

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US indexes tracked lower European benchmarks to finish modestly lower on Thursday on the back of renewed concerns about Covid-19 outbreak in China** after the country reported new infection cases in its capital Beijing while new deaths took the nationwide total death tolls to surpass 2000. Asian markets ended on a mixed note but gains were seen in Japan, China and Hong Kong markets. **Investors bid for safe havens to seek refuge, leading treasuries yields to slip around 3-6bps** along the curve where the benchmark 10Y UST yield was seen closing 5bps lower at 1.52%. **Gold prices jumped to seven-year high of \$1619.56/ounce**, in its third winning session. Brent crude was little changed at \$59.31/barrel. **The PBOC cut its benchmark 1-year Loan Prime Rate (LPR) by 10 bps to 4.05%** yesterday as expected in a bid to inject liquidity into the market and lower borrowing cost for companies. **Bank Indonesia cut its 7-day reverse repo rate by 25bps to 4.75%, also as widely expected. Meanwhile, ECB was more optimistic on growth outlook prior to the Covid-19 outbreak, its minutes revealed.**
- **US data were generally upbeat** with the Philly Fed Index adding nearly 20pts. Initial jobless claims rose 4k to 210k last week, still at historically low level. **Eurozone consumer confidence rose** a little to -6.6 this month. **UK retail sales surprised to the upside** with a 0.9% MOM increase while factory order books improved slightly thanks to smaller decline in export orders and higher expected output volume. **Japan CPI ex fresh food gained for the fourth straight month** by 0.8% YOY on higher gasoline prices. **Hong Kong headline CPI inflation eased** to 1.4% YOY mainly because the effect of government relief measures masked the impact of higher food prices.
- **The US dollar reached fresh highs** on Thursday. **DXY ended Thursday at 99.882, eyeing the 100 mark.** The Covid-19 virus outbreak seems to have reached a new stage yesterday, with local transmissions in South Korea and Japan escalating. **We are bullish on the USD today**, due to divergent fundamentals and potential-risk off moves in Asia. 1-month outlook is bullish, reaffirmed by solid US fundamentals. Markets also like the USD recently when risk aversion regarding the Covid-19 outbreak climbs. Markets had been complacent on China's Covid-19 outbreak, but focus will likely turn to spreads and casualty counts in other countries.
- **USDMYR spiked 0.49% to 4.1820 on Thursday** in its fourth back-to-back winning session. MYR was among the top losers among regional Asians, behind the THB, KRW and JPY. **We maintain a bullish view on USDMYR** today as the dollar's momentum is ultra-strong; now that the pair has breached 4.1900 and is likely targeting 4.2000 soon. 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 compared to the weaker domestic growth outlook that is likely to prompt another rate cut by BNM.

#### Overnight Economic Data

US	↑
Eurozone	↑
UK	↑
Japan	↑
Hong Kong	↓

#### What's Coming Up Next

##### Major Data

- Flash Markit PMIs for US, Eurozone, UK and Japan
- Malaysia CPI, Foreign Reserves
- US Existing Home Sales,
- Eurozone CPI
- Japan All Industry Activity Index

##### Major Events

- Nil

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

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0700	1.0770	1.0790	1.0950	1.1032	↘
GBPUSD	1.2769	1.2850	1.2881	1.3132	1.3200	↘
USDJPY	109.00	111.59	112.06	112.40	113.00	↗
AUDUSD	0.6650	0.6600	0.6614	0.6721	0.6800	↘
EURGBP	0.8106	0.8201	0.8376	0.8521	0.8640	↘
USDSGD	1.3900	1.3942	1.4014	1.4083	1.4100	↗
USDMYR	4.1500	4.1600	4.1902	4.2000	4.2050	↗
EURMYR	4.4979	4.5029	4.5187	4.5250	4.5410	→
JPYMYR	3.7100	3.7250	3.7385	3.7485	3.7600	→
GBPMYR	5.3570	5.3723	5.3966	5.4163	5.4400	→
SGDMYR	2.9813	2.9839	2.9904	2.9922	2.9970	→
AUDMYR	2.7508	2.7602	2.7727	2.7789	2.7889	→
NZDMYR	2.6406	2.6450	2.6533	2.6611	2.6683	→

