

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rose overnight as markets turned attentions away from Coronavirus-related development to this week's key corporate earnings.** The Dow Jones Industrial Average, S&P 500 and NASDAQ gained around 0.7-1.4%, led by the nearly 3% surge in Apple stocks ahead of the release of its 4Q earnings. **After the closing bells, the smartphone maker announced record breaking revenue of \$91.8bn (+9% YOY) that surpassed analysts' estimate,** driven by better-than-expected sales of its iPhone 11 and iPhone 11 Pro. Stocks were also supported by the jump in US consumer confidence to 5-month high this month. Treasuries yields picked up 3-6bps as investors sold bonds amidst a recovery in sentiment after the yield curve briefly inverted the day before. Gold price retraced gains to lose nearly 1% to \$1567/17/roy ounce. Crude oil rebounded slightly by 0.3-0.6% after falling for five consecutive sessions. **Safe haven currencies were major losers on the FX board, GBP slumped over renewed Brexit concerns and ahead of tomorrow's BOE decision. Markets focus on FOMC meeting today.**
- **US data were positive overnight.** The Conference Board Consumer Confidence Index jumped to a five-month-high in January, durable goods order rebounded in December and house prices picked up across the US according to the S&P CoreLogic CaseSchiller Index. Richmond Fed Manufacturing Index jumped by 25pts. Japan services PPI rose at a steady pace of 2.1% YOY in December but price pressure remained benign. **Australia headline CPI rose 1.8% YOY in 4Q, but still below RBA's target.** The NAB Business Confidence Index suggests a pullback in confidence whereas the Westpac Leading Index remained below trend.
- The greenback's performance was uneven across the board. Safe haven currencies were major losers – JPY and CHF slipped against the USD, whereas most of the majors regained footing against the greenback. **The Dollar Index managed to gain slightly to 98.02. The dollar is expected to be neutral today** as investors are sidelined ahead of FOMC decision and Jerome Powell's Press Conference although markets are expecting a hold.
- **MYR closed 0.68% weaker against the USD at 4.0855** as risk aversion returned amidst heightening fear of a potential Coronavirus global pandemic that led markets to pile into safe havens assets. **We expect USDMYR to give up some gains today** as MYR recovers alongside stronger off shore yuan after risk-off sentiment eased overnight. However the movement is likely to be limited with the trading around range of 4.0750 -4.0850 ahead of FOMC meeting today.
- **SGD closed little changed against the USD at 1.3578.** USDSGD is likely to continue trading around 1.3570-1.3580 ahead of FOMC meeting.

Overnight Economic Data

US	↑
Japan	→
Australia	→

What's Coming Up Next

Major Data

- US MBA mortgage applications, advance goods trade balance, wholesale inventories, pending home sales
- UK Nationwide house prices
- Vietnam CPI, exports, retail sales, industrial production

Major Events

- FOMC rate decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1000	1.1020	1.1025	1.1030	1.1050	→
GBPUSD	1.2950	1.3000	1.3027	1.3050	1.3068	→
USDJPY	108.80	109.00	109.15	109.30	109.50	→
AUDUSD	0.6737	0.6750	0.6770	0.6780	0.6800	↗
EURGBP	0.8410	0.8435	0.8463	0.8492	0.8529	→
USDMYR	4.0650	4.0700	4.0782	4.0850	4.0900	↘
EURMYR	4.4780	4.4900	4.4957	4.5110	4.5200	→
JPYMYR	3.7162	3.7300	3.7379	3.7478	3.7610	↘
GBPMYR	5.2800	5.3000	5.3115	5.3400	5.3700	→
SGDMYR	3.0000	3.0037	3.0050	3.0081	3.0120	→
AUDMYR	2.7500	2.7550	2.7610	2.7710	2.7780	↗
NZDMYR	2.6500	2.6600	2.6673	2.6775	2.6835	↘
USDSGD	1.3535	1.3558	1.3573	1.3595	1.3509	→
EURSGD	1.4920	1.4930	1.4962	1.4980	1.5000	→
GBPSGD	1.7623	1.7665	1.7678	1.7746	1.7777	→
AUDSGD	0.9068	0.9155	0.9189	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	1,551.64	↓1.35	↓2.34	CRB Index	173.80	↓0.36	↓6.45
Dow Jones Ind.	28,722.85	↑0.66	↑0.65	WTI oil (\$/bbl)	53.48	↑0.64	↓12.41
S&P 500	3,276.24	↑1.01	↑1.41	Brent oil (\$/bbl)	59.51	↑0.32	↓9.83
FTSE 100	7,480.69	↓0.93	↓0.82	Gold (\$/oz)	1,567.17	↓0.94	↑3.42
Shanghai*	2,976.53	↓2.75	↓2.41	CPO (RM/tonne)	2,984.00	↓0.25	↓1.37
Hang Seng*	27,949.64	↓0.15	↓0.85	Copper (\$/tonne)	5,743.00	↓3.09	↓6.98
STI	3,181.25	↓1.81	↓1.29	Rubber (sen/kg)	446.00	↓2.83	↓1.44

