

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- Deepening virus fear led US stocks to sell off for yet another day. **The Dow Jones Industrial Average posted its largest single-day point drop in history (-1191pts or -4.4%), slumped into correction territory alongside the S&P500 (-4.4%) while tech-heavy NASDAQ tumbled 4.6%.** The CDC confirmed the first US Covid-19 case with no travelling history, raising the risk of a community spread. The outbreak has begun to take the form of a global pandemic with around 3500 cases and 54 deaths confirmed across 44 countries according to Reuters. Elsewhere, European main indexes plummeted by more than 3% to deep reds; Asian markets finished on a mixed note. **Markets bid up safe havens leading bond yields to fall worldwide;** Treasuries yields plummeted by 7-10bps along the curve where benchmark 10UST yield was seen plunging to an all-time low of 1.26%. CHF and JPY strengthened tremendously while gold price continued to climb 0.3% to seven-year high. Crude oils collapsed by more than 3%. On the local front, interim Prime Minister Tun Mahathir announced a RM20b stimulus package to combat Covid-19 related economic fallout.
- US data were mixed in general; **4Q annualized GDP growth was unrevised at 2.1% QOQ,** Durable goods orders were little changed thanks to a big jump in civilian aircrafts, core capital orders and shipments both recorded sharper gains. Initial jobless claims rose 8k to 219k last week while pending home sales picked up 5.2% MOM. Economic sentiment lifted in the Eurozone, boosted by consumer confidence; UK GfK Consumer Confidence recorded its best reading in more than 1.5 years. New Zealand ANZ consumer confidence looks to be solid for now. **Japan data turned out to be weaker** with jobless rate rising to 3-month high of 2.4% alongside a small recovery in MOM industrial output. Retail sales saw a modest rise of 0.6% MOM.
- **The USD saw a fifth consecutive day of weakness on Thursday.** DXY is now down to 98.505 from the peak of 99.910 on 20 February. This comes as long US stock positions unwound. The EUR and JPY all saw significant gains against the greenback even as GBP faltered. **We are bearish on the USD today.** We are bullish on the 1-month outlook, but is starting to reassess if the recent sell-off is gaining momentum. In our view, near-term USD strength is likely reaffirmed by continued US outperformance against other G10 economies.
- **USDMYR retreated from the severely overbought RSI level, closing 0.34% lower at 4.2110 on Thursday.** MYR had strengthened ahead of the stimulus announcement. **We are bearish on USDMYR today,** mainly on overnight USD weakness, a fall back to 4.2000 level is thus possible today. That said, ongoing political uncertainty remains key market influence in our view, overshadowing development on the economic front, We continue to expect EM currencies to take the hit in the short term as Covid-19 outbreak is developing into a global pandemic. However the emergence of favourable headlines on the domestic front could offer market some political certainty, and keep MYR supported.

#### Overnight Economic Data

US	→
Eurozone	↑
UK	↑
Japan	↓
New Zealand	↓

#### What's Coming Up Next

##### Major Data

- US Advanced Goods Trade Balance, Wholesale Inventories, Personal Outlay Report, MNI Chicago
- UK Nationwide House Price Index

##### Major Events

- Nil

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

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0850	1.0914	1.1000	1.1046	1.1096	→
GBPUSD	1.2769	1.2850	1.2892	1.3132	1.3200	↘
USDJPY	108.32	109.00	109.50	110.50	112.23	↘
AUDUSD	0.6450	0.6500	0.6581	0.6600	0.6655	→
EURGBP	0.8220	0.8311	0.8532	0.8596	0.8690	↗
USDSGD	1.3850	1.3900	1.3946	1.4000	1.4083	↘
USDMYR	4.1900	4.2000	4.2087	4.2200	4.2300	↘
EURMYR	4.6000	4.6137	4.6290	4.6375	4.6500	↗
JPYMYR	3.8230	3.8355	3.8441	3.8514	3.8576	↗
GBPMYR	5.4000	5.4128	5.4284	5.4393	5.4650	→
SGDMYR	3.0100	3.0150	3.0180	3.0235	3.0280	→
AUDMYR	2.7500	2.7600	2.7676	2.7710	2.7785	→
NZDMYR	2.6406	2.6494	2.6519	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	1,505.59	0.70	-5.23	CRB Index	163.12	-1.90	-12.20
Dow Jones Ind.	25,766.64	-4.42	-9.73	WTI oil (\$/bbl)	47.09	-3.37	-22.88
S&P 500	2,978.76	-4.42	-7.80	Brent oil (\$/bbl)	51.36	-3.87	-22.18
FTSE 100	6,796.40	-3.49	-9.89	Gold (\$/oz)	1,645.01	0.25	8.24
Shanghai	2,991.33	0.11	-1.93	CPO (RM/tonne)	2,509.50	-1.39	-17.06
Hang Seng	26,778.62	0.31	-5.03	Copper (\$/tonne)	5,670.00	-0.26	-8.16
STI	3,111.70	-0.19	-3.45	Rubber (sen/kg)	463.50	0.00	2.43

