

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks broadly gained on Friday and closed the week at record highs despite growing uncertainties over the coronavirus outbreak in China and the potential impact it could bring about on the global economy.** Earlier on the same day, European equities ended on the down side while Asian shares were mixed. The Dow Jones was little changed while the S&P500 and NASDAQ picked up around 0.2% after hitting all-time highs in a streak last week. Risk aversion lingered in the market ahead of the weekend as US bond yields slipped further by around 2-3bps while gold prices added another 0.5% to \$1,584.06/ounce. **Crude oils continued to gain by 1.2-1.7% on ongoing expectations of more output cut.** US stock market is closed today for President's Day.
- **On the macro front, US data were mixed-** retail sales rose 0.3% MOM in January following a muted holiday season while consumer sentiment improved further. Industrial production however slipped for the second month by 0.3% in a warmer month while Boeing halted production of Max 737. Imported price index was unchanged. Elsewhere, Eurozone 4Q GDP growth was unrevised at 0.1% QOQ. Japan economy contracted more than expected by 1.6% QOQ in 4Q. Singapore final GDP reading was revised from 0.8% to 1.0% YOY and the Singapore government expects growth to range between -0.5% to +0.5% in 2020.
- The US dollar saw mixed performance across the FX board with major currencies largely closed little changed around their recent ranges. The dollar index barely rose, ending the day at 99.12. FOMC meeting minutes will be key market focus this week, on clues of possible Fed movements. A "dovish tilt" could remain conducive for USD strength, should markets price in continued US economic resilience and outperformance. We remain bullish on the DXY in the coming week. Technical resistance of 99.67 is far away. Only a pullback to 98 from current above-99 levels can dampen momentum.
- **USDMYR was little changed** but closed below 4.1400 on Friday ahead of the weekend at 4.1380 (-0.08%). **USDMYR remains bullish in our view**, more so if there is a dovish tilt from FOMC minutes following Fed Chair recent testimony to the Congress on readiness to act, but receding positive momentum indicators suggests the pair could consolidate in the 4.1350-4.1500 ranges, before testing 4.1500 again. Any negative headlines, hence USD strength, could easily push it pass 4.1500, targeting 4.1650 next.
- **USDSGD climbed further up by 0.21% to 1.3923.** **USDSGD daily outlook is neutral to slightly bearish** after an upward revision to Singapore 4Q GDP growth. **Medium term USDSGD outlook is bullish** as markets continue to position for MAS easing in April. The Budget announcement tomorrow should provide some reassurance on fiscal support.

Overnight Economic Data

US	➔
Eurozone	➔
Japan	⬇
Singapore	⬆
New Zealand	⬆

What's Coming Up Next

Major Data

- UK Rightmove House Price Index
- Japan Industrial Production
- Singapore NODX

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	1.3044	1.3070	1.3100	➔
USDJPY	109.30	109.46	109.80	110.00	110.20	➔
AUDUSD	0.6680	0.6700	0.6717	0.6750	0.6800	➔
EURGBP	0.8250	0.8280	0.8308	0.8345	0.8400	➔
USDMYR	4.1300	4.1350	4.1392	4.1500	4.1600	⬆
EURMYR	4.4700	4.4800	4.4853	4.5000	4.5100	➔
JPYMYR	3.7400	3.7600	3.7696	3.7800	3.8000	➔
GBPMYR	5.3520	5.3850	5.3987	5.4300	5.4600	➔
SGDMYR	2.9650	2.9700	2.9757	2.9800	2.9850	➔
AUDMYR	2.7668	2.7750	2.7801	2.7900	2.8000	➔
NZDMYR	2.6509	2.6600	2.6634	2.6783	2.6850	➔
USDSGD	1.3850	1.3880	1.3910	1.3925	1.3940	⬇
EURSGD	1.5030	1.5050	1.5072	1.5100	1.5140	➔
GBPSGD	1.7960	1.8050	1.8143	1.8200	1.8250	➔
AUDSGD	0.9287	0.9300	0.9343	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	1,544.46	0.34	-2.79	CRB Index	172.95	0.39	-6.91
Dow Jones Ind.	29,398.08	-0.09	3.01	WTI oil (\$/bbl)	52.05	1.23	-14.76
S&P 500	3,380.16	0.18	4.62	Brent oil (\$/bbl)	57.32	1.74	-11.23
FTSE 100	7,409.13	-0.58	-1.77	Gold (\$/oz)	1,584.06	0.51	4.21
Shanghai	2,917.01	0.38	-4.36	CPO (RM/tonne)	2,694.50	-0.42	-10.94
Hang Seng	27,815.60	0.31	-1.33	Copper (\$/tonne)	5,760.00	-0.52	-6.71
STI	3,220.03	0.00	-0.09	Rubber (sen/kg)	463.50	-0.86	2.43

