

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- US stocks broadly fell overnight** after equities in Europe and Asia generally closed lower earlier as concerns over the Covid-19 outbreak continued to dominate market sentiment. The Dow Jones Industrial Average lost 165pts of 0.6%, weighed down by falling Apple's share price (-1.8%) after the phone maker's downbeat revenue warning yesterday. **Bonds yields slipped lower by 2-3bps alongside higher gold prices as markets were risk-off**; 10Y UST yield was seen dropping by 3bps to 1.56%. Gold prices gained 1.3% to breach \$1600 mark at \$1601.61/ounce while crude oils were little changed. **The greenback regained momentum** and outperformed nearly all currencies save for the Japanese yen which was flat. **US Treasury data showed that foreign purchase of US treasuries rose to \$41.07bn in Dec, its highest level since Aug-18** following four consecutive months of selling. China's holding of US treasuries declined for the sixth month to \$1.07tn. U.K. new Chancellor of Exchequer Rishi Sunak said that the government will keep the 11 March budget delivery date following the abrupt resignation of his predecessor Sajid Javid last week. **Singapore announced an expansinary budget for FY2020 including a SGD5.6bn stimulus package for Covid-19, widening the budget deficit more than expected to SGD10.9bn or 2.1% of GDP.** Futures indicate that Asian stocks are set to open lower today, taking cue from lower US indexes overnight.
- Data are strong in the US and weak elsewhere** – The US NAHB Housing Market Index remained rather steady while the NY Fed Empire State manufacturing index ticked up. German investors turned bearish on Germany and the broader Eurozone outlook as reflected by large drops in the ZEW Economic Sentiment Indexes for both Germany and the euro area. UK job data offered mixed signs. Japan exports saw smaller contraction while core machine orders slumped. Australia Westpac Leading Index points to weak underlying momentum.
- DXY went bid and ended at 99.44, higher than previous close of 99.00. Notably, dollar gained on most currencies except the yen, a sign of rising risk aversion. US data remained supportive of the fact that the economy continues to be resilient as other major economies see weaknesses. **We are bullish on the USD today** as further bid momentum gains ground.
- USDMYR finished 0.24% higher at 4.1535** as MYR continued to weaken alongside its regional Asian peers against the strong USD. **We maintain a bullish view on USDMYR** as MYR has now breached 4.1500, targeting 4.1600 next given that the dollar is expected to remain strong in the short term as Covid-19 concerns continues to dominate markets. That said, investors are likely turning cautious ahead of tonight's FOMC meeting minutes, looking for any dovish tilt from the Fed following Fed Chair Jerome Powell's recent testimony to the Congress on readiness to act.

#### Overnight Economic Data

US	↑
Eurozone	↓
UK	→
Japan	→
Australia	↓

#### What's Coming Up Next

##### Major Data

- US MBA Mortgage Applications, PPI, Building Permits, Housing Starts
- UK CPI
- Australia Wage Price Index
- 

##### Major Events

- FOMC Meeting Minutes

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

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0700	1.0770	1.0795	1.0950	1.0700	↘
GBPUSD	1.2769	1.2900	1.2999	1.3132	1.2769	→
USDJPY	109.00	109.46	109.92	111.00	109.00	↗
AUDUSD	0.6600	0.6671	0.6694	0.6800	0.6600	↘
EURGBP	0.8106	0.8201	0.8304	0.8488	0.8106	↘
USDMYR	4.1300	4.1350	4.1543	4.1600	4.1700	↗
EURMYR	4.4700	4.4800	4.4847	4.5000	4.5100	↘
JPYMYR	3.7506	3.7641	3.7793	3.7880	3.8000	→
GBPMYR	5.3600	5.3800	5.4003	5.4100	5.4400	→
SGDMYR	2.9750	2.9800	2.9844	2.9880	2.9900	→
AUDMYR	2.7668	2.7750	2.7796	2.7900	2.8000	→
NZDMYR	2.6400	2.6500	2.6560	2.6600	2.6700	↘

