22 November 2021

Global Markets Research

Daily Market Highlights

22-Nov: Dollar rebounded on lockdown fear

USD strengthened against most currencies

EUR plunged after Austria reimposed lockdown; Germany gave same warning

Oil prices collapsed, suffering fourth consecutive weekly losses

- US equities traded on a mixed note on Friday as investors rushed for the safety of longer-dated US treasuries and the dollar while digesting negative Covid-related headlines from Europe. The Dow Jones plunged 0.8% alongside the S&P 500 although the latter recorded a more modest decline of 0.1%. Tech-focus NASDAQ picked up 0.4%.

- Earlier, stocks were down in Europe after Austria announced a full lockdown to combat the sudden surge in Covid-19 infections. Germany, whose cases are also on the rise, also warned that it may follow suit.

- The yield on 10Y UST edged nearly 4bps lower to 1.55%. The Dollar Index snapped a two-day losing streak to close above 96.0 (+0.5%) for the first time since July last year. The USD strengthened against all G10 peers except the JPY, a safe haven currency. The EUR suffered 0.7% losses.

- USD/MYR held steadily at 4.1830 on Friday, closing little changed from the prior session. Weekly outlook for USD/MYR remains neutral-to-bullish, premising on expectations for a still firm USD, with little domestic catalyst to drive the MYR. We are eyeing a range of 4.16-4.20 for the week ahead.

- Gold prices slipped as the dollar strengthened. Futures ticked lower by 0.5% to $1851.6/oz and registered a weekly decline of 0.9%. Crude oil prices collapsed on Friday as renewed Covid concerns gripped the oil market. Brent crude tanked 2.9% to $78.89/barrel while WTI lost 3.7% to settle at $76.10/barrel. Both benchmarks recorded their fourth consecutive weekly decline since the last week of October.

UK retail sales rose in October:

- UK retail sales rose 0.8% m/m in October, beating expectations of 0.5% and marking its first growth since April this year. In the previous month, retail sales had been flat after falling for the fourth consecutive month.
- Sales of textile, clothing & footwear picked up sharply (+6.2% m/m) in October, while the non-food stores (+4.2% m/m) and stores categorised as "others" (+7.2% m/m) also reported strong performances. Auto fuel sales dipped 6.4% m/m while household goods, restaurants and online sales slipped modestly (-0.3 to -0.4% m/m).
- Looking ahead, UK residents are expected to raise spending further for the remainder of 4Q with the arrival of the holidays season. The GfK consumer sentiment survey reported lower intention to save among consumers this month, suggesting that retail sales may pick up further.

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

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,601.98	-0.75
S&P 500	4,697.96	-0.14
NASDAQ	16,057.44	0.40
Stoxx 600	486.08	-0.33
FTSE 100	7,223.57	-0.45
Nikkei 225	29,745.87	0.50
Hang Seng	25,049.97	-1.07
Straits Times	3,232.34	-0.14
KLCI 30	1,525.54	0.11
FX		
Dollar Index	96.03	0.51
EUR/USD	1.1290	-0.71
GBP/USD	1.3451	-0.32
USD/JPY	113.99	-0.24
AUD/USD	0.7235	-0.58
USD/CNH	6.3903	0.16
USD/MYR	4.1830	0.03
USD/SGD	1.3613	0.37
Commodities		
WTI ($/bbl)	76.10	-3.68
Brent ($/bbl)	78.89	-2.89
Gold ($/oz)	1,851.60	-0.53

Source: Bloomberg, HLBB Global Markets Research

EUR/USD	1.13-1.15	1.15	1.14	1.14	1.13
GBP/USD	1.33-1.36	1.35	1.35	1.34	1.33
AUD/USD	0.71-0.74	0.72	0.71	0.71	0.70
USD/JPY	113-115	112	113	114	115
USD/MYR	4.16-4.20	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
22/11	MA Foreign Reserves (15 Nov)	$116.1b
	HK CPI Composite YoY (Oct)	1.4%
	US Chicago Fed Nat Activity Index (Oct)	-0.13
	US Existing Home Sales MoM (Oct)	7.00%
	EZ Consumer Confidence (Nov A)	-4.8
23/11	SG CPI YoY (Oct)	2.50%
	EZ Markit Eurozone Manufacturing PMI (Nov P)	58.3
	EZ Markit Eurozone Services PMI (Nov P)	54.6
	UK Markit UK PMI Manufacturing SA (Nov P)	57.8
	UK Markit/CIPS UK Services PMI (Nov P)	59.1
	US Markit US Manufacturing PMI (Nov P)	58.4
	US Markit US Services PMI (Nov P)	58.7
	US Richmond Fed Manufact. Index (Nov)	12.0

Source: Bloomberg

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