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Import Price Index MoM	Jan	0.0%	0.3%	-0.2%
US Retail Sales Advance MoM	Jan	0.3%	0.2% (revised)	0.3%
US Industrial Production MoM	Jan	-0.3%	-0.4% (revised)	-0.2%
US U. of Mich. Sentiment	Feb P	100.9	99.8	99.5
EU Trade Balance SA	Dec	€22.2b	€19.2b	€19.3b
EU GDP SA QoQ	4Q P	0.1%	0.3%	0.1%
JP GDP SA QoQ	4Q P	-1.6%	0.4%	-1.0%
SG GDP YoY	4Q F	1.0%	0.7%	0.8%
NZ Performance Services Index	Jan	57.1	52.1	--

Source: Bloomberg

- US retail sales rose in January; consumer sentiment turned higher:** US retail sales picked up 0.3% MOM in January (Dec: +0.2%), its largest gain since October last year following a lacklustre holiday season thanks to an increase in sales of motor vehicles, furniture, building materials as well as higher online sales. The so-called retail sales for control group, a gauge of core consumer spending meanwhile was flat (Dec: +0.2%), reflecting moderate spending among Americans at the start of the year. Consumer sentiment however appears to be upbeat as evident in the University of Michigan Consumer Sentiment Index that rose to 100.9 in February (Jan: 99.8). Interestingly, the personal finances and evaluations of the national economy each posted large gains, while consumers' views on buying conditions for household durables saw a significant loss. Respondents also pointed out uncertainties surrounding the coronavirus outbreak and the presidential election this year.
- US Industrial output fell in January:** Federal Reserve data show that industrial production slipped for the second consecutive month by 0.3% MOM in January (Dec: -0.4%) while January data was revised lower to a 0.4% contraction. The fall in output reflects a 0.1% and 0.4% MOM drop in manufacturing and utilities respectively. Boeing halted production of its 737 Max model due to regulatory reasons, weighing down overall manufacturing output. Utilities meanwhile have been falling for the second month thanks to a warmer US weather.
- Low imported inflation in US:** Import price index was unchanged in January (Dec: +0.3%), leaving the annual pace of growth to moderate to 0.3% YOY (Dec: +0.5%), adding to signs of lower imported inflation. Imported inflation is likely to moderate further in February amidst stronger US dollar.
- Eurozone 4Q GDP moderated; trade balance widened:** The second estimate of Eurozone GDP growth for 4Q19 was unrevised at 0.1% QOQ (3Q: +0.3%), a large moderation from Q3. YOY, GDP grew 0.9% (3Q: +1.2%), its slowest since Q413, leaving the full-year 2019 GDP growth at a modest 1.2% (2018: +1.9%). The German economy stagnated in 4Q, recording no gain (3Q: +0.2%) compared to the previous quarter while its YOY growth eased to 0.5% YOY (+0.6%). In the same release, employment was reported to have increased by 0.3% QOQ (3Q: +0.1%) and a steady 1.0% YOY (3Q: +1.0%). On a separate note, the Euro area trade surplus widened to €22.2b in December (Nov: €19.2b) thanks to a 0.9% MOM increase in exports and 0.7% MOM fall in imports.
- Japan economy took a huge blow in 4Q:** Preliminary reading released this morning shows that Japan 4Q GDP contracted by a whopping 1.6% QOQ (3Q: +0.4%), larger than analysts' expectation of a 1.0% QOQ decline. The contraction reflects a large negative contribution from domestic demand (-2.1ppt), residential investment and investment as economic activity was disrupted by an October typhoon while the higher sales tax imposed in the same month temporarily dragged down consumer consumption. Net exports added 0.5ppts to overall headline growth. YOY, GDP slipped by 0.4% (3Q: +1.7%), leaving the full-year GDP growth at 0.8% (2018: 0.3%).
- Huge revision to Singapore 4Q GDP growth:** The final reading of Singapore 4Q GDP growth was revised upwards from 0.8% to 1.0% YOY (3Q: +0.7%), reflecting economy's gradual recovery in the second half of last year after hitting a trough in 2Q. On a quarterly basis, GDP expanded by 0.6% QOQ (3Q: +2.4%), a large increase compared to the initial estimate of 0.1% QOQ. While normally such a rebound signals that the worst may be over for the economy that had fallen victim to slower domestic demand and a weak global trade last year, the new Coronavirus outbreak has now emerged as a new threat to the city state as stricter traveling rules serve to disrupt tourist flow to the country as well as its trade with China, a key trading partner. (Please refer our latest commentary on the Singapore economic outlook for further details).

