26 October 2021

Global Markets Research

Daily Market Highlights

26-Oct: Dow, S&P 500 hit record highs

Earnings optimism propelled US equities on Monday

Tesla's market shares hit $1 trillion, surpassing Facebook

USD, treasuries traded on mixed notes

- US stocks rallied overnight amid corporate earnings optimism as traders braced themselves for a slew of big tech earnings this week. The Dow rose 0.2% and S&P 500 picked up 0.5% to respective record highs. NASDAQ outperformed both with a 0.9% gain. Electric car maker Tesla's market shares jumped 13% to over $1 trillion to become the fifth largest publicly traded company in the US, surpassing Facebook.

- Treasuries traded on a mixed note as the yields on the front end fell while long-term yields rose slightly. The yield on 10Y UST was little changed at 1.63%. The dollar saw mixed performances against its G10 rivals but the dollar index managed to post a modest 0.2% increase to 93.81 thanks to the USD's strength against CHF, EUR, SEK, JPY and CAD. GBP was flattish while AUD advanced.

- USD/MYR finished Monday's session on a flat note at 4.1495. Negative momentum has increased for the pair, paving the way for 4.1460 next, after which 4.1350 will be the next target. We tweaked our weekly range to 4.13-4.17, expecting cautious trading in the days leading up to the tabling of the 2022 National Budget on 29 October

- Gold futures rose 0.6% to $1806.00/oz amid mixed USD trading, marking its first time closing above $1800 since mid-September. Brent crude advanced 0.5% to $85.99/barrel but WTI was flat at $83.67/barrel.

Chicago Fed National Activity Index indicates slower growth:

- The Chicago Fed National Activity Index fell to -0.13 in September (Aug: +0.05), suggesting slower economic growth. This reflects negative contribution from production related indicators, attributing to supply chain bottlenecks. Other indicators (sales & orders, employment, personal consumption & housing) all made positive contributions.
- Meanwhile, the headline Dallas Fed Manufacturing Index jumped to 14.6 in October, from 4.6 in September, indicating a more optimistic perception of the broader business conditions in Texas. However, factory activity grew at a slower pace, as evident in the 6-pt decline in the production index, with supply chain disruption still plaguing manufacturers.

Singapore's annual CPI rate accelerated in September:

- Singapore's CPI rose 0.4% m/m in September, a tad slower compared to August's 0.5% gain and below the expectations of 0.3%. The annual inflation rate however accelerated to 2.5% y/y (Aug: +2.4%), higher than the consensus estimate of 2.4%, reflecting larger gains in prices of food, housing & utilities as well as recreation & cultures. The core inflation also quickened to 1.2% y/y (Aug: +1.1%). The Monetary Authority of Singapore (MAS) said on Monday that global inflation is likely to persist for some time, attributing to higher crude oil prices and supply-demand mismatch. Rising imported inflation and labour costs alongside the recovery in domestic

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,741.15	0.18
S&P 500	4,566.48	0.47
NASDAQ	15,226.71	0.90
Stoxx 600	472.21	0.07
FTSE 100	7,222.82	0.25
Nikkei 225	28,600.41	-0.71
Hang Seng	26,132.03	0.02
Straits Times	3,201.86	-0.10
KLCI 30	1,587.94	-0.01
FX		
Dollar Index	93.81	0.18
EUR/USD	1.1608	-0.30
GBP/USD	1.3767	0.09
USD/JPY	113.71	0.19
AUD/USD	0.7491	0.33
USD/CNH	6.3829	-0.01
USD/MYR	4.1495	-0.02
USD/SGD	1.3470	-0.09
Commodities		
WTI ($/bbl)	83.76	0.00
Brent ($/bbl)	85.99	0.54
Gold ($/oz)	1,806.00	0.58

Source: Bloomberg, HLBB Global Markets Research economic activities will support a steady increase in core inflation in the quarters ahead. The MAS said that for 2021, it projected the core inflation to come near the upper end of the 0-1% forecast range and then to 1-2% in 2022. The headline CPI is expected to come in around 2% in 2021 and average 1.5-2.5% in 2022.

Malaysia's foreign reserves rose to $115.6b:

- Malaysia's foreign reserves rose to $115.6b as at 15 October, from $115.2b previously. This is sufficient to finance 8.2 months of retained imports and is 1.3 times short-term external debt.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	92-95	94.50	95.00	95.50	96.50
EUR/USD	1.15-1.17	1.15	1.14	1.14	1.13
GBP/USD	1.37-1.40	1.35	1.35	1.34	1.33
AUD/USD	0.74-0.76	0.72	0.71	0.71	0.70
USD/JPY	113-116	112	113	114	115
USD/MYR	4.13-4.17	4.15	4.15	4.15	4.15
USD/SGD	1.33-1.36	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
26/10	SG Industrial Production YoY (Sep)	11.2%
	HK Exports YoY (Sep)	25.9%
	US FHFA House Price Index MoM (Aug)	1.4%
	US S&P CoreLogic CS US HPI YoY NSA (Aug)	19.7%
	US New Home Sales MoM (Sep)	1.5%
	US Conf. Board Consumer Confidence (Oct)	109.3
	US Richmond Fed Manufact. Index (Oct)	-3.0
27/10	NZ Trade Balance 12 Mth YTD NZD (Sep)	-2944m
	NZ ANZ Business Confidence (Oct F)	-8.6
	AU CPI YoY (3Q)	3.8%
	CN Industrial Profits YoY (Sep)	10.1%
	US MBA Mortgage Applications (22 Oct)	-6.3%
	US Advance Goods Trade Balance (Sep)	-$87.6b
	US Durable Goods Orders (Sep P)	1.8%
	US Cap Goods Orders Nondef Ex Air (Sep P)	0.6%

Source: Bloomberg

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