

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **European stocks notched modest gains and Asian indexes finished on a mixed note on Monday amid lingering concerns over Covid-19 outbreak while US markets were closed for President's Day.** Investors continued to track outbreak-related development in China as well as in other countries with confirmed cases. In Europe, STOXX Europe 600 rebounded while the DAX, CAC 40, FTSE MIB and FTSE 100 all closed higher. The Shanghai Composite Index surged by 2.3% while Hang Seng was up 0.5% after **the PBOC cut the rate of 200bn yuan worth of medium term lending facility (MLF) to financial institutions by 10basis points, paving the way for a cut of the loan prime rate (LPR) on coming Thursday.** Stocks in Japan, Singapore and Malaysia closed in the reds. **Apple said overnight that it won't meet its current quarter's revenue projections as the outbreak had constrained iphone production and curbed demand.** Gold prices slipped 0.2% to \$1581.13/ounce while Brent crude added 0.6% to \$57.67/barrel over expectations of output cut. The greenback continued to see mixed performance across major rivals with majority of the currencies traded around respective recent ranges. **Asian stocks are set to open mixed today while futures tied to the S&P500 and Dow Jones Industrial Average suggest that US stocks will slide tonight.**
- **Economic data were positive** - UK Rightmove House Price Index added another 0.8% MOM in Feb as house prices climbed to near-record high amid Brexit relief. Japan Dec industrial production recovered MOM to gain 1.2% leaving the annual contraction to narrow to 3.1% YOY. Singapore NODX registered a 4.6% MOM gain in Jan after US and China signed trade deal, but YOY, NODX slipped 3.3%.
- DXY ended the day at 99.00, lower than Friday's close of 99.124. Still, the dollar strengthened against the euro and pound, but weakened against the yen. **We are neutral on the USD with a bullish bias today** as we expect some consolidation near-term. **1-month outlook is bullish**, reaffirmed by solid US fundamentals. The uncertainties surrounding the virus outbreak could on-and-off send markets easily into risk aversion mode.
- **USDMYR advanced 0.13% to close at 4.1435** as MYR and Asian regionals were largely kept to their recent ranges in a rather muted Monday session. **We maintain a bullish view on USDMYR**, 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.

#### Overnight Economic Data

UK	↑
Japan	↑
Singapore	↓

#### What's Coming Up Next

##### Major Data

- US Empire Manufacturing, NAHB Housing Market Index
- Eurozone ZEW Survey
- UK Job Report

##### Major Events

- RBA Meeting Minutes

#### Daily Supports – Resistances (spot prices)\*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0700	1.0800	1.0832	1.0950	1.1032	➔
GBPUSD	1.2769	1.2900	1.3003	1.3132	1.3200	⬇
USDJPY	109.00	109.46	109.83	111.00	112.40	➔
AUDUSD	0.6600	0.6671	0.6706	0.6800	0.6850	⬇
EURGBP	0.8106	0.8224	0.8331	0.8488	0.8640	↗
USDMYR	4.1300	4.1350	4.1450	4.1500	4.1600	↗
EURMYR	4.4700	4.4800	4.4894	4.5000	4.5100	➔
JPYMYR	3.7506	3.7641	3.7742	3.7800	3.8000	➔
GBPMYR	5.3600	5.3800	5.3898	5.4100	5.4400	➔
SGDMYR	2.9750	2.9800	2.9823	2.9880	2.9900	➔
AUDMYR	2.7668	2.7750	2.7799	2.7900	2.8000	➔
NZDMYR	2.6500	2.6600	2.6667	2.6800	2.6900	➔

\* 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	1,537.12	-0.48	-3.25	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)	57.67	0.61	-12.62
FTSE 100	7,433.25	0.33	-1.45	Gold (\$/oz)	1,581.13	-0.18	4.44
Shanghai	2,983.62	2.28	-2.18	CPO (RM/tonne)	2,683.00	-0.43	-11.32
Hang Seng	27,959.60	0.52	-0.82	Copper (\$/tonne)	5,760.00	-0.52	-6.71
STI	3,213.00	-0.22	-0.31	Rubber (sen/kg)	461.50	-0.43	1.99

\*As at 14 Feb

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
UK Rightmove House Prices YoY	Feb	2.9%	2.7%	--
JP Industrial Production YoY	Dec F	-3.1%	-8.2%	--
SG Non-oil Domestic Exports YoY	Jan	-3.3%	2.4%	--

