

Global Markets Research

Daily Market Highlights

Key Takeaways

- US stocks plunged into deep reds on Tuesday as virus concerns intensified after the Center for Disease Control warned Americans to be prepared for the spread of Covid-19 within US communities.** This came amid rising cases around the world especially in Europe and South Korea where authorities scrambled to contain the outbreak many deemed to be too late. Latest stats from WHO indicates that there are now 80,238 cases in 34 countries and at least 2,700 deaths. The Dow fell dramatically by 880pts (-3.2%) after just losing more than 1000pts on the day before. The S&P500 dropped 3% and NASDAQ trailed behind, finishing the day 2.8% lower. Tuesday marked US markets' fourth consecutive losing session. **Earlier, European key benchmarks generally slip near or around 2%.** The UK and EU trade negotiations are set to commence next Monday; chief negotiator Michel Barnier warned of a "complex, demanding" talks and sent a clear message that the EU would not back down. **Markets ended mixed in Asia,** closing higher in Hong Kong, South Korea, Singapore and Malaysia but slumped in Japan. The Nikkei 225 suffered more than 3% drop.
- Investors continued to seek refuge at safe havens leading treasuries yields to fall by 1-3bps.** Yields on benchmark 10Y UST collapsed to a fresh low of 1.31% briefly before rebounding to close at 1.35%. Gold price was down by 1.5% at \$1,635.14/ounce amid profit taking. Crude oils extended losing streak on weakening outlook for demand-Brent crude was 2.4% lower at \$54.95/barrel. The API reported a 1.3mil (barrels) buildup in Americans crude stock piles. WTI lost nearly 3% to close below \$50.0 at \$49.9/barrel.
- Data remained limited on Tuesday;** US Richmond Fed Manufacturing index came in at a disappointing reading of -2, bucking the higher trend in the similar gauges published by NY, Philly and Dallas Feds' similar gauges. The Conference Board Consumer Confidence Index rose slightly to 130.7 in February indicating little change in sentiment. House prices soared in December according to both the FHFA House Price Index and the S&P CoreLogic Case Schiller Index. Hong Kong exports dipped 22.7% YOY in Jan, its largest drop in more than 10years, reflecting seasonal effect, an unfavourable base and also the impact of Covid-19 outbreak.
- The US dollar continued to lose momentum for a third consecutive day. **The DXY was down to 98.98** after a dip during US trading hours. In all, the dollar mostly weakened against the pound, yen and euro. This likely stemmed from risk aversion alongside equity indices, as Covid-19 cases in Europe and Middle East climbed. **We are neutral on the USD today.** We think that markets are now assessing the broader impact of the Covid-19 outbreak globally. This has extended to the US and Europe, from predominantly Asian countries previously.
- USDMYR extended its seven-day losing streak to close 0.18% higher at 4.2340** on Tuesday amid local political uncertainty. **We are still bullish on USDMYR** given that the pair has now broken 4.2300 targeting 4.2400 next before heading towards 4.25 in the short term should uncertainty escalate. The pair had last breached 4.23 in late 2017. The MYR market will remain highly alert and on standby mode for any key announcements.

Overnight Economic Data

US	→
Japan	→
Hong Kong	↓

What's Coming Up Next

Major Data

- US MBA Mortgage Application, New Home Sales
- Hong Kong GDP
- Singapore Industrial Production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0700	1.0770	1.0879	1.0950	1.1032	→
GBPUSD	1.2769	1.2850	1.3002	1.3132	1.3200	→
USDJPY	109.62	110.00	110.28	112.40	113.00	↘
AUDUSD	0.6500	0.6550	0.6603	0.6721	0.6800	→
EURGBP	0.8106	0.8201	0.8367	0.8521	0.8640	→
USDSGD	1.3900	1.3942	1.3984	1.4083	1.4100	→
USDMYR	4.2000	4.2200	4.2362	4.2400	4.2500	↗
EURMYR	4.5760	4.5938	4.6050	4.6150	4.6230	↗
JPYMYR	3.8050	3.8300	3.8402	3.8500	3.8200	↗
GBPMYR	5.4650	5.4850	5.5049	5.5206	5.5441	↗
SGDMYR	3.0160	3.0217	3.0275	3.0307	3.0350	↗
AUDMYR	2.7800	2.7880	2.7948	2.8000	2.8056	→
NZDMYR	2.6500	2.6677	2.6764	2.6811	2.6900	↘

