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Global Markets Research

Daily Market Highlights

27-Oct: US consumer sentiment rebounded

US equities supported by positive earnings, consumer data

Treasuries mixed amid auction, anticipation for FOMC

WTI jumped on decline in Cushing's stockpile

- US stocks picked up further on Tuesday, supported by corporate earnings optimism and positive consumer confidence data, leading the Dow Jones (+0.04%) and S&P 500 (+0.2%) to once again hit their record high levels. Tech-heavy NASDAQ went up marginally (+0.06%), less than 1% away from its all-time high set in September. Key names of the day were UPS and General Electric as both companies reported strong earnings. Tech giants namely Microsoft, Twitter and Alphabet reported earnings in after the markets closed.
- Treasuries continued to trade on a mixed note amid the government's auctions of \$60b 2Y notes as well as anticipation for next week's FOMC meeting. The front-end yields rose a little while long-term yields were down. The yield on 10Y UST fell 2.3bps to 1.61%.
- In the FX market, the dollar saw another session of mixed performances. JPY was the major loser among the G10 currencies while AUD came out as the only winner. The rest of the G10s were flattish or slipped around 0.1%. As a result, the DXY managed to advance by 0.1% to 93.95, its second consecutive daily gain.
- USD/MYR closed 0.08% lower at 4.1460 on Tuesday. This is in line with our recent view that negative momentum has increased for the pair; after hitting 4.1460, 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 (Friday).
- Gold futures tumbled by 0.7% to \$1792.7/oz as investors took profit after the bullion hit \$1800/oz in the prior session. In the oil market, WTI jumped over 1% to \$84.65/barrel as the API report showed a 3.73mil-barrel decline of crude stockpile in Cushing, Oklahoma. The international benchmark, Brent crude, gained 0.5% to \$86.40/barrel.

US consumer sentiment picked up after three months of decline:

- The Conference Board Consumer Confidence Index rebounded to 113.8 in October, up by 4pts (Sep: 109.8), reflecting improvements in both the present situation and expectations index that were attributed to the easing in Delta variant concerns.
- The Richmond Fed Manufacturing Index rebounded to 12.0 in October, from -3.0 in September, reflecting a turnaround in new orders and capacity utilisations and higher number of employees.

US new home sales jumped; gain in home prices showed cooling signs:

- In the housing market, new home sales jumped 14% m/m in September (Aug: -1.4%) to 800k annualised units, the highest level in six months, confirming the solid underlying demand. Sales had weakened for the past few months as the lack of inventory pushed up prices and put off buyers.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,756.88	0.04
S&P 500	4,574.79	0.18
NASDAQ	15,235.71	0.06
Stoxx 600	475.74	0.75
FTSE 100	7,277.62	0.76
Nikkei 225	29,106.01	1.77
Hang Seng	26,038.27	-0.36
Straits Times	3,204.57	0.08
KLCI 30	1,584.20	-0.24
FX		
Dollar Index	93.95	0.14
EUR/USD	1.1596	-0.10
GBP/USD	1.3767	0.00
USD/JPY	114.16	0.40
AUD/USD	0.7501	0.13
USD/CNH	6.3787	-0.07
USD/MYR	4.1460	-0.08
USD/SGD	1.3478	0.06
Commodities		
WTI (\$/bbl)	84.65	1.06
Brent (\$/bbl)	86.40	0.48
Gold (\$/oz)	1,792.70	-0.74

Source: Bloomberg, HLBB Global Markets Research

- In separate reports, the S&P CoreLogic Case Shiller House Price Index showed that house prices in the US were 19.8% y/y higher in August (Jul: +19.8%) compared to the same month last year but the index that tracked prices in 20 US cities indicated a slowdown (+19.7% vs +20% prior). The FHFA House Price Index meanwhile estimated that house prices rose 1% m/m in August (Jul: +1.4%), marking its fourth consecutive month of smaller gain.

Hong Kong's export growth slowed in September:

- Hong Kong's exports rose 16.5% y/y in September, less than the forecast of 20.6% as well as August's nearly 26% growth, reflecting the much smaller gain in shipments to China (+11.2% vs +30.0%) as well as the US and Japan. The latest reading marked the exports' third consecutive month of slowdown as the low base effects waned. Import growth also softened to 23.5% y/y (Aug: 28.1%).

Singapore's industrial production fell in September:

- Singapore's industrial production unexpectedly fell 2.8% m/m in September, compared to the consensus forecast of -0.4% m/m. This followed the 5.6% m/m in August. Year-on-year, industrial production was down by 3.4% (Aug: +11.0%), breaking a 10-month gaining streak, partially reflecting the high base effect from last year. Production of pharmaceuticals, which tends to be volatile, dropped nearly 36% y/y. Electronics rose 4.9% y/y.

New Zealand posted record trade deficit:

- New Zealand posted a record trade deficit of NZD2.17b in September (Aug: 2.14b) as the country recorded a third successive month of record imports (NZD 6.57b), attributing to higher prices of imported consumer goods as well as strong demand for capital goods such as machinery in construction and passenger vehicles. Exports amounted to NZD4.4b, higher compared to last month, reflecting strong overseas demand for milk powder, butter and cheese.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DX	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
27/10	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%

28/10	US Cap Goods Orders Nondef Ex Air (Sep P)	0.6%
	JP Retail Sales MoM (Sep)	-4.1%
	JP BOJ Policy Balance Rate (28 Oct)	-0.1%
	MA Exports YoY (Sep)	18.4%
	EZ Economic Confidence (Oct)	117.8
	EZ ECB Deposit Facility Rate (28 Oct)	-0.5%
	US Initial Jobless Claims (23 Oct)	--
	US GDP Annualized QoQ (3Q A)	6.7%
	US Pending Home Sales MoM (Sep)	8.1%
	US Kansas City Fed Manf. Activity (Oct)	22.0

Source: Bloomberg

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