around recent ranges; Aussie dollar was the top winner on Friday following upbeat retail sales data. Secretary Steven Mnuchin announced that **the US is imposing sanction on Iran after the latter carried out an attack on US forces in Iraq.** On the trade front, the WSJ reported that the US and China have agreed to restart the semi-annual talks aimed at resolving economic disputes. The decision will be announced officially during the 15 Jan signing of the phase one trade deal at the White House.
- On the data front, **US December NFP came in at 145k, accompanied by 14k net downward revision. Wage growth pulled back to 2.9% YOY while unemployment rate was steady at 3.5%.** Wholesale inventories were lacklustre, recording 0.1% MOM decline. **Singapore retail sector is flashing signs of recovery** as total sales picked up 0.2% MOM that left the annual decline at a slightly smaller 4.0% YOY. **Growth in Malaysia industrial production bounced back up faster than expected to 2.0% YOY in November.**
- Major currencies were little changed against the dollar and were kept around recent ranges; Aussie dollar was the top winner on Friday following upbeat retail sales data. **The Dollar Index slipped a little by 0.1% to 97.36. USD is expected to be neutral to slightly bearish for now** in anticipation of the signing of US-China Phase One trade deal this week.
- **MYR extended further gains of 0.35% against the USD at 4.0760 on Friday,** marking the ringgit first closing below 4.0800 since late March last year alongside stronger Asian regional currencies. **Daily outlook for MYR is neutral to slightly bullish on broader dollar weakness** with positive trade news likely to keep MYR supported in the short term.
- **SGD strengthened against the USD by 0.24% against the USD at 1.3484 alongside stronger regional Asian currencies. SGD daily outlook is neutral** amidst a lack of key driver and ahead of the signing of US-China Phase One trade deal.

Overnight Economic Data

Malaysia	↑
US	→
Singapore	↑

What's Coming Up Next

Major Data

- UK Monthly GDP, Industrial Production, Visible Trade Balance

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0980	1.1100	1.1118	1.1120	1.1150	→
GBPUSD	1.2950	1.3000	1.3041	1.3100	1.3150	↘
USDJPY	109.00	109.25	109.56	109.68	109.80	→
AUDUSD	0.6850	0.6880	0.6901	0.6915	0.6940	→
EURGBP	0.8460	0.8500	0.8526	0.8550	0.8600	↗
USDMYR	4.0600	4.0650	4.0700	4.0800	4.0900	↘
EURMYR	4.5150	4.5200	4.5244	4.5400	4.5500	→
JPYMYR	3.7000	3.7050	3.7153	3.7200	3.7360	↘
GBPMYR	5.2650	5.2880	5.3070	5.3300	5.3660	↘
SGDMYR	3.0120	3.0150	3.0180	3.0230	3.0300	↘
AUDMYR	2.8000	2.8030	2.8088	2.8200	2.8270	↗
NZDMYR	2.6900	2.6950	2.6999	2.7100	2.7200	→
USDSGD	1.3450	1.3475	1.3485	1.3500	1.3525	→
EURSGD	1.4970	1.4980	1.4991	1.5030	1.5050	→
GBPSGD	1.7400	1.7500	1.7583	1.7700	1.7780	↘
AUDSGD	0.9250	0.9280	0.9305	0.9325	0.9340	→

* 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	1,591.46	-0.26	0.17	CRB Index	184.13	0.31	-0.89
Dow Jones Ind.	28,823.77	-0.46	1.00	WTI oil (\$/bbl)	59.04	-0.87	-3.31
S&P 500	3,265.35	-0.29	1.07	Brent oil (\$/bbl)	64.98	-0.60	-1.91
FTSE 100	7,587.85	-0.14	0.60	Gold (S/oz)	1,562.34	0.65	2.71
Shanghai	3,092.29	-0.08	1.38	CPO (RM/tonne)	3,095.50	1.63	2.31
Hang Seng	28,638.20	0.27	1.59	Copper (\$/tonne)	6,198.00	0.29	0.39
STI	3,255.95	0.26	1.03	Rubber (sen/kg)	462.00	0.65	2.10

