

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- US equity market was closed on Monday for Martin Luther King Jr's Day. European stocks largely retreated overnight while Asian benchmark indexes finished on a mixed note. **Oil prices jumped as a Libyan Rebel militia shut a critical pipeline that temporarily halted production but pared gains at the end of the day over relief that abundant world supplies could still support demand.** The global benchmark Brent crude spiked as much as 1.7% intraday as the news broke before giving up gains to finish only 0.5% higher at \$65.20/barrel. **Presidents Emanuel Macron and Donald Trump have reached a truce to prevent any trade dispute escalation** until the end of 2020, after the United States threatened to impose levies on multiple French luxury products in December following France's plan to tax (3%) revenue from digital services made by foreign firms. **The IMF projected the global economy to grow 3.3% in 2020**, a downward revision from 3.4% forecasted in October. It expects 2019 growth to be at 2.9%. Earlier yesterday, the PBOC kept its 1-year loan prime rate at 4.15%, consensus was projecting a cut to 4.10%. **Key event today is the Bank of Japan's policy decision of which markets are expecting no change to its ultra-loose policy lever.**
- The dollar saw a mixed performance across the FX board with most of the major currencies trading within their recent ranges and finishing on flattish notes. **The dollar index was unchanged at 97.61.** The dollar is expected to trade on a neutral tone today over a lack of key driver in the short term. Data focus will still 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 closed 0.12% weaker against the USD at 4.0595 on Monday. USDMYR outlook remains bullish** as we expect the dollar to recover against the ringgit this week on upbeat US data. As mentioned yesterday, 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 tomorrow are also expected to keep MYR markets in cautious mood, unless there are any surprises. We continued to look towards a test at the 4.07-4.08 ranges, 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 1.3467. SGD daily outlook is neural as the pair likely continues to consolidate around 1.3460-1.3480 in the short term.** Further USDUSD 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

UK	↑
Japan	↓
New Zealand	↓

#### What's Coming Up Next

##### Major Data

- Eurozone ZEW Survey
- UK Job Report
- Hong Kong CPI

##### Major Events

- BOJ Policy Decision

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

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1065	1.1080	1.1094	1.1100	1.1120	➔
GBPUSD	1.2900	1.2950	1.3002	1.3063	1.3100	➔
USDJPY	109.80	110.00	110.19	110.50	110.69	↗
AUDUSD	0.6850	0.6865	0.6878	0.6890	0.6900	➔
EURGBP	0.8475	0.8500	0.8532	0.8550	0.8600	➔
USDMYR	4.0500	4.0530	4.0605	4.0700	4.0800	↗
EURMYR	4.4900	4.4950	4.5037	4.5100	4.5300	➔
JPYMYR	3.6700	3.6760	3.6848	3.6915	3.7100	➔
GBPMYR	5.2500	5.2670	5.2793	5.3000	5.3230	➔
SGDMYR	3.0080	3.0100	3.0148	3.0170	3.0200	↗
AUDMYR	2.7800	2.7880	2.7920	2.7960	2.8000	➔
NZDMYR	2.6700	2.6800	2.6825	2.6930	2.7035	➔
USDUSD	1.3400	1.3440	1.3469	1.3500	1.3530	➔
EURUSD	1.4920	1.4930	1.4939	1.4965	1.5000	➔
GBPUSD	1.7360	1.7450	1.7510	1.7620	1.7700	➔
AUDUSD	0.9200	0.9250	0.9261	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	1,588.88	-0.43	0.01	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)	65.20	0.54	-1.21
FTSE 100	7,651.44	-0.30	1.45	Gold (\$/oz)	1,560.77	0.23	2.85
Shanghai	3,095.79	0.66	1.50	CPO (RM/tonne)	2,972.00	-0.44	-1.77
Hang Seng	28,795.91	-0.90	2.15	Copper (\$/tonne)	6,273.00	-0.07	1.60
STI	3,280.09	-0.03	1.78	Rubber (sen/kg)	467.00	-1.16	3.20

\*Closings for 17 Jan

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
UK Rightmove House Prices YOY	Jan	2.7%	0.8%	--
JP Industrial Production YOY	Nov F	-8.2%	-7.7%	--
CN 1-Year Loan Prime Rate	Jan	4.15%	4.15%	4.10%
NZ Performance Services Index	Dec	51.9	52.9 (revised)	--

Source: Bloomberg

- UK house prices jumped post election:** The Rightmove House Prices Index picked up 2.3% MOM in January (Dec: -0.9%) that led the index to post a whopping 2.7% YOY gain, its largest increase in 2.5 years (Dec: +0.8%) as buyers demand jumped in response to the Conservative Party's decisive win in early December's general election which had eased Brexit fear substantially.
- Japan industrial production slipped again in Nov:** Japan industrial production slipped for the second straight month by 1.0% MOM in November (Nov: -4.5%) leaving the annual pace of contraction at 8.2% YOY (Oct: -7.7%), as Japanese manufacturing sector remained mired in downturn in the last quarter of 2019 following an October typhoon that disrupted factory activities.
- New Zealand services PMI at weakest level since 2012:** The New Zealand Performance of Services Index slipped to 51.9 in December (Nov: 52.9 revised), its lowest print since September 2012, indicating a slower rate of expansion in the country's services industry. Business New Zealand and Bank of New Zealand who published the index said that it is difficult to determine if the fall in the PSI was "a signal of more weakness ahead of rather a result of the material uncertainty prevailing through the latter part of the year".