Source: Bloomberg

- UK house prices climbed further in Feb:** The Rightmove House Price Index added another 0.8% MOM in February (Jan: +2.3%) as house prices climbed to a near-record high of £309,399 following a spike in January thanks to a significant lift in Brexit uncertainties. This left the annual index to record a gain of 2.9% YOY (Jan: 2.7%), reflecting a surge in buyers activity and interests compared to a year ago that's fueling a recovery in the UK housing market.
- Japan industrial production rebounded at year-end:** Japan industrial production recovered to increase 1.2% MOM in December (Jan: -1.0%) after contracting for two straight months in 4Q as manufacturing activity was disrupted by typhoon at early October. This left the annual contraction to narrowed to 3.1% YOY (Nov: -8.2%); December marked industrial production's third straight month of decline and the effect of the downturn alongside tax-hike related consumption weakness was reflected in the weaker-than-expected 4Q GDP print (-0.4% vs +1.7%) released earlier.
- Singapore NODX recovered in Jan:** Singapore non-oil domestic exports beat expectations to register a 4.6% MOM gain in January (Dec: +1.0%) amid improving global trade outlook in the immediate period after the inking of US-China phase one trade deal in early January. YOY, NODX slipped 3.3% following a 2.4% gain in December as the fall in non-electronic exports offset the smaller contraction in electronics shipments. Looking at NODX's destinations, shipments to China, United States, Taiwan and Korea were higher compared to a year ago, but the gains were offset by the decline of shipments to other key trading partners such as Malaysia and Hong Kong.

**Economic Calendar**

Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
21/02	12:00	Malaysia	CPI YoY	Jan	1.7%	--	1.0%	--
21/02	15:00		Foreign Reserves	Feb-14	--	--	\$104.2b	--
<b>18/02</b>	<b>21:30</b>	<b>US</b>	<b>Empire Manufacturing</b>	<b>Feb</b>	<b>5.0</b>	--	<b>4.8</b>	--
	<b>23:00</b>		<b>NAHB Housing Market Index</b>	<b>Feb</b>	<b>75.0</b>	--	<b>75.0</b>	--
19/02	20:00		MBA Mortgage Applications	Feb-14	--	--	1.1%	--
	21:30		PPI Final Demand YoY	Jan	1.6%	--	1.3%	--
	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	--	--	--	--
	21:30		Philadelphia Fed Business Outlook	Feb	11.0	--	17.0	--
	21:30		Initial Jobless Claims	Feb-15	210k	--	205k	--
	23:00		Leading Index	Jan	0.4%	--	-0.3%	--
21/02	22:45		Markit US Manufacturing PMI	Feb P	51.5	--	51.9	--
	22:45		Markit US Services PMI	Feb P	53.5	--	53.4	--
	23:00		Existing Home Sales MoM	Jan	-1.7%	--	3.6%	--
<b>18/02</b>	<b>18:00</b>	<b>Eurozone</b>	<b>ZEW Survey Expectations</b>	<b>Feb</b>	<b>--</b>	<b>--</b>	<b>25.6</b>	<b>--</b>
20/02	23:00		Consumer Confidence	Feb A	-8.2	--	-8.1	--
21/02	17:00		Markit Eurozone Manufacturing PMI	Feb P	47.4	--	47.9	--
	17:00		Markit Eurozone Services PMI	Feb P	52.3	--	52.5	--
	18:00		CPI YoY	Jan	1.4%	--	1.4%	--
	18:00		CPI Core YoY	Jan F	1.1%	--	1.1%	--
17/02	08:01	UK	Rightmove House Prices YoY	Feb	--	2.9%	2.7%	--
<b>18/02</b>	<b>17:30</b>		<b>Average Weekly Earnings 3M/YoY</b>	<b>Dec</b>	<b>3.0%</b>	--	<b>3.2%</b>	<b>--</b>
	<b>17:30</b>		<b>ILO Unemployment Rate 3Mths</b>	<b>Dec</b>	<b>3.8%</b>	--	<b>3.8%</b>	<b>--</b>
	<b>17:30</b>		<b>Employment Change 3M/3M</b>	<b>Dec</b>	<b>148k</b>	--	<b>208k</b>	<b>--</b>
19/02	17:30		CPI YoY	Jan	1.6%	--	1.3%	--
20/02	19:00		CBI Trends Total Orders	Feb	-20.0	--	-22.0	--
	17:30		Retail Sales Inc Auto Fuel MoM	Jan	0.7%	--	-0.6%	--
21/02	17:30		Markit UK PMI Manufacturing SA	Feb P	49.7	--	50.0	--
	17:30		Markit/CIPS UK Services PMI	Feb P	53.4	--	53.9	--
17/02	07:50	Japan	GDP SA QoQ	4Q P	-1.0%	-1.6%	0.4%	--
	12:30		Industrial Production YoY	Dec F	--	-3.1%	-3.0%	--
19/02	07:50		Core Machine Orders MoM	Dec	-8.9%	--	18.0%	--
	07:50		Exports YoY	Jan	-7.0%	--	-6.3%	--
20/02	14:00		Machine Tool Orders YoY	Jan F	--	--	-35.6%	--
21/02	07:30		Natl CPI Ex Fresh Food YoY	Jan	0.8%	--	0.7%	--
	08:30		Jibun Bank Japan PMI Mfg	Feb P	--	--	48.8	--
	08:30		Jibun Bank Japan PMI Services	Feb P	--	--	51.0	--
	12:30		All Industry Activity Index MoM	Dec	0.8%	--	0.9%	--
20/02	16:30	Hong Kong	CPI Composite YoY	Jan	3.1%	--	2.9%	--
	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	-3.7%	-3.3%	2.4%	--
<b>18/02</b>	<b>08:30</b>	<b>Australia</b>	<b>RBA Minutes of Feb. Policy Meeting</b>					
19/02	07:30		Westpac Leading Index MoM	Jan	--	--	0.05%	--
	08:30		Wage Price Index YoY	4Q	2.2%	--	2.2%	--
20/02	08:30		Employment Change	Jan	10.0k	--	28.9k	--
	08:30		Unemployment Rate	Jan	5.2%	--	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	1.0836	0.05	1.0851	1.0821	-3.44
GBPUSD	1.3008	-0.30	1.3054	1.2999	-1.96
USDJPY	109.88	0.09	109.96	109.72	1.07
AUDUSD	0.6714	0.00	0.6733	0.6712	-4.67
EURGBP	0.8333	0.38	0.8335	0.8304	-1.52
USDSGD	1.3893	-0.22	1.3917	1.3882	3.28
USDMYR	4.1435	0.13	4.1455	4.1350	1.39
EURMYR	4.4932	0.12	4.4966	4.4815	-2.10
JPYMYR	3.7729	0.09	3.7741	3.7649	0.29
GBPMYR	5.4044	0.13	5.4058	5.3947	0.26
SGDMYR	2.9819	0.14	2.9819	2.9727	-1.88
AUDMYR	2.7870	0.12	2.7890	2.7779	-3.19
NZDMYR	2.6653	0.07	2.6681	2.6603	-3.17
CHFMYR	4.2219	0.03	4.2221	4.2093	-0.01
CNYMYR	0.5937	0.16	0.5939	0.5925	0.97
HKDMYR	0.5336	0.13	0.5336	0.5324	1.60

