

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rallied overnight, driven by upbeat retail sales data** that matched economists' estimate alongside stronger than expected Morgan Stanley earnings, just one day after the United States and China signed the Phase One trade deal. Gains were broad based and were led by the tech sector that prompted the S&P500 index (+0.8%) to breach 3,300 for the first time. The Dow Jones Industrial Average (+0.9%) and NASDAQ (+1.1%) also jumped to new highs. **US bonds yields picked up by 1-3bps. Gold prices retreated** to \$1552.51/troy ounce, **crude oils gained around 1% on trade optimism**; Brent crude settled at \$64.62/barrel.
- US data were upbeat in general. Retail sales matched consensus forecast to print a 0.3% MOM growth in December. Initial jobless claims slipped to 204k, its lowest in six weeks. The Philly Fed Manufacturing Index jumped by nearly 15pts this month while the NAHB Housing Market Index remained at elevated level. Imported prices index rebounded to notch a 0.5% YOY gain in December, its first positive reading in nine months. Meanwhile in the UK, the RICS house price balance index jumped to -2.2% in December after the general election. Australia housing data were also encouraging as total home loan approval values climbed 1.8% MOM, supported by investor lending. Last but not least, the BusinessNZ Performance of Manufacturing PMI slumped back to contraction area at 49.3 in December, suggesting that factory is still struggling in New Zealand.
- The greenback gained across the board on positive retail sales data but the sterling scored major win overnight. **The dollar index barely added 0.1% at 97.32** mainly as GBP strength offset USD's gain over other currencies. **USD rebounded and turned slightly bullish again** supported by firmer growth outlook. Watch out for industrial production and homebuilding data due tonight. **Medium term dollar outlook remains bullish** in our view, reaffirmed by recently positive data that suggest that the ongoing trend of expansion is likely to extend in 1Q2020.
- **MYR was among the top performers on Thursday, finishing 0.29% stronger versus the USD at 4.0625** as the inking of US-China trade deal drove positive trade outlook and immediately reduce risk of an escalation in 2020. **MYR daily outlook is bearish** as we still expect USDMYR to bottom out and recover back above 4.0800-4.1000 range in the short term especially after the dollar got a boost overnight on positive retail sales data. **MYR medium term outlook is still bearish**, expecting the USD to be well supported by solid data in 1Q20.
- **SGD closed slightly stronger against the USD at 1.3472. SGD daily outlook is slightly bearish** expecting regional Asian currencies to weaken against the dollar. **Medium term SGD outlook is bearish**, expecting the dollar to be well supported by solid US data in 1Q20.

Overnight Economic Data

US	↑
UK	↑
Australia	↑
New Zealand	↓

What's Coming Up Next

Major Data

- US Building Permits, Housing Starts, Industrial Production, U. of Michigan Consumer Sentiment
- Eurozone HICP
- UK Retail Sales
- China 4Q GDP, Retail Sales, Industrial Production and Fixed Asset Investment
- Singapore NODX

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1100	1.1120	1.1138	1.1150	1.1180	➔
GBPUSD	1.3000	1.3035	1.3077	1.3100	1.3150	➔
USDJPY	109.45	109.80	110.19	110.20	110.50	↗
AUDUSD	0.6850	0.6880	0.6897	0.6900	0.6930	➔
EURGBP	0.8475	0.8500	0.8516	0.8550	0.8600	➔
USDMYR	4.0550	4.0600	4.0635	4.0700	4.0800	↗
EURMYR	4.5000	4.5150	4.5259	4.5440	4.5550	↘
JPYMYR	3.6325	3.6600	3.6972	3.7350	3.7700	➔
GBPMYR	5.2670	5.2880	5.3140	5.3376	5.3650	➔
SGDMYR	3.0125	3.0150	3.0180	3.0300	3.0335	➔
AUDMYR	2.7960	2.8000	2.8034	2.8100	2.8200	➔
NZDMYR	2.6855	2.6900	2.6982	2.7030	2.7100	➔
USDSGD	1.3400	1.3440	1.3463	1.3500	1.3530	↗
EURSGD	1.4970	1.4980	1.4996	1.5030	1.5050	➔
GBPSGD	1.7450	1.7500	1.7607	1.7680	1.7750	➔
AUDSGD	0.9200	0.9250	0.9287	0.9300	0.9335	➔

* 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	1,587.88	0.17	-0.06	CRB Index	182.25	-0.24	-1.91
Dow Jones Ind.	29,297.64	0.92	2.66	WTI oil (\$/bbl)	58.52	1.23	-4.16
S&P 500	3,316.81	0.84	2.66	Brent oil (\$/bbl)	64.62	0.97	-2.09
FTSE 100	7,609.81	-0.43	0.89	Gold (\$/oz)	1,552.51	-0.24	2.30
Shanghai	3,074.08	-0.52	0.79	CPO (RM/tonne)	3,016.00	-0.85	-0.31
Hang Seng	28,883.04	0.38	2.46	Copper (\$/tonne)	6,287.00	-0.24	1.83
STI	3,278.00	0.65	1.71	Rubber (sen/kg)	470.00	-0.21	3.87

