23 November 2021

Global Markets Research

Daily Market Highlights

23-Nov: Powell nominated for second term

USD, treasury yields pushed higher by Powell's renomination
Crude oil prices climbed as OPEC+ may adjust current plan
US existing home sales recorded unexpected gain

- US stocks gave up early gains to end lower on Monday, driven by a selloff of technology shares, as investors digested news of Fed Chair Jerome Powell's renomination. The S&P 500 closed 0.3% lower while tech-heavy NASDAQ shed a whopping 1.3% in a single day. The Dow Jones was little changed (+0.05%).

- President Biden nominated Powell for a second term and elevated Lael Brainard, a current Fed Governor to be Vice Chair, replacing the soon-to-retire Richard Clarida. Powell's renomination sent a signal of continuation of policy normalisation currently undertaken by the central bank as well as leadership continuity.

- Rate hike expectations jumped in response to the news, boosting treasury yields and dollar. Investors raised their bets on a sooner Fed rate hike next year in the futures market. Treasury yields were pushed up by 5-10bps across the curve with the 10Y UST last yielding 1.62% on Monday.

- The USD strength extended into Monday's session as the dollar rose against all G10 currencies with JPY being the major loser. The dollar index advanced 0.5% for the second session to 96.55. Earlier, USD/MYR held steadily at 4.1855 on Friday, closing little changed (+0.05%) from the previous session. Weekly outlook for USD/MYR remains neutral-to-bullish, premising on expectations for a still firmer USD, with little domestic catalyst to drive the MYR. We are eyeing a range of 4.16-4.20 this week.

- Gold prices slumped as the dollar gained further. Futures were down by 2.5% to $1806.3/oz. Crude oil prices rebounded from last Friday's selloff on news that OPEC+ may adjust its current plan to raise output if major consumers such as China, the US, Japan and India tap into their respective oil reserves. President Biden had urged these countries to consider releasing their reserves, hoping for an aligned effort to curb the surging global oil prices. Brent crude settled 1.0% higher at $79.7/barrel. WTI rose 0.9% to $76.75/barrel.

US existing home sales supported by strong demand:

- Existing home sales rose 0.8% m/m to a seasonally adjusted annualized rate of 6.34mil units in October, according to the National Association of Realtors. The increase was unexpected (consensus estimate: -1.4% m/m) following a sharp 7% m/m gain in sales in the previous month. October's growth underscored strong housing demand in the US, in line with the strengthening of the labour market and higher incomes.
- The Chicago Fed National Activity Index rose to +0.76 in October, from -0.18 in September, pointing to a pickup in economic growth last month. The upturn was driven by positive contributions from all four categories of indicators namely

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,619.25	0.05
S&P 500	4,682.94	-0.32
NASDAQ	15,854.76	-1.26
Stoxx 600	485.46	-0.13
FTSE 100	7,255.46	0.44
Nikkei 225	29,774.11	0.09
Hang Seng	24,951.34	-0.39
Straits Times	3,237.08	0.15
KLCI 30	1,526.87	0.09
FX		
Dollar Index	96.55	0.54
EUR/USD	1.1237	-0.47
GBP/USD	1.3397	-0.40
USD/JPY	114.88	0.78
AUD/USD	0.7225	-0.14
USD/CNH	6.3907	0.01
USD/MYR	4.1855	0.05
USD/SGD	1.3644	0.23
Commodities		
WTI ($/bbl)	76.75	0.85
Brent ($/bbl)	79.70	1.03
Gold ($/oz)	1,806.30	-2.45

Source: Bloomberg, HLBB Global Markets Research production, sales, orders & inventories, employment as well as personal consumption & housing.

Eurozone's consumer confidence weakened in November:

- The European Commission's flash consumer confidence reading fell to -6.8 in November, from the historically high -4.8 in October. The weaker consumer sentiment reflects renewed concerns over a new Covid-19 wave in Europe that may prompt authorities to reintroduce stricter restrictions or even full lockdowns.

Hong Kong's CPI inflation accelerated in October:

- Hong Kong's consumer price inflation quickened to 1.7% y/y in October, after easing to 1.4% y/y in the previous month. This was slightly below the consensus forecast of 1.8%. October reading reflects the larger gain in utilities prices as the cost of energy surged globally and the local consumption improved. Apart from that, the costs of alcohol & tobacco as well as transports also picked up at sharper paces while housing recorded a smaller decline. These were however offset by the smaller increase in cost of clothing & footwear and durable goods. The core CPI, which counted out the government's subsidy measures, rose 1.1% y/y in October, a tad sharper compared to September (+1.0%) but still at a relatively modest pace compared to historical data.

Malaysia's foreign reserves at $116.5b:

- Malaysia's foreign reserves rose to $116.5b as at 15 November, from $116.1b previously. The reserves position is sufficient to finance 8.1 months of retained imports and is 1.2 times total short-term external debt.

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	1.33-1.36	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
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
24/11	SG GDP YoY (3Q F)	6.5%
	JP Jibun Bank Japan PMI Mfg (Nov P)	53.2
	JP Jibun Bank Japan PMI Services (Nov P)	50.7
	NZ RBNZ Official Cash Rate (24 Nov)	0.5%

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US MBA Mortgage Applications (19 Nov)	-2.8%
US Initial Jobless Claims (20 Nov)	--
US Advance Goods Trade Balance (Oct)	-$96.3b
US GDP Annualized QoQ (3Q S)	2.0%
US Durable Goods Orders (Oct P)	-0.3%
US Personal Income (Oct)	-1.0%
US Personal Spending (Oct)	0.6%
US PCE Core Deflator YoY (Oct)	3.6%
US U. of Mich. Sentiment (Nov F)	66.8
US New Home Sales MoM (Oct)	14.0%

Source: Bloomberg