

12 November 2021

Global Markets Research

Daily Market Highlights

12-Nov: Further USD strength

NASDAQ staged a rebound, S&P 500 steadied

US bond market closed for Veterans Day

USD strength persisted for second session

- US stock benchmarks closed out Thursday's session on a mixed note after the rout on Wednesday. The Dow Jones extended decline by 0.4% while the S&P 500 was little changed (+0.06%). NASDAQ rebounded by 0.5%. The US bond market was closed for Veterans Day.
- The dollar remained supported by risk-off sentiments spurred by elevated US CPI. USD traded higher against all G10 currencies overnight with commodity-linked currencies taking the largest hit. The dollar index rose for the second session by 0.3% to 95.18.
- USD/MYR climbed 0.4% to 4.1705 on Thursday as the MYR weakened alongside its Asian counterparts against the USD. We are neutral to bullish on the pair today as USD strength continues to dominate the market but believe that the upsides will be capped by anticipation of the Malaysia 3Q GDP numbers today, where we are expecting a 4.1% y/y contraction.
- In the commodity market, gold prices rose for the sixth successive session on Thursday as the bullion benefitted from the general risk aversion; futures rallied by 0.8% to \$1863.90/oz. Crude oil benchmarks recorded mixed performances; Brent crude was 0.3% higher at \$82.87/barrel while WTI also picked up 0.3% to \$81.59/barrel.
- Asian equities are set for a positive start today; stock futures pointed up in Japan and Hong Kong as of writing, indicating higher opening.

UK GDP growth missed forecast:

- The UK's 3Q GDP growth fell short of expectations at 1.3% q/q, slowing from the 5.5% growth in the second quarter when the UK had first begun to ease Covid restrictions on a phase-by-phase basis. The smaller positive contribution from household spending and as well as the negative net exports offset the gain in investment in the third quarter. The y/y GDP growth rate slumped to 6.6% in the third quarter, from the 23.6% observed in 2Q previously.
- On a separate note, the UK monthly nominal GDP rose 0.6% m/m in September (Aug: +0.4%). This reflects higher output in the construction (+1.3% m/m) and services (+0.7% m/m) sector which offset the decline in industrial output (-0.4% m/m).

Australia reported job losses in October:

- The Australian economy reported total job losses of 46.3k in October (Sep: -138k), as opposed to the expected gain of 50k. October's layoffs were driven by both full-time (-40.4k) and part-time (-5.9k) sectors and reflected the extended impacts of lockdowns which had already ended.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,921.23	-0.44
S&P 500	4,649.27	0.06
NASDAQ	15,704.28	0.52
Stoxx 600	485.29	0.32
FTSE 100	7,384.18	0.60
Nikkei 225	29,277.86	0.59
Hang Seng	25,247.99	1.01
Straits Times	3,238.07	0.21
KLCI 30	1,518.85	-0.12
FX		
Dollar Index	95.18	0.35
EUR/USD	1.1451	-0.24
GBP/USD	1.3372	-0.25
USD/JPY	114.06	0.13
AUD/USD	0.7294	-0.45
USD/CNH	6.3910	-0.15
USD/MYR	4.1705	0.42
USD/SGD	1.3542	0.10
Commodities		
WTI (\$/bbl)	81.59	0.31
Brent (\$/bbl)	82.87	0.28
Gold (\$/oz)	1,863.90	0.84

Source: Bloomberg, HLBB Global Markets Research

- The unemployment rate rose sharply to 5.2% in October, from 4.6% previously, in concurrent with the higher labour participation rate (64.7% vs 64.5%). The reopening of NSW and Victoria, the country's major states, suggests that job growth is likely to return this month onwards.

Recovery in New Zealand's manufacturing PMI:

- New Zealand's BusinessNZ PMI rose to 54.3 in October, from 51.4 in September. This reflects the increase in both new orders and production, which marked their first above-50 reading respectively since July. BNZ considered this uptick in the PMI as a recovery from the larger hit rather than an indication of outright strength.

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
12/11	NZ BusinessNZ Manufacturing PMI (Oct)	51.4
	MA GDP YoY (3Q)	16.1%
	HK GDP YoY (3Q F)	5.4%
	EZ Industrial Production SA MoM (Sep)	-1.6%
	US JOLTS Job Openings (Sep)	10439k
	US U. of Mich. Sentiment (Nov P)	71.7
15/11	JP GDP QoQ (3Q P)	0.5%
	CN Fixed Asset Investment YTD YoY (Oct)	7.3%
	CN Industrial Production YoY (Oct)	3.1%
	CN Retail Sales YoY (Oct)	4.4%
	JP Industrial Production YoY (Oct)	-2.3%
	EZ Trade Balance (Sep)	€11.1b
	US NY Empire State Manufacturing Index (Nov)	19.8

Source: Bloomberg

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