

## Global Markets Research

### Daily Market Highlights

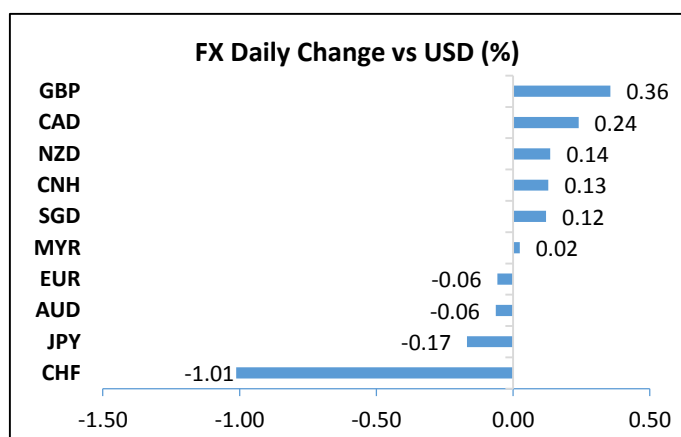
#### Key Takeaways

- US stocks rebounded from intraday low on Fed Chair Jerome Powell's reassurance to continue supporting the economy.** The Dow Jones (+0.05%) and S&P 500 (+0.1%) reversed early losses to end marginally higher. The sell-down in tech shares continued, weighing on the NASDAQ index (-0.5%). Stocks ended on a mixed note in Europe and Asia earlier. Powell testified before the Senate Banking Committee and made it clear that the Federal Reserve was nowhere near pulling back its current support for the economy. This helped sooth recent market jittery that the central bank could taper its bond-buying program to counter rising inflation.
- Treasury yields retreated modestly on Powell's remarks.** The yield on 10Y UST last traded 2.4bps lower at 1.342%. USD saw mixed performances against major currencies. **GBP remained bullish, being the top gainer of the day.** CHF fell nearly 1.0%. The dollar index snapped its losing streak, rebounding by 0.1% to 90.12. Gold futures pulled back slightly (-0.1%) from recent gains to \$1804.4/oz. Crude oil benchmarks were mixed with Brent crude slipping 0.3% to \$65.37/barrel and WTI picking up 0.3% to \$61.67/barrel. **The RBNZ is expected to keep its official cash rate unchanged at 0.25% today.**
- Data flow was generally positive save for weaknesses seen in the UK job market.** The US consumer confidence index improved in February thanks to vaccine optimism. House prices continued to increase in the US towards the end of 2020. The UK's unemployment rate rose to 5.1% in the three months to December and the economy lost 114k jobs in that period. The annual rate of Eurozone's HICP inflation recorded its first positive reading of 0.9% y/y for the first time in six months. Singapore's CPI inflation also turned positive in January.
- DXY pulled back on Tuesday after hitting a low of 89.94,** closing around 90.17 in the process. Dollar gained against JPY and CHF, but weakened against GBP and CAD. We anticipate some **slight dollar weakness** ahead. We now eye a range of 89.40-90.60. For the week ahead, focus is on ISM and initial jobless claims data.
- USD/MYR saw another day of muted trading,** closing at 4.0430. We are **neutral on USD/MYR** today given the mixed performance of the broad USD, anticipating a range of 4.0250-4.0600 this week. Malaysia's CPI and exports data are unlikely to elicit much market movements.

#### Market Snapshots

	Last Price	DoD %	YTD %
<b>Dow Jones Ind.</b>	31,537.35	0.05	3.04
<b>S&amp;P 500</b>	3,881.37	0.13	3.34
<b>FTSE 100</b>	6,625.94	0.21	2.56
<b>Hang Seng</b>	30,632.64	1.03	12.49
<b>KLCI</b>	1,565.05	-0.34	-3.82
<b>STI</b>	2,890.70	0.33	1.65
<b>Dollar Index</b>	90.17	0.18	0.26
<b>WTI oil (\$/bbl)</b>	61.67	0.29	27.00
<b>Brent oil (\$/bbl)</b>	65.37	0.20	26.20
<b>Gold (\$/oz)</b>	1,804.40	-0.13	-4.79
<b>CPO (RM/tonne)</b>	3,935.00	0.46	3.88

Source: Bloomberg



Source: Bloomberg

#### Overnight Economic Data

US	↑	Eurozone	↑
UK	↓	Singapore	↑

#### Up Next

Date	Events	Prior
24/02	NZ RBNZ Official Cash Rate	0.25%
	MA CPI YoY (Jan)	-1.40%
	HK GDP YoY (4Q F)	-3.00%
	US MBA Mortgage Applications	-5.10%
	US New Home Sales MoM (Jan)	1.60%
25/02	NZ ANZ Business Confidence (Feb F)	11.8
	HK Exports YoY (Jan)	11.70%
	EC Economic Confidence (Feb)	91.5
	US Durable Goods Orders (Jan P)	0.50%
	US Initial Jobless Claims (43862)	--
	US GDP Annualized QoQ (4Q S)	4.00%
	US Pending Home Sales MoM (Jan)	-0.30%

