

Global Markets Research
Daily Market Highlights

14-Sep: US CPI inflation in focus

US stock investors digested tax hike and spending plan ahead of CPI data

OPEC predicted oil demand to exceed pre-pandemic level next year

Dollar struggled to find direction

- US stock benchmarks saw mixed performances at the start of a new trading week as markets awaited the crucial CPI data and digested Senate Democrats' potential \$3.5b spending plan as well as the House Democrats' proposed corporate tax hikes to 26.5% (from 21%). The Dow Jones rose 0.8%; the S&P 500 picked up a mere 0.2%. NASDAQ slipped a little by 0.07%. Elsewhere, stocks closed modestly higher in Europe and saw mixed readings in the Asia Pacific.
- Energy shares were the major winner among the S&P 500 eleven sectors as crude oil prices rallied after OPEC predicted that global oil demand would exceed its pre-pandemic level next year. In its monthly report, the oil exporting cartel projected global oil demand to be at 100.8 million barrels a day in 2022, higher than the 100.3million barrels demand in 2019 before the 2020 pandemic shock. Brent crude rose 0.8% to \$73.51/barrel and WTI gained over 1.0% to \$70.45/barrel.
- US treasury yields ticked slightly lower on Monday ahead of the CPI inflation release; the yield on 10Y UST fell 1.5bps to 1.33%. The USD meanwhile recorded mixed performance against its G10 counterparts as commodity currencies strengthened in concurrence with the higher oil prices. Safe havens CHF weakened alongside a slightly lower JPY. GBP was little changed as markets anticipated multiple UK data for guidance. As a result, the dollar index drifted only 0.1% higher to 92.68 on Monday. Gold prices rose moderately amid mixed USD directions. Gold futures rose 0.1% to \$1792.3/oz.
- The ringgit weakened against the dollar alongside its other Asian peers. USD/MYR hovered near 4.1450 level in the morning session before advancing in the afternoon session to close at 4.1500 (+0.4%). We are neutral on the pair today expecting investors to exercise cautiousness ahead of the US inflation data and maintain weekly range of 4.13-4.17.
- Stock futures are pointing upwards in Japan and Hong Kong this morning. Focus is on the UK's job report and US CPI data. The latest inflation reading will reflect the impact of pandemic resurgence on consumer spending and prices. In July, CPI inflation had held steady at a three-decade high of 5.4% y/y while the core rate eased to 4.3% y/y, supporting the Fed's view that inflation is transitory. A Bloomberg consensus survey shows that analysts are expecting both the headline and core inflations to soften just a little to 5.3% y/y and 4.2%y/y respectively. There were no key data release on Monday.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,869.63	0.76
S&P 500	4,468.73	0.23
NASDAQ	15,105.58	-0.07
Stoxx 600	467.69	0.29
FTSE 100	7,068.43	0.56
Nikkei 225	30,447.37	0.22
Hang Seng	25,813.81	-1.50
Straits Times	3,074.31	-0.79
KLCI 30	1,570.13	-0.37
FX		
Dollar Index	92.68	0.10
EUR/USD	1.1811	-0.03
GBP/USD	1.3838	-0.01
USD/JPY	109.99	0.05
AUD/USD	0.7369	0.18
USD/CNH	6.4424	-0.01
USD/MYR	4.1500	0.36
USD/SGD	1.3424	0.07
Commodities		
WTI (\$/bbl)	70.45	1.05
Brent (\$/bbl)	73.51	0.81
Gold (\$/oz)	1,792.30	0.13

Source: Bloomberg, HLBB Global Markets Research

House View and Forecasts

FX	This Week	3Q-21	4Q-21	1Q-22	2Q-22
DXY	91-93	92.00	91.50	90.00	89.00
EUR/USD	1.17-1.20	1.18	1.19	1.21	1.22
GBP/USD	1.37-1.39	1.40	1.41	1.43	1.45
AUD/USD	0.73-0.75	0.74	0.74	0.76	0.77
USD/JPY	109-111	109.00	108.00	107.00	105.00
USD/MYR	4.13-4.17	4.23	4.20	4.20	4.15
USD/SGD	1.33-1.35	1.35	1.35	1.34	1.33

Policy Rate %	Current	3Q-21	4Q-21	1Q-22	2Q-22
Fed	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.10	0.10	0.10	0.10	0.10
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
Fed	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
14/09	AU NAB Business Confidence (Aug)	-8
	JP Industrial Production MoM (Jul F)	-1.5%
	UK ILO Unemployment Rate 3Mths (Jul)	4.7%
	UK Employment Change 3M/3M (Jul)	95k
	US NFIB Small Business Optimism (Aug)	99.7
15/09	US CPI YoY (Aug)	5.4%
	JP Core Machine Orders MoM (Jul)	-1.5%
	AU Westpac Consumer Conf Index (Sep)	104.1
	CN Retail Sales YoY (Aug)	8.5%
	CN Industrial Production YoY (Aug)	6.4%
	CN Fixed Assets Ex Rural YTD YoY (Aug)	10.3%
	UK CPI YoY (Aug)	2.0%
	EZ Industrial Production SA MoM (Jul)	-0.3%
	EZ Labour Costs YoY (2Q)	1.5%
	US MBA Mortgage Applications (10 Sep)	-1.9%
	US Empire Manufacturing (Sep)	18.3
	US Industrial Production MoM (Aug)	0.9%

Source: Bloomberg

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