

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global equities rout amid heightened global risks from Coronavirus pandemic:** Major stock indices plunged overnight as investors scurried for safety and dumped risk assets amid growing concerns over the manifestation of the Wuhan Coronavirus both in terms of the numbers of death toll/ cases of infection, as well as geographical dispersion. **US equities were down between 1.6-1.9% overnight with the Dow erasing all gains this year** while European indices lost over 2.0%, just shy of the 3.0% losses seen in some Asian bourses, which were not closed for the Lunar New Year holidays. **Gold prices rallied to a near 7-year high at \$1582/oz on refuge demand** while the JPY advanced 0.35% against the USD at 108.90, back below the 108 handle for the first time in three weeks. **The greenback continued to gain grounds as well on haven demand. Global crude oil prices plummeted as well as the spreading of the Coronavirus raised economic worries.** Brent lost 2.3% to \$59.32/ barrel, below the \$60/ barrel benchmark for the first time in two months while the WTI last settled at \$53.14/ barrel, down 1.9% on the day. **Growing concern over impact of a full-blown virus pandemic could have on the world economy would mean Asian stocks will come under selling pressure as markets reopen after the Lunar New Year festive holiday today.**
- **Economic releases were scanty and only limited to those from the US.** New home sales disappointed with another month of decline which raised doubts on the sustainability of the improvement in the housing market. Dallas Fed painted a less gruesome manufacturing outlook although it mired in negative territory for the 4th straight month.
- The greenback continued to gain grounds against its major peers on haven demand, with **the Dollar Index notching another 0.11% gain to 97.96. The dollar remains bullish in our view**, driven by demand for safety as concerns over the Coronavirus continue escalating as more cases unfold. This is expected to overshadow durable goods orders and consumer confidence data due for release today. **Medium term dollar outlook remains bullish in our view**, reaffirmed by still relatively positive US data, as well as ongoing market jitters that shall keep the USD bidish.
- **MYR closed 0.28% firmer against the USD at 4.0580** on Friday amid a softer greenback in Asian session. **We expect USDMYR to trade on a bullish bias today** amid risk-off sentiments in the markets. The pair looks set to bounce back up to 4.08-4.09. **MYR medium term outlook is still bearish**, expecting the USD to be well supported by solid data in 1Q20.
- **SGD closed 0.50% weaker against the USD at 1.3577** in tandem with weaker performance seen in regional peers. **SGD daily outlook is bearish** as the building of risk aversion is expected to lead the pair towards 1.3600 again. **Medium term outlook in bearish** on a firmer USD outlook.

Overnight Economic Data

US



What's Coming Up Next

Major Data

- US Durable Goods Orders, S&P CoreLogic CS 20-City, Conf. Board Expectations, Richmond Fed Manufact. Index
- Australia NAB Business Confidence Index

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0987	1.1006	1.1018	1.1030	1.1054	➔
GBPUSD	1.2950	1.3000	1.3057	1.3080	1.3100	➔
USDJPY	108.21	108.77	108.94	109.28	109.45	⬇
AUDUSD	0.6706	0.6723	0.6753	0.6786	0.6804	⬇
EURGBP	0.8390	0.8411	0.8438	0.8450	0.8463	➔
USDMYR	4.0751	4.0810	4.0815	4.0900	4.1000	↗
EURMYR	4.4942	4.4966	4.4972	4.5092	4.5154	↗
JPYMYR	3.7221	3.7365	3.7469	3.7626	3.7729	↗
GBPMYR	5.3000	5.3171	5.3295	5.3480	5.3653	↗
SGDMYR	3.0000	3.0037	3.0056	3.0081	3.0120	⬇
AUDMYR	2.7484	2.7500	2.7556	2.7791	2.7831	⬇
NZDMYR	2.6585	2.6668	2.6682	2.6775	2.6828	⬇
USDSGD	1.3535	1.3558	1.3580	1.3595	1.3509	↗
EURSGD	1.4920	1.4930	1.4962	1.4980	1.5000	➔
GBPSGD	1.7623	1.7665	1.7730	1.7746	1.7777	➔
AUDSGD	0.9068	0.9155	0.9172	0.9208	0.9223	➔

* 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*	1,572.81	-0.10	-1.00	CRB Index	173.18	-1.47	-6.79
Dow Jones Ind.	28,535.80	-1.57	-0.01	WTI oil (\$/bbl)	53.14	-1.94	-12.97
S&P 500	3,243.63	-1.57	0.40	Brent oil (\$/bbl)	59.32	-2.26	-10.12
FTSE 100	7,412.05	-2.29	-1.73	Gold (\$/oz)	1,582.06	0.67	4.20
Shanghai*	2,976.53	-2.75	-2.11	CPO (RM/tonne)	2,991.50	0.37	-1.12
Hang Seng*	27,949.64	0.15	-0.85	Copper (\$/tonne)	5,926.00	-1.02	-4.02
STI*	3,240.02	0.17	0.53	Rubber (sen/kg)	459.00	-0.97	1.44

