16 November 2021

Global Markets Research
Daily Market Highlights

16-Nov: Biden signed $1 trillion infrastructure bill

US stocks closed virtually unchanged on Monday
Dollar traded on a mixed note against major currencies
Biden signed key infrastructure bill, to meet with Xi today

- US stocks benchmarks closed at virtually unchanged levels overnight as investors continue to digest the US high inflation amid a lack of key drivers at the start of the week. The S&P 500 recorded no change as trading halted for the day while the Dow Jones and NASDAQ both edged lower marginally (-0.04%), almost unchanged.

- Treasury yields climbed higher overnight, leaving the curves to bear-steepen. The yield on 10Y UST picked up 5.3bps to 1.62%. The dollar index advanced 0.4% amid strength against the EUR, JPY, SEK and CHF. GBP was unchanged while CAD and AUD rose modestly.

- USD/MYR closed on a flat note on Monday (-0.08%) at 4.1615. We maintain our neutral-to-slightly bullish outlook for USD/MYR, as the Fed rate hike expectations and cautious market sentiments may still keep USD strength intact. Negative momentum in USD/MYR is also reducing, suggesting likelihood of some upward moves to a potential range of 4.15-4.19 this week.

- Gold prices consolidated on Monday after having outperformed other assets in the previous week thanks to concerns over high inflation. Futures pulled back 0.1% to $1866.6/oz, snapping a seven-session winning streak. Oil benchmarks traded on a mixed note; Brent crude fell for the second session (-0.2%) to $82.05/barrel while WTI recovered slightly (+0.1%) to $80.88/barrel.

- President Biden signed the $1 trillion infrastructure bill into law, marking an unusual bipartisan policy victory. The legislation would channel funds into projects to repair the US' aging infrastructure as well as to expand broadband internet coverage. Biden is set to meet virtually with China's President Xi this morning. Stock futures point to muted openings in Japan and Hong Kong as of writing.

- The RBA is releasing its latest meeting minutes today. Data highlights of the day are the Eurozone's 3Q GDP growth and the UK's job report before focus shifts to the US retail sales and industrial production.

Strong gain in New York State's manufacturing activity:

- The New York Fed Empire State Manufacturing Index jumped by 11 pts to 30.9 in November (Oct: 19.8), reflecting the surge in prices (both paid and received as well as new orders, shipment and employment. The reading beat consensus estimates (22.0) and showed robust expansion in New York State's manufacturing activity. The elevated gauges of prices suggest that inflation is yet to peak and retreat soon.

Eurozone's trade surplus fell in September:

- The Eurozone's trade surplus narrowed to €6.1b in September, missing the forecast of €11.5b. August's trade gap was revised to reflect a smaller surplus of €9.7b. In September, exports had fallen by 0.4% m/m while imports picked up 1.5% m/m, resulting in a narrower trade surplus.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,087.45	-0.04
S&P 500	4,682.80	0.00
NASDAQ	15,853.85	-0.04
Stoxx 600	488.43	0.35
FTSE 100	7,351.86	0.05
Nikkei 225	29,776.80	0.56
Hang Seng	25,390.91	0.25
Straits Times	3,240.58	0.38
KLCI 30	1,522.34	-0.58
FX		
Dollar Index	95.41	0.29
EUR/USD	1.1368	-0.67
GBP/USD	1.3416	0.01
USD/JPY	114.12	0.20
AUD/USD	0.7347	0.20
USD/CNH	6.3829	0.05
USD/MYR	4.1615	-0.08
USD/SGD	1.3533	0.05
Commodities		
WTI ($/bbl)	80.88	0.11
Brent ($/bbl)	82.05	-0.15
Gold ($/oz)	1,866.60	-0.10

Source: Bloomberg, HLBB Global Markets Research

Japan's industrial output down for third month straight:

- Japan's industrial production fell 5.4% m/m in September (Aug: -3.6%), unrevised from the initial estimate. This marked its third consecutive month of decline since July as supply chain constraints weighed on output. On a y/y basis, industrial output fell 2.3% (Aug: +8.8%), snapping a six-month gaining streak.

China reported generally positive October data:

- China reported its latest set of data for the month of October with retail sales and industrial production outperforming the consensus forecasts while fixed investment growth came in slightly lower than expected.
- Retail sales rose 4.9% y/y in October (Sep: +4.4%) versus the consensus estimate of 3.7% as consumers might have ramped up spending during the Golden Week holiday in the first week of October. Industrial production rose 3.5% y/y (Sep: +3.1%) as the electricity shortages that crimped output in the previous month eased. Fixed investment growth for the period of January-October rose 6.1% y/y (Prior: +7.3%) as authorities curbed the real estate sector.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	94-96	94.50	95.00	95.50	96.50
EUR/USD	1.13-1.15	1.15	1.14	1.14	1.13
GBP/USD	1.32-1.35	1.35	1.35	1.34	1.33
AUD/USD	0.72-0.74	0.72	0.71	0.71	0.70
USD/JPY	113-115	112	113	114	115
USD/MYR	4.15-4.19	4.15	4.15	4.15	4.15
USD/SGD	1.35-1.37	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
16/11	AU RBA Minutes of Nov. Policy Meeting ()	
	UK ILO Unemployment Rate 3Mths (Sep)	4.5%
	UK Employment Change 3M/3M (Sep)	235k
	EZ GDP SA QoQ (3Q P)	2.2%
	US Retail Sales Advance MoM (Oct)	0.7%
	US Import Price Index YoY (Oct)	9.2%
	US Industrial Production MoM (Oct)	-1.3%
	US NAHB Housing Market Index (Nov)	80.0
17/11	AU Westpac Leading Index MoM (Oct)	-0.02%
	JP Exports YoY (Oct)	13.0%
	JP Core Machine Orders MoM (Sep)	-2.4%
	AU Wage Price Index YoY (3Q)	1.7%
	SG Non-oil Domestic Exports YoY (Oct)	12.3%
	UK CPI YoY (Oct)	3.1%
	EZ CPI YoY (Oct F)	3.4%
	US MBA Mortgage Applications (12 Nov)	5.5%
	US Building Permits MoM (Oct)	-7.8%
	US Housing Starts MoM (Oct)	-1.6%

Source: Bloomberg

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