

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks pared earlier losses and instead ended higher overnight amid mixed corporate earnings. This was despite the World Health Organisation (WHO)'s new declaration of the new Coronavirus outbreak as a global public health emergency** which would allow coordinated global efforts in addressing and containing the virus outbreak. The Dow Jones, S&P 500 and NASDAQ rose 0.3-0.4%, amidst mixed corporate earnings with Facebook (-6.1%) being among the top losers of the day after reporting a slower profit growth in 4Q. Microsoft stocks rose nearly 3% after its earnings beat estimates, thanks to its Azure public cloud business. **US bond yields finished barely changed** across the curve. **Gold prices slipped a little** to \$1574.28/troy ounce, **crude oils lost 2.2-2.5%** over coronavirus fear - Brent crude closed at \$58.29/barrel. **The dollar saw mixed performance** across the FX board; **the pound sterling surged after the BOE left bank rate unchanged at 0.75%. The European Union formally granted approval on Brexit, allowing Britain to finally withdraw from the bloc today.**
- **First tier economic releases overnight painted a mixed macro picture, suggesting uneven growth outlook** as the world deals with another blow from the Coronavirus pandemic. US sustained a 2.1% QOQ growth in 4Q bringing full year 2019 growth to 2.3%, pushing it further below President Trump's 3% growth target. Sentiments turned more upbeat in the Eurozone and the UK but a tad softer in New Zealand. Japan data remained lackluster while Hong Kong exports grew for the first time in more than a year lifted by base effect.
- The dollar saw mixed performance across the FX board as it slipped against key G10s but strengthened against other major currencies. **The dollar index dropped slightly to 97.87** led by the strength in the pound sterling after the BOE held rate steady. **The dollar is likely to remain strong** as markets remained watchful of the development of the Coronavirus outbreak that is likely to continue feeding the lingering risk-off sentiment.
- **MYR closed 0.23% lower against the USD at 4.0895** alongside its weaker regional Asian peers as the dollar strengthened amidst rising concerns over the new Coronavirus outbreak. We expect USD to remain strong as markets remained watchful of the development of the outbreak that is likely to continue feeding the lingering risk-off sentiment, leading the pair to potentially test 4.0900-4.1000 range ahead of the weekend.
- **SGD extended losing streak to finish 0.12% weaker versus the USD at 1.3623. USDSGD is still bullish** as we expect the dollar to remain stronger against emerging market currencies given persistent risk aversion in the market. **Medium term outlook for USDSGD is bullish on a firmer USD outlook.**

Overnight Economic Data

US	➔
Eurozone	⬆️
UK	➔
Japan	⬇️
Hong Kong	⬆️
New Zealand	⬇️

What's Coming Up Next

Major Data

- US Personal Income, Spending, Core PCE Price Index
- Eurozone GDP, HICP Inflation

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.1000	1.1010	1.1030	1.1050	1.1070	↗️
GBPUSD	1.3050	1.3074	1.3096	1.3100	1.3120	↗️
USDJPY	108.60	108.80	108.98	109.00	109.30	➔
AUDUSD	0.6700	0.6705	0.6716	0.6735	0.6750	⬇️
EURGBP	0.8388	0.8410	0.8424	0.8460	0.8490	➔
USDMYR	4.0700	4.0800	4.0855	4.0900	4.0950	↗️
EURMYR	4.4880	4.5005	4.5069	4.5150	4.5247	↗️
JPYMYR	3.7162	3.7340	3.7491	3.7610	3.7710	➔
GBPMYR	5.3087	5.3300	5.3521	5.3650	5.3900	↗️
SGDMYR	3.9960	3.9985	3.0010	3.0040	3.0080	➔
AUDMYR	2.7350	2.7400	2.7454	2.7500	2.7600	⬇️
NZDMYR	2.6380	2.6450	2.6515	2.6580	2.6700	⬇️
USDSGD	1.3580	1.3600	1.3614	1.3650	1.3690	↗️
EURSGD	1.4955	1.4980	1.5018	1.5035	1.5060	➔
GBPSGD	1.7690	1.7780	1.7834	1.7880	1.7950	➔
AUDSGD	0.9125	0.9137	0.9149	0.9180	0.9207	➔

* 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	1,545.59	-0.31	-2.72	CRB Index	171.14	-1.05	-7.88
Dow Jones Ind.	28,859.44	0.43	1.12	WTI oil (\$/bbl)	52.14	-2.23	-14.61
S&P 500	3,283.66	0.31	1.64	Brent oil (\$/bbl)	58.29	-2.54	-11.68
FTSE 100	7,381.96	-1.36	-2.13	Gold (S/oz)	1,574.28	-0.16	3.82
Shanghai*	2,976.53	-2.75	-2.41	CPO (RM/tonne)	2,777.50	1.52	-8.20
Hang Seng	26,449.13	-2.62	-6.17	Copper (\$/tonne)	5,641.00	-1.09	-8.63
STI	3,170.68	-0.37	-1.62	Rubber (sen/kg)	447.00	-0.67	-1.22

