

Global Markets Research

Daily Market Highlights

Key Takeaways

- Stocks resumed falling worldwide on the rapid spread of Covid-19. The number of new infection cases now come mostly outside of China** (870 vs 406 from Mainland China) according to the WHO; Outside of China, there are now more than 3,000 cases across 38 countries which include 43 deaths as of Wednesday morning. Germany said that it was already impossible to trace all infections. The Dow Jones (-0.5%) and S&P 500 (-0.4%) fell for the fifth back-to-back session despite higher openings. **European markets generally closed lower** save for France and the UK; **Asian markets sold off. Investors continued to seek shelter at safe havens** leading treasuries yields to fall 2-4bps- 10Y UST yields slid further to 1.339%. Meanwhile gold prices stabilized, adding 0.4% to \$1,640.96/ounce after previous session's fall. Dollar regained footing, strengthening against nearly all major currencies. Crude oils extended losses of more than 2% where Brent crude last traded on Wednesday at \$53.43/barrel. **Just out, BOK surprisingly held rate steady at 1.25% at its policy meeting.**
- On the data front, **US new home sales surged by nearly 8%** to an annualized pace of 764k in Jan, its strongest rate since Jul-07, benefitting from significant fall in borrowing cost from Dec to Jan. **Hong Kong GDP contracted 1.2% in 2019**, its first decline since 2009 during the global financial crisis. **The government yesterday announced a stimulus package worth Hk\$120b to combat virus-related slowdown. Singapore industrial production surprisingly gained 3.4% YOY in Jan**, mainly due to the jump in the volatile biomedical output. **New Zealand trade balance swung to a deficit** of NZD340m in Jan as exports plunged last month. The ANZ Business Confidence Index slipped by 6pts on renewed concerns over Covid-19 outbreak.
- The USD gained against major G10 currencies** on Wednesday, with the DXY closing at 98.996. Notably, the GBP and AUD weakened significantly against the USD. The US government and markets are now bracing for the impact on the Covid-19 outbreak on the US economy. **We are neutral on the USD today**, mainly only seeing some weakness against JPY. The 1-month outlook is bullish, reaffirmed by continued US outperformance against other G10 economies.
- USDMYR snapped winning streak, retreating from multi year high of 4.2435 to close 0.2% lower at 4.2255** on Wednesday as interim PM Mahathir delivered a televised speech late afternoon and assured (in a tweet) that the stimulus package to combat Covid-19v-related slowdown would be announced today. **We are neutral to slightly bullish on USDMYR** for now, as some semblance of calm returned to the market amid political clarity. Pair likely consolidates around 4.2175-4.2300 in anticipation of today 4pm stimulus package announcement but deepening virus concerns worldwide still poses an immediate downside risk to MYR. The 4.25 resistance, last broken in Q317 remains strong in our view and the severely oversold MYR would send the pair back to around 4.2000 in the short term should favourable headlines emerge to offer markets political certainty.

Overnight Economic Data

US	↑
Hong Kong	↓
Singapore	↑
New Zealand	↓

What's Coming Up Next

Major Data

- US GDP, Durable Goods Orders, Initial Jobless Claims, Pending Home Sales
- Eurozone Economic Sentiment

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0700	1.0770	1.0904	1.0950	1.1032	➔
GBPUSD	1.2769	1.2850	1.2914	1.3132	1.3200	➔
USDJPY	109.62	110.00	110.23	112.40	113.00	⬇
AUDUSD	0.6450	0.6500	0.6548	0.6588	0.6655	➔
EURGBP	0.8106	0.8201	0.8444	0.8521	0.8640	➔
USDSGD	1.3900	1.3942	1.3976	1.4083	1.4100	➔
USDMYR	4.2000	4.2175	4.2245	4.2300	4.2400	➔
EURMYR	4.5760	4.5917	4.6058	4.6150	4.6230	➔
JPYMYR	3.8000	3.8228	3.8263	3.8406	3.8500	➔
GBPMYR	5.4092	5.4393	5.4521	5.4716	5.5000	⬇
SGDMYR	3.0150	3.0180	3.0230	3.0280	3.0340	➔
AUDMYR	2.7500	2.7600	2.7667	2.7710	2.7785	⬇
NZDMYR	2.6406	2.6494	2.6560	2.6604	2.6660	⬇

