5 October 2021

Global Markets Research
Daily Market Highlights

05-Oct: Wall Street tanked amid tech rout

Facebook led the losses on app outages and whistleblowing testimony
Dollar weakened against all major currencies
Crude oil soared as OPEC+ sticks to existing output plan

- Wall Street was pulled lower on Monday by an intensifying selloff in tech shares, where social media giant Facebook was seen suffering the heaviest losses. The Dow lost 0.9% while the S&P 500 shed 1.3%. NASDAQ slumped 2.1%. Most sectors ended the session in the red, energy shares were pushed up by surging crude oil prices. Facebook's shares were down by 4.9%, its largest single-day decline in 2021, amid outage of its main app as well as Instagram and Whatsapp and ahead of former employee's whistleblowing testimony before Congress.

- Treasury yields rose modestly across the board by 1 to 2bps after falling for three consecutive sessions. 10Y UST yield rose 1.7bps to 1.48%. The dollar correction continued into Monday with the DXY ticking lower by 0.3% to 93.78. All G10 currencies strengthened against the greenback. USD/MYR closed 0.1% lower at 4.1745. The retreat in broad USD overnight and the rally in crude oil prices (which tends to benefit MYR) may further dampen USD/MYR's outlook today. We continue to foresee a weekly trading range of 4.16-4.20 for now.

- Gold prices advanced as the USD weakened, leading futures to pick up 0.5% to $1766.2/oz. Crude oil prices rallied as OPEC+ sticks to its existing plan to increase oil production by 400k barrels per day (bpd) each month starting November until at least April 2022, despite growing calls for the cartel to increase more barrels to the market amid the soaring demand. Brent crude settled at a three-year high of $81.26/barrel (+2.5%). WTI surged to $77.62/barrel (+2.3%).

- The US Trade Representative Katherine Tai is slated to speak to Chinese Vice Premier Liu He in the coming days to ensure commitment in the US and China's existing trade deal. Stock futures pointed lower in Japan and Hong Kong this morning as they are set to track the US losses overnight.

US factory orders beat expectations in August:

- Factory orders rose 1.2% m/m in August, better than the expected gain of 1%. Notably, orders in July were also revised higher to reflect 0.7% m/m growth. Since the reopening of the US economy in May 2020, the headline factory orders had risen for 15 months out of 16 months; in fact, the only decline recorded during this period was a negligible 0.1% in April this year, highlighting the resilience in the US manufacturing sector amid the strong demand despite the rampant supply chain bottlenecks challenge. Durable goods orders rose 1.8% m/m (Jul: +0.5%) while the core capital orders (a key gauge for US business capex) picked up 0.6% m/m (Jul: +0.3%)

Eurozone's investor confidence weakened in October:

- The Sentix Investor Confidence Index came in lower than expected at 16.9 in October, compared to the consensus forecast of 18.6. In September, the index stood at 19.6. Investor confidence had now weakened for the second consecutive month, reflecting

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,002.92	-0.94
S&P 500	4,300.46	-1.30
NASDAQ	14,255.48	-2.14
Stoxx 600	450.77	-0.47
FTSE 100	7,011.01	-0.23
Nikkei 225	28,444.89	-1.13
Hang Seng	24,036.37	-2.19
Straits Times	3,089.65	1.26
KLCI 30	1,522.47	-0.13
FX		
Dollar Index	93.78	-0.28
EUR/USD	1.1621	0.22
GBP/USD	1.3610	0.47
USD/JPY	110.93	-0.11
AUD/USD	0.7281	0.32
USD/CNH	6.4505	0.21
USD/MYR	4.1745	-0.11
USD/SGD	1.3569	-0.01
Commodities		
WTI ($/bbl)	77.62	2.29
Brent ($/bbl)	81.26	2.50
Gold ($/oz)	1,766.20	0.52

Source: Bloomberg, HLBB Global Markets Research downgrades in current situation and expectations. This is in line with the general view that the reopening growth in the Eurozone has peaked heading into fall.

Singapore's headline PMI fell in September; electronics remained resilient:

- Singapore's official purchasing manager index slipped to 50.8 in September, from 50.9 prior, recording its second successive month of slower expansion. This is attributed to the supply chain disruptions that had capped the overall manufacturing growth potentials. The electronics sector however remained resilient as the electronics sub-reading picked up to 51.2 (Sep: 51.0), reflecting higher new orders and new exports as well as output amid strong global demand for chips.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	93-96	91.50	90.00	89.00	89.00
EUR/USD	1.14-1.17	1.19	1.21	1.22	1.22
GBP/USD	1.33-1.36	1.41	1.43	1.45	1.45
AUD/USD	0.71-0.73	0.74	0.76	0.77	0.76
USD/JPY	110-113	108.00	107.00	105.00	106.00
USD/MYR	4.16-4.20	4.20	4.20	4.15	4.15
USD/SGD	1.35-1.37	1.35	1.34	1.33	1.33

Policy Rate %	Current	4Q-21	1Q-22	2Q-22	3Q-22
Fed	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50
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	0.25	0.50
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
05/10	SG Markit Singapore PMI (Sep)	52.1
	JP Jibun Bank Japan PMI Services (Sep F)	47.4
	AU Exports MoM (Aug)	5%
	AU RBA Cash Rate Target (05 Oct)	0.1%
	SG Retail Sales YoY (Aug)	0.2%
	EZ Markit Eurozone Services PMI (Sep F)	56.3
	UK Markit/CIPS UK Services PMI (Sep F)	54.6
	US Trade Balance (Aug)	-$70.1b
	US Markit US Services PMI (Sep F)	54.4
	US ISM Services Index (Sep)	61.7
06/10	HK Markit Hong Kong PMI (Sep)	53.3
	NZ RBNZ Official Cash Rate (06 Oct)	0.25%
	EZ Retail Sales MoM (Aug)	-2.3%
	US MBA Mortgage Applications (01 Oct)	-1.1%
	US ADP Employment Change (Sep)	374k

Source: Bloomberg

Hong Leong Bank Berhad
Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
HLMarkets@hlbb.hongleong.com.my

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