29 December 2021

Global Markets Research

Daily Market Highlights

29-Dec: Mixed performances

S&P 500, NASDAQ retreated as investors sold tech shares

USD staged modest rebound against some G10 currencies

Oil prices climbed further but with smaller magnitudes

- US stock benchmarks registered mixed performances amid thin liquidity in the last week of 2021. The S&P 500 retreated 0.1% from its record level set in the previous session as investors sold tech shares. The NASDAQ recorded a sharper loss of 0.6%. On the other hand, the blue-chip Dow Jones managed to tick up by 0.3%.

- Treasuries continued to trade on a mixed note; overall yields registered modest changes between -0.3 to +1.6bps. The yield on the benchmark 10Y UST yield rose 0.5bps to 1.48%. Meanwhile in the FX market, the USD managed to stage some small rebounds against some G10 currencies such as the CAD and EUR; GBP, CHF and JPY were little changed. The dollar index closed 0.1% higher at 96.20.

- USD/MYR ended Tuesday's session little changed at (-0.07%) at 4.1805 after weakening in the prior session. We are neutral on USD/MYR today, following mixed USD performances overnight, expecting the pair to stay near current levels as the market monitors the global Omicron headlines.

- Gold futures rebounded by 0.1% to $1810.2/oz. The gain in crude oil prices extended to Tuesday's session albeit at a softer pace; Brent crude advanced by 0.4% to $78.94/barrel while WTI climbed 0.5% to $75.98/barrel.

US house prices climbed as housing demand stayed intact:

- US house prices climbed further in October thanks to solid housing demand; The S&P CoreLogic Case Shiller Index for 20 US cities picked up 0.9% m/m in October (Sep: +1.0%), translating to an 18.4% y/y increase (Sep: +19.1%). The same index that gauges the national house prices rose 19.1% (Sep: +19.7%). The separately released FHFA House Price Index recorded a 1.1% m/m increase in October (Sep: +0.9%) and 17.4% y/y increase (Sep: +17.7%).
- The Richmond Fed Manufacturing Index advanced to 16 in December, from 12 in November, indicating stronger manufacturing conditions in the district that were reflected in the sharp improvement in shipment, new orders and capacity utilization.

Hong Kong's export growth accelerated:

- Hong Kong's exports rose 2.5% y/y in November, following the 21.4% growth in October. The sharper increase reflects the 13.4% m/m surge in shipments that month, as exports to Hong Kong's key trading partners mostly ticked up, attributing to year-end factors.
- Exports to China, its largest destination, gained 16.2% m/m, recovering from the prior month's decline. Import growth also accelerated to 20.0% y/y, from 17.7% previously. Compared to the previous month, imports picked up 8.3% m/m.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,398.21	0.26
S&P 500	4,786.35	-0.10
NASDAQ	15,781.72	-0.56
Stoxx 600	488.50	0.62
FTSE 100	7,372.10	-0.02
Nikkei 225	29,069.16	1.37
Hang Seng	23,280.56	0.24
Straits Times	3,128.41	0.78
KLCI 30	1,539.89	0.39
FX		
Dollar Index	96.20	0.11
EUR/USD	1.1310	-0.16
GBP/USD	1.3434	-0.05
USD/JPY	114.82	-0.04
AUD/USD	0.7229	-0.14
USD/CNH	6.3745	-0.01
USD/MYR	4.1805	-0.07
USD/SGD	1.3540	-0.21
Commodities		
WTI ($/bbl)	75.98	0.54
Brent ($/bbl)	78.94	0.43
Gold ($/oz)	1,810.20	0.12

Source: Bloomberg, HLBB Global Markets Research

Malaysia's exports gained traction for the 4th straight month:

- Malaysia's exports picked up steam for the 4th consecutive month in November, rising 32.4% y/y, its fastest pace in six months (Oct: +25.5% y/y). Today's robust print was skewed by a low base in November last year. What was encouraging was that E&E exports, which made up 36% of Malaysia total exports, led the pack (+17.4% vs +8.8% y/y) while palm oil and LNG also showed commendable pick-up.
- On the other hand, imports picked up at an even faster pace and grew 38.0% y/y in November (Oct: +27.9%), narrowing the trade surplus to a 4-month low at RM18.9bn, suggesting net exports drag will soften the rebound in 4Q GDP growth.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	95-97	94.50	95.00	95.50	96.50
EUR/USD	1.12-1.14	1.15	1.14	1.14	1.13
GBP/USD	1.32-1.34	1.35	1.35	1.34	1.33
AUD/USD	0.70- 0.73	0.72	0.71	0.71	0.70
USD/JPY	113-115	112	113	114	115
USD/MYR	4.18-4.23	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	0.25-0.50	0.50-0.75
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.25	0.25	0.50	0.50	0.50
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
29/12	VN Industrial Production YoY (Dec)	3.6%
	VN GDP YoY (4Q)	-6.17%
	VN CPI YoY (Dec)	2.1%
	VN Exports YoY (Dec)	18.5%
	US Advance Goods Trade Balance (Nov)	-$82.9b
	US Pending Home Sales MoM (Nov)	7.5%
30/12	UK Nationwide House Px NSA YoY (Dec)	10.0%
	US Initial Jobless Claims (25 Dec)	205k
	US MNI Chicago PMI (Dec)	61.8

Source: Bloomberg

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