- ***New Zealand services sector surged prior to virus outbreak:*** The BNZ Performance of Services PMI surged to 57.1 in January (Dec: 52.1), its highest reading since May-18, bouncing off December's seven-year low . The upturn reflects broad-based increase in sales, employment, new orders, stocks and supplier deliveries before the Coronavirus outbreak situation intensified in China. New Zealand services sector is vulnerable to the outbreak and BNZ said that it is expected to take a hit with declines in visitor numbers being shown in industries such as retail, accomodation and transport.

Economic Calendar								
Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
21/02	12:00	Malaysia	CPI YoY	Jan	--	--	1.0%	--
21/02	15:00		Foreign Reserves	Feb-14	--	--	--	--
18/02	21:30	US	Empire Manufacturing	Feb	--	--	4.8	--
18/02	23:00		NAHB Housing Market Index	Feb	--	--	75.0	--
19/02	20:00		MBA Mortgage Applications	Feb-14	--	--	--	--
19/02	21:30		PPI Final Demand YoY	Jan	--	--	1.3%	--
19/02	21:30		Building Permits MoM	Jan	2.4%	--	-3.9%	--
	21:30		Housing Starts MoM	Jan	-12.9%	--	16.9%	--
20/02	03:00		FOMC Meeting Minutes	Jan-29	--	--	--	--
20/02	21:30		Philadelphia Fed Business Outlook	Feb	--	--	17	--
20/02	21:30		Initial Jobless Claims	Feb-15	--	--	--	--
20/02	23:00		Leading Index	Jan	--	--	-0.3%	--
21/02	22:45		Markit US Manufacturing PMI	Feb P	--	--	51.9	--
21/02	22:45		Markit US Services PMI	Feb P	--	--	--	--
21/02	23:00		Existing Home Sales MoM	Jan	-0.70%	--	3.6%	--
18/02	18:00	Eurozone	ZEW Survey Expectations	Feb	--	--	25.6	--
20/02	23:00		Consumer Confidence	Feb A	--	--	-8.1	--
21/02	17:00		Markit Eurozone Manufacturing PMI	Feb P	--	--	47.9	--
21/02	17:00		Markit Eurozone Services PMI	Feb P	--	--	--	--
21/02	18:00		CPI YoY	Jan	--	--	1.3%	1.30%
21/02	18:00		CPI Core YoY	Jan F	--	--	1.1%	--
17/02	08:01	UK	Rightmove House Prices YoY	Feb	--	--	2.7%	--
18/02	17:30		Average Weekly Earnings 3M/YoY	Dec	--	--	3.2%	--
18/02	17:30		ILO Unemployment Rate 3Mths	Dec	--	--	3.8%	--
18/02	17:30		Employment Change 3M/3M	Dec	--	--	208k	--
19/02	17:30		CPI YoY	Jan	--	--	1.3%	--
19-25/02	NA		CBI Trends Total Orders	Feb	--	--	-22	--
20/02	17:30		Retail Sales Inc Auto Fuel MoM	Jan	--	--	-0.6%	--
21/02	17:30		Markit UK PMI Manufacturing SA	Feb P	--	--	50.0	--
21/02	17:30		Markit/CIPS UK Services PMI	Feb P	--	--	--	--
17/02	07:50	Japan	GDP SA QoQ	4Q P	-1.0%	-1.6%	0.4%	--
17/02	12:30		Industrial Production YoY	Dec F	--	--	-3.0%	--
19/02	07:50		Core Machine Orders MoM	Dec	--	--	18.0%	--
19/02	07:50		Exports YoY	Jan	--	--	-6.3%	--
20/02	14:00		Machine Tool Orders YoY	Jan F	--	--	--	--
21/02	07:30		Natl CPI Ex Fresh Food YoY	Jan	--	--	0.7%	--
21/02	08:30		Jibun Bank Japan PMI Mfg	Feb P	--	--	48.8	--
21/02	08:30		Jibun Bank Japan PMI Services	Feb P	--	--	51.0	--
21/02	12:30		All Industry Activity Index MoM	Dec	--	--	0.9%	--
20/02	16:30	Hong Kong	CPI Composite YoY	Jan	--	--	2.9%	--
20/02	09:30	China	1-Year Loan Prime Rate	Feb	4.05%	--	4.15%	--
17/02	08:00	Singapore	GDP YoY	4Q F	0.8%	1.0%	0.7%	--
	08:30		Non-oil Domestic Exports YoY	Jan	--	--	2.4%	--
18/02	08:30	Australia	RBA Minutes of Feb. Policy Meeting					
19/02	07:30		Westpac Leading Index MoM	Jan	--	--	0.05%	--
19/02	08:30		Wage Price Index YoY	4Q	--	--	2.2%	--
20/02	08:30		Employment Change	Jan	--	--	28.9k	--
20/02	08:30		Unemployment Rate	Jan	--	--	5.1%	--
17/02	05:30	New Zealand	Performance Services Index	Jan	--	57.1	51.9	52.1

