

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks registered a slight gain overnight, with modest movements on Thursday.** This came as stocks remain close to record highs. Some cautious behavior remained, due to market concerns regarding the coronavirus that is spreading from China to other Asian countries. The S&P rose 0.11%, even as the Dow came off slightly with a 0.09% decrease. NASDAQ gained 0.2%, reaching a record high in the process. 10Y USD yields closed at 1.7325%, slightly lower than almost-1.77% seen a day earlier. Meanwhile crude edged higher. For FX, the euro softened slightly after the ECB suggested that they will need to maintain an accommodative stance for the foreseeable future. The yen remained little changed in contrast. Markets in mainland China and South Korea are closed on Friday, with Hong Kong closing early for Lunar New Year. The focus today is unlikely to be market-moving, with Singapore's industrial production and US Market Manufacturing PMI data releases.
- **ECB kept policy rates on hold, with the deposit facility rate held at -0.5%.** The market focus was on Christine Lagarde's inaugural decision and comments on current policy focus. Overall, the ECB's stance is that they will reassess how the current accommodative stance has impacted conditions in the euro area before making further moves. The tone is also suggestive that there is no hurry to change their current monetary policy stance. ECB noted some improving inflation trends and diminishing risks to growth. This weakened the euro at the expense of the dollar, as hawkish expectations are dented.
  - The greenback consolidated during late trading hours with some profit taking following a spike up earlier the day. **The dollar index eventually ended Thursday at 97.693.** The dollar is likely to trade higher today, driven by some risk aversion. Data focus will be on the PMI figures tonight. 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 0.1% weaker versus the USD at 4.0695 on Thursday** as markets remained cautious of the health threat from China's coronavirus to the rest of Asia. We continue to think that USDMYR might retreat back towards 4.0550- 4.07 range in the short term before rebounding back to the 4.07-4.08 band. Chinese New Year celebration is also likely to keep MYR markets quiet. MYR medium term outlook is still bearish, expecting the USD to be well supported by solid data in 1Q20.
- **SGD closed 0.18% weaker against the USD at 1.351** as the dollar turned stronger. This is following the risk aversion as first coronavirus case is reported in Singapore. SGD daily outlook is bearish and is likely staying above 1.3500 in the short term. Medium term outlook in bearish on stronger US data and growth outlook.

#### Overnight Economic Data

US	↓
Eurozone	→
Singapore	↑

#### What's Coming Up Next

##### Major Data

- Singapore Industrial Production
- US Market Manufacturing PMI

##### Major Events

- Nil

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

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1065	1.1080	1.1093	1.1100	1.1120	↘
GBPUSD	1.3063	1.3100	1.3142	1.3200	1.3250	→
USDJPY	109.00	109.50	109.84	110.50	110.69	↘
AUDUSD	0.6750	0.6800	0.6844	0.6890	0.6900	→
EURGBP	0.8350	0.8400	0.8441	0.8550	0.8600	→
USDMYR	4.0500	4.0600	4.0655	4.0700	4.0800	↗
EURMYR	4.4813	4.4985	4.5091	4.5177	4.5370	→
JPYMYR	3.6860	3.6833	3.6962	3.7250	3.7500	↗
GBPMYR	5.2905	5.3186	5.3059	5.3724	5.4060	→
SGDMYR	3.0224	3.0208	3.0122	3.0148	3.0155	→
AUDMYR	2.7338	2.7608	2.7793	2.8042	2.8152	→
NZDMYR	2.6418	2.6609	2.6781	2.7208	2.7564	→
USDSGD	1.3400	1.3440	1.3488	1.3500	1.3530	↗
EURSGD	1.4827	1.4892	1.4961	1.4985	1.5045	→
GBPSGD	1.7504	1.7606	1.7726	1.7820	1.7927	→
AUDSGD	0.9045	0.9139	0.9231	0.9302	0.9336	→