Source: Bloomberg

* Last closing as at 24 January 2020

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US New Home Sales MOM	Dec	-0.4%	-1.1% (revised)	1.5%
US Dallas Fed Manufacturing Index	Jan	-0.2	-3.2	-2.0

Source: Bloomberg

- US new home sales surprisingly fell:** New home sales in the US registered a surprised decline of 0.4% MOM to 694k units in December, its lowest in five months, while November's gain was revised to a 1.1% MOM decline. The decline was dragged by lower sales in the Northeast and South region, which offset higher sales in the Midwest and West. This marked a three-month losing streak signaling odds of a cooling housing market. Median house prices however registered positive gains for the 2nd straight month, albeit at a slower pace.
- US Dallas Fed manufacturing contracted for the fourth straight month:** Dallas Fed manufacturing outlook remained negative for the 4th straight month in January but the smaller negative print at -0.2 vs -3.2 a month ago suggested less pessimism lifted by improvement seen in company outlook, production, capacity utilization and new orders.

Economic Calendar							
Date	Time	Country	Event	Reporting Period	Survey	Prior	Revised
27/01	23:00	US	New Home Sales MoM	Dec	1.5%	1.3%	-1.1%
	23:30		Dallas Fed Manf. Activity	Jan	-2.0	-3.2	--
28/01	21:30		Durable Goods Orders	Dec P	0.4%	-2.1%	--
	22:00		S&P CoreLogic CS 20-City YoY	Nov	2.40%	2.23%	--
	23:00		Conf. Board Con Confidence	Jan	128.0	126.5	--
	23:00		Richmond Fed Manufact. Index	Jan	-3	-5	--
29/01	20:00		MBA Mortgage Applications	Jan-24	--	-1.2%	--
	21:30		Advance Goods Trade Balance	Dec	-\$65.0b	-\$63.2b	--
	21:30		Wholesale Inventories MoM	Dec P	0.1%	-0.1%	--
	23:00		Pending Home Sales MoM	Dec	0.5%	1.2%	--
30/01	3:00		FOMC Rate Decision	Jan-29	1.5-1.75%	1.5-1.75%	--
	21:30		GDP Annualized QoQ	4Q A	2.1%	2.1%	--
	21:30		Initial Jobless Claims	Jan-25	215k	211k	--
31/01	21:30		Personal Income	Dec	0.3%	0.5%	--
	21:30		Personal Spending	Dec	0.3%	0.4%	--
	21:30		PCE Core Deflator YoY	Dec	1.6%	1.6%	--
	23:00		U. of Mich. Sentiment	Jan F	99.1	99.1	--
30/01	18:00	Eurozone	Economic Confidence	Jan	101.8	101.5	--
	18:00		Consumer Confidence	Jan F	--	-8.1	--
	18:00		Unemployment Rate	Dec	7.5%	7.5%	--
31/01	18:00		GDP SA QoQ	4Q A	0.2%	0.2%	--
	18:00		CPI Estimate YoY	Jan	1.4%	1.3%	--
	18:00		CPI Core YoY	Jan P	1.2%	1.3%	--
28/01-03/02	NA	UK	Nationwide House Px NSA YoY	Jan	1.5%	1.4%	--
30/01	20:00		Bank of England Bank Rate	Jan-30	0.75%	0.75%	--
31/01	8:01		GfK Consumer Confidence	Jan	-9	-11	--
31/01	7:30	Japan	Jobless Rate	Dec	2.3%	2.2%	--
	7:50		Retail Sales YoY	Dec	1.0%	-2.1%	--
	7:50		Industrial Production YoY	Dec P	-0.7%	-1.0%	--
31/01	9:00	China	Manufacturing PMI	Jan	50.0	50.2	--
	9:00		Non-manufacturing PMI	Jan	53.0	53.5	--
30/01	16:30	Hong Kong	Exports YoY	Dec	2.7%	-1.4%	--
28/01	8:30	Australia	NAB Business Conditions	Dec	--	4	--
	8:30		NAB Business Confidence	Dec	--	0	--
29/01	8:00		Westpac Leading Index MoM	Dec	--	-0.09%	--
	8:30		CPI YoY	4Q	1.7%	1.7%	--
30/01	5:45	New Zealand	Trade Balance NZD	Dec	100m	-753m	--
31/01	5:00		ANZ Consumer Confidence Index	Jan	--	123.3	--
29/01	NA	Vietnam	CPI YoY	Jan	5.50%	5.23%	--
	NA		Exports YoY	Jan	10.3%	10.1%	--
	NA		Industrial Production YoY	Jan	--	6.2%	--
	NA		Retail Sales YTD YoY	Jan	--	11.8%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1019	-0.05	1.1038	1.1010	-1.73
GBPUSD	1.3057	-0.12	1.3105	1.3040	-1.50
USDJPY	108.90	-0.35	109.14	108.73	0.29
AUDUSD	0.6761	-1.04	0.6827	0.6752	-3.69
EURGBP	0.8438	0.12	0.8449	0.8409	-0.24
USDMYR	4.0580	-0.28	4.0815	4.0625	-0.81
EURMYR	4.4787	-0.72	4.5008	4.4778	-2.37
JPYMYR	3.7048	-0.28	3.7194	3.7029	-1.68
GBPMYR	5.3363	-0.11	5.3414	5.3286	-0.76
SGDMYR	3.0082	-0.26	3.0147	3.0069	-1.09
AUDMYR	2.7836	-0.42	2.7891	2.7792	-2.93
NZDMYR	2.6918	0.34	2.6948	2.6868	-2.21
CHFMYR	4.1876	-0.30	4.1992	4.1860	-0.95
CNYMYR	0.5873	-0.33	0.5887	0.5870	-0.12
HKDMYR	0.5225	-0.21	0.5238	0.5222	-0.59
USDSGD	1.3577	0.50	1.3583	1.3522	0.88
EURSGD	1.4960	0.44	1.4969	1.4893	-0.85
GBPSGD	1.7726	0.35	1.7775	1.7644	-0.63
AUDSGD	0.9179	-0.49	0.9228	0.9166	-2.79