\* 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	1,534.98	0.05	-3.39	CRB Index	174.73	-0.44	-5.95
Dow Jones Ind.	29,219.98	-0.44	2.39	WTI oil (\$/bbl)	53.78	0.92	-11.92
S&P 500	3,373.23	-0.38	4.41	Brent oil (\$/bbl)	59.31	0.32	-10.14
FTSE 100	7,436.64	-0.27	-1.40	Gold (\$/oz)	1,619.56	0.49	6.83
Shanghai	3,030.15	1.84	-0.65	CPO (RM/tonne)	2,694.50	-0.52	-10.94
Hang Seng	27,609.16	-0.17	-2.06	Copper (\$/tonne)	5,770.00	-0.05	-6.54
STI	3,198.68	-0.47	-0.75	Rubber (sen/kg)	463.00	-0.11	2.32

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Philadelphia Fed Business Outlook	Feb	36.7	17.0	11.0
US Initial Jobless Claims	Feb-15	210k	206k (revised)	210k
US Leading Index	Jan	0.8%	-0.3%	0.4%
EU Consumer Confidence	Feb A	-6.6	-8.1	-8.2
UK Retail Sales Inc Auto Fuel MoM	Jan	0.9%	-0.5% (revised)	0.7%
UK CBI Trends Total Orders	Feb	-18.0	-22.0	-20.0
JP Natl CPI Ex Fresh Food YoY	Jan	0.8%	0.7%	0.8%
HK CPI Composite YoY	Jan	1.4%	2.9%	3.1%
CN 1-Year Loan Prime Rate	Feb	4.05%	4.15%	4.05%

Source: Bloomberg

- ECB more optimistic on outlook prior to virus outbreak:** ECB meeting minutes revealed policy makers' renewed optimism of the global economy prior to the acceleration of the Covid-19 outbreak in China. Members broadly agreed that incoming new data and survey pointed to "some stabilization in euro area growth dynamics". This was driven by household consumption as external demand and corporate investment remained subdued. The Governing Council also made a point about being cautious on becoming too optimistic. Although manufacturing PMI had improved, it still signalled a contraction in activity, pointing to continuous decline in Germany's automobile sector and industrial production that could affect other country's value chain. Headline HICP inflation is likely to hover around current levels (1.3% YOY in Dec) in the coming months. Underlying inflation remained generally muted. Wage growth remained resilient and was broad-based. Members agreed that the ECB needed to emphasise that a prolonged accommodative monetary policy stance was required and was tied its inflation outlook., thus would be maintained until inflation "robustly converge" to a level close to below 2%.
- US Philly Fed Index jumped 20pts:** The Philly Fed Manufacturing Index beat estimates by adding nearly 20pts to 36.7 in February (Jan:17.0). The mid-Atlantic gauge, alongside the recently upbeat reading of NY Fed Empire State Manufacturing offer tentative signs that the US manufacturing sector is staging a come back this month.
- US Initial jobless claims climbed by 4k last week:** Initial jobless claims rose by 4k to 210k last week (previous: 206k revised), still hovering at historically low level that reflects a tight US Labour market. The 4-week moving average stood at 209k (previous: 212.25k). On a separate note, the Conference Board Leading Index rebounded to add 0.8% MOM in January (Feb: -0.3%) thanks mainly to low jobless claims and higher building permits and equity prices.
- Smaller decline in Eurozone consumer confidence index:** The flash European Commission Consumer Confidence Index picked up to -6.6 in February (Jan: -8.1), better than analysts' estimate of -8.2 thus reflecting smaller decline in the Eurozone's consumer confidence level this month.
- UK retail sales surprised to the upside:** Retail sales rose 0.9% MOM in January (Dec: -0.5% revised), beating analysts' estimate of a 0.7% gain. January print was the largest increase in sales since March last year, boosted by both food stores (+1.7%) and non-food (+1.3%). Within non-food stores, gains were recorded in textile, clothing and footwear (+3.9%), department stores (+1.6%). Online sales were seen picking up faster as well, adding 2.5% MOM but sales at petrol stations dropped by 5.7% potentially due to higher fuel cost. Excluding auto fuel sales, retail sales surged by 1.6% MOM (Dec: -0.8%), its largest gain in more than 1.5 years. YOY, retail sales growth eased slightly to 0.8% (Dec: +0.9%).
- Slight improvement in UK post-Brexit manufacturing order book:** The CBI Trends Total Order Index gained 4 pts to -18 in February (Jan: -22), reflecting slight improvement in UK factory order book after the country formally withdrew from the EU in January. The improved reading reflects smaller contraction in exports orders alongside higher expected output volume for the next three months.
- Japan core inflation rose on higher gasoline prices:** Japan headline CPI registered a 0.7% YOY reading in January (Dec: +0.8%), in line with expectations. The BOJ's favoured gauge, the CPI ex fresh food (core CPI) rose 0.8% YOY (Dec: +0.7%), marking its fourth straight month of gain, thanks to high cost of gasoline. Nonetheless, inflation remains well below the central bank's 2% target and is unlikely picking up near the target level given that the ongoing ultra-loose easing program has proven to be ineffective in boosting prices.

