



IMPORTANT ECONOMIC DATA RELEASE TODAY

Economic data is an important factor that will have an impact on market direction. There are a number of economic figures releases daily. Below are some important data to watch out for, which would have impact to today's market.

No	Time	Event	Actual	Forecast	Previous
1	09:00	China Manufacturing PMI (Dec)	50.2	50.1	50.2
2	09:00	China Non-Manufacturing PMI (Dec)	53.5	54.2	54.4
3	23:00	US Consumer Confidence (Dec)	-	128.2	125.5

Source: Bloomberg/ Phillip Futures

Market Update (Fundamentals):

1) Global stock index futures: Generally set to end the year on a high note

Prices as at 10.30am:

Mini Dow Futures: +0.13%

Mini S&P 500 Futures: +0.13%

FTSE China A50 Futures: +0.12%

MSCI Singapore Free Index (SiMSCI) Futures: +0.53%

Global indices futures generally saw recovery this morning, after profit taking was observed last night due to the holiday lull. The increase was largely due to the positive developments in Asia this morning, as global indices face light trading on the last day of 2019. Chinese manufacturing numbers which came in today indicated stabilization, as it came it higher than expected. This indicated that there is improvement in the overall mode in the Chinese manufacturing sector, as it continues its expansion for a second consecutive month, after previously contracting for 6 consecutive months.

Meanwhile, US trade adviser Peter Navarro stated that a preliminary trade deal with China has been completed, and that it would likely be signed next week. This gave extra fuel to markets, as global indices look set to end the year on a high note. The optimism is also set to ride into the new year, amid brightened prospects of a global economic pickup in 2020.

On the Sino-US trade front, markets have continued to look towards the signing of the phase one trade agreement between China and US. Thus far, although there has been a variation of reports on when it will take place, it is likely to take place next week. While it has been reported that Chinese Vice Premier Liu He will travel to US this weekend (4th January 2020) to sign the accord on invitation from the US, and that the Chinese delegation will stay in the US for a few days until the middle of next week, it was flatly denied by US trade adviser Peter Navarro, who stated that anonymous sources are not to be believed. He added that details on the signing would be eventually announced by US President Trump or US Trade Representative Robert Lighthizer. Nevertheless, the mood has remained rosy, with both countries affirming that that they remain in close contact.

Meanwhile, positive signals have also been observed, with it being reported that China has approved a new strain of genetically modified soybeans developed by a US company, a move that could bolster looming trade talks by dropping additional non-tariff barriers. This is due to it being seen as a sign that China is opening of its market to US GMO products, which previously has been a source of tension between both nations. As China purchases more than 60% of globally traded soybeans, this would mean that there could be fantastic Chinese demand going forth. Since the tariff-free exemptions previously given by China to certain importers, soybean purchases from the US had also surged. Hence, this serves as a good indication that China is likely able to meet its obligations for the Phase One trade deal, and that Chinese demand for US agricultural products is still apparent. Thus, the current situation appears to be huge contrast as compared to the previously unpredictable trade talks, which were fraught with disagreements and complications.

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Going forth, markets would still be awaiting finer details of the Phase-One agreement. Currently, the precise terms of the agreement have not been revealed aside, and there have been little details asides from the fact that there would be lower US tariffs on Chinese goods and higher Chinese purchases of US farm, energy and manufactured goods. Nothing has also been confirmed by both parties so far. Hence, at present, we remain cautiously optimistic of the situation, as it is just the tip of the iceberg, and still too early to state that there would be no more trade issues going forth. Although the current positive feelings would likely remain until the unveiling of the Phase-One deal, sparks could begin to fly again, when both parties work on the second phase of the trade deal, where more sensitive issues will be negotiated then.

On the Chinese front, the data docket has been upbeat. This in turn easing some market fears, as it hints towards early signs of a possible recovery in the world's second largest economy. The outlook for export orders has led the rebound and reflected a greater than expected recovery in manufacturing sentiment. Evident by today's data, China's economy appears to have reached the bottom of a cyclical slowdown as 2019 draws to a close. This is aided by the prospects of a Phase-One Sino-US trade deal, and domestic stimulus efforts that ranged from infrastructure support spending to remodelling of its interest-rate structure, and are buoying sentiment. Hence with demand sentiments expected to improve further due to the upcoming Lunar New Year festive season, it could provide markets of further signs towards recovery, and could keep market confidence buoyant.

On the Singapore front, eyes will be towards the last quarter GDP numbers that will be released on Thursday (2nd January 2020) at 8am. While Singapore managed to narrowly avoid a technical recession in the third quarter, eyes will be towards if there is resilience in our trade dependent economy in the last quarter of 2019. Thus far, economic indicators that have been lacklustre, but is showing signs of bottoming. Hence, while GDP growth is expected to slow, focus will be whether there would be continued weakness, or if a gradual pickup is on the cards. While it appears that Singapore's economy is still walking a tightrope, there has been increasing expectations that it would improve next year, after a turbulent 2019 that has been daunted by the harsh trade environment. Thus, with improving ties between US and China, tailwinds could emerge for Singapore in the new year, as the light at the end of the tunnel may be near.