Source: Bloomberg

* Last closing as at 24 January 2020

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US durable goods orders	Dec P	2.4%	-2.1%	0.4%
US S&P CoreLogic 20-city house prices YOY	Nov	2.55%	2.2%	2.40%
US Conference Board Consumer Confidence	Jan	131.6	128.2 (revised)	128.0
US Richmond Fed manufacturing index	Jan	20	-5	-3
JP PPI services YOY	Dec	2.1%	2.1%	2.1%
AU Westpac leading index MOM	Dec	0.05%	-0.09%	--
AU NAB biz conditions	Dec	3	4	--
AU NAB biz confidence	Dec	-2	0	--
AU CPI YOY	4Q	1.8%	1.7%	1.7%
AU Trimmed Mean CPI YOY	4Q	1.6%	1.6%	1.5%

Source: Bloomberg

- US consumer confidence surged as new year began:** The Conference Board Consumer Confidence Index jumped to a five-month-high of 131.6 in January (Dec: 128.2 revised), driven by gain in both Expectations and Present Situation Index, in what appear to be a lagged positive response to the December US-China trade deal. The survey was carried out prior to the escalation of the Coronavirus outbreak that prompted concerns of a possible global pandemic.
- US durable goods rebounded in December; Boeing orders slipped:** Preliminary reading shows that orders of durable goods or goods that last at least three years rebounded to increase 2.4% MOM in December (Nov: -3.1%) mainly because of a surge in orders of defense aircrafts (+90.2%) that masked the fall in orders of Boeing aircrafts (non-defense orders slipped for the second month by 6.5% MOM). Core capital orders, a gauge of US capex meanwhile slipped 0.9% MOM (Nov: +0.1%) suggesting that firms continued to scale back on investment at the end of 2019. On a separate note, the Richmond Fed Manufacturing Index jumped to more-than-one-year high of 20.0 in January (Dec: -5), far surpassing consensus expectation that called for a continuous decline in manufacturing activity in the district.
- House prices picked up across US:** The S&P CoreLogic Case Schille Index for 20 Cities beat estimate to increase 2.6% YOY in November (Oct: +2.2%), its largest gain in nine months. The same index that tracked national single-family home prices also picked up more than expected by 3.5% YOY (Oct: +3.3%), indicating that prices are gaining traction as housing demand turned higher in 4Q19 in a low interest rate environment.
- Japan services producer prices saw steady gain:** Producer prices for services provided in Japan increased at a steady pace of 2.1% YOY for the 3rd straight month in December but prices decelerated on a MOM basis to stay flat MOM in December, suggesting continuous absence of inflationary pressure in the system.
- Australia business confidence tapered off in December; leading index suggests weak 1H2020:** Latest finding by NAB showed businesses were less upbeat in December compared to a month ago. The conditions index pulled back a tad from 4 to 3 in December while confidence levels turned negative during the month (-2 vs 0), as expectation for trading, profitability, stocks, exports, and exporters' sales all weakened, foretelling a softer growth momentum going forward. The Westpac Leading Index rose 0.05% to 97.52 in December leading the 6-month annualized growth rate to a better -0.32% (Nov: -0.62%). Despite that, the reading continued to suggest a below-trend growth rate that points to weak economic momentum in the first half of 2020.
- Australia headline inflation beat estimate but remained below RBA target:** Australia headlines CPI rose more than expected by 1.8% YOY in the fourth quarter of 2019 (3Q: +1.7%), its largest gain since 4Q last year, but still below the RBA mid point target of 2%. Analysts had expecting CPI to rise steadily at 1.7% YOY. Meanwhile, the trimmed mean CPI, a gauge of core inflation met expectation to pick up 1.6% YOY in the same period (3Q: +1.6%), indicating a lack of underlying inflationary pressure.

