

9 December 2021

## Global Markets Research

### Daily Market Highlights

# 09-Dec: US stocks closed higher

**US equities rose despite mixed Omicron headlines; dollar weakened**

**US job openings climbed back to 11 million**

**UK introduced new restrictions to stem Omicron infections**

- US stocks retained strength overnight despite mixed Omicron-related headlines. The Dow Jones extended the gain into Wednesday, albeit modestly by 0.1%. The S&P 500 rose 0.3% and tech-focus NASDAQ climbed 0.6%. Pfizer said that the Omicron variant may evade two doses of its vaccine but a third booster shot may neutralise it.
- Meanwhile, the UK imposed new Covid restrictions which include a work from home order and vaccination requirement for indoor venues. Prime Minister Boris Johnson warned that the Covid infections in the UK are mirroring the rise of cases observed in South Africa where the new variant was first detected. Equities were flat in the UK earlier and traded lower in key European markets.
- Treasury yields advanced overnight, supported by expectations that the Federal Reserve may accelerate the pace of its bond tapering and deliver a rate hike in the first half of 2022. The yield on the benchmark 10Y UST rose nearly 5bps to 1.52%.
- The dollar edged lower against most G10 currencies but strengthened against GBP and CAD. The dollar index plunged 0.5% to 95.89. On the local front, USD/MYR closed 0.2% lower at 4.2250 as the USD strength faded. We remain neutral-to-bullish on USD/MYR this week, as broad risk aversion in the markets will likely continue to buoy USD strength, keeping demand for risks at bay. We expect the pair to maintain a weekly range of 4.20-4.25, with 4.25 serving as a key psychological resistance.
- Gold futures traded on steady note, little changed at \$1783.40/oz. Oil prices extended their winning streak; Brent crude rose further (+0.5%) to \$75.82/barrel while WTI gained 0.4% to \$72.36/barrel.
- The Bank of Canada left its benchmark rate unchanged at 0.25%. Similarly, the Reserve Bank of India's MPC kept its repo rate at 4.0% as expected.

#### US job openings rose back to 11 million:

- The US labour department's JOLTS report showed that the number of job openings in the US rose to 11.0 million in October (Sep: 10.6mil) after having fallen to circa 10 million in the previous two months. The quit rate fell to 2.8% in the same month, from the record high 3% prior, marking its first decline since May. The elevated level of job openings confirmed strong labour demand from US firms and highlighted the widespread struggle to fill vacancies.

#### US mortgage applications picked up 2%:

- The MBA mortgage applications rose 2.0% w/w for the week ended 3 December. This followed a 7.2% w/w drop. The rebound in applications reflected higher refinancing applications (+9.0%) as applications for home purchases fell 5.0%.

#### Key Market Metrics

|                    | Level     | d/d (%) |
|--------------------|-----------|---------|
| <b>Equities</b>    |           |         |
| Dow Jones          | 35,754.75 | 0.10    |
| S&P 500            | 4,701.21  | 0.31    |
| NASDAQ             | 15,786.99 | 0.64    |
| Stoxx 600          | 477.36    | -0.59   |
| FTSE 100           | 7,337.05  | -0.04   |
| Nikkei 225         | 28,860.62 | 1.42    |
| Hang Seng          | 23,996.87 | 0.06    |
| Straits Times      | 3,129.77  | -0.16   |
| KLCI 30            | 1,494.03  | -0.26   |
| <b>FX</b>          |           |         |
| Dollar Index       | 95.89     | -0.49   |
| EUR/USD            | 1.1343    | 0.67    |
| GBP/USD            | 1.3204    | -0.30   |
| USD/JPY            | 113.67    | 0.06    |
| AUD/USD            | 0.7172    | 0.74    |
| USD/CNH            | 6.3459    | -0.28   |
| USD/MYR            | 4.2250    | -0.18   |
| USD/SGD            | 1.3617    | -0.34   |
| <b>Commodities</b> |           |         |
| WTI (\$/bbl)       | 72.36     | 0.43    |
| Brent (\$/bbl)     | 75.82     | 0.50    |
| Gold (\$/oz)       | 1,783.40  | 0.04    |

Source: Bloomberg, HLBB Global Markets Research

## 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 | 1.31-1.33 | 1.35  | 1.35  | 1.34  | 1.33  |
| AUD/USD | 0.69-0.72 | 0.72  | 0.71  | 0.71  | 0.70  |
| USD/JPY | 112-114   | 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    |
|-------|---------------------------------------|----------|
| 09/12 | UK RICS House Price Balance (Nov)     | 70%      |
|       | CN CPI YoY (Nov)                      | 1.5%     |
|       | CN PPI YoY (Nov)                      | 13.5%    |
|       | JP Machine Tool Orders YoY (Nov P)    | 81.5%    |
|       | US Initial Jobless Claims (04 Dec)    | 222k     |
| 10/12 | US Household Change in Net Worth (3Q) | \$5849b  |
|       | NZ BusinessNZ Manufacturing PMI (Nov) | 54.3     |
|       | NZ Card Spending Retail MoM (Nov)     | 10.1%    |
|       | JP PPI YoY (Nov)                      | 8.0%     |
|       | MA Industrial Production YoY (Oct)    | 2.5%     |
|       | UK Monthly GDP (MoM) (Oct)            | 0.6%     |
|       | UK Industrial Production MoM (Oct)    | -0.4%    |
|       | UK Construction Output MoM (Oct)      | 1.3%     |
|       | UK Index of Services MoM (Oct)        | 0.7%     |
|       | UK Visible Trade Balance GBP/Mn (Oct) | -£14736m |
|       | US CPI YoY (Nov)                      | 6.2%     |
|       | US U. of Mich. Sentiment (Dec P)      | 67.4     |

Source: Bloomberg

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