

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rebounded in a record setting session overnight as investors turned optimistic on China's latest move to mitigate Covid-19 outbreak's economic fallout** via assistance to domestic businesses. **Markets also took comfort in solid US homebuilding data and FOMC meeting minutes that reaffirmed the Fed's commitment to hold rates steady this year.** The Dow Jones Industrial Average added 116pts or 0.4% of which Apple shares were seen to have recovered most of Tuesday's losses. S&P 500 and NASDAQ added 0.5% and 0.9% respectively to record highs. Elsewhere, the Stoxx Europe 600 closed at all-time high while stocks also finished higher in Japan and Hong Kong. While gold prices extended a 0.6% gain to \$1,611.7/ounce, its highest since late 2012, markets appeared to have turned less risk-averse with bond yields recovering slightly along the curve- 10Y UST yield rose 1bp to 1.57% alongside much lower JPY. Oil prices spiked more than 2% following US' move to blacklist a Rosneft-owned trading brokerage that could reduce global supply- Brent crude settled 2.4% higher at \$59.12/barrel. **The PBOC is widely expected to cut its 1-year loan prime rate today, Futures point to higher opening in key Asian stock markets.**
- **US data were generally positive** - US housing starts fell less than expected in Jan, while building permits surged to a 13-year high. Producer prices index surged by 2.1% YOY thanks to higher services prices. UK headline CPI surprised to the upside by accelerating to a 6-month high of 1.8% YOY in Jan. Australia added more jobs than expected – employment change came in at +13.5k, driven by a surge in full-time jobs. Its wage price index saw a steady 2.2% YOY gain, indicating subdued wage growth.
- **The USD dollar continued to climb** on Wednesday. DXY reached a high of 99.722 before retreating slightly down to a 99.705 close. This came as FOMC minutes keep expectations of a rate hold in place, despite rising risks. **We are neutral-to-bullish on the USD today**, anticipating some consolidation as positioning still looks favourable. 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 extended winning streak to finish 0.19% higher at 4.1615** on Wednesday. **We maintain a bullish view on USDMYR** - the pair has now breached 4.1600 and ongoing dollar strength likely leads the pair to target 4.1650 before heading to 4.1700 next. Medium term USDMYR outlook is bullish on uncertainties surrounding the Covid-19 outbreak as well as firmer USD outlook thanks to the US' solid fundamentals (as confirmed by most recent data and Fed minute) compared to the weaker domestic growth outlook that is likely to prompt another rate cut by BNM.

Overnight Economic Data

US	↑
UK	↑
Australia	↑

What's Coming Up Next

Major Data

- US Philadelphia Fed Business Outlook Index, Initial Jobless Claims, Leading Index
- Eurozone Consumer Confidence
- UK CBI Trends Total Orders, Retail Sales
- Japan Machine Tool Orders
- Hong Kong CPI
- China 1-Year Loan Prime Rate

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0700	1.0770	1.0809	1.0950	1.1032	↘
GBPUSD	1.2769	1.2850	1.2921	1.3132	1.3200	→
USDJPY	109.00	109.46	111.23	111.59	112.40	↗
AUDUSD	0.6600	0.6650	0.6682	0.6800	0.6850	→
EURGBP	0.8106	0.8201	0.8365	0.8521	0.8640	↘
USDSGD	1.3752	1.3800	1.3941	1.3958	1.4000	↗
USDMYR	4.1350	4.1500	4.1660	4.1700	4.1800	↗
EURMYR	4.4812	4.4960	4.5049	4.5126	4.5204	→
JPYMYR	3.7508	3.7646	3.7471	3.7880	3.8000	→
GBPMYR	5.3570	5.3723	5.3852	5.4163	5.4400	↘
SGDMYR	2.9750	2.9825	2.9885	2.9922	2.9970	→
AUDMYR	2.7730	2.7790	2.7868	2.7900	2.7950	→
NZDMYR	2.6450	2.6533	2.6629	2.6716	2.6800	→

* 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	1,534.16	-0.19	-3.44	CRB Index	175.50	0.97	-5.54
Dow Jones Ind.	29,348.03	0.40	2.84	WTI oil (\$/bbl)	53.29	2.38	-12.73
S&P 500	3,386.15	0.47	4.81	Brent oil (\$/bbl)	59.12	2.37	-10.42
FTSE 100	7,457.02	1.02	-1.13	Gold (\$/oz)	1,611.70	0.63	6.27
Shanghai	2,975.40	-0.32	-2.45	CPO (RM/tonne)	2,708.50	-0.06	-10.48
Hang Seng	27,655.81	0.46	-1.89	Copper (\$/tonne)	5,773.00	-0.67	-6.49
STI	3,213.71	0.53	-0.28	Rubber (sen/kg)	462.00	-0.22	2.10