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	--	
<b>21/01</b>	<b>18:00</b>	<b>Eurozone</b>	<b>ZEW Survey Expectations</b>	<b>Jan</b>	<b>--</b>	<b>11.2</b>	<b>--</b>	
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%	--	
<b>21/01</b>	<b>17:30</b>		<b>Average Weekly Earnings 3M/YoY</b>	<b>Nov</b>	<b>3.1%</b>	<b>3.2%</b>	<b>--</b>	
	<b>17:30</b>		<b>ILO Unemployment Rate 3Mths</b>	<b>Nov</b>	<b>3.8%</b>	<b>3.8%</b>	<b>--</b>	
	<b>17:30</b>		<b>Employment Change 3M/3M</b>	<b>Nov</b>	<b>110k</b>	<b>24k</b>	<b>--</b>	
22/01	19:00		CBI Trends Total Orders	Jan	-25	-28	--	
24/01	17:30		Markit UK PMI Manufacturing SA	Jan P	48.8	47.5	--	
	17:30		Markit/CIPS UK Services PMI	Jan P	51.1	50.0	--	
20/01	12:30	Japan	Industrial Production YoY	Nov F	--	-8.1%	--	
<b>21/01</b>	<b>NA</b>		<b>BOJ Policy Balance Rate</b>	<b>Jan-21</b>	<b>-0.1%</b>	<b>-0.1%</b>	<b>--</b>	
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	4.10%	4.15%	--	
<b>21/01</b>	<b>16:30</b>	<b>Hong Kong</b>	<b>CPI Composite YoY</b>	<b>Dec</b>	<b>3.0%</b>	<b>3.0%</b>	<b>--</b>	
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	-0.6%	-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

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1095	0.03	1.1102	1.1077	-1.04
GBPUSD	1.3010	-0.05	1.3014	1.2962	-1.97
USDJPY	110.18	0.04	110.22	110.05	1.45
AUDUSD	0.6873	-0.09	0.6889	0.6855	-2.05
EURGBP	0.8528	0.10	0.8553	0.8521	0.87
USDMYR	4.0595	0.12	4.0608	4.0515	-0.77
EURMYR	4.5017	-0.23	4.5057	4.4966	-1.87
JPYMYR	3.6857	0.20	3.6871	3.6773	-2.19
GBPMYR	5.2672	-0.74	5.3105	5.2649	-2.05
SGDMYR	3.0124	0.01	3.0142	3.0080	-0.95
AUDMYR	2.7905	-0.31	2.7950	2.7887	-2.69
NZDMYR	2.6834	-0.36	2.6880	2.6827	-2.51
CHFMYR	4.1910	-0.19	4.2192	4.1848	-0.87
CNYMYR	0.5916	0.13	0.5929	0.5912	0.62
HKDMYR	0.5225	0.17	0.5227	0.5216	-0.59
USDSGD	1.3467	-0.04	1.3483	1.3463	0.06
EURSGD	1.4941	-0.01	1.4954	1.4927	-0.98
GBPSGD	1.7519	-0.10	1.7533	1.7473	-1.84
AUDSGD	0.9256	-0.06	0.9275	0.9240	-1.92

Source: Bloomberg

## Forex

### MYR

- **MYR closed 0.12% weaker against the USD at 4.0595 on Monday.**
- **USDMYR outlook remains bullish** as we expect the dollar to recover against the ringgit this week on upbeat US data. As mentioned yesterday, 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 tomorrow are also expected to keep MYR markets in cautious mood, unless there are any surprises. We continued to look towards a test at the 4.07-4.08 ranges, 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 dollar saw a mixed performance across the FX board with most of the major currencies trading within their recent ranges and finishing on flattish notes. **The dollar index was unchanged at 97.61.**
- The dollar is expected to trade on a neutral tone today over a lack of key driver in the short term. Data focus will still 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 finished little changed against the USD at 1.1095.**
- **Daily outlook remains neutral** as the pair now needs to break back above 1.1100 for any meaningful gain in the short term. The absence of any fresh impetus ahead of Thursday's ECB meeting is thus likely to keep the pair confined within 1.1080-1.1100. **Medium term outlook is still bearish** as the ECB is likely sticking to its accommodative monetary policy stance and mainly over poorer growth outlook compared to the US economy.

### GBP

- **GBP finished little changed against the USD at 1.3010 in a muted session.**
- GBP daily outlook is seen hovering at 1.3000 handle in the morning but **daily outlook is neutral ahead of today's job report**. Poor reading poses immediate downside risk to the pair as expectation of a BOE rate cut at the end of this month would have firmed up further. Markets are likely to remain watchful of this week's 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 110.18.**
- **USDJPY is still expected to test 110.20 immediate resistance today** but markets are now looking towards the BOJ's policy decision and its GDP and CPI forecast. As mentioned yesterday, 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 little changed against the USD at 0.6873.**
- **AUD is still expected to trade sideways** within the range of 0.6850-0.6950 as the Australian bushfires and the prospect of an RBA rate cut reined in the upsides to AUDUSD. Focus this week will be on Thursday'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 1.3467.**
- **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.

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