

## Global Markets Research

### Daily Market Highlights

#### Key Takeaways

- **US stocks gave up early gains to end on a flat note overnight as Federal Reserve Chair Jerome Powell offered mixed outlook over the economy after the Fed hold interest rate steady as widely expected.** Stocks had initially gotten a boost from Apple, Boeing and General Electric following their upbeat 4Q earnings but lost steam towards the end of the session after Powell mentioned the uncertainties over outlook posed by the novel Coronavirus outbreak. The Dow Jones, S&P 500 and NASDAQ each finished with little change of less than 0.1%. **Risk aversion prompted investors to buy treasuries, pushing yields lower by 5-7bps. Gold was flat, crude oils ended mixed.** Brent crude picked up 0.5% to \$59.81/barrel. **The dollar strengthened as the Fed stayed put, investors now turn focus to the Bank Of England's policy rate decision today.** Markets have pared down their earlier expectations of a rate cut with money market now pricing in a lower 45.5% chance of a 25bps reduction in Bank Rate. Majority of economists surveyed by Bloomberg are also expecting the central bank to keep its benchmark rate steady at 0.75%.
- On the data front, preliminary report shows that **US goods trade deficit widened** to \$68.3b in December due to stronger import growth while wholesale and retail inventories were flat. **Pending home sales recorded largest slump in more than 9 years** of 4.9% MOM in December while mortgage applications rebounded. Elsewhere, **UK Nationwide House Price Index jumped** by 1.9% YOY in January as Brexit uncertainties eased. **Vietnam industrial production and exports plunged in January** while inflation soared to more than 6-year high. **New Zealand trade surplus widened** in December thanks to a nearly 17% drop in imports.
- The greenback strengthened as the Fed kept rate steady but gains were limited across the FX board. **The dollar index slipped a little to below 98.0 at 97.99. The dollar is likely to remain strong with limited gains** given persistent risk aversion in the market as investors carefully monitor the development of the new Coronavirus outbreak and await outcome of the WHO emergency meeting. 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.
- **MYR rebounded to close 0.13% higher at 4.0800 against the USD** as the ringgit recovered some of previous session's losses when risk-off sentiments eased a little on Wednesday. We expect USDMYR to strengthen slightly today mainly on overnight dollar strength but the gain is likely limited thus keeping the pair around the 4.0800-4.0950 range in the short term. MYR medium term outlook is still bearish, expecting the USD to be well supported by solid data.
- **SGD closed 0.21% weaker versus the USD at 1.3606. USDSGD is turning bullish as the dollar benefit from lingering risk aversion in the market.** Medium term outlook for USDSGD is bullish on a firmer USD outlook.

#### Overnight Economic Data

US	➔
UK	⬆️
Vietnam	⬇️
New Zealand	⬆️

#### What's Coming Up Next

##### Major Data

- US 4Q GDP, Initial Jobless Claims
- Eurozone Economic Sentiment Index, Unemployment Rate
- Hong Kong Exports