Source: Bloomberg

* Closing as at 23 January 2020

Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US GDP Annualized QoQ	4Q A	2.1%	2.1%	2.0%
US Initial Jobless Claims	Jan-25	216k	223k (revised)	215k
EU Economic Confidence	Jan	102.8	101.3 (revised)	101.8
EU Consumer Confidence	Jan F	-8.1	-8.1	--
EU Unemployment Rate	Dec	7.4%	7.5%	7.5%
UK Bank of England Bank Rate	Jan-30	0.75%	0.75%	0.75%
UK GfK Consumer Confidence	Jan	-9	-11	-9
JP Jobless Rate	Dec	2.2%	2.2%	2.3%
JP Retail Sales YoY	Dec	-2.6%	-2.1%	-1.8%
JP Industrial Production YoY	Dec P	-3.0%	-8.2%	-3.6%
HK Exports YoY	Dec	3.3%	-1.4%	2.7%
NZ ANZ Consumer Confidence Index	Jan	122.7	123.3	--

Source: Bloomberg

- BOE refrained from cutting rate as Mark Caney held last MPC meeting:** The Bank of England MPC voted 7-2 to leave its bank rate unchanged at 0.75%, refraining from cutting the benchmark rate despite recently poor economic data and dovish policy makers' comments that had led to earlier speculations that the central bank might have made a move this time around. The decision came on the eve of Brexit when Britain is set to formally leave the EU on Friday. The central bank issued a downbeat growth forecast - 1.3% in 2019, 0.8% in 2020 and around 1.5% in 2021. 4Q19 growth was revised from 0.1% to 0% to indicate no growth. Nonetheless BOE appeared optimistic in its statement, as it said that recent indicators suggest that global growth has stabilised, noting the pickup in global business confidence and manufacturing indicators as well as receding near-term uncertainties facing domestic businesses and households. CPI inflation is projected to remain below the MPC's 2% target throughout this year and much of 2021. BOE maintained its hawkish stance that "some modest tightening of policy may be needed to maintain inflation sustainably at the target" if the economy recovered broadly with its latest projection, consistent with its previous message that it still intends to raise rate should things turn brighter. Thursday meeting was Governor Mark Carney's last before Andrew Bailey takes over the role in March this year. Carney said in the post-meeting press conference that the UK economy is "so far good enough, data needs to fill in or additional stimulus likely to be required". He mentioned that it was still early to judge the impact of the new coronavirus outbreak.
- US 4Q GDP growth held steady; full year growth at 2.3%:** The US economy grew 2.1% QOQ in the fourth quarter of 2019 (3Q: +2.1%) according to an advanced estimate, beating a Bloomberg survey of 2.0% QOQ. 4Q growth reflected positive contributions from personal consumption expenditures (PCE), federal government spending, state and local government spending, residential fixed investment, and exports, that were partly offset by negative contributions from private inventory investment and nonresidential fixed investment. For the full year of 2019, real GDP growth clocked in at a slower 2.3% gain (2018: +2.9%) due to a deceleration in nonresidential fixed investment and PCE and a downturn in exports. On a separate note, initial jobless claims fell by 7k to 216k for the week ended 24 January (previous: 223k) as the job market remained tight in the US.
- Significant rise in Eurozone economic sentiment:** The European Commission Economic Sentiment Index rose markedly to 102.8 in January (Dec: 101.5), driven by higher confidence level in the industry and construction sector following the signing of a trade deal between the US and China. Another sub component, the consumer confidence index was unchanged at -8.1. Meanwhile, unemployment rate in the euro area slipped to 7.4% in December (Nov: 7.5%) reflecting an increasingly tight labour market.
- UK consumer confidence improved ahead of Brexit:** The GfK Consumer Confidence Index rose by 2pts to -9 in January (Dec: -11), its best reading in more than a year, reflecting consumers' better perception over their personal finance and economic outlook for the next 12 months amidst an alleviation of Brexit fears as the country is scheduled to formally leaves the EU today.
- Japan industrial output recoverd; retail sales was lacklustre and jobless rate unchanged:** Japan industrial production picked up 1.3% MOM in December (Nov: -1.0%), its first increase in three months, as factories returned to production after a devastating typhoon hit the country in early October last year. The MOM expansion also left the annual pace of contraction smaller at 3.0% (Nov: -8.2%). Retail sales barely rose in the same month, recording a mere 0.2% MOM growth (Nov: +4.5%); compared to the same period last year, sales contracted by 2.6% YOY (Nov: -2.1%) as consumers continued to adjust to the higher consumption tax imposed in October. On a separate note, Japan jobless rate remained unchanged at 2.2% in December (Nov: 2.2%) while the jobs-to-applicants ratio was also held steady at 1.57, reflecting ongoing tightness in the labour market.