\* 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	1,574.44	-0.22	-0.90	CRB Index	178.53	-0.83	-3.91
Dow Jones Ind.	29,160.09	-0.09	2.18	WTI oil (\$/bbl)	56.74	-2.74	-9.11
S&P 500	3,325.54	0.11	2.93	Brent oil (\$/bbl)	63.21	-2.14	-6.00
FTSE 100	7,507.67	-0.85	-0.46	Gold (S/oz)	1,558.78	0.04	2.88
Shanghai	2,976.53	-2.75	-2.41	CPO (RM/tonne)	2,980.50	1.29	-1.49
Hang Seng	27,909.12	-1.52	-1.00	Copper (\$/tonne)	5,987.00	-1.95	-3.03
STI	3,234.56	-0.60	0.36	Rubber (sen/kg)	462.50	-0.22	2.21

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US Initial Jobless Claims	Jan-18	211k	204k	214k
US Leading Index	Dec	-0.3%	0.0%	-0.2%
EU ECB Deposit Facility Rate	Jan-23	-0.5%	-0.5%	-0.5%
EU Consumer Confidence	Jan A	-8.1	-8.1	-7.8
JP Natl CPI YoY	Dec	0.8%	0.5%	0.7%
NZ CPI YoY	4Q	1.9%	1.5%	1.8%
SG CPI YOY	Dec	0.8%	0.6%	0.7%

Source: Bloomberg

- US initial jobless claims came in slightly lower than expected at 211k vs. 214k consensus expectations.** The leading index fell 0.3% in December, compared to a slightly upwardly revised 0.1% increase a month ago. The biggest support came from stock prices, while the drag came from jobless claims.
- ECB kept policy rates unchanged, with the deposit facility rate unchanged at -0.5%.** The market focus was on Christine Lagarde's inaugural meeting and comments on current policy focus. Overall, the ECB's stance is that they will reassess how the current accommodative stance has impacted conditions in the euro area before making further moves. The tone is also suggestive that there is no hurry to change their current monetary policy stance. ECB noted some improving inflation trends and diminishing risks to growth. This weakened the euro at the expense of the dollar, as hawkish expectations are dented.
- Japan's economic data remained relatively soft:** Japan's leading index was revised slightly downwards to 90.8 for November, from 90.9. This continued the decreasing trend since mid-2018. Meanwhile, machine tool orders decreased 33.5% y/y in December, slightly lower than the initial estimates of -33.6%. Japan's national inflation came in higher than expected due to higher energy prices, with headline inflation at 0.8% y/y. Inflation ex food and energy also inched up by 0.1ppt to 0.9% y/y in December.
- New Zealand's inflation picked up in Q4, rising up to 1.9% y/y from 1.5% prior.**
- Singapore's inflation accelerated in December:** Headline CPI reached 0.8% YOY compared to 0.6% prior. This was broadly driven, as core inflation also inched up to 0.7% y/y YOY from 0.6% a month ago. The print shows price pressures building in some components. Transport inflation is up 2.8% YOY on higher energy costs, while communication also rose 2.6% y/y. Food inflation came in higher as well at 1.8% YOY from 1.7%, and is likely to stay slightly elevated near-term during the Lunar New Year holiday.