##### Major Events

- BOE Rate Decision

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

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1000	1.1010	1.1016	1.1030	1.1050	➔
GBPUSD	1.2950	1.3000	1.3023	1.3050	1.3068	➔
USDJPY	108.60	108.80	108.98	109.00	109.30	⬇️
AUDUSD	0.6710	0.6735	0.6745	0.6765	0.6780	⬇️
EURGBP	0.8410	0.8435	0.8459	0.8492	0.8529	➔
USDMYR	4.0700	4.0800	4.0860	4.0900	4.0950	⬆️
EURMYR	4.4780	4.4880	4.5011	4.5036	4.5100	⬆️
JPYMYR	3.7162	3.7340	3.7495	3.7610	3.7710	⬆️
GBPMYR	5.2800	5.3000	5.3217	5.3400	5.3700	➔
SGDMYR	3.9915	3.9965	2.9984	3.0000	3.0050	⬇️
AUDMYR	2.7500	2.7550	2.7562	2.7660	2.7725	➔
NZDMYR	2.6500	2.6600	2.6669	2.6775	2.6835	➔
USDSGD	1.3580	1.3600	1.3630	1.3650	1.3690	⬆️
EURSGD	1.4955	1.4980	1.5016	1.5035	1.5060	⬆️
GBPSGD	1.7629	1.7680	1.7752	1.7790	1.7860	➔
AUDSGD	0.9160	0.9180	0.9194	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	1,550.47	-0.08	-2.41	CRB Index	172.95	-0.48	-6.91
Dow Jones Ind.	28,734.45	0.04	0.69	WTI oil (\$/bbl)	53.33	-0.28	-12.66
S&P 500	3,273.40	-0.09	-0.32	Brent oil (\$/bbl)	59.81	0.50	-9.38
FTSE 100	7,483.57	0.04	-0.78	Gold (\$/oz)	1,576.83	0.62	3.84
Shanghai*	2,976.53	-2.75	-2.41	CPO (RM/tonne)	2,736.00	-8.31	-9.57
Hang Seng	27,160.63	-2.82	-3.65	Copper (\$/tonne)	5,703.00	-0.70	-7.63
STI	3,182.57	0.04	-1.25	Rubber (sen/kg)	445.00	0.23	-1.66

Source: Bloomberg

\* Closing as at 24 January 2020

## ➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US FOMC Fed Fund Rate Target Range	30 Jan	1.5-1.75%	1.5-1.75%	1.5-1.75%
US MBA Mortgage Applications	24 Jan	7.2%	-1.2%	--
US Advance Goods Trade Balance	Dec	-\$68.3b	-\$63.0b (revised)	-\$65.0b
US Wholesale Inventories MoM	Dec P	-0.1%	0.1% (revised)	0.1%
US Pending Home Sales MoM	Dec	-4.9%	1.2%	0.5%
UK Nationwide House Px NSA YoY	Jan	1.9%	1.4%	1.5%
VN CPI YoY	Jan	6.4%	5.2%	5.5%
VN Exports YoY	Jan	-14.3%	10.1%	10.3%
VN Industrial Production YoY	Jan	-5.5%	6.2%	--
VN Retail Sales YTD YoY	Jan	10.2%	11.8%	--
NZ Trade Balance NZD	Dec	547m	-791m (revised)	100m