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0831	-0.09	1.0861	1.0827	-3.34
GBPUSD	1.3047	0.01	1.3063	1.3001	-1.35
USDJPY	109.78	-0.04	109.91	109.70	1.11
AUDUSD	0.6714	-0.07	0.6732	0.6709	-4.24
EURGBP	0.8301	-0.13	0.8344	0.8299	-1.32
USDMYR	4.1380	-0.08	4.1460	4.1375	1.15
EURMYR	4.4876	-0.43	4.4928	4.4831	-2.38
JPYMYR	3.7695	-0.05	3.7762	3.7682	0.03
GBPMYR	5.3976	0.59	5.4085	5.3940	0.38
SGDMYR	2.9778	-0.18	2.9827	2.9770	-2.08
AUDMYR	2.7837	-0.16	2.7878	2.7801	-2.93
NZDMYR	2.6635	-0.45	2.6701	2.6621	-3.24
CHFMYR	4.2208	-0.41	4.2325	4.2200	-0.16
CNYMYR	0.5927	-0.05	0.5936	0.5925	0.81
HKDMYR	0.5329	0.00	0.5338	0.5327	1.39
USDSGD	1.3923	0.21	1.3927	1.3886	3.34
EURSGD	1.5077	0.10	1.5114	1.5048	-0.09
GBPSGD	1.8164	0.20	1.8175	1.8094	1.75
AUDSGD	0.9345	0.11	0.9362	0.9330	-0.97

Source: Bloomberg

Forex

MYR

- **USDMYR was little changed** but closed below 4.1400 on Friday ahead of the weekend at 4.1380 (-0.08%).
- **USDMYR remains bullish in our view**, more so if there is a dovish tilt from FOMC minutes following Fed Chair recent testimony to the Congress on readiness to act, but receding positive momentum indicators suggests the pair could consolidate in the 4.1350-4.1500 ranges, before testing 4.1500 again. Any negative headlines, hence USD strength, could easily push it pass 4.1500, targeting 4.1650 next. **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 US dollar saw mixed performance across the FX board with major currencies largely closed little changed around their recent ranges. The dollar index barely rose, ending the day at 99.12.
- FOMC meeting minutes will be key market focus this week, on clues of possible Fed movements. A "dovish tilt" could remain conducive for USD strength, should markets price in continued US economic resilience and outperformance. We remain bullish on the DXY in the coming week. Technical resistance of 99.67 is far away. Only a pullback to 98 from current above-99 levels can dampen momentum. **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, closing a little lower at 1.0831 on Friday.**
- **We remain bearish on EURUSD** as the pair's outlook remains weak particularly if economic data remains unsupportive. GDP, CPI and PMI data are in focus this week. A test of 1.0800 psychological support seems likely at this stage, with technical support at 1.0737. **Medium term outlook is bearish** as markets continue to grapple with poorer Eurozone growth outlook.

GBP

- **The sterling was virtually unchanged at 1.3047.**
- **GBPUSD daily outlook remains neutral**, anticipating some range movements between 1.2872-1.3215 after last week's rally. CPI, retail sales and PMI data are the main focus this week. **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 potential fallout in UK-EU trade **negotiation** and uncertainties surrounding the Covid-19 virus outbreak.

JPY

- **USDJPY closed little changed at 109.78.**
- **Daily USDJPY outlook is neutral** as markets barely reacted to weaker than expected Japan 4Q GDP reading. Continue to watch 110 big figure for signs of further weaknesses and we see immediate USD/JPY support at 109.46. **Medium term USDJPY outlook is bearish** on the back of increasing uncertainties surrounding the coronavirus outbreak that could on-and-off send markets easily into risk aversion mode.

AUD

- **AUDUSD finished little changed at 0.6714.**
- **Daily outlook is neutral as AUDUSD's attempt to recover will likely fail** in the short term as market continues to grapple with higher number of reported virus cases this morning. RBA minutes and employment data are the focus this week. **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 climbed further up by 0.21% to 1.3923.**
- **USDSGD daily outlook is neutral to slightly bearish** after an upward revision to Singapore 4Q GDP growth. **Medium term USDSGD outlook is bullish** as markets continue to position for MAS easing in April. The Budget announcement tomorrow should provide some reassurance on fiscal support.

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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