

Global Markets Research

Daily Market Highlights

Key Takeaways

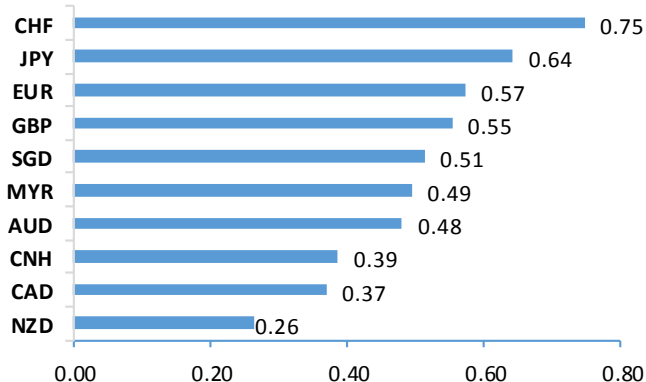
- US stocks ended on a mixed note, with the S&P 500 (-0.03%) and Dow Jones (-0.1%) retreating marginally from recent highs and tech-heavy NASDAQ gaining further (+0.1%). Stocks also saw mixed trading across Europe and Asia. Treasury yields fell at the longer end of the curve by 0.5 to 1.4bps. The 30-year treasury yield, a proxy for long-term inflation expectations, retreated from near-2%. There were worries that the likely passage of a \$1.9trillion stimulus package and the Federal Reserve's commitment to maintain its loose monetary policy could fuel high inflation. Tonight's release of US CPI data would shed more light.
- The dollar fell for the third session, in tandem with lower yields. Gold futures went up by 0.2% to \$1835.3/oz. Crude oil prices pressed on by recovery optimism, as Brent crude rose another 0.9% to \$61.09/barrel, its highest level since January last year prior to the pandemic. The US benchmark WTI picked up another 0.7% to \$58.36/barrel.
- In the US, economic data were limited to US NFIB Small Business Optimism Index which fell to an eight-year low. In Australia, consumer and business sentiments both improved as Covid-19 cases stay low. Key data today include China's CPI and PPI inflation, followed by the UK's 4Q GDP report as well as the US' CPI data tonight.
- DXY fell decisively downwards on Tuesday, by 0.54% to a close of 90.44. We now turn neutral-to-bearish on the USD for the week ahead. Momentum is now on the downside following some prior volatility. Eyes are on CPI figures out in the evening and initial jobless claims the following day.
- USD/MYR fell sharply by 0.5% to 4.0465 on Tuesday. The continued weakness in the USD alongside stronger crude oil prices are expected to support the local unit. Pair has now breached 4.05 support, targeting 4.04 next. The release of Malaysia's 4Q GDP growth tomorrow is set to be a major driver. We expect a slightly bigger contraction in GDP in the wake of reintroduction of conditional movement control orders during the last quarter of the year.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	31,375.83	-0.03	2.51
S&P 500	3,911.23	-0.11	4.13
FTSE 100	6,531.56	0.12	1.10
Hang Seng	29,476.19	0.53	8.24
KLCI	1,586.13	0.81	-2.52
STI	2,935.27	0.13	3.22
Dollar Index	90.44	-0.54	0.56
WTI oil (\$/bbl)	58.36	0.67	20.36
Brent oil (\$/bbl)	61.09	0.88	17.93
Gold (\$/oz)	1,835.30	0.19	-3.16
CPO (RM/tonne)	3,860.00	-1.08	1.90

Source: Bloomberg

FX Daily Change vs USD (%)



Source: Bloomberg

Overnight Economic Data

US	Australia
Up Next	
10/02	CH CPI YoY (Jan) 0.20%
	CH PPI YoY (Jan) -0.40%
	UK Industrial Production MoM (Dec) -0.10%
	UK Visible Trade Balance GBP/Mn (Dec) -£16012m
	UK GDP QoQ (4Q P) 16.00%
	UK Monthly GDP (MoM) (Dec) -2.60%
	US MBA Mortgage Applications 8.10%
	US CPI YoY (Jan) 1.40%
11/02	MA GDP SA QoQ (4Q) 18.20%
	US Initial Jobless Claims 779k

Source: Bloomberg

Macroeconomics

- **US small business optimism at eight-month low:** The NFIB Small Business Optimism Index slipped to an eight-month low of 95.0 in January, from 95.9. Small firms turned gloomy on business outlook as weak consumer spending at year-end and softer US job data weighed on expectations. NFIB said that the pandemic continued to dictate how small businesses operate and owners are worried about future business conditions and sales.
- **Australia's sentiment rose as pandemic remains under controlled:**
 - The low number of Covid-19 cases in Australia helped buoy both consumer and business sentiments. The Westpac Consumer Confidence Index rose 1.9% m/m to 109.1 in February (Jan: 107.0), reflecting consumers' optimism on both family finances and economic outlook one year ahead. The index was also 14.2% higher compared to the same month last year.
 - The NAB Business Confidence Index also jumped to 10 in January (Feb: 5), although the business conditions index was 9pts lower compared to prior month.

Forex

MYR (Neutral-to-bullish)

- USD/MYR fell sharply by 0.5% to 4.0465 on Tuesday. The continued weakness in the USD alongside stronger crude oil prices are expected to support the local unit. Pair has now breached 4.05 support, targeting 4.04 next. The release of Malaysia's 4Q GDP growth tomorrow is set to be a major driver. We expect a slightly bigger contraction in GDP in the wake of reintroduction of conditional movement control orders during the last quarter of the year.

USD (Neutral-to-Bearish over 1-Week Horizon)

- DXY fell decisively downwards on Tuesday, by 0.54% to a close of 90.44. We now turn neutral-to-bearish on the USD for the week ahead. Momentum is now on the downside following some prior volatility. Eyes are on CPI figures out in the evening and initial jobless claims the following day.

EUR (Neutral-to-Bullish)

- EUR/USD rallied by 0.57% to a close of 1.2119, moving much away from the 1.2000 big figure and triggering momentum on the upside. We now turn neutral-to-bullish on the EUR, with dollar weaknesses resuming. However, gains may be capped as fundamentals are only starting to improve. Watch 1.22 big figure as further move to 1.2350 resistance.

GBP (Neutral-to-Bullish)

- GBP/USD reached highest levels since April 2018, touching a high of 1.3820 and closing nearby at 1.3817 in the process. This has been buoyed by improving fundamentals in the Covid-19 fight. We are now neutral-to-bullish on the pound, expecting some gains to be limited by stretched levels. Watch resistance of 1.3900 and support of 1.3750.

JPY (Neutral-to-Bullish)

- USD/JPY was down to 104.59 close after the intraday high of 105.26, as dollar weakness broadened. We are now neutral-to-bullish on the JPY. With USD/JPY still at the upper end of the 100-105 range, there is some room to move downwards.

AUD (Neutral-to-Bullish)

- AUD/USD headed upward once again for the fourth consecutive session, now closing at 0.7739. This is turning our attention towards the 0.78-0.80 range for the pair. We turn neutral-to-bullish on the pair. Focus will likely be on a 0.7810 resistance and a 0.7564 support.

SGD (Neutral-to-Bullish)

- USD/SGD fell further below the 1.33 mark we have been watching all of February, to close at 1.3259. Given developments, we now see pair testing a support of 1.3210 before looking for further moves downwards. Watch 1.3450 as resistance.

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