Source: Bloomberg

Closing for MYR crosses as at 24 Jan; CNYMYR as at 23 Jan

MYR

- MYR closed **0.28% firmer** against the USD at **4.0580** on Friday amid a softer greenback in Asian session.
- **We expect USDMYR to trade on a bullish bias today** amid risk-off sentiments in the markets. The pair looks set to bounce back up to 4.08-4.09. **MYR medium term outlook is still bearish**, expecting the USD to be well supported by solid data in 1Q20.

USD

- The greenback continued to gain grounds against its major peers on haven demand, with the **Dollar Index notching another 0.11% gain to 97.96** as at yesterday's close.
- **The dollar remains bullish in our view**, driven by demand for safety as concerns over the Coronavirus continue escalating as more cases unfold. This is expected to overshadow durable goods orders and consumer confidence data due for release today. **Medium term dollar outlook remains bullish in our view**, reaffirmed by still relatively positive US data, as well as ongoing market jitters that shall keep the USD bullish.

EUR

- **EUR finished weaker by 0.05% against the USD at 1.1019**, having traded within a tight range yesterday.
- **EURUSD is expected to trade sideways** within 1.1000-1.1025 today as markets continue to stay cautious and jittery. **Medium term outlook is still bearish** on weaker growth outlook even though the ECB appeared to show no urgency in changing its current monetary policy stance.

GBP

- **GBP weakened 0.12% against the USD to 1.3057** on the paring for demand for risk that supported gains in the USD.
- **GBP outlook is neutral today** likely rangetrading between 1.3040-1.3080 as upside is limited amidst a strong dollar environment. Markets are likely to remain watchful of this week's BOE meeting and 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 advanced 0.35% against the USD at 108.90**, back below the 108 handle for the first time in three weeks as risk aversion gained grounds.
- **USDJPY is bearish** in our view supported by ongoing demand for refuge and negative momentum indicator has picked up. **Medium term JPY outlook is also turning bearish** in our view as markets are expected to remain risk averse in the foreseeable future.

AUD

- **AUD** was the biggest loser among G10s as it **fell 1.04% against the USD to a 3-month low at 0.6761** amid risk-off in the markets as the development surrounding the Wuhan Coronavirus continued to deepen global risks.
- **AUD remains bearish** below 0.6800 in our view, although slightly oversold position could bounce it up again briefly before pushing it down again towards 0.6725-0.6730 levels. **Medium term outlook is bearish** on increasing prospect of an RBA rate cut in early February. NAB business conditions and confidence readings released this morning both turned softer, signaling a less sanguine growth outlook.

SGD

- **SGD closed 0.50% weaker against the USD at 1.3577** in tandem with weaker performance seen in regional peers.
- **SGD daily outlook is bearish** as the building of risk aversion is expected to lead the pair towards 1.3600 again. **Medium term outlook in bearish** on a firmer USD outlook.

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hibb.hongleong.com.my

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