9 November 2021

Global Markets Research

Daily Market Highlights

09-Nov: US stocks pressed ahead with gains

S&P 500, NASDAQ rose for eighth consecutive session

Dollar dipped alongside selloff in treasuries

Oil prices extended gains; White House may address high prices issue

- US equities inched higher to close at record levels on Monday, supported by corporate earnings optimism and solid job data as well as the passage of a key infrastructure bill. The Dow Jones rose modestly by 0.3% while the S&P 500 (+0.09%) and NASDAQ (+0.07%) picked up marginally. Monday's closing marked both benchmarks' eighth consecutive gain since late October. Electric car maker Tesla's stocks plunged 4.8% after CEO Elon Musk said that he would sell 10% of the company's holdings based on a Twitter poll result that voted for him to do so.

- Treasury yields rose ahead of this week's US CPI data. The yield on 10Y UST picked up 3.8bps to 1.49%. The Federal Reserve Vice Chair Richard Clarida admitted at a Brookings Institution virtual conference that inflation is running at "much more than a moderate overshoot" than the Fed's target and predicts that the core PCE inflation rate would hit 4.0% this year, higher than the 3.7% projection by the FOMC.

- Gold prices advanced to the highest level in two months as the dollar weakened. Futures rose 0.6% to $1828/oz, marking its third winning session in a row. The USD slumped against nearly all G10 currencies with the NZD being the major gainer. The dollar index shed 0.3% to 94.05.

- USD/MYR reversed Friday's gain to close 0.1% lower on Monday at 4.1540. 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 GDP contraction triggered by the lockdown measures and expect USD/MYR to trade within 4.14-4.18 this week.

- Oil prices extended recent gains to Monday after Saudi Arabia's move to raise its selling prices had spurred a rally last week. Brent crude advanced 0.8% to $83.43/barrel while WTI also added another 0.8% to $81.93/barrel. US Energy Secretary Jennifer Granholm said that the White House may make an announcement to address the issue of high oil and gasoline prices.

Eurozone's Sentix confidence rose in November:

- The Sentix Investor Confidence Index rose to 18.3 in November, from 16.9 previously. The latest print beat the consensus forecast of 15.0, reflecting improvement in investor expectations that rose more than five points. The current situation index was down for the second consecutive month as sentiments were weighed by the recent rise in Covid-19 cases in the region, which may hinder recovery in the current quarter.

Japan's wage growth slowed in September:

- Japan's labour cash earnings missed expectations in September, picking up a mere 0.2% y/y, compared to the consensus estimate of 0.6% growth, suggesting that the

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,432.22	0.29
S&P 500	4,701.70	0.09
NASDAQ	15,982.36	0.07
Stoxx 600	483.61	0.04
FTSE 100	7,300.40	-0.05
Nikkei 225	29,507.05	-0.35
Hang Seng	24,763.77	-0.43
Straits Times	3,263.90	0.66
KLCI 30	1,535.41	0.24
FX		
Dollar Index	94.05	-0.29
EUR/USD	1.1587	0.17
GBP/USD	1.3563	0.48
USD/JPY	113.23	-0.16
AUD/USD	0.7423	0.31
USD/CNH	6.3884	-0.09
USD/MYR	4.1540	-0.11
USD/SGD	1.3476	-0.19
Commodities		
WTI ($/bbl)	81.93	0.81
Brent ($/bbl)	83.43	0.83
Gold ($/oz)	1,828.00	0.62

Source: Bloomberg, HLBB Global Markets Research recent jump in consumer spending may be temporary. In August, earnings had picked up by 0.6% y/y. The smaller wages growth reflected little change in regular pays (+0.1% y/y), softer gain in overtime pays as well as falls in bonus pay-out. On a m/m basis, the headline earnings were also down by 1.7% (Aug: -26%).

New Zealand's retail card spending jumped as restrictions eased:

- New Zealand's retail card spending rose 10.1% m/m in October (Sep: +1.0%), marking its second month of growth after the sharp decline in August brought about by the national lockdown. StatNZ said that "the increase indicates spending is starting to return to levels seen before the country went into lockdown in the second half of August". Most spending categories saw large increases, reflecting the easing of restrictions in some regions as more stores are opened for non-essential shopping.

Malaysia's foreign reserves at $116.1b:

- Malaysia's foreign reserves rose to $116.1b as at 29 Oct, from $115.6b previously according to a BNM release. The reserves are sufficient to finance 8.1 months of retained imports and is 1.3 times external debt.

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
09/11	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%
10/11	AU Westpac Consumer Conf Index (Nov)	104.6
	CN CPI YoY (Oct)	0.7%
	CN PPI YoY (Oct)	10.7%
	JP Machine Tool Orders YoY (Oct P)	71.9%
	US MBA Mortgage Applications (05 Nov)	-3.3%
	US Initial Jobless Claims (06 Nov)	269k
	US CPI YoY (Oct)	5.4%

Source: Bloomberg

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