

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall street stocks indexes hit record highs again on Friday, finishing the week on a strong note as investor optimism soared over upbeat US data and overall favourable China data.** The Dow Jones Industrial Average picked up slightly by 0.2% to continue its second back-to-back record setting session while S&P 500 and NASDAQ also rose 0.3 to 0.4% to close at their respective highest level. Bonds yields barely moved as treasuries lost appeals. Gold prices picked up a little to \$1,557.24/barrel while crude oils generally rose with Brent crude last trading on Friday at \$64.85/barrel.
- **US housing starts jumped to 13-year high in December** but building permits growth pulled back in the same month, nonetheless reaffirming the ongoing recovery in the housing market. Industrial production slipped 0.3% on lower utilities output amidst unseasonably warm weather. Consumer confidence was broadly the same according to the University of Michigan Consumer Sentiment Index. Elsewhere, Eurozone HICP inflation ticked higher to 1.3% due to higher energy cost while core inflation was steady. **UK retail sales volume contracted by 0.6%**, adding to recently weak data. **China 4Q GDP growth matched expectation at 6.0% YOY** leaving the full year 2019 growth at 6.1%. Singapore NODX saw an upturn of 2.4% in December, its first annual gain in 10 months.
- The greenback strengthened across the board on strong US data, leaving almost all major currencies lower and **the dollar index higher at 97.61**. Data focus this week will be on initial jobless claims and the PMI figures this week. With the DXY remaining elevated on a 1-month basis, there is still some scope for the DXY to move lower towards 97.00. 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 remained strong, finishing 0.20% stronger at 4.0545** vs the USD amidst elevated market optimism. **USDMYR outlook is expected to turn bullish this week** on upbeat US data and the recent down move appears stretched and the pair has been flirting with the oversold threshold. However, we suspect upside in USDMYR could be limited by a still soft USD. CPI and BNM policy decision this week are also expected to keep MYR markets in cautious mood, unless there are any surprises. We hence look towards a test at the 4.07-4.08 ranges again, with support at 4.053. MYR medium term outlook is still bearish, expecting the USD to be well supported by solid data in 1Q20.
- **SGD closed virtually unchanged against the USD at 1.3473**. **SGD daily outlook is neutral as the pair likely continues to consolidate around 1.3460-1.3480 in the short term.** Further USDSGD losses are likely to be dependent on USD weakness, given that the SGD NEER is close to the upper limit of the policy band.

Overnight Economic Data

US	➔
Eurozone	➡
UK	➡
China	➡
Singapore	➡

What's Coming Up Next

Major Data

- UK Rightmove House Prices
- Japan Industrial Production
- China 1-Year Loan Prime Rate

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1065	1.1080	1.1098	1.1100	1.1120	➔
GBPUSD	1.2900	1.2950	1.3009	1.3063	1.3100	➡
USDJPY	109.80	110.00	110.20	110.50	110.69	➔
AUDUSD	0.6850	0.6865	0.6881	0.6890	0.6900	➡
EURGBP	0.8475	0.8500	0.8531	0.8550	0.8600	➔
USDMYR	4.0500	4.0530	4.0575	4.0600	4.0700	➔
EURMYR	4.4900	4.4950	4.5017	4.5100	4.5300	➡
JPYMYR	3.6700	3.6760	3.6816	3.6915	3.7100	➔
GBPMYR	5.2500	5.2670	5.2767	5.3000	5.3230	➡
SGDMYR	3.0065	3.0080	3.0119	3.0150	3.0200	➔
AUDMYR	2.7800	2.7880	2.7913	2.7960	2.8000	➡
NZDMYR	2.6700	2.6800	2.6846	2.6930	2.7035	➡
USDSGD	1.3400	1.3440	1.3471	1.3500	1.3530	➔
EURSGD	1.4920	1.4930	1.4947	1.4965	1.5000	➔
GBPSGD	1.7360	1.7450	1.7519	1.7620	1.7700	➔
AUDSGD	0.9200	0.9250	0.9268	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	1,595.81	0.50	0.44	CRB Index	182.89	0.35	-1.56
Dow Jones Ind.	29,348.10	0.17	2.84	WTI oil (\$/bbl)	58.54	0.03	-4.13
S&P 500	3,329.62	0.39	3.06	Brent oil (\$/bbl)	64.85	0.36	-0.11
FTSE 100	7,674.56	0.85	1.75	Gold (S/oz)	1,557.24	0.30	2.63
Shanghai	3,075.50	0.05	0.83	CPO (RM/tonne)	2,985.00	-1.03	-1.34
Hang Seng	29,056.42	0.60	3.07	Copper (\$/tonne)	6,273.00	-0.07	1.60
STI	3,281.03	0.09	1.81	Rubber (sen/kg)	472.50	0.53	4.42