**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	--
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	36.7	17.0	--
	21:30		Initial Jobless Claims	Feb-15	210k	210k	205k	206k
	23:00		Leading Index	Jan	0.4%	0.8%	-0.3%	--
21/02	22:45		Markit US Manufacturing PMI	Feb P	51.5	--	51.9	--
	22:45		Markit US Services PMI	Feb P	53.4	--	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	-6.6	-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%	0.9%	-0.6%	-0.5%
	19:00		CBI Trends Total Orders	Feb	-20.0	-18.0	-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%	--
21/02	07:30		Natl CPI Ex Fresh Food YoY	Jan	0.8%	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%	1.4%	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	1.0785	-0.19	1.0821	1.0778	-3.80
GBPUSD	1.2882	-0.29	1.2929	1.2849	-2.84
USDJPY	112.10	0.66	112.23	111.11	3.19
AUDUSD	0.6615	-0.90	0.6695	0.6610	-5.78
EURGBP	0.8371	0.10	0.8416	0.8358	-1.01
USDSGD	1.4010	0.46	1.4083	1.3938	4.11
USDMYR	4.1820	0.49	4.1845	4.1655	2.22
EURMYR	4.5166	0.47	4.5185	4.4979	-1.55
JPYMYR	3.7422	-0.90	3.7607	3.7390	-0.69
GBPMYR	5.3940	-0.24	5.4023	5.3786	0.31
SGDMYR	2.9867	-0.17	2.9907	2.9704	-1.79
AUDMYR	2.7733	-0.50	2.7889	2.7717	-3.29
NZDMYR	2.6518	-0.41	2.6683	2.6504	-3.66
CHFMYR	4.2534	0.51	4.2558	4.2300	0.61
CNYMYR	0.5958	0.13	0.5965	0.5954	1.34
HKDMYR	0.5375	0.39	0.5383	0.5353	2.26

Source: Bloomberg

## Forex

### MYR

- **USDMYR spiked 0.49% to 4.1820 on Thursday** in its fourth back-to-back winning session. MYR was among the top losers among regional Asians, behind the THB, KRW and JPY.
- **We maintain a bullish view on USDMYR today** as the dollar's momentum is ultra-strong; now that the pair has breached 4.1900 and is likely targeting 4.2000 soon. 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 compared to the weaker domestic growth outlook that is likely to prompt another rate cut by BNM.

### USD

- The US dollar reached fresh highs on Thursday. DXY ended Thursday at 99.882, eyeing the 100 mark. The Covid-19 virus outbreak seems to have reached a new stage yesterday, with local transmissions in South Korea and Japan escalating.
- **We are bullish on the USD today**, due to divergent fundamentals and potential-risk off moves in Asia. 1-month outlook is bullish, reaffirmed by solid US fundamentals. Markets also like the USD recently when risk aversion regarding the Covid-19 outbreak climbs. Markets had been complacent on China's Covid-19 outbreak, but focus will likely turn to spreads and casualty counts in other countries.

### EUR

- EUR was down 0.19% against the USD at 1.0785 on Thursday.
- **We remain bearish on EURUSD today** as USD momentum remains strong. 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 0.29% against the USD on Thursday.
- **We are bearish on GBPUSD today** due to bullish USD momentum. We are bearish on a 1-month basis as markets continue to grapple with Brexit negotiations.

### JPY

- JPY weakened 0.66% against the USD on Wednesday, surging to 112.10 at close.
- **We remain bullish on USDJPY today** due to potential bad news on Covid-19 outbreak in Japan. 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 0.90% down against the USD closing at 0.6615.
- **We are bearish on AUDUSD today**, on potential risk aversion. 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 0.46% against the USD on Thursday, now above 1.4000.
- **We are bullish on USDSGD today** from concerns of the Covid-19 outbreak. 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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