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Import Price Index YOY	Dec	0.5%	-1.3%	0.5%
US Retail Sales Advance MOM	Dec	0.3%	0.3% (revised)	0.3%
US Philadelphia Fed Business Outlook	Jan	17.0	2.4	3.7
US Initial Jobless Claims	Jan-11	204k	214k	218k
US NAHB Housing Market Index	Jan	75.0	76.0	74.0
UK RICS House Price Balance	Dec	-2.2%	-11% (revised)	-8%
AU Home Loans Value MOM	Nov	1.8%	2.1% (revised)	1.4%
NZ BusinessNZ Manufacturing PMI	Dec	49.3	51.2 (revised)	--

Source: Bloomberg

- Upbeat US retail sales supported by strong consumer spending:** US retail sector got a boost during the recent holiday season as the headline retail sales matched consensus forecast to print a 0.3% MOM growth in December (Nov: +0.3% revised) while sales for November was also revised higher to a 0.3% growth. Gains in December came from faster and higher sales of clothing, electronics and sporting goods as well as gasoline (thanks to higher gasoline prices). Sales of motor vehicles slipped after rising for two months. The so-called retail sales for control group, a gauge of core retail sales that exclude certain volatile items surpassed estimate by recording an impressive 0.5% MOM growth (Nov: -0.1% revised), adding to signs that consumer spending remains solid in the US thanks to a strong labour market. This was confirmed by the 10k decline in initial jobless claims to 204k, its lowest in six weeks for the week ended 11 Jan (previous: 214k). Adding to the positive number was the near 15pts jump in the Philly Fed Manufacturing Index (17.0 vs 2.4) that points to a strong recovery in Philadelphia's manufacturing conditions at the start of the year.
- US imported inflation stayed subdued:** US import price index rose 0.3% MOM in December (Nov: +0.1%) on higher imported fuel cost, leaving the annual changes to rebound to 0.5% YOY (Nov: -1.3% revised), its first annual gain in nine months. That said, overall trend remained subdued as the minimal gain was well below the 3-4% rate recorded in 2018, indicating benign imported inflation.
- US homebuilder confidence broadly unchanged:** The NAHB Housing Market Index slipped a little to 75 in January (Dec: 76) to reflect a broadly unchanged level of confidence among homebuilders in the US. Despite a lower reading this month, confidence level remained historically elevated with contribution coming from the prospective buyer traffic as builders turned more optimistic over future sales amidst expectations that the housing market is on track for a recovery in 2020.
- UK housing demand returned in late 2019 after election:** The Royal Institute of Chartered Surveyor reported that its house price balance index rose by 10ppt to -2.2% in December (Nov: -11% revised), its best reading in three months. The smaller downturn was driven by a jump in both prices (+22pts) and sales expectation (+18pts) as well as new buyer enquiries (+22pts). The number of agreed sales and new instruction also went from previously negative readings to positive territories, offering tentative signs that buyers are returning to markets following the early December general election that lifted much of the Brexit uncertainties.
- Australia housing market on track to recover as home loans value climbed:** Australia total home loan approval value continued to climb by 1.8% MOM in November (Oct: +2.1% revised), beating consensus forecast of 1.4% MOM, reaffirming that the housing market is on track for recovery in the short to medium term. Home loans value had been contracting throughout 2018 all the way to early 2019 before starting to record gradual increases, in tandem with the relaxation of policy by the Australian Prudential Regulation Authority (APRA) as well as the RBA's series of rate cut in 2019 which resulted in lower borrowing cost. November print was supported by stronger lending to investors (+2.2% vs +1.5%) as growth in lending to owner occupier eased in November (+1.6% vs +2.3%).
- PMI shows New Zealand factory condition back in contraction:** The BusinessNZ Performance of Manufacturing PMI slumped back to contraction area at 49.3 in December (Nov: 51.2) after holding above 50 for two consecutive months. The downturn was mainly a result of slower gain in new orders alongside continuous fall in production and employment, suggesting that the manufacturing sector continued to struggle in tandem with weak global manufacturing across the globe.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
17/01	US	Building Permits MOM	Dec	-1.5%	1.4%	0.9%
		Housing Starts MOM	Dec	1.1%	3.2%	--
		Industrial Production MOM	Dec	-0.2%	1.1%	--
		U. of Mich. Sentiment	Jan P	99.3	99.3	--
17/01	Eurozone	CPI YOY	Dec	1.3%	1.0%	1.0%
		CPI Core YOY	Dec F	1.3%	1.3%	--
17/01	UK	Retail Sales Inc Auto Fuel MOM	Dec	0.6%	-0.6%	--
20/01		Rightmove House Prices YoY	Jan	--	0.8%	--
20/01	Japan	Industrial Production YoY	Nov F	--	-8.1%	--
17/01	China	Retail Sales YOY	Dec	7.9%	8.0%	--
		Industrial Production YOY	Dec	5.9%	6.2%	--
		Fixed Assets Ex Rural YTD YOY	Dec	5.2%	5.2%	--
		GDP YOY	4Q	6.0%	6.0%	--
20/01	China	1-Year Loan Prime Rate	Jan	4.10%	4.15%	--
17/01	Singapore	Non-oil Domestic Exports YOY	Dec	-1.0%	-5.9%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1137	-0.12	1.1173	1.1128	-0.68
GBPUSD	1.3080	0.32	1.3083	1.3026	-1.34
USDJPY	110.16	0.24	110.18	109.86	1.46
AUDUSD	0.6898	-0.06	0.6934	0.6888	-1.77
EURGBP	0.8516	-0.43	0.8562	0.8509	0.66
USDMYR	4.0625	-0.29	4.0715	4.0625	-0.69
EURMYR	4.5314	-0.06	4.5441	4.5304	-1.22
JPYMYR	3.6925	-0.37	3.7080	3.6916	-2.01
GBPMYR	5.3024	-0.02	5.3133	5.2943	-1.39
SGDMYR	3.0185	-0.16	3.0271	3.0180	-0.75
AUDMYR	2.8094	0.14	2.8145	2.8071	-2.03
NZDMYR	2.6981	0.23	2.7027	2.6925	-1.98
CHFMYR	4.2184	0.04	4.2277	4.2152	-0.22
CNYMYR	0.5903	-0.21	0.5914	0.5901	0.41
HKDMYR	0.5227	-0.23	0.5242	0.5226	-0.35
USDSGD	1.3472	0.08	1.3474	1.3451	0.08
EURSGD	1.5002	-0.05	1.5032	1.4990	-0.59
GBPSGD	1.7621	0.40	1.7622	1.7539	-1.26
AUDSGD	0.9292	-0.04	0.9326	0.9280	-1.62