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US Building Permits MOM	Dec	-3.9%	0.9% (revised)	-1.5%
US Housing Starts MOM	Dec	16.9%	2.6% (revised)	1.1%
US Industrial Production MOM	Dec	-0.3%	0.8% (revised)	-0.2%
US U. of Mich. Consumer Sentiment	Jan P	99.1	99.3	99.3
EU CPI YOY	Dec	1.3%	1.0%	1.3%
EU CPI Core YOY	Dec F	1.3%	1.3%	1.3%
UK Retail Sales Inc Auto Fuel MOM	Dec	-0.6%	-0.8% (revised)	0.6%
CN Retail Sales YOY	Dec	8.0%	8.0%	7.9%
CN Industrial Production YOY	Dec	6.9%	6.2%	5.9%
CN Fixed Assets Ex Rural YTD YOY	Dec	5.9%	5.2%	5.2%
CN GDP YOY	4Q	6.0%	6.0%	6.0%
SG Non-oil Domestic Exports YOY	Dec	2.4%	-5.9%	-1.0%

Source: Bloomberg

- US housing starts jumped to 13-year high:** Housing starts surged by a whopping 16.9% MOM to a 13-year high of seasonally adjusted annual rate of 1.61mil in December (Nov: 1.38mil), driven by both single and multi family unit starts, that was exaggerated by the unusually warm weather in the final month of last year. On a less positive note though, building permits declined by 3.9% MOM (Nov: +0.9%) to an annualized rate of 1.42mil units (Nov: 1.48mil), pointing to a pull-back in housing starts in the months to come. Nonetheless, the overall data suggest that the US housing market is indeed on track to recover in 2020 as demand turns stronger in a low interest rates environment.
- US industrial production slipped on lower utilities output:** US industrial production resumed contraction in December after brief upturn in November, recording a declined of 0.3% MOM (Nov: +0.8%). The growth in November was also revised lower from 1.1% to 0.8% MOM. The modest fall in output reflects the 5.6% (Nov: +1.0%) decrease in utilities that outweighed the gains in manufacturing (+0.2% vs +1.0%) and mining (+1.3% vs -0.2%) as demand for heating dropped in an "unseasonably warm weather" according to the Federal Reserve.
- US consumer sentiment was virtually unchanged in early January:** The University of Michigan Consumer Sentiment Index slipped to 99.1 in January (Dec: 99.3) according to preliminary reading that indicates virtually unchanged and thus favourable consumer sentiment in early January. The stability was observed in both current assessments and future economic prospects with impeachment barely mentioned in the survey. University of Michigan said that "the current expansion has established a new record length largely due to consumer spending. Consumers will continue to sustain the expansion due to their favorable judgements about their current and prospective financial situation".
- Eurozone inflation rose in December on higher energy cost:** The final reading of December Eurozone HICP inflation rate was unchanged at 1.3% YOY in December (Nov: +1.0%) driven by higher cost of energy alongside consistent contribution by food, alcohol & tobacco as well as services. Core CPI posted a steady 1.3% YOY gain (Nov: +1.3%), as services inflation remained largely unchanged. The higher inflation was welcoming to the ECB but remained below its target of just below 2%.
- UK retail sales dropped in December, adding to signs of economic weakness:** UK retail sales volume dropped by 0.6% MOM in December (Nov: -0.8%), led by the fall in sales at both non-food stores and food stores that offset the positive contributions from fuel and online sales. The total amount spent also slipped by 0.3% MOM reflecting weak consumer spending even in the month of festivity. The latest retail sales print joined a trove of recently weak UK data from CPI to industrial production, addign to signs of economic weakness in a country plagued by years of Brexit worries. This, alongside the dovish remarks from BOE policy makers have driven up expectations that the BOE will indeed cut bank rate to 0.5% at the end of this month.
- Singapore NODX rose for first time in ten months:** Non-oil domestic exports rebounded to post an increase for the first time in 10 months, recording a 2.4% YOY growth in December (Nov: -5.9%) and beating consensus forecast of 1.0% contraction. The upturn was driven by the jumped in exports of non-electronic product (+11.5% vs +1.2%) as exports of electronics products continued to decrease (+-21.3% vs -23.3%) albeit at a smaller magnitude.