* 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	1,495.19	-0.38	-5.89	CRB Index	166.28	-1.31	-10.50
Dow Jones Ind.	26,957.59	-0.46	-5.54	WTI oil (\$/bbl)	48.73	-2.34	-20.19
S&P 500	3,116.39	-0.38	-3.54	Brent oil (\$/bbl)	53.43	-2.77	-19.05
FTSE 100	7,042.47	0.35	-6.63	Gold (S/oz)	1,640.96	0.36	8.21
Shanghai	2,987.93	-0.83	-2.04	CPO (RM/tonne)	2,545.00	-3.89	-15.88
Hang Seng	26,696.49	-0.73	-5.30	Copper (\$/tonne)	5,685.00	-0.07	-7.92
STI	3,117.52	-1.29	-3.27	Rubber (sen/kg)	466.50	0.21	3.09

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	Feb-21	1.5%	-6.4%	--
US New Home Sales MoM	Jan	7.9%	2.3% (revised)	3.5%
HK GDP YoY	4Q F	-2.9%	(-2.8%	-2.9%
SG Industrial Production YoY	Jan	+3.4%	-3.7% (revised)	-5.8%
NZ Trade Balance NZD	Jan	-340m	384m (revised)	-549m
NZ Exports NZD	Jan	4.73b	5.50b (revised)	4.47b
NZ ANZ Business Confidence	Feb	-19.4	-13.2	--

Source: Bloomberg

- US new home sales surged to highest since Jul-2007:** New home sales staged a major comeback, surging by 7.9% MOM in January (Dec: +2.3% revised) following an upwardly revised 2.3% gain to an annualized pace of 764k (Dec: 708k). This marks its strongest pace since mid-2007 as the currently low interest rates environment makes it conducive for buyers to enter the market following the significant fall in US treasuries yields from December to January. The separately released MBA mortgage applications also rose 1.5% last week (previous: -6.4%), aided by a weekly drop in borrowing cost.
- Hong Kong GDP contracted 1.2% in 2019:** Hong Kong real GDP fell by 2.9% YOY in 4Q19 (3Q: -2.8%), bringing the full-year 2019 contraction to 1.2% (2018: +2.9%), its first recession since the Global Financial Crisis (GFC) in 2009. This reflects falling personal consumption, business investment and exports, in a year plagued by domestic unrests, weak international trade and nascent Covid-19 at year-end. Financial Secretary Paul Chan yesterday announced a HK\$120billion worth of stimulus package to combat the current downturn but outlook nonetheless remains weak in our view on the back of deteriorating consumer and business sentiment, not to mention the spillover effect of the expected slowdown in neighbouring China.
- Singapore's industrial production surprisingly grew in January:** Industrial production grew 3.4% YOY in January (Dec: -3.7% revised) after a downwardly revised 3.7% fall in December. Growth was supported by biomedical (+41% YOY), in particular pharmaceuticals (59%). While the fall in electronics (-7.2% YOY) and chemicals (-5.5%) showed the impact from dampened demand and from public holidays. As biomedical/pharmaceutical production is usually volatile, the outlook ahead remains relatively pessimistic. This is due to disruptions from the supply chains partly from the Covid-19 outbreak.
- New Zealand posted Jan trade deficit as exports plunged:** New Zealand trade balance swung to a deficit of NZD340m in January (Dec: 384m revised) thanks to a large MOM drop in exports (-14.1% vs +5.5%) to NZD4.73b (Dec: 5.5b) while imports recorded only a 1.0% MOM decline (Dec: -14.7%). Exports to China dropped by a dramatic 32.1% MOM, reflecting seasonal effect while shipment to neighbouring Australia also slip by 18.8% MOM. YOY, exports growth was stronger at 8.8% (Dec: +4.1%) but imports contracted further by 4.0% (Dec: -3.0%).
- Lower business confidence in New Zealand after virus outbreak:** The ANZ Business Confidence Index dropped to -19.4 in February (Dec: -13.2), after a substantial recovery in year-end, reflecting businesses' renewed concerns over the potential economic impact brought about by the Covid-19. Outbreak. The activity outlook gauge fell to 12 (Dec: 17.2) with expected profitability, investment and employment intentions all recorded lower prints. So far, there is no infection case reported in New Zealand but the country's tourism sector is expected to take the hit from falling visitors (especially from China). China is one of its key trading partners hence the external trade sector is particularly prone to a slowdown in demand from the Mainland. (Note that index for January is not published every year.)