\* 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	1,537.08	0.00	-3.25	CRB Index	173.81	0.50	-6.45
Dow Jones Ind.	29,232.19	-0.56	2.43	WTI oil (\$/bbl)	52.05	0.00	-14.76
S&P 500	3,370.29	-0.29	4.32	Brent oil (\$/bbl)	57.75	0.14	-12.50
FTSE 100	7,382.01	-0.69	-2.13	Gold (\$/oz)	1,601.61	1.30	5.53
Shanghai	2,984.97	0.05	-2.14	CPO (RM/tonne)	2,710.00	1.01	-10.43
Hang Seng	27,530.20	-1.54	-2.34	Copper (\$/tonne)	5,812.00	0.90	-5.86
STI	3,196.63	-0.51	-0.81	Rubber (sen/kg)	462.00	-0.96	2.10

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Empire Manufacturing	Feb	12.9	4.8	5.0
US NAHB Housing Market Index	Feb	74.0	75.0	75.0
EU ZEW Survey Expectations	Feb	10.4	25.6	--
UK Average Weekly Earnings 3M/YoY	Dec	2.9%	3.2%	3.0%
UK ILO Unemployment Rate 3Mths	Dec	3.8%	3.8%	3.8%
UK Employment Change 3M/3M	Dec	180k	208k	148k
JP Core Machine Orders MoM	Dec	-12.5%	18.0%	-8.9%
JP Exports YoY	Jan	-2.6%	-6.3%	-7.0%
AU Westpac Leading Index 6-month Annualized Growth	Jan	-0.46%	-0.28%	--

Source: Bloomberg

- US homebuilders' sentiment remained strong:** The NAHB Housing Market index slipped only by 1pt to 74 in February (Jan: 75) to indicate little change in the currently upbeat homebuilders' sentiment. Details show that homebuilders' view of current sales of single family units that makes up the largest part of the index remains quite steady (80 vs 81), supported by high buyers' interest in a low rates environment.
- New York manufacturing activity surged in Feb:** The New York Fed Empire State Manufacturing Survey showed that its headline general business condition index jumped by 8pts to 12.9 in February (Jan: 4.8), its highest level since May last year, pointing to a strong comeback of the state's manufacturing activity after months of lacklustre reading. The increase across sub-indexes was broad-based with new order, shipments and inventories each adding a whopping 16pts, 10pts and 14pts to help propel the headline reading.
- German investors bearish on outlook:** The German ZEW Economic Sentiment index for Germany dropped sharply to 8.7 in February (Jan: 26.7) and the same index for the broader Eurozone slid to 10.4 (from 25.6), reflecting poorer-than-expected investors' sentiment amid the Covid-19 outbreak. ZEW President Professor Achim Wambach said that "The feared negative effects of the Coronavirus epidemic in China on world trade have been causing a considerable decline of the ZEW Indicator of Economic Sentiment for Germany". The fall in both current situation and expectations subindexes indicate that economic development is "rather fragile" for now.
- Wage growth waned in a strong UK job market:** UK job data dump offers mixed signals of the labour market - Unemployment rate met expectation, coming in unchanged at 3.8% in the three months to December 2019, its lowest level since early 1975. The economy added 180k jobs in the same period (3 months to Nov: +208k) to a record high of 32.93 million, beating analysts' estimate of 148k. However, wage growth as measured by the average weekly earnings missed forecast and slowed to increase 2.9% YOY (3 months to Nov: +3.2%), its first sub-3% growth in 2019 and the slowest pace since the three months to August 2018. Excluding bonuses, the less volatile gauge of wage growth also eased to 3.2% YOY (3months to Nov: +3.4%). Nonetheless, it appears that the labour market remains solid, lifting some pressure off the BOE to cut rate; we look towards today's CPI for further guidance.
- Japan exports fell in Jan; core machine orders plunged in Dec:** Japan exports contracted at a slower pace of 2.6% YOY in January (Dec: -6.3%), beating analysts' forecast of a 7.0% decline but nonetheless marked its 14<sup>th</sup> consecutive month of contraction amid weak global trade. Imports also saw a smaller drop of 3.6% YOY (Dec: -4.9%). Meanwhile, core machine orders, a key gauge of business investment slumped by 12.5% MOM in December (Nov: +18.0%) after a November surge. YOY, orders dropped 3.5% (Nov: +5.3%).
- Australia Westpac Leading Index points to weak underlying momentum:** The six-month annualised growth rate in the Westpac-Melbourne Institute Leading Index fell to -0.46% in January (Dec: -0.28%). Westpac said that the 14<sup>th</sup> straight month of sub-0% reading indicates that (growth) momentum will track well below trend and has been consistent with the persistent below trend growth of the Australian economy. The index points to weak underlying economic momentum extending into the first half of 2020.