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	Feb-14	-6.4%	1.1%	--
US PPI Final Demand YoY	Jan	2.1%	1.3%	1.6%
US Building Permits MoM	Jan	9.2%	-3.7% (revised)	2.1%
US Housing Starts MoM	Jan	-3.6%	17.7% (revised)	-11.2%
UK CPI YoY	Jan	1.8%	1.3%	1.6%
AU Wage Price Index YoY	4Q	2.2%	2.2%	2.2%
AU Employment Change	Jan	13.5k	28.7k (revised)	10.0k
AU Unemployment Rate	Jan	5.3%	5.1%	5.2%

Source: Bloomberg

- FOMC minutes reaffirms steady rate in 2020:** The latest FOMC meeting minutes reaffirmed the Fed's commitment to keep the fed funds rate unchanged for the rest of 2020. The minutes published overnight, revealed that policy makers concurred that maintaining the current stance of policy would allow for fuller assessment on economic activity, following last year's shift to a more accommodative stance. The committee expects growth to continue at a moderate pace, adding that some trade uncertainties had diminished recently and there were some signs of stabilization in global growth. Officials agreed that "uncertainties about outlook remained including those posed by the outbreak of coronavirus". Regarding consumption outlook, spending growth has moderated in 4Q, but consumption spending would likely remain on firm footing, supported by strong labour market, rising incomes and healthy household balance sheets. Officials expect inflation to move closer to 2% in the coming months as the unusually low readings in early 2019 drop out of the 12-month calculation.
- Solid US homebuilding data:** Housing starts fell a mere 3.6% MOM (Dec: +17.7% revised) to a seasonally adjusted annual rate of 1.567m units in January (Dec: 1.626k revised). Analysts had been expecting housing starts to slump 11.2% following an outsized gain in the December. Building permits, a leading indicator for housing starts meanwhile surged 9.2% MOM (Dec: -3.7% revised) to a rate of 1.551m units (Dec: 1.42k revised), a 13-year high. Solid homebuilding data confirmed strength and resilience in the US housing market that is currently supported by low interest rates. On a separate note, mortgage applications however slipped 6.4% last week (previous +1.1%) as demand for purchases and refinancing applications fell on higher mortgage rates.
- US PPI jumped on higher service prices:** The producer price index for final demand advanced 0.5% MOM in January (Dec: +0.2%), its largest gain in more than a year thanks to a surge in services prices (+0.7% vs 0.0%). Core PPI (less food and energy) also gained 0.5% MOM (Dec: +0.1%). Compared to the same month last year, headline PPI increased at an impressive 2.1% YOY rate, its fastest since May last year, surpassing analysts' estimate of 1.6% gain. Core PPI inflation also jumped to 1.7% YOY (Dec: +1.1%). The higher PPI print came after a firmer CPI reading last week, offering tentative signs that inflation are on a recovering trajectory and could help propel the core PCE price inflation, the Fed's key inflation gauge nearer to its 2% target next week.
- UK CPI inflation surprised to the upside, accelerating to 6-month high:** UK headline CPI topped estimate to hit a 1.8% YOY gain in January (Dec: +1.3%), its fastest pace of growth in six months thanks partly to a rebound in energy cost. Analysts had been expecting CPI to print a 1.6% reading. The increase in core CPI (+1.6% vs +1.4%) was less impressive, still below the average rate of 1.7% recorded last year. That said, overall January inflation data (inclusive of higher retail prices and producer prices) offered some immediate comfort to the BOE that inflation is coming back nearer to its 2% target after seeing muted gains for months. This helps ease some concerns over yesterday's weaker pay growth, suggesting that the BOE will hold rate for the rest of the year.
- Australia added more jobs than expected but pay growth held steady:** The Australian economy added more jobs than expected in January as headline employment change came in at 13.5k (Dec: +28.7k revised) this morning. The latest print reflects a surge in new full-time jobs (+46.2k vs -1.9k) that was partially offset by the slump in part time jobs (-32.7k vs +30.5k). Unemployment rate meanwhile rose to 5.3% (Dec: 5.1%) higher than expectation of 5.2%, thanks to a rise in the labour participation rate (66.1% vs 66.0%) that indicates an expansion of workforce. A separate release yesterday however showed that wage growth remained benign- the wage price index added 0.5% QOQ in 4Q (3Q: +0.5%), in line with analysts' expectations. Compared to the same quarter last year, the index also recorded a steady gain of 2.2% YOY (3Q: +2.2%) and hence reaffirming a subdued momentum in pay growth that was partly keeping both headline and core inflation low in the system.

