

19 July 2022

Global Markets Research

Daily Market Highlights

19-July: Dollar extended losses

US equities closed lower while UST yields rebounded

DXY closed below 108; oil rallied 5% as Saudi Arabia promised no output hike

US homebuilding sentiment plunged 12pts as buying houses turned less affordable

- US stocks were higher for most of Monday's session before dipping at the last trading hour. Investors digested Goldman Sachs and Bank of America's earnings reports that showed their profits fell from a year ago, in line with other US banks.
- The Dow Jones fell 0.7% while the S&P 500 and NASDAQ both lost 0.8%. Tech stocks were hit by news that iPhone maker Apple may slow hiring to deal with potential economic slowdown; this came in the wake of Google's parent Alphabet's announcement last week that it will ease the pace of hiring for the rest of 2022.
- Earlier, European stocks tracked the gains in the Asian markets to close Monday's session higher. The STOXX Europe 600 rose 0.9%; the Nikkei 225 picked up 0.5% and Hang Seng rallied 2.7% alongside stronger Chinese equities.
- Global bond yields inched up on Monday. UST yields rebounded by 5-10bps while a key yield curve remained inverted for the tenth consecutive session. Futures market showed that investors have trimmed down markedly the expectations for a 100bp Fed rate on 26-27 July compared to a week ago. The yield on the benchmark 2Y UST rose 5bps to 3.18% while the 10Y ticked up 7bps to 2.99%.
- The dollar index extended losses against most G10 currencies; the dollar index closed 0.6% lower at 107.37. Among the G10s, GBP was the best performing currency (+0.8%) alongside the Swedish krona (+0.8%). EUR moved further away from parity against USD, closing 0.6% higher at 1.0143 while JPY recovered 0.3%.
- Won led the gains in the Asia-ex-Japan basket, moving up by 0.7%. SGD picked up 0.3% while most other currencies strengthened only marginally against the dollar. MYR traded lower against the USD for the third consecutive session, closing 0.1% weaker at 4.4495.
- Oil rallied over 5.0% on the back of weaker USD and traders mulling supply outlook. Saudi Arabia refrained from pledging any production increase during president Biden's visit to the country. Brent crude settled at \$106.27/barrel while WTI regained \$100 level at \$102.60/barrel.

US homebuilding sentiment plunged 12pts:

- The NAHB Housing Market Index fell to 55 in July, from 67 in June, painting a deterioration of homebuilding sentiment as higher interest rates and inflation made buying homes less appealing compared to a year ago. The 12pt

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	31,072.61	-0.69
S&P 500	3,830.85	-0.84
NASDAQ	11,360.05	-0.81
Stoxx Eur 600	417.63	0.93
FTSE 100	7,223.24	0.90
Nikkei 225	26,788.47	0.54
Hang Seng	20,846.18	2.70
Straits Times	3,121.76	0.73
KLCI 30	1,429.54	0.78
FX		
Dollar Index	107.37	-0.64
EUR/USD	1.0143	0.62
GBP/USD	1.1953	0.83
USD/JPY	138.14	-0.31
AUD/USD	0.6812	0.28
USD/CNH	6.7603	-0.01
USD/MYR	4.4495	0.11
USD/SGD	1.3963	-0.27
Commodities		
WTI (\$/bbl)	102.60	5.13
Brent (\$/bbl)	106.27	5.05
Gold (\$/oz)	1,710.20	0.39
Copper (\$\$/MT)	7,426.50	3.28
Aluminum (\$/MT)	2,426.50	3.56
CPO (RM/tonne)	3,658.00	-8.32

Source: Bloomberg, HLBB Global Markets Research

decline was the steepest month-on-month fall since April 2020 and sent the index to its lowest level since May 2020 during the early days of the Covid-19 pandemic.

Singapore's NODX rose slower by 9.0% in June:

- Singapore's non-oil domestic exports rose at a softer pace of 9.0% y/u in June, following the revised 12.0% increase in May and marked its 19th successive growth. Exports remained supported by sustained demand for both electronic and non-electronic goods. On a m/m basis, NODX rose 3.7%, better than the 2.8% growth in the previous month.

House View and Forecasts

FX	This Week	3Q-22	4Q-22	1Q-23	2Q-23
DX	107-110	106.00	105.00	103.00	102.00
EUR/USD	0.97-1.00	1.02	1.03	1.05	1.04
GBP/USD	1.16-1.19	1.21	1.22	1.24	1.23
AUD/USD	0.66-0.68	0.67	0.69	0.70	0.70
USD/JPY	136-140	138.00	135.00	133.00	132.00
USD/MYR	4.42-4.45	4.42	4.40	4.38	4.35
USD/SGD	1.39-1.41	1.40	1.38	1.37	1.36

Rates, %	Current	3Q-22	4Q-22	1Q-23	2Q-23
Fed	1.50-1.75	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	1.25	1.75	2.00	2.00	2.00
RBA	1.35	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
19/07	AU RBA Minutes of July Policy Meeting	
	UK Payrolled Employees Monthly Change (Jun)	90k
	UK Average Weekly Earnings 3M/YoY (May)	6.8%
	UK ILO Unemployment Rate 3Mths (May)	3.8%
	UK Employment Change 3M/3M (May)	177k
	EZ CPI YoY (Jun F)	8.1%
	US Housing Starts MoM (Jun)	-14.4%
	US Building Permits MoM (Jun)	-7.0%
20/07	AU Westpac Leading Index MoM (Jun)	-0.06%
	CH 1-Year Loan Prime Rate (20 Jul)	3.7%
	MA Exports YoY (Jun)	30.5%
	UK CPI YoY (Jun)	9.1%
	US MBA Mortgage Applications (15 Jul)	-1.7%
	US Existing Home Sales MoM (Jun)	-3.4%
	EZ Consumer Confidence (Jul P)	-23.6

Source: Bloomberg

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