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
MA Industrial Production YOY	Nov	2.0%	0.3%	1.1%
US Change in Nonfarm Payrolls	Dec	145k	256k (revised)	160k
US Unemployment Rate	Dec	3.5%	3.5%	3.5%
US Average Hourly Earnings YOY	Dec	2.9%	3.1%	3.1%
US Wholesale Inventories MOM	Nov F	-0.1%	0.1%	0.0%
SG Retail Sales YOY	Nov	-4.0%	-4.3%	-4.1%

Source: Bloomberg

- US hiring slowed in December, wage growth pulled back:** The US economy added fewer jobs than expected as total nonfarm payroll rose by 145k in December (Nov: 256k revised) accompanied by a 14k net downward revision for October and November. A Bloomberg survey had been expecting NFP at 160k. Job gains came mainly from the services sector particularly in retail trade (+41.2k), construction added 20k new jobs whereas manufacturing reported job losses of 12k after a rebound in November. NFP concluded 2019 with a total gain of 2.1mil, down from the 2.7mil gain in 2018, reflecting firms' difficulties to hire in a tight labour market. Unemployment rate was steady at 3.5% in December with the participation rate unchanged at 63.2%. Wage growth meanwhile pulled back in the last month, recording a 2.9% YOY gain (Nov: +3.1%), its first sub 3% reading and slowest pace in nearly 1.5 years, adding to signs of muted inflationary pressure in the economy. On separate note, wholesale inventory barely changed in November, recording a mere 0.1% MOM decline (Oct: +0.1%), continuing the lacklustre trend in 3Q last year.
- Singapore retail sector flashed recovery signals:** Singapore retail sales managed to pick up by 0.2% MOM in November, leaving the annual decline slightly smaller at 4.0% YOY (Oct: -4.3 Excluding vehicles sales which continued to record a decline, total retail sales picked up 0.6% MOM, supported by higher MOM sales in department stores, petrol services stations, sales of medical goods, wearing apparels, furniture & household equipment, recreational goods as well as books and opticals, offering tentative signs that sales begin to recover across a broad-based spectrum and is likely to gain further momentum in December and January ahead of Chinese New Year celebration in late January.
- Continued modest gain in Malaysia IPI:** Industrial production growth bounced back up faster than expected to 2.0% YOY in November (Oct: +0.3%), driven by broad-based growth across all the three main sectors. Manufacturing and electricity production expanded at faster pace of 2.5% and 1.6% YOY respectively (Oct: +2.2%; +0.5% YOY) while mining output managed to eke out a 0.5% YOY increase after contracting in the last four months amid closure of oil field for maintenance work in East Malaysia. The pick-up in manufacturing IPI for the first time in four months were in line with recent signs of stabilization seen in global manufacturing indices, offering hopes that we may be seeing the light at the end of the tunnel in the not too distant future. Moving forward, while today's report and latest development appear to be pointing to less pessimistic and some stabilization in the macro outlook, we believe these are not sufficient to overturn the case of softer growth in 4Q. Oct-Nov IPI printed a mere 1.1% YOY growth (3Q19: +1.5% and 4Q18: +3.4% YOY), while exports recorded an average contraction of 6.1% YOY in the first two months of 4Q (3Q19: -1.9% and 4Q18: +8.1% YOY), reinforcing weaker growth in the final quarter of 2019. We are maintaining our view for slower growth at 4.2% YOY in 4Q, hence full year 2019 GDP growth of 4.5%.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
14/01	US	NFIB Small Business Optimism	Dec	104.8	104.7	--
		CPI YOY	Dec	2.4%	2.1%	--
13/01	UK	UK Monthly GDP (MOM)	Nov	0.0%	0.0%	--
		UK Industrial Production MOM	Nov	0.0%	0.1%	--
		UK Visible Trade Balance GBP/Mn	Nov	-£11,800m	-£14,486m	--
14/01	Japan	Eco Watchers Survey Current SA	Dec	40.9	39.4	--
14/01	China	Exports YOY	Dec	2.5%	-1.3%	--
		Imports YOY	Dec	9.6%	0.3%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1121	0.14	1.1129	1.1085	-0.87
GBPUSD	1.3064	-0.02	1.3097	1.3043	-1.62
USDJPY	109.45	-0.06	109.69	109.44	0.89
AUDUSD	0.6901	0.63	0.6911	0.6851	-1.65
EURGBP	0.8512	0.14	0.8520	0.8480	0.76
USDMYR	4.0760	-0.35	4.0910	4.0760	-0.37
EURMYR	4.5231	-0.39	4.5447	4.5223	-1.40
JPYMYR	3.7225	-0.47	3.7358	3.7203	-1.21
GBPMYR	5.3302	-0.41	5.3464	5.3227	-0.87
SGDMYR	3.0215	-0.18	3.0278	3.0187	-0.65
AUDMYR	2.8033	-0.11	2.8108	2.7998	-2.24
NZDMYR	2.6992	-0.45	2.7042	2.6971	-1.94
CHFMYR	4.1866	-0.28	4.2032	4.1848	-0.97
CNYMYR	0.5889	-0.17	0.5895	0.5881	0.16
HKDMYR	0.5252	-0.21	0.5267	0.5250	-0.08
USDSGD	1.3484	-0.24	1.3517	1.3481	0.16
EURSGD	1.4998	-0.09	1.5013	1.4962	-0.68
GBPSGD	1.7617	-0.25	1.7669	1.7587	-1.45
AUDSGD	0.9307	0.42	0.9317	0.9255	-1.42