- **Hong Kong exports rose for first time in more than a year:** Hong Kong exports rose 3.3% YOY in December (Nov: -1.4%), marking its first annual increase in more than a year thanks to a favourable base effect. MOM, exports slipped 2.2% (Nov: +3.1%), a payback to November gain. Imports continued to fall on a monthly basis, leaving the annual decline at 1.9% YOY (Dec: -5.8%). Details show that exports to China, Taiwan, India and Vietnam recorded increases whereas shipments to the US, Japan, Germany and Singapore dropped. Hong Kong is among the major losers of the more –than-two-year long US-China trade dispute that had created uncertainties surrounding global international trade. Slower demand from China (that bought more than 50% of Hong Kong's total exports) in a sluggish 2019 was also the key factor weighing down overall demand for Hong Kong products.
- **New Zealand consumer confidence little changed in January:** The ANZ Consumer Confidence Index slipped marginally to 122.7 in January (Dec: 123.3) to indicate little change in consumer sentiment as the gauge for current conditions fell by 2pts but future conditions index was little changed. ANZ said that tight labour market, low interest rates and a rising housing market are underpinning confidence and maintaining its view that growth should bottom out around 2%.

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	2.0%	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

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1032	0.20	1.1039	1.1007	-1.62
GBPUSD	1.3093	0.55	1.3110	1.2978	-1.28
USDJPY	108.96	-0.06	109.08	108.58	0.27
AUDUSD	0.6722	-0.47	0.6755	0.6700	-4.36
EURGBP	0.8425	-0.37	0.8488	0.8412	-0.36
USDMYR	4.0895	0.23	4.0910	4.0805	-0.04
EURMYR	4.5063	0.38	4.5071	4.4938	-1.77
JPYMYR	3.7555	0.40	3.7591	3.7430	-0.34
GBPMYR	5.3127	0.03	5.3253	5.3069	-1.20
SGDMYR	3.0008	-0.02	3.0022	2.9959	-1.33
AUDMYR	2.7531	-0.15	2.7573	2.7492	-3.99
NZDMYR	2.6607	-0.16	2.6677	2.6581	-3.34
CHFMYR	4.2125	0.58	4.2157	4.1922	-0.36
CNYMYR	0.5873	-0.33	0.5887	0.5870	-0.12
HKDMYR	0.5264	0.32	0.5266	0.5249	0.15
USDSGD	1.3623	0.12	1.3640	1.3600	1.20
EURSGD	1.5028	0.31	1.5051	1.4973	-0.42
GBPSGD	1.7837	0.68	1.7872	1.7689	-0.08
AUDSGD	0.9155	-0.38	0.9197	0.9136	-3.13

CNYMYR as at 23 Jan

Source: Bloomberg

Forex

MYR

- **MYR closed 0.23% lower against the USD at 4.0895** alongside its weaker regional Asian peers as the dollar strengthened amidst rising concerns over the new Coronavirus outbreak.
- We expect USD to remain strong as markets remained watchful of the development of the outbreak that is likely to continue feeding the lingering risk-off sentiment, leading the pair to potentially test 4.0900-4.1000 range ahead of the weekend. MYR medium term outlook is still bearish, expecting the USD to be well supported by relatively solid data in 1Q20.

USD

- The dollar saw mixed performance across the FX board as it slipped against key G10s but strengthened against other major currencies. **The dollar index dropped slightly to 97.87** led by the strength in the pound sterling after the BOE held rate steady.
- **The dollar is likely to remain strong** as markets remained watchful of the development of the Coronavirus outbreak that is likely to continue feeding the lingering risk-off sentiment. **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 0.20% stronger at 1.1032** as US 4Q GDP growth failed to impress.
- **Technical outlook is bullish** as it tests 1.1030 of which a break above would pave way to 1.1050 but gains are capped by markets' anticipation of today Eurozone's 4Q GDP reading. **Medium term outlook is still bearish** on weaker growth outlook versus a stronger USD that was supported by more solid fundamentals.

GBP

- **GBP emerged as the top winner of the day, ending 0.55% higher versus the USD at 1.3093** as the pound sterling jumped in response to BOE's decision to leave its benchmark rate unchanged.
- **GBP outlook is slightly bullish today** as the bulls set to test 1.3100 key handle post-BOE decision and easing Brexit jitters but constrained by ongoing dollar resilience. **Medium term outlook is neutral** taking into account Britain's Brexit transition and likelihood that BOE will hold rate for the rest of the year.

JPY

- **USDJPY slipped a little to 108.96 on Thursday.**
- **JPY daily outlook is neutral for now** as investors remained watchful of the development of the outbreak. **Medium term JPY outlook is bullish** in our view as markets are expected to remain risk averse in the foreseeable future.

AUD

- **AUD weakened further by 0.47% to 0.6722.**
- Lingering risk aversion is likely to pressure AUDUSD further to below 0.6700 but **its RSI oversold condition foretells a potential rebound back above 0.6750-0.6800**. We look towards the RBA's policy statement next week to gauge the pair's medium term outlook.

SGD

- **SGD extended losing streak to finish 0.12% weaker versus the USD at 1.3623.**
- **USDSGD is still bullish** as we expect the dollar to remain stronger against emerging market currencies given persistent risk aversion in the market. **Medium term outlook for USDSGD is bullish on a firmer USD outlook.**

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