

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%

Hong Leong Bank Berhad

Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damansara
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936

HLMarkets@hibb.hongleong.com.my

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.