Source: Bloomberg

Forex

MYR

- **MYR extended further gains of 0.35% against the USD at 4.0760 on Friday**, marking the ringgit first closing below 4.0800 since late March last year alongside stronger Asian regional currencies.
- **Daily outlook for MYR is neutral to slightly bullish on broader dollar weakness** with positive trade news likely to keep MYR supported in the short term. **MYR medium term outlook is still bearish**, expecting the USD to be well supported by solid data in 1Q20.

USD

- Major currencies were little changed against the dollar and were kept around recent ranges; Aussie dollar was the top winner on Friday following upbeat retail sales data. **The Dollar Index slipped a little by 0.1% to 97.36.**
- **USD is expected to be neutral to slightly bearish for now** in anticipation of the signing of US-China Phase One trade deal this week. **Medium term dollar outlook is still bullish**, supported by still solid US growth outlook.

EUR

- **EUR strengthened by a mere 0.14% against the USD at 1.1121** following weak US job data.
- **Daily outlook remains neutral** for now and is expected to be kept within a tight range of 1.1100 – 1.1130 on lack of key driver. **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 barely changed against the USD at 1.3064 on Friday.**
- **GBP is expected to stay under pressure today below 1.3100** following BOE policy maker Gertjan Vlieghe told the Financial Times that he would back rate cut if data didn't improve. The comment came after Governor Mark Carney's signaled potential rate cut late last week. Key data to watch out for today are UK monthly GDP and industrial production. **Medium term outlook is neutral** now as PM Boris Johnson's Brexit bill is expected to be signed off by the House of Lords before going to the European Parliament that likely to lead Britain finally leaving the EU on 31 Jan.

JPY

- **JPY was virtually unchanged against the USD at 109.45.**
- **JPY daily outlook is neutral** on the lack of key market driver. **Medium term JPY outlook is neutral** for now amidst easing geopolitical risk and positive trade outlook.

AUD

- **AUD was Friday's top performer as it recovered 0.63% against the USD at 0.6901** following upbeat Australia retail sales data.
- **AUD daily outlook is neutral and is likely trade within 0.6890 to 0.6910** despite trade optimism as markets continue to weigh the impact of wildfire has on the economy. **Medium term outlook is bearish** on rising possibility of an RBA rate cut in early February.

SGD

- **SGD strengthened against the USD by 0.24% against the USD at 1.3484** alongside stronger regional Asian currencies.
- **SGD daily outlook is neutral** amidst a lack of key driver and ahead of the signing of US-China Phase One trade deal. **Medium term SGD outlook is bearish**, expecting the dollar to be well supported by solid US data in 1Q20.

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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