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	--
19/02	20:00		MBA Mortgage Applications	Feb-14	--	-6.4%	1.1%	--
	21:30		PPI Final Demand YoY	Jan	1.6%	2.1%	1.3%	--
	21:30		Building Permits MoM	Jan	2.1%	9.2%	-3.9%	-3.7%
	21:30		Housing Starts MoM	Jan	-11.2%	-3.6%	16.9%	17.7%
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	-1.8%	--	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	--
19/02	17:30		CPI YoY	Jan	1.6%	1.8%	1.3%	--
20/02	17:30		Retail Sales Inc Auto Fuel MoM	Jan	0.7%	--	-0.6%	--
	19:00		CBI Trends Total Orders	Feb	-20.0	--	-22.0	--
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%	-12.5%	18.0%	--
	07:50		Exports YoY	Jan	-7.0%	-2.6%	-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	0.3%	--	0.9%	--
20/02	16:30	Hong Kong	CPI Composite YoY	Jan	3.1%	--	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	-3.7%	-3.3%	2.4%	--
18/02	08:30	Australia	RBA Minutes of Feb. Policy Meeting					
19/02	07:30		AU Westpac Leading Index	Jan	--	-0.46%	-0.28%	--
	08:30		Wage Price Index YoY	4Q	2.2%	2.2%	2.2%	--
20/02	08:30		Employment Change	Jan	10.0k	13.5k	28.9k	28.7k
	08:30		Unemployment Rate	Jan	5.2%	5.3%	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	1.0805	0.12	1.0812	1.0782	-3.60
GBPUSD	1.2920	0.60	1.3023	1.2908	-2.53
USDJPY	111.37	1.37	111.59	109.85	2.47
AUDUSD	0.6675	0.16	0.6708	0.6665	-4.83
EURGBP	0.8363	0.72	0.8368	0.8295	-1.12
USDSGD	1.3946	0.14	1.3949	1.3904	3.57
USDMYR	4.1615	0.19	4.1615	4.1520	1.72
EURMYR	4.4954	0.04	4.4972	4.4812	-2.01
JPYMYR	3.7760	0.24	3.7856	3.7759	0.21
GBPMYR	5.4071	0.29	5.4163	5.3974	0.56
SGDMYR	2.9918	0.33	2.9922	2.9827	-1.62
AUDMYR	2.7871	0.46	2.7882	2.7773	-2.81
NZDMYR	2.6627	0.09	2.6632	2.6533	-3.27
CHFMYR	4.2317	0.09	4.2350	4.2214	0.09
CNYMYR	0.5951	0.36	0.5951	0.5933	1.21
HKDMYR	0.5354	0.13	0.5356	0.5344	1.86

Source: Bloomberg

Forex

MYR

- **USDMYR extended winning streak to finish 0.19% higher at 4.1615** on Wednesday.
- **We maintain a bullish view on USDMYR** - the pair has now breached 4.1600 and ongoing dollar strength likely leads the pair to target 4.1650 before heading to 4.1700 next. Medium term USDMYR outlook is bullish on uncertainties surrounding the Covid-19 outbreak as well as firmer USD outlook thanks to the US' solid fundamentals (as confirmed by most recent data and Fed minute) compared to the weaker domestic growth outlook that is likely to prompt another rate cut by BNM.

USD

- **The USD dollar continued to climb** on Wednesday. DXY reached a high of 99.722 before retreating slightly down to a 99.705 close. This came as FOMC minutes keep expectations of a rate hold in place, despite rising risks.
- **We are neutral-to-bullish on the USD today**, anticipating some consolidation as positioning still looks favourable. 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 was up 0.12% against the USD to 1.0805** at close, after under the 1.0800 big figure on Wednesday.
- **We remain bearish on EURUSD today.** 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 0.60% against the USD to 1.2920 on Wednesday.** This came despite higher than expected inflation.
- **We are neutral on GBPUSD today** expecting some consolidation. We are bearish on a 1-month basis as markets continue to grapple with Brexit negotiations.

JPY

- **JPY weakened 1.37% against the USD** on Wednesday, surging above the 110 big figure to close at 111.37.
- **We remain bullish on USDJPY today** due to divergence in US-Japan fundamentals. 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 0.16% weaker against the USD, closing at 0.6675.**
- **We are neutral on AUDUSD today**, after Australia announced 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 expectations.

SGD

- **SGD lost 0.14% against the USD** on Wednesday, closing at 1.3946 after smashing an important resistance level.
- **We are bullish on USDSGD today** from concerns of CNH weaknesses and USD strength. 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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