9 August 2022

Global Markets Research

Daily Market Highlights

09 Aug: Dollar and UST yields retreated

US stocks erased intraday gains to close little changed

2Y10Y yield curve inversion deepened to 22-year wide

Dollar slumped against most majors; JPY and GBP were flat

- US stocks pared intraday gains to finish on a flattish note on Monday. Stocks had rallied as the market opened but chipmaker Nvidia's disappointing earnings spurred concerns over demand for electronics and weighed on the overall market sentiment. The Dow Jones rose 0.1% while the S&P 500 and NASDAQ both fell 0.1%.

- Treasury yields pulled back from the recent sharp increase driven by the robust job report. The yield on the benchmark 2Y UST fell 2bps to 3.21% while the 10Y yield ticked lower by 7bps to 2.76%. The curve bull-flattened where the 2Y10Y inversion deepened to 45bps, its widest spread observed in 22 years.

- The dollar retreated alongside the lower treasury yields. The dollar index edged down 0.2% to 106.44. Among the G10 majors, the AUD (+1.1%) was the best performing currencies, followed by NZD (+0.9%). EUR rose 0.1% while GBP and JPY were flat.

- The Asian basket saw mixed performance against the greenback. Winners include SGD and CNY (both rose 0.2%) as well as IDR (+0.1%). KRW and PHP both lost 0.6% whereas THB and INR fell 0.5%. MYR closed 0.2% lower at 4.4585.

- Oil experienced further recovery from last week's selloff. Brent crude rose 1.7% to $96.49/barrel and WTI gained 2% to $90.76/barrel.

Eurozone's investor sentiment remained poor:

- The Eurozone's investor confidence improved last month but remained severely low. The Sentix Investor Confidence Index rose to -25.2 in August (Jul: -26.4), defying the expectations for a decline. This reflects investors' less gloomy assessment of future economic outlook; the expectations index rose to -33.8 (Jul: -35.8) while the current situation index stayed little changed at -16.3 (Jun: -16.5).

House View and Forecasts

FX	This Week	3Q-22	4Q-22	1Q-23	2Q-23
DXY	105-107	106.00	105.00	103.00	102.00
EUR/USD	1.01-1.03	1.02	1.03	1.05	1.04
GBP/USD	1.21-1.23	1.21	1.22	1.24	1.23
AUD/USD	0.69-0.71	0.67	0.69	0.70	0.70
USD/JPY	131-134	138.00	135.00	133.00	132.00
USD/MYR	4.44-4.46	4.42	4.40	4.38	4.35
USD/SGD	1.37-1.39	1.40	1.38	1.37	1.36

Rates, %	Current	3Q-22	4Q-22	1Q-23	2Q-23

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	32,832.54	0.09
S&P 500	4,140.06	-0.12
NASDAQ	12,644.46	-0.10
Stoxx Eur 600	438.93	0.74
FTSE 100	7,482.37	0.57
Nikkei 225	28,249.24	0.26
Hang Seng	20,045.77	-0.77
Straits Times	3,270.98	-0.36
KLCI 30	1,496.03	-0.37
FX		
Dollar Index	106.44	-0.17
EUR/USD	1.0197	0.14
GBP/USD	1.2082	0.07
USD/JPY	134.95	-0.04
AUD/USD	0.6988	1.11
USD/CNH	6.7622	-0.05
USD/MYR	4.4585	0.18
USD/SGD	1.3788	-0.18
Commodities		
WTI ($/bbl)	90.76	1.97
Brent ($/bbl)	96.65	1.82
Gold ($/oz)	1,786.80	0.78
Copper ($$/MT)	7,987.50	1.49
Aluminum ($/MT)	2,445.50	1.22
CPO (RM/tonne)	4,040.50	2.58

Source: Bloomberg, HLBB Global Markets Research

Fed	2.25-2.50	2.50-2.75	3.00-3.25	3.00-3.25	3.00-3.25
ECB	-0.50	0.25	0.50	0.50	0.50
BOE	1.75	1.75	2.00	2.00	2.00
RBA	1.85	1.60	1.85	1.85	1.85
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	2.25	2.50	2.75	2.75	2.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
09/08	NZ Card Spending Retail MoM (Jul)	0.1%
	AU NAB Business Confidence (Jul)	1.0
	MA Industrial Production YoY (Jun)	4.1%
	US NFIB Small Business Optimism (Jul)	89.5
10/08	AU Westpac Consumer Conf Index (Aug)	83.8
	CN PPI YoY (Jul)	6.1%
	CN CPI YoY (Jul)	2.5%
	US MBA Mortgage Applications (05 Aug)	--
	US CPI YoY (Jul)	9.1%

Source: Bloomberg

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