On the backdrop of the ongoing lighter mood, due to improvement in geo-political tensions and signs of a bottoming of the global slowdown, we are of the view that markets still have a positive bias, and should be positioning for potential further bullish momentum in 2020. At present, not only has Sino-US trade frictions cooled, with both sides going through necessary procedures before signing a Phase One trade agreement, Japan-South Korea ties are also improving. Japan has partially reversed curbs on tech materials exports to South Korea, and the intelligence sharing pact between both nations are set to continue. Hence, there is still hopes for better bilateral relations between Japan and South Korea going forth, and could give markets more confidence. Thus, with a more constructive global macro outlook for 2020 as compared to this year, there has been increasing justification hinting towards possible positive turning of the fundamentals for global indices. On a side note, on New Year's day, North Korean leader Kim will have an address, and it is expected to shed light on North Korea future direction, and if it will mend the fences with the US or escalate the tension. As Kim has been threatening to take a new path in nuclear talks for months, but has yet to deliver on anything, the upcoming speech is expected to provide a direction towards where the road will lead to. Markets are thus expected to react accordingly thereafter.

2) Currencies: GBP climbs as ending of Brexit impasse eyed; USD eased amid renewed optimism on global growth

The GBP continued to see strength this morning, due to fiscal stimulus from the new UK government, where it has been announced that there will be an increase in minimum wages next year. In addition, there has been increasing optimism towards the UK eventually dropping its opposition towards any further extension of the Brexit transition period beyond 2020. Over the weekends, European Commission President Ursula von der Leyen stated that the EU may need to extend the deadline for talks regarding the new trade relationship with the UK. This potentially reduce the possibility of a "Hard Brexit" beyond the transition period until the end of 2020, which is deemed to be very tight. She stated that both sides needed to evaluate the situation by mid next year, and if necessary agree on extending the transition period. This is due to the huge mass of issues to be negotiated including trade, education and transportation among others. Hence should UK PM Johnson eventually compromise, it would be a positive breakthrough for Brexit, after months of uncertainty. However, we remain cautious of what is to come, as even with Brexit set to take place smoothly on 31st January 2020 based on current progress. Going forth, the actual UK situation towards execution of Brexit would weigh on markets, and the GBP is expected to continue facing pressure due to the potential concerns attributed by the fog of Brexit. We also anticipate that upside potential of the GBP will be capped next year, as the Brexit still has limited clarity, and there could be a return of political uncertainty due to Scotland.

The USD dipped against a basket of currencies this morning, as the renewed optimism about global growth lifted investors' risk appetite. Coupled with the encouraging news involving Sino-US trade relations, it in turn sapped demand towards the USD. In addition, as Japan will be closed for a six-day holiday, the early winding of the Yen carry trade to avoid a Yen flash crash that happened last year, could have also resulted in the USD weakening. Trading of the USD is expected to remain thin ahead of New Year holidays in most markets, resulting in limited price action. However, during the New Year holiday, focus will still be towards the events in North Korea, after rising risk of a weapons test in recent days, as well as the Middle Eastern situation where the US military launched strikes of facilities over the weekends. Any escalation of the situations is expected to put spotlight on the USD. As it will be a data light week, the USD is expected to be driven by global events, until there is more evidence to suggest that the Fed would pause rate cuts in 2020.

Technical Chart pick of the day:

USD/JPY – Bearish

- On a technical perspective, the trend is bearish, with prices below the 20, 40, 100 and 200 EMA.
- Prices failed to break above the 20 EMA and retraced. This indicates that selling pressure is present.
- Based on the pivot point analysis, prices are below the pivot level. This signifies bullishness.