- **China 2019 GDP growth slowest in nearly 30 years:** China's fourth quarter real GDP growth rate matched estimate, holding steady at 6.0% YOY (3Q: +6.0%), adding to signs that the economy has stabilized towards the end of 2019. On a seasonally adjusted quarterly basis, GDP growth beat estimate at 1.5% QOQ (3Q: +1.5%), unchanged from that of previous quarter's. 4Q print brought full-year GDP growth to 6.1% YOY (2018: +6.6%), its slowest in nearly three decades and at the lower end of the 6.0-6.5% official target range as widely expected. The NBS also published its monthly key economic indicators. Industrial production surprised to the upside to post a nine-month high of 6.9% YOY (Nov: +6.2%) in line with the recent improvement in official NBS manufacturing PMI reading. Performance of retail sales was consistent at 8.0% YOY in December (Nov: +8.0%). Fixed investment picked up 5.4% YOY for the full year of 2019 (2018: +5.9%), its lowest growth rate in more than two decades. While things seem to be looking up in the near term, aided by pent-up demand ahead of the annual Lunar New Year celebration, it is worth noting that the 6.0% YOY growth in 4Q was still the slowest rate in 30 years, made only possible by the authority's massive injection of stimulus into the system. It is thus still premature to conclude that the economy is on the right track for a firmer growth in 2020. That said, the recently signed Phase One trade deal spelled an optimistic trade outlook, the fact that President Trump applauding the agreement as a big win for Americans offers major relief that the United States and China would at least back down from any form of escalation/confrontation in the medium term.

Economic Calendar

Date	Time	Country	Event	Reporting Period	Survey	Prior	Revised
22/01	12:00	Malaysia	CPI YoY	Dec	1.0%	0.9%	--
	15:00		Foreign Reserves	Jan-15	--	\$103.6b	--
	15:00		BNM Overnight Policy Rate	Jan-22	3.0	3.0%	--
22/01	20:00	US	MBA Mortgage Applications	Jan-17	--	30.2%	--
	21:30		Chicago Fed Nat Activity Index	Dec	0.15	0.56	--
	22:00		FHFA House Price Index MoM	Nov	0.3%	0.2%	--
	23:00		Existing Home Sales MoM	Dec	1.5%	-1.7%	--
23/01	21:30		Initial Jobless Claims	Jan-18	214k	204k	--
	23:00		Leading Index	Dec	-0.2%	0.0%	--
24/01	0:00		Kansas City Fed Manf. Activity	Jan	-6	-8	--
	22:45		Markit US Manufacturing PMI	Jan P	52.5	52.4	--
	22:45		Markit US Services PMI	Jan P	52.5	52.8	--
21/01	18:00	Eurozone	ZEW Survey Expectations	Jan	--	11.2	--
23/01	20:45		ECB Deposit Facility Rate	Jan-23	-0.5%	-0.5%	--
	23:00		Consumer Confidence	Jan A	-7.8	-8.1	--
24/01	17:00		Markit Eurozone Manufacturing PMI	Jan P	46.8	46.3	--
	17:00		Markit Eurozone Services PMI	Jan P	52.8	52.8	--
20/01	8:01	UK	Rightmove House Prices YoY	Jan	--	0.8%	--
21/01	17:30		Average Weekly Earnings 3M/YoY	Nov	3.1%	3.2%	--
	17:30		ILO Unemployment Rate 3Mths	Nov	3.8%	3.8%	--
	17:30		Employment Change 3M/3M	Nov	109k	24k	--
22/01	19:00		CBI Trends Total Orders	Jan	-25	-28	--
24/01	17:30		Markit UK PMI Manufacturing SA	Jan P	48.7	47.5	--
	17:30		Markit/CIPS UK Services PMI	Jan P	51.0	50.0	--
20/01	12:30	Japan	Industrial Production YoY	Nov F	--	-8.1%	--
21/01	NA		BOJ Policy Balance Rate	Jan-21	-0.1%	-0.1%	--
23/01	7:50		Exports YoY	Dec	-4.2%	-7.9%	--
	12:30		All Industry Activity Index MoM	Nov	0.4%	-4.3%	--
	13:00		Leading Index CI	Nov F	--	90.9	--
	14:00		Machine Tool Orders YoY	Dec F	--	-33.6%	--
24/01	7:30		Natl CPI Ex Fresh Food YoY	Dec	0.7%	0.5%	--
	8:30		Jibun Bank Japan PMI Mfg	Jan P	--	48.4	--
	8:30		Jibun Bank Japan PMI Services	Jan P	--	49.4	--
20/01	9:30	China	1-Year Loan Prime Rate	Jan	4.1%	4.15%	--
21/01	16:30	Hong Kong	CPI Composite YoY	Dec	3.0%	3.0%	--
30/01	16:30		Exports YoY	Dec	--	-1.4%	--
23/01	13:00	Singapore	CPI YoY	Dec	0.7%	0.6%	--
24/01	13:00		Industrial Production YoY	Dec	-1.0%	-9.3%	--
22/01	7:30	Australia	Westpac Consumer Conf Index	Jan	--	95.1	--
23/01	8:30		Employment Change	Dec	10.0k	39.9k	--
	8:30		Unemployment Rate	Dec	5.2%	5.2%	--
21/01	5:30	New Zealand	Performance Services Index	Dec	--	53.3	--
24/01	5:45		CPI YoY	4Q	1.8%	1.5%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1092	-0.40	1.1143	1.1086	-1.10
GBPUSD	1.3016	-0.49	1.3118	1.3007	-1.92
USDJPY	110.14	-0.02	110.29	110.05	1.42
AUDUSD	0.6879	-0.28	0.6911	0.6871	-2.02
EURGBP	0.8520	0.05	0.8533	0.8488	0.83
USDMYR	4.0545	-0.20	4.0670	4.0525	-0.89
EURMYR	4.5119	-0.43	4.5295	4.5094	-1.65
JPYMYR	3.6785	-0.38	3.6916	3.6761	-2.38
GBPMYR	5.3066	0.08	5.3174	5.3003	-1.31
SGDMYR	3.0120	-0.22	3.0203	3.0111	-0.95
AUDMYR	2.7992	-0.36	2.8056	2.7978	-2.39
NZDMYR	2.6931	-0.19	2.7027	2.6928	-2.16
CHFMYR	4.1989	-0.46	4.2148	4.1951	-0.63
CNYMYR	0.5909	0.09	0.5920	0.5906	0.49
HKDMYR	0.5216	-0.21	0.5234	0.5215	-0.76
USDSGD	1.3473	0.01	1.3479	1.3455	0.11
EURSGD	1.4943	-0.39	1.5006	1.4938	-0.98
GBPSGD	1.7537	-0.48	1.7654	1.7524	-1.80
AUDSGD	0.9262	-0.32	0.9300	0.9257	-1.84