* 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	1,500.88	0.73	-5.53	CRB Index	168.49	-1.22	-9.31
Dow Jones Ind.	27,081.36	-3.15	-5.11	WTI oil (\$/bbl)	49.90	-2.97	-18.51
S&P 500	3,128.21	-3.03	-3.17	Brent oil (\$/bbl)	54.95	-2.40	-16.74
FTSE 100	7,017.88	-1.94	-6.95	Gold (S/oz)	1,635.14	-1.46	8.03
Shanghai	3,013.05	-0.60	-1.22	CPO (RM/tonne)	2,648.00	-0.81	-12.48
Hang Seng	26,893.23	0.27	-4.60	Copper (\$/tonne)	5,685.00	-0.07	-7.92
STI	3,158.24	0.51	-2.00	Rubber (sen/kg)	462.00	-0.11	2.10

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US FHFA House Price Index MoM	Dec	0.6%	0.3% (revised)	0.4%
US S&P CoreLogic CS 20-City YoY NSA	Dec	2.85%	2.54% (revised)	2.9%
US Conf. Board Consumer Confidence	Feb	130.7	130.4 (revised)	132.1
US Richmond Fed Manufact. Index	Feb	-2.0	20.0	10.0
JP Leading Index CI	Dec F	91.6	90.8	--
JP Coincident Index	Dec F	94.1	94.7	--
HK Exports YoY	Jan	-22.7%	3.3%	-3.7%

Source: Bloomberg

- US Richmond Fed Manufacturing Index points to softer activity:** The Richmond Fed manufacturing index came in lower at -2 in February (Jan: 20), way below analysts' estimate of 10. The reading indicates softer activity in the Fifth District's factory activity and was in contrast with similar gauges published by the NY, Philly and Dallas Fed recently.
- Little change in US consumer confidence:** The Conference Consumer Confidence Index rose slightly to 130.7 in February (Jan: 130.4 revised), a smaller increase compared to analysts' expectation, indicating little change in US consumer sentiment. The latest print reflects the near-9pts drop in consumer's gauge of current conditions and better perception over short term outlook (+6.4pts).
- US house price soared in December:** House prices in the US soared at year end as indicated by 0.6% MOM gain in the December FHFA House Price Index (Nov: +0.3% revised). The S&P CoreLogic Case Schiller Index for houses in 20 US cities picked up 0.4% MOM in the same month (Nov: +0.5%) leading the YOY growth at a 2.85% (Nov: +2.54% revised), its largest increase in 11 months. House prices in the US continued to pick up momentum amid higher demand, supported by lower interest rates and improving inventory.
- Japan leading index rose in Dec:** Japan December's leading index was unchanged at 91.6 in a final reading (Nov: 90.8), better than November's print, indicating brighter outlook for Jan 2020; its coincident index slipped to 94.1 (Nov: 94.7).
- Hong Kong exports dipped the most in 10 years:** Hong Kong exports slumped by 22.7% YOY in January (Dec: +3.3%) following a brief rebound in December, its largest drop in more than ten years, reflecting seasonal effect, an unfavourable base as well as the earlier impact of Covid-19 had on the trade sector. Exporters were seen ramping up exports in December before the annual celebration in late January (Lunar New Year was celebrated in February last year). Shipments to China slumped 21.4% YOY following a nearly 18% jump in the previous month. Imports dipped 16.4% YOY (Dec: -1.9%) and trade deficit stood at HKD30.6b (Dec: -HKD32.5b).