Resistance: R1: 109.311, R2: 109.750, R3: 110.462

Support: S1: 108.599, S2: 108.326, S3: 107.614

USD/JPY Hourly Chart



Economic Calendar

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
United States							
12/30/19	21:30	Advance Goods Trade Balance	Nov	--	-\$69.0b	-\$66.5b	-\$66.8b
12/30/19	21:30	Retail Inventories MoM	Nov	--	0.10%	0.30%	--
12/30/19	21:30	Wholesale Inventories MoM	Nov P	--	0.20%	0.10%	--
12/30/19	22:45	MNI Chicago PMI	Dec	--	48	46.3	--
12/30/19	23:00	Pending Home Sales MoM	Nov	--	1.50%	-1.70%	--
12/30/19	23:00	Pending Home Sales NSA YoY	Nov	--	7.80%	3.90%	--
12/30/19	23:30	Dallas Fed Manf. Activity	Dec	--	0	-1.3	--
12/31/19	22:00	FHFA House Price Index MoM	Oct	--	0.40%	0.60%	--
12/31/19	22:00	S&P CoreLogic CS 20-City MoM SA	Oct	--	0.30%	0.36%	--
12/31/19	22:00	S&P CoreLogic CS 20-City YoY NSA	Oct	--	2.10%	2.10%	--
12/31/19	22:00	S&P CoreLogic CS 20-City NSA Index	Oct	--	--	218.27	--
12/31/19	22:00	S&P CoreLogic CS US HPI YoY NSA	Oct	--	--	3.22%	--
12/31/19	22:00	S&P CoreLogic CS US HPI NSA Index	Oct	--	--	212.2	--
12/31/19	23:00	Conf. Board Consumer Confidence	Dec	--	128	125.5	--
12/31/19	23:00	Conf. Board Present Situation	Dec	--	--	166.9	--
12/31/19	23:00	Conf. Board Expectations	Dec	--	--	97.9	--
01/02/20	21:30	Initial Jobless Claims	Dec-28	--	--	222k	--
01/02/20	21:30	Continuing Claims	Dec-21	--	--	1719k	--
01/02/20	22:45	Bloomberg Consumer Comfort	Dec-29	--	--	62.3	--
01/02/20	22:45	Markit US Manufacturing PMI	Dec F	--	52.5	52.5	--
01/03/20	23:00	Construction Spending MoM	Nov	--	0.40%	-0.80%	--
01/03/20	23:00	ISM Manufacturing	Dec	--	49	48.1	--
01/03/20	23:00	ISM New Orders	Dec	--	--	47.2	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
01/03/20	23:00	ISM Prices Paid	Dec	--	47.5	46.7	--
01/03/20	23:00	ISM Employment	Dec	--	--	46.6	--
01/04/20	3:00	FOMC Meeting Minutes	Dec-11	--	--	--	--
Singapore							
12/31/19	10:00	Bank Loans and Advances YoY	Nov	--	--	2.60%	--
12/31/19	10:00	Money Supply M1 YoY	Nov	--	--	4.00%	--
12/31/19	10:00	Money Supply M2 YoY	Nov	--	--	4.80%	--
01/02/20	8:00	GDP Annual YoY	2019	--	0.80%	3.30%	3.10%
01/02/20	8:00	GDP YoY	4Q A	--	1.00%	0.50%	--
01/02/20	8:00	GDP SAAR QoQ	4Q A	--	0.70%	2.10%	--
01/02/20		URA Private Home Prices QoQ	4Q P	--	--	1.30%	--
01/03/20	21:00	Purchasing Managers Index	Dec	--	49.9	49.8	--
01/03/20	21:00	Electronics Sector Index	Dec	--	--	49.7	--
China							
12/31/19	9:00	Composite PMI	Dec	--	--	53.7	--
12/31/19	9:00	Manufacturing PMI	Dec	--	50.1	50.2	--
12/31/19	9:00	Non-manufacturing PMI	Dec	--	54.2	54.4	--
01/02/20	9:45	Caixin China PMI Mfg	Dec	--	51.6	51.8	--
Eurozone							
01/02/20	17:00	Markit Eurozone Manufacturing PMI	Dec F	--	45.9	45.9	--
01/03/20	17:00	M3 Money Supply YoY	Nov	--	5.70%	5.60%	--
India							
12/31/19		Fiscal Deficit INR Crore	Nov	--	--	68891	--
12/31/19		Eight Infrastructure Industries	Nov	--	--	-5.80%	--
01/02/20	13:00	Markit India PMI Mfg	Dec	--	--	51.2	--

Date	Time	Economic Release	Period	Actual	Survey	Prior	Revised
Japan							
12/30/19	12:00	Vehicle Production YoY	Oct	--	--	2.30%	--
United Kingdom							
12/30/19	17:30	UK Finance Loans for Housing	Nov	--	41200	41219	--
01/02/20	17:30	Markit UK PMI Manufacturing SA	Dec F	--	47.6	47.4	--
01/03/20	8:01	BRC Shop Price Index YoY	Dec	--	-0.50%	-0.50%	--
01/03/20	15:00	Nationwide House Px NSA YoY	Dec	--	1.40%	0.80%	--
01/03/20	15:00	Nationwide House PX MoM	Dec	--	0.00%	0.50%	--
01/03/20	17:30	Markit/CIPS UK Construction PMI	Dec	--	45.8	45.3	--
01/03/20	17:30	Net Consumer Credit	Nov	--	1.0b	1.3b	--
01/03/20	17:30	Consumer Credit YoY	Nov	--	--	6.10%	--
01/03/20	17:30	Net Lending Sec. on Dwellings	Nov	--	4.0b	4.3b	--
01/03/20	17:30	Mortgage Approvals	Nov	--	64.5k	64.6k	--
01/03/20	17:30	Money Supply M4 MoM	Nov	--	--	0.00%	--
01/03/20	17:30	M4 Money Supply YoY	Nov	--	--	3.60%	--
01/03/20	17:30	M4 Ex IOFCs 3M Annualised	Nov	--	--	4.20%	--
Australia							
01/02/20	6:00	CBA Australia PMI Mfg	Dec F	--	--	49.4	--
01/02/20	7:00	CoreLogic House Px MoM	Dec	--	--	2.00%	--
01/02/20	13:30	Commodity Index AUD	Dec	--	--	115.9	--
01/02/20	13:30	Commodity Index SDR YoY	Dec	--	--	-5.00%	--
New Zealand							
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Source: Bloomberg/ Phillip Futures

Note: Releases highlighted in **red** denote indicators which are deemed by the analyst to potentially cause significant market movements

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