- **RBA decided against rate cut in Feb as interests rates were already low:**

RBA latest meeting minutes revealed that the central bank actually considered the case for a rate cut in the 4<sup>th</sup> February meeting but decided against it on the ground that “interest rates had already been reduced to a low level” and the potential “long and variable lags in the transmission of monetary policy”. RBA repeated that outlook for global economy is reasonable and added that signs of the slowdown in global growth was coming to an end. The Coronavirus outbreak was a new source of uncertainties; while it is still too early to tell the overall impact would be, this presented a “material near-term risk” to the economic outlook of China, international trade and hence Australia. Nonetheless, it expects the Australian economic growth to improve, supported by mining investment, dwelling investment and consumption. The effects of bushfires were temporarily weighing on domestic growth in the short term, but the recovery is likely to reverse the negative impact on GDP by year-end. RBA reinforced its accommodative stance that “an extended period of low interest rates would be required” to reach full employment and its inflation target and “remained prepared to ease monetary policy further if needed”.

### Economic Calendar

Date	Time	Country	Event	Report ing 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	--
18/02	21:30	US	Empire Manufacturing	Feb	5.0	12.9	4.8	--
	23:00		NAHB Housing Market Index	Feb	75.0	74.0	75.0	--
<b>19/02</b>	<b>20:00</b>		<b>MBA Mortgage Applications</b>	<b>Feb-14</b>	<b>--</b>	<b>--</b>	<b>1.1%</b>	<b>--</b>
	<b>21:30</b>		<b>PPI Final Demand YoY</b>	<b>Jan</b>	<b>1.6%</b>	<b>--</b>	<b>1.3%</b>	<b>--</b>
	<b>21:30</b>		<b>Building Permits MoM</b>	<b>Jan</b>	<b>2.1%</b>	<b>--</b>	<b>-3.9%</b>	<b>-3.7%</b>
	<b>21:30</b>		<b>Housing Starts MoM</b>	<b>Jan</b>	<b>-11.2%</b>	<b>--</b>	<b>16.9%</b>	<b>--</b>
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	53.2	--	53.4	--
	23:00		Existing Home Sales MoM	Jan	-1.7%	--	3.6%	--
18/02	18:00	Eurozone	ZEW Survey Expectations	Feb	--	10.4	25.6	--
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%	--
18/02	17:30		Average Weekly Earnings 3M/YoY	Dec	3.0%	2.9%	3.2%	--
	17:30		ILO Unemployment Rate 3Mths	Dec	3.8%	3.8%	3.8%	--
	17:30		Employment Change 3M/3M	Dec	148k	180k	208k	--
<b>19/02</b>	<b>17:30</b>		<b>CPI YoY</b>	<b>Jan</b>	<b>1.6%</b>	<b>--</b>	<b>1.3%</b>	<b>--</b>
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%	--
<b>19/02</b>	<b>07:50</b>		<b>Core Machine Orders MoM</b>	<b>Dec</b>	<b>-8.9%</b>	<b>-12.5%</b>	<b>18.0%</b>	<b>--</b>
	<b>07:50</b>		<b>Exports YoY</b>	<b>Jan</b>	<b>-7.0%</b>	<b>-2.6%</b>	<b>-6.3%</b>	<b>--</b>

