

12 October 2021

Global Markets Research
Daily Market Highlights

12-Oct: Dollar rebounded

US stock benchmarks closed lower on Monday

Dollar strengthened against most G10 currencies

Eyes on Fed minutes, bank earnings & US CPI this week

- US stocks kicked off the week with lower closings on Monday ahead of the Federal Reserve's meeting minutes, US CPI data and a series of banks' quarterly earnings this week. The Dow Jones and S&P 500 both fell around 0.7% while tech-heavy NASDAQ lost 0.6%. The selling was broad-based with communication services and utilities shares falling the most on Monday.
- US bond markets are closed on Monday for Columbus Day. In the FX space, the dollar rebounded from Friday's decline, with the DXY advancing by 0.3% to 94.36 after two losing sessions. Most G10 currencies weakened against USD with JPY being the major loser; AUD was the sole gainer after New South Wales reopened.
- USD/MYR slipped to as low as 4.1650 before bouncing back to close at 4.1700 on Monday, marking its third consecutive loss (-0.2%). MYR was the top Asian performer as most Asian currencies slumped amid USD resurgence. The reopening of the interstate borders within Malaysia alongside the rallies in crude oil and CPO prices are expected to bode well for MYR in the short-term. Nonetheless, the FOMC minutes and US CPI readings are likely to be some swing factors to watch in the FX market.
- Gold prices fell modestly as the USD strengthened; futures were down by 0.1% to \$1754.6/oz. Crude oil benchmarks jumped 1.5% amid continuous expectations of a tight global supply; Brent crude surged to \$83.65/barrel while WTI settled at 80.52/barrel, its first above-\$80 closing since November 2014.

Japan's machine tools orders rose in September:

- A preliminary report showed that Japan's machine tools orders rose 14.8 % m/m in September after the 6.7% m/m decline in August. The rebound was driven by both domestic and foreign orders with the former recording a sharp 29.1% increase even as the State of Emergency measures remained in place last month. This translates to a 71.9% y/y increase in the headline machine tools orders for September (Aug: +85.2%), marking its fourth consecutive months of slowdown as the low base effect waned.

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

- New Zealand's retail card spending rose 0.9% m/m in September, following the sharp 19.7% decline in August. This translates to a 1.6% y/y growth (Aug: -21.9%). Card spending increased after restrictions were eased outside Auckland; the Covid-19 alert levels were eased from level 3 to 2 last month.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	93-96	94.50	95.00	95.50	96.50
EUR/USD	1.14-1.17	1.15	1.14	1.14	1.13
GBP/USD	1.35-1.38	1.35	1.35	1.34	1.33

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,496.06	-0.72
S&P 500	4,361.19	-0.69
NASDAQ	14,486.20	-0.64
Stoxx 600	457.53	0.05
FTSE 100	7,146.85	0.72
Nikkei 225	28,498.20	1.60
Hang Seng	25,325.09	1.96
Straits Times	3,113.49	0.02
KLCI 30	1,570.82	0.44
FX		
Dollar Index	94.36	0.32
EUR/USD	1.1552	-0.15
GBP/USD	1.3595	-0.15
USD/JPY	113.31	0.95
AUD/USD	0.7351	0.57
USD/CNH	6.4591	0.21
USD/MYR	4.1700	-0.17
USD/SGD	1.3550	0.04
Commodities		
WTI (\$/bbl)	80.52	1.47
Brent (\$/bbl)	83.65	1.53
Gold (\$/oz)	1,754.60	-0.10

Source: Bloomberg, HLBB Global Markets Research

AUD/USD	0.72-0.74	0.72	0.71	0.71	0.70
USD/JPY	110-113	112	113	114	115
USD/MYR	4.16-4.20	4.15	4.15	4.15	4.15
USD/SGD	1.34-1.37	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
12/10	AU NAB Business Confidence (Sep)	-5
	MA Industrial Production YoY (Aug)	-5.2%
	UK Average Weekly Earnings 3M/YoY (Aug)	8.3%
	UK ILO Unemployment Rate 3Mths (Aug)	4.6%
	UK Employment Change 3M/3M (Aug)	183k
	EZ ZEW Survey Expectations (Oct)	31.1
	US NFIB Small Business Optimism (Sep)	100.1
	US JOLTS Job Openings (Aug)	10934k
13/10	AU Westpac Consumer Conf Index (Oct)	106.2
	JP Core Machine Orders MoM (Aug)	0.9%
	NZ ANZ Business Confidence (Oct P)	-7.2
	CN Exports YoY (Sep)	25.6%
	CN Imports YoY (Sep)	33.1%
	UK Monthly GDP (MoM) (Aug)	0.1%
	UK Industrial Production MoM (Aug)	1.2%
	UK Index of Services MoM (Aug)	0.0%
	UK Visible Trade Balance GBP/Mn (Aug)	-£12706m
	EZ Industrial Production SA MoM (Aug)	1.5%
	US MBA Mortgage Applications (08 Oct)	--
US CPI YoY (Sep)	5.3%	

Source: Bloomberg

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