Economic Calendar

Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
24/02	21:30	US	Chicago Fed Nat Activity Index	Jan	-0.16	-0.25	-0.35	-0.51
	23:30		Dallas Fed Manf. Activity	Feb	0.0	1.2	-0.2	--
25/02	22:00		FHFA House Price Index MoM	Dec	0.4%	0.6%	0.2%	0.3%
	22:00		S&P CoreLogic CS 20-City YoY NSA	Dec	2.8%	2.85%	2.55%	2.54%
	23:00		Conf. Board Consumer Confidence	Feb	132.1	130.7	131.6	130.4
	23:00		Richmond Fed Manufact. Index	Feb	10.0	-2	20.0	--
26/02	20:00		MBA Mortgage Applications	Feb-21	--	--	-6.4%	--
	23:00		New Home Sales MoM	Jan	3.5%	--	-0.4%	--
27/02	21:30		GDP Annualized QoQ	4Q S	2.1%	--	2.1%	--
	21:30		Durable Goods Orders	Jan P	-1.5%	--	2.4%	--
	21:30		Cap Goods Orders Nondef Ex Air	Jan P	0.1%	--	-0.8%	--
	21:30		Initial Jobless Claims	Feb-22	212k	--	210k	--
	23:00		Pending Home Sales MoM	Jan	3.0%	--	-4.9%	--
28/02	00:00		Kansas City Fed Manf. Activity	Feb	-1.0	--	-1.0	--
	21:30		Advance Goods Trade Balance	Jan	-\$68.5b	--	-\$68.3b	--
	21:30		Wholesale Inventories MoM	Jan P	0.1%	--	-0.2%	--
	21:30		Personal Income	Jan	0.4%	--	0.2%	--
	21:30		Personal Spending	Jan	0.3%	--	0.3%	--
	21:30		PCE Core Deflator YoY	Jan	1.8%	--	1.6%	--
	22:45		MNI Chicago PMI	Feb	46.0	--	42.9	--
	23:00		U. of Mich. Sentiment	Feb F	100.7	--	100.9	--
27/02	18:00	Eurozone	Economic Confidence	Feb	102.8	--	102.8	--
	18:00		Consumer Confidence	Feb F	--	--	-6.6	--
28/02	08:01	UK	GfK Consumer Confidence	Feb	-8.0	--	-9.0	--
	NA		Nationwide House Px NSA YoY	Feb	2.3%	--	1.9%	--
25/02	13:00	Japan	Leading Index CI	Dec F	--	91.6	91.6	--
	13:00		Coincident Index	Dec F	--	94.1	94.7	--
28/02	07:30		Jobless Rate	Jan	2.2%	--	2.2%	--
	07:30		Job-To-Applicant Ratio	Jan	1.57	--	1.57	--
	07:50		Retail Sales YoY	Jan	-1.3%	--	-2.6%	--
	07:50		Industrial Production YoY	Jan P	-3.1%	--	-3.1%	--
25/02	16:30	Hong Kong	Exports YoY	Jan	-3.7%	-22.7%	3.3%	--
26/02	16:30		GDP YoY	4Q F	-2.9%	--	-2.9%	--
29/02	09:00	China	Manufacturing PMI	Feb	45.1	--	50.0	--
	09:00		Non-manufacturing PMI	Feb	51.5	--	54.1	--
24/02	13:00	Singapore	CPI YoY	Jan	0.9%	0.8%	0.8%	--
26/02	13:00		Industrial Production YoY	Jan	-5.8%	--	-0.7%	--
24/02	05:45	New Zealand	Retail Sales Ex Inflation QoQ	4Q	0.8%	0.7%	1.6%	1.7%
27/02	05:45		Trade Balance NZD	Jan	-549m	--	547m	--
	05:45		Exports NZD	Jan	4.47b	--	5.54b	--
	08:00		ANZ Business Confidence	Feb	--	--	-13.2	--
28/02	05:00		ANZ Consumer Confidence Index	Feb	--	--	122.7	--
27-29/02	NA	Vietnam	CPI YoY	Feb	5.88%	--	6.43%	--
			Exports YoY	Feb	-9.3%	--	-14.3%	--
			Trade Balance	Feb	-\$870m	--	-\$100m	--
			Retail Sales YTD YoY	Feb	--	--	10.2%	--
			Industrial Production YoY	Feb	--	--	-5.5%	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0882	0.26	1.0890	1.0830	-2.97
GBPUSD	1.3005	0.63	1.3018	1.2915	-1.95
USDJPY	110.20	-0.47	111.04	109.89	1.47
AUDUSD	0.6604	-0.02	0.6623	0.6586	-6.02
EURGBP	0.8368	-0.34	0.8402	0.8339	-1.05
USDSGD	1.3988	-0.07	1.4004	1.3957	3.94
USDMYR	4.2340	0.18	4.2345	4.2140	3.49
EURMYR	4.5938	0.49	4.6002	4.4964	0.14
JPYMYR	3.8292	0.93	3.8301	3.7383	1.62
GBPMYR	5.4934	0.58	5.4942	5.3597	2.16
SGDMYR	3.0283	0.45	3.0307	2.9658	-0.42
AUDMYR	2.7974	0.35	2.8017	2.7404	-2.45
NZDMYR	2.6839	0.53	2.6872	2.6261	-2.50
CHFMYR	4.3298	0.41	4.3305	4.2311	2.42
CNYMYR	0.6035	0.38	0.6036	0.5907	2.64
HKDMYR	0.5434	0.22	0.5436	0.5320	3.39

