

**Global Markets Research**
**Daily Market Highlights**

## 25 Nov: KLCI rallied and outperformed regional peers

**MYR strengthened 1.8% d/d to below the 4.50 handle on paring of political risks**

**Sterling broke above the \$1.20 threshold amid USD weakness**

**Japan manufacturing PMI registered its first contraction since Jan-2021**

- Markets were closed on Thursday in the US for the Thanksgiving holiday and will close early on Friday. Markets in the Asia-Pacific traded higher as Federal Reserve said they expect to switch to smaller rate hikes “soon,” according to latest FOMC minutes. Specifically, Malaysian stocks advanced the most since March 2020 as the palace announced the new prime minister, ending days of political gridlock that has weighed on markets. The benchmark KLCI index traded 4.0% higher, led by gaming and brewery stocks. In tandem with this, MYR strengthened commendably by 1.8% d/d to a 4.4935 close, its strongest level since mid-September.
- South Korean KOSPI also rose 1.0% d/d and the KRW strengthened 1.7% d/d as the Bank of Korea raised its benchmark interest rates by 25bps to 3.25%. Nikkei 225 rose 1.0% and Hang Seng index rose 0.8% d/d. European markets remained upbeat with Stoxx 600 closed up 0.5% d/d, with a third straight session of gains taking it to a more than three-month high. The FTSE 100 was flat (+0.02% d/d). In China, the Shanghai Composite Index traded 0.3% d/d lower amid RRR cut chatters and rising Covid cases.
- UK 10-year bonds, dipped while the long end underperforms on the curve after the latest 7 to 20-year BOE debt sale operation is oversubscribed 1.92x. 10-year yield climbed 2bps to 3.03% while the 30-year yield advanced 8bps to 3.27%. Bunds, meanwhile, trimmed their post-FOMC gains after ECB’s Schabel said that it may be too soon to slow the pace of rate hikes. The 10 and 30-year yield shaved 8bps to 1.84% and 1.78% respectively.
- Sterling broke above \$1.20, strengthening 0.5% d/d as dollar weakened on softer Fed hike expectations. The Dollar Index dipped 0.2% d/d to 105.87. The EUR gained another 0.1% d/d while the Japanese yen also strengthened by +0.8% d/d against the retreating greenback. The Chinese renminbi, on the other hand, weakened 0.2% d/d.
- The Brent rebounded by 0.6% d/d, but is expected to stay soft on price cap impasse as well as demand fears. Gold prices bounced above the key \$1,750 an ounce level, consolidating gains by +0.6% d/d.

### China ramped up monetary stimulus

- The State Council said that monetary tools “such as a RRR cut” will be used in a timely and appropriate manner” to maintain reasonable ample liquidity. A reduction in RRR would not only encourage more banks to lend to ailing developers in a concerted effort to support the property crisis, but also replace some of the massive policy loans maturing in coming months. Just a

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	34,194.06	0.28
S&P 500	4,027.26	0.59
NASDAQ	11,285.32	0.99
Stoxx Eur 600	440.84	0.46
FTSE 100	7,466.60	0.02
Nikkei 225	28,383.09	0.95
Hang Seng	17,660.90	0.78
Straits Times	3,252.88	-0.10
KLCI 30	1,501.88	4.04
<b>FX</b>		
Dollar Index	105.87	-0.21
EUR/USD	1.0410	0.13
GBP/USD	1.2113	0.48
USD/JPY	138.54	-0.76
AUD/USD	0.6764	0.46
USD/CNH	7.1694	0.22
USD/MYR	4.4935	-1.79
USD/SGD	1.3754	-0.12
<b>Commodities</b>		
WTI (\$/bbl)	77.45	-4.50
Brent (\$/bbl)	85.12	0.56
Gold (\$/oz)	1,750.50	0.56
Copper (\$\$/MT)	8,023.50	-0.05
Aluminum(\$/MT)	2,368.00	-0.92
CPO (RM/tonne)	4,018.00	1.25

Source: Bloomberg, HLBB Global Markets Research  
 \*Closing for Dow Jones, S&P 500, Nasdaq, WTI and Gold as of 23<sup>rd</sup> November

recap, the PBOC last timed the RRR in April by 25bps and similar quantum is expected.

### Japan Manufacturing PMI registered its first contraction since Jan-2021, Services-PMI at 50

- The Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) stood at 49.4 in November (Oct: 50.7), the first contraction since January 2021. Despite being only marginal, the downturn was also the strongest in two years, led by decline in output and new orders.
- The Services Business Activity Index, meanwhile, fell from 53.2 in October to 50.0 in November to signal stagnant business activity. That said, recovery within the tourism industry, following October's launch of the National Travel Discount Programme, continued to support growth in order books.
- Japan's Leading Index was revised upwards to 97.5 in September from 97.4 in the preliminary release. The index, however, has fallen from 101.3 in August suggesting softening economic activity in the next few months.

### New Zealand consumer confidence; retail sales rebounded in 3Q

- Consumer confidence fell 5 points in November to 80.7, as the proportion of people who believe it is a good time to buy a major household item fell 9 points to -31%. The current confidence level is the lowest since June as sharp increases in the cost of living and interest rates are hurting confidence and this may not bode well for future spending. Nevertheless, job security and strong wage growth have so far seen spending hold up. This is seen as retail sales, excluding inflation rising by 0.4% q/q in 3Q. It should be noted however, that while sales were slightly lower than consensus at +0.5% q/q, it is a rebound from -2.2% q/q in 2Q.

## House View and Forecasts

FX	This Week	4Q-22	1Q-23	2Q-23	3Q-23
DXY	105-110	115.00	112.70	110.45	110.00
EUR/USD	1.00-1.05	0.95	0.97	0.98	0.98
GBP/USD	1.16-1.20	1.10	1.10	1.11	1.12
USD/JPY	137-142	147.00	146.00	145.00	144.00
AUD/USD	0.65-0.68	0.62	0.63	0.64	0.64
USD/MYR	4.48-4.58	4.68	4.64	4.62	4.60
USD/SGD	1.36-1.39	1.45	1.44	1.42	1.40

Rates, %	Current	4Q-22	1Q-23	2Q-23	3Q-23
Fed	3.75-4.00	4.25-4.50	5.25-5.50	5.25-5.50	5.25-5.50
ECB	2.00	2.75	2.75	2.75	2.75
BOE	3.00	3.25	3.25	3.25	3.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	2.85	3.10	3.10	3.10	3.10
BNM	2.75	2.75	3.00	3.00	3.00

Source: HLBB Global Markets Research

## Up Next

Date	Events	Prior
25-Nov	JN PPI Services YoY (Oct)	2.10%
	MA CPI YoY (Oct)	4.50%
28-Nov	SI Industrial Production YoY (Oct)	0.90%
	AU Retail Sales MoM (Oct)	0.60%
	HK Exports YoY (Oct)	-9.10%
	HK Imports YoY (Oct)	-7.80%
	US Dallas Fed Manf. Activity (Nov)	-19.4

Source: Bloomberg

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