3 December 2021

Global Markets Research
Daily Market Highlights

03-Dec: US equities rebounded from selloff

US stock benchmarks rebounded as buyers bought the dip
Treasury yields rose, USD strength eased
OPEC+ sticked to 400k bpd for January's output hike

- US stocks rebounded overnight, snapping a two-day losing streak as buyers went for a bargain hunting after the recent dip in equity prices. The Dow Jones rose 1.8%; the S&P 500 gained 1.4% and NASDAQ picked up 0.8%; all indexes managed to recoup losses made in the prior session. Stocks in Europe sold off as Germany announced nationwide restrictions for unvaccinated individuals in a bid to curb its worst Covid-19 wave. Asian benchmarks ended on a mixed note.

- US treasuries retreated from the recent gains, leaving yields higher by 2 to 8bps overnight as investors mulled the possibility of quicker Fed asset tapering. Short-dated yields recorded sharper increases. The yield on the benchmark 10Y UST ticked higher (+4bps) to 1.44%. The dollar saw mixed performances against the G10-basket. The dollar index rose slightly (+0.1%) to 96.12. Gold prices pulled back sharply (-1.2%) to $1760.7/oz from the modest gain prior.

- USD/MYR strengthened for the second consecutive session (+0.3%) to 4.2320 on Thursday. The easing USD strength overnight is expected to stabilise USD/MYR at circa 4.22-4.23 levels, although the Omicron-related risk aversion as well as expectations of a hawkish Fed may continue to push USD/MYR higher in the short-to-medium term. 4.20 remains a key psychological support and we expect a range of 4.20-4.25 for the week ahead.

- OPEC+ is sticking to its plan to gradually add oil output by 400,000 barrels a day in January despite expectations of an oversupply in 2022, in view of the potential impact of the Omicron variant as well as large consuming countries' tapping into their respective oil reserves. Oil prices rebounded from the two-day selloff- WTI rose 1.4% to $66.50/barrel; Brent crude gained 1.2% to $69.67/barrel.

US initial jobless claims rose to 222k last week:

- Initial jobless claims in the US rose by 28k to 222k in the week ended 27 November. In the previous week, new claimants for unemployment benefits had dropped to a pandemic era low of 194k, reflecting the seasonal adjustment surrounding the Thanksgiving holidays. Nonetheless, new jobless claims remain on a down-trend with the 4-week moving average falling to 238.75k (from 251k previously)

Eurozone's unemployment rate fell to 7.3%; producer price inflation surged:

- The Eurozone's unemployment rate fell from 7.4% to 7.3% in October, matching the consensus estimate as the region's job market continued to show recovery.
- The producer price index jumped 5.4% m/m in October (Sep: +2.8%), way higher than the estimated 3.8% gain. This translates to 21.9% y/y increase in PPI inflation in the month, from 16.1% y/y previously). The surge in factory-gate inflation is a prevailing impact of the worldwide supply chain issues and the costs are expected to be passed to consumers, driving up consumer inflation.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,639.79	1.82
S&P 500	4,577.10	1.42
NASDAQ	15,381.32	0.83
Stoxx 600	465.44	-1.15
FTSE 100	7,129.21	-0.55
Nikkei 225	27,753.37	-0.65
Hang Seng	23,788.93	0.55
Straits Times	3,092.11	-0.20
KLCI 30	1,501.74	0.32
FX		
Dollar Index	96.12	0.10
EUR/USD	1.1301	-0.17
GBP/USD	1.3305	0.20
USD/JPY	113.11	0.29
AUD/USD	0.7094	-0.15
USD/CNH	6.3729	0.01
USD/MYR	4.2320	0.30
USD/SGD	1.3694	0.31
Commodities		
WTI ($/bbl)	66.50	1.42
Brent ($/bbl)	69.67	1.16
Gold ($/oz)	1,760.70	-1.17

Source: Bloomberg, HLBB Global Markets Research

Australia's exports fell amid lower iron ores shipments:

- Australia's exports fell more than expected by 3% m/m in October (Sep: -7%), reflecting the nearly 27% drop in iron ore exports in that month. Concurrently, exports to China, which is Australia's largest trading partner, were down by 8% m/m after suffering a decline of nearly 27% in September, during the resurgence of the Covid-19 virus.
- Australia's home loans fell 2.5% m/m in October (Sep: -1.4%) driven by the fall in owner-occupied lending (-4.1% m/m) as investor lending (+1.1% m/m) continued to hold up steadily.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	95-97	94.50	95.00	95.50	96.50
EUR/USD	1.12-1.14	1.15	1.14	1.14	1.13
GBP/USD	1.32-1.34	1.35	1.35	1.34	1.33
AUD/USD	0.70-0.72	0.72	0.71	0.71	0.70
USD/JPY	112-115	112	113	114	115
USD/MYR	4.20-4.25	4.15	4.15	4.15	4.15
USD/SGD	1.36-1.38	1.35	1.34	1.33	1.34

Policy Rate %	Current	4Q-21	1Q-22	2Q-22	3Q-22
Fed	0-0.25%	0-0.25%	0-0.25%	0-0.25%	0-0.25%
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.10	0.10	0.10	0.10	0.25
RBA	0.10	0.10	0.10	0.10	0.10
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	1.75	1.75	1.75	1.75	1.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
03/12	HK Markit Hong Kong PMI (Nov)	50.8
	JP Jibun Bank Japan PMI Services (Nov F)	50.7
	CN Caixin China PMI Services (Nov)	53.8
	SG Retail Sales YoY (Oct)	6.6%
	EZ Markit Eurozone Services PMI (Nov F)	54.6
	UK Markit/CIPS UK Services PMI (Nov F)	59.1
	EZ Retail Sales MoM (Oct)	-0.30%
	US Change in Nonfarm Payrolls (Nov)	531k
	US Unemployment Rate (Nov)	4.6%
	US Average Hourly Earnings YoY (Nov)	4.9%
	US Markit US Services PMI (Nov F)	58.7
	US ISM Services Index (Nov)	66.7
	US Factory Orders (Oct)	0.2%
06/12	EZ Sentix Investor Confidence (Dec)	18.3

Source: Bloomberg

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