Source: Bloomberg

Forex

MYR

- **USDMYR extended its seven-day losing streak to close 0.18% higher at 4.2340** on Tuesday amid local political uncertainty.
- **We are still bullish on USDMYR** given that the pair has now broken 4.2300 targeting 4.2400 next before heading towards 4.25 in the short term should uncertainty escalate. The pair had last breached 4.23 in late 2017. The MYR market will remain highly alert and on standby mode for any key announcements. Medium term USDMYR outlook is bullish on uncertainties surrounding the Covid-19 outbreak as we expect EM currencies to continue taking the hit in a risk-averse market not to mention that weaker domestic outlook is likely to prompt BNM to cut rate to combat virus-related slowdown.

USD

- The US dollar continued to lose momentum for a third consecutive day. **The DXY was down to 98.98** after a dip during US trading hours. In all, the dollar mostly weakened against the pound, yen and euro. This likely stemmed from risk aversion alongside equity indices, as Covid-19 cases in Europe and Middle East climbed.
- **We are neutral on the USD today.** We think that markets are now assessing the broader impact of the Covid-19 outbreak globally. This has extended to the US and Europe, from predominantly Asian countries previously. The 1-month outlook is bullish, reaffirmed by solid US fundamentals. Focus is now turning to Covid-19 virus spreads and casualty counts in other countries. Another concern is how the Covid-19 will dramatically weaken Q1 global GDP growth.

EUR

- **EUR registered a further 0.26% gain** against the USD overnight.
- **We are neutral on EUR/USD today** due to consolidation. 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 rose 0.63% against the USD** yesterday on further retreat in the greenback.
- **We are neutral on GBP/USD today** as markets await Brexit updates. We are bearish on a 1-month basis as Brexit negotiations may pose some concerns down the road.

JPY

- **JPY strengthened 0.47% against the USD**, after reaching intraday sub-110 low.
- **We are bearish on USD/JPY today** from some flight to safety positioning. 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 stayed roughly flat** (down 0.02%) closing Tuesday at 0.6604.
- **We are neutral on AUD/USD today**, as markets wait for cues on March RBA meeting. We are bearish on a 1-month basis as the AUD remains weighed down by the impact of the domestic bushfires and on RBA easing expectations.

SGD

- **SGD slightly gained 0.07% against the USD** on Tuesday as USD strength faded.
- **We are neutral on USD/SGD today**, as we anticipate some consolidation in USD direction. Industrial production data unlikely to shape movements. 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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