Source: Bloomberg

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US GDP Annualized QoQ	4Q S	2.1%	2.1%	2.1%
US Durable Goods Orders	Jan P	-0.2%	2.9% (revised)	-1.5%
US Cap Goods Orders Nondef Ex Air	Jan P	1.1%	-0.5% (revised)	0.1%
US Initial Jobless Claims	Feb-22	219k	211k (revised)	212k
US Pending Home Sales MoM	Jan	5.2%	-4.3% (revised)	3.0%
US Kansas City Fed Index	Feb	5.0	-1.0	-1.0
EU Economic Confidence	Feb	103.5	102.6 (revised)	102.8
EU Consumer Confidence	Feb F	-6.6	-8.1	--
UK GfK Consumer Confidence	Feb	07.0	-9.0	-8.0
JP Jobless Rate	Jan	2.4%	2.2%	2.2%
JP Job-To-Applicant Ratio	Jan	1.49	1.57	1.57
JP Retail Sales YoY	Jan	-0.4%	-2.6%	-1.3%
JP Industrial Production YoY	Jan P	-2.5%	-3.1%	-3.1%
NZ ANZ Consumer Confidence Index	Feb	122.1	122.7	--

Source: Bloomberg

- Malaysia announced RM20b economic stimulus package to combat virus-related fallout:** Interim PM Tun Mahathir unveiled an economic stimulus package yesterday to combat economic fallout from the Covid-19 outbreak. The stimulus package of RM20bn represents about 1.2% of GDP, slightly above our expectation of RM16bn, and is understandably higher than RM8.1bn (-2% of GDP) instituted to combat SARS back in 2003. These measures will provide the much needed relieves to businesses while the choice to reduce monthly EPF contribution and cash handouts are also expected to help underpin consumer spending. We maintain 2020 real GDP growth forecast of 4.0% for now but nonetheless foresee downside risks to this forecast should Covid-19 related economic fall-out deepen. This is within the newly projected range of 3.2-4.2% range announced by Mahathir (MOF had expected 2020 growth to be 4.8% during the budget announcement last year). The stimulus package is also expected to slightly increase fiscal deficit from the original target of 3.2% of GDP to 3.4%. We continue to see the case for further policy easing by BNM in 1H2020 after the preemptive 25bps OPR cut in January.
- US 4Q GDP growth unrevised:** US 4Q GDP growth was unrevised at an annualised rate of 2.1% QOQ according to the BEA's second estimate (3Q: +2.1%). The print matched consensus estimate and was similar to 3Q's reading, putting the US economy in a solid state. However, growth in private consumption expenditure (PCE), a gauge of consumer spending which made up about two third of the US economy was revised down from 1.8% to 1.7%. For the full year of 2019, US real GDP growth moderated to 2.3% compared to 2.9% recorded in 2018, reflecting slower gain in nonresidential fixed investment and PCE, which were partly offset by accelerations in government spending and smaller rise in imports. On a separate note, initial jobless claims rose by 8k to 219k last week (previous: 211k revised); the 4-week average stood at 209.75k (previous: 209.25k).
- Durable goods orders little changed in Jan as civilian aircrafts jumped:** Durable goods orders slipped a mere 0.2% MOM in January (Dec: +2.9% revised) following an upwardly revised growth. The solid headline reading beat consensus estimate of a 1.4% drop, mainly reflecting the nearly 350% jump in the volatile civilian aircrafts category. Excluding transportation, orders rose 0.9% MOM (Dec: +0.1%). Notably, orders of the nondefense capital goods excluding aircrafts, a key gauge of business spending saw a surprise pick-up of 1.1% MOM (Dec: -0.5%). Shipment of such goods (part of GDP calculation) also gained 1.1% MOM (Dec: -0.1%), offering tentative signs that investment is rebounding in 1Q. On a separate note, the Kansas City Fed Manufacturing Index beat expectation at 5.0 in February (Jan: -1), in line with the rebound/higher readings of other regional manufacturing gauges.
- Pending home sales point to existing home sales rebound:** US pending home sales rebounded to increase 5.2% MOM in January (Dec: -4.3% revised), beating consensus estimate of a 3.0% growth. The index measured the number of contracts signed to buy existing single-family homes, pointing to a rebound in existing home sales in February.
- Better economic sentiment in Eurozone:** The European Commission Economic Sentiment Indicator rose slightly to 103.5 in February (Jan: 102.6), boosted by the 1.5pts rise in consumer confidence (-6.6 vs -8.1) and partly by industrial confidence. EC said that household's expectations of general economic situation turned "much brighter" this month, but we caution that sentiment could take a u-turn soon in response to the rapid spread of Covid-19 especially in Italy and Germany that is putting the borderless bloc at risk.

