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Global Markets Research
Daily Market Highlights

08-Nov: Strong revival in US job market

Nonfarm payrolls rose 531k in October
Treasury yields plummeted further; USD rally paused
US House passed critical infrastructure bill

- US benchmarks enjoyed yet another record setting session last Friday, after the monthly employment report beat expectations. The Dow Jones added 0.6% to a new high, rebounding from the marginal slide in the prior session while the S&P 500 (+0.4%) and NASDAQ (+0.2%) pressed on to make their seventh consecutive record closings. Stocks had been rallying for five weeks in a row now, last week's moves were underpinned by a strong earnings season and generally positive US data, while the Fed's decision to scale back its asset purchase program reaffirmed the US solid growth trajectory. On a weekly basis, the Dow rose 1.4% while the S&P 500 picked up 2.0% while the NASDAQ outperformed with a 3.1% gain.

- Treasury yields plunged despite the upbeat job report amid the continuous slump in global bond yields as markets readjusted and reassessed rates outlook following a slew of central bank decisions this week. US yields were down by 2-8bps where the curves bull-flattened; 10Y UST last yielded 1.45% on Friday.

- The dollar index was little changed at 94.32; the USD traded on a mixed note against major currencies after having jumped in the previous session. The JPY (+0.3%) was the biggest gainer, recovering from recent weakness related to expected policy divergence between the BOJ and other central banks while partially aided by risk-off sentiment in Asia. GBP, CAD, AUD and CHF held steady.

- USD/MYR closed 0.1% higher at 4.1590 on Friday. The pair broke its five-week losing streak to register a weekly gain of 0.5% in the holiday-shortened week. We continue to expect a neutral outlook for the pair in the week ahead, in the run-up to the release of Malaysia 3Q GDP numbers on Friday. We are pencilling a small contraction triggered by the lockdown measures then.

- Gold prices extended gains on Friday amid a pause in USD gain; futures climbed 1.3% to $1816.8/oz. Saudi Arabia raised the official selling price of its crudes more than expected, sending the oil markets in a frenzy. Brent crude jumped 2.7% to $82.74/barrel and WTI rallied 3.1% to $81.27/barrel. Nonetheless, both benchmarks closed out the volatile and eventful week sharply lower (WTI: -2.8%; Brent: -1.9%).

- The US House of Representatives passed a $1.2 trillion bipartisan infrastructure bill late Friday; the Senate had approved the said bill in August and President Biden is expected to sign it this week. The legislation is projected to pour in $550b federal funds in the US' infrastructure over five years.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,327.95	0.56
S&P 500	4,697.53	0.37
NASDAQ	15,971.59	0.20
Stoxx 600	483.44	0.05
FTSE 100	7,303.96	0.33
Nikkei 225	29,611.57	-0.61
Hang Seng	24,870.51	-1.41
Straits Times	3,242.34	0.70
KLCI 30	1,531.73	0.03
FX		
Dollar Index	94.32	-0.03
EUR/USD	1.1567	0.11
GBP/USD	1.3498	-0.01
USD/JPY	113.41	-0.31
AUD/USD	0.7400	-0.01
USD/CNH	6.3944	-0.05
USD/MYR	4.1590	0.12
USD/SGD	1.3502	-0.07
Commodities		
WTI ($/bbl)	81.27	3.12
Brent ($/bbl)	82.74	2.73
Gold ($/oz)	1,816.80	1.30

Source: Bloomberg, HLBB Global Markets Research

US job market staged a strong comeback:

- The US economy added 531k jobs in October, better than the expected gain of 450k while the payrolls for the previous two months were revised sharply to reflect an upward net revision of 235k. The Bureau of Labour Statistics said that October's job growth was widespread, with notable gains in leisure and hospitality as well as in professional and business services, manufacturing and transportation & warehousing. The positive reading is largely consistent with key indicators such as the ISM PMI indexes which painted a picture of solid US growth. Services sector activity and employment in particular saw a strong revival after the decline in Covid-19 cases.

- Meanwhile, the unemployment rate fell to 4.6%, from 4.8% prior, also outperforming the consensus estimate of 4.7%. The labour participation rate was unchanged at 61.6%.
- The average hourly earnings rose 4.9% y/y (Sep: +4.6%) as wage growth continued to accelerate against a backdrop of labour supply shortages.

Eurozone's retail sales fell in September:

- The Eurozone's retail sales missed expectations in September, recording a decline of 0.3% m/m instead of a projected growth of 0.2%. This came after sales in August were revised higher to show a much larger 1.0% increase (initial estimate: +0.3% m/m). In September, the fall in online sales and non-food products offset the gain in food, drink & tobacco and fuel. On a y/y basis, retail sales rose 2.5% (Aug: +1.5%) on a more favourable base effect.

Singapore's retail sales jumped in September on mobile sales:

- Singapore's retail sales staged a strong rebound of 6.0% m/m in September (Aug: -0.6%), reflecting the 66.1% m/m surge in sales of computer & telecommunication equipment following new product launches. Sales increased in the majority of the sectors while sales of motor vehicles and recreational goods were down. On a y/y basis, retail sales rose 6.6% (Aug: -2.8%), partially because of the low base effect from last year.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	93-95	94.50	95.00	95.50	96.50
EUR/USD	1.14-1.17	1.15	1.14	1.14	1.13
GBP/USD	1.34-1.37	1.35	1.35	1.34	1.33
AUD/USD	0.73-0.75	0.72	0.71	0.71	0.70
USD/JPY	112-115	112	113	114	115
USD/MYR	4.14-4.18	4.15	4.15	4.15	4.15
USD/SGD	1.34-1.36	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
08/11	MA Foreign Reserves (29 Oct)	$115.6b
	EZ Sentix Investor Confidence (Nov)	16.9
09/11	NZ Card Spending Retail MoM (Oct)	0.9%
	JP Labor Cash Earnings YoY (Sep)	0.6%
	AU NAB Business Confidence (Oct)	13.0
	MA Industrial Production YoY (Sep)	-0.7%
	EZ ZEW Survey Expectations (Nov)	21.0
	US NFIB Small Business Optimism (Oct)	99.1
	US PPI Final Demand YoY (Oct)	8.6%

Source: Bloomberg

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