

Global Markets Research
Daily Market Highlights

28-Sep: Brent crude near \$80/barrel

Boston & Dallas Feds' chiefs resigned after investment controversy

Malaysia unveiled 12MP with sharply higher development spending

US durable goods orders rose to record high

- US stock benchmarks closed on a mixed note amid a jump in treasury yields on Monday. Energy and financial shares led the gains while technology shares ended lower. The Dow Jones rose 0.2% while the S&P 500 fell 0.3%; NASDAQ shed 0.5% to be the worst performer. European stocks advanced just a little as the continent monitored the tight election race in Germany to succeed German chancellor Angela Merkel. Asian benchmarks recorded mixed performances.
- The yield on the benchmark 10Y UST briefly hit above 1.5%, before closing at 1.48% (+3.5bps) on Monday, boosted by expectations of a tighter monetary policy. Overall US yields rose 0.8 to 4.3bps across the curve. The dollar saw uneven performances against the G10 currencies with the USD strengthening against the likes of EUR, JPY and CHF but weakening against commodity currencies such as AUD and CAD. Nonetheless, the dollar index managed to register a tiny 0.06% gain to 93.38.
- USD/MYR finished Monday's session on a flat note at 4.1875. We expect the pair to continue to exhibit a neutral to slightly bullish tilt in the week ahead attempting to breach the key 4.20 psychological handle. Upside will likely be capped by the Upper Bollinger of 4.2075 for now, rendering in a possible range of 4.16-4.20.
- On the commodity front, gold futures traded steadily at \$1750/oz amid mixed USD direction. Crude oil prices extended their winning streak to Monday on the back of tight global supply. Brent crude advanced further by 1.8% to \$79.53/barrel while WTI rallied by almost 2.0% to \$74.45/barrel.
- In the US, Senate Republicans blocked a Democratic bill that sought to fund the government through 03 Dec 2021 and raise the country's borrowing limit, possibly paving the way for another Capitol Hill showdown. Boston and Dallas Feds' chiefs Eric Rosengren and Robert Kaplan said they would resign after disclosures that showed that they were actively trading stocks and other investments last year while helping the central bank to decide monetary policy.
- In Malaysia, the Prime Minister unveiled the 12th Malaysia Plan (12 MP) that includes sharply higher development expenditure of RM400b over 2021-2025 in a bid to rejuvenate the economy. This represents a 54-61% jump from the RM260b allocated and RM249b incurred under the 11MP, translating to an annual average spending of RM80b which could weigh on the fiscal position. Growth target of 4.5-5.5% was nonetheless realistic in our view.

US durable goods orders rose to record high in August:

- A preliminary report showed that US durable goods orders rose sharply by 1.8% m/m in August, better than the forecasted gain of 0.7% m/m to a record high of \$263.5b. The orders in July were also revised higher to reflect a 0.5% m/m gain, from the previously estimated decline of 0.1% m/m. The positive reading indicates solid underlying demand

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,869.37	0.21
S&P 500	4,443.11	-0.28
NASDAQ	14,969.97	-0.52
Stoxx 600	462.42	-0.19
FTSE 100	7,063.40	0.17
Nikkei 225	30,240.06	-0.03
Hang Seng	24,208.78	0.07
Straits Times	3,100.30	1.27
KLCI 30	1,533.05	0.06
FX		
Dollar Index	93.38	0.06
EUR/USD	1.1695	-0.21
GBP/USD	1.3698	0.14
USD/JPY	111.00	0.24
AUD/USD	0.7286	0.33
USD/CNH	6.4580	-0.06
USD/MYR	4.1875	0.00
USD/SGD	1.3534	-0.02
Commodities		
WTI (\$/bbl)	75.45	1.99
Brent (\$/bbl)	79.53	1.84
Gold (\$/oz)	1,750.00	0.02

Source: Bloomberg, HLBB Global Markets Research

and showcases resilience in the manufacturing sector despite the rampant supply chain constraints. Core capital order growth also came in better than expected at 0.5% m/m (Jul: +0.3% revised), pointing to strong business investment.

Texas factory activity growth constrained by supply chain bottlenecks:

- The Dallas Fed Manufacturing Index edged lower to 4.6 in September (Aug: 9.0), missing the forecast of 11.0. The survey showed higher production and shipment in Texas factories this month, but weaker new orders; the lengthened delivery time as well as the jump in raw material prices reflected the impact of supply chain bottlenecks. As a result, the prices received for finished goods also picked up concurrently. Firms downgraded their previously positive outlook assessment to negative this month.

House View and Forecasts

FX	This Week	3Q-21	4Q-21	1Q-22	2Q-22
DXY	92-94	92.00	91.50	90.00	89.00
EUR/USD	1.16-1.18	1.18	1.19	1.21	1.22
GBP/USD	1.36-1.39	1.40	1.41	1.43	1.45
AUD/USD	0.72-0.74	0.74	0.74	0.76	0.77
USD/JPY	109-111	109.00	108.00	107.00	105.00
USD/MYR	4.16-4.20	4.23	4.20	4.20	4.15
USD/SGD	1.34-1.36	1.35	1.35	1.34	1.33

Policy Rate %	Current	3Q-21	4Q-21	1Q-22	2Q-22
Fed	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.10	0.10	0.10	0.10	0.10
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
Fed	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
28/09	CN Industrial Profits YoY (Aug)	16.4%
	AU Retail Sales MoM (Aug)	-2.7%
	MA Exports YoY (Aug)	5.0%
	HK Exports YoY (Aug)	26.9%
	US Advance Goods Trade Balance (Aug)	-\$86.4b
	US FHFA House Price Index MoM (Jul)	1.6%
	US S&P CoreLogic CS US HPI YoY NSA (Jul)	18.61%
	US Conf. Board Consumer Confidence (Sep)	113.8
	US Richmond Fed Manufact. Index (Sep)	9.0
29/09	EZ Economic Confidence (Sep)	117.5
	US MBA Mortgage Applications (24 Sep)	4.9%
	US Pending Home Sales MoM (Aug)	-1.8%

Source: Bloomberg

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