Source: Bloomberg

Forex

MYR

- **MYR was among the top performers on Thursday, finishing 0.29% stronger versus the USD at 4.0625** as the inking of US-China trade deal drove positive trade outlook and immediately reduce risk of an escalation in 2020.
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USD

- The greenback gained across the board on positive retail sales data but the sterling scored major win overnight. **The dollar index barely added 0.1% at 97.32** mainly as GBP strength offset USD's gain over other currencies.
- **USD rebounded and turned slightly bullish again** supported by firmer growth outlook. Watch out for industrial production and homebuilding data due tonight. **Medium term dollar outlook remains bullish** in our view, reaffirmed by recently positive data that suggest that the ongoing trend of expansion is likely to extend in 1Q2020.

EUR

- **EUR finished 0.12% weaker at 1.1137** as the dollar got a boost over upbeat retail sales reading.
- **Daily outlook is neutral in the Asian session** amidst a lack of fresh impetus and ahead of tonight's US industrial production and homebuilding data. **Medium term outlook is still bearish** as the ECB is likely to stick to its accommodative monetary policy stance and mainly over poorer growth outlook compared to a stronger US economy.

GBP

- **GBP was the top performer on Thursday, scoring a 0.32% gain at 1.3080** as markets shrugged off potential BOE rate cut and weak UK data.
- **GBP is neutral today** ahead of the release of retail sales later of the day. A poor reading would reaffirm BOE's potential next move to cut rate later this month. Medium term outlook hinges on outcome of the BOE's MPC meeting and Britain's successful withdrawal from the EU on 31 January which is to be followed by a long period of economic transition.

JPY

- **JPY finished weaker by 0.24% at 110.16, closing above 110 for the first time since late May last year.**
- **JPY daily outlook is bearish as the breach above 110.00 paves way for a bullish target of 110.20** amidst stronger dollar environment and the substantial easing of various political risks. **Medium term JPY outlook is neutral** for now amidst easing geopolitical risk and more positive trade outlook.

AUD

- **AUD finished a little weaker below 0.6900 at 0.6898** against the USD, continuing its current trend of minimal movements versus the greenback.
- **AUD is neutral for now ahead of China 4Q GDP growth due 10am today.** A positive reading that suggests a stabilization of China economy could lend some upside support to the AUD. **Medium term outlook is bearish** on increasing prospect of an RBA rate cut in early February.

SGD

- **SGD closed slightly stronger against the USD at 1.3472.**
- **SGD daily outlook is slightly bearish** expecting regional Asian currencies to weaken against the dollar. **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

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