Source: Bloomberg

MYR

- **MYR remained strong, finishing 0.20% stronger at 4.0545** vs the USD amidst elevated market optimism.
- **USDMYR outlook is expected to turn bullish this week** on upbeat US data and the recent down move appears stretched and the pair has been flirting with the oversold threshold. However, we suspect upside in USDMYR could be limited by a still soft USD. CPI and BNM policy decision this week are also expected to keep MYR markets in cautious mood, unless there are any surprises. We hence look towards a test at the 4.07-4.08 ranges again, with support at 4.053. MYR medium term outlook is still bearish, expecting the USD to be well supported by solid data in 1Q20.

USD

- The greenback strengthened across the board on strong US data, leaving almost all major currencies lower and **the dollar index higher at 97.61**.
- Data focus this week will be on initial jobless claims and the PMI figures this week. With the DXY remaining elevated on a 1-month basis, there is still some scope for the DXY to move lower towards 97.00. 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 slipped against the USD by 0.40%** to finish the week below 1.1100 handle for the first time in three weeks at 1.1092 as the greenback gained on upbeat economic data.
- The pair now needs to break back above 1.1100 for any meaningful gain in the short term **but EUR daily outlook is neutral** amidst a lack of fresh impetus ahead of Thursday's ECB meeting although markets are expecting a hold. **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 the US economy.

GBP

- **GBP** was the top loser on Friday among the major currencies, **closing 0.49% lower vs the USD at 1.3016** as the dollar turned stronger.
- **GBP daily outlook is still bearish**, opening below 1.3000 this morning. Expectation of a BOE rate cut at the end of this month has now firmed up after Friday's disappointing retail sales joined a trove of recently weak UK data that suggest the economy heading into 2020 on a poor note. Markets are likely to remain watchful of this week's job report and Brexit progress ahead of the end-January timeline. Medium term outlook hinges on BOE's policy stance that would either suggest a hold or a further cut and more details on Brexit transition.

JPY

- **JPY finished barely changed against the USD at 110.14 on Friday**.
- **USDJPY is likely to see further upsides**, with resistance levels pegged at 110.69 amidst fading geopolitical risk. Focus turns to tomorrow's Bank of Japan policy decision, where the attention is likely to be on the BOJ's GDP and CPI forecasts. December CPI figures will also likely be interesting, with an expected uptick in YOY prints. **Medium term JPY outlook is neutral** for now amidst easing geopolitical risk and more positive trade outlook.

AUD

- **AUD finished 0.28% weaker at 0.6879** against the USD in a stronger dollar environment.
- AUD has continued to underperform as the Australian bushfires and the prospect of an RBA rate cut reined in the upsides to AUDUSD, thus reaffirming expectations of further sideways movements that is likely to keep the pair within a range of 0.6850-0.6950, but watch out for this week's job data. Medium term outlook is bearish on increasing prospect of an RBA rate cut in early February.

SGD

- **SGD closed virtually unchanged against the USD at 1.3473**.
- **SGD daily outlook is neutral as the pair likely continues to consolidate around 1.3460-1.3480 in the short term**. Further USDSGD losses are likely to be dependent on USD weakness, given that the SGD NEER is close to the upper limit of the policy band.

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@hלב.hongleong.com.my**DISCLAIMER**

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