Source: Bloomberg

## Macroeconomics

- **US consumer confidence improved in February:**
  - The Conference Board Consumer Confidence Index rose to 91.3 in February (Jan: 88.9) amid ongoing vaccination efforts and easing pandemic situation. Consumers' assessment of current conditions improved in February, suggesting that economic growth has not slowed further. Consumers remain cautiously optimistic about the outlook for the coming months as the Expectation Index fell marginally.
  - US house prices continued to rise towards the end of 2020. The FHFA House Price Index rose 1.1% m/m in December (Jan: +1%) while the S&P CoreLogic CaseShiller 20-City Index rose 1.3% m/m (Jan: +1.5%).
  - The Richmond Fed Manufacturing Index was unchanged at 14 in February, reflecting modest expansion of manufacturing activity.
- **UK job market saw less severe pullback thanks to furlough scheme:**
  - The UK economy shed 114k jobs in the three months to December, more than analysts' estimation of 30k decline. This followed 88k losses in the three months to November.
  - Unemployment rate rose to 5.1% in the same period (Nov: 5.0%). The absence of a sharp deterioration in the job market reflects the effectiveness of the job furlough scheme despite multiple shutdowns being announced in the last quarter of 2020.
  - In a separate note, jobless claims fell 20k in January after the revised 20.4k decline. The UK job market could rebound in the months to come after the successful vaccination drive (which is still ongoing). Lower infection rates could also send more employees back to work.
- **Eurozone's inflation turned positive in January:** The Eurozone's HICP inflation was slightly lower at 0.2% m/m in January (Dec: +0.3%). The annual rate of inflation recorded its first positive reading of 0.9% y/y for the first time in six months (Dec: -0.3%). Underlying inflation jumped to 1.4% y/y (Dec: +0.2%). The improvements in prices were broad-based with services inflation accelerating to 1.4% y/y (Dec: +0.7%). The positive reading is a welcoming sign that domestic economic sectors, particularly services are recovering.
- **Singapore CPI inflation at 0.2% in January:** Singapore's headline inflation rose 0.2% y/y in January, from 0% a month ago. Core inflation fell 0.2% y/y (Dec: -0.3%). The January inflation result came in within the market and our expectations. Prior inflation drivers in 2020, like food, are easing as supply disruptions became a thing of the past. However, supply side factors like falling COE quotas, rising energy prices and recovering accommodation inflation is now driving Singapore's inflation to positive territory. We note that these emerging inflationary pressures are here to stay, at least in 2021. Still, levels remain low compared to trend. We do not anticipate excessively strong inflation in the coming months. As a result, the Monetary Authority of Singapore is likely to stay patient, alongside other central banks, and maintain its currency policy in the monetary policy announcement in April.
- **Australia's wage growth accelerated in 4Q:** Australia's wage price index rose 0.6% q/q in the fourth quarter of 2020, a marked acceleration compared to the small 0.1% growth in the third quarter. This translates to a stable 1.4% y/y increase, unchanged from 3Q's wage growth rate. Both annual and quarterly readings beat consensus expectation. Larger gain in 4Q's wages is a positive sign for labour market and economic recoveries as it could help support consumer spending.

## Forex

### MYR (Neutral)

- USD/MYR saw another day of muted trading, closing at 4.0430. We are neutral on USD/MYR today given the mixed performance of the broad USD, anticipating a range of 4.0250-4.0600 this week. Malaysia's CPI and exports data are unlikely to elicit much market movements.

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

- DXY pulled back on Tuesday after hitting a low of 89.94, closing around 90.17 in the process. Dollar gained against JPY and CHF, but weakened against GBP and CAD. We anticipate some slight dollar weakness ahead. We now eye a range of 89.40-90.60. For the week ahead, focus is on ISM and initial jobless claims data.

### EUR (Neutral-to-Bullish)

- EUR/USD registered a slight retreat from a day ago, after hitting a high of 1.2180. Pair closed around 1.2150, just a tad lower than the previous day's close of 1.2157. We are slightly constrictive on EUR/USD, placing resistance at 1.2280 and support at 1.2050. Eurozone releases confidence data this week.

### GBP (Neutral-to-Bullish)

- GBP/USD stayed on the upward path, hitting a high of 1.4117 before a slight pullback at close. We anticipate modest gains for the pound for the week ahead. This is helped by leading vaccination rates, compared to other major economies. After the 1.4000 resistance is breached, attention turns towards the 2018 high of 1.4377. Only a correction to 1.3800 may turn momentum away from current uptrend.

### JPY (Neutral)

- The yen remains an underperformer among G10, as USD/JPY moved higher. Pair hit a high of 105.43 before a pullback to close around 105.25. We are marginally optimistic for modest gains in the yen, examining a range of 104.50-105.90. There is a possibility of range movements instead. CPI, retail sales and IP data are due for release in the coming days.

### AUD (Neutral-to-Bullish)

- AUD/USD consolidated on Tuesday's session, staying within an intraday range of 0.7880-0.7935. We are slightly optimistic on AUD, after recent volatility. A break-away of a 0.7720-0.7820 range signals at upside momentum, with resistance now at 0.8000.

### SGD (Neutral-to-Bullish)

- USD/SGD crawled downwards for the fourth consecutive session, helped by a recovering CPI print. Pair hit a 1.3192 low but is back around the 1.32 big figure at close. Over the coming week, we expect USD/SGD to stay within a range of 1.3157-1.3390. We expect the SGD to benefit from dollar weakness, although it may underperform other currencies' rallies. Industrial production is the key data left for this week to watch.

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