Global Markets Research

Daily Market Highlights

Key Takeaways

- **Stocks rose in Europe and were largely positive in Asia on Monday.** Markets remained shut in Hong Kong and China for the Lunar New Year celebration. Stock and bond markets were also closed in the US for President's Day. Stock futures pointed to higher openings in Japan and also the US today. **Oil prices rallied as an Arctic winter blast hit Texas, raising concerns about potential disruptions to shale production.** The US benchmark WTI jumped by more than 2.0% to settle at 59.47/barrel and was seen breaching $60/barrel this morning. Brent crude gained 1.4% to $63.30/barrel on Monday.

- The dollar index was flattish at 90.48. **The greenback weakened modestly against most currencies**, but held steady against EUR and NZD and strengthened against the JPY. USD/JPY was supported amid higher US yields. **Focus turns to the Eurozone's first estimate for 4Q GDP as well as Singapore's budget statement.**

- Data were limited to **Eurozone's industrial output** which **recorded its first decline in three months** in December (-1.6% m/m). The bloc's trade surplus also widened to €27.5b thanks to higher exports. Meanwhile, **Japan's industrial production also fell for the second month** by 0.5% m/m in December, reflecting the impact of the November virus wave.

- DXY was relatively range bound on Monday, closing flat at 90.48. We are **neutral-to-bearish** on the USD for the week ahead. We see support close by around 90.30 level. If that is broken, we see attention turning towards the 21 January low of 90.048. Data focus is on empire manufacturing as well as PPI, retail sales and industrial production later this week.

- USD/MYR closed 0.2% lower at 4.0340 on Monday after taking a break on Friday. The greenback continued its mixed performances against the majors, while higher oil prices are likely beneficial to the local currencies, which lead us to maintain our **neutral-to-bearish call on USD/MYR** this week.

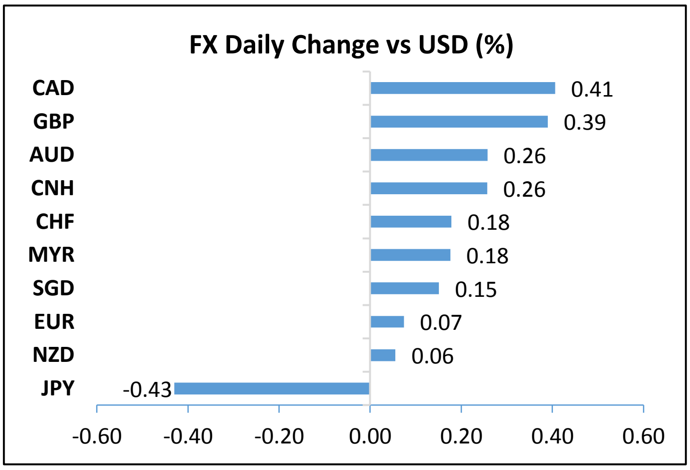
Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	31,458.40	0.09	2.78
S&P 500	3,934.83	0.47	4.76
FTSE 100	6,756.11	2.52	4.58
Hang Seng	30,173.57	0.45	10.81
KLCI	1,608.07	0.54	-1.18
STI	2,931.52	0.21	3.08
Dollar Index	90.48	0.00	0.60
WTI oil ($/bbl)	$59.47	2.11	22.57
Brent oil ($/bbl)	63.30	1.39	24.22
Gold (S/oz)	1,821.60	-0.18	-4.19
CPO (RM/tonne)	3,870.00	-0.23	2.16

Note: HIS closing as at 11-Feb

DJIA, S&P 500, WTI, gold closings at at 15-Feb

Source: Bloomberg



Source: Bloomberg

Overnight Economic Data			
EU	→	Japan	↓

Up Next

Date	Events	Prior
16/02	AU RBA Minutes	
	EU GDP QoQ (4Q)	-0.7%
	EU ZEW Investor Expectations (Feb)	58.3
	US Empire Manufacturing (Feb)	3.5
	SI 2021 Budget Statement	
17/02	JP Exports YoY (Dec)	2.0%
	JP Core Machine Orders MoM (Dec)	1.5%
	SI NODX YoY (Jan)	6.8%
	UK CPI YoY (Jan)	0.6%
	US Retail Sales MoM (Jan)	-0.7%
	US Industrial Production MoM (Jan)	1.6%
	US NAHB Housing Market Index (Feb)	83.0

Source: Bloomberg

Macroeconomics

- ***Eurozone's industrial production slipped for the first time in three months:***
  - Industrial output in the Euro Area fell 1.6% m/m in December, more than analysts' expectation for a 0.8% fall. This marked its first decline in three months following the robust 2.5-2.6% growth in October and November. Output rose modestly in Germany and Spain but slipped in France and Italy. Compared to December in 2019, the Eurozone's total output was 0.8% y/y lower.
  - A separate report shows that trade surplus of the Eurozone widened to €27.5b in December, from €24.9b prior, reflecting 1.2% m/m growth in exports and 0.3% fall in imports.

- ***Japan's industrial production fell in December:***
  - Industrial production in Japan fell for the second month in December by 1% m/m (revised up from -1.6% in the first estimate). This followed the 0.5% decline in November, highlighting the impact of the November Covid-19 wave on Japan's manufacturing industry at year end.
  - On a yearly basis, output was 2.6% y/y lower in December.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR closed 0.2% lower at 4.0340 on Monday after taking a break on Friday. The greenback continued its mixed performances against the majors, while higher oil prices are likely beneficial to the local currencies, which lead us to maintain our neutral-to-bearish call on USD/MYR this week.

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

- DXY was relatively range bound on Monday, closing flat at 90.48. We are **neutral-to-bearish** on the USD for the week ahead. We see support close by around 90.30 level. If that is broken, we see attention turning towards the 21 January low of 90.048. Data focus is on empire manufacturing as well as PPI, retail sales and industrial production later this week.

EUR (Neutral-to-Bullish)

- EUR/USD was slightly up on Monday, reaching a high of 1.2145 but closing at 1.2129. We are **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 precursor to further moves to 1.2350 resistance. 4Q GDP data will be released this evening, before PMIs later the week.

GBP (Neutral-to-Bullish)

- GBP/USD breached the 1.39 big figure and reached a high of 1.3919 on Monday. The move now turns attention towards the 1.4000 resistance. We stay **neutral-to-bullish** on the pound, although it may be limited by stretched levels. Only a correction to 1.3800 may turn momentum away from current uptrend.

JPY (Neutral)

- USD/JPY moved higher as the yen underperformed on Monday. Pair was up to a high of 105.42 and close of 105.38. We turn **neutral** on the JPY. With USD/JPY still at the upper end of the 100-105 range, there is some room to move downwards. Focus is on the 105.77 high reached on 5 February, although we see support around the 104.60 level.

AUD (Neutral-to-Bullish)

- AUD/USD continued to recover on Monday, reaching a high of 0.7789. Risk on sentiments and elevated commodity prices stay supportive of the Aussie. We stay **neutral-to-bullish** on the pair. Strong momentum upwards is turning attention towards a 0.78-0.80 range. Focus will likely be on a 0.7810 resistance and a 0.7564 support.

SGD (Neutral-to-Bullish)

- USD/SGD registered modest gains and moved downwards to a close of 1.3231 on Monday. This came after significant upward revision in 4Q-2020 GDP. Budget announcement keenly eyed, and support may keep SGD weakness at bay. Much of the positivity though may have been priced in. We stay **neutral-to-bullish** on the SGD. We anticipate a move below 1.3200 to shift focus towards the YTD 1.3157 low (support). If a reversal upwards occurs, we watch resistance at 1.3290.

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