Source: Bloomberg

## Forex

### MYR

- **USDMYR advanced 0.13% to close at 4.1435** as MYR and Asian regionals were largely kept to their recent ranges in a rather muted Monday session.
- **We maintain a bullish view on USDMYR**, 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

- DXY ended the day at 99.00, lower than Friday's close of 99.124. Still, the dollar strengthened against the euro and pound, but weakened against the yen.
- **We are neutral on the USD with a bullish bias today** as we expect some consolidation near-term. **1-month outlook is bullish**, reaffirmed by solid US fundamentals. The uncertainties surrounding the virus outbreak could on-and-off send markets easily into risk aversion mode.

### EUR

- **EUR finished 0.05% lower against the USD at 1.0830**, as expectations of ECB easing start to pick up.
- **We are neutral on EUR/USD today** as it stays close to the 1.0800 handle, and looks to consolidate for now. **1-month outlook is still bearish** as the Eurozone economy continues to underperform and set expectations for ECB easing.

### GBP

- **GBP weakened 0.11% against the USD at 1.3008**, as risk aversion on the global economy rose and UK's Brexit envoy gave negative comments about the Eurozone.
- **We are bearish on GBP/USD today (particularly on technicals), after it dipped below the 1.3000 big figure. We are bearish on a 1-month basis** as markets continue to grapple with poorer Eurozone growth outlook.

### JPY

- **JPY weakened 0.09% against the USD to 109.88**, after looking to take the 110 big figure.
- **We are neutral on USD/JPY today** as the safe haven currency struggles to find demand in a risk-on environment that led USDJPY to breach 109.00 in Asian morning. **We are bearish on a 1-month basis** as potential risk aversion may improve yen positioning. Japan's economic data is already at a low, and any upside surprise could support the JPY.

### AUD

- **AUD finished flat against the USD at 0.6714 on the back of a stronger dollar.** RBA minutes just released provided some pessimism for the currency.
- **We are bearish on AUD/USD today**, responding to dovish RBA minutes and potential on further easing. **We are bearish on a 1-month basis** as the AUD remains weighed down by the impact of the domestic bushfires and on RBA expectations.

### SGD

- **SGD strengthened 0.22% against the USD to 1.3893.** This came as the currency stabilized on some better-than-expected data and as it awaits FY2020 Budget
- **We are bearish on USD/SGD today** as the Budget is likely to stabilize and prevent further negative sentiment about the local economy. **We are bullish on a 1-month basis**, expecting some USD strength and as markets continue to price in the impact of the coronavirus and MAS easing.

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