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	0.3%	--	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%	--
18/02	08:30	Australia	RBA Minutes of Feb. Policy Meeting					
			AU Westpac Leading Index 6-month					
<b>19/02</b>	<b>07:30</b>		Annualized Growth	<b>Jan</b>	<b>--</b>	<b>-0.46%</b>	<b>-0.28%</b>	<b>--</b>
	<b>08:30</b>		<b>Wage Price Index YoY</b>	<b>4Q</b>	<b>2.2%</b>	<b>--</b>	<b>2.2%</b>	<b>--</b>
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	1.0792	-0.41	1.0838	1.0786	-3.73
GBPUSD	1.2998	-0.08	1.3049	1.2971	-1.94
USDJPY	109.87	-0.01	109.95	109.66	1.17
AUDUSD	0.6686	-0.42	0.6716	0.6674	-4.73
EURGBP	0.8303	-0.35	0.8348	0.8282	-1.84
USDSGD	1.3926	0.24	1.3934	1.3887	3.45
USDMYR	4.1535	0.24	4.1545	4.1425	1.53
EURMYR	4.4972	0.09	4.5001	4.4871	-1.97
JPYMYR	3.7850	0.32	3.7864	3.7725	0.45
GBPMYR	5.3913	-0.24	5.3987	5.3854	0.26
SGDMYR	2.9820	0.00	2.9853	2.9803	-1.95
AUDMYR	2.7744	-0.45	2.7819	2.7731	-3.25
NZDMYR	2.6604	-0.18	2.6687	2.6578	-3.35
CHFMYR	4.2355	0.32	4.2387	4.2227	0.18
CNYMYR	0.5929	-0.12	0.5939	0.5927	0.85
HKDMYR	0.5347	0.21	0.5347	0.5333	1.73

Source: Bloomberg

## Forex

### MYR

- **USDMYR finished 0.24% higher at 4.1535** as MYR continued to weaken alongside its regional Asian peers against the strong USD.
- **We maintain a bullish view on USDMYR** as MYR has now breached 4.1500, targeting 4.1600 next given that the dollar is expected to remain strong in the short term as Covid-19 concerns continues to dominate markets. That said, investors are likely turning cautious ahead of tonight's FOMC meeting minutes, looking for any dovish tilt from the Fed following Fed Chair Jerome Powell's recent testimony to the Congress on readiness to act. **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 went bid and ended at 99.44, higher than previous close of 99.00. Notably, dollar gained on most currencies except the yen, a sign of rising risk aversion. US data remained supportive of the fact that the economy continues to be resilient as other major economies see weaknesses.
- **We are bullish on the USD today** as further bid momentum gains ground. 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 continued to be weighed down by gravity, down 0.41% DOD and breaking 1.0800 support. This is due to strong Federal Reserve Bank of New York's general business conditions index, highlighting differentials in US and Europe growth. German ZEW Economic Sentiment in contrast.
- **We are bearish on EURUSD today.** The pair looks to head lower to the 1.0700-1.0800 range. Technical support of 1.0770 in focus. 1-month outlook is still bearish as the Eurozone economy continues to underperform and set expectations for ECB easing.

### GBP

- GBP weakened 0.08% against the USD, as risk aversion on the global economy rose and US fundamentals remained in outperformance mode.
- **We are neutral on GBPUSD today** expecting some consolidation. We are bearish on a 1-month basis as markets continue to grapple with poorer Eurozone growth outlook.

### JPY

- JPY was resilient against the USD and ended roughly flat, after holding close to the 110 big figure.
- **We are bullish on USDJPY today** due to strong USD momentum. Pair may examine 110 resistance level. 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 0.42% weaker against the USD closing at 0.6686 on the back of a stronger dollar.
- **We are bearish on AUD/USD today**, alongside weak NZD as Australia announces employment data on Thursday. We are bearish on a 1-month basis as the AUD remains weighed down by the impact of the domestic bushfires and on RBA easing expectations.

### SGD

- SGD fell 0.24% against the USD. Singapore announced an expansionary FY2020 Budget.
- **We are bullish on USDSGD today** as the USD/CNH headed above key 7.0000 levels, and likely to pass on the momentum to other Asian currencies. 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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