Source: Bloomberg

- Fed kept rate steady; stressed the need to return inflation to 2% target:** The Federal Reserve kept fed funds rate target range unchanged at 1.5-1.75% as widely expected on Wednesday, offering no surprise in a barely changed monetary policy statement. However, policy makers did make a slight change to the statement that says the current stance of monetary policy is appropriate to support inflation "returning to" its symmetric 2% target. In the post-meeting press conference, Fed Chair Jerome Powell said that the change was made to send a clear signal that the committee was not comfortable with inflation running persistently below 2% target. Powell mentioned that trade policy uncertainty remained elevated, and the Fed is carefully monitoring the situation of the Coronavirus outbreak which is still in its early stage but could pose uncertainty to economic outlook. He mentioned that it is a bit surprising that sustained levels of historically low unemployment rate hasn't been able to push up wages. He said that the labour market continues to perform well with strong job creation, low unemployment and labour force participation continuing to move up.
- US advanced good trades widened in December:** Preliminary report shows that goods trade deficit widened to \$68.3b in December (Nov: -\$63.0b revised) as imports of goods rebounded to increase 2.9% MOM (Nov: -1.3%) while exports pulled back to a softer 0.3% MOM growth (Nov: +0.8%). In the similar report, December wholesale inventory remained lacklustre, recording a 0.1% MOM decline (Nov: +0.1%) while retail inventory was flat (Nov: -0.8%).
- US pending home sales plunged at year end:** US pending home sales plunged by 4.9% MOM in December (Nov: +1.2%), its largest drop in more than nine years. The index tracks contract signings to purchase previously owned homes in the US and the unexpected slump at the last month of 2019 suggests that lean inventory continued to limit sales in what appears to be a strengthening market in recent months. On a separate note, mortgage applications rose 7.2% last week (previous: -1.2%), driven by lower interest rates across the board.
- UK house prices jumped as Brexit fear lifted:** The Nationwide House Price Index beat estimate to record 0.5% MOM increase in January (Dec: +0.1%), leaving the annual growth at 1.9% YOY (Dec: +1.4%, its largest gain in more than a year. Prices began to pick up at faster pace at the end of the year as the Tories' decisive victory at an early December election significantly lifted Brexit uncertainties that drove buyers back into the housing market.
- Vietnam industrial production, exports plunged in January:** Industrial production fell 5.5% YOY in January (Dec: 6.2%), its first decline in nearly six years, driven by a broadbased contraction across mining & quarrying (-12.9% vs +2.1%), manufacturing (-4.8% vs +7.0%) and electricity (-3.5% vs +3.3%). On a monthly basis, industrial production dropped by a whopping 11.8% (Dec: +0.5%) after barely gaining in December and declining in November, as year-end weakness extended to the start of 2020 that suggests that the country's manufacturing industry has just begun to take the brunt of the slowdown in global manufacturing. External trade were equally poor, with exports recording a 14.3% YOY decline in January (Dec: +10.1%), its largest ever decline in eight years, a result of weak international demand. CPI inflation surged to 6.4% (Dec: +5.2%), the highest in more than six years, as prices of pork continued to climb due to swine flu alongside higher fuel cost. Retail sales rose 10.2% YOY, a smaller increase compared to the same period last year despite the Lunar New Year celebration, adding to sign of easing economic growth.
- New Zealand recorded trade surplus in December:** New Zealand trade balance swung to a surplus of N\$547m in December (Nov: -N\$791m revised) mainly due to a 16.8% MOM plunge in imports (Nov: -0.7%) despite a larger increase in exports (+6.3% vs +4.2%). Key detail of the report include December dairy exports being a record N\$2.01b. StatNZ also reported that China had replaced the US as the top market for beef as total exports to China in 2019 doubled to N\$1.7b, reflecting Chinese search for other alternative poultry in light of the short pork supply caused by the African swine flu.

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		<b>GDP Annualized QoQ</b>	<b>4Q A</b>	<b>2.0%</b>	<b>2.1%</b>	--
	21:30		<b>Initial Jobless Claims</b>	<b>Jan-25</b>	<b>215k</b>	<b>211k</b>	--
31/01	21:30		<b>Personal Income</b>	<b>Dec</b>	<b>0.3%</b>	<b>0.5%</b>	--
	21:30		<b>Personal Spending</b>	<b>Dec</b>	<b>0.3%</b>	<b>0.4%</b>	--
	21:30		<b>PCE Core Deflator YoY</b>	<b>Dec</b>	<b>1.6%</b>	<b>1.6%</b>	--
	23:00		<b>U. of Mich. Sentiment</b>	<b>Jan F</b>	<b>99.1</b>	<b>99.1</b>	--
30/01	18:00	Eurozone	<b>Economic Confidence</b>	<b>Jan</b>	<b>101.8</b>	<b>101.5</b>	--
	18:00		<b>Consumer Confidence</b>	<b>Jan F</b>	--	<b>-8.1</b>	--
	18:00		<b>Unemployment Rate</b>	<b>Dec</b>	<b>7.5%</b>	<b>7.5%</b>	--
31/01	18:00		<b>GDP SA QoQ</b>	<b>4Q A</b>	<b>0.2%</b>	<b>0.2%</b>	--
	18:00		<b>CPI Estimate YoY</b>	<b>Jan</b>	<b>1.4%</b>	<b>1.3%</b>	--
	18:00		<b>CPI Core YoY</b>	<b>Jan P</b>	<b>1.2%</b>	<b>1.3%</b>	--
29/01	15:00	UK	Nationwide House Px NSA YoY	Jan	1.5%	1.4%	--
30/01	20:00		<b>Bank of England Bank Rate</b>	<b>Jan-30</b>	<b>0.75%</b>	<b>0.75%</b>	--
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	<b>Exports YoY</b>	<b>Dec</b>	<b>2.7%</b>	<b>-1.4%</b>	--
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