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%	-0.8%
	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%	--
29/01	15:00	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	-1.8%	-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	5.5%	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	1.1022	0.03	1.1025	1.0998	-1.70
GBPUSD	1.3028	-0.22	1.3065	1.2975	-1.75
USDJPY	109.15	0.23	109.20	108.76	0.49
AUDUSD	0.6762	0.01	0.6765	0.6737	-3.76
EURGBP	0.8461	0.27	0.8479	0.8435	0.03
USDMYR	4.0855	0.68	4.0815	4.0625	-0.13
EURMYR	4.5009	0.50	4.5089	4.4938	-1.89
JPYMYR	3.7494	1.20	3.7562	3.7410	-0.50
GBPMYR	5.3118	-0.46	5.3437	5.3100	-1.22
SGDMYR	3.0055	-0.09	3.0139	3.0037	-1.17
AUDMYR	2.7538	-1.07	2.7660	2.7528	-3.97
NZDMYR	2.6655	-0.98	2.6773	2.6642	-3.16
CHFMYR	4.2109	0.56	4.2182	4.2039	-0.40
CNYMYR	0.5873	-0.33	0.5887	0.5870	-0.12
HKDMYR	0.5251	0.50	0.5261	0.5243	-0.10
USDSGD	1.3578	0.01	1.3598	1.3568	0.88
EURSGD	1.4966	0.04	1.4983	1.4942	-0.83
GBPSGD	1.7690	-0.20	1.7744	1.7631	-0.87
AUDSGD	0.9182	0.03	0.9184	0.9159	-2.84

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

Source: Bloomberg

MYR

- **MYR closed 0.68% weaker against the USD at 4.0855** as risk aversion returned amidst heightening fear of a potential Coronavirus global pandemic that led markets to pile into safe havens assets. **We expect USDMYR to give up some gains today** as MYR recovers alongside stronger off shore yuan after risk-off sentiment eased overnight. However the movement is likely to be limited with the trading around range of 4.0750 -4.0850 ahead of FOMC meeting today. MYR medium term outlook is still bearish, expecting the USD to be well supported by solid data in 1Q20.

USD

- The greenback's performance was uneven across the board. Safe haven currencies were major losers – JPY and CHF slipped against the USD, whereas most of the majors regained footing against the greenback. **The Dollar Index managed to gain slightly to 98.02.**
- **The dollar is expected to be neutral today** as investors are sidelined ahead of FOMC decision and Jerome Powell's Press Conference although markets are expecting a hold. **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

- **EURUSD recovered from the low of 1.2975 to finish little changed at 1.102.**
- **EURUSD is expected to trade within a tight range of sideways** within 1.1015-1.1030 ahead of FOMC meeting, with no key data releases today. **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 slumped 0.22% against the USD at 1.3028 over renewed Brexit concerns and ahead of tomorrow's BOE decision
- **GBP outlook remains neutral today** and the pair is likely trading above 1.3000 within a band of 1.3000- 1.3050 ahead of tomorrow's BOE decision and markets to remain watchful of Brexit progress. **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 snapped 5-session winning streak as the yen slipped by 0.23% to close at 109.15 versus the USD.**
- **USDJPY is likely** to be neutral today as markets remained alert over the development of the Coronavirus outbreak. **Medium term JPY outlook is also turning bearish** in our view as markets are expected to remain risk averse in the foreseeable future.

AUD

- **AUDUSD** was virtually unchanged at 0.6762.
- **AUD is likely to stay below 0.6800 in the short term** as markets remained cautious and concerned over the Coronavirus outbreak although slightly oversold position could bounce it up again briefly before pushing it down again towards 0.6750-0.6770 levels. The pair could also benefit today from better than expected headline 4Q CPI. We look towards the RBA's policy statement next week to gauge the pair's medium term outlook.

SGD

- **SGD closed little changed against the USD at 1.3578.**
- **USDSGD is likely to continue trading around 1.3570-1.3580 ahead of FOMC meeting. 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**DISCLAIMER**

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