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	--
<b>20/01</b>	<b>8:01</b>	<b>UK</b>	<b>Rightmove House Prices YoY</b>	<b>Jan</b>	<b>--</b>	<b>0.8%</b>	<b>--</b>
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	--	
24/01	14:00		Machine Tool Orders YoY	Dec F	--	-33.6%	--
	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	--
<b>20/01</b>	<b>9:30</b>	<b>China</b>	<b>1-Year Loan Prime Rate</b>	<b>Jan</b>	<b>4.1%</b>	<b>4.15%</b>	<b>--</b>
21/01	16:30	Hong Kong	CPI Composite YoY	Dec	3.0%	3.0%	--
30/01	16:30	Singapore	Exports YoY	Dec	--	-1.4%	--
23/01	13:00		CPI YoY	Dec	0.7%	0.6%	--
24/01	13:00	Australia	Industrial Production YoY	Dec	-1.0%	-9.3%	--
22/01	7:30		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	1.1093	0.10	1.1098	1.1070	-1.43
GBPUSD	1.3142	0.70	1.3153	1.3035	-1.05
USDJPY	109.84	-0.03	110.10	109.83	0.87
AUDUSD	0.6844	-0.01	0.6856	0.6827	-2.44
EURGBP	0.8441	-0.62	0.8501	0.8424	-0.39
USDMYR	4.0655	-0.15	4.0815	4.0625	-0.49
EURMYR	4.5091	-0.14	4.5231	4.5023	-1.91
JPYMYR	3.6962	-0.19	3.7139	3.6933	-1.40
GBPMYR	5.3059	0.13	5.3252	5.2995	-0.69
SGDMYR	3.0122	-0.15	3.0215	3.0101	-0.92
AUDMYR	2.7793	-0.39	2.7913	2.7783	-2.77
NZDMYR	2.6781	-0.25	2.6898	2.6762	-2.15
CHFMYR	4.1816	-0.58	4.2099	4.1772	-0.70
CNYMYR	0.5892	-0.09	0.5910	0.5886	-0.12
HKDMYR	0.5230	-0.19	0.5252	0.5228	-0.36
USDSGD	1.3488	-0.08	1.3511	1.3485	0.37
EURSGD	1.4961	0.00	1.4972	1.4935	-1.04
GBPSGD	1.7726	0.63	1.7739	1.7596	-0.67
AUDSGD	0.9231	-0.10	0.9247	0.9219	-2.01

Source: Bloomberg

## Forex

### MYR

- **MYR closed 0.1% weaker versus the USD at 4.0695 on Thursday** as markets remained cautious of the health threat from China's coronavirus to the rest of Asia.
- We continue to think that **USDMYR might retreat back towards 4.0550- 4.07 range in the short term** before rebounding back to the 4.07-4.08 band. Chinese New Year celebration is also likely to keep MYR markets quiet. **MYR medium term outlook is still bearish**, expecting the USD to be well supported by solid data in 1Q20.

### USD

- The greenback came off late-Thursday with some profit taking following a spike up earlier the day. **The dollar index eventually ended at 97.693.**
- **The dollar is likely to trade higher today**, driven by some risk aversion. Data focus will be on the PMI figures tonight. 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 weaker by 0.34% against the USD at 1.1055 on Thursday.**
- **EURUSD is still likely to face downside pressures** below 1.1100 today, particularly if the USD strengthens further. **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 was 0.14% weaker against the USD on Thursday to 1.3123** on risk aversion but was more resilient due to the expected Brexit progress.
- **GBP is likely to trade sideways for now, with some downward pressure from risk aversion.** Market's expectation of a BOE rate cut has eased significantly now compared to the start of the week and these PMI readings are expected to provide clearer picture, whether the state of the economy really warrants a rate cut at the end of this month.

### JPY

- **JPY closed little changed against the USD at 109.49** amidst general dollar weakness.
- **USDJPY daily outlook is bearish from risk aversion. Medium term JPY outlook is neutral** for now amidst more positive trade and growth outlook but bear in mind that JPY would benefit if the Coronavirus outbreak intensifies.

### AUD

- **AUD finished barely changed against the USD at 0.6845.**
- AUD daily outlook is neutral. **Medium term outlook is still bearish** over a potential RBA rate cut in early February.

### SGD

- **SGD closed 0.18% weaker against the USD at 1.351** as the dollar turned stronger. This is following the risk aversion as first coronavirus case is reported in Singapore.
- **SGD daily outlook is bearish** and is likely staying above 1.3500 in the short term. **Medium term outlook is bearish** on stronger US data and growth outlook.

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