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1010	-0.11	1.1028	1.0992	-1.81
GBPUSD	1.3021	-0.05	1.3030	1.2990	-1.81
USDJPY	109.02	-0.12	109.27	108.98	0.41
AUDUSD	0.6754	-0.12	0.6777	0.6735	-3.85
EURGBP	0.8457	-0.05	0.8468	0.8447	-0.01
USDMYR	4.0800	-0.13	4.0835	4.0775	-0.26
EURMYR	4.4891	-0.26	4.5033	4.4866	-2.15
JPYMYR	3.7404	-0.24	3.7422	3.7339	-0.74
GBPMYR	5.3112	-0.01	5.3211	5.3067	-1.23
SGDMYR	3.0013	-0.14	3.0094	3.0013	-1.81
AUDMYR	2.7571	0.12	2.7645	2.7557	-3.85
NZDMYR	2.6649	-0.02	2.6702	2.6633	-3.19
CHFMYR	4.1884	-0.53	4.1957	4.1848	-0.93
CNYMYR	0.5873	-0.33	0.5887	0.5870	-0.12
HKDMYR	0.5247	-0.08	0.5251	0.5244	-0.17
USDSGD	1.3606	0.21	1.3622	1.3567	1.15
EURSGD	1.4981	0.10	1.4989	1.4947	-0.66
GBPSGD	1.7717	0.15	1.7724	1.7665	-0.67
AUDSGD	0.9190	0.09	0.9201	0.9167	-2.67

CNYMYR as at 23 Jan

Source: Bloomberg

## Forex

### MYR

- **MYR rebounded to close 0.13% higher at 4.0800 against the USD** as the ringgit recovered some of previous session's losses when risk-off sentiments eased a little on Wednesday,
- We expect USDMYR to strengthen slightly today mainly on overnight dollar strength but the gain is likely limited thus keeping the pair around the 4.0800-4.0950 range in the short term. MYR medium term outlook is still bearish, expecting the USD to be well supported by solid data in 1Q20.

### USD

- The greenback strengthened as the Fed kept rate steady but gains were limited across the FX board. **The dollar index slipped a little to below 98.0 at 97.99.**
- **The dollar is likely to remain strong with limited gains** given persistent risk aversion in the market as investors carefully monitor the development of the new Coronavirus outbreak and await outcome of the WHO emergency meeting. 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 finished 0.11 weaker at 1.1010 after the Fed held rate steady.**
- **EURUSD is expected to trade within a neutral range of 1.1000-1.1030** ahead of BOE rate decision as well as the first US GDP reading for 4Q19 tonight. 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 was little changed at 1.3021 on Wednesday.
- **GBP outlook remains neutral today** and the pair is likely trading above 1.3000 within a band of 1.3000-1.3050 ahead of today's BOE decision. Markets have pared down their earlier expectations of a rate cut with money market now pricing in a 45.5% chance of a 25bps reduction in Bank Rate. Majority of economists surveyed by Bloomberg also expect the central bank to keep its benchmark rate steady at 0.75%. We look towards BOE's policy stance to gauge **GBP's medium term outlook.**

### JPY

- **JPY strengthened a little by 0.12% to 109.02 against the USD** as risk aversion lingered in markets.
- **JPY might turn slightly bullish today** after failing to breach 109.00 in early morning with risk aversion likely to continue dominating market as investors carefully monitor the development of the new Coronavirus outbreak and await outcome of the WHO emergency meeting. Medium term JPY outlook is also turning bullish in our view as markets are expected to remain risk averse in the foreseeable future.

### AUD

- **AUD weakened by 0.12% to 0.6754** on the back of risk off in the markets.
- **AUD remains oversold** but risk aversion is likely keeping the pair below 0.6800 in the short term as markets are watchful of the Coronavirus outbreak. We look towards the RBA's policy statement next week to gauge the pair's medium term outlook.

### SGD

- **SGD closed 0.21% weaker versus the USD at 1.3606.**
- **USDSGD is turning bullish as the dollar benefit from lingering risk aversion in the market.** Medium term outlook for USDSGD is bullish on a firmer USD outlook.

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