

Global Markets Research
Daily Market Highlights

21-Sep: Extended selloff in global stocks

Global equity rout boosted safe haven assets

Concerns over embattled Evergrande deepened

US NAHB homebuilder confidence improved in September

- Global equity markets kicked off the week on a negative note amid intensifying concerns over the embattled Chinese property group Evergrande's debt crisis. US shares plummeted on Monday, tracking the losses in the European markets as well as most of Asia. The Dow Jones shed 614pts or 1.8% overnight while the S&P 500 lost 1.7%; tech-heavy NASDAQ recorded an even sharper decline of 2.2%. Earlier, Hong Kong's Hang Seng Index plunged by 3.3%; shares of Evergrande which are listed in Hong Kong slumped by over 10% on Monday.
- Risk aversion boosted safe haven assets, leading treasuries, dollar and gold to advance on Monday. US yields fell sharply across the board particularly at the longer end of the curve; the yield on the benchmark 10Y UST was down by 5.1bps to 1.31%. Gold futures picked up 0.7% to \$1761.8/oz.
- In the FX market, CHF and JPY were the top gainers among the G10s while the GBP was the major loser. The dollar index edged up slightly to 93.28 as the greenback strengthened against most other currencies. USD/MYR rallied to close at 4.1930 as it made its largest single-day advance (+0.5%) in three months on Monday. The global risk aversion may lead the pair to break 4.20 today, paving way for 4.2200 next although some pre-FOMC caution and the lack of key US data may hold back the pair.
- Crude oil prices sold off as risk-off sentiment dominated markets; Brent crude lost 1.9% to \$73.92/barrel while WTI slipped by 2.3% to \$70.29/barrel.

US homebuilding confidence improved:

- The NAHB Housing Market Index picked up slightly to 76 in September, from 75 prior, marking its first increase in five months. NAHB attributed the upturn in US homebuilder sentiment to the easing of some building material cost challenges, particularly softwood lumber. However, it said that extended delivery times and chronic labour shortage are current challenges faced by the sector.

UK property prices rebounded in September:

- The Rightmove House Price Index rose 0.3% m/m in September, recovering the 0.3% decline in the previous month. The average asking price for properties rebounded to £338.5k this month of which London properties rose to £638.3k. The property sector appeared to have cooled recently after the government's stamp duty holiday was slowly phased out. Nonetheless, property prices in the UK were still 5.8% y/y (Aug: +5.6%) higher compared to the same month last year.

Hong Kong's CPI inflation eased in August:

- Hong Kong's CPI inflation slipped to 1.6% y/y in August, following the sharp 3.7% gain in July. The rise in prices of "away from home" food as well as clothing and durable goods was offset by the normalisation of the public housing costs. In July, public rent

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,970.47	-1.78
S&P 500	4,357.73	-1.70
NASDAQ	14,713.90	-2.19
Stoxx 600	454.12	-1.67
FTSE 100	6,903.91	-0.86
Nikkei 225	30,500.05	0.58
Hang Seng	24,099.14	-3.30
Straits Times	3,041.73	-0.96
KLCI 30	1,527.89	-1.33
FX		
Dollar Index	93.28	0.09
EUR/USD	1.1726	0.01
GBP/USD	1.3657	-0.61
USD/JPY	109.44	-0.45
AUD/USD	0.7252	-0.18
USD/CNH	6.4830	0.18
USD/MYR	4.1930	0.52
USD/SGD	1.3517	0.24
Commodities		
WTI (\$/bbl)	70.29	-2.33
Brent (\$/bbl)	73.92	-1.88
Gold (\$/oz)	1,761.80	0.71

Source: Bloomberg, HLBB Research

had risen substantially (increased by over 1000% y/y) due to the low base that reflects the distortions of last year's public housing subsidies in the corresponding month. In August, public rent had resumed to increase 11.0% y/y. The underlying inflation which excludes the impact of these subsidies accelerated to 1.2% y/y (Jul: +1/0%), reflecting the higher transport costs compared to last year. The MTR cost fares were sold at discounted prices last year during the third pandemic wave.

House View and Forecasts

FX	This Week	3Q-21	4Q-21	1Q-22	2Q-22
DXY	92-94	92.00	91.50	90.00	89.00
EUR/USD	1.17-1.20	1.18	1.19	1.21	1.22
GBP/USD	1.36-1.39	1.40	1.41	1.43	1.45
AUD/USD	0.71-0.75	0.74	0.74	0.76	0.77
USD/JPY	109-111	109.00	108.00	107.00	105.00
USD/MYR	4.17-4.22	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
21/09	AU RBA Minutes of Sep. Policy Meeting	
	JP Machine Tool Orders YoY (Aug F)	86.2%
	US Building Permits MoM (Aug)	2.3%
22/09	US Housing Starts MoM (Aug)	-7.0%
	AU Westpac Leading Index MoM (Aug)	-0.11%
	CN 1-Year Loan Prime Rate (22 Sep)	3.85%
	US MBA Mortgage Applications (17 Sep)	0.3%
	US Existing Home Sales MoM (Aug)	2.0%
	EZ Consumer Confidence (Sep A)	-5.3
	JP BOJ Policy Balance Rate (22 Sep)	-0.1%

Source: Bloomberg

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