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	--	1.5%	-6.4%	--
	23:00		New Home Sales MoM	Jan	3.5%	7.9%	-0.4%	2.3%
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%	-3.3%	--
29/02	09:00	China	Manufacturing PMI	Feb	45.1	--	50.0	--
	09:00		Non-manufacturing PMI	Feb	51.0	--	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%	3.4%	-0.7%	-3.7%
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	-340m	547m	384m
	05:45		Exports NZD	Jan	4.47b	4.73b	5.54b	5.50b
	08:00		ANZ Business Confidence	Feb	--	-19.4	-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	1.0881	-0.01	1.0909	1.0855	-2.96
GBPUSD	1.2905	-0.77	1.3010	1.2896	-2.67
USDJPY	110.43	0.21	110.70	110.13	1.66
AUDUSD	0.6544	-0.91	0.6607	0.6543	-6.74
EURGBP	0.8434	0.79	0.8442	0.8356	-0.31
USDSGD	1.3977	-0.08	1.4008	1.3967	3.86
USDMYR	4.2255	-0.20	4.2435	4.2175	3.29
EURMYR	4.6012	0.16	4.6137	4.5917	0.30
JPYMYR	3.8326	0.09	3.8514	3.8228	1.71
GBPMYR	5.4822	-0.20	5.5189	5.4716	1.95
SGDMYR	3.0242	-0.14	3.0336	3.0180	-0.55
AUDMYR	2.7782	-0.69	2.8015	2.7729	-3.12
NZDMYR	2.6678	-0.60	2.6800	2.6611	-3.08
CHFMYR	4.3392	0.22	4.3496	4.3294	2.64
CNYMYR	0.6021	-0.22	0.6044	0.6010	2.41
HKDMYR	0.5422	-0.22	0.5446	0.5412	3.16

Source: Bloomberg

Forex

MYR

- **USDMYR snapped winning streak, retreating from multi year high of 4.2435 to close 0.2% lower at 4.2255** on Wednesday as interim PM Mahathir delivered a televised speech late afternoon and assured (in a tweet) that the stimulus package to combat Covid-19v-related slowdown would be announced today.
- **We are neutral to slightly bullish on USDMYR** for now, as some semblance of calm returned to the market amid political clarity. Pair likely consolidates around 4.2175-4.2300 in anticipation of today 4pm stimulus package announcement but deepening virus concerns worldwide still poses an immediate downside risk to MYR. The 4.25 resistance, last broken in Q317 remains strong in our view and the severely oversold MYR would send the pair back to around 4.2000 in the short term should favourable headlines emerge to offer markets political certainty. 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.

USD

- **The USD gained against major G10 currencies** on Wednesday, with the DXY closing at 98.996. Notably, the GBP and AUD weakened significantly against the USD. The US government and markets are now bracing for the impact on the Covid-19 outbreak on the US economy. President Trump has appointed Mike Pence in charge of the coronavirus response, while Yellen has said that the outbreak could throw the US economy into recession.
- **We are neutral on the USD today**, mainly only seeing some weakness against JPY. The 1-month outlook is bullish, reaffirmed by continued US outperformance against other G10 economies.

EUR

- **EUR was stable**, down 0.01% against the USD overnight.
- **We stay 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 weakened 0.77% against the USD** on Wednesday, the largest 1-day decline since 3 February.
- **We are neutral on GBP/USD today** but cautious on further dips towards 20 February low of 1.2849. We are bearish on a 1-month basis as Brexit negotiations may pose some concerns down the road.

JPY

- **JPY** was mostly consolidative but overall **weakened 0.21% against the USD**.
- **We are bearish on USD/JPY today** from positioning towards flight-to-safety. 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 plummeted once more**, reaching lows and **down 0.91% against the USD**, brought about by some risk aversion as Covid-19 spread to South America.
- **We are neutral on AUD/USD today**, as markets consolidate and 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 expectations.

SGD

- **SGD steadied against the USD**, slightly gaining 0.08% on Wednesday.
- **We are neutral on USD/SGD today**, as we anticipate some consolidation in USD direction. 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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