- **Weak Japan data:** Japan jobless rate surprisingly rose to three-month high of 2.4% in January (Dec: 2.2%) back to October's level during which the country's economic activity was severely disrupted by an early-month typhoon, reflecting weakness in the job market prior to Covid-19 outbreak. The job-to-applicant ratio dropped significantly to 1.49 (Dec: 1.57) as authority's new reporting standards (employers to provide more info) may have discouraged job listing. Total job offers slipped 3.9% MOM of which new job offers was seen declining by nearly 16%. The weaker job data were concurrent with the continuously weak industrial production number that has barely recovered (+0.8% MOM vs +1.2% MOM) from the downturn in Oct-Nov. YOY, industrial production nonetheless fell by a smaller margin of 2.5% (Dec: -3.1%). On a brighter note, retail sales managed to pick up a modest 0.6% MOM (Dec: +0.2%) that left the YOY contraction much smaller at -0.4% (Dec: -2.6%).
- **Improved UK consumer confidence:** The GfK Consumer Confidence Index picked up 2pts to -7 in February (Jan: -9), its best reading in more than 1.5 years, again reflecting consumer's improved expectation of economic outlook in the absence of Brexit uncertainties after the country formally withdrew from the EU in late January.
- **New Zealand consumer confidence remains solid:** The ANZ Consumer Confidence Index slipped a little for the second month to 122.1 in February (Jan: 122.7), but nonetheless still a solid print. This reflects lower current condition gauge and better future conditions index. ANZ said that consumers are feeling good for now but warned that emerging global risks could weigh in coming months on Covid-19 concerns.

**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
26/02	23:00		Richmond Fed Manufact. Index	Feb	10.0	-2	20.0	--
	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%	2.1%	--
	21:30		Durable Goods Orders	Jan P	-1.5%	-0.2%	2.4%	2.9%
	21:30		Cap Goods Orders Nondef Ex Air	Jan P	0.1%	1.1%	-0.8%	-0.5%
	21:30		Initial Jobless Claims	Feb-22	212k	219k	210k	211k
	23:00		Pending Home Sales MoM	Jan	3.0%	5.2%	-4.9%	-4.3%
28/02	00:00		<b>Kansas City Fed Manf. Activity</b>	<b>Feb</b>	<b>-1.0</b>	<b>-5.0</b>	<b>-1.0</b>	<b>--</b>
	21:30		<b>Advance Goods Trade Balance</b>	<b>Jan</b>	<b>-\$68.5b</b>	<b>--</b>	<b>-\$68.3b</b>	<b>--</b>
	21:30		<b>Wholesale Inventories MoM</b>	<b>Jan P</b>	<b>0.1%</b>	<b>--</b>	<b>-0.2%</b>	<b>--</b>
	21:30		<b>Personal Income</b>	<b>Jan</b>	<b>0.4%</b>	<b>--</b>	<b>0.2%</b>	<b>--</b>
	21:30		<b>Personal Spending</b>	<b>Jan</b>	<b>0.3%</b>	<b>--</b>	<b>0.3%</b>	<b>--</b>
	21:30		<b>PCE Core Deflator YoY</b>	<b>Jan</b>	<b>1.7%</b>	<b>--</b>	<b>1.6%</b>	<b>--</b>
	22:45		<b>MNI Chicago PMI</b>	<b>Feb</b>	<b>46.0</b>	<b>--</b>	<b>42.9</b>	<b>--</b>
	23:00		<b>U. of Mich. Sentiment</b>	<b>Feb F</b>	<b>100.7</b>	<b>--</b>	<b>100.9</b>	<b>--</b>
27/02	18:00	Eurozone	Economic Confidence	Feb	102.8	103.5	102.8	102.6
	18:00		Consumer Confidence	Feb F	--	-6.6	-8.1	--
28/02	08:01	UK	<b>GfK Consumer Confidence</b>	<b>Feb</b>	<b>-8.0</b>	<b>-7.0</b>	<b>-9.0</b>	<b>--</b>
	15:00		<b>Nationwide House Px NSA YoY</b>	<b>Feb</b>	<b>2.3%</b>	<b>--</b>	<b>1.9%</b>	<b>--</b>
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%	2.4%	2.2%	--
	07:30		Job-To-Applicant Ratio	Jan	1.57	1.49	1.57	--
	07:50		Retail Sales YoY	Jan	-1.3%	-0.4%	-2.6%	--
25/02	07:50	Hong Kong	Industrial Production YoY	Jan P	-3.1%	-2.5%	-3.1%	--
	16:30		Exports YoY	Jan	-3.7%	-22.7%	3.3%	--
	16:30		GDP YoY	4Q F	-2.9%	-2.9%	-3.3 %	--
29/02	09:00	China	<b>Manufacturing PMI</b>	<b>Feb</b>	<b>45.0</b>	<b>--</b>	<b>50.0</b>	<b>--</b>
	09:00		<b>Non-manufacturing PMI</b>	<b>Feb</b>	<b>51.0</b>	<b>--</b>	<b>54.1</b>	<b>--</b>
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
27/02	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	--	122.1	122.7
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	1.1001	1.10	1.1006	1.0878	-1.83
GBPUSD	1.2887	-0.14	1.2946	1.2860	-2.74
USDJPY	109.59	-0.76	110.46	109.57	0.88
AUDUSD	0.6569	0.38	0.6592	0.6544	-6.32
EURGBP	0.8537	1.22	0.8543	0.8430	0.88
USDSGD	1.3952	-0.18	1.3979	1.3938	3.66
USDMYR	4.2110	-0.34	4.2260	4.2015	2.93
EURMYR	4.6049	0.08	4.6094	4.5856	0.38
JPYMYR	3.8229	-0.25	3.8355	3.8128	1.45
GBPMYR	5.4373	-0.82	5.4575	5.4253	1.12
SGDMYR	3.0163	-0.26	3.0254	3.0097	-0.82
AUDMYR	2.7650	-0.48	2.7698	2.7555	-3.53
NZDMYR	2.6583	-0.36	2.6583	2.6450	-3.43
CHFMYR	4.3267	-0.29	4.3369	4.3131	2.34
CNYMYR	0.5995	-0.44	0.6020	0.5991	1.96
HKDMYR	0.5393	-0.53	0.5423	0.5389	2.61

Source: Bloomberg

## Forex

### MYR

- **USDMYR retreated from the severely overbought RSI level, closing 0.34% lower at 4.2110 on Thursday.** The ringgit had strengthened ahead of interim PM Tun Mahathir's stimulus announcement to combat covid-19 related slowdown.
- We are bearish on USDMYR today, mainly on overnight USD weakness, a fall back to 4.2000 level is thus possible today. That said, ongoing political uncertainty remains key market influence in our view, overshadowing development on the economic front, not to mention the strong USD in a market that is turning increasingly risk-off. We continue to expect EM currencies to take the hit in the short term especially when Covid-19 outbreak is developing into a global pandemic. However the emergence of favourable headlines on the domestic front could offer market some political certainty, and keep MYR supported. 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 saw a fifth consecutive day of weakness on Thursday.** DXY is now down to 98.505 from the peak of 99.910 on 20 February. This comes as long US stock positions unwound. The EUR and JPY all saw significant gains against the greenback even as GBP faltered.
- **We are bearish on the USD today.** We are bullish on the 1-month outlook, but is starting to reassess if the recent sell-off is gaining momentum. In our view, near-term USD strength is likely reaffirmed by continued US outperformance against other G10 economies.

### EUR

- EUR climbed against the USD overnight, **up 1.1% overall.**
- **We stay neutral on EURUSD today** due to consolidation. 1-month outlook is still bearish as the Eurozone economy continues to underperform and set expectations for ECB easing.

### GBP

- **GBP weakened 0.14% against the USD** on Thursday despite general dollar weakness.
- **We are bearish on GBPUSD today,** 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 gained 0.76%** against the greenback overnight, on risk aversion.
- **We are bearish on USDJPY today** on 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 rebounded after hitting the lows,** up 0.38% on Thursday.
- **We are neutral on AUDUSD 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 gained 0.18%** against the USD on Friday.
- **We are bearish on USDSGD** today, from some unwinding positions. 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.

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damansara

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

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