

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global stocks retreated on Thursday as a renewed sense of Covid-19 fear gripped markets after China reported a surge in death tolls and a jump in new cases under a new diagnosis method.** As of writing, the number of death in Mainland China has amounted to 1367 according to Reuters, way surpassed the casualties of 2003 SARS outbreak. US benchmarks snapped 3-day winning streak to finish around 0.2-0.4% lower. Earlier, European key benchmarks closed in the reds while the same happened to Asian market s- the Shanghai Composite Index fell 0.7% and Hang Seng lost 0.3%. **Gold made a comeback to add 0.6%** at \$1576/ounce as investors sought the refuge of safe havens assets but **bond yields were little changed**, ticking down slightly by 1-2bps at the longer end. Crude oils scored big win overnight with **Brent crude surging nearly 1%** to \$56.34/barrel as investors expect more output cut by oil producers. The dollar turned stronger, boosted by higher US CPI data and a market that's turning risk-averse. USD gained against most major rivals except the GBP and JPY. The sterling was the top winner, adding 0.7% after Sajid Javid, the Chancellor of the Exchequer (UK Finance Minister) resigned in what appear to be PM Boris Johnson's move to reshuffle and tighten his grip on the cabinet.
- US CPI inflation surged to 2.5% YOY in January thanks to a jump in energy cost while core CPI growth was steady for the fourth month at 2.3% YOY. Initial jobless claims were little changed, adding 2k to 205k last week. UK RICS House Price Balance Index spiked to 17% in January as buyers returned to the housing market after Brexit uncertainties were lifted. New Zealand manufacturing PMI remained in contraction for the second month.
- **The Dollar Index barley changed**, remaining a touch above 99.00 at 99.07 as the strength in GBP and JPY offset USD's gains against other currency components. **We expect USD bulls to regain control** of an increasingly risk-off market in the short to medium term on the back of negative Coronavirus-related headlines. Daily market movers are US retail sales and industrial production data.
- **USDMYR gained 0.11% to 4.1415** as MYR weakened alongside its weaker Asian regional currencies against a stronger dollar amid a return of risk aversion in the market. **USDMYR is likely to continue trending higher today**, trading at 4.1400-4.1500 as USD turned even more appealing in a risk-off environment ahead of the weekend.
- **USDSGD regained momentum, closing 0.21% higher at 1.3894. Daily outlook is bullish** as the pair broke past 1.3900, paving way for further upsides. SGD's severely oversold position however could push USDSGD back to around 1.3800 if there is a change in market sentiment.

Overnight Economic Data

US	→
UK	↑
New Zealand	↑

What's Coming Up Next

Major Data

- US Import Price Index, Retail Sales, Industrial Production, University of Michigan Sentiment
- Eurozone Trade Balance, GDP

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0815	1.0825	1.0836	1.0850	1.0870	↘
GBPUSD	1.2950	1.3000	1.3045	1.3070	1.3100	→
USDJPY	109.50	109.70	109.79	110.00	110.20	→
AUDUSD	0.6680	0.6700	0.6719	0.6750	0.6800	↘
EURGBP	0.8250	0.8280	0.8308	0.8345	0.8400	→
USDMYR	4.1300	4.1350	4.1450	4.1500	4.1600	↗
EURMYR	4.4700	4.4800	4.4915	4.5000	4.5100	↘
JPYMYR	3.7280	3.7478	3.7733	3.7800	3.8000	→
GBPMYR	5.3520	5.3850	5.4082	5.4300	5.4600	↗
SGDMYR	2.9700	2.9750	2.9811	2.9880	2.9950	→
AUDMYR	2.7668	2.7750	2.7854	2.7900	2.8000	→
NZDMYR	2.6509	2.6600	2.6693	2.6783	2.6850	→
USDSGD	1.3850	1.3880	1.3903	1.3925	1.3940	↗
EURSGD	1.5030	1.5050	1.5070	1.5100	1.5140	→
GBPSGD	1.7960	1.8050	1.8139	1.8200	1.8250	→
AUDSGD	0.9287	0.9300	0.9345	0.9350	0.9365	→

* 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	1,539.16	-0.24	-3.12	CRB Index	172.28	0.30	-7.27
Dow Jones Ind.	29,423.31	-0.43	3.10	WTI oil (\$/bbl)	51.42	0.49	-15.79
S&P 500	3,373.94	-0.16	4.43	Brent oil (\$/bbl)	56.34	0.99	-14.64
FTSE 100	7,452.03	-1.09	-1.20	Gold (\$/oz)	1,576.00	0.63	3.93
Shanghai	2,906.07	-0.71	-4.72	CPO (RM/tonne)	2,706.00	-2.47	-10.56
Hang Seng	27,730.00	-0.34	-1.63	Copper (\$/tonne)	5,764.00	0.33	-6.64
STI	3,220.09	-0.10	-0.09	Rubber (sen/kg)	468.00	0.65	3.43

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US CPI YoY	Jan	2.5%	2.3%	2.4%
US Initial Jobless Claims	Feb-08	205k	203k (revised)	210k
UK RICS House Price Balance	Jan	17%	-2%	3%
NZ BusinessNZ Manufacturing PMI	Jan	49.6	49.2 (revised)	--

Source: Bloomberg

- US inflation surged in January on higher fuel prices:** Consumer price index rose more than expected by 2.5% YOY in January (Dec: +2.3%), its largest annual gain since Oct-18 despite a smaller MOM change (+0.1% MOM vs +0.2% MOM). The jump in cost of energy (+6.2% YOY vs +3.4% YOY) contributed to the higher headline reading as food prices rose steadily at 1.8% YOY. Gasoline prices surged by nearly 13% last month. Excluding food and energy, growth in core CPI topped estimate to hold steadily for the fourth consecutive month at 2.3% YOY (Dec: +2.3%) of which services inflation picked up to 3.1% YOY (Dec: +3.0%).
- Little change in US initial jobless claims:** The number of American claiming for unemployment benefits was little changed last week as initial jobless claims rose by a mere 2k to 205k for the week ended 8 Feb (previous: 203k revised), adding to signs of a firm labour market.
- UK house prices surged in January after Brexit uncertainties lifted:** The RICS House Price Balance Index jumped to 17% in January (Dec: 0%), reflecting surges in all its sub-categories of price expectations, sales expectations, new buyer enquiries, new instruction and agreed sales. The sudden take-off in demand happened in the month where Great Britain officially withdrew from the European as uncertainties surrounding Brexit eased significantly thus offering buyers comfort to return back to the housing market.
- New Zealand manufacturing activity remained in contraction:** The BNZ Performance of Manufacturing PMI ticked up a little to 49.6 in January (Dec: 49.2 revised) but still below 50.0 to indicate the manufacturing sector's second month of contraction.

Economic Calendar

Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
12/02	12:00	Malaysia	GDP YoY	4Q	4.1%	3.6%	4.4%	--
11/02	19:00	US	NFIB Small Business Optimism	Jan	103.5	104.3	102.7	--
12/02	20:00		MBA Mortgage Applications	Feb-07	--	1.1%	5.0%	--
13/02	21:30		CPI YoY	Jan	2.4%	2.5%	2.3%	--
	21:30		Initial Jobless Claims	Feb-08	210k	205k	202k	203k
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	99.5	--	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%	-2.1%	0.2%	0.0%
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%	0.0%	0.4%	--
	17:30		Industrial Production MoM	Dec	0.3%	--	-1.2%	--
	17:30		Visible Trade Balance GBP/Mn	Dec	£10000m	-£845m	-£5256m	-£4947m
13/02	08:01		RICS House Price Balance	Jan	3%	17%	-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	--	-35.6%	-33.5%	--
13/02	07:50		PPI YoY	Jan	1.5%	1.1%	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%	-3.4%	-4.0%	-4.2%
11/02	08:30	Australia	Home Loans Value MoM	Dec	-1.6%	4.4%	1.8%	1.9%
	08:30		NAB Business Confidence	Jan	--	-1.0	-2.0	--
12/02	09:00	New Zealand	RBNZ Official Cash Rate	12/02	1.0%	1.0%	1.0%	--
14/02	05:30		BusinessNZ Manufacturing PMI	Jan	--	49.6	49.3	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0841	-0.30	1.0889	1.0834	-3.34
GBPUSD	1.3046	0.66	1.3070	1.2944	-1.39
USDJPY	109.82	-0.25	110.09	109.62	1.07
AUDUSD	0.6719	-0.27	0.6745	0.6707	-4.39
EURGBP	0.8312	-0.94	0.8400	0.8296	-1.78
USDMYR	4.1415	0.11	4.1455	4.1355	1.23
EURMYR	4.5072	-0.23	4.5083	4.4968	-1.75
JPYMYR	3.7713	0.39	3.7754	3.7635	0.08
GBPMYR	5.3658	0.04	5.3762	5.3597	-0.21
SGDMYR	2.9831	-0.09	2.9861	2.9806	-1.91
AUDMYR	2.7882	-0.06	2.7884	2.7791	-2.77
NZDMYR	2.6755	-0.06	2.6764	2.6665	-2.40
CHFMYR	4.2380	-0.02	4.2432	4.2301	0.24
CNYMYR	0.5930	-0.10	0.5936	0.5928	0.86
HKDMYR	0.5329	0.08	0.5336	0.5326	1.39
USDSGD	1.3894	0.21	1.3900	1.3862	3.31
EURSGD	1.5062	-0.09	1.5116	1.5050	-0.12
GBPUSD	1.8128	0.88	1.8153	1.7963	1.68
AUDSGD	0.9335	-0.06	0.9364	0.9312	-1.15

Source: Bloomberg

Forex

MYR

- **USDMYR gained 0.11% to 4.1415** as MYR weakened alongside its weaker Asian regional currencies against a stronger dollar amid a return of risk aversion in the market.
- **USDMYR is likely to continue trending higher today**, trading at 4.1400-4.1500 as USD turned even more appealing in a risk-off environment ahead of the weekend. **Medium term USDMYR outlook is bullish** due to uncertainties surrounding the Covid-19 outbreak as well as firmer USD outlook thanks to the US' solid fundamentals compared to the weaker domestic growth outlook that is likely to prompt another rate cut by BNM.

USD

- The greenback turned stronger, boosted by higher US CPI data and a market that was turning risk-averse. USD gained against most major rivals except the GBP and JPY. **The Dollar Index barely changed**, remaining a touch above 99.00 at 99.07 as the strength in GBP and JPY offset USD's gains against other currency components.
- **We expect USD bulls to regain control** of an increasingly risk-off market in the short to medium term on the back of negative Coronavirus-related headlines. Daily market movers are US retail sales and industrial production data. **Medium term outlook is still bullish**, reaffirmed by solid US fundamentals, while the uncertainties surrounding virus outbreak could on-and-off send markets easily into risk aversion mode.

EUR

- **EURUSD continued to lost momentum, moving 0.3% lower to the multi-year low of 1.0841**, weighed by stronger US CPI.
- **EURUSD remains weak and is struggling near 1.0830 in Asian morning. Daily outlook is bearish** with main drivers being US retail sales and industrial production data. There is potential for the oversold pair to recover back to 1.0850-1.0900 if US data disappoint or if any positive virus-related headlines emerge. **Medium term outlook is bearish** as markets continue to grapple with poorer Eurozone growth outlook.

GBP

- **The sterling was the top winner, adding 0.66% to 1.3046** after Sajid Javid, the Chancellor of the Exchequer (UK Finance Minister) resigned in what appears to be PM Boris Johnson's move to reshuffle and tighten his grip on the cabinet.
- **GBPUSD daily outlook is neutral**, likely trading within a band of 1.3000 and last session's high of near-1.3080. **Medium term outlook is slightly bullish** as the new Chancellor is believed to be supportive of fiscal stimulus, taking pressure off the BOE to cut rate while we have reasons to believe that UK data is turning slightly firmer post Brexit. Nonetheless, downside risk remains a fallout in UK-EU trade **negotiation** and uncertainties surrounding the Covid-19 virus outbreak.

JPY

- **USDJPY snapped winning streak to finish 0.25% lower at 109.82** as investors sought the relative safety of JPY amid rising risk aversion.
- **Daily USDJPY outlook is neutral** expecting the pair to stabilize around 109.80 in the short term as market awaits more development of the virus outbreak. **Medium term USDJPY outlook is bearish** over the increasing uncertainties surrounding the outbreak that could on-and-off send markets easily into risk aversion mode.

AUD

- **AUDUSD reversed gains, losing 0.27% to 0.6719 on poor risk sentiment.**
- **Daily outlook is bearish as AUDUSD's attempt to recover will likely fail** in the short term as market grapples with higher number of reported cases every day, making an extended loss beyond 0.6700 possible today. **Medium term outlook is bearish** on grimmer Australian growth outlook given the uncertain impact the virus could have on its domestic economy and external trade.

SGD

- **USDSGD regained momentum, closing 0.21% higher at 1.3894.**
- **Daily outlook is bullish** as the pair broke past 1.3900, paving way for further upsides. SGD's severely oversold position however could push USDSGD back to around 1.3800 if there is a change in market sentiment. **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